

**ORDER SUMMARY – Case Number: C-19-2785**

**Name(s):** First Financial & Associates d/b/a Mortgage Solutions  
Allan Varela

**Order Number:** C-19-2785-21-FO01

**Effective Date:** 3/24/21

**License Number:** U/L NMLS IDs: Entity: 2143283, Varela 2143275  
**Or NMLS Identifier [U/L]**

**License Effect:**

**Not Apply Until:**

**Not Eligible Until:**

**Prohibition/Ban Until:** 5 years from date of order

<b>Investigation Costs</b>	\$ 1,027.20	Due 4/24/2021	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Fine</b>	\$ 7,500.00	Due 4/24/2021	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$4,500.00	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Financial Literacy and Education</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Cost of Prosecution</b>	\$9,193.07	Due 4/24/2021	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
	No. of Victims:	1		

**Comments:**

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STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Mortgage Broker Practices Act of Washington by:

No.: C-19-2785-21-FO01

FIRST FINANCIAL & ASSOCIATES D/B/A  
MORTGAGE SOLUTIONS,  
and,  
ALLAN VARELA, President,  
Respondents.

FINAL ORDER RE:  
FIRST FINANCIAL & ASSOCIATES D/B/A  
MORTGAGE SOLUTIONS, and  
ALLAN VARELA

I. DIRECTOR'S CONSIDERATION

Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), pursuant to RCW 34.05.464. On April 3, 2020, the Director, through his designee, Consumer Services Division Director Lucinda Fazio, issued a Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist Business, Prohibit from Industry, Order Restitution, Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses (Statement of Charges) against First Financial & Associates d/b/a Mortgage Solutions and Allan Varela (Respondents). On April 9, 2020, the Department of Financial Institutions (Department) served Respondents with the Statement of Charges and accompanying documents, sent by First-Class mail and Federal Express overnight delivery. The Statement of Charges was accompanied by a cover letter dated April 9, 2020, a Notice of Opportunity to Defend and Opportunity for Hearing, and two blank Applications for Adjudicative Hearing for Respondents.

1 On April 23, 2020, Respondents filed an Application for Adjudicative Hearing.<sup>1</sup> On July 16,  
2 2020, the Department made a request to the Office of Administrative Hearings (OAH) to assign an  
3 Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of Charges. On  
4 July 22, 2020, OAH issued a Notice of Prehearing Conference scheduling a prehearing conference on  
5 August 3, 2020, at 10:00 a.m., and served the Notice on Respondents at the address provided in the  
6 Application for Adjudicative Hearing.

7 On August 3, 2020, a representative for the Department and Respondent Allan Varela,  
8 appearing and representing himself and Respondent First Financial & Associates d/b/a Mortgage  
9 Solutions, attended a telephonic prehearing conference. On August 10, 2020, ALJ TJ Martin (ALJ  
10 Martin) issued a Prehearing Conference Order and Notice of Hearing scheduling a hearing on  
11 December 1, 2020, through December 4, 2020, at 9:00 a.m. each day.

12 On August 28, 2020, ALJ Martin issued a Notice of Status Conference scheduling a status  
13 conference on September 17, 2020, at 10:00 a.m., to discuss a conflict with the previously issued  
14 hearing schedule. On September 17, 2020, a representative for the Department and Respondent Allan  
15 Varela, appearing and representing himself and Respondent First Financial & Associates d/b/a  
16 Mortgage Solutions, attended the status conference. On September 23, 2020, ALJ Martin issued a  
17 Status Conference and Amended Prehearing Conference Order rescheduling the hearing to January 5,  
18 2021, through January 8, 2021, at 9:00 a.m. each day.

19 On November 3, 2020, a representative for the Department filed a Motion for Summary  
20 Judgment. On November 12, 2020, ALJ Martin issued a Notice of Status Conference scheduling a  
21 status conference on November 20, 2020, at 10:00 a.m. On November 20, 2020, a representative for  
22 the Department and Respondent Allan Varela, appearing and representing himself and Respondent  
23

24 <sup>1</sup> One Application for Adjudicative Hearing was received by the Department, which the Department accepted on behalf of both Respondents.

1 First Financial & Associates d/b/a Mortgage Solutions, attended the status conference. On November  
2 23, 2020, ALJ Martin issued a Status Conference Order Establishing Summary Judgment Motion  
3 Briefing Schedule and suspending the current case schedule pending the outcome of the  
4 Department's motion. On December 4, 2020, Respondents filed a Response to the Department's  
5 Motion for Summary Judgment. On December 11, 2020, a representative for the Department filed  
6 the Department's Reply to Summary Judgement.

7 On January 14, 2021, ALJ Martin issued an Initial Order Granting Department's Motion for  
8 Summary Judgement (Initial Order) and caused it to be mailed to Respondents. This Initial Order  
9 made findings of fact for the purpose of summary judgement and conclusions of law which granted  
10 the Department's Motion for Summary Judgement and affirmed the Department's Statement of  
11 Charges, including an additional \$9,193.07 in costs and expenses.

12 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents had twenty (20) days from  
13 the date of service of the Initial Order to file a Petition for Review of the Initial Order. Respondents  
14 did not file a Petition for Review during the statutory period.

15 A. Record Presented. The record presented to the Director for his review and for entry of  
16 a final decision included the following:

- 17 1. Statement of Charges, cover letter dated April 9, 2020, and Notice of Opportunity  
18 to Defend and Opportunity for Hearing, with documentation of service.
- 19 2. Application for Adjudicative Hearing for Respondent Varela (accepted for both  
20 parties).
- 21 3. Request to OAH for Assignment of Administrative Law Judge dated July 16,  
22 2020.
- 23 4. Notice of Prehearing Conference dated July 22, 2020, with documentation of  
24 service.
5. Prehearing Conference Order and Notice of Hearing dated August 10, 2020, with  
documentation of service.

- 1 6. Notice of Status Conference dated August 28, 2020, with documentation of  
2 service.
- 3 7. Status Conference and Amended Prehearing Conference Order dated September  
4 23, 2020, with documentation of service.
- 5 8. Department's Motion for Summary Judgement dated November 3, 2020, with  
6 documentation of service.
- 7 9. Notice of Status Conference dated November 12, 2020, with documentation of  
8 service.
- 9 10. Status Conference Order Establishing Summary Judgment Motion Briefing  
10 Schedule dated November 23, 2020, with documentation of service.
- 11 11. Response to Department's Motion for Summary Judgement dated December 4,  
12 2020, with documentation of service.
- 13 12. Department's Reply on Summary Judgement dated December 11, 2020, with  
14 documentation of service.
- 15 13. Initial Order Granting Department's Motion for Summary Judgement dated  
16 January 12, 2021, with documentation of service.

17 B. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.461, the Director  
18 hereby adopts the Initial Order Granting Department's Motion for Summary Judgement which is  
19 attached hereto.

## 20 II. FINAL ORDER

21 Based upon the foregoing, and the Director having considered the record and being otherwise  
22 fully advised, NOW, THEREFORE:

### 23 A. IT IS HEREBY ORDERED, That:

- 24 1. Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan  
Varela shall each cease and desist engaging in the business of a mortgage broker  
or loan originator.
2. Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan  
Varela are each prohibited from participation, in any manner, in the conduct of the  
affairs of any mortgage broker subject to licensure by the Director for a period of  
five years.

3. Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela shall jointly and severally pay to the Washington State Department of Financial Institutions, within thirty (30) days of receipt of this order, a fine of Seven Thousand Five Hundred Dollars (\$7,500.00).
4. Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela shall jointly and severally pay, within thirty (30) days of receipt of this order, Four Thousand Five Hundred Dollars (\$4,500.00) in restitution to Washington State consumer T.F.
5. Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela shall jointly and severally pay to the Washington State Department of Financial Institutions, within thirty (30) days of receipt of this order, an investigation fee of One Thousand Twenty-Seven Dollars and Twenty Cents (\$1,027.20).
6. Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela shall jointly and severally pay, within thirty (30) days of receipt of this order, the Department's costs and expenses totaling Nine Thousand One Hundred Thirty-Five Dollars and Seven Cents (\$9,193.07).
7. Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela maintain records in compliance with the Act and provide the Director with the location of the books, records, and other information relating to Respondents' provision of residential mortgage loan modification services in Washington, and the name, address, and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

B. Reconsideration. Pursuant to RCW 34.05.470, Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela have the right to file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

1 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the  
2 date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a  
3 written notice specifying the date by which it will act on a petition.

4 C. Stay of Order. The Director has determined not to consider a Petition to Stay the  
5 effectiveness of this order. Any such requests should be made in connection with a Petition for  
6 Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

7 D. Judicial Review. Respondents First Financial & Associates d/b/a Mortgage Solutions  
8 and Allan Varela have the right to petition the superior court for judicial review of this agency action  
9 under the provisions of chapter 34.05 RCW. For the requirements for filing a Petition for Judicial  
10 Review, see RCW 34.05.510 and sections following.

11 E. Non-compliance with Order. If you do not comply with the terms of this order,  
12 including payment of any amounts owed within thirty (30) days of receipt of this order, the  
13 Department may seek its enforcement by the Office of the Attorney General to include the collection  
14 of the fines, fees, and restitution imposed herein. The Department also may assign the amounts owed  
15 to a collection agency for collection.

16 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial  
17 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service  
18 attached hereto.

19 DATED this 24th day of March, 2021.

20 STATE OF WASHINGTON  
21 DEPARTMENT OF FINANCIAL INSTITUTIONS

22  
23 /s/  
CHARLES E. CLARK  
Director

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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  
Mortgage Broker Practices Act of Washington by:

FIRST FINANCIAL & ASSOCIATES D/B/A  
MORTGAGE SOLUTIONS,  
and  
ALLAN VARELA, President,

Respondents.

No. C-19-2785-20-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENT TO ENTER AN  
ORDER TO CEASE AND DESIST  
BUSINESS, PROHIBIT FROM  
INDUSTRY, ORDER RESTITUTION,  
IMPOSE FINE, COLLECT  
INVESTIGATION FEE, and RECOVER  
COSTS AND EXPENSES

**INTRODUCTION**

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act). After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Lucinda Fazio, institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents.**

**A. Respondent First Financial & Associates d/b/a Mortgage Solutions** has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker.

**B. Respondent Allan Varela** is the President of First Financial & Associates d/b/a Mortgage Solutions. During the relevant time period, Allan Varela was not licensed by the Department to conduct business as a mortgage broker or loan originator.



1 **1.2 Unlicensed Activity.** Between at least December 28, 2016, and August 30, 2017, Respondents  
2 were offering residential mortgage loan modification services to Washington consumers on property  
3 located in Washington State. Respondents entered into a contractual relationship with at least one  
4 Washington consumer to provide those services and collected an advance fee for the provision of those  
5 services. The Department has received at least one complaint from a Washington consumer alleging  
6 Respondents provided or offered to provide residential mortgage loan modification services while not  
7 licensed by the Department to provide those services. Washington State consumer T.F. paid  
8 Respondents \$4,500.00 for loan modification services.

9 **1.3 Misrepresentations and Omissions.** Respondents represented that they were licensed to  
10 provide the residential mortgage loan modification services or omitted disclosing that they were not  
11 licensed to provide those services.

12 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the  
13 Act by Respondents continues to date.

## 14 **II. GROUNDS FOR ENTRY OF ORDER**

15 **2.1 Mortgage Broker Defined.** Pursuant to RCW 19.146.010(14), "Mortgage broker" means any  
16 person who for direct or indirect compensation or gain, or in the expectation of direct or indirect  
17 compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage loan  
18 or performs residential mortgage loan modification services or (b) holds himself or herself out as being  
19 able to assist a person in obtaining or applying to obtain a residential mortgage loan or provide  
20 residential mortgage loan modification services.

21 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11)(b), "Loan originator" means a  
22 natural person who for direct or indirect compensation or gain or in the expectation of direct or  
23 indirect compensation or gain performs residential mortgage loan modification services or holds  
24 himself or herself out as being able to perform residential mortgage loan modification services.

1 **2.3 Prohibited Acts.** Based upon the Factual Allegations set forth in Section I above,  
2 Respondents are in apparent violation of RCW 19.146.0201(2) & (3) for engaging in an unfair or  
3 deceptive practice toward any person and obtaining property by fraud or misrepresentation.

4 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based upon the Factual  
5 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)  
6 for engaging in the business of a mortgage broker for Washington residents or property without first  
7 obtaining a license to do so.

8 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based upon the Factual  
9 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)  
10 for engaging in the business of a loan originator without first obtaining and maintaining a license.

11 **2.6 Prohibition against Taking Advance Fees.** Based upon the Factual Allegations set forth in  
12 Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) and 12 C.F.R. §  
13 1015.5 (Regulation O) for taking advance fees for loan modification services.

### 14 III. AUTHORITY TO IMPOSE SANCTIONS

15 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(3), the  
16 Director may issue orders directing any person subject to the Act to cease and desist from conducting  
17 business.

18 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(4), the Director may  
19 issue orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker  
20 any person subject to licensing under the Act for any violation of the Act.

21 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order  
22 restitution against any person subject to the Act for any violation of the Act.

23 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines  
24 against any person subject to the Act for any violation of the Act.

1 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-  
2 550(4)(a), the Department will charge \$48 per hour for an examiner's time devoted to an investigation  
3 of any person subject to the Act.

4 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director  
5 may recover the state's costs and expenses for prosecuting violations of the Act.

#### 6 **IV. NOTICE OF INTENT TO ENTER ORDER**

7 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as  
8 set forth above constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221,  
9 and RCW 19.146.223. Therefore, it is the Director's intent to ORDER that:

- 10 **4.1** Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela  
11 cease and desist engaging in the business of a mortgage broker or loan originator.
- 12 **4.2** Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela  
13 be prohibited from participation, in any manner, in the conduct of the affairs of any  
14 mortgage broker subject to licensure by the Director for a period of five years.
- 15 **4.3** Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela  
16 jointly and severally pay restitution to the Washington State consumer T.F. in the  
17 amount of \$4,500.00, and to each Washington consumer with whom they entered into a  
18 contract for residential mortgage loan modification services related to real property or  
19 consumers located in the state of Washington equal to the amount collected from that  
20 Washington consumer for those services in an amount to be determined at hearing.
- 21 **4.4** Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela  
22 jointly and severally pay a fine, which as of the date of this Statement of Charges totals  
23 \$7,500.00.
- 24 **4.5** Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela  
jointly and severally pay an investigation fee, which as of the date of this Statement of  
Charges totals \$1,027.20.
- 4.6** Respondents First Financial & Associates d/b/a Mortgage Solutions and Allan Varela  
maintain records in compliance with the Act and provide the Department with the  
location of the books, records and other information relating to Respondents' provision  
of residential mortgage loan modification services in Washington, and the name,  
address and telephone number of the individual responsible for maintenance of such  
records in compliance with the Act.

