

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

Final Orders resolve investigations where companies or individuals have been charged and then the Department has imposed sanctions.

Once DFI serves the Final Order on the individual or company, the company or individual has 10 days to petition (formally ask) the Director of DFI to reconsider. The company or individual can appeal in superior court.

Name	Hometown Lenders, Inc., NMLS #65084
Order Number	C-23-3638-24-FO01
Date issued	May 2, 2024

What does this Final Order require?

- Must cease and desist from accepting any new business, including originating any new loans, for Washington state residents or property located in Washington.
- Must cease and desist from conducting any activities requiring licensure under the Consumer Loan Act and not resume consumer loan business in Washington without DFI's approval.
- Must cease and desist conducting business in a manner that is injurious to the public or violates the Act.
- Must remit all upfront mortgage insurance premiums (MIP), late charges, and interest that remain unpaid, owed, or outstanding.
- Must transfer cases or report to a servicer/lender/investor that has the ability to make changes within the FHA Connection system for any loan holders/servicers/lenders/investors where MIP is unpaid/owed/outstanding.
- Must provide a detailed accounting of assets and liabilities, a statement as to whether liabilities exceed assets, and whether obligations can be met as they mature.
- Must provide all records and information not already provided as well as full access to all information and records at DFI's request.

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**

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

No. C-23-3638-24-FO01

HOMETOWN LENDERS, INC.,
NMLS No. 65084,

FINAL ORDER TO CEASE AND DESIST

Respondent.

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Ali Higgs (Director's designee), pursuant to RCW 34.05.440(1). On October 17, 2023, the Director, through the Director's designee, issued a Temporary Order to Cease and Desist (TCD) against Hometown Lenders, Inc. (Respondent). A copy of the TCD is attached and incorporated into this order by this reference. The TCD was accompanied by a cover letter dated October 17, 2023, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent (collectively, accompanying documents).

On October 17, 2023, the Department served Respondent with the TCD and accompanying documents by First-Class mail and Federal Express overnight delivery. On October 18, 2023, the documents sent by Federal Express overnight delivery were delivered. The documents sent by First-Class mail were not returned to the Department by the United States Postal Service.

Respondent did not request an adjudicative hearing within twenty calendar days after the Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for in WAC 208-08-050(2).

1 B. Record Presented. The record presented to the Director’s designee for her review and
2 for entry of a final decision included the following: Temporary Order to cease and Desist, cover letter
3 dated October 17, 2023, Notice of Opportunity to Defend and Opportunity for Hearing, and blank
4 Application for Adjudicative Hearing for Respondent, with documentation for service.

5 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the
6 Director’s designee hereby adopts the TCD, which is attached hereto.

7 II. FINAL ORDER

8 Based upon the foregoing, and the Director’s designee having considered the record and being
9 otherwise fully advised, NOW, THEREFORE:

10 A. IT IS HEREBY ORDERED, that:

11 1. Respondent shall immediately cease and desist from:

12 a. Accepting any new business, including originating any new loans for Washington
13 State residents or property located in Washington State;

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

17 c. Conducting business in a manner that is injurious to the public or violates the Act.

18 Section II.A.1. does not prohibit Respondent: from taking affirmative actions ordered below;
19 from returning, remitting, or transferring funds it owes to loan borrowers, holders, or investors; or
20 from funding or otherwise processing loans that, as of the date of this order, are in Respondent’s
21 pipeline, so long as Respondent is able to and does fund or process those loans while meeting its legal
22 and contractual obligations to all affected parties, including agencies, borrowers, holders, lenders, and
23 investors.

24 2. Respondent shall take the following affirmative actions:

- 1 a. Remediate all harm done to agencies, borrowers, holders, lenders, and investors
2 due to Respondent's failure to timely remit upfront mortgage insurance
3 premiums, this shall include, but not be limited to
- 4 i. Remitting all upfront mortgage insurance premiums (MIP), late charges,
5 and interest that remain unpaid, owed, or outstanding.
 - 6 ii. For loan holders, servicers, lenders, or investors, with respect to loans for
7 which upfront MIP is unpaid, owed, or outstanding, transferring cases or
8 reporting a servicer or holder change so that the current holder, servicer,
9 lender, or investor has the ability to make changes within the FHA
10 Connection system.
- 11 b. Provide a detailed accounting of Respondent's assets and liabilities, a statement
12 as to whether Respondent's liabilities exceed its assets, and a detailed written
13 explanation as to whether Respondent can meet its obligations as they mature.
- 14 c. Provide all information and records the Department has requested Respondent to
15 provide that Respondent has not yet provided to the Department.
- 16 d. Cooperate with the Department and provide full access to information and
17 records at the request of the Department.

18 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
19 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
20 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
21 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
22 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
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1 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
2 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

9 D. Judicial Review. Respondent has the right to petition the superior court for judicial
10 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for
11 filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

12 E. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial
13 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
14 attached hereto.

15 DATED this 2nd day of May, 2024.



17 STATE OF WASHINGTON
18 DEPARTMENT OF FINANCIAL INSTITUTIONS

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20 _____
21 ALI HIGGS, Director
22 Division of Consumer Services

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.
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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**

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

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A. Remediate all harm done to agencies, borrowers, holders, lenders, and investors due to Respondent's failure to timely remit upfront mortgage insurance premiums, this shall include, but not be limited to

i. Remitting all upfront mortgage insurance premiums (MIP), late charges, and interest that remain unpaid, owed, or outstanding.

ii. For loan holders, servicers, lenders, or investors, with respect to loans for which upfront MIP is unpaid, owed, or outstanding, transferring cases or reporting a servicer or holder change so that the current holder, servicer, lender, or investor has the ability to make changes within the FHA Connection system.

B. Provide a detailed accounting of Respondent's assets and liabilities, a statement as to whether Respondent's liabilities exceed its assets, and a detailed written explanation as to whether Respondent can meet its obligations as they mature.

C. Provide all information and records the Department has requested Respondent to provide that Respondent has not yet provided to the Department.

D. Cooperate with the Department and provide full access to information and records at the request of the Department.

4.3 This order shall take effect immediately and shall remain in effect unless set aside, limited, or suspended in writing by an authorized court.

NOTICE

PURSUANT TO CHAPTER 31.04 RCW, YOU ARE ENTITLED TO A HEARING WITHIN FOURTEEN DAYS OF REQUEST TO DETERMINE WHETHER THIS ORDER SHALL BECOME PERMANENT. IF YOU DESIRE A HEARING, THEN YOU MUST RETURN THE ATTACHED

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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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