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FINAL ORDER

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner, pursuant to RCW 34.05.440(1). On December 19, 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, Prohibit from Industry, Impose Fine, and Collect Costs of Investigation (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 19, 2007, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing. The Department served the Statement of Charges, cover letter dated December 19, 2007, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing on Respondent on December 19, 2007, by first class mail and Federal Express overnight delivery. On December 21, 2007, the documents sent via Federal Express overnight delivery were delivered. The documents sent via first class mail were not returned to the Department by the United States Postal Service as undeliverable.

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

B. Record Presented. The record presented to the Director's designee for her review and for entry of a final decision included the Statement of Charges, cover letter dated December 19, 2007, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing, with documentation of service.

C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.440(1), the Director's designee hereby adopts the Statement of Charges, which is attached hereto.

II. FINAL ORDER

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

A. IT IS HEREBY ORDERED, That:

1. Respondent Romel Valdez Ignacio's application for a loan originator license is denied; and
2. Respondent Romel Valdez Ignacio is banned from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of five (5) years from the date of this Order; and
3. Respondent Romel Valdez Ignacio shall pay a fine in the amount of \$8,250; and
4. Respondent Romel Valdez Ignacio shall pay costs of investigation in the amount of \$480.

B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150

1 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
2 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
3 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
4 Reconsideration a prerequisite for seeking judicial review in this matter.

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

8 C. Stay of Order. The Director's designee has determined not to consider a Petition
9 to Stay the effectiveness of this order. Any such requests should be made in connection with a Petition
10 for Judicial 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 25th day of January, 2008.



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

DEBORAH BORTNER
DIRECTOR
DIVISION OF CONSUMER SERVICES

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

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

ROMEL VALDEZ IGNACIO,

Respondent.

NO. C-07-541-07-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO DENY LICENSE APPLICATION,
PROHIBIT FROM INDUSTRY, IMPOSE FINE,
AND COLLECT COSTS OF INVESTIGATION

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)¹. 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 Romel Valdez Ignacio (Respondent Ignacio) submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under National Lending Corporation, a mortgage broker licensed under the Act. The on-line application was received by the Department on or about December 31, 2006. Respondent Ignacio subsequently submitted a Form MU4 on April 2, 2007, establishing a relationship with Loan Network, LLC, a mortgage broker licensed under the Act.

1.2 Prohibited Acts.

A. Beginning on or before August 1, 2006, Respondent Ignacio, while working as a loan originator for America One Finance, Inc., (America One), a mortgage broker licensed under the Act, began assisting Sophim and Sokha Keth with the refinancing of the Keth's residence located at 12719 6th Avenue, Tacoma,

¹ RCW 19.146 (Amended 2006; Effective January 1, 2007)

1 Washington (6th Avenue residence). The Keth's application stated that the loan was a refinance of their primary
2 residence, and was dated and signed by the Keths and by Respondent Ignacio on August 7, 2006. At the same
3 time, the Keths also signed and submitted to Respondent Ignacio an "Occupancy Certification" warranting and
4 acknowledging that the loan for which the Keths were applying specifically required that they occupy the
5 residence as their primary residence. The loan was subsequently submitted by Respondent Ignacio to
6 Washington Mutual Bank as a refinance of an owner occupied primary residence and was approved by
7 Washington Mutual Bank as such on or about August 18, 2006. The loan closed on or about August 30, 2006.

8 Also beginning on or about August 1, 2006, Respondent Ignacio, while working as a loan
9 originator for America One, began assisting Sophim and Sokha Keth with the purchase of a residence located at
10 7088 Flute Street SE, Lacey, Washington (Flute Street residence). The Keth's applications (one for a first lien
11 loan and one for a second lien loan), signed and dated August 16, 2006, stated that the loan was for the purchase
12 of a primary residence, and listed the Keth's 6th Avenue residence as a rental property. Included with the
13 application package was a copy of a lease agreement stating that on August 15, 2006, the Keths had entered into
14 an agreement to lease out their 6th Avenue residence effective September 1, 2006. The application also appears
15 to be signed by America One loan originator Lilia Campos, the wife of Respondent Ignacio, but Sokha Keth
16 reported to the Department that the Keths dealt only with Respondent Ignacio and had never had any contact
17 with Lilia Campos.² At the time the Keths signed the loan applications, they also signed and submitted to
18 Respondent Ignacio an "Occupancy Certification" warranting and acknowledging that the loan for which the
19 Keths were applying specifically required that they occupy the residence as their primary residence. The loan
20 applications for the Flute Street residence were subsequently submitted by Respondent Ignacio to the National
21 Bank of Arizona on or before September 1, 2006, as a purchase of an owner occupied primary residence. The
22 loans for the Flute Street residence were approved by the National Bank of Arizona as an owner occupied
23

24 ² Sokha Keth's claim is supported by several additional documents in the Department's possession, including a Servicing
25 Disclosure Statement signed and dated by the Keths on August 16, 2006, which is also signed by Respondent Ignacio, and
a Wholesale Document Order which was signed and dated by Respondent Ignacio on September 8, 2006. Additionally,
there are several documents in the loan package for the Flute Street residence that appear to be signed by Lilia Campos, but
the signatures do not match copies of the actual signature of Lilia Campos from other Department records.

1 primary residence on or about September 1, 2006. The loan closed on or about September 15, 2006. At no
2 time during the course of either loan process did the Keths or Respondent Ignacio notify Washington Mutual
3 Bank or the National Bank of Arizona that the Keths were simultaneously obtaining two owner occupied
4 residential mortgage loans for two different residences.

5 **B.** The Final Settlement Statement (HUD-1) for the refinance of the Keth's 6th Avenue residence
6 shows that America One collected a Processing Fee of \$520.20. During the course of assisting the Keths with
7 that loan, Respondent Ignacio prepared one or more Good Faith Estimates (GFE) upon which Respondent
8 Ignacio was required, pursuant to former RCW 19.146.030(1), to specify all fees which inured to the benefit of
9 the mortgage broker. Neither of two GFEs in the American One loan file, however, specifies a Processing Fee
10 inuring to the benefit of America One.

11 Similarly, the Final Settlement Statements for the Keth's purchase of the Flute Street residence
12 shows that America One received from the first lien mortgage a Processing Fee of \$514.20, an Administrative
13 Fee of \$490, and a Yield Spread Premium (YSP) of \$8,239.59, and received from the second lien mortgage a
14 Processing Fee of \$295 and a YSP of \$514.97. Respondent Ignacio prepared two GFEs for the first lien
15 mortgage and three GFEs for the second lien mortgage, but none of the GFEs disclose any of those fees inured
16 to the benefit of the mortgage broker.

17 **C.** During the course of assisting the Keths with the refinance of their 6th Avenue residence,
18 Respondent Ignacio prepared one or more Truth-in-Lending Disclosure Statements (TIL). Pursuant to the
19 federal Truth-in-Lending Act and RCW 19.146.030, Respondent Ignacio was required to specifically disclose
20 on the TIL if the loan involved a variable rate. The Application prepared and signed by Respondent Ignacio
21 and the Keths and dated August 7, 2006, stated that the Keths were applying for an "Option ARM" loan, which
22 is an adjustable rate mortgage. Similarly, the GFE signed by the Keths on August 7, 2006, described the loan as
23 an "Option ARM." The TIL prepared and signed by Respondent Ignacio and the Keths and dated August 7,
24 2006, disclosed an amortization schedule for a fixed rate mortgage loan; and the check box disclosing a variable
25 rate feature was left blank.

1 Similarly, the applications and GFEs for the first lien mortgage on the Flute Street residence
2 each identify the loan for the Flute Street residence to be an "Option ARM," but Respondent Ignacio failed to
3 check the Variable Rate Feature box on both TILs for the first lien mortgage as required by the Truth-in-
4 Lending Act and RCW 19.146.030

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

6 **2.1 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondent
7 Ignacio is in apparent violation of former RCW 19.146.0201(1) and (2)³ in connection with a residential
8 mortgage loan for directly or indirectly employing any scheme, device, or artifice to defraud or mislead
9 borrowers or lenders or to defraud any person and for engaging in any unfair or deceptive practice toward any
10 person in connection with a residential mortgage loan; is in apparent violation of former RCW 19.146.0201(10)
11 for failing to comply with any requirement of the truth-in-lending act (15 U.S.C. §1601 and Regulation Z, 12
12 C.F.R. §226) and the real estate settlement procedures act (12 U.S.C. §2601 and Regulation X, 24 C.F.R.
13 §3500) in connection with a residential mortgage loan; is in apparent violation of former RCW 19.146.0201(12)
14 for charging and collecting a fee prohibited by RCW 19.146.030 in connection with a residential mortgage loan;
15 and is in apparent violation of former RCW 19.146.0201(14) for failure to comply with any provision of RCW
16 19.146.030 in connection with a residential mortgage loan.

17 **2.2 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set
18 forth in Section I above, Respondent Ignacio fails to meet the requirements of RCW 19.146.310(1)(g) and
19 WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the
20 confidence of the community and to warrant a belief that the business will be operated honestly and fairly
21 within the purposes of the Act.

22 **III. AUTHORITY TO IMPOSE SANCTIONS**

23 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW 19.146.220(1), the
24 Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2) and WAC 208-660-350(7), the

25 ³ All references to former RCW 19.146 refer to that version in effect on the date of the alleged violation.

Director shall not issue a loan originator license if the conditions of RCW 19.146.310(1) have not been met by the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on the application of the denial.

3.2 Authority to Prohibit from Industry. Pursuant to RCW 19.146.220(5)(a), 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 the Act for any violation of RCW 19.146.0201(1) through (9).

3.3 Authority to Impose Fine. Pursuant to RCW 19.146.220(3)(a), the Director may impose fines on a licensee, employee or loan originator of the licensee, or other person subject to the Act for any violations of RCW 19.146.0201(1) through (9).

3.4 Authority to Collect Costs of Investigation. Pursuant to RCW 19.146.228(2) and WAC 208-660-550(5), the Department may collect the costs of an investigation. The investigation charge will be calculated at the rate of forty-eight dollars (\$48) per hour that each staff person devoted to the investigation.

IV. NOTICE OF INTENTION TO ENTER ORDER

Respondent's violations of the provisions of former chapter 19.146 RCW, as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.310. Therefore, it is the Director's intention to ORDER that:

4.1 Respondent Romel Valdez Ignacio's application for a loan originator license be denied; and

4.2 Respondent Romel Valdez Ignacio be prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of five (5) years ; and

4.3 Respondent Romel Valdez Ignacio pay a fine in the amount of \$8,250; and

4.4 Respondent Romel Valdez Ignacio pay costs of investigation in the amount of \$480 calculated at \$48 per hour for ten (10) staff hours devoted to the investigation.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Deny License Application,
3 Prohibit from Industry, and Collect Costs of Investigation (Statement of Charges) is entered pursuant to the
4 provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to
5 the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a written
6 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
7 FOR HEARING accompanying this Statement of Charges.

8 Dated this 19th day of December, 2007.
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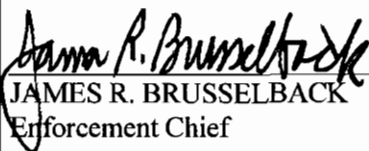
11 DEBORAH BORTNER
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

15 Presented by:

16 

17 STEVEN C. SHERMAN
18 Financial Legal Examiner

19 Approved by:

20 
21 JAMES R. BRUSSELBACK
22 Enforcement Chief
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