

Terms Completed

ORDER SUMMARY – Case Number: C-08-200

Name(s): Karlo Montez Paden

Order Number: C-08-200-09-CO01

Effective Date: May 27, 2009

License Number: DFI: 35114
Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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: n/a

Not Apply Until: January 1, 2010

Not Eligible Until: _____

Prohibition/Ban Until: n/a

Investigation Costs	\$143.34	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 5.20.09
Fine	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments: _____

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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:

KARLOC M. PADEN,
Loan Originator,

Respondent.

NO. C-08-200-09-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 Karloc M. Paden (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 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-08-200-08-SC01 (Statement of Charges), entered July 16, 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.

CONSENT ORDER
C-08-200-09-CO01
Karloc M. Paden

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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

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Based upon the foregoing:

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

B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing before an administrative law judge, and that he hereby waives his right to a hearing and any and all administrative and judicial review of the issues raised in this matter, or of the resolution reached herein.

Accordingly, by his signature below, Respondent withdraws his appeal in the above-captioned matter.

C. **No Admission of Liability.** It is AGREED that Respondent does not admit to any wrongdoing by entry of this Consent Order.

D. **Agreement not to Apply.** It is AGREED that Respondent will not apply for any license issued by the Department pursuant to the Act before January 1, 2010, under any name. It is further AGREED that should Respondent apply for a license under the Act on or after January 1, 2010, he will be required to comply with all licensing requirements in effect at the time of application.

E. **Investigation Fee.** It is AGREED that Respondent shall pay to the Department an investigation fee of \$143.34 in the form of a cashier's check made payable to the "Washington State Treasurer" upon entry of this Consent Order.

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

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

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H. Completely Read, Understood, and Agreed. It is AGREED that Respondent has read this

Consent Order in its entirety and fully understands and agrees to all of the same.

RESPONDENT:

Karlo M. Paden
Karlo M. Paden
Loan Originator

5/5/09
Date

Approved for Entry:

Steven M. Bobman
Steven M. Bobman, WSBA #9045
Attorney for Respondent

5/5/09
Date

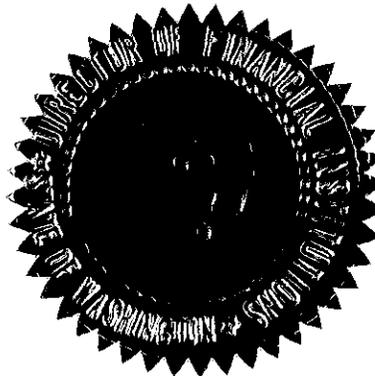
DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 27th DAY OF May, 2009.

Deborah Bortner
DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

Steven C. Sherman
STEVEN C. SHERMAN
Financial Legal Examiner



Approved by:

James R. Brunselback
JAMES R. BRUSSELBACK
Enforcement Chief

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3 **STATE OF WASHINGTON**
4 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
5 **DIVISION OF CONSUMER SERVICES**

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

10 **KARLOC M. PADEN,**
11 Loan Originator,

12 Respondent.

NO. C-08-200-08-SC01

13 **STATEMENT OF CHARGES and**
14 **NOTICE OF INTENTION TO ENTER**
15 **AN ORDER TO SUSPEND LICENSE,**
16 **IMPOSE FINE, AND COLLECT**
17 **INVESTIGATION FEE**

18 **INTRODUCTION**

19 Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial
20 Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146
21 RCW, the Mortgage Broker Practices Act (Act)¹. After having conducted an investigation pursuant to
22 RCW 19.146.235, and based upon the facts available as of the date of this Statement of Charges, the
23 Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this
24 proceeding and finds as follows:

25 **I. FACTUAL ALLEGATIONS**

1.1 Respondent. Karloc M. Paden (Respondent) was licensed by the Department of Financial
Institutions of the State of Washington (Department) to conduct business as a loan originator on April
18, 2007, and has continued to be licensed to date. Respondent is licensed to conduct the business of a
loan originator for A+ Mortgage, Inc., a licensed mortgage broker.

¹ RCW 19.146 (1994)

1 **1.2 Prohibited Acts.** On or about April 19, 2006, borrower R.F. applied with A+ Mortgage, Inc.,
2 for a loan to refinance his primary residence. Respondent was the loan originator who assisted the
3 borrower with the application. Also on or about April 19, 2006, Respondent prepared a loan
4 application for the borrower. Page two of the application stated that the borrower's base employment
5 income was \$7,913. On or about April 25, 2006, Respondent received a copy of the borrower's 2005
6 W-2 Wage and Tax Statement which showed that the borrower earned \$27,719.54, which averages to
7 approximately \$2,310 per month. At the same time, Respondent received current income
8 documentation for the borrower showing that for the period of January 1, 2006, through March 31,
9 2006, the borrower had earned \$6,806.04, which averages to approximately \$2,269 per month. In
10 spite of this information, Respondent subsequently submitted the borrower's loan application to a
11 lender, stating the borrower's income to be \$7,913 per month. At the time Respondent submitted the
12 application, the lender to which the application was submitted would not consider loans with a debt-to-
13 income ratio greater than 50%. As a result of Respondent's inflation of the borrower's income, the
14 borrower's debt-to-income ratio was reduced from approximately 128.4% to 43.567%, and the
15 borrower was approved for the loan.

17 **1.3 On-Going Investigation.** The Department's investigation into the alleged violations of the
18 Act by Respondent continues to date.

19 II. GROUNDS FOR ENTRY OF ORDER

20 **2.1 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent is
21 in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a
22 scheme, device, or artifice to defraud or mislead borrowers or lenders or any person, for engaging in
23 an unfair or deceptive practice toward any person, and for obtaining property by fraud or
24 misrepresentation.
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1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Suspend License.** Pursuant to RCW 19.146.220(2)(b)(iv), and WAC 208-660-
3 160, the Director may suspend a license for any violation of RCW 19.146.0201(1), (2), or (3).

4 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(c)(i) and (ii) and WAC 208-660-
5 165, the Director may impose fines on a loan originator for any violations of RCW 19.146.0201(1),
6 (2), or (3).

7 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4)
8 and WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or
9 other person subject to the Act, the Department may collect the costs of investigation. The investigation
10 charge will be calculated at the rate of \$47.78 per hour that each staff person devoted to the investigation.
11

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

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

17 **4.1** Respondent Karloc M. Paden's license to conduct the business of a loan originator be suspended
18 for a period of six months; and

19 **4.2** Respondent Karloc M. Paden pay a fine which as of the date of these charges totals \$9,600; and

20 **4.3** Respondent Karloc M. Paden pay an investigation fee which as of the date of these charges totals
21 \$143.34, calculated at \$47.78 per hour for the three staff hours devoted to the investigation to
date.

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1 **V. AUTHORITY AND PROCEDURE**

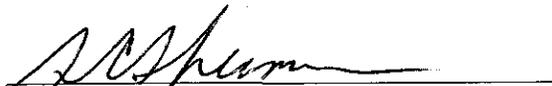
2 This Statement of Charges and Notice of Intention to Enter an Order to Suspend License,
3 Impose Fine, and Collect Investigation Fee (Statement of Charges) is entered pursuant to the
4 provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is
5 subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may
6 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND
7 AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.
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9 Dated this 16th day of July, 2008.
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12 DEBORAH BORTNER
13 Director
14 Division of Consumer Services
15 Department of Financial Institutions

16 Presented by:

17 
18 STEVEN C. SHERMAN
19 Financial Legal Examiner

20 Approved by:

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22 JAMES R. BRUSSELBACK
23 Enforcement Chief
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