

ORDER SUMMARY
Consumer Services Division Case Number C-23-3638

Temporary Orders to Cease and Desist require individuals or companies to temporarily stop doing things, usually things that could harm or have harmed consumers. The individual or company has the right to contest the Order at an administrative hearing. If the individual or company does not contest the temporary order, it will become permanent when DFI issues a Final Order.

Name	Hometown Lenders, Inc. (NMLS #65084)
Order Number	C-23-3638-23-TD01
Date issued	October 17, 2023

What does this Temporary Order to Cease and Desist require?

Hometown Lenders must immediately cease and desist from:

- Accepting any new Washington business
- Doing any activities that require licensure under the Washington Consumer Loan Act
- Doing business in an injurious way, or in violation of the Consumer Loan Act

Hometown Lenders must also:

- Remediate all harm done to agencies, borrowers, holders, lenders, and investors from failing to timely pay mortgage insurance premiums.
- Provide DFI with a detailed accounting of their assets and liabilities.
- Provide all information and records DFI asks for.
- Cooperate with DFI to provide full access to information and records.

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
CONSUMER SERVICES DIVISION**

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

HOMETOWN LENDERS, INC.,
NMLS #65084,

Respondent.

No. C-23-3638-23-TD01

TEMPORARY ORDER TO
CEASE AND DESIST

10 THE STATE OF WASHINGTON TO: HOMETOWN LENDERS, INC.

11 COMES NOW the Director of the Washington State Department of Financial Institutions
12 (Director), by and through his designee Ali Higgs, Acting Division Director, Division of Consumer
13 Services (designee), and finding that the public is likely to be substantially injured by delay in issuing a
14 cease and desist order, enters this temporary order to cease and desist pursuant to chapter 31.04 RCW, the
15 Consumer Loan Act (Act), based on the following findings:

16
17 **I. FACTUAL FINDINGS**

18 **1.1 Respondent.** Hometown Lenders, Inc. (Respondent) was licensed by the Department
19 of Financial Institutions of the State of Washington (Department) to conduct business as a consumer
20 loan company on or about July 26, 2018, and continues to be licensed to date.

21 **1.2 Failure to Remit Mortgage Insurance Premiums.** In 2023, Respondent collected
22 upfront mortgage insurance premiums (MIP) from borrowers located in Washington State. Upfront
23 MIP is required for most of the Fair Housing Administration's (FHA) Single Family mortgage
24 insurance programs. Lenders that take part in those programs must remit upfront MIP within 10
25 calendar days of the mortgage closing or disbursement date, whichever is later. In 2023, in at least

1 nine instances, Respondent did not timely remit – or did not remit at all – the upfront MIP it received
2 from borrowers located in Washington State. In at least five of those instances, Respondent’s failure to
3 timely remit MIP negatively impacted the Washington State Housing Finance Commission.

4 **1.3 Financial Condition.** Respondent cannot currently meet its obligations as they mature,
5 including but not limited to payroll obligations.

6 **1.4 Substantial Injury to Public.** Respondent’s failure to timely remit upfront MIP, along
7 with its financial and operational condition, is such that there is serious risk of injury to the public.
8

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

10 **2.1 Prohibited Practices.** Based upon the facts set forth in Section I above, Respondent is
11 in violation of RCW 31.04.027(1)(a), (b), (c) and (m) for: (a) directly or indirectly employing any
12 scheme, device, or artifice to defraud or mislead any person; (b) directly or indirectly engaging in any
13 unfair or deceptive practice toward any person; (c) directly or indirectly obtaining property by fraud or
14 misrepresentation; (m) violating any applicable state or federal law relating to the activities governed
15 by the Act.

16 **2.2 Financial Responsibility.** Based upon the facts set forth in Section I above,
17 Respondent no longer meets the standards set forth in RCW 31.04.055(1)(e) and WAC 208-620-
18 370(2), which require Respondent’s financial responsibility be such as to command the confidence of
19 the community and to warrant a belief that the business will be operated honestly, fairly, and
20 efficiently within the purposes of the Act.
21

22 **2.3 Substantial Injury to the Public.** Respondent’s violations of the Act are such that the
23 public is likely to be substantially injured by delay in issuing a cease and desist order.

24 **III. AUTHORITY TO ISSUE ORDER**

25 **3.1 Authority to Issue Temporary Order to Cease and Desist.** Pursuant to RCW
31.04.093(8), whenever the Director determines that the public is likely to be substantially injured by

1 delay in issuing a cease and desist order, the Director may immediately issue a temporary cease and
2 desist order. The order may direct the licensee to discontinue any violation of the Act, to take such
3 affirmative action as is necessary to comply with the Act, and may include a summary suspension of
4 the licensee's license and may order the licensee to immediately cease the conduct of business under
5 the Act.

6 **IV. ORDER**

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8 Based on the above Factual Findings, Grounds for Entry of Order, and Authority to Issue
9 Temporary Order to Cease and Desist, and pursuant to RCW 31.04.165, the Director determines that
10 the public is likely to be substantially harmed by a delay in entering a cease and desist order.

11 Therefore, the Director ORDERS that:

12 **4.1** Respondent shall immediately cease and desist from:

13 **A.** Accepting any new business, including originating any new loans for Washington
14 State residents or property located in Washington State;

15 **B.** Conducting any activities that require licensure under the Consumer Loan Act, and
16 shall not resume its consumer loan business in Washington State without the
17 Department's approval; and

18 **C.** Conducting business in a manner that is injurious to the public or violates the Act.

19 Section 4.1 does not prohibit Respondent: from taking affirmative actions ordered below; from
20 returning, remitting, or transferring funds it owes to loan borrowers, holders, or investors; or from
21 funding or otherwise processing loans that, as of the date of this order, are in Respondent's pipeline, so
22 long as Respondent is able to and does fund or process those loans while meeting its legal and
23 contractual obligations to all affected parties, including agencies, borrowers, holders, lenders, and
24 investors.
25

4.2 Respondent shall take the following affirmative actions:

1 APPLICATION FOR ADJUDICATIVE HEARING INCORPORATED HEREIN BY THIS
2 REFERENCE.

3 FAILURE TO COMPLETE AND RETURN THE APPLICATION FOR ADJUDICATIVE
4 HEARING FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF FINANCIAL
5 INSTITUTIONS WITHIN TWENTY DAYS OF THE DATE THAT THIS ORDER WAS SERVED ON
6 YOU WILL CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO
7 A HEARING.

8 SERVICE ON YOU IS DEFINED AS POSTING IN THE U.S. MAIL, POSTAGE PREPAID, TO
9 YOUR LAST KNOWN ADDRESS. BE ADVISED THAT DEFAULT WILL RESULT IN THIS
10 ORDER TO CEASE AND DESIST BECOMING PERMANENT ON THE TWENTY-FIRST (21ST)
11 DAY FOLLOWING SERVICE OF THIS ORDER UPON YOU.

12 DATED this 17 day of October, 2023.



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14
15 [Redacted Signature]
16 _____
17 ALI HIGGS, Acting Director
18 Division of Consumer Services
19 Department of Financial Institutions

20 Presented by:

21 [Redacted Signature]
22 _____
23 DREW STILLMAN
24 Financial Legal Examiner Supervisor

25 Approved by:

[Redacted Signature]

JAMES R. BRUSSELBACK
Acting Enforcement Chief