

ORDER SUMMARY – Case Number: C-08-109

Name(s): Cathleen Kay Walker

Order Number: C-08-109-09-CO01

Effective Date: January 13, 2010

License Number: DFI:39147
Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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: Denied License Application
Prohibited from Industry

Not Apply Until: January 13, 2030

Not Eligible Until: n/a

Prohibition/Ban Until: January 13, 2030

Investigation Costs	\$1,488.00	Due:	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date:
Fine	\$	Due:	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date:
Examination Fee	\$	Due:	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date:
Restitution	\$	Due:	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date:
Judgment	\$1,488	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date:
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input checked="" type="checkbox"/> N		
No. of Victims:				

Comments: _____

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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

CATHLEEN K. WALKER,
Respondent.

NO. C-08-109-09-CO01

CONSENT ORDER

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COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Cathleen K. Walker (hereinafter Respondent), and finding that the issues raised in the above-captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

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AGREEMENT AND ORDER

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The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-08-109-09-SC01 (Statement of Charges), entered May 27, 2008, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees that the issues raised in the above-captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges. Respondent is agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order.

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Based upon the foregoing:

CONSENT ORDER
C-08-109-09-CO01
CATHLEEN K. WALKER

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

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

3 B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing before
4 an administrative law judge, and she hereby waives her right to a hearing and any and all administrative and judicial
5 review of the issues raised in this matter, or of the resolution reached herein. Accordingly, Respondent, by her
6 signature below, withdraws her appeal to the Office of Administrative Hearings.

7 C. **Stipulation of Facts.** It is AGREED that Respondent admits and stipulates to the Factual Allegations
8 in Section 1 and 4.3 of the Statement of Charges No. C-08-109-SC01, which is incorporated by reference into this
9 Consent Order.

10 D. **Application Denied.** It is AGREED that Respondent's application for a license to conduct the
11 business of a loan originator is denied.

12 E. **Prohibition from Industry.** It is AGREED that Respondent is prohibited from participation in the
13 conduct of the affairs of any business subject to licensure by the Department, in any manner, for a period of 20
14 years from the entry of this Consent Order.

15 F. **Agreement Not To Apply.** It is AGREED that Respondent will not apply for any license issued by
16 the Department pursuant to the applicable Act for a period of 20 years from the entry of this Consent Order. It is
17 further AGREED that should Respondent apply for a license with the Department after the 20 year period, she will
18 be required to comply with all licensing requirements in effect at the time of application.

19 G. **Declaration of Financial Condition and Confession of Judgment.** It is AGREED that Respondent
20 has provided the Department with a Declaration comprehensively describing her current financial condition and
21 representing her current inability to pay the investigation fee obligation agreed to in Paragraph H of this Consent
22 Order. It is further AGREED that, based on this Declaration, the Department has accepted a Confession of
23 Judgment from Respondent for the investigation fee obligation agreed to in Paragraph H of this Consent Order. A
24 copy of this Confession of Judgment is attached and incorporated into this Consent Order by this reference.
25 Consistent with Chapter 4.60 of the Revised Code of Washington, the Department may immediately seek entry of

1 the judgment. Respondent shall, upon the Department's request, fully and promptly cooperate with the Department
2 in its efforts to get the judgment entered by the superior court.

3 **H. Confession of Judgment for Investigation Fee.** It is AGREED that Respondent has entered into a
4 Confession of Judgment for an investigation fee in the amount of \$1,488.00 owed to the Department.

5 **I. Authority to Execute Order.** It is AGREED that the undersigned Respondent has represented and
6 warranted that she has the full power and right to execute this Consent Order on behalf of the parties represented.

7 **J. Rights of Non-Parties.** It is AGREED that the Department does not represent or have the consent of
8 any person or entity not a party to this Consent Order to take any action concerning their personal legal rights. It is
9 further AGREED that for any person or entity not a party to this Consent Order, this Consent Order does not limit
10 or create any private rights or remedies against Respondent, limit or create liability of Respondent, or limit or create
11 defenses of Respondent to any claims.

12 **K. Non-Compliance with Order.** It is AGREED that Respondent understands that failure to abide by
13 the terms and conditions of this Consent Order may result in further legal action by the Director. In the event of
14 such legal action, Respondent may be responsible to reimburse the Director for the cost incurred in pursuing
15 such action, including but not limited to, attorney fees.

16 **L. Voluntarily Entered.** It is AGREED that the undersigned Respondent has voluntarily entered into
17 this Consent Order, which is effective when signed by the Director's designee.

18 **M. Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read this Consent
19 Order in its entirety and fully understands and agrees to all of the same.

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1 **RESPONDENT:**

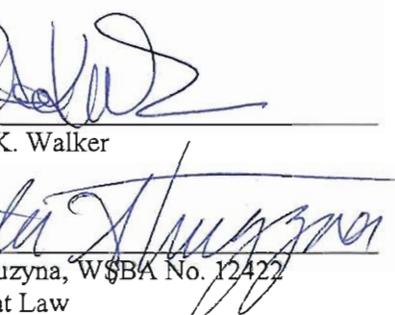
2 **Cathleen K. Walker**

3 By: 

4 Cathleen K. Walker

1/4/2010

Date

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6 Dieter Struzyna, WSBA No. 12422

7 Attorney at Law
Attorney for Respondent

1/4/2010
Date

9 DO NOT WRITE BELOW THIS LINE

10 THIS ORDER ENTERED THIS 13th DAY OF January, 2010.

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12 DEBORAH BORTNER

13 Director
14 Division of Consumer Services
15 Department of Financial Institutions

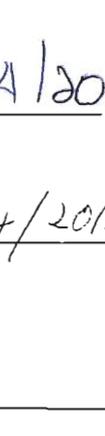
16 Presented by:

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18 WILLIAM HALSTEAD
19 Financial Legal Examiner



20 Approved by:

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22 JAMES R. BRUSSELBACK
23 Enforcement Chief

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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of
Washington by:

CATHLEEN K. WALKER,
Respondent.

NO. C-08-109-08-SC01

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

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 19.146.235, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent Cathleen K. Walker (Respondent Walker) is not currently licensed to conduct the business of a loan originator in the State of Washington. Respondent Walker submitted her loan originator application with the Department on or about December 29, 2006.

1.2 Employment History. Respondent Walker was a 1099 independent contractor loan originator with Morris Financial Inc. d/b/a Rainier Mortgage from January 12, 2005, through June 24, 2005. Respondent Walker was a 1099 independent contractor loan originator with Mountain View Mortgage Inc. from July 7, 2005, through October 19, 2006. Respondent Walker is currently employed as an office manager for Surefast Mortgage Corp., a licensed broker under the Act.

¹ RCW 19.146 (1994)

1 **1.3 Prohibited Acts with Morris Financial d/b/a Rainier Mortgage.**

2 **A. Borrower JMR (2 loans).** On or about January 9, 2005, Borrower JMR applied for a
3 residential home loan with Respondent Walker. The loan was for a property located in Poulsbo,
4 Washington (loan # 0028478469). Borrower JMR was provided a Good Faith Estimate (GFE) by
5 Respondent Walker, on January 9, 2005. The GFE disclosed, among other things, a \$290 discount fee
6 on line 802 and a mortgage broker fee of \$590 on line 808. The GFE did not disclose a Yield Spread
7 Premium (YSP). The Final Settlement Statement (HUD1) dated February 11, 2005, indicates
8 Borrower JMR was charged a YSP of \$4,050 in addition to the \$590 broker fee. The HUD1 reflects
9 the YSP on lines 502 and 905 as an expense to the seller. Borrower JMR was not given notice of the
10 YSP.
11

12 On or about January 27, 2005, Borrower JMR applied for a second residential home loan. The
13 loan was for a property located in Hoodspport, Washington (loan # 042-347218-2). Borrower JMR was
14 provided a GFE by Respondent Walker on January 27, 2005. The GFE disclosed, among other things,
15 a \$2,015 mortgage broker fee on line 808. The GFE did not disclose a YSP. The HUD1 dated March
16 13, 2005, indicates Borrower JMR was charged a YSP of \$2,375 in addition to the \$2,015 broker fee.
17 Borrower JMR was not given notice of the YSP.

18 **B. Borrower ECJ.** On or about March 9, 2005, Borrower ECJ applied for a residential
19 home loan with Respondent Walker. The loan was for a property located in Kent, Washington.
20 Borrower ECJ presumably was provided a GFE from Respondent Walker on March 9, 2005. The
21 GFE disclosed, among other things, a \$2,018 mortgage broker fee on line 808. The GFE did not
22 disclose a YSP. The HUD1 dated March 28, 2005, indicates Borrower ECJ was charged a YSP of
23 \$1,905 in addition to a \$2,518 broker fee. Borrower ECJ was not given notice of the YSP. There is
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1 no explanation why the final broker fee was higher than originally stated in the GFE. The HUD1
2 reflects the YSP on lines 502 and 904 as an expense to the seller.

3 **C. Borrowers JS and MS.** On or about April 7, 2005, Borrowers JS and MS applied for
4 a residential home loan with Respondent Walker. The loan was for a property located in Puyallup,
5 Washington (loan # 0144117199). Borrowers JS and MS were provided a GFE by Respondent
6 Walker on April 7, 2005. The GFE disclosed, among other things, a \$2,590 mortgage broker fee on
7 line 808. The GFE also disclosed a YSP of 1-3% on line 820 under the "Compensation to Broker"
8 heading. The HUD1 dated May 2, 2005, indicates Borrowers JS and MS were charged a YSP of
9 \$2,060 in addition to a \$2,649 broker fee. Borrowers JS and MS were not given notice of the YSP.
10 There is no explanation why the final broker fee was higher than originally stated in the GFE. The
11 HUD1 reflects the YSP on line 502 and 809 as an expense to the seller.

12 **D. Borrowers ML and LB.** On or about May 10, 2005, Borrowers ML and LB applied
13 for a residential home loan with Respondent Walker. The loan was for a property located in Olympia,
14 Washington (loan # 11232800). Borrowers ML and LB were provided a GFE by Respondent Walker
15 on May 15, 2005. The GFE disclosed, among other things, a \$1,792 mortgage broker fee on line 808.
16 The GFE also disclosed a YSP of 1-3% on line 820 under the "Compensation to Broker" heading.
17 The HUD1 dated June 2, 2005, indicates Borrowers ML and LB were charged a YSP of \$3,584 in
18 addition to a \$2,382 broker fee. Borrowers ML and LB were not given notice of the YSP. There is no
19 explanation why the final broker fee was higher than originally stated in the GFE.
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21 In addition, Borrowers ML and LB paid Respondent Walker \$1,500 in cash on the day they
22 closed their loan. According to Borrowers ML and LB, Respondent Walker informed them they
23 needed to bring \$1500 to closing to facilitate the loan. Borrowers ML and LB provided the \$1,500
24 directly to Respondent Walker who kept the money and did not provide it to the settlement agent or
25

1 her mortgage broker. The \$1500 is not reflected on the HUD1 and has not been returned to Borrowers
2 ML and LB.

3 **1.4 Prohibited Acts with Mountain View Mortgage Inc.**

4 **A. Borrower RMN.** On or about June 4, 2005, Borrower RMN applied for a residential
5 home loan with Respondent Walker. The loan was for a property located in Olympia, Washington
6 (loan # 1002876150). Borrower RMN was provided a GFE by Respondent Walker on June 16, 2005.
7 The GFE disclosed, among other things, a \$2,447 mortgage broker fee on line 808. The GFE did not
8 disclose a YSP. The HUD1 dated July 28, 2005, indicates Borrower RMN was charged a YSP of
9 \$1,958 in addition to a \$1,958 broker fee. Borrower RMN was not provided timely notice of the YSP
10 or a GFE within 3-business days of applying for the loan.
11

12 **B. Borrower REL.** On or about June 30, 2005, Borrower REL applied for a residential
13 home loan with Respondent Walker. The loan was for a property located in Marysville, Washington
14 (loan # 0424948461). Borrower REL was provided a GFE by Respondent Walker on June 30, 2005.
15 The GFE disclosed, among other things, a \$2,320 mortgage broker fee on line 808. The GFE also
16 disclosed a YSP of 1-3% under the "Compensation to Broker" heading. The HUD1 dated August 2,
17 2005, indicates Borrower REL was charged a YSP of \$7,310 in addition to a \$2,250 broker fee.
18 Borrower REL was not given timely notice of the YSP.
19

20 **C. Borrower RN.** On or about August 22, 2005, Borrower RN applied for a residential
21 home loan with Respondent Walker. The loan was for a property located in Olympia, Washington
22 (loan # 200221657). Borrower RN was provided a GFE by Respondent Walker on August 22, 2005.
23 The GFE disclosed, among other things, a \$2,495 mortgage broker fee on line 808. No YSP was
24 disclosed on the GFE. The HUD1 dated September 21, 2005, indicates Borrower RN was charged a
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1 YSP of \$2,250 in addition to a \$3,495 broker fee. Borrower RN was not given timely notice of the
2 YSP. There is no explanation why the final broker fee was higher than originally stated in the GFE.

3 **D. Borrower JDB.** On or about October 2, 2005, Borrower JDB applied for a residential
4 home loan with Respondent Walker. The loan was for a property located in Tacoma, Washington
5 (loan # 1004345104). Borrower JDB was provided a GFE by Respondent Walker on October 2, 2005.
6 The GFE disclosed, among other things, a \$1,672 mortgage broker fee on line 808. No YSP was
7 disclosed on the GFE. The HUD1 dated October 25, 2005, indicates Borrower JDB was charged a
8 YSP of \$1,664 in addition to a \$2,154 broker fee. Borrower JDB was not given timely notice of the
9 YSP. There is no explanation why the final broker fee was higher than originally stated in the GFE.

10 **E. Borrower RL.** On or about October 21, 2005, Borrower RL applied for a residential
11 home loan with Respondent Walker. The loan was for a property located in Tacoma, Washington
12 (loan # 927000176970). Borrower RL was provided a GFE by Respondent Walker on October 25,
13 2005. The GFE disclosed, among other things, a \$2,050 mortgage broker fee on line 808. No YSP
14 was disclosed on the GFE. The HUD1 dated November 23, 2005, indicates Borrower RL was charged
15 a YSP of \$1,863 in addition to a \$2,390 broker fee. Borrower RL was not given timely notice of the
16 GFE or YSP within 3-days of applying for the loan. There is no explanation why the final broker fee
17 was higher than originally stated in the GFE.

18 **F. Borrower EB.** On or about January 16, 2006, Borrower EB applied for a residential
19 home loan with Respondent Walker. The loan was for a property located in Tacoma, Washington
20 (loan # 1006354679). Borrower FB was provided a GFE by Respondent Walker on February 9, 2006.
21 The GFE disclosed, among other things, a \$2,695 mortgage broker fee on line 808. No YSP was
22 disclosed on the GFE. The HUD1 dated February 15, 2006, indicates Borrower EB was charged a
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1 YSP of \$892 in addition to a \$2,745 broker fee. Borrower EB was not given timely notice of the YSP.
2 There is no explanation why the final broker fee was higher than originally stated in the GFE.

3 **G. Borrower DFS.** On or about January 10, 2006, Borrower DFS applied for a
4 residential home loan with Respondent Walker. The loan was for a property located in Snohomish,
5 Washington (loan # 1006271857). Borrower DFS was provided a GFE by Respondent Walker on
6 January 10, 2006. The GFE disclosed, among other things, a \$4,768 mortgage broker fee on line 808.
7 The GFE also disclosed a YSP of 0-2% under the "Compensation to Broker from Lender" heading.
8 The HUD1 dated February 23, 2006, indicates Borrower DFS was charged a YSP of \$8,546 in
9 addition to a \$5,848 broker fee. Borrower DFS was not given timely notice of the YSP. There is no
10 explanation why the final broker fee was higher than originally stated in the GFE.
11

12 **H. Borrowers AB and PB.** On or about January 20, 2005, Borrowers AB and PB applied
13 for a residential home loan with Respondent Walker. The loan was for a property located in Seklu,
14 Washington (loan # 9601253596). Borrowers AB and PB were provided a GFE by Respondent
15 Walker on January 25, 2006. The GFE disclosed, among other things, a \$2,445 mortgage broker fee
16 on line 808. The GFE also disclosed a YSP of 0-3% under the "Additional Settlement Charges"
17 heading. The HUD1 dated April 5, 2006, indicates Borrowers AB and PB were charged a YSP of
18 \$675 in addition to a \$2,520 broker fee. Borrowers AB and PB were not given timely notice of the
19 GFE or YSP within 3-days of applying for the loan. There is no explanation why the final broker fee
20 was higher than originally stated in the GFE.
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22 **I. Borrower HK.** On or about April 1, 2006, Borrower HK applied for a residential
23 home loan with Respondent Walker. The loan was for a property located in Pacific, Washington (loan
24 # 1007328581). Borrower HK was provided a GFE by Respondent Walker on April 1, 2006. The
25 GFE disclosed, among other things, a \$5,300 mortgage broker fee on line 808. The GFE also

1 disclosed a YSP of 1-2% under the "Compensation to Broker" heading. The HUD1 dated April 10,
2 2006, indicates Borrower HK was charged a YSP of \$2,367 in addition to a \$4,735 broker fee.
3 Borrower DFS was not given timely notice of the YSP.

4 **J. Borrowers DM and DM.** On or about March 8, 2006, Borrowers DM and DM applied
5 for a residential home loan with Respondent Walker. The loan was for a property located in Port
6 Orchard, Washington (loan # 1007392573). Borrowers DM and DM were provided a GFE by
7 Respondent Walker on March 8, 2006. The GFE disclosed, among other things, a \$3,165 mortgage
8 broker fee on line 808. The GFE also disclosed a YSP of 0-3% under the "Additional Settlement
9 Charges" heading. The HUD1 dated April 18, 2006, indicates Borrowers MB and MB were charged a
10 YSP of \$1,350 in addition to a \$2,700 broker fee. Borrowers MB and MB were not given timely
11 notice of the YSP.
12

13 **K. Borrower KK.** On or about April 9, 2006, Borrower KK applied for a residential
14 home loan with Respondent Walker. The loan was for a property located in Lake Stevens,
15 Washington (loan # EW65215). Borrower KK was provided a GFE by Respondent Walker on April
16 9, 2006. The GFE disclosed, among other things, a loan discount fee of 1% (\$1,860) on line 802, and
17 a \$5,300 mortgage broker fee on line 808. No YSP was disclosed on the GFE. The HUD1 dated July
18 3, 2006, indicates Borrower KK was charged a YSP of \$3,598, a \$1,891 broker fee and a loan discount
19 fee of \$959. Borrower KK was not given timely notice of the YSP and there should be no YSP given
20 the loan discount fee that was paid by Borrower KK.
21

22 **L. Borrower KV.** On or about May 13, 2006, Borrower KV applied for a residential
23 home loan with Respondent Walker. The loan was for a property located in Eatonville, Washington
24 (loan # 1008832089). Borrower KV was provided a GFE by Respondent Walker on May 13, 2006.
25 The GFE disclosed, among other things, a \$3,732 mortgage broker fee on line 808. The GFE also

1 disclosed a YSP of 0-3% under the "Additional Settlement Charges" heading. The HUD1 dated July
2 17, 2006, indicates Borrower KV was charged a YSP of \$2,228 in addition to a \$5,570 broker fee.
3 Borrower KV was not given timely notice of the YSP. There is no explanation why the final broker
4 fee was higher than originally stated in the GFE.

5 In addition, Borrower KV paid Respondent Walker \$2,500 by way of check on the day he
6 closed his loan. According to Borrower KV, Respondent Walker informed him he needed to bring her
7 \$2,500 to facilitate closing the loan. Borrower KV provided the \$2,500 directly to Respondent Walker
8 who did not provide it to the Settlement Agent or her mortgage broker. The \$2,500 is not reflected on
9 the HUD1 and has never been returned to Borrower KV.

10
11 **M. Borrowers DO and JO.** On or about September 6, 2006, Borrowers DO and JO
12 applied for a residential home loan with Respondent Walker. The loan was for a property located in
13 Snohomish, Washington (loan # 0090735994). Borrowers DO and JO were provided a GFE by
14 Respondent Walker on September 6, 2006. The GFE disclosed, among other things, a \$2,005
15 mortgage broker fee on line 808. The GFE also disclosed a YSP of ½-2% under the "Compensation
16 to Broker from Lender" heading. The HUD1 dated October 10, 2006, indicates Borrowers DO and JO
17 were charged a YSP of \$5,062 in addition to a \$2,565 broker fee. Borrowers DO and JO were not
18 given notice of the YSP. There is no explanation why the final broker fee was higher than originally
19 stated in the GFE.

20
21 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the
22 Act by Respondent continues to date.

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

24 **2.1 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent is
25 in apparent violation of RCW 19.146.0201(1), (2), (3), (6), (7), (12) and (14) for directly or indirectly

1 employing a scheme, device or artifice to defraud or mislead borrowers or lenders or any person,
2 engaging in an unfair or deceptive practice toward any person, obtaining property by fraud or
3 misrepresentation, failing to make disclosures to loan applicants as required by RCW 19.146.030 and
4 any other applicable state or federal law, and, making, in any manner, any false or deceptive statement
5 or representation with regard to the rates, points, or other financing terms or conditions for a
6 residential mortgage loan or engaging in bait and switch advertising, collecting, charging, attempting
7 to collect or charge or using or proposing any agreement purporting to collect or charge any fee
8 prohibited by RCW 19.146.030 or RCW 19.146.070, and failing to comply with any provision of
9 RCW 19.146.030 through 19.146.080 or any rule adopted under those sections.
10

11 **2.2 Requirement to Disclose Residential Mortgage Loan Fees.** Based on the Factual
12 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 19.146.030 for
13 failing to provide borrowers with full written disclosures, containing an itemization and explanation of
14 all fees and costs that the borrowers were required to pay in connection with obtaining a residential
15 mortgage loan, within three days following receipt of a loan application or any moneys from the
16 borrowers.

17 **2.3 Prohibited Fees.** Based on the Factual Allegations set forth in Section I above, Respondent is
18 in apparent violation of RCW 19.146.030(4) for charging fees inuring to the benefit of a mortgage
19 broker in excess of the fees disclosed on the initial written disclosures where the fees were reasonably
20 foreseeable by the mortgage broker at the time the initial written disclosures were provided to
21 borrowers, and/or where the mortgage broker failed to provide the borrowers, no less than three
22 business days prior to the signing of the loan closing documents, a clear written explanation of the fees
23 and the reason for charging fees exceeding those which were previously disclosed.
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1 **2.4 Requirement to Demonstrate Character and General Fitness.** Based on the Factual
2 Allegations set forth in Section I above, Respondent Walker fails to meet the requirements of RCW
3 19.146.310(1)(g) and WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness
4 such as to command the confidence of the community and to warrant a belief that the business will be
5 operated honestly and fairly within the purposes of the Act.

6 **III. AUTHORITY TO IMPOSE SANCTIONS**

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

13 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i), the Director
14 may issue orders removing from office or prohibiting from participation in the conduct of the affairs of
15 a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any
16 licensed mortgage broker or any person subject to licensing under the Act for any violation of RCW
17 19.146.0201(1) through (9).

18 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(d)(ii), the Director may issue
19 orders directing a licensee, its employee or loan originator, or other person subject to the Act to pay
20 restitution to an injured borrower.
21

22 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(c)(i) and (3), and WAC 208-660-
23 165, the Director may impose fines on a licensee, employee or loan originator of the licensee, or other
24 person subject to the Act for any violations of RCW 19.146.0201(1) through (9) or (12), RCW
25 19.146.030, or RCW 19.146.050.

1 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) (2006), WAC 208-
2 660-520 and WAC 208-660-550(5)(a) (2006), the Department is entitled to collect the costs of any
3 investigation of alleged violations of the Act. The investigation charge will be calculated at the rate of
4 forty-eight (\$48) per hour that each staff person devoted to the investigation.

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

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

- 11 **4.1** Respondent Cathleen K. Walker's loan origination application be denied; and
- 12 **4.2** Respondent Cathleen K. Walker be prohibited from participation in the conduct of the affairs of
13 any mortgage broker subject to licensure by the Director, in any manner, for a period of five (5)
14 years; and
- 15 **4.3** Respondent Cathleen K. Walker pay restitution to all borrowers injured by Respondent's practices
16 of not disclosing fees incurred by borrowers, including at least \$106,971 in restitution to the
17 injured borrowers referenced in section I. Restitution is to be paid in the form of a cashier's
18 check, with written proof to the Department, in the following manner:
- 19 i. \$8,390 to Borrower JMR; and
 - 20 ii. \$4,423 to Borrower ECJ; and
 - 21 iii. \$4,709 to Borrowers JS and MS; and
 - 22 iv. \$7,906 to Borrowers ML and LB (includes \$1500 taken prior to closing); and
 - 23 v. \$3,916 to Borrower RMM; and
 - 24 vi. \$9,560 to Borrower REL; and
 - 25 vii. \$5,745 to Borrower RN; and
 - viii. \$3,818 to Borrower JDB; and
 - ix. \$4,253 to Borrower RL; and
 - x. \$3,637 to Borrower EB; and
 - xi. \$14,394 to Borrower DFS; and
 - xii. \$3,195 to Borrowers AB and PB; and
 - xiii. \$7,102 to Borrower HK; and
 - xiv. \$4,050 to Borrowers DM and DM; and
 - xv. \$6,448 to Borrower KK; and
 - xvi. \$10,728 to Borrower KV (includes \$2,500 taken prior to closing); and
 - xvii. \$7,627 to Borrowers DO and JO.

1 4.4 Respondent Cathleen Walker pay a fine in the amount of \$10,000.

2 4.5 Respondent Cathleen K. Walker pay an investigation fee in the amount of \$1,488 calculated at
3 \$48 per hour for the thirty-one (31) staff hours devoted to the investigation.

4 **V. AUTHORITY AND PROCEDURE**

5 This Statement of Charges and Notice of Intention to Enter an Order to DENY LICENSE,
6 PROHIBIT FROM INDUSTRY, ORDER RESTITUTION, IMPOSE FINE, AND COLLECT
7 INVESTIGATION FEE (Statement of Charges) is entered pursuant to the provisions of
8 RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the
9 provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a
10 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
11 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

12 Dated this 27th day of May, 2008.

14 

15 DEBORAH BORTNER
16 Director
17 Division of Consumer Services
18 Department of Financial Institutions

18 Presented by:

19 

20 WILLIAM J. HALSTEAD
21 Financial Legal Examiner

22 Approved by:

23 

24 JAMES R. BRUSSELBACK
25 Enforcement Chief

