



State of Washington
DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF:

WESTERN STATES MORTGAGE CORP.,
d/b/a RESIDENTIAL CAPITAL CORP., and
STEVEN WILLIAM LUSA, Owner,
Designated Broker and Loan Originator
Applicant, and TROY BOWERS, Loan
Originator,

Respondents.

OAH Docket No. 2009-DFI-0045
DFI No. C-08-066-08-SC01

FINAL DECISION & ORDER

THIS MATTER has come before the Director (hereinafter, "Director") of the Department of Financial Institutions (hereinafter, "Department") in the above-enumerated administrative action pursuant to the Amended, Corrected Findings of Fact, Conclusions of Law, and Initial Order (hereinafter "Initial Order") based upon a Statement of Charges and Notice of Intention to Enter an Order to Deny Loan Originator License Application, Prohibit from Industry, Impose Fine, Order Restitution, and Collect Investigation Fee (hereinafter, "Statement of Charges") issued by the Division of Consumer Services (hereinafter, "Division") on or about April 28, 2009, under the authority of the Mortgage Broker Practices Act, Ch. 19.146 RCW (hereinafter, "MBPA"). 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, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative hearing for Respondent Steven William Lusa (hereinafter "Respondent"), and was served on the Respondent on April 28, 2009, by United States Postal Service First-Class mail (First-Class mail) and Federal Express Overnight Delivery.

On May 13, 2009, the Respondent timely requested an Administrative Hearing to contest the Statement of Charges, and this matter was assigned to the Office of Administrative

1 Hearings (hereinafter, "OAH") on August 12, 2009. On September 2, 2009, the OAH
2 designated Administrative Law Judge Anita J. Davidson to hear the case. Administrative Law
3 Judge Davidson was replaced by Administrative Law Judge Lisa Groeneveld-Meijer, who
4 conducted a telephonic pre-hearing conference on January 19, 2010. All parties attended the
5 telephonic pre-hearing conference. On January 27, 2010, Administrative Law Judge
6 Groeneveld-Meijer issued a prehearing order setting a hearing date of August 24, 2010 and
7 stating: "Parties who fail to attend or participate in the hearing or other stage of the adjudicative
8 proceeding may be held in default." On May 17, 2010, the case was reassigned one final time
9 to Administrative Law Judge Thomas Rack (hereinafter, "Administrative Law Judge"), who
10 issued an additional Notice of In-Person hearing on that date, stating that the hearing would be
11 convened on August 24, 2010.
12

13 The Administrative Law Judge convened the hearing on August 24, 2010. The
14 Department, through the Attorney General's Office, appeared at the hearing. The Respondent
15 did not appear. The Administrative Law Judge took evidence, and then on September 27, 2010,
16 issued an Initial Order affirming the statement of charges. The order was followed by a
17 corrected Initial Order on October 8, 2010, and an amended and corrected Initial Order on
18 October 12, 2010. The Initial Order contains Findings of Fact (hereinafter, "FOF") and
19 Conclusions of Law (hereinafter, "COL"). Respondent had seven (7) days to file a motion with
20 the Administrative Law Judge providing grounds to vacate the order. He did not do so, instead
21 filing an Appeal of the Initial Order and Petition for Review with the Director on October 15,
22 2010, within the twenty (20) day deadline to request such review.
23

24 Accordingly, the Director subsequently ordered, received and has now considered the
25 entire OAH Record. This Final Decision and Order are based upon a consideration of the
26 entire OAH Record, including, without limitation, the following:

- 27 1. Statement of Charges;
- 28 2. Application for Adjudicative Hearing; and
- 29 3. Respondent's Appeal of the Initial Order and Petition for Review (hereinafter,
30 "Respondent's Appeal and Petition");
- 31 4. The Division's Reply (hereinafter, "Division's Reply");
- 32 5. Initial Order (including the amended, corrected version which is herein relied upon);
33 and
34

1 6. Letter from Thomas P. Rack, dated November 15, 2010 (hereinafter “the Rack
2 Letter”).

3 This record is hereinafter referred to collectively as “Record on Review.”

4 1.0 Summary of the Case

5 This case involves essentially two sets of allegations by the Respondent, one procedural
6 and one substantive. In the procedural allegation, the Respondent argues that he was not
7 provided adequate notice of his administrative hearing as required by RCW 34.05.434 (1) due
8 to confusing communications between the Respondent and the OAH. Respondent makes four
9 substantive allegations: 1) that Respondent’s loan officer solicitations were not violations of the
10 MBPA; 2) that Respondent was not involved in one of the transactions that led to one set of the
11 charges against him; 3) that Respondent fully responded to all directives from the Department;
12 and 4) when one of the complaints that led to a charge was brought to the Respondent’s
13 attention, that he immediately corrected the situation.
14

15 The Department, though the Attorney General’s Office, filed a reply addressing the
16 Petition and Appeal on October 25, 2010.

17 2.0 Preliminary Considerations

18 Reviewing officials do not usually seek information not included in the record when
19 reviewing administrative law decisions. The Administrative Procedures Act (herein “APA”) at
20 RCW 34.05.464(5) states: “The reviewing officer shall personally consider the whole record or
21 such portions of it as may be cited by the parties.” This has been interpreted by the Division II
22 Court of Appeals as a bar to an agency attempting to supplement the record on an appeal. See,
23 e.g., *Towles v. Dep’t of Fish and Wildlife*, 94 Wn. App. 196, (Division II, 1999).¹ The *Towles*
24 court did acknowledge that some agencies have adopted administrative rules that authorize
25 such supplementing of the record on review and strongly implied that such rules did not violate
26 the Administrative Procedures Act.² The RCW 34.05.464 also states that “[t]he reviewing
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31 ¹ “[RCW 34.05.464] does not provide that the reviewing officer may go outside the record or take additional
32 evidence.” In *Towles*, the Department of Fish and Wildlife decided *sua sponte* to review a crabbing license, and
33 sought substantive evidence outside the record. *Towles* is easily distinguishable from the instant case, and the
34 interests of justice in this case were better served by verifying procedural information.

² “In contrast, we note that other agencies have adopted regulations addressing this matter. Such agencies as the
School for the Blind, WAC 72-171-630, and School for the Deaf, WAC 148-171-630, have adopted regulations
explicitly permitting their reviewing officers to take additional evidence when reviewing an initial order . . .”
Towles, internal pagination omitted). DFI has not implemented such a rule, instead adopting the model rules of

1 officer shall exercise all the decision-making power that the reviewing officer would have had
2 to decide and enter the final order had the reviewing officer presided over the hearing, except
3 to the extent that the issues subject to review are limited by a provision of law or by the
4 reviewing officer upon notice to all the parties.” Here, no specific provision of law restricts the
5 Director’s authority to request information relevant to the adequacy of notice, and the Director
6 did not restrict his own authority in this case by providing notice to all of the parties.
7

8 In this case, the procedural allegations regarding notice, if true, undercut the
9 fundamental purpose of the APA: providing adequate notice and opportunity to be heard to
10 persons involved in an administrative adjudication. The evidence necessary to properly address
11 the allegations, if it exists, should have been included in the record from the OAH, but was not
12 evident. The Department, through the Attorney General’s Office, was not in a position to
13 address the veracity of the allegations in its reply as any relevant information would have been
14 in the possession of the OAH, not the Department.³ The Respondent did not produce any
15 relevant evidence that might have been in his possession, but was unable to present any
16 evidence because he did not attend the hearing. This left a record on review devoid of any
17 evidence to address the allegation of confusion regarding the hearing date.
18

19 This left the Director with two choices based on the record and appeal: To accept the
20 self-interested and unsubstantiated allegations of the Respondent, or to potentially support a
21 fundamental miscarriage of justice by denying the Respondent due process. In the interest of
22 justice and fulfilling the underlying intent of the APA, the Director opted to seek the
23 information regarding any contacts between the Respondent and the Administrative Law Judge
24 or OAH that, if in existence, could have supported remanding this case for re-hearing. He
25 attempted to do so through the Director’s Interrogatories on Petition for Review
26 (“Interrogatories”). The Interrogatories sought specific information about procedural aspects of
27 the above-captioned matter regarding information that should have been in the original record
28 on review, but sought no information about the substantive allegations. While properly refusing
29 to answer the Interrogatories on grounds that the Director does not now dispute, the
30

31
32 administrative procedure, WAC 10-08, but has not adopted a rule expressly limiting the Director’s review to the
33 OAH record.

34 ³ The Department did provide information regarding a related but unconsolidated case involving the Respondent that
might explain some of the confusion, but did not specifically address any telephone conversations between the
Respondent and the OAH.

1 Administrative Law Judge provided both information about the operations of the OAH and two
2 pieces of evidence that were already reflected in the record. This information is relevant to the
3 underlying allegations, so the Director chose to consider the information provided in the Rack
4 Letter, though it was not ultimately dispositive.

5 3.0 Director's Consideration of FOF and COL.

6 After due consideration of the entire record on review, the Director believes that the
7 Initial Order is appropriate in its entirety. The Director does not arrive at this conclusion
8 lightly, given the important liberty interest at issue here and the potential for denial of due
9 process if the Respondent's allegations were true.

10
11 The Respondent raises procedural allegations in his Appeal and Petition that are
12 troubling. These allegations were not refuted by the Department in its response, though the
13 Department likely would have no way to address the veracity of those allegations as any
14 relevant records would have rested with the OAH and the Administrative Law Judge, not the
15 Department or its representative from the Attorney General's Office. However, the allegations
16 do not appear to be substantiated by the record, either with or without the information
17 contained in the Rack Letter. The Director must come to the conclusion that the evidence
18 supports the propositions that: 1) the Respondent did receive adequate notice of his hearing;
19 and 2) the Respondent was not prevented or dissuaded from attending his hearing by any
20 actions or errors on the part of the OAH, the Administrative Law Judge, or the Department.

21
22 As for the Respondent's substantive allegations, no evidence is presented in the record
23 on review that substantiates any of the substantive allegations raised by the Respondent's
24 Appeal and Petition. The evidence in the record supports the Findings of Fact and Conclusions
25 of Law made by the Administrative Law Judge.

26 4.0 Findings of Fact.

27 4.1 Now, therefore, the Director re-affirms FOF 4.1 through FOF 4.36, inclusive, at
28 pages 2-6 of the Amended, Corrected Initial Order.

29 4.2 The Respondent's Petition and Appeal does not take exception to any specific
30 portions of the Initial Order.

31 4.3 The Notice of In-Person Hearing issued on May 17, 2010 and served on the
32 Respondent clearly states that the hearing in this matter was to be held on August 24, 2010, at
33 9:30 a.m. The hearing was in fact held on that date and at that time.
34

1 4.4 It is the practice of the OAH to confirm all changes in hearing dates, times, and
2 places in writing, and any such change must be approved by the presiding Administrative Law
3 Judge.

4 4.5 Any change of hearing date would have been reflected in the record on review.
5 No such writing is in the file.

6 4.6 The Respondent had seven (7) days from the issuance of the Amended,
7 Corrected Initial Order to file a motion to vacate the Order and indicating his grounds to do so
8 with the Administrative Law Judge. He did not file such a motion.

9
10 5.0 Conclusions of Law.

11 5.1 Now, therefore, the Director re-affirms COL 5.1 through COL 5.29, inclusive, at
12 pages 6-16 of the Amended, Corrected Initial Order.

13 5.2 WAC 10-08-211(3) states, in pertinent part: "The petition for review shall
14 specify the portions of the initial order to which exception is taken and shall refer to the
15 evidence of record which is relied upon to support the petition."

16 5.3 Respondent's petition on substantive grounds is legally deficient because it fails
17 to specify the portions of the Initial Order to which the Respondent takes exception.

18 5.4 The substantive objections raised in the Respondent's Petition and Appeal are
19 not supported by the evidence contained in the record on review, regardless of the Petition and
20 Appeal's legal sufficiency or lack thereof.

21 5.5 Because the Respondent received the Notice of In-Person Hearing issued on
22 May 17, 2010, and that Notice accurately reflected the date, time, and place of the hearing, he
23 received adequate notice and opportunity to be heard. This conclusion is confirmed by the
24 original record on review, and is further supported by the Rack Letter.

25
26 6.0 Final Order. Having made Findings of Fact and Conclusions of Law as set forth above,
27 IT IS HEREBY ORDERED THAT:

28 6.1 Respondent's request for a new hearing is denied and the Amended, Corrected
29 Initial Order is affirmed.

30 6.2 Respondents Steven William Lusa and Western States Mortgage Corp. are fined,
31 jointly and severally, in the amount of \$36,500.00.

32 6.3 Respondents Steven William Lusa and Western States Mortgage Corp. are fined
33 jointly and severally in the amount of \$1,000.00.
34

1 6.4 Respondents Steven William Lusa and Western States Mortgage Corp. are
2 ordered to pay restitution to Carole Wade in the amount of \$16,638.40.

3 6.5 Respondents Steven William Lusa and Western States Mortgage Corp. are
4 ordered to pay, jointly and severally, an investigation fee in the amount of \$3,504.00.

5 6.6 Denial of License. The application of Respondent, Steven William Lusa, for a
6 Loan Originator License is denied.

7 6.7 Prohibition. Respondent Steven William Lusa is prohibited from participating in
8 the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any
9 manner, through September 27, 2015.

10 6.8 Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to
11 file a Petition for Reconsideration stating the specific grounds upon which relief is requested.
12 The Petition must be filed in the Office of the Director of the Department of Financial
13 Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail
14 at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of this
15 Final Order upon Respondent. The Petition for Reconsideration shall not stay the effectiveness
16 of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in
17 this matter. A timely Petition for Reconsideration is deemed denied if, within twenty (20) days
18 from the date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the
19 parties with a written notice specifying the date by which it will act on a petition.

20 6.9 Stay of Order. The Director has determined not to consider a Petition to
21 stay the effectiveness of this order. Any such requests should be made in connection with a
22 Petition for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

23 6.10 Judicial Review. Respondent has the right to petition the superior court for
24 judicial review of this agency action under the provisions of chapter 34.05 RCW. For the
25 requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

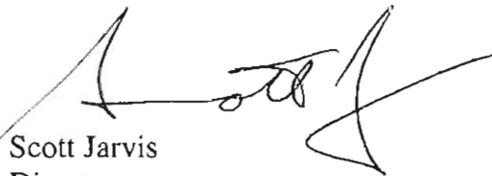
26 6.11 Service. For purposes of filing a Petition for Reconsideration or a Petition
27 for Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of
28 service attached hereto.

29 6.12 Effectiveness and Enforcement of Final Order. Pursuant to the Administrative
30 Procedures Act, at RCW 34.05.473, this Final Decision and Order shall be effective
31 immediately upon deposit in the United States Mail.

1 Dated at Tumwater, Washington, on this 8th day of December, 2010.

2
3 WASHINGTON STATE DEPARTMENT
4 OF FINANCIAL INSTITUTIONS

5
6 By:

7 
8 Scott Jarvis
9 Director

1 **NOTICE TO THE PARTIES**

2 In accordance with RCW 34.05.470 and WAC 10-08-215, any Petition for
3 Reconsideration of the FINAL DECISION AND ORDER must be filed with the Director
4 within ten (10) days of service of the FINAL DECISION AND ORDER. It should be noted
5 that Petitions for Reconsideration do not stay the effectiveness of the FINAL DECISION &
6 ORDER. Judicial Review of the FINAL DECISION & ORDER is available to a party
7 according to provisions set out in the Washington Administrative Procedure Act, RCW
8 34.05.570.

9 This is to certify that the FINAL DECISION AND ORDER has been served upon the
10 following parties on December 8, 2010, by depositing a copy of
11 same in the United States mail, postage prepaid.

12 WASHINGTON STATE DEPARTMENT
13 OF FINANCIAL INSTITUTIONS

14 By: 
15 Susan Putzier
16 Executive Assistant to the Director
17

18 **Mailed to the following:**

19 Steven William Lusa
20 9511 – 172nd St.
21 Snohomish, WA 98296
22

Charles Clark, AAG
Office of the Attorney General
PO Box 40100
Olympia WA 98504-0100

23 James R. Brusselback
24 Chief of Enforcement
25 Division of Consumer Services
26 Department of Financial Institutions
27 P.O. Box 41200
28 Olympia, WA 98504-1200
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STATE OF WASHINGTON
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE DEPARTMENT OF FINANCIAL INSTITUTIONS

RECEIVED

OCT 14 2010

ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

In Re:

WESTERN STATES MORTGAGE
CORP. d/b/a RESIDENTIAL
CAPITAL CORP. and STEVEN
WILLIAM LUSA, Owner,
Designated Broker and Loan
Originator Applicant, and TROY
BOWERS, Loan Originator,

RESPONDENTS

Docket No. 2009-DFI-0045

AMENDED
CORRECTED FINDINGS OF FACT,
CONCLUSION OF
LAW, and INITIAL ORDER

On October 8, 2010, the Amended Corrected Findings of Fact, Conclusion of Law and Initial Order were mailed to the parties without the Administrative Law Judge's signature. This clerical error has been corrected.

Due to a typographical error, these Findings of Fact, Conclusions of Law and Initial Order are corrected. New material is in italics and deleted material is in strikethrough.

I. ISSUES

1.1 Whether the Department's Statement of Charges for violation of RCW 19.146 should be affirmed and the sanctions contained in the Statement of Charges be imposed upon the Respondents?

II. ORDER SUMMARY

2.1 The Department's Statement of Charges to (1) deny a loan originator's license to Respondent Lusa; (2) prohibit Respondents Western States Mortgage Corp., and Lusa from participating in the affairs of any mortgage broker subject to licensure by the Director for five years; (3) fine the Respondents Western States Mortgage Corp. and Lusa, jointly and severally, in the amount of \$36,500.00; (4) fine the Respondents Western States Mortgage Corp., and Lusa, jointly and severally, in the amount of \$1,000.00 for not responding or inadequately

responding to the Director's directives; (5) require Respondents Western States Mortgage Corp., and Lusa, jointly and severally, to pay restitution to Carole Wade in the amount of \$16,638.40; (6) require Respondents Western States Mortgage Corp. and Lusa, jointly and severally, to pay an investigation fee in the amount of \$3,504.00; is hereby AFFIRMED.

III. HEARING

- 3.1 **Administrative Law Judge:** Thomas P. Rack
- 3.2 **Respondents:** Western States Mortgage Corp., d/b/a Residential Capital Corp. ("WSMC"), Steven William Lusa ("Lusa"), and Troy Bowers ("Bowers"), did not appear.
- 3.3 **Respondent's Representative:** None
- 3.4 **Agency:** Department of Financial Institutions ("DFI")
- 3.5 **DFI Representative:** Charles E. Clark, Assistant Attorney General
- 3.6 **Date:** August 24, 2010
- 3.7 **Witnesses:** William Halstead, Financial Legal Examiner, DFI Consumer Services; Carole Wade, Borrower, and Carole Schroeder, Borrower.

IV. FINDINGS OF FACT

I find the following facts more probable than not under the preponderance of the evidence standard:

Jurisdiction

- 4.1 The Respondents, Western States Mortgage Corp. (hereinafter "WSMC"), and Steven William Lusa (hereinafter "Lusa") were provided due notice of the time, date, and place of hearing but failed to appear. Consequently, the findings in this case are based primarily upon evidence presented by or on behalf of the Agency. Respondent Bowers was never served with a copy of the Statement of Charges.
- 4.2 DFI served Respondents WSMC and Lusa with a copy of the Statement of Charges and Notice of Intention to Enter an Order to Deny Loan Originator License Application, Prohibit From Industry, Impose Fine, Order Restitution, and

Collect Investigation Fee, dated, April 28, 2009. Respondents WSMC and Lusa filed a request for hearing dated May 13, 2009.

Loan Officer Solicitation

4.3 On September 11, 2006, Respondent Lusa sent an e-mail (Exhibit D-1) to an individual stating that no Washington State Loan Officer license was required to work for WSMC.

4.4 On January 10, 2007, DFI sent a directive (Exhibit D-2) to Respondents requiring a response as why Respondents believed loan originators did not require a license to act in that capacity.

4.5 Respondents provided an inadequate response (Exhibit D-3), dated January 16, 2007 to DFI.

4.6 On July 20, 2007, DFI send an additional directive (Exhibit D-4) to Respondents seeking additional information regarding WSMC's loan originators.

4.7 By letter dated August 2, 2007, with attachments (Exhibits D-5, D-6, D-7), the Respondents attempted to provide responses to the July 20, 2007 directive from DFI.

4.8 On October 16, 2007, DFI sent a further directive (Exhibit D-8) to Respondents seeking additional information regarding one of the Respondent's loan originators.

4.9 Respondents sent a letter (Exhibit D-9), dated October 29, 2007, in reply to the October 16, 2007 directive.

Carole Wade Complaint

4.10 On March 1, 2006, Carole Wade (hereinafter "Wade"), a WSMC borrower, submitted a complaint (Exhibit D-32, D-32A) to DFI about her loan with Respondent WSMC and WSMC loan originator, Troy Bowers (hereinafter "Bowers").

4.11 In the Spring of 2005, Wade planned on replacing a deck for her residence. Wade was referred to WSMC and WSMC's loan originator, Bowers, for possible refinancing of her existing mortgage and a home equity line of credit loan. Wade understood WSMC and Bowers would obtain a new fixed rate first mortgage and home equity line of credit for her at a combined lower monthly payment than she was making under her existing first mortgage and home equity line of credit.

4.12 On April 24, 2005, Wade signed and submitted a loan application (Exhibit D-10) to WSMC and Bowers with the intention of borrowing \$209,000.00 to be secured by a new first mortgage, with a lower payment than her existing first mortgage. In her discussions with Bowers and in her application, Wade was seeking a fixed rate loan with no pre-payment penalties. Wade also received a Good Faith Estimate (Exhibit D-11) of the closing costs for the new loan. The Good Faith Estimate did not disclose a yield spread premium. Yield spread premiums are compensation paid to mortgage brokers, outside of the loan proceeds, for having the borrower agree to a higher interest rate in exchange for lower up front costs, usually in the form of origination fees, points, or broker fees.

4.13 Wade did not receive a Truth-in-Lending Disclosure Statement (Exhibit D-12) from WSMC and Bowers for the new first \$209,000.00 mortgage and testified the signature on the document was not her signature. This document also indicated the mortgage would be at a variable rate and may have a pre-payment penalty.

4.14 Wade later discovered her property was encumbered by a second mortgage which was arranged by WSMC and Bower. Wade never saw or signed a residential loan application (Exhibit D-20) for an adjustable rate second mortgage.

4.15 Wade never received nor signed a Good Faith Estimate (Exhibit D-21) of the closing costs for the adjustable rate second mortgage. This estimate did not disclose the yield spread premium.

4.16 Wade never received nor signed a Truth-in-Lending Disclosure Statement (Exhibit D-22) for the adjustable rate second mortgage. This document was incomplete and not provided to Wade within three days after the loan application and three days before the loan closing.

4.17 Wade never received nor signed a residential loan application (Exhibit D-23) for an adjustable rate first mortgage loan in the amount of \$190,850.00. In addition, Wade never received nor signed the Good Faith Estimate (Exhibit D-24) and Truth-in-Lending Disclosure Statement (Exhibit D-25) for the adjustable rate first mortgage loan in the amount of \$190,850.00. In the Good Faith Estimate, the loan origination fee was increased and the length of the mortgage term (480 months vs. 360 months) was increased without Wade's knowledge. The Truth-in-Lending Disclosure Statement was incomplete.

4.18 When Wade went to close the loans on May 20, 2005, she was presented with a Settlement Statement (Exhibit D-27) which contained a yield spread premium which had not previously been disclosed; increased loan origination fee (contrary to the fee listed in the Good Faith Estimate-Exhibit D-24); and an appraisal fee, which had not previously been disclosed. The closing was for an

adjustable rate first mortgage in the amount of \$190,850.00 and second mortgage in the amount of \$38,200.00.

4.19 At the time of the loan closing, WSMC and Bowers had not secured a home equity line of credit for Wade.

4.20 On July 4, 2005, Wade's significant other sent an e-mail (Exhibit D-33) to Bowers inquiring about the progress of the home equity line of credit. On July 10, 2005, Wade's significant other sent another e-mail (Exhibit D-33) to Bowers asking why they received a monthly bill from a lender in the amount of \$313.10, because to their knowledge, they had not used the line of credit at that point.

4.21 Based upon Wade's complaint (Exhibit D-32 & D-32A), DFI sent WSMC a directive (Exhibit D-34) on May 11, 2006, essentially asking for copies of Wade's loan application file and related documents.

4.22 Lusa and WSMC responded to DFI's directive (Exhibit D-35) denying any wrongdoing. WSMC and Lusa's response was not adequate.

4.23 Because Wade did not have a fixed rate first mortgage and home equity line of credit which WSMC and Bowers promised, Wade refinanced her first and second adjustable rate mortgages and closed a new loan on November 14, 2006 (Exhibit D-38). Wade incurred a pre-payment penalty of \$8,360.96 (Exhibit D-38, page 3) to pay off the loans brokered by Respondents Lusa and WSMC. In addition, Wade incurred a higher interest rate, higher loan origination fees than originally disclosed and other undisclosed loan fees in the amount of \$8,277.44.

Carole Schroeder Complaint

4.24 In 2007, Carole Schroeder (hereinafter "Schroeder") purchased a home and obtained a first mortgage loan on the property from WSMC d/b/a Residential Capital Corp. (hereinafter "RCC").

4.25 On or about June 11, 2007, RCC notified Schroeder her first loan payment was due on August 1, 2007 and instructed her to make all loan payments to them (Exhibit D-42).

4.26 RCC also provided Schroeder with a temporary payment coupon (Exhibits D-41, D-43) for her loan.

4.27 Before Schroeder's first payment was due, RCC sold her loan to Countrywide Home Loans, Inc. (hereinafter "Countrywide")(Exhibit D-40). However, RCC never provided Schroeder with notice of the loan sale or otherwise advised Schroeder to make payments to Countrywide.

4.28 From August 2007 through January 2008, Schroeder made monthly loan payments to RCC and RCC cashed each of Schroeder's checks (Exhibits D-47, D-48, pages 2-6).

4.29 In January 2008, Schroeder discovered her credit report was showing delinquencies from Countrywide, though Schroeder was never advised by RCC or Countrywide of the sale of her loan (Exhibit D-44).

4.30 In February 2008, Schroeder notified Countrywide of the situation and that copies of her cancelled checks, showing payments to RCC, were being submitted to Countrywide (Exhibit D-47).

4.31 Schroeder submitted a complaint against RCC to the Better Business Bureau (Exhibit D-54).

4.32 In response to the Better Business Complaint, on February 7, 2008, Lusa and RCC acknowledged that Schroeder's payments had not been forwarded to Countrywide and promised to immediately correct the situation (Exhibit D-52).

4.33 Countrywide and Lusa also exchanged e-mails (Exhibit D-51), where Lusa admitted Schroeder's payments were not forwarded to Countrywide.

4.34 DFI undertook an investigation WSMC and Lusa regarding the Schroeder matter (Exhibits D-56, D-57).

4.35 On February 19, 2009, DFI sent a directive (Exhibit D-60) to Lusa and WSMC requiring the production of documents and records in the Schroeder matter. Lusa and WSMC never responded to this directive.

4.36 As a result of the investigation by DFI in the Wade and Schroeder matters, DFI staff spent 73 hours investigating the cases. DFI hourly manpower rate is \$48.00 per hour.

V. CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, I make the following Conclusions of Law:

Jurisdiction

5.1 I have jurisdiction over the persons and subject matter herein under RCW 19.146.230; WAC 208-660-530; chapter 34.04 RCW, and chapter 34.12 RCW.

Applicable Law

5.2 RCW 19.146.0201(1) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:

(1) Directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person.

5.3 RCW 19.146.0201(2) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:

(2) Engage in any unfair or deceptive practice toward any person.

5.4 RCW 19.146.0201(3) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:

(3) Obtain property by fraud or misrepresentation.

5.5 RCW 19.146.0201(6) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:

(6) Fail to make disclosures to loan applicants and non-institutional investors as required by RCW 19.146.030 and any other applicable state or federal law.

5.6 RCW 19.146.0201(7) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:

(7) Make, in any manner, any false or deceptive statement or representation with regard to the rates, points, or other financing terms or conditions for a residential mortgage loan or engage in bait and switch advertising.

5.7 RCW 19.146.0201(10) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:

(10) Advertise any rate of interest without conspicuously disclosing the annual percentage rate implied by such rate of interest.

(Pre-January 1, 2007) (10) Advertise any rate of interest without conspicuously disclosing the annual percentage rate implied by such rate of interest or otherwise fail to comply with any requirement of the truth-in-lending act, 15 U.S.C. Sec. 1601 and Regulation Z, 12 C.F.R. Sec. 226; the real estate settlement procedures act, 12 U.S.C. Sec. 2601 and Regulation X, 24 C.F.R. Sec. 3500; the equal credit opportunity act, 15 U.S.C. Sec. 1691 and Regulation B, Sec 202.9, 202.11, and 202.12, as now or hereafter amended, in any advertising of residential mortgage loans or any other mortgage brokerage activity.

5.8 RCW 19.146.0201(11) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:

(11) Fail to comply with any requirement of the truth-in-lending act, 15 U.S.C. Sec. 1601 and Regulation Z, 12 C.F.R. Sec. 226; the real estate settlement procedures act, 12 U.S.C. Sec. 2601 and Regulation X, 24 C.F.R. Sec. 3500; the equal credit opportunity act, 15 U.S.C. Sec. 1691 and Regulation B, Sec 202.9, 202.11, and 202.12; Title V, Subtitle A of the financial modernization act of 1999 (Gramm-Leach-Bliley act"), Secs. 6801-6809; the federal trade commission's privacy rules, 16 C.F.R. parts 313-314, mandated by the Gramm-Leach-Bliley act; the home mortgage disclosure act, 12 U.S.C. Sec. 2801 et seq. and Regulation C, home mortgage disclosure; the federal trade commission act, 12 C.F.R. Part 203, 15 U.S.C. Sec. 45(a); the telemarketing and consumer fraud and abuse act, 15 U.S.C. Secs. 6101 to 6108; and the federal trade commission telephone sales rule, 16 C.F.R. part 310, as these acts existed on January 1, 2007, or such subsequent date as may be provided by the department by rule, in any advertising or residential mortgage loans, or any other applicable mortgage broker or loan originator activities covered by the acts. The department may adopt by rule requirements that mortgage brokers or loan originators comply with other applicable federal statutes and regulations in any advertising of residential mortgage loans, or other mortgage broker or loan originator activity.

5.9 RCW 19.146.0201(12) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:

(12) Fail to pay third-party providers no later than thirty days after the recording of the loan closing documents or ninety days after completion of the third-party

service, whichever comes first, unless otherwise agreed or unless the third-party service provider has been notified in writing that a bona fide dispute exists regarding the performance or quality of the third party service.

(Pre-January 1, 2007) (12) Collect, charge, attempt to collect or charge or use or propose any agreement purporting to collect or charge any fee prohibited by RCW 19.146.030 or 19.146.070.

5.10 RCW 19.146.0201(13) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:
(13) Collect, charge, attempt to collect or charge or use or propose any agreement purporting to collect or charge any fee prohibited by RCW 19.146.030 or 19.146.070.

5.11 RCW 19.146.0201(14)(pre-January 1, 2007) states, in pertinent part:

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1)(e), (g), or (4) to:
(14) Fail to comply with any provision of RCW 19.146.030 through 19.146.080 or any rule adopted under those sections.

5.12 RCW 19.146.060 states, in pertinent part:

(2) Except as otherwise provided in subsection (3) of this section, a mortgage broker shall maintain accurate and current books and records which shall be readily available at a location available to the director until at least twenty-five months have elapsed following the effective period to which the books and records relate.

(3) "Books and records" includes but is not limited to:

(b) Copies of all documents, notes, computer records if not stored in printed form, correspondence or memoranda relating to a borrower from whom the mortgage broker has accepted a deposit or other funds, or accepted a residential mortgage loan application or with whom the mortgage broker has entered into an agreement to assist in obtaining a residential mortgage loan.

5.13 RCW 19.146.030 (pre-January 1, 2007) states:

(1) Within three business days following receipt of a loan application or any moneys from a borrower, a mortgage broker shall provide to each borrower a full written disclosure containing an itemization and explanation of all fees and costs that the borrower is required to pay in connection with obtaining a residential mortgage loan, and specifying the fee or fees which inure to the benefit of the mortgage broker and other such disclosures as may be required by rule. A good

faith estimate of a fee or cost shall be provided if the exact amount of the fee or cost is not determinable. This subsection shall not be construed to require disclosure of the distribution or breakdown of loan fees, discount, or points between the mortgage broker and any lender or investor.

(2) The written disclosure shall contain the following information:

(a) The annual percentage rate, finance charge, amount financed, total amount of all payments, number of payments, amount of each payment, amount of points or prepaid interest and the conditions and terms under which any loan terms may change between the time of disclosure and closing of the loan; and if a variable rate, the circumstances under which the rate may increase, any limitation on the increase, the effect of an increase, and an example of the payment terms resulting from an increase. Disclosure in compliance with the requirements of the truth-in-lending act, 15 U.S.C. Sec. 1601 and Regulation Z, 12 C.F.R. Sec. 226, as now or hereafter amended, shall be deemed to comply with the disclosure requirements of this subsection;

(b) The itemized costs of any credit report, appraisal, title report, title insurance policy, mortgage insurance, escrow fee, property tax, insurance, structural or pest inspection, and any other third-party provider's costs associated with the residential mortgage loan. Disclosure through good faith estimates of settlement services and special information booklets in compliance with the requirements of the real estate settlement procedures act, 12 U.S.C. Sec. 2601, and Regulation X, 24 C.F.R. Sec. 3500, as now or hereafter amended, shall be deemed to comply with the disclosure requirements of this subsection;

(c) If applicable, the cost, terms, duration, and conditions of a lock-in agreement and whether a lock-in agreement has been entered, and whether the lock-in agreement is guaranteed by the mortgage broker or lender, and if a lock-in agreement has not been entered, disclosure in a form acceptable to the director that the disclosed interest rate and terms are subject to change;

(d) A statement that if the borrower is unable to obtain a loan for any reason, the mortgage broker must, within five days of a written request by the borrower, give copies of any appraisal, title report, or credit report paid for by the borrower to the borrower, and transmit the appraisal, title report, or credit report to any other mortgage broker or lender to whom the borrower directs the documents to be sent;

(e) Whether and under what conditions any lock-in fees are refundable to the borrower; and

(f) A statement providing that moneys paid by the borrower to the mortgage broker for third-party provider services are held in a trust account and any moneys remaining after payment to third-party providers will be refunded.

(3) If subsequent to the written disclosure being provided under this section, a mortgage broker enters into a lock-in agreement with a borrower or represents to

the borrower that the borrower has entered into a lock-in agreement, then no less than three business days thereafter including Saturdays, the mortgage broker shall deliver or send by first-class mail to the borrower a written confirmation of the terms of the lock-in agreement, which shall include a copy of the disclosure made under subsection (2)(c) of this section.

(4) A mortgage broker shall not charge any fee that inures to the benefit of the mortgage broker if it exceeds the fee disclosed on the written disclosure pursuant to this section, unless (a) the need to charge the fee was not reasonably foreseeable at the time the written disclosure was provided and (b) the mortgage broker has provided to the borrower, no less than three business days prior to the signing of the loan closing documents, a clear written explanation of the fee and the reason for charging a fee exceeding that which was previously disclosed. However, if the borrower's closing costs, excluding prepaid escrowed costs of ownership as defined by rule, does not exceed the total closing costs in the most recent good faith estimate, no other disclosures shall be required by this subsection.

5.14 RCW 19.146.235 states:

The director or a designee has authority to conduct investigations and examinations as provided in this section.

(1) For the purposes of investigating violations or complaints arising under this chapter, the director or his or her designee may make an investigation of the operations of any mortgage broker or loan originator as often as necessary in order to carry out the purposes of this chapter.

(2) Every mortgage broker shall make available to the director or a designee its books and records relating to its operations.

(a) For the purpose of examinations, the director or his or her designee may have access to such books and records during normal business hours and interview the officers, principals, loan originators, employees, independent contractors, and agents of the licensee concerning their business.

(b) For the purposes of investigating violations or complaints arising under this chapter, the director may at any time, either personally or by a designee, investigate the business, including but not limited to the books, accounts, records, and files used therein, of every licensee and of every person engaged in the business of mortgage brokering, whether such a person acts or claims to act under, or without the authority of, this chapter.

(c) The director or designated person may direct, subpoena, or order the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or subject matter of any such examination or investigation, and may direct, subpoena, or order such person to

produce books, accounts, records, files, and any other documents the director or designated person deems relevant to the inquiry.

(3) The director may visit, either personally or by designee, the licensee's place or places of business to conduct an examination. The scope of the examination is limited to documents and information necessary to determine compliance with this chapter and attendant rules. In general, the examination scope may include:

(a) A review for trust accounting compliance;

(b) Loan file review to determine the mortgage broker's compliance with this chapter and applicable federal regulations covering the business of mortgage brokering and lending;

(c) Interviews for the purpose of understanding business and solicitation practices, transactional events, disclosure compliance, complaint resolution, or determining specific compliance with this chapter and the attendant rules; and

(d) A review of general business books and records, including employee records, for the purpose of determining specific compliance with this chapter and the attendant rules.

(4) The purpose of an examination is to make certain that licensees are conducting business in compliance with the law. Therefore, protocols for examination findings and corrective action directed from an examination must be established by rule of the director. To accomplish this purpose, these protocols must include the following:

(a) A reporting mechanism from the director to the licensee;

(b) A process for clear notification of violations and an opportunity for response by the licensee; and

(c) The criteria by which the frequency of examinations will be determined.

(5) If the examination findings clearly identify the need to expand the scope of the examination, the director or a designee, upon five days' written notification to the licensee with an explanation of the need, may:

(a) Expand the examination review to locations other than the examined location regardless of the number of years a location has held a license; or

(b) Expand the time period of the examination beyond the five-year period of licensing, provided the expansion of time does not exceed a date certain identified in the written notification in this subsection.

(6) The director or a designee may consider reports made by independent certified professionals for the mortgage broker covering the same general subject matter as the examination. The director or a designee may incorporate all or part of the report in the report of the examination.

(7) The director may retain attorneys, accountants, or other professionals and specialists as examiners, auditors, or investigators to conduct or assist in the conduct of examinations or investigations. The cost of these services for investigations only must be billed in accordance with RCW 19.146.228.

(8) The director may establish by rule travel costs for examination of out-of-state entities.

(9)(a) No person subject to examination or investigation under this chapter may knowingly withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or other information.

(b) A person who commits an act under (a) of this subsection is guilty of a class B felony punishable under RCW 9A.20.021(1)(b) or punishable by a fine of not more than twenty thousand dollars, or both.

5.15 RCW 19.146.220 states:

(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.

5.16 RCW 19.146.310 states, in pertinent part:

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

(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.

Deceptive Advertising or Solicitation

5.17 Respondents' September 11, 2006 e-mail solicitation for loan originators, wherein Respondents stated no Washington license was required, was an unfair or deceptive practice in violation of RCW 19.146.0201204(2).

5.18 Respondents' inadequate responses to DFI's directives dated January 16, 2007 and October 16, 2007, regarding Respondent's e-mail was a knowing withholding of information which the Respondents were required to maintain, in violation of RCW 19.146.235(9)(a).

Carole Wade Complaint

5.19 Respondents' April 24, 2005 Good Faith Estimate, provided to Wade, without disclosing the yield spread premium was a violation of RCW 19.146.0201204(1), (2), (3), (6), and (7).

5.20 Respondents' failure to provide Wade with a Truth-in-Lending Disclosure Statement for her first mortgage loan was a violation of RCW 19.146.0201204(1), (2), (6), (7), (10) and (14); and RCW 19.146.030.

5.21 Because the Truth-in-Lending Disclosure Statement contained a signature which was not Wades' and indicated the mortgage would be a variable rate and with a pre-payment penalty, contrary to Respondents' earlier representations to Wade, the Respondents violated RCW 19.146.0201204(1), (2), (6), (7), (10), and (14) and RCW 19.146.030.

5.22 Because Wade never signed nor submitted a second mortgage loan application to Respondents, the arrangement of a variable rate second mortgage, by Respondents, was a violation of RCW 19.146.0201204(1), (2), (7), and (14).

5.23 Because Wade never signed nor received a Good Faith Estimate for the adjustable rate second mortgage and this estimate failed to disclose the yield spread premium, the Respondents violated RCW 19.146.0201.204(1), (2), (3), (6), (7), and (14); and RCW 19.146.030.

5.24 Respondents failed to provide Wade with a Truth-in-Lending Disclosure Statement for the second mortgage and because the Truth-in-Lending Disclosure Statement contained a signature which was not Wades and indicated the second mortgage would be a variable rate and with a pre-payment penalty, contrary to Respondents' earlier representations to Wade, the Respondents violated RCW 19.146.0201204(1), (2), (6), (7), (10), and (14) and RCW 19.146.030.

5.25 Because Wade never signed a residential loan application for a variable rate first mortgage in the amount of \$190,850.00; and Respondents never provided Wade with a Good Faith Estimate and a Truth-in-Lending Disclosure Statement for this loan; and the terms and conditions of the loan were changed; and Wade never signed this loan application; and the Truth-in-Lending Disclosure Statement was incomplete, the Respondents violated RCW 19.146.0201204(1), (2), (3), (6), (7), (10), and (14) and RCW 19.146.030.

5.26 Because Respondents increased the loan origination fee, at closing, without Wade's knowledge or consent, the Respondents violated RCW 19.146.0201204(1), (2), (3), (6), (7), (10), and (14) and RCW 19.146.030.

5.27 Because Respondents did not secure a home equity line of credit, which Wade had requested, the Respondents violated RCW 19.146.0201204(1), (2), and (7).

5.28 Respondents' inadequate responses to DFI's directive dated May 11, 2006 regarding the Wade matter was a knowing withholding of information Respondents were required to maintain, in violation of RCW 19.146.235(9)(a).

Carole Schroeder Complaint

5.29 Because Respondents cashed Schroeder's mortgage payments from August 1, 2007 through January 2008 and did not transmit these payments to the new note holder, Respondents violated RCW 19.146.0201204(1), (2), and (3).

VI. ORDER

6.1 Based upon the foregoing Findings of Fact and Conclusions of Law, IT IS HEREBY ORDERED:

6.2 The Statement of Charges and Notice of Intention to Enter an Order to Deny Loan Originator License Application, Prohibit From Industry, Impose Fine, Order Restitution, and Collect Investigation Fee, dated, April 28, 2009, against Respondents Western States Mortgage Corp. d/b/a Residential Capital Corp. and Steven William Lusa is AFFIRMED.

6.3 Respondent Lusa's loan originator's application for license is denied; and

6.4 Respondents Western States Mortgage Corp., and Lusa are prohibited from participating in the affairs of any mortgage broker subject to licensure by the Director for five years; and

6.5 Respondents Western States Mortgage Corp. and Lusa are fined, jointly and severally, in the amount of \$36,500.00; and

6.6 Respondents Western States Mortgage Corp., and Lusa, are fined jointly and severally, in the amount of \$1,000.00; and

6.7 Respondents Western States Mortgage Corp., and Lusa, jointly and severally, ordered to pay restitution to Carole Wade in the amount of \$16,638.40; and

6.8 Respondents Western States Mortgage Corp. and Lusa, jointly and severally, ordered to pay an investigation fee in the amount of \$3,504.00.

DATED at Olympia, Washington, ~~October 12~~, September 27, 2010.



Thomas P. Rack
Administrative Law Judge
Office of Administrative Hearings

Copies were sent to each of the following:

Western States Mortgage Corp., Respondent
Steven William Lusa, Respondent
Charles E. Clark, AAG, Department Representative

FURTHER APPEAL RIGHTS

Under RCW 34.05.464 and WAC 10 08 211, any party to an adjudicative proceeding may file a Petition for Review of this Initial Decision and Order. Any Petition for Review shall be filed with the Director of the Department of Financial Institutions within twenty (20) days of the date of service of the Initial Order.

Address for filing the Petition for Review:

Scott Jarvis, Director
Department of Financial Institutions
PO Box 41200
Olympia, WA 98504 1200

Copies of any such Petition must be served upon all other parties or their representatives at the time the Petition is filed with the Director.

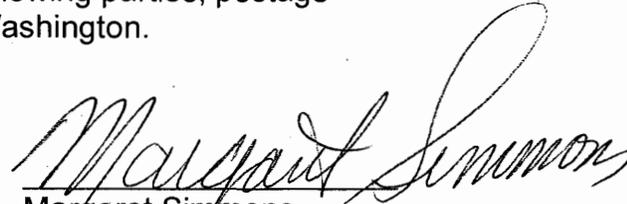
Petitions for Review shall specify the portions of the Initial Decision and Order to which exception is taken and shall refer to the evidence of record which is relied upon to support the petition. Any party may file a reply to a Petition for Review. Replies must be filed with the Director within ten (10) days of the date of service of the Petition and copies of the reply must be served upon all other parties or their representatives at the time the reply is filed with the Director.

After the time for filing a Petition for Review has elapsed, the Director of the Department of Financial Institutions will issue a Final Decision and Order in this matter. In accordance with RCW 34.05.470 and WAC 10 08 215, any Petition for Reconsideration of such Final Decision and Order must be filed with the Director within ten (10) days of service of the Final Decision and Order. It should be noted that Petitions for Reconsideration do not stay the effectiveness of the Final Decision and Order.

Judicial Review of the Final Decision and Order is available to a party according to the provisions set out in the Administrative Procedure Act, RCW 34.05.570.

Certification of Mailing

I certify that I mailed true and correct copies of the *Amended Corrected Findings of Fact, Conclusion of Law and Initial Order* to the following parties, postage prepaid this 12th day of October 2010 at Olympia, Washington.


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Legal Secretary

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