

Terms Completed

ORDER SUMMARY – Case Number: C-08-280

Name(s): TILA Mortgage Inc
Ron Bennett Greene

Order Number: C-08-280-08-CO01

Effective Date: December 15, 2008

License Number: DFI: 26333 [NMLS: 71003] -TILA
DFI: 26655 [NMLS: 71048] -Greene

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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: Suspension stayed [24 months]

Not Apply Until: _____

Not Eligible Until: _____

Prohibition/Ban Until: _____

Investigation Costs	\$1,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$25,000-paid \$25,000-stayed	Due	Paid <input checked="" 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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DEC 09 2008

ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

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:

NO. C-08-280-08-CO01

CONSENT ORDER

TILA MORTGAGE, INC. and RON B. GREENE,
Individually and as President and Designated
Broker of TILA Mortgage, Inc.,

Respondents.

INTRODUCTION

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and TILA Mortgage, Inc. (Respondent TILA), and Ron B. Greene, individually and as President and Designated Broker of Respondent TILA (Respondent Greene), 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.

AGREEMENT AND ORDER

On December 4, 2008, the Department of Financial Institutions, Division of Consumer Services (Department) entered Statement of Charges No. C-08-280-08-SC01 against Respondents TILA and Greene. The Statement of Charges, a copy of which is attached, made certain Factual Allegations that are hereby incorporated by reference into this Consent Order. 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 Respondents have been informed of the right to a hearing before an administrative law judge, and that they have waived their right to a hearing and any and all administrative and

1 judicial review of the issues raised in this matter, or of the resolution reached herein. In consideration of the terms
2 of this Consent Order, Respondents further AGREE not to contest the Statement of Charges.

3 **C. Admission of Liability.** Respondents TILA and Greene have cooperated with the Division's
4 investigation into this matter, acknowledge the Division's jurisdiction and authority to enter this Consent
5 Order, and admit to advertising in violation of the Mortgage Broker Practices Act. With that exception,
6 Respondents TILA and Greene neither admits nor denies the Factual Allegations of the Statement of Charges.
7 The parties intend this Consent Order to fully resolve the Statement of Charges.

8 **D. License Suspensions (Stayed).** It is AGREED AND ORDERED that Respondent TILA is subject to a
9 30-day suspension of its mortgage broker license, and that Respondent Greene is subject to a 30-day suspension of
10 his loan originator license. HOWEVER, it is further AGREED AND ORDERED that the license suspensions
11 shall be stayed for a period of twenty-four (24) months from the date of entry of this Consent Order, subject to
12 paragraphs F and G of this Consent Order.

13 **E. Fine (Partially Stayed).** It is AGREED AND ORDERED that Respondents TILA and Greene are jointly
14 and severally subject to a fine by the Department in the amount of \$50,000. HOWEVER, it is further AGREED
15 AND ORDERED that Respondents TILA and Greene shall pay to the Department \$25,000 of the total fine, in the
16 form of a cashier's check made payable to the "Washington State Treasurer" upon entry of this Consent Order,
17 and that the balance of the fine (\$25,000) shall be stayed for a period of twenty-four (24) months from the date of
18 entry of this Consent Order, subject to paragraphs F and G of this Consent Order.

19 **F. Lifting of Stay.** It is AGREED AND ORDERED that:

- 20 1. If, during the stay, Respondent TILA and/or Greene violate RCW 19.146.0201(2), (7), or (11), or
21 violate any of the terms and conditions of this Consent Order, and the Department seeks to lift the
22 stay, the Department will first notify Respondent TILA and/or Greene in writing. The notice will
23 set forth a description of the alleged violations; the stay(s) the Department is seeking to lift; the
24 opportunity to request an expedited adjudicative hearing, including the time and manner in which
25 Respondent TILA and/or Greene may request such a hearing; and a copy of this Consent Order.
2. If Respondent TILA and/or Greene does not request an expedited adjudicative hearing in the time
and manner directed, the Department will immediately suspend Respondent TILA's mortgage
broker license, and/or immediately suspend Respondent Greene's loan originator license, and
impose and collect the \$25,000 balance of the fine.

1 3. If requested, the adjudicative hearing will commence within 15 business days (or as soon as the
2 schedule of the Office of Administrative Hearings permits) from the receipt of Respondent
3 TILA's and/or Greene's timely request for adjudicative hearing. The parties will accommodate
4 the prompt scheduling of the hearing, the scope of which will be limited to whether or not
5 Respondent TILA and/or Greene has violated RCW 19.146.0201(2), (7), (11), or any of the terms
6 and conditions of this Consent Order.

7 4. At the conclusion of the adjudicative hearing, the Administrative Law Judge will issue an initial
8 decision. Either party may timely file a petition for review with the Director of the Department.

9 **G. Expiration of Stay:** It is AGREED AND ORDERED that if, upon expiration of the stay, no notification
10 to lift any stay for alleged violations of this Consent Order has been received by Respondent TILA and/or Greene,
11 the Department will consider the stay completed. In that event, in connection with this Consent Order, the
12 Department will not seek to suspend Respondent TILA's mortgage broker license, and/or suspend Respondent
13 Greene's loan originator license, and will not seek to impose and collect the \$25,000 fine from Respondents.

14 **H. Investigation Fee.** It is AGREED AND ORDERED that Respondents TILA and Greene shall pay to the
15 Department an investigation fee of \$1,000, in the form of a cashier's check made payable to the "Washington
16 State Treasurer," upon entry of this Consent Order.

17 **I. Non-Compliance with Order.** It is AGREED AND ORDERED that Respondents understand that
18 failure to abide by the terms and conditions of this Consent Order may result in further legal action by the
19 Director. In the event of such legal action, Respondents may be responsible to reimburse the Director for the
20 cost incurred in pursuing such action, including but not limited to, attorney fees.

21 **J. Authority to Execute Order.** It is AGREED that the undersigned Respondents have represented and
22 warranted that they have the full power and right to execute this Consent Order on behalf of the parties.

23 **K. Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily entered into this
24 Consent Order, which is effective when signed by the Director's designee.
25

22 //
23 //
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25 //

1 L. Completely Read, Understood, and Agreed. It is AGREED that Respondents have read this Consent
2 Order in its entirety and fully understand and agree to all of the same.

4 TILA MORTGAGE, INC.
5 Ron B. Greene
6 Ron B. Greene
6 President of TILA Mortgage, Inc.

12/08/08
Date

7 RON B. GREENE, Individually
8 Ron B. Greene
9 Ron B. Greene

12/08/08
Date

10 DO NOT WRITE BELOW THIS LINE

11
12 ENTERED THIS 15 DAY OF December, 2008.

13
14 Deborah Bortnek
15 DEBORAH BORTNEK
16 Director, Division of Consumer Services
17 Department of Financial Institutions

17 Presented by:

18 Anthony W. Carter
19 ANTHONY W. CARTER
20 Enforcement Attorney



21 Approved by:

22 James R. Brusselback
23 JAMES R. BRUSSELBACK
24 Enforcement Chief

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

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

7 TILA MORTGAGE, INC. and RON B. GREENE,
8 Individually and as President and Designated Broker
9 of TILA Mortgage, Inc.,

10 Respondents.

NO. C-08-280-08-SC01

STATEMENT OF CHARGES and NOTICE OF
INTENT TO ENTER AN ORDER TO SUSPEND
LICENSES, IMPOSE FINES, and COLLECT
INVESTIGATION FEES

11 INTRODUCTION

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

17 I. FACTUAL ALLEGATIONS

18 A. Respondents.

19 1.1 Respondent TILA Mortgage, Inc. (Respondent TILA) is a for-profit Washington corporation located in
20 Renton, Washington. The Department of Financial Institutions (Department) licensed Respondent TILA to conduct
21 business as a mortgage broker on July 15, 2004, license number 510-MB-26333. Respondent TILA was originally
22 licensed to conduct business only from its Renton office, but was recently approved to conduct business from a
23 branch office in Clackamas, Oregon, license number 510-MB-26333-49585. Respondent TILA has been
24 continuously licensed since 2004.

25 1.2 Respondent Ron B. Greene (Respondent Greene) is the President, majority owner, and Designated Broker of
Respondent TILA. The Department licensed Respondent Greene as a Loan Originator for Respondent TILA on
December 17, 2007, license number 510-LO-26655, and he has been continuously licensed to date.

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1 **B. Prohibited Acts.**

2 **1.3** Beginning in January 2008, Respondents TILA and Greene started a radio advertising campaign focused on
3 interest rate advertising. During the relevant time period, January 9, 2008, through March 20, 2008, Respondents
4 aired radio advertisements throughout Western Washington promoting residential mortgage loans available at a
5 specified annual percentage rate (APR)¹. While the APR changed slightly over that time, the body of the
6 advertisement did not. A sample of the advertisement from early February 2008, follows:

7 Do you know how much money you could save if you reduced your mortgage rate by just ¼ percent?
8 What about one half percent? Now, consider the potential savings with one full percent. At TILA
9 Mortgage people from all over Washington are finding out that they can now save tens of thousands of
10 dollars on their mortgage with our new five and one half percent APR fixed rate mortgage. That's right,
11 at TILA Mortgage, our fixed rate mortgage is now down to an amazingly low five and one half percent
12 APR, and there's never ever a prepayment penalty on this loan. TILA – spelled T-I-L-A – stands for the
13 Truth in Lending Act and emphasizes our commitment to honest and ethical lending. So, for your new
14 fixed rate mortgage at five and one half percent APR, we invite you to call TILA Mortgage at 206-7-66-
15 88-88. Again, in Seattle, that's 7-66-88-88. *Loan amounts up to \$417,000, requires lender approval.*
16 (Emphasis in original.)

17 **1.4** During the relevant time period, Respondents advertised a 5.5 APR for 48 days; a 5.7 APR for 9 days; and a 5.9
18 APR for 19 days.

19 **1.5** The Department requested, and Respondents verified, that the advertised APR was available during the relevant
20 time period. However, the advertised APR was generally available only if the borrower agreed to buy down the
21 simple interest rate by paying discount points to the lender.²

22 **1.6** During the first month of the advertising campaign, the average cost to borrowers to buy down the interest rate
23 to the advertised APR was close to \$1,500. Only 15 of 83 borrowers agreed to pay the discount points; 59 of the 83
24 borrowers received loans at an APR higher than advertised. The advertisement did not disclose that the advertised
25 APR included discount points, and that borrowers would have to pay discount points to obtain the advertised APR.

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¹ The APR refers to the total finance charge expressed as a yearly rate. The APR includes interest, loan fees, and, if applicable, discount points. As a result, the APR is usually higher than the simple interest rate.

² Sometimes referred to simply as points, discount points are paid by a borrower to a lender to reduce (or discount) the interest rate over the life of the loan.

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

2 **2.1 Unfair or Deceptive Practices.** Based on the Factual Allegations set forth in Section I above, Respondents are
3 in apparent violation of RCW 19.146.0201(2), for engaging in unfair or deceptive practices toward any person by the
4 use of false, deceptive, or misleading advertising.

5 **2.2 False or Deceptive Statements.** Based on the Factual Allegations set forth in Section I above, Respondents are
6 in apparent violation of RCW 19.146.0201(7), for making false or deceptive statements with regard to rates.

7 **2.3 Violation of Federal Trade Commission Act.** Based on the Factual Allegations set forth in Section I above,
8 Respondents are in apparent violation of RCW 19.146.0201(11), for failing to comply with the Federal Trade
9 Commission Act, 15 U.S.C. §§41-58, *as amended*, by engaging in unfair or deceptive acts or practices.

10
11 **III. AUTHORITY TO IMPOSE SANCTIONS**

12 **3.1 Authority to Suspend License.** Pursuant to RCW 19.146.220(2)(e), the Director may suspend a license for
13 any violation of the Act.

14 **3.2 Authority to Impose Fines.** Pursuant to RCW 19.146.220(2)(e), the Director may order licensees to pay fines
15 for any violation of the Act.

16 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-520, and
17 WAC 208-660-550(4)(a), the Department is entitled to collect the costs of any investigation of alleged violations of the
18 Act. The investigation fee will be calculated at the rate of forty-eight dollars per hour.

19
20 **IV. NOTICE OF INTENT TO ENTER ORDER**

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

24 **4.1** TILA Mortgage, Inc.'s Mortgage Broker license, number 510-MB-26333, be suspended for thirty days;

25 **4.2** Respondent Ron B. Green's Loan Originator license, number 510-LO-26655, be suspended for thirty days;

1 4.3 Respondents TILA Mortgage, Inc. and Ron B. Greene jointly and severally pay a fine. As of the date of this
2 Statement of Charges, the fine totals \$50,000; and

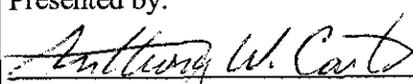
3 4.4 Respondents TILA Mortgage, Inc. and Ron B. Greene jointly and severally pay an investigation fee. As of the date
4 of this Statement of Charges, the fee totals \$1,000.

5 **V. AUTHORITY AND PROCEDURE**

6 This Statement of Charges and Notice of Intent to Enter an Order to Suspend Licenses, Impose Fines, and
7 Collect Investigative Fees (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220,
8 RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW
9 (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the
10 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement
11 of Charges.

12
13 Dated this 5th day of December, 2008.

14 
15 DEBORAH BORTNER
16 Director, Division of Consumer Services
17 Department of Financial Institutions

18 Presented by:
19 
20 ANTHONY W. CARTER
21 Enforcement Attorney

22 Approved by:
23 
24 JAMES R. BRUSSELBACK
25 Enforcement Chief

