

ORDER SUMMARY – Case Number: C-19-2612

Name(s): Pacific Home Loans, Inc. d/b/a Washington Mortgage Advisors

Order Number: C-19-2612-19-CO01

Effective Date: 8/13/2019

License Number: NMLS# 906167
Or NMLS Identifier [U/L]

License Effect: N/A

Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: N/A

Investigation Costs	\$ 1,463.00	Due upon entry of consent order	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$ 25,000.00 with \$7,000.00 stayed	Due upon entry of consent order	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:	N/A		

Comments:

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **DIVISION OF CONSUMER SERVICES**

4 IN THE MATTER OF DETERMINING:
5 WHETHER THERE HAS BEEN A VIOLATION
6 OF THE CONSUMER LOAN ACT OF
7 WASHINGTON BY:

8 PACIFIC HOME LOANS, INC. D/B/A
9 WASHINGTON MORTGAGE ADVISORS,
10 NMLS# 906167,

11 Respondent.

No.: C-19-2612-19-CO01

CONSENT ORDER

12 COMES NOW the Director of the Department of Financial Institutions (Director), through
13 his designee Richard St. Onge, Division of Consumer Services Acting Division Director, and Pacific
14 Home Loans, Inc. d/b/a Washington Mortgage Advisors (Respondent), and finding that the issues
15 raised in the above-captioned matter may be economically and efficiently settled, agree to the entry
16 of this Consent Order. This Consent Order is entered pursuant to chapter 31.04 of the Revised Code
17 of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the
18 following:

19 **AGREEMENT AND ORDER**

20 The Department of Financial Institutions, Division of Consumer Services (Department) and
21 Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges
22 No. C-19-2612-19-SC01 (Statement of Charges), entered April 23, 2019 (copy attached hereto).
23 Pursuant to chapter 31.04, the Consumer Loan Act (Act), and RCW 34.05.060 of the Administrative
24 Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further
25 agrees that the issues raised in the above-captioned matter may be economically and efficiently
26 settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the

1 Statement of Charges. Respondent agrees not to contest the Statement of Charges in consideration of
2 the terms of this Consent Order.

3 Based upon the foregoing:

4 **1. Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter
5 of the activities discussed herein.

6 **2. Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a
7 hearing before an administrative law judge, and hereby waive its right to a hearing and any and all
8 administrative and judicial review of the issues raised in this matter, or of the resolution reached
9 herein. Accordingly, Respondent, by the signatures of its representatives below, withdraws its appeal
10 to the Office of Administrative Hearings (OAH).

11 **3. Compliance with the Consumer Loan Act and Federal Law and Regulations.** It is
12 AGREED that Respondent shall comply with the Act and any applicable federal laws related to the
13 activities governed by the Act.

14 **4. Affirmative Action.** It is AGREED that Respondent shall take the following affirmative
15 action necessary to comply with the Act and this Consent Order:

- 16 **a.** Within 30 days of the entry of this Consent Order, develop and adopt written
17 compliance policies, procedures, and testing systems reasonably designed to detect
18 and prevent the distribution of false, deceptive, or misleading advertising in
19 Washington,
- 20 **b.** Within 60 days of the entry of this Consent Order, Provide the Department with a
21 copy of Respondent's written advertising compliance policies, and
- 22 **c.** Ensure that Respondent's advertising activities are in Washington is in compliance
23 with the Act and Respondent's written advertising compliance policies.

1 **5. Fine (Partially Stayed).** It is AGREED that Respondent shall pay a \$25,000.00 fine with
2 \$7,000.00 of the fine stayed, contingent upon Respondent’s compliance with the Act and this Consent
3 Order. The non-stayed fine of \$18,000.00 shall be paid to the Department in the form of a cashier’s
4 check made payable to the “Washington State Treasurer,” upon entry of this Consent Order.

5 **6. Expiration of Stayed Fine.** It is AGREED that, absent an action by the Department to
6 lift the stay pursuant to Section 7, the stayed fine in Section 5 shall expire 360 days after the date in
7 which this Consent Order is entered into. Such expiration shall be without further action or notice by
8 the Department unless otherwise stated.

9 **7. Lifting of Stay.** It is AGREED that:

10 **a.** If, during the stay, the Department determines that Respondent has not complied with
11 the Act or this Consent Order, and the Department seeks to lift the stay and impose the
12 stayed sanction identified in Section 5, the Department will first serve Respondent
13 with a written notice of alleged noncompliance.

14 **b.** The Notice of alleged noncompliance will include:

15 **i.** A description of the alleged noncompliance;

16 **ii.** A statement that the Department seeks to lift the stay and impose the stayed
17 sanction;

18 **iii.** Notice that Respondent can contest the notice of alleged noncompliance by
19 requesting an adjudicative hearing before an OAH Administrative Law Judge;
20 and

21 **iv.** Notice that the notification and adjudicative hearing process provided in this
22 subsection applies only to this Consent Order and solely in the event
23

1 Respondent chooses to contest the Department's determination of
2 noncompliance.

- 3 c. If Respondent contests the Department's determination of alleged noncompliance,
4 Respondent shall have 20 days from the date of receipt of the Department's notice of
5 alleged noncompliance to submit a written request to the Department for an
6 adjudicative hearing.
- 7 d. The scope and issues of the adjudicative hearing are limited solely to whether
8 Respondent's are in violation of the Act or the terms of this Consent Order.
- 9 e. At the conclusion of the hearing, the Administrative Law judge will issue an initial
10 decision. Either party may file a Petition for Review of that decision with the Director
11 of the Department.
- 12 f. **Default:** if Respondent does not timely request an adjudicative hearing, the
13 Department will impose the stayed sanction and pursue whatever other enforcement
14 action it deems necessary to enforce the Act and this Consent Order.

15 **8. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an
16 investigation fee of \$1,463.00 in the form of a cashier's check made payable to the "Washington
17 State Treasurer" upon entry of this Consent Order. The Fine and Investigation Fee shall be paid
18 together in one cashier's check in the amount of \$19,463.00 made payable to the "Washington State
19 Treasurer."

20 **9. Authority to Execute Order.** It is AGREED that the undersigned authorized
21 representatives have represented and warranted that they have the full power and right to execute this
22 Consent Order on behalf of Respondent.

1 **10. Non-Compliance with Order.** It is AGREED that Respondent understand that failure to
2 abide by the terms and conditions of this Consent Order may result in further legal action by the
3 Director. In the event of such legal action, Respondent may be responsible to reimburse the Director
4 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

5 **11. Voluntarily Entered.** It is AGREED that Respondent has voluntarily entered into this
6 Consent Order, which is effective when signed by the Director's designee.

7 **12. Completely Read, Understood, and Agreed.** It is AGREED that Respondent's
8 representative has read this Consent Order in its entirety and fully understand and agree to all of the
9 same.

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12 **RESPONDENT:**

Pacific Home Loans, Inc. d/b/a Washington Mortgage Advisors
13 By:

14 /s/
DEAN CLIFFORD LOB
15 NMLS# 145359
16 Vice President

7-30-2019
Date

17 APPROVED FOR ENTRY:
18 By:

19 /s/
J. STEVEN LOVEJOY
Attorney for Respondent
20 Shumaker Williams, P.C.

8-1-2019
Date

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DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 13th DAY OF August, 2019.

/s/
RICHARD ST. ONGE
Acting Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

/s/
JEANJU CHOI
Financial Legal Examiner

Approved by:

/s/
STEVEN C. SHERMAN
Enforcement Chief

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

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IN THE MATTER OF DETERMINING
WHETHER THERE HAS BEEN A VIOLATION
OF THE CONSUMER LOAN ACT OF
WASHINGTON BY:

PACIFIC HOME LOANS, INC. D/B/A
WASHINGTON MORTGAGE ADVISORS,
NMLS# 906167,

Respondent.

No. C-19-2612-19-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER AN
ORDER TO CEASE AND DESIST,
REQUIRE AFFIRMATIVE ACTION,
IMPOSE FINE, COLLECT INVESTIGATION
FEE and RECOVER COSTS AND
EXPENSES OF PROSECUTION

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Acting Director Richard St. Onge, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent Pacific Home Loans, Inc. d/b/a Washington Mortgage Advisors was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a consumer loan company on or about March 18, 2013, and continues to be licensed to date.

1.2 Direct Mail Solicitation. From July 19, 2018 to August 9, 2018, Respondent mailed approximately 3,487 copies of a solicitation to Washington State residents. The solicitation contained similar offers related to the Federal Housing Authority (FHA) refinance loans.

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1 **1.3 Unfair or Deceptive Design to Resemble Government Communication.** The top of the
2 solicitation features the shape of Washington State with the phrase “Washington Resident,” above
3 “Eligibility Notice.” The envelope that the solicitation was mailed in has two clear windows. The
4 solicitation was designed so that the recipient can see the shape of Washington State and the phrases
5 “Washington Resident” and “Eligibility Notice” in the top clear window on the envelope. The
6 second clear window shows the recipient’s address.

7 **1.4 Misleading Use of Current Lender’s Name.** The first line of the address line states the
8 recipient’s current residential mortgage lender.

9 **1.5 Unfair or Deceptive Use of Current Loan Information.** On the back page of the
10 solicitation, and in smaller font, it states “Data obtained through County Public Records,” but does
11 not disclose the name of the source of that information.

12 **1.6 Failed to Clearly and Conspicuously Disclose Discount Rate and Cost of Discount.** The
13 front page of the solicitation states a fixed interest rate and the annual percentage rate (APR). The
14 solicitation does not disclose that the stated rate is a discounted rate. On the back page of the
15 solicitation, and in smaller font, it states that the fixed interest rate is available with a discount fee.
16 The discount fee is stated in the form of a percentage.

17 **1.7 False Statement Regarding Refinance Benefit.** The solicitation states that the recipient has
18 “The right to the following Streamline Benefits,” which includes potentially eliminating mortgage
19 insurance. Eliminating mortgage insurance is not an available feature of the FHA Streamline
20 Refinance program. Another benefit stated in the solicitation is that the recipient can “Defer up to 2
21 mortgage payments.” In conjunction with that payment deferral, it states “P.S. Loans funded in
22 August may not have a payment until October 2018!”

23 **1.8 Failed to Provide Additional Disclosures.** The solicitation states the fixed interest rate and
24 APR the borrower recipient would receive for a 30-year loan, and the estimated new payments. The

1 solicitation contains triggering terms that require clear and conspicuous additional disclosures. On
2 the back page of the solicitation, and in smaller font, it states that the fixed rate is amortized over 360
3 payments with a discount fee.

4 **1.9 On-Going Investigation.** The Department's investigation into the alleged violations of the
5 Act by Respondent continues to date.

6 **II. GROUNDS FOR ENTRY OF ORDER**

7 **2.1 Unfair or Deceptive Practice.** Based on the Factual Allegations set forth in Section I,
8 Respondent is in apparent violation of RCW 31.04.027(1)(b), WAC 208-620-550(5) and WAC 208-
9 620-630(1) for directly or indirectly engaging in any unfair practice by using an advertisement with
10 envelopes or stationary that was designed to resemble a government mailing.

11 **2.2 Misleading Use of Borrower's Current Loan Information.** Based on the Factual
12 Allegations set forth in Section I, Respondent is in apparent violation of RCW 31.04.027(1)(b), WAC
13 208-620-550(5) and WAC 208-620-630(7) for directly or indirectly engaging in any unfair or
14 deceptive practice by using an advertisement that included information about a borrower's current
15 loan that Respondent did not obtain from a solicitation, application, or loan, without providing the
16 borrower with the name of the source of the information.

17 **2.3 False or Deceptive Statement or Representation Regarding Financing Terms or**
18 **Conditions.** Based on the Factual Allegations set forth in Section I, Respondent is in apparent
19 violation of RCW 31.04.027(1)(g), RCW 31.04.135, and WAC 208-620-630(9) for advertising, in
20 any manner whatsoever, any statement or representation with regard to the rates, terms, or conditions
21 for the lending of money that is false, misleading, or deceptive, and by being in apparent violation of
22 WAC 208-620-550(22).

23 **2.4 Violations of Applicable Federal Law and Regulations.** Based on the Factual Allegations
24 set forth in Section I, Respondent is in apparent violation of RCW 31.04.027(1)(m) and WAC 208-

1 620-640 for violating any applicable federal laws relating to the activities governed by the Act,
2 including the advertising prohibitions contained in the Federal Trade Commissions Act, 15 U.S.C. §§
3 41-58; the Truth in Lending Act, 15 U.S.C. §1601 *et seq.* and Regulation Z, 12 C.F.R. Part 1026; and
4 the Mortgage Acts and Practices – Advertising (MAP) rule, Regulation N, 12 C.F.R. Part 1014.

5 **III. AUTHORITY TO IMPOSE SANCTIONS**

6 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 31.04.093(5)(a), the
7 Director may issue an order directing a licensee, or other person subject to the Act, to cease and
8 desist from conducting business in a manner that is injurious to the public or violations any provision
9 of the Act.

10 **3.2 Authority to Require Affirmative Action.** Pursuant to RCW 31.04.093(5)(b), the Director
11 may issue an order directing a licensee, its employee, loan originator, or other person subject to the
12 Act to take such affirmative action as is necessary to comply with the Act.

13 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of
14 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or
15 any other person subject to the Act for any violation of the Act or failure to comply with any order or
16 subpoena issued by the Director under the Act.

17 **3.4 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-
18 590, WAC 208-620-610(7), every licensee examined or investigated by the Director or the Director’s
19 designee shall pay for the cost of the examination or investigation, calculated at the rate of \$69.01 per
20 staff hour devoted to the examination or investigation, and shall pay travel costs if the licensee
21 maintains its records outside the state.

22 **3.5 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director
23 may recover the state’s costs and expenses for prosecuting violations of the Act.

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1 **IV. NOTICE OF INTENT TO ENTER ORDER**

2 Respondent’s violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
3 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
4 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW
5 34.04.202, and RCW 31.04.205. Therefore, it is the Director’s intent to ORDER that:

- 6 **4.1** Respondent Pacific Home Loans, Inc. d/b/a Washington Mortgage Advisors cease and
7 desist directly or indirectly engaging in any unfair or deceptive practice toward any
8 person, and cease and desist distributing any false, deceptive, or misleading
9 advertising related to its business activities as a licensee in Washington State.
- 10 **4.2** Respondent Pacific Home Loans, Inc. d/b/a Washington Mortgage Advisors take
11 affirmative action as necessary to comply with the Act, including:
- 12 **a.** Within 30 days of entry of a Final Order in this matter, develop and adopt
13 written compliance policies, procedures, and testing systems reasonably
14 designed to detect and prevent the distribution of false, deceptive, or
15 misleading advertising in Washington, and
 - 16 **b.** Within 60 days of the entry of a Final Order in this matter, provide the
17 Department with a copy of Respondent Pacific Home Loans, Inc. d/b/a
18 Washington Mortgage Advisors written advertising compliance policies.
- 19 **4.3** Respondent Pacific Home Loans, Inc. d/b/a Washington Mortgage Advisors pay a
20 fine. As of the date of this Statement of Charges, the fine totals \$34,870.
- 21 **4.4** Respondent Pacific Home Loans, Inc. d/b/a Washington Mortgage Advisors pay costs
22 of investigation. As of the date of this Statement of Charges, the cost of the
23 investigation totals \$1,066.20.
- 24 **4.5** Respondent Pacific Home Loans, Inc. d/b/a Washington Mortgage Advisors pay the
Department’s costs and expenses for prosecuting violations of the Act in an amount to
be determined at hearing, or in the event of default by Respondents, by declaration
with supporting documentation.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist,
3 Require Affirmative Action, Impose Fine, Collect Examination Fee, and Collect Investigation Fee
4 and Recover Costs and Expenses of Prosecution (Statement of Charges) is entered pursuant to the
5 provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW 31.04.205, and is subject
6 to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may
7 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY FOR
8 ADJUDICATIVE HEARING AND TO DEFEND accompanying this Statement of Charges.

9 Dated this 23rd day of April 2019.

10 /s/
11 RICHARD ST. ONGE
12 Acting Director
13 Division of Consumer Services
14 Department of Financial Institutions

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16 Presented by:

17 /s/
18 JEANJU CHOI
19 Financial Legal Examiner

20 Approved by:

21 /s/
22 STEVEN C. SHERMAN
23 Enforcement Chief