

ORDER SUMMARY
Consumer Services Division Case Number C-20-3017

Consent Orders resolve investigations. In these, companies and individuals work with us to agree to terms that resolve the alleged issues in the investigation.

Name	Summit Funding, Inc. NMLS #3199
Order Number	C-20-3017-23-CO01
Date issued	August 29, 2023

What does this Consent Order require?

- **All terms of this order are complete.**
- Must pay a fine of \$75,000.00. *\$39,500.00 of this fine is stayed (doesn't have to be paid) until one year following Summit Funding, Inc.'s next compliance examination, as long as Summit Funding, Inc. complies with the order. The fine goes away on that date if they have complied.*
- Must pay an investigation fee of \$4,500.00. (Investigation fees cover the cost of DFI staff time working on the investigation.)

Need more information?

You can contact the Consumer Services Division, Enforcement unit at (360) 902-9703 or cseforcecomplaints@dfi.wa.gov. *Please remember that we cannot provide financial or legal advice to members of the public. We also cannot release confidential information.*

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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

No.: C-20-3017-23-CO01

CONSENT ORDER

SUMMIT FUNDING, INC., NMLS No. 3199,
Respondent.

COMES NOW the Director of the Department of Financial Institutions (Director), through his
designee Lucinda Fazio, Division of Consumer Services Director, and Summit Funding, Inc.
(Respondent), and finding that the issues raised in the above-captioned matter may be economically
and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered
pursuant to chapter 31.04 of the Revised Code of Washington (RCW), and RCW 34.05.060 of the
Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and
Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges
No. C-20-3017-23-SC01 (Statement of Charges), entered June 20, 2023 (copy attached hereto).
Pursuant to chapter 31.04 RCW, the Consumer Loan Act (Act), and RCW 34.05.060 of the
Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent
Order and further agrees that the issues raised in the above-captioned matter may be economically
and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully
resolve the Statement of Charges.

Based upon the foregoing:

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

3 **B. Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a
4 hearing before an administrative law judge, and hereby waives its right to a hearing and any and all
5 administrative and judicial review of the issues raised in this matter, or of the resolution reached
6 herein. Accordingly, Respondent, by the signatures of its representatives below, withdraw its appeal
7 to the Office of Administrative Hearings.

8 **C. Fine.** It is AGREED and ORDERED that Respondent shall pay a fine to the Department
9 in the amount of \$75,000. It is further AGREED that payment of \$39,500 of the fine is stayed for one
10 year following Respondent’s next compliance examination. The stay is contingent on Respondent’s
11 compliance with this Consent Order. It is further AGREED that, if the Department does not seek to
12 lift the stay and impose the stayed portion of the fine within the one year following Respondent’s
13 next compliance examination, the stayed portion of the fine shall expire without further notice or
14 action by the Department.

15 **D. Investigation Fee.** It is AGREED and ORDERED that Respondent shall pay to the
16 Department an investigation fee of \$4,500.

17 **E. Payments.** It is AGREED the Respondent shall pay the unstayed \$35,500 portion of the
18 fine and the investigation fee in one \$40,000 cashier’s check made payable to the “Washington State
19 Treasurer,” on delivery of this Consent Order to the Department, properly dated and signed.

20 **F. Lifting of Stay.** It is AGREED that:

- 21 1. If the Department determines Respondent has not complied with this Consent
22 Order, and seeks to lift the stay and impose the \$39,500 stayed fine, the Department
23

1 will first serve Respondent with a written notice of noncompliance. The notice of
2 noncompliance will include:

- 3 i. A description of the alleged noncompliance;
- 4 ii. A statement that the Department seeks to lift the stay and impose the stayed
fine;
- 5 iii. Notice that Respondent can contest the allegations of noncompliance by
either requesting an adjudicative hearing in writing or by submitting a
6 written response to the allegations of noncompliance; and
- 7 iv. Notice that the process for lifting the stay applies only to this Consent
Order.

- 8 2. Respondent will be afforded 20 business days from the date of service of the notice
9 of noncompliance to submit to the Department either a written request for an
10 adjudicative hearing or a written response to the allegations of noncompliance.
- 11 3. The scope and issues of the adjudicative hearing are limited solely to whether or not
12 Respondent has failed to comply with the terms of this Consent Order.
- 13 4. At the conclusion of the adjudicative hearing the Administrative Law Judge will
14 issue an initial decision. Either party may subsequently file a Petition for Review
15 with the Director of the Department.

16 **G. Change of Address.** It is AGREED that for the duration of the period this Consent Order
17 is in effect, unless otherwise agreed to in writing by the Department, Respondent shall provide the
18 Department with a mailing address and telephone number at which Respondent can be contacted and
19 Respondent shall notify the Department in writing of any changes to its mailing address or telephone
20 number within fifteen days of any such change.

21 **H. Records Retention.** It is AGREED that Respondent, its officers, employees, and agents
22 shall maintain records in compliance with the Act and provide the Director with the location of the
23 books, records and other information relating to Respondent's consumer loan company business, and

1 the name, address and telephone number of the individual responsible for maintenance of such
2 records in compliance with the Act.

3 **I. Authority to Execute Order.** It is AGREED that the undersigned have represented and
4 warranted that they have the full power and right to execute this Consent Order on behalf of the
5 parties represented.

6 **J. Non-Compliance with Order.** It is AGREED that Respondent understands that failure to
7 abide by the terms and conditions of this Consent Order may result in further legal action by the
8 Director. In the event of such legal action, Respondent may be responsible to reimburse the Director
9 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

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

12 **L. Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read
13 this Consent Order in its entirety and fully understand and agree to all of the same.

14 **M. Counterparts.** It is AGREED that this Consent Order may be executed in one or more
15 separate counterparts, each of which when so executed shall be deemed an original. Such
16 counterparts shall together constitute a single document. An electronic signature, or a faxed,
17 photocopied, or scanned copy of an original signature, shall be deemed the same as an original
18 signature.

19 **RESPONDENT:**

20 Summit Funding, Inc., by:

21 

22 _____
23 Kris Ringrose
24 Chief Operating Officer

8/3/23

Date

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DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 29 DAY OF August, 2023.



LUCINDA FAZIO, Director
Division of Consumer Services
Department of Financial Institutions

Presented by:



DREW STILLMAN
Financial Legal Examiner Supervisor

Approved by:



JACK McCLELLAN
Enforcement Chief

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

4 IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

5 SUMMIT FUNDING, INC., NMLS No. 3199,
6 Respondent.

No. C-20-3017-23-SC01

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

7 **INTRODUCTION**

8 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial
9 Institutions of the State of Washington (Director) is responsible for the administration of chapter
10 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to
11 RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the
12 Director, through his designee, Division of Consumer Services Director Lucinda Fazio, institutes this
13 proceeding and finds as follows:

14 **I. FACTUAL ALLEGATIONS**

15 **1.1 Respondent.** Summit Funding, Inc. (Respondent Summit) was licensed by the Department of
16 Financial Institutions of the State of Washington (Department) to conduct business as a consumer
17 loan company on or about May 31, 2009, and continues to be licensed to date.

18 **1.2 2022 Examination.** Between approximately July 18, 2022, and August 5, 2022, the
19 Department conducted an off-site compliance examination of Respondent Summit (2022
20 Examination). During the 2022 Examination, the Department reviewed Respondent Summit's
21 business practices in Washington between April 1, 2020, and April 30, 2022 (the "relevant period").
22 As a result of the 2022 Examination and additional investigation, the Department identified the
23 violations described in the paragraphs below.
24

1 **1.3 Failed to Display Required Information in Advertisements.** During the relevant period and
2 in at least 22 advertisements, Respondent Summit and mortgage loan originators employed by
3 Respondent Summit did not provide one or more of the following: Respondent Summit’s license
4 name, Respondent Summit’s license number, mortgage loan originators’ license numbers closely
5 following their names, and links to the NMLS consumer access webpage for Respondent Summit.

6 **1.4 Failed to Date or Accurately Date Residential Mortgage Loan Application.** During the
7 relevant period and in at least one instance, Respondent Summit failed to date or accurately date a
8 residential mortgage loan application.

9 **1.5 Failed to Timely Provide Rate Lock Agreement.** During the relevant period and in at least
10 one instance, Respondent Summit failed to timely provide a rate lock agreement.

11 **1.6 Failed to Provide Complete Rate Lock Agreement.** During the relevant period and in at
12 least one instance, Respondent Summit failed to provide a complete rate lock agreement. For
13 example, Respondent Summit failed to disclose in a rate lock agreement whether the rate was
14 guaranteed.

15 **1.7 Unfair or Deceptive Loan Cancellation Practice.** During the relevant period and in at least
16 14 instances, Respondent Summit inappropriately cancelled loans because it did not timely fulfill its
17 disclosure obligations.

18 **1.8 Failed to Provide Complete Loan Estimate.** During the relevant period and in at least one
19 instance, Respondent Summit failed to provide a complete loan estimate. For example, Respondent
20 Summit indicated that “other” taxes, insurance, and assessments were applicable without further
21 identifying what those other costs were.

22 **1.9 Failed to Provide Complete Closing Disclosures.** During the relevant period and in at least
23 two instances, Respondent Summit failed to provide complete closing disclosures. For example,

24 Respondent Summit failed to indicate whether the loan had a demand feature and failed to indicate

1 whether state law may protect a borrower from liability for unpaid loan balances after foreclosure.

2 **1.10 Prohibited Payments to Mortgage Loan Originators.** During the relevant period,
3 Respondent Summit paid its mortgage loan originators, directly or indirectly, compensation in an
4 amount that was based on a term of a transaction, the terms of multiple transactions by an individual
5 mortgage loan originator, the terms of multiple transactions by multiple individual mortgage loan
6 originators, or a proxy for a term of a transaction. For example, at Respondent’s Kennewick, WA
7 branch, Respondent Summit compensated loan originators for originating down payment assistance
8 loans in a manner that was different from how Respondent Summit compensated loan originators for
9 other types of loans. Respondent Summit did so by processing substantially all down payment
10 assistance loans through a “Product Specialist program,” which provided for a compensation scheme
11 particular to the program.

12 **1.11 On-Going Investigation.** The Department’s investigation into the alleged violations of the
13 Act by Respondent Summit continues to date.

14 II. GROUNDS FOR ENTRY OF ORDER

15 **2.1 Failure to Display Required Information in Advertisements.** Based on the Factual
16 Allegations set forth in Section I above, Respondent Summit is in apparent violation of RCW
17 31.04.027(1)(b), RCW 31.04.284, WAC 208-620-622(1) and (2), and WAC 208-620-710(24)(a) and
18 (c) for failing to display all required information in advertisements.

19 **2.2 Failure to Accurately Date Residential Mortgage Loan Application.** Based on the Factual
20 Allegations set forth in Section I above, Respondent Summit is in apparent violation of RCW
21 31.04.027(1)(b), RCW 31.04.027(1)(f), RCW 31.04.027(1)(m), RCW 31.04.102(2), and WAC 208-
22 620-550(8) and (18) for failing to date or accurately date a residential mortgage loan application.

23 **2.3 Failure to Timely Provide Rate Lock Agreement.** Based on the Factual Allegations set
24 forth in Section I above, Respondent Summit is in apparent violation of RCW 31.04.027(1)(b), RCW

1 31.04.027(1)(f), RCW 31.04.027(1)(m), RCW 31.04.102(2), and WAC 208-620-510(3) and (5) for
2 failing to timely provide a rate lock agreement.

3 **2.4 Failure to Provide Complete Rate Lock Agreement.** Based on the Factual Allegations set
4 forth in Section I above, Respondent Summit is in apparent violation of RCW 31.04.027(1)(b), RCW
5 31.04.027(1)(f), RCW 31.04.027(1)(m), RCW 31.04.102(2), WAC 208-620-510(3), and WAC 208-
6 620-550(8) for failing to provide a complete rate lock agreement.

7 **2.5 Unfair or Deceptive Loan Cancellation Practice.** Based on the Factual Allegations set forth
8 in Section I above, Respondent Summit is in apparent violation of RCW 31.04.027(1)(b), RCW
9 31.04.027(1)(m), RCW 31.04.102(2), and 12 CFR § 1026.19(e)(1)(iii)(A) for failing to provide a loan
10 estimate to consumers no later than three business days from the receipt of a loan application and
11 cancelling loans in lieu of meeting those obligations.

12 **2.6 Failure to Provide Complete Loan Estimate.** Based on the Factual Allegations set forth in
13 Section I above, Respondent Summit is in apparent violation of RCW 31.04.027(1)(b), RCW
14 31.04.027(1)(f), RCW 31.04.027(1)(m), RCW 31.04.102(2), WAC 208-620-550(8), and 12 CFR §
15 1026.37(c)(4)(iv) for failing to provide a complete loan estimate.

16 **2.7 Failure to Provide Complete Closing Disclosures.** Based on the Factual Allegations set
17 forth in Section I above, Respondent Summit is in apparent violation of RCW 31.04.027(1)(b), RCW
18 31.04.027(1)(m), RCW 31.04.102(2), WAC 208-620-550(8), and 12 CFR § 1026.38(l)(2) and (p) for
19 failing to provide complete closing disclosures.

20 **2.8 Prohibited Payments to Mortgage Loan Originators.** Based on the Factual Allegations set
21 forth in Section I above, Respondent Summit is in apparent violation of RCW 31.04.027(1)(b), RCW
22 31.04.027(1)(m), RCW 31.04.102(2), and 12 CFR § 1026.36(d)(1) for, in connection with a
23 consumer credit transaction secured by a dwelling, paying to a loan originator, directly or indirectly,
24 compensation in an amount that is based on a term of a transaction, the terms of multiple transactions

1 by an individual loan originator, or the terms of multiple transactions by multiple individual loan
2 originators; or for basing a loan originator's compensation in whole or in part on a factor that is a
3 proxy for a term of a transaction.

4 III. AUTHORITY TO IMPOSE SANCTIONS

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

9 **3.2 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of
10 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or
11 any other person subject to the Act for any violation of the Act or failure to comply with any order or
12 subpoena issued by the Director under the Act.

13 **3.3 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-
14 610(7), every licensee investigated by the Director or the Director's designee shall pay for the cost of
15 the investigation, calculated at the rate of \$69.01 per staff hour devoted to the investigation.

16 **3.4 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director
17 may recover the state's costs and expenses for prosecuting violations of the Act.

18 IV. NOTICE OF INTENT TO ENTER ORDER

19 Respondent Summit's violations of the provisions of chapter 31.04 RCW and chapter 208-620
20 WAC, as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to
21 Impose Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW
22 31.04.165, RCW 31.04.202, and RCW 31.04.205. Therefore, it is the Director's intent to ORDER
23 that:

24 **4.1 Respondent Summit Funding, Inc. cease and desist from conducting business in a**

manner that is injurious to the public or violates the Act, including those violations alleged in Section II above.

4.2 Respondent Summit Funding, Inc. pay a fine. As of the date of this Statement of Charges, the fine totals \$75,000.

4.3 Respondent Summit Funding, Inc. pay an investigation fee. As of the date of this Statement of Charges, the investigation fee totals \$4,500.

4.4 Respondent Summit Funding, Inc. maintain records in compliance with the Act and provide the Department with the location of the books, records and other information relating to Respondent Summit Funding, Inc.’s consumer loan business, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

4.5 Respondent Summit Funding, Inc. pay the Department’s costs and expenses for prosecuting violations of the Act in an amount to be determined at hearing or by declaration with supporting documentation in event of default by Respondent.

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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, Impose
3 Fine, Collect Investigation Fee, and Recover Costs and Expenses (Statement of Charges) is entered
4 pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW
5 31.04.205, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure
6 Act). Respondent Summit may make a written request for a hearing as set forth in the NOTICE OF
7 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
8 Statement of Charges.

9 Dated this 20th day of June, 2023.



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12 _____
13 LUCINDA FAZIO, Director
14 Division of Consumer Services
15 Department of Financial Institutions

16 Presented by:

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18 _____
19 DREW STILLMAN
20 Financial Legal Examiner Supervisor

21 Approved by:

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24 JACK McCLELLAN
Enforcement Chief