

Terms Complete

ORDER SUMMARY – Case Number: C-12-1071-13-CO01

Name(s): Karim F Khoury ; Cascadia Lending LLC;

Order Number: C-12-1071-13-CO01

Effective Date: _____

License Number: Cascadia: NMLS #39521
Khoury: NMLS #89168

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
 If applicable, you must specifically note the ending dates of terms.

License Effect: Revocation is stayed upon successful completion of compliance exam during 1 year period and the payment of all fines, fees, and restitution

Not Apply Until: _____

Prohibition/Ban Until: _____

Investigation Costs	\$2,880	Due 9/30	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$25,000	Due: \$13,000 by 9/30. Balance in \$1,000 monthly increments	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$4,328.73	Due no later than 8/30/14	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments: Respondents must also hire an independent consulting firm to review files annually at approximately equal 12 month intervals for 3 years. Respondents will require the consultant to prepare a report and provide a copy of the review to the Department within 30 days of the completion of the review. Additionally, Respondents will establish internal compliance controls to self-audit loan files every 60 days, at a minimum.

SEP 26 2013

Enforcement Unit
Division of Consumer Services
Dept. of Financial Institutions

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

IN THE MATTER OF DETERMINING:
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:
CASCADIA LENDING, LLC;
KARIM F. KHOURY, 100% Owner and
Designated Broker;
PETER J. CHAMBERS, Loan Originator; and
CRAIG A. OAKES, Unlicensed Loan Originator,
Respondents.

No.: C-12-1071-13-CO01

CONSENT ORDER FOR CASCADIA
LENDING, LLC, NMLS #39521, and
KARIM F. KHOURY, NMLS #89168

COMES NOW the Director of the Department of Financial Institutions (Director), through his
designee Deborah Bortner, Division Director, Division of Consumer Services, and Cascadia Lending,
LLC (Respondent Cascadia) and Karim F. Khoury, 100% Owner and Designated Broker
(Respondent Khoury), and finding that the issues raised in the above-captioned matter may be
economically and efficiently settled solely as they relate to Respondents Cascadia and Khoury, agree
to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 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
Respondents Cascadia and Khoury have agreed upon a basis for resolution of the matters alleged in
Statement of Charges No. C-12-1002-13-SC01 (Statement of Charges), entered December 10, 2012,
(copy attached hereto), solely as they relate to Respondents Cascadia and Khoury. Pursuant to
chapter 19.146 RCW, the Mortgage Broker Practices Act (Act), and RCW 34.05.060 of the
Administrative Procedure Act, Respondents Cascadia and Khoury hereby agree to the Department's
entry of this Consent Order and further agree that the issues raised in the above-captioned matter,

1 solely as they relate to Respondents Cascadia and Khoury, may be economically and efficiently
2 settled by entry of this Consent Order. Respondents Cascadia and Khoury are agreeing not to contest
3 the Statement of Charges in consideration of the terms of this Consent Order.

4 Based upon the foregoing:

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

7 **B. Waiver of Hearing.** It is AGREED that Respondents Cascadia and Khoury have been
8 informed of the right to a hearing before an administrative law judge, and hereby waive their right to
9 a hearing and any and all administrative and judicial review of the issues raised in this matter, or of
10 the resolution reached herein. Accordingly, Respondents Cascadia and Khoury, by the signatures
11 below, withdraw their appeal to the Office of Administrative Hearings.

12 **C. No Admission of Liability.** The parties intend this Consent Order to fully resolve the
13 Statement of Charges solely as related to Respondents Cascadia and Khoury, and agree that
14 Respondents Cascadia and Khoury neither admit nor deny any wrongdoing by its entry.

15 **D. Stayed License Revocation.** It is AGREED that Respondent Cascadia's license to
16 conduct business as a mortgage broker is revoked. It is further AGREED that said revocation shall
17 be stayed for a period of one (1) year, subject to Respondents Cascadia and Khoury's payment of the
18 fine referenced in paragraph G below and subject to the result of a compliance examination during
19 the one (1) year stayed revocation; said examination to be conducted by the Department at the
20 Department's discretion following five (5) business days' written notice to Respondent Cascadia and
21 pursuant to the requirements of WAC 208-660-510. Respondents Cascadia and Khoury AGREE to
22 pay all costs associated with the examination within 30 days of receipt of an invoice. Respondents
23 Cascadia and Khoury further AGREE to promptly respond to and address any and all issues
24 identified in the compliance examination to the satisfaction of the Department. It is further AGREED

1 that if the Department does not seek to lift the stay and impose the revocation within the one (1) year
2 stay period, said revocation will be deemed withdrawn without further action being required by either
3 party.

4 **E. Lifting of Stay and Imposing Revocation based upon Examination Results.** It is

5 AGREED that:

- 6 a. If as a result of the compliance examination set forth above the Department determines
7 that Respondent Cascadia has not complied with the Act to a degree sufficient to
8 warrant revocation, and the Department accordingly seeks to lift the stay and impose
9 the revocation set forth in section D above, the Department will first notify
10 Respondent Cascadia in writing of its determination.
- 11 b. The Department's notification will include:
- 12 i. A description of the alleged noncompliance;
 - 13 ii. A statement that because of the noncompliance, the Department seeks to lift
14 the stay and impose the revocation;
 - 15 iii. The opportunity for Respondent Cascadia to contest the Department's
16 determination of noncompliance in an administrative hearing before an ALJ of
17 OAH; and
 - 18 iv. A copy of this Consent Order. The notification and hearing process provided
19 in this Consent Order applies only to this Consent Order. It is solely provided
20 in the event Respondent Cascadia chooses to contest the Department's
21 determination of noncompliance.
- 22 3. Respondent Cascadia will be afforded ten (10) business days from the date of receipt
23 of the Department's notification to submit a written request to the Department for an
24 administrative hearing to be held before an Administrative Law Judge (ALJ) from the
Office of Administrative Hearings (OAH).
4. Respondent Cascadia, in addition to its request for hearing, may provide a written
response to include any information pertaining to the alleged noncompliance.
5. The administrative hearing shall be expedited and follow the timing and processes
described in this Consent Order.
6. If requested, the hearing will be held within 15 business days (or as soon as the
schedule of the ALJ permits) from the due date for Respondent Cascadia's request for
hearing or from the date of receipt of Respondent Cascadia's timely request for

1 hearing, whichever is sooner. The parties will accommodate the prompt scheduling of
2 the hearing.

3 7. The scope and issues of the hearing are limited solely to whether or not Respondent
4 Cascadia is in violation of the Act to a degree sufficient to warrant license revocation.
5 The parties AGREE that only those violations occurring during the period of time
6 between the date of this Consent Order and the date of the compliance examination will
7 be considered for purposes of revocation under this Consent Order, and that any
8 violations found during the compliance examination which pre-date this Consent Order
9 may be subject to a separate action at the Department's discretion.

10 8. At the conclusion of the hearing, the ALJ will issue an initial decision. Either party
11 may file a Petition for Review with the Director of the Department.

12 9. If Respondent Cascadia does not request the hearing within the stated time, the
13 Department will immediately revoke Respondent Cascadia's mortgage broker license
14 and pursue whatever action it deems necessary to enforce the revocation.

15 **F. Compliance.** It is AGREED that Respondents Cascadia and Khoury will hire an
16 independent consulting firm to review files annually, at approximately equal 12 month intervals, and
17 to ensure compliance and education of staff for 3 years following the date of this Consent Order. It is
18 further AGREED that Respondents Cascadia and Khoury will require the consultant to prepare a
19 report of his/her review and will provide a copy of the review to the Department within 30 days of the
20 completion of the review. Additionally, it is AGREED that Respondents Cascadia and Khoury shall
21 establish internal compliance controls and shall self-audit loan files every 60 days, at a minimum.

22 **G. Fine.** It is AGREED that Respondents Cascadia and Khoury shall pay a fine to the
23 Department in the amount of \$25,000 in the form of cashiers' checks made payable to the
24 "Washington State Treasurer." The amount of \$13,000 shall be paid no later than September 30,
2013. The remaining \$12,000 shall be paid at the rate of \$1,000 per month, beginning in October.
If any payment is not received by the Department on or before the last business day of the month due,
Respondents Cascadia and Khoury will be in breach of the Consent Order for non-payment and the
stayed revocation set forth in paragraph D above shall be lifted immediately, without advance notice
to Respondents Cascadia and Khoury.

1 **H. Restitution.** It is AGREED that Respondents Cascadia and Khoury shall pay
2 restitution totaling \$4,328.73 to those consumers listed in Appendix A of this Consent Order in the
3 amounts set forth therein. Restitution shall be paid in full within eleven (11) months of the date of
4 this Consent Order and shall be in the form of a cashier's check issued to each recipient at an address
5 to be provided by the Department. Respondents Cascadia and Khoury shall mail a copy of each
6 cashier's check to the Department as it is issued. In the event that a borrower cannot be found or a
7 restitution check is returned as undeliverable, Respondents Cascadia and Khoury will submit the
8 relevant funds to the Department of Revenue as unclaimed property within 30 days of determining
9 that the funds cannot be delivered to the recipient and will provide the Department with a copy of any
10 checks sent to the Department of Revenue and a copy of any unclaimed property forms submitted to
11 the Department of Revenue.

12 **I. Rights of Non-Parties.** It is AGREED that the Department does not represent or have the
13 consent of any person or entity not a party to this Consent Order to take any action concerning their
14 personal legal rights. It is further AGREED that for any person or entity not a party to this Consent
15 Order, this Consent Order does not limit or create any private rights or remedies against any
16 Respondent, limit or create liability of any Respondent, or limit or create defenses of any Respondent
17 to any claims.

18 **J. Investigation Fee.** It is AGREED that Respondents Cascadia and Khoury shall pay to the
19 Department an investigation fee of \$2,880 in the form of a cashier's check made payable to the
20 "Washington State Treasurer" no later than September 30, 2013. The initial fine payment of \$13,000
21 and the investigation fee may be paid together in one \$15,880 cashier's check made payable to the
22 "Washington State Treasurer."
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1 **K. Authority to Execute Order.** It is AGREED that the undersigned have represented and
2 warranted that they have the full power and right to execute this Consent Order on behalf of the
3 parties represented.

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

9 **M. Voluntarily Entered.** It is AGREED that Respondents Cascadia and Khoury have
10 voluntarily entered into this Consent Order, which is effective when signed by the Director's
11 designee.

12 **N. Completely Read, Understood, and Agreed.** It is AGREED that Respondents Cascadia
13 and Khoury have read this Consent Order in its entirety and fully understand and agree to all of the
14 same.

15 **RESPONDENTS:**

16 **Cascadia Lending, LLC**
17 By:

18 

19 Karim F. Khoury
20 Owner and Designated Broker

9-16-13
Date

21 

22 Karim F. Khoury
23 Individually

9-16-13
Date

1 Approved for Entry:

2 *Seth Rosenberg*
3 Seth A. Rosenberg, WSBA No. 41660

9/24/2013
Date

4 Attorney at Law
5 Attorney for Respondents Cascadia and Khoury
6
7
8

9 DO NOT WRITE BELOW THIS LINE

10 THIS ORDER ENTERED THIS 30th DAY OF September, 2013



11 *Deborah Bortner*

12 DEBORAH BORTNER
13 Director
14 Division of Consumer Services
15 Department of Financial Institutions

16 Presented by:

17 *Devon P. Phelps*

18 Devon P. Phelps
19 Financial Legal Examiner

20 Approved by:

21 *Charles E. Clark*

22 Charles E. Clark
23 Enforcement Chief
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Appendix A

Borrower's Name	Loan Number	Refund Due
C.D.	23005113	\$2,314.23
J.H.	4099906266	\$ 799.92
S.S.	10024962	\$1,214.58

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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
Mortgage Broker Practices Act of Washington by:

CASCADIA LENDING, LLC;
KARIM F. KHOURY, 100% Owner and
Designated Broker;
PETER J. CHAMBERS, Loan Originator; and
CRAIG A. OAKES, Unlicensed Loan Originator,

Respondents.

No. C-12-1071-12-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO CEASE AND DESIST, REVOKE
LICENSES, PROHIBIT FROM INDUSTRY,
ORDER RESTITUTION, IMPOSE FINES,
AND COLLECT INVESTIGATION FEE

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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). 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 Deborah
Bortner, institutes this proceeding and finds as follows:

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I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Cascadia Lending, LLC (Respondent Cascadia)** was licensed by the Department of
Financial Institutions of the State of Washington (Department) to conduct business as a mortgage
broker on or about January 31, 2005, and continues to be licensed to date.¹

B. **Karim F. Khoury (Respondent Khoury)** is 100% owner of and Designated Broker
for Respondent Cascadia. Respondent Khoury was named Designated Broker of Respondent

¹ Respondent Cascadia is listed in the Nationwide Mortgage Licensing System & Registry (NMLS) with ID# 39521.

1 Cascadia on January 31, 2005, and continues to be Designated Broker to date. Respondent Khoury
2 was licensed by the Department to conduct business as a mortgage loan originator (LO) on or about
3 January 1, 2007, and continues to be licensed to date.²

4 C. **Peter J. Chambers (Respondent Chambers)** was licensed by the Department as an
5 LO on or about May 6, 2011, and continues to be licensed to date.³

6 D. **Craig A. Oakes (Respondent Oakes)** was licensed by the Department as an LO on or
7 about March 6, 2007.⁴ Respondent Oakes' license expired on or about January 1, 2011. Respondent
8 Oakes re-applied for licensure as an LO with the Department on or about March 1, 2011. Respondent
9 Oakes requested to withdraw his application on or about July 26, 2011, and his application was
10 withdrawn by the Department on or about September 12, 2011.

11 **1.2 Examination.** The Department conducted an on-site examination of Respondent Cascadia
12 from July 30, 2012, through August 3, 2012. The scope of this examination included a review of
13 Respondent Cascadia's business practices from April 1, 2010, through June 30, 2012, and a review of
14 16 loan files.

15 **1.3 Unlicensed Loan Originator Activity.** Between at least September 20, 2010, and June 30,
16 2012, Respondents Cascadia and Khoury permitted at least three unlicensed loan originators to assist
17 borrowers in obtaining residential mortgage loans in at least three transactions. Respondent Cascadia
18 collected at least \$17,892.78 in mortgage broker fees for these loans.

19 A. **Brenda Aspera's unlicensed activity.** Unlicensed loan originator Brenda Aspera
20 (Aspera) originated at least three loans.⁵ In addition, Aspera represented herself as able to assist
21 borrowers in obtaining a residential mortgage loan.

22 _____
23 ² Respondent Khoury is listed in the NMLS with ID# 89168.

³ Respondent Chambers is listed in the NMLS with ID# 398715.

⁴ Respondent Oakes is listed in the NMLS with ID# 119833.

⁵ Brenda Aspera's apparent unlicensed activity is being addressed under C-12-1072-12-SC01.

1 **B. Respondent Chambers' unlicensed activity.** Before Respondent Chambers became
2 licensed, he discussed rates and fees with borrowers in at least one loan.

3 **C. Respondent Oakes' unlicensed activity.** Respondent Oakes discussed rates and fees
4 with borrowers in at least one loan. In addition, Respondent Oakes represented himself as able to
5 assist borrowers in obtaining a residential mortgage loan.

6 **1.4 Misrepresentation of Mortgage Loan Originator Information on Applications.** In at least
7 three loans, Respondents Cascadia and Khoury misrepresented the identity of the actual LO. On each
8 application, the LO was identified as Respondent Khoury but the borrowers dealt with Aspera.
9 Aspera took the applications and discussed rates and fees with the borrowers.

10 **1.5 Failure to Maintain Funds in Trust.** In all 16 loans, Respondent Cascadia received funds
11 from or on behalf of borrowers for the payment of third-party provider services. Respondent
12 Cascadia deposited these funds into operating accounts under its control instead of a trust account.
13 Respondent Khoury has admitted to the Department that Respondent Cascadia does not have a trust
14 account and deposits all fees received into its general account.

15 **1.6. Failure to Provide State and Federal Disclosures.**

16 **A. Failure to Provide One-Page Summary Loan Disclosure Document.** In at least
17 two loans, Respondents Cascadia and Khoury did not timely provide the one-page disclosure
18 summary identifying certain material aspects of residential mortgage loans to the borrowers. In
19 one of those two loans, and in at least one other loan, Respondents Cascadia and Khoury did not
20 provide an accurate one-page disclosure summary.

21 **B. Failure to Provide Good Faith Estimate (GFE).** In at least two loans,
22 Respondents Cascadia and Khoury failed to re-disclose the terms of the loan on a GFE after the
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1 rate had been locked. In at least nine other loans, Respondents Cascadia and Khoury failed to
2 provide an accurate GFE.

3 **C. Failure to Provide Rate Lock Agreement.** In at least seven loans, Respondents
4 Cascadia and Khoury failed to provide a Rate Lock Agreement to the borrowers. In at least four
5 other loans, Respondents Cascadia and Khoury provided a Rate Lock Agreement that was
6 inaccurately completed.

7 **D. Failure to Provide Written Notice on Borrower Paid Services.** In at least two
8 loans, Respondents Cascadia and Khoury failed to provide written notice to borrowers that if the
9 borrower was unable to obtain a loan the mortgage broker must, within five days of request, give
10 the borrower copies of reports paid for by the borrower.

11 **E. Failure to Provide Adjustable Rate Mortgage Disclosure.** In at least two loans,
12 Respondents Cascadia and Khoury failed to provide an accurate Adjustable-Rate Mortgage
13 Disclosure to the borrowers.

14 **F. Failure to Provide Accurate Truth-in-Lending (TIL) Disclosure Statements.** In
15 at least 14 loans, Respondents Cascadia and Khoury failed to provide accurate TILs to the
16 borrowers.

17 **G. Failure to Provide Accurate Privacy Policy Disclosure and Opt-Out Notice.** In
18 all 16 loans, Respondents Cascadia and Khoury failed to provide accurate Privacy Policy
19 Disclosures and Opt-Out Notices to the borrowers.

20 **H. Failure to Provide Accurate Equal Credit Opportunity Act (ECOA) Notice.** In
21 at least five loans, Respondents Cascadia and Khoury failed to properly identify the name and
22 address of the federal agency on the ECOA Notice to the borrowers.

1 **1.7 Advertising.**

2 **A. Failure to Display NMLS Number and Provide Link to NMLS.** As of July 11,
3 2012, Respondents Cascadia's and Khoury's primary website, www.cascadialending.com, did not
4 display Respondent Cascadia's NMLS number and did not provide a link to the NMLS consumer
5 access web site page for the company.

6 **B. Failure to Display Loan Originator NMLS Numbers.** As of August 2, 2012,
7 Respondents Cascadia's and Khoury's website did not include the loan originator NMLS number
8 immediately following the loan originator's name for six of its LOs.

9 **C. Advertising "Lowest" Rates.** As of July 11, 2012, two pages on Respondents
10 Cascadia's and Khoury's web site advertised using the words "lowest rate."

11 **D. Advertising Using the Term "No Cost."** As of July 11, 2012, two pages on
12 Respondents Cascadia's and Khoury's website advertised using the words "no cost."

13 **1.8 Failure to Maintain Books and Records.** To the extent that Respondents may claim that
14 documents not found in loan files were provided, then Respondents failed to maintain accurate and
15 current books and records.

16 **1.9 On-Going Investigation.** The Department's investigation into the alleged violations of the
17 Act by Respondents continues to date.

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

19 **2.1 Definition of Loan Originator.** Pursuant to RCW 19.146.010(11) and WAC 208-660-006,
20 "Loan originator" means a natural person who for direct or indirect compensation or gain, or in the
21 expectation of direct or indirect compensation or gain: takes a residential mortgage loan application
22 for a mortgage broker; offers or negotiates terms of a mortgage loan; performs residential mortgage
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1 loan modification services; or holds themselves out to the public as able to perform any of these
2 activities.

3 **2.2 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245, a licensed
4 mortgage broker is liable for any conduct violating the Act by the designated broker or a loan
5 originator while employed or engaged by the licensed mortgage broker.

6 **2.3 Responsibility of Designated Broker.** Pursuant to RCW 19.146.200(3), every licensed
7 mortgage broker must at all times have a designated broker responsible for all activities of the
8 mortgage broker in conducting the business of a mortgage broker. A designated broker, principal, or
9 owner who has supervisory authority over a mortgage broker is responsible for a licensee's,
10 employee's, or independent contractor's violations of the Act if: the designated broker, principal, or
11 owner directs or instructs the conduct or, with knowledge of the specific conduct, approves or allows
12 the conduct; or the designated broker, principal, or owner who has supervisory authority over the
13 licensed mortgage broker knows or by the exercise of reasonable care and inquiry should have known
14 of the conduct, at a time when its consequences can be avoided or mitigated and fails to take
15 reasonable remedial action.

16 **2.4 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
17 Allegations set forth in Section I above, Respondents Chambers and Oakes are in apparent violation
18 of RCW 19.146.0201(2), RCW 19.146.200(1), and WAC 208-660-155 for engaging in the business
19 of a loan originator without first obtaining and maintaining a license under the Act.

20 **2.5 Requirement to Ensure that Loan Originators are Licensed.** Based on the Factual
21 Allegations set forth in Section I above, Respondents Cascadia and Khoury are in apparent violation
22 of RCW 19.146.0201(2), RCW 19.146.200(1), and WAC 208-660-155(1) for utilizing the services of
23

1 unlicensed loan originators to assist borrowers with applying for or obtaining residential mortgage
2 loans through Respondent Cascadia.

3 **2.6 Requirement to Accurately Disclose the True Identity of the Mortgage Loan Originator.**

4 Based on the Factual Allegations set forth in Section I above, Respondents Cascadia and Khoury are
5 in apparent violation of RCW 19.146.0201(1), (2), and (3) for concealing the true name of the
6 individual who originated the loan for the applicants.

7 **2.7 Requirement to Maintain Funds From Borrower for Payment of Third-Party Providers**

8 **in Trust.** Based on the Factual Allegations set forth in Section I above, Respondents Cascadia and
9 Khoury are in apparent violation of RCW 19.146.050 and WAC 208-660-410(3),(6), and (16) for
10 failing to deposit funds received from a borrower or on behalf of a borrower for payment of third-
11 party provider services in a trust account of a federally insured financial institution located in this
12 state, prior to the end of the third business day following receipt of such monies, and for
13 commingling operating funds with trust account funds.

14 **2.8 Requirement to Make Full and Accurate Disclosures to Applicants.** Based on the Factual

15 Allegations set forth in Section I above, Respondents Cascadia and Khoury are in apparent violation
16 of RCW 19.144.020, RCW 19.146.0201(2),(6), and (11), RCW 19.146.030, and WAC 208-660-430
17 for failing to make disclosures in compliance with applicable state and federal law.

18 **2.9 Advertising.** Based on the Factual Allegations set forth in Section I above, Respondents

19 Cascadia and Khoury are in apparent violation of RCW 19.146.0201(2) and WAC 208-660-446(1)(a)
20 and (c) for failing to provide the NMLS unique identifier for Respondent Cascadia and for failing to
21 provide a link to the NMLS page for Respondent Cascadia on its website. Respondents Cascadia and
22 Khoury are in apparent violation of RCW 19.146.0201(2) and WAC 208-660-446 for failing to
23 provide the NMLS unique identifier for at least six loan originators on its website. Respondents

1 Cascadia and Khoury are in apparent violation of RCW 19.146.0201(2) and WAC 208-660-440(3)
2 and (7) for advertising using the words “lowest” and “no cost” on its website.

3 **2.10 Requirement to Maintain Accurate and Current Books and Records.** Based on the
4 Factual Allegations set forth in Section I above, Respondents Cascadia and Khoury are in apparent
5 violation of RCW 19.146.060 and WAC 208-660-450 for failing to keep all books and records in a
6 location that is on file with and readily available to the Department until at least twenty-five months
7 have elapsed following the effective period to which the books and records relate.

8 III. AUTHORITY TO IMPOSE SANCTIONS

9 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the
10 Director may issue orders directing a licensee, its employee, loan originator, independent contractor,
11 agent, or other person subject to the Act to cease and desist from conducting business.

12 **3.2 Authority to Revoke License.** Pursuant to RCW 19.146.220(2), the Director may revoke
13 licenses for any violation of the Act.

14 **3.3 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
15 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
16 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed
17 mortgage broker or any person subject to licensing under the Act for any violation of RCW
18 19.146.0201(1) through (9), RCW 19.146.030, RCW 19.146.050, or RCW 19.146.200.

19 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
20 against a licensee or other persons subject to the Act for any violation of the Act. Pursuant to RCW
21 19.146.220(3), the Director may impose fines on an employee, loan originator, independent
22 contractor, or agent of the licensee, or other person subject to the Act, for any violations of RCW
23 19.146.0201(1) through (9), RCW 19.146.030, RCW 19.146.050, or RCW 19.146.200.

1 **3.5 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
2 restitution against licensees or other persons subject to the Act for any violation of the Act.

3 **3.6 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-
4 520(9) & (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per hour
5 for an examiner's time devoted to an investigation of a licensee or other person subject to the Act.

6 **IV. NOTICE OF INTENTION TO ENTER ORDER**

7 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC,
8 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
9 Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, and
10 RCW 19.146.223. Therefore, it is the Director's intention to ORDER that:

- 11 **4.1** Respondents Cascadia, Khoury, Chambers, and Oakes cease and desist conducting
12 unlicensed loan originator activities.
- 13 **4.2** Respondent Cascadia Lending, LLC's license to conduct the business of a mortgage
14 broker be revoked.
- 15 **4.3** Respondents Karim F. Khoury license to conduct the business of a loan originator be
16 revoked.
- 17 **4.4** Respondent Chambers license to conduct the business of a loan originator be
18 suspended for five (5) years.
- 19 **4.5** Respondent Cascadia Lending, LLC be prohibited from participation in the conduct of
20 the affairs of any mortgage broker subject to licensure by the Director, in any manner,
21 for a period of five (5) years.
- 22 **4.6** Respondents Karim F. Khoury, Peter J. Chambers, and Craig A. Oakes be prohibited
23 from participation in the conduct of the affairs of any mortgage broker subject to
24 licensure by the Director, in any manner, for a period of five (5) years.
- 4.7** Respondents Cascadia Lending and Karim F. Khoury jointly and severally pay a fine,
which as of the date of this Statement of Charges totals \$50,000.
- 4.8** Respondent Peter J. Chambers pay a fine, which as of the date of this Statement of
Charges totals \$1,500.

- 1 **4.9** Respondent Craig A. Oakes pay a fine, which as of the date of this Statement of
Charges totals \$1,500.
- 2
- 3 **4.10** Respondents Cascadia and Khoury jointly and severally pay restitution totaling
\$4,328.73 to the three borrowers identified in Appendix A of this Statement of
Charges.
- 4
- 5 **4.11** Respondents Cascadia Lending, LLC and Karim F. Khoury jointly and severally pay
an investigation fee in the amount of \$2,880 as of the date of this Statement of
Charges.
- 6 **4.12** Respondents Cascadia Lending, LLC and Karim F. Khoury maintain records in
compliance with the Act and provide the Department with the location of the books,
7 records and other information relating to Respondent Cascadia Lending, LLC's
mortgage broker business, and the name, address and telephone number of the
8 individual responsible for maintenance of such records in compliance with the Act.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter
4 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a
5 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
6 HEARING accompanying this Statement of Charges.

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8 Dated this 10th day of December, 2012



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DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

18 Presented by:

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DEVON P. PHELPS
Financial Legal Examiner

24 Approved by:

CHARLES E. CLARK
Enforcement Chief

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Appendix A

Borrower's Name

Loan Number

Refund Due

C.D.

23005113

\$2,314.23

J.H.

4099906266

\$799.92

S.S.

10024962

\$1,214.58

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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
Mortgage Broker Practices Act of Washington by:

C-12-1071-12-SC01

NOTICE OF OPPORTUNITY TO DEFEND AND
OPPORTUNITY FOR HEARING

CASCADIA LENDING, LLC;
KARIM F. KHOURY, 100% Owner and Designated
Broker;
PETER J. CHAMBERS, Loan Originator; and
CRAIG A. OAKES, Unlicensed Loan Originator,

Respondents.

THE STATE OF WASHINGTON TO:

Cascadia Lending, LLC
Karim F. Khoury

You are notified that a Statement of Charges has been filed against you by the Department of Financial Institutions (Department), a true and correct copy is attached.

APPLICATION FOR ADJUDICATIVE HEARING

You are further notified that you may file an application for adjudicative hearing before the Department on the Statement of Charges. Service of this notice is deemed complete upon deposit in the United States mail. Your application for adjudicative hearing must be received by the Department within twenty (20) days from the date you received this notice.

ADJUDICATIVE HEARING

If you request an adjudicative hearing, you will be notified of the time and place for the hearing at least seven (7) days in advance of the hearing date. In most cases, a conference ("prehearing conference") will be conducted before the hearing to discuss preliminary matters and select mutually convenient hearing dates. At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be as informal as is practical within the requirements of the Administrative Procedure Act (see chapter 34.05 RCW). The hearing will be recorded. The primary concern will be getting to the truth of the matter insofar as the Statement of Charges is concerned. Technical rules of evidence will not be binding at the hearing except for the rules or privilege recognized by law. You have the

1 right to present evidence and witnesses in your own behalf, and to cross-examine those witnesses presented in
2 support of the Statement of Charges. You may require the attendance of witnesses by subpoena.

3 **INTERPRETER AVAILABILITY**

4 If you or a witness for you is a person who, because of non-English-speaking cultural background, cannot
5 readily speak or understand the English language, you have the right to have an interpreter appointed at no cost to
6 you.

7 If you or a witness for you is a person who, because of a hearing or speech impairment, cannot readily
8 understand or communicate in spoken language, you have the right to have an interpreter appointed at no cost to you.

9 IF YOU NEED AN INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the
10 witness. You may request the appointment of a qualified interpreter by indicating your request on the attached
11 Application for Adjudicative Hearing form.

12 **WARNING**

13 You are further notified that if the Department does not RECEIVE the completed Application for
14 Adjudicative Hearing form within twenty (20) days from the date you received this notice, this will constitute a
15 waiver of your right to a hearing and the Department will find that you do not contest the allegations in the Statement
16 of Charges. Upon such a finding, a final order will be immediately entered disposing of this matter as described in
17 the Statement of Charges. If you desire a hearing in this matter, you must complete and return the attached
18 Application for Adjudicative Hearing to:

19 Department of Financial Institutions
20 Division of Consumer Services
21 Attn: Steve Sherman
22 PO Box 41200
23 Olympia, Washington 98504-1200

24 Dated this 10th day of December, 2012



Deborah Bortner

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

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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:

C-12-1071-12-SC01

NOTICE OF OPPORTUNITY TO DEFEND AND
OPPORTUNITY FOR HEARING

CASCADIA LENDING, LLC;
KARIM F. KHOURY, 100% Owner and Designated
Broker;
PETER J. CHAMBERS, Loan Originator; and
CRAIG A. OAKES, Unlicensed Loan Originator,

Respondents.

THE STATE OF WASHINGTON TO:

Karim F. Khoury
Cascadia Lending, LLC

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21 Attn: Steve Sherman
22 PO Box 41200
23 Olympia, Washington 98504-1200

24 Dated this 10th day of December, 2012



Deborah Bortner

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions