

# Terms Completed

## ORDER SUMMARY – Case Number: C-07-387

**Name(s):** Annabelle Yasgul Moody

**Order Number:** C-07-387-10-FO01

**Effective Date:** September 21, 2010

**License Number:** DFI: 45374

**Or NMLS Identifier [U/L]** (Revoked, suspended, stayed, application denied or withdrawn)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:** LO License Application Denied

**Not Apply Until:** n/a

**Not Eligible Until:** n/a

**Prohibition/Ban Until:** n/a

<b>Investigation Costs</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date:
<b>Fine</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

**Comments:** \_\_\_\_\_

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STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF INVESTIGATING  
The Loan Originator License Application under  
the  
Mortgage Broker Practices Act of Washington by:  
  
ANNABELLE YASGUL MOODY,  
Respondent.

NO. C-07-387-10-FO01

FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. 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 December 21, 2007, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Deny License Application (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated December 21, 2007, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for Annabelle Yasgul Moody, Respondent. The Department served the Statement of Charges, cover letter dated December 21, 2007, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for Annabelle Yasgul Moody on Respondent on December 21, 2007, by First-Class mail and Federal Express overnight delivery.

1 On January 4, 2008, Respondent filed an Application for Adjudicative Hearing. On January 4,  
2 2008, 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 May 6, 2008, all parties attended a telephonic prehearing conference. The Department moved to  
5 consolidate this case and the case of Steven D. Moody, C-07-375-07-SC01, for hearing. On May 27,  
6 2008, ALJ Vicki. J. Toyohara (ALJ Toyohara) issued a Prehearing Conference Order granting the  
7 Department's motion to consolidate the two matters for hearing. On June 16, 2008, ALJ Toyohara  
8 issued a Notice of Hearing, scheduling a hearing for July 30 and July 31, 2008, at 9:00 a.m.

9  
10 On March 24, 2009, OAH issued a Notice of Reassignment of Administrative Law Judge  
11 assigning ALJ Rynold C. Fleck (ALJ Fleck) to preside over prehearing and hearing proceedings and  
12 issue an Initial Decision. On March 24, 2009, ALJ Fleck issued an Order of Continuance of  
13 Prehearing Conference, continuing the prehearing conference to April 15, 2009.

14 On August 18, 2009, all parties attended the hearing. On March 10, 2010, ALJ Fleck issued an  
15 Initial Decision and Order. This Initial Decision and Order –

- 16 • found that Respondent Annabelle Yasgul Moody failed to demonstrate those  
17 characteristics that are required under RCW 19.146.310; and
- 18 • ordered that Respondent Annabelle Yasgul Moody's application for a Loan Originator  
19 license be denied.

20 On March 10, 2010, ALJ Fleck mailed the Initial Decision and Order to Respondent.

21 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondent had twenty (20) days from the  
22 date of service of the Initial Decision and Order to file a Petition for Review of the Initial Decision and  
23 Order. Respondent did not file a Petition for Review during the statutory period.

1 B. Record Presented. The record presented to the Director for his review and for entry of  
2 a final decision included the following:

- 3 1. Statement of Charges, cover letter dated December 21, 2007, and Notice of  
4 Opportunity to Defend and Opportunity for Hearing, with documentation of service;
- 5 2. Application for Adjudicative Hearing for Annabelle Yasgul Moody;
- 6 3. Request to OAH for Assignment of Administrative Law Judge;
- 7 4. Prehearing Conference Order dated May 27, 2008;
- 8 5. Notice of Hearing;
- 9 6. Notice of Reassignment of Administrative Law Judge dated March 24, 2009;
- 10 7. Order of Continuance of Prehearing Conference dated March 24, 2009; and
- 11 8. Initial Decision and Order dated March 10, 2010.

12 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.461, the Director  
13 hereby adopts the Initial Decision and Order which is attached hereto.

## 14 II. FINAL ORDER

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

17 A. IT IS HEREBY ORDERED, That:

- 18 1. Respondent Annabelle Yasgul Moody's application for a license to conduct the  
19 business of a Loan Originator is denied.

20 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a  
21 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition  
22 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150  
23 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,  
24

1 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The  
2 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for  
3 Reconsideration a prerequisite for seeking judicial review in this matter.

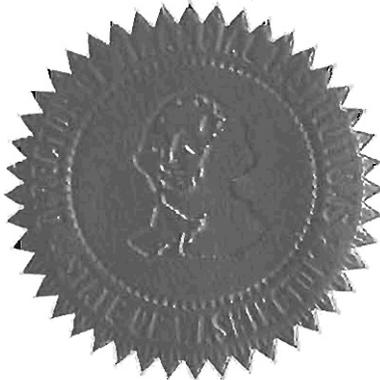
4 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date  
5 the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written  
6 notice specifying the date by which it will act on a petition.

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

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

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

17  
18 DATED this 14th day of September, 2010.



19 STATE OF WASHINGTON  
20 DEPARTMENT OF FINANCIAL INSTITUTIONS

21  
22 A handwritten signature in black ink, appearing to read "Scott Jarvis", is written over a horizontal line. The signature is stylized and extends to the right of the line.  
23 SCOTT JARVIS  
24 DIRECTOR

BEFORE THE WASHINGTON STATE OFFICE OF ADMINISTRATIVE HEARINGS  
FOR THE DEPARTMENT OF FINANCIAL INSTITUTIONS  
CONSUMER SERVICES DIVISION

In Re:

IN THE MATTER OF INVESTIGATING  
the Loan Originator License Application under  
the Mortgage Broker Practice Act of  
Washington by:

ANNABELLE Y. MOODY

Respondent.

Docket No. 2008-DFI-0018

Case No. C-07-387-07-SC01,

INITIAL DECISION AND ORDER

(Mortgage Broker Practices Act)

MAILED  
MAR 10 2010  
SEATTLE-OAH

Administrative Law Judge (ALJ) RYNOLD C. FLECK conducted a hearing in the above-noted matter on August 18, 2009. The Respondents, Annabelle Yasgul Moody and Steven Douglas Moody, appeared, gave testimony and represented themselves. Kate Reynolds, Assistant Attorney General (AAG), represented the Department of Financial Institutions (DFI). James Brusselback and Robert E. Jones appeared as witnesses for DFI.

The matters were consolidated for purposes of taking testimony and creating a record (Docket No. 2008-DFI-0018, Respondent Annabelle Moody; Docket No. 2008-DFI-0019, Respondent, Steven Moody).

Exhibits: At the time of the hearing, DFI objected to the Respondents' Exhibits 3 through 14 on various bases from relevance to foundation to hearsay.

Based upon the Washington Administrative Code (WAC), the undersigned admits all of the Respondents' exhibits.

The evidence that is being admitted satisfies the requirements of Revised Code of Washington (RCW) 34.05.452, in that the nature of the evidence is the kind that a reasonably prudent person is accustomed to relying upon in the conduct of their affairs. With respect to a great deal of evidence that has been submitted by the Respondents, the undersigned has admitted it into evidence, though the undersigned may not consider it as not being relevant to the

issue at hand. Further discussion of such considerations shall be found in the Conclusions of Law.

#### ISSUE

Whether or not the Respondents should be denied a loan originator's license.

#### RESULT

The Respondent, Annabelle Moody, failed to demonstrate those characteristics that are required under RCW 19.146.310 and therefore her application for a loan originator's license is hereby denied.

#### FINDINGS OF FACT

1. On or about August 7, 2007, the Respondent submitted an online application for a loan originator's license. Mr. Moody's application reflects that at the time of the filing he was 59 years of age and his work history included president status of City Mortgage Corporation, beginning in 1994, and Community Mortgage Services, beginning in January of 2000. The application also reports that he was a financial consultant to Pacific West Financial Group, located in Renton, Washington.
2. As to financial disclosures, Mr. Moody answered "yes" to a query about having filed bankruptcy. He indicated the reason was a business failure.
3. Part of the application also addresses regulatory action. To all questions under that disclosure request Mr. Moody answered "no," except to No. 5, which asks if a state or a federal regulatory agency had denied, suspended, or revoked a registration or license or disciplined Mr. Moody. He answered "yes," with the caveat that he was the owner of an escrow company and he had an attorney who ran the escrow company and the attorney neglected to follow the regulatory rules involved in escrow. Mr. Moody acknowledged that he was obligated to refund moneys to clients at the escrow company and that he was prohibited from owning an escrow company for 15 years.
4. The other questions to which he answered "no" included whether the state or federal or regulatory agency ever found him to have made false statements or found him to have

been involved in a violation of financial service related regulations or statutes or found that he had been the cause of a financial service related business having its authorization to do business denied, suspended or revoked. Those questions answered "no" also included whether an order was entered against him in connection with a financial service related activity or whether he had been barred from associating with an entity regulated by a commission, authority, agency, or officer, or from engaging in financial service related business. Finally, he answered "no" to whether an order was issued based upon violations of law or regulation, that prohibited fraudulent, manipulative, or deceptive practices.

5. Mr. Moody answered "no" to all questions regarding civil judicial disclosure, which included whether or not he had been enjoined by a domestic or foreign court from engaging in financially related activities, had been found to be involved in violation of financial service related statutes or regulations or had a civil action dismissed, pursuant to a settlement agreement, a financial service related civil action brought against him by the state.

6. Ms. Moody answered the financial disclosure questions similarly, acknowledging bankruptcy. She did acknowledge under civil judicial disclosure that she had settled with an agency with respect to an escrow, settling with a fine and an agreement not to own an escrow for 15 years. She also answered the regulatory action disclosure, identifying the action with respect to Emerald City Escrow and that she had agreed to pay a fine and not to own an escrow for 15 years.

7. On June 5, 2000, DFI issued a statement of charges against Steven Moody, Annabelle Moody, Emerald City Escrow, and others involved with Emerald City Escrow, charging several violations, of the RCW associated with the disbursements made as licensed escrow agents and as owners of the escrow company.

8. On May 25, 2001, the parties, including Steven Moody and Annabelle Moody, individually and in their capacity as officers of Emerald City Escrow signed a Stipulation of Parties, Findings of Fact, Conclusions of Law, and Agreed Order (Agreed Order). That Agreed Order reflects that Annabelle and Steven Moody, as Respondents, did not intentionally or willfully

commit the violations that were described therein. The Order acknowledges that Emerald City Escrow was unable to provide an adequate response to the Department's request that it provide a review of all closings from August 1, 1999 for excess charges on third party services. In addition, the stipulation finds that the Respondents could not provide a reconciliation client ledger with accompanying proof, even though the Respondents expended considerable effort and expense, to satisfy the Department's request. As a result of these specific findings, the Conclusions of Law indicate that the conduct described in the Findings of Fact constituted grounds for imposition of sanctions in accordance with provisions of RCW 18.44. RCW 18.44 was the Escrow Agent Registration Act applicable during the times at issue in the citation.

9. Ultimately, the Order specifically provided that Emerald City Escrow Inc.'s license to act as an escrow agent was revoked and that Steven D. Moody and Annabelle Moody were prohibited from conducting business as an escrow agent or an escrow officer in the State of Washington for a period of 15 years from the effective date of the stipulation.

10. The parties were also fined \$31,300.00 with a specific provision that payment was to be made in the amount of \$5,000.00 to be paid no later than June 15, 2001, and that the balance of \$26,300.00 would be stayed upon certain conditions, which included the payment of the \$5,000.00 on or before June 15, 2001. There were other specific conditions of the stay. To the extent that the Department determined that Mr. and Ms. Moody had complied with the terms and conditions, the stay portion of the fine would not be imposed or collected.

11. When June 15 came without payment, the Department filed an Order to Enforce the stipulated administrative order in King County Superior Court under Docket No. 01-2-25523-1 SEA. A Superior Court Order was entered that specifically provided that the Respondent Emerald City Escrow, Inc.'s license to act as an escrow agent in the State of Washington was revoked and that Steven D. Moody and Annabelle Y. Moody were prohibited from conducting the business of an escrow agent or officer in the State of Washington for a period of 15 years. A judgment was entered against the parties for \$31,300.00 with interest.

12. A Satisfaction of Judgment was entered on August 19, 2003, reflecting that payments had been made on behalf of Steven and Annabelle Moody to satisfy the judgment, with two Cashier's Checks, one in the amount of \$15,804.00 submitted on April 22, 2002, and another of an equal amount submitted on May 17, 2002.

13. On December 21, 2007, the Department issued a Statement of Charges and Notice of Intent to Enter an Order to Deny License Application for Annabelle and Steven Moody, reflecting that the parties failed to demonstrate character and general fitness such as to command confidence in the community and to warrant belief that the business will operate honestly and fairly within the purposes of the act and cited RCW 19.146.310(1)(g) and WAC 208-660-350(2)(a).

14. On January 3, 2008, the Department of Financial Institutions (DFI), Division of Consumer Services received the Application for Adjudicative Procedure for Annabelle and Steven Moody.

15. Mr. Moody asserts that he has been performing financial-related services for the general public since at least 1984. In addition to being a financial consultant, he started a mortgage company in 1994, and in his capacity as a loan originator, has closed hundreds of transactions. Mr. and Ms. Moody assert that the cause that arose in 2000 was not their fault but the fault of someone they hired to manage the escrow company. That manager failed to disclose to the public they serviced that the escrow company would be making a profit on wire or courier fees. This was a violation of the then-existing statutes applicable to escrow companies. Mr. and Ms. Moody then acknowledge that because of record-keeping problems, they were unable to respond the Department's request to specifically and accurately identify all of those amounts that were improperly overpaid. They suggest that the request, because of computer issues, was impossible to reconstruct. As a result, they felt they had no alternative but to sign the stipulation that has been admitted into evidence, but denies any culpability, blaming someone that they hired to oversee the escrow company as the person who was responsible. They also acknowledge that they failed to comply with the agreement by paying the judgment that was ordered, but

ultimately, at much personal expense, satisfied the judgment once it had been entered as an Order in Superior Court.

16. Mr. Moody believes that he has all of the requisite characteristics to be a loan originator in the State of Washington, and he has supplied testimonials from people for whom he has done work.

17. Mr. Moody, being 61 years of age, is desperate to return to the work that he has done for the majority of his working life.

18. Ms. Moody testified with lesser concerns about her own situation and her own desire to have a loan originator's license, but expressed her belief that her husband is well-qualified and does have the requisite character to perform as a loan originator in the State of Washington. She believes that he is an honorable, honest man and that he should not be prohibited from pursuing his life's work.

#### CONCLUSIONS OF LAW

1. There is jurisdiction to hear this matter pursuant to Chapter 19.146 of the Revised Code of Washington (RCW) and Chapter 208-08 of the Washington Administrative Code (WAC).

2. RCW 19.146.220 reads as follows:

Director — Powers and duties — Violations as separate violations — Rules.

(1) The director may enforce all laws and rules relating to the licensing of mortgage brokers and loan originators, grant or deny licenses to mortgage brokers and loan originators, and hold hearings.

(2) The director may impose fines or order restitution against licensees or other persons subject to this chapter, or deny, suspend, decline to renew, or revoke licenses for:

- (a) Violations of orders, including cease and desist orders;
- (b) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;
- (c) Failure to pay a fee required by the director or maintain the required bond;

- (d) Failure to comply with any directive, order, or subpoena of the director; or
- (e) Any violation of this chapter.

(3) The director may impose fines on an employee, loan originator, independent contractor, or agent of the licensee, or other person subject to this chapter for:

(a) Any violations of RCW 19.146.0201 (1) through (9) or (13), 19.146.030 through 19.146.080, 19.146.200, \*19.146.205(4), or 19.146.265; or

(b) Failure to comply with any directive or order of the director.

(4) The director may issue orders directing a licensee, its employee, loan originator, independent contractor, agent, or other person subject to this chapter to cease and desist from conducting business.

(5) The director may issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker or any person subject to licensing under this chapter for:

(a) Any violation of 19.146.0201 (1) through (9) or (13), 19.146.030 through 19.146.080, 19.146.200, \*19.146.205(4), or 19.146.265 ;

(b) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;

(c) Conviction of a gross misdemeanor involving dishonesty or financial misconduct or a felony after obtaining a license; or

(d) Failure to comply with any directive or order of the director.

(6) Each day's continuance of a violation or failure to comply with any directive or order of the director is a separate and distinct violation or failure.

(7) The director shall establish by rule standards for licensure of applicants licensed in other jurisdictions.

(8) The director shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the director's receipt

of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

3. RCW 19.146.310 reads as follows:

Loan originator license — Requirements for issuance — Denial — Validity — Expiration — Surrender — Interim license.

(1) The director shall issue and deliver a loan originator license if, after investigation, the director makes the following findings:

(a) The loan originator applicant has paid the required license fees;

(b) The loan originator applicant has met the requirements of RCW 19.146.300;

(c) The loan originator applicant has never had a license issued under this chapter or any similar state statute revoked except that, for the purposes of this subsection, a subsequent formal vacation of a revocation is not a revocation;

(d)(i) The loan originator applicant has not been convicted of a gross misdemeanor involving dishonesty or financial misconduct or has not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign, or military court within seven years of the filing of the present application; and

(ii) The loan originator applicant has not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign, or military court at any time preceding the date of application if the felony involved an act of fraud, dishonesty, breach of trust, or money laundering;

(e) The loan originator applicant has passed a written examination whose content shall be established by rule of the director;

(f) The loan originator applicant has not been found to be in violation of this chapter or rules;

(g) The loan originator applicant has demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a belief that the business will be operated honestly and fairly within the purposes of this chapter. For the purposes of this section, an applicant has not demonstrated financial responsibility when the applicant shows disregard in the management of his or her financial condition. A determination that an individual has shown disregard in the management of his or her financial condition may include, but is not limited to, an assessment of: Current outstanding judgments, except judgments solely as a result of medical expenses; current outstanding tax liens or other government liens and filings; foreclosures within the last three years; or a pattern of seriously delinquent accounts within the past three years; and

(h) The loan originator licensee has completed, during the calendar year preceding a licensee's annual license renewal date, a

minimum of eight hours of continuing education as established by rule of the director.

(2) If the director does not find the conditions of subsection (1) of this section have been met, the director shall not issue the loan originator license. The director shall notify the loan originator applicant of the denial and return to the loan originator applicant any remaining portion of the license fee that exceeds the department's actual cost to investigate the license.

(3) The director shall issue a new loan originator license under this chapter to any licensee that has a valid license and is otherwise in compliance with this chapter.

(4) A loan originator license issued under this section expires on the date one year from the date of issuance which, for license renewal purposes, is also the renewal date. The director shall establish rules regarding the loan originator license renewal process created under this chapter.

(5) A loan originator licensee may surrender a license by delivering to the director written notice of surrender, but the surrender does not affect the loan originator licensee's civil or criminal liability or any administrative actions arising from acts or omissions occurring before such surrender.

(6) To prevent undue delay in the issuance of a loan originator license and to facilitate the business of a loan originator, an interim loan originator license with a fixed date of expiration may be issued when the director determines that the loan originator has substantially fulfilled the requirements for loan originator licensing as defined by rule.

4. WAC 208-660-350 reads as follows:

Loan originators — Licensing.

(1) How do I apply for a loan originator license? Your application consists of an on-line filing through the NMLSR and Washington specific requirements provided directly to DFI. You must pay an application fee through the NMLSR system. You also must:

(a) Be eighteen years or older.

(b) Have a high school diploma, an equivalent to a high school diploma, or three years experience in the industry. The experience must meet the criteria in WAC 208-660-250 (1)(e)(i) and (ii).

(c) Pass a licensing test. You must take and pass the national and state components of the NMLSR tests. See WAC 208-660-360, Loan originators -- Testing.

(d) Submit an application. You must submit an on-line application through the NMLSR.

(e) Prove your identity. You must provide information to prove your identity.

(f) Pay the application fee. You must pay an application fee for your application, as well as an administrative fee to the NMLSR. See WAC 208-660-550, Department fees and costs.

(2) In addition to reviewing my application, what else will the department consider to determine if I qualify for a loan originator license?

(a) General fitness and prior compliance actions. The department will investigate your background to see that you demonstrate the experience, character, and general fitness that commands the confidence of the community and creates a belief that you will conduct business honestly and fairly within the purposes of the act. This investigation may include a review of the number and severity of complaints filed against you, or any person you were responsible for, and a review of any investigation or enforcement activity taken against you, or any person you were responsible for, in this state, or any jurisdiction.

(b) License suspensions or revocations.

(i) You are not eligible for a loan originator license if you have been found to be in violation of the act or the rules, or have had a license issued under the act or any similar state statute suspended.

(ii) You are not eligible for a loan originator license if you have ever had a license issued under the Mortgage Broker Practices Act or the Consumer Loan Act or any similar state statute revoked.

(iii) For purposes of this subsection, a "similar statute" may include states involving other financial services, such as insurance, securities, escrow or banking.

(c) Criminal history.

(i) You are not eligible for a loan originator license if you have ever been convicted of a felony involving an act of fraud, dishonesty, breach of trust, or money laundering.

(ii) You are not eligible for a loan originator license if you have been convicted of a gross misdemeanor involving dishonesty or financial misconduct, or a felony not involving fraud, dishonesty, breach of trust, or money laundering, within seven years of the filing of the present application.

(d) Financial background.

(i) The department will investigate your financial background including a review of your credit report to determine if you have demonstrated financial responsibility including, but not limited to, an assessment of your current outstanding judgments (except judgments solely as a result of medical expenses); current outstanding

tax liens or other government liens and filings; foreclosure within the last three years; or a pattern of seriously delinquent accounts within the past three years.

(ii) Specifically, you are not eligible to receive a loan originator license if you have one hundred thousand dollars or more of tax liens against you at the time of appointment by a licensed mortgage broker.

(3) What will happen if my loan originator license application is incomplete? After submitting your on-line application through the NMLSR, the department will notify you of any application deficiencies.

(4) How do I withdraw my application for a loan originator license? Once you have submitted the on-line application through NMLSR you may withdraw the application through NMLSR. You will not receive a refund of the NMLSR application fee but you may receive a partial refund of your licensing fee if the fee exceeds the department's actual cost to investigate the license application.

(5) When will the department consider my loan originator license application to be abandoned? If you do not respond as directed by the department's request for information and within fifteen business days, your loan originator license application is considered abandoned and you forfeit all fees paid. Failure to provide the requested information will not affect new applications filed after the abandonment. You may reapply by submitting a new application package and new application fee.

(6) What happens if the department denies my application for a loan originator license, and what are my rights if the license is denied? Under the Administrative Procedure Act, chapter 34.05 RCW, you have the right to request a hearing. To request a hearing, notify the department, in writing, within twenty days from the date of the director's notice to you notifying you your license application has been denied. See also WAC 208-660-009.

(7) How will the department provide me with my loan originator license? The department may use any of the following methods to provide you with your loan originator license:

- (a) A license sent to you electronically that you may print.
- (b) A license verification available on the department's web site and accessible for viewing by the public.

(8) May I transfer, sell, trade, assign, loan, share, or give my loan originator license to someone else? No. A loan originator license authorizes only the individual named on the license to conduct the business at the location listed on the license.

(9) How do I change information on my loan originator license? You must submit an amendment to your license through the NMLSR. You may be charged a fee.

(10) What is an inactive loan originator license? When a licensed loan originator is not sponsored by a licensed or exempt company, the license is inactive. If a licensed loan originator works for a consumer loan company (chapter 31.04 RCW) as a W-2 employee, they may continue to do business under their inactive license until June 30, 2010, or until the company goes onto the NMLSR and sponsors their license.

(11) When my loan originator license is inactive, must I continue to pay annual fees, and complete continuing education for that year? Yes. You must comply with all the annual licensing requirements or you will be unable to renew your inactive loan originator license.

(12) How do I activate my loan originator license? The sponsoring company must submit a sponsorship request for your license through the NMLSR. The department will notify you and all the companies you are working with of the new working relationship if approved.

(13) When may the department issue interim loan originator licenses? To prevent an undue delay, the director may issue interim loan originator licenses with a fixed expiration date. The license applicant must have substantially met the initial licensing requirements, as determined by the director, to receive an interim license.

One example of having substantially met the initial licensing requirements is: Submitting a complete application, paying all application fees, and the department having received and reviewed the results of the applicant's background check.

(14) When does my loan originator license expire? The loan originator license expires annually on December 31st. If the license is an interim license, it may expire in less than one year.

(15) How do I renew my loan originator license?  
(a) Before the license expiration date you must renew your license through the NMLSR. Renewal consists of:  
(i) Pay the annual assessment fee; and  
(ii) Meet the continuing education requirement.  
(b) The renewed license is valid until it expires, or is surrendered, suspended or revoked.

(16) If I let my loan originator license expire, must I apply to get a new license? If you complete all the requirements for renewal on or before

February 28th each year, you may renew an existing license. However, if you renew your license during this two-month period, in addition to paying the annual assessment on your license, you must pay an additional fifty percent of your annual assessment. See subsection (15) of this section for the license renewal requirements.

During this two-month period, your license is expired and you must not conduct any business under the act that requires a license.

Any renewal requirements received by the department must be evidenced by either a United States Postal Service postmark or department "date received" stamp prior to March 1st each year. If you fail to comply with the renewal request requirements prior to March 1st, you must apply for a new license.

(17) If I let my loan originator license expire and then apply for a new loan originator license within one year of the expiration, must I comply with the continuing education requirements from the prior license period? Yes. Before the department will consider your new loan originator application complete, you must provide proof of satisfying the continuing education requirements from the prior license period.

(18) May I still originate loans if my loan originator license has expired? No. Once your license has expired you may no longer conduct the business of a loan originator, or hold yourself out as a licensed loan originator, as defined in the act and these rules.

(19) What happens to the loan applications I originated before my loan originator license expired? Existing loan applications must be processed by the licensed mortgage broker or another licensed loan originator working for the mortgage broker.

(20) May I surrender my loan originator's license? Yes. Only you may surrender your license before the license expires through the NMLSR.

Surrendering your loan originator license does not change your civil or criminal liability, or your liability for any administrative actions arising from acts or omission occurring before the license surrender.

(21) Must I display my loan originator license where I work as a loan originator? No. Neither you nor the mortgage broker company is required to display your loan originator license. However, evidence that you are licensed as a loan originator must be made available to anyone who requests it.

(22) If I operate as a loan originator on the internet, must I display my license number on my web site? Yes. You must display your license number, and the license number and name as it appears on the license of the licensed mortgage broker you represent, on the web site.

(23) Must I include my license number on any documents? You must include your license number immediately following your name on solicitations, including business cards, advertisements, and residential mortgage loan applications.

(24) When must I disclose my loan originator license number? In the following situations you must disclose your loan originator license number and the name and license number of the mortgage broker you are associated with:

- (a) When asked by any party to a loan transaction, including third party providers;
- (b) When asked by any person you have solicited for business, even if the solicitation is not directly related to a mortgage transaction;
- (c) When asked by any person who contacts you about a residential mortgage loan;
- (d) When taking a residential mortgage loan application.

(25) May I conduct business under a name other than the name on my loan originator license? No. You must only use the name on your license when conducting business. If you use a nickname for your first name, you must use your name like this: "FirstName "Nickname" LastName."

(26) Will I have to obtain an individual bond if the company I work for is exempt from licensing? Reserved.

(27) Will I have to file quarterly call reports if I have an individual bond? Reserved.

5. The undersigned has reviewed all of the Respondents' exhibits, including Exhibit 2, which consists of letters from various individuals regarding the Respondents' character and honesty and business acumen. Each of the parties expresses personal belief that Steven Moody is ethical and honest and performed well when it came to providing professional services to the declarant. None of the declarations satisfies the statutory requirement of their being made either under oath or acknowledging the laws against perjury in the State of Washington, though a number of them are notarized. The other documents that have been submitted, specifically those historical records regarding complaints and resolutions to

complaints, although they may show some history that the Moodys in fact attempted to the best of their ability to be good and ethical business people, they are outside the time of relevance to consider with respect to the specific allegation contained in the citation.

6. With respect to those declarations from individuals on behalf of Mr. and Ms. Moody, the Department had no opportunity to cross examine those declarants, whether or not they would retain that belief about Mr. and Ms. Moody's ethics, given the circumstances that are a matter of record in this case. It makes their probative value of little weight when analyzing these circumstances. RCW 34.05.461(4) does not allow an Administrative Law Judge to make a finding based exclusively on evidence not admissible in a civil trial. The statements provided as Respondents' Exhibit 2 would not be admissible in a civil trial because they are hearsay.

7. The charges issued in this case cite as the basis for the imposition of sanction RCW 19.146.310(1)(g) which speaks to an applicant's financial responsibility, character, and general fitness. Those characteristics must command the confidence of the community, as to result in a belief that the applicant would operate honestly and fairly within the purposes of the statute. With respect to financial responsibility, the statute continues, requiring that the applicant have a history that demonstrates an inability to be financially responsible in the management of his or her own financial condition. This is defined by example as outstanding judgments, outstanding tax liens, or foreclosures and other similar serious delinquent accounts in the past three years.

8. The RCW appears to contemplate unsatisfied judgments which we do not have in this case.

9. The statute does not give examples or further clarify the meaning of "character" and "general fitness." The reference to the Washington Administrative Code (WAC) violation, WAC 208-660-350(2)(a) also speaks to general fitness but includes prior compliance actions. Again, there is a reference to characteristics that create confidence in the community that business will operate in a fair and honest way under the purposes of the act. This particular WAC

further clarifies itself by identifying what investigations might include. These include the number and severity of the complaints and enforcement actions taken with respect to those complaints.

10. What we have in this case is a prior action taken by the Department with respect to a business owned and operated by the Respondent which resulted in a stipulation that the parties be prohibited from engaging in escrow-related activities as owners or escrow agents for a period of 15 years and payment of a judgment. That stipulation originally resulted in an administrative order, but because Respondents failed to pay the fine imposed, a Judgment was rendered in Superior Court. Ultimately, that Judgment was paid, at a cost greater than what was contemplated in the administrative order.

11. Of greater concern to the undersigned is the failure on the part of Mr. and Ms. Moody to acknowledge their own responsibility in the citation that resulted in that administrative order. Given the need for honesty and accuracy in performing loan originator functions, the fact that Mr. Moody could not answer his loan application accurately causes concern about his fitness to perform that function. Not only did he fail to disclose the civil action that resulted from his failure to pay the administratively ordered fine, but he failed to answer accurately the questions about the regulatory action disclosure. Even where he did admit that his license had been revoked and that he had been prohibited from engaging in escrow activities, he could not accept his own responsibility in oversight of that business. He chooses to effectively identify himself as a victim of his former employee, not realizing that as the owner it was his obligation to assure the escrow company was acting within the legal constraints of the statutes in effect.

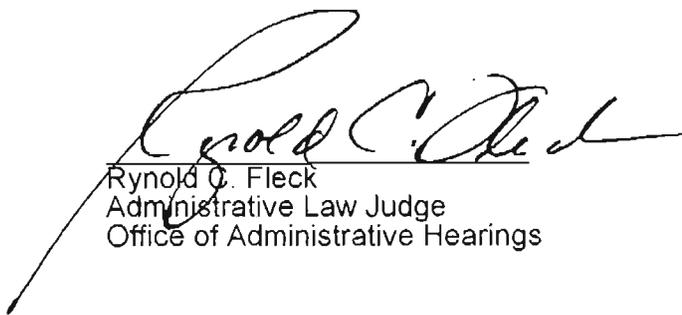
12. The undersigned may be sympathetic to the Respondent's age and desire to return to the business that he has done for most of his working life, but the undersigned is given the duty to assure that any applicant for a loan originator's license satisfies the requirements of the RCW. And given Mr. and Ms. Moody's inability to recognize their duties in filing an accurate loan originator's application as well his unwillingness to accept responsibility for that which occurred which resulted in his escrow license being revoked, they have not demonstrated the

character or general fitness that would command confidence of the community and warrant a belief that he could operate the business honestly and fairly. Drawing that conclusion can only result in the undersigned finding that the Respondents failed to demonstrate those characteristics that are required under RCW 19.146.310 and therefore their application for a loan originator's license must be denied.

DECISION

The Respondent, Annabelle Y. Moody, failed to demonstrate those characteristics that are required under RCW 19.146.310 and therefore her application for a loan originator's license is hereby denied.

SERVED on the date of mailing.



Rynold C. Fleck  
Administrative Law Judge  
Office of Administrative Hearings

A copy was sent to:

Steven D. Moody, Respondent  
Annabelle Y. Moody, Respondent  
Kate Reynolds, AAG, Department Rep. -- (360) 664-0229

## APPEAL RIGHTS

### NOTICE TO THE PARTIES

Pursuant to RCW 34.05.464 and WAC 10-08-211, any party to this proceeding may file a petition for review of this initial order. You must file your petition for review with the Director of the Department of Financial Institutions, PO Box 41200, Olympia, WA 98504-1200 [mailing address], or Department of Financial Institutions, 150 Israel Rd. SW, Tumwater, WA 98501 [physical address]. The petition for review must be filed within twenty (20) days from the date this initial order was mailed to you. A copy of the petition for review must be sent to all parties of record. Your petition for review must specify the portions of the initial order with which you disagree, and must refer to the evidence in the record which supports your position.

Any party to this proceeding may file a reply to a petition for review. The reply must be filed with the Director of the Department of Financial Institutions at the address above within ten (10) days from the date the petition for review was mailed.

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

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IN THE MATTER OF INVESTIGATING  
the Loan Originator License Application under the  
Mortgage Broker Practices Act of Washington by:

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ANNABELLE YASGUL MOODY,  
  
Respondent.

NO. C-07-387-07-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO DENY LICENSE APPLICATION

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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 (Act)<sup>1</sup>. After having conducted an investigation pursuant to RCW 19.146.310, 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:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondent Annabelle Yasgul Moody (Respondent Moody)** submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under Washington Financial Group, Inc., a mortgage broker licensed under the Act. The on-line application was received by the Department on or about August 7, 2007.

**1.2 Prior Administrative Action.** Respondent Moody was co-owner and Vice-President of Emerald City Escrow, Inc. (Emerald). On June 5, 2000, the Director of the Department of Financial Institutions issued a Statement of Charges and Notice of Intention to Revoke Licenses and Assess Monetary Penalties against Respondent Moody and other parties related to Emerald. On May 25, 2001, Respondent Moody entered into a Stipulation of the Parties, Findings of Fact, Conclusions of Law, and Agreed Order (Stipulation and Agreed

<sup>1</sup> RCW 19.146 (Amended 2006; Effective January 1, 2007)

1 Order). The Stipulation and Agreed Order, entered May 31, 2001, found that Respondent Moody failed to  
2 comply with the Department's directives and subpoenas, over charged clients for third party fees, failed to  
3 maintain sufficient funds in the trust account to cover all outstanding checks, and failed to maintain required  
4 records. The Stipulation and Agreed Order found violations of RCW 18.44.020, 18.44.200, and 18.44.330  
5 (those citations to the law in effect at the time of the conduct), and violations of 18.44.301(10), 18.44.400(1),  
6 18.44.400(3), WAC 208-680D-020, WAC 208-680D-030(1), WAC 208-680D-050, and WAC 208-680E-011  
7 (those citations to the law in effect at the time of entry of the Agreed Order). The Stipulation and Agreed Order  
8 required Respondent Moody to comply with a number of requirements, including payment of \$5,000 to the  
9 Department.

10 Respondent Moody failed to comply with the terms of the Stipulation and Agreed Order. The  
11 Department, then, filed a superior court action to seek enforcement of the Stipulation and Agreed  
12 Order. On March 26, 2002, the Superior Court of King County entered an Order Enforcing and  
13 Enjoining Violation of Administrative Order (Order No. 01-2-25523-1 SEA). That Order found that  
14 Respondent Moody had complied with only one requirement of the Stipulation and Agreed Order,  
15 providing written notice of their voluntary dismissal of their appeal to the Administrative Law Judge.  
16 The court among other things ordered that Respondent Moody be prohibited from conducting the  
17 business of an escrow agent or escrow officer in the State of Washington for a period of fifteen (15)  
18 years from the effective date of the Stipulation and Agreed Order (May 31, 2001), that a fine in the  
19 amount of \$31,300 be imposed, and that a judgment against Respondent Moody in the amount of the  
20 fine, the Department's costs, statutory attorneys fees and interest be entered.

21 Respondent Moody complied with the monetary portion of the Order and Judgment by  
22 paying two cashier's checks each in the amount of \$15,804 on April 22, 2002 and May 17, 2002. A  
23 Satisfaction of Monetary Judgment (regarding the monetary portion of the Order and Judgment) was  
24 entered on August 19, 2003.

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

2 **2.1 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set  
3 forth in Section I above, Respondent Moody fails to meet the requirements of RCW 19.146.310(1)(g) and  
4 WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the  
5 confidence of the community and to warrant a belief that the business will be operated honestly and fairly  
6 within the purposes of the Act.

7 **III. AUTHORITY TO IMPOSE SANCTIONS**

8 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW 19.146.220(1), the  
9 Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2) and WAC 208-660-350(7), the  
10 Director shall not issue a loan originator license if the conditions of RCW 19.146.310(1) have not been met by  
11 the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on the application  
12 of the denial.

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

14 Respondent’s violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth  
15 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis  
16 for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.310.

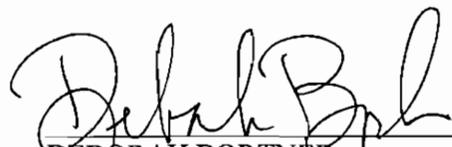
17 Therefore, it is the Director’s intention to ORDER that:

18 **4.1** Respondent Annabelle Yasgul Moody’s application for a loan originator license be denied.

19 **V. AUTHORITY AND PROCEDURE**

20 This Statement of Charges and Notice of Intention to Enter an Order to Deny License Application  
21 (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW  
22 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative  
23 Procedure Act). Respondent may make a written request for a hearing as set forth in the NOTICE OF  
24 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of  
25 Charges.

1 Dated this 21<sup>st</sup> day of December, 2007.

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4 DEBORAH BORTNER  
5 Director  
6 Division of Consumer Services  
7 Department of Financial Institutions

8 Presented by:

9  for Robert E. Jones.  
10 ROBERT E. JONES  
11 Financial Legal Examiner



12 Approved by:

13   
14 JAMES R. BRUSSELBACK  
15 Enforcement Chief