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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:

NO. C-09-079-10-CO01

PREMIER MORTGAGE RESOURCES, LLC,  
  
Respondent.

CONSENT ORDER

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Premier Mortgage Resources, LLC, (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 the Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

**AGREEMENT AND ORDER**

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-09-079-09-SC01 (Statement of Charges), entered June 24, 2009, (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

1 the Statement of Charges. Respondent is agreeing not to contest the Statement of Charges in  
2 consideration of the terms of this Consent Order.

3 Based upon the foregoing:

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

6 B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a  
7 hearing before an administrative law judge, and that Respondent hereby waives its right to a hearing and  
8 any and all administrative and judicial review of the issues raised in this matter, or of the resolution  
9 reached herein. Accordingly, Respondent, by the authorized signature below, hereby withdraws its  
10 appeal.

11 C. **No Admission of Liability.** The parties intend this Consent Order to fully resolve the  
12 Statement of Charges and agree that Respondent does not admit to any wrongdoing by its entry.

13 D. **Agreement not to Apply.** It is AGREED that Respondent will not apply to the Department  
14 for a license to conduct business as a mortgage broker for a period of five years following the entry of this  
15 Consent Order.

16 E. **Fine.** It is AGREED that Respondent shall pay to the Department a fine of \$35,000 in the  
17 form of a cashier's check made payable to the "Washington State Treasurer" upon entry of this Consent  
18 Order.

19 F. **Restitution.** It is AGREED that Respondent has paid restitution in the aggregate amount of  
20 \$44,159.96 to those borrowers more specifically set forth in Appendix A, and has provided the  
21 Department with proof of all payments in the form of copies of the front and back of cancelled  
22 restitution checks. In the event that a borrower could not be found or a restitution check was not  
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1 cashed within 60 days of issuance, Respondent has submitted the relevant funds to the Department of  
2 Revenue as unclaimed property and has provided the Department with a copy of any checks to the  
3 Department of Revenue and a copy of any unclaimed property forms submitted to the Department of  
4 Revenue.

5           **G. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an  
6 investigation fee of \$1,200 in the form of a cashier's check made payable to the "Washington State  
7 Treasurer" upon entry of this Consent Order.

8           **H. Authority to Execute Order.** It is AGREED that the undersigned has represented and  
9 warranted that they have the full power and right to execute this Consent Order on behalf of the  
10 Respondent.

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

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

18           **K. Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read this  
19 Consent Order in its entirety and fully understands and agrees to all of the same.  
20

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1 **RESPONDENT:**

2 **Premier Mortgage Resources, LLC**

3 By: 

4 \_\_\_\_\_  
5 Greg Mirecki  
6 Managing Partner

5/7/10  
\_\_\_\_\_  
Date

7 \_\_\_\_\_  
8 John S. Devlin III, WSBA #23988  
9 Attorney for Respondent

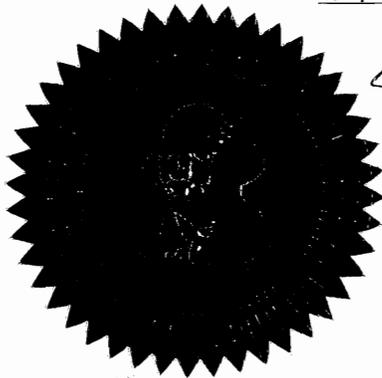
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Date

10 \_\_\_\_\_  
11 Andrew G. Yates, WSBA #34239  
12 Attorney for Respondent

\_\_\_\_\_  
Date

12 **DO NOT WRITE BELOW THIS LINE**

13 THIS ORDER ENTERED THIS 14<sup>th</sup> DAY OF February, 2010. <sup>ps</sup> one



14 

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

19 Presented by: 

20 STEVEN C. SHERMAN  
21 Financial Legal Examiner

22 Approved by: 

23 JAMES R. BRUSSELBACK  
24 Enforcement Chief

1 **RESPONDENT:**

2 **Premier Mortgage Resources, LLC**

3 By:

*[Handwritten signature of Greg Mirecki]*

4  
5 **Greg Mirecki**  
**Managing Partner**

5/7/10  
Date

6  
7 **John S. Devlin III, WSBA #23988**  
8 **Attorney for Respondent**

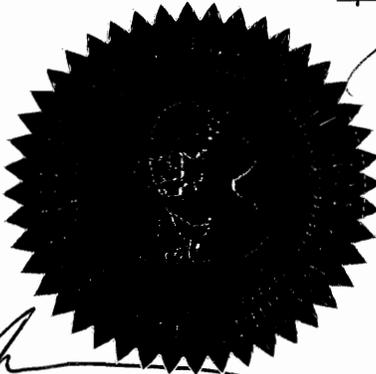
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10 *[Handwritten signature of Andrew G. Yates]*  
11 **Andrew G. Yates, WSBA #34239**  
**Attorney for Respondent**

5/10/10  
Date

12 **DO NOT WRITE BELOW THIS LINE**

13 THIS ORDER ENTERED THIS 14<sup>th</sup> DAY OF February, 2010. <sup>DB</sup>



*[Handwritten signature of Deborah Bortner]*

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

18 Presented by:

*[Handwritten signature of Steven C. Sherman]*

19  
20 **STEVEN C. SHERMAN**  
**Financial Legal Examiner**

21 Approved by:

22  
23 *[Handwritten signature of James R. Brusselback]*  
24 **JAMES R. BRUSSELBACK**  
**Reinforcement 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:

PREMIER MORTGAGE RESOURCES,  
LLC,

Respondent.

NO. C-09-079-09-SC01

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

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**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)<sup>1</sup>. 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. Premier Mortgage Resources, LLC, (Premier)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on September 28, 2005, and was licensed as a mortgage broker at all times relevant to these charges. Respondent Premier was issued a consumer loan license on June 20, 2008, and surrendered its mortgage broker license on May 18, 2009. Respondent Premier is licensed to conduct

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<sup>1</sup> RCW 19.146 (2006)

1 the business of a consumer loan company from its main office at 1325 NW Flanders, Unit 3, Portland,  
2 Oregon, and at seven branch offices located in Washington, Oregon, and Arizona.

3 **1.2 Examination.** From March 30, 2009, through April 3, 2009, the Department examined the  
4 Respondent's business practices for the period of December 31, 2006, through June 12, 2008. The  
5 Department reviewed 36 residential mortgage loan files.

6 **1.3 Unlicensed Loan Originator Activity.** Between July 1, 2007, and August 31, 2007,  
7 Respondent permitted unlicensed loan originator Zeke Lindsay to originate a residential mortgage loan  
8 for a Washington consumer.

9  
10 **1.4 Application Fraud.** On or around October 17, 2007, Loan Originator Phil Mazzaferro  
11 assisted borrower A.K. with two residential mortgage loan applications; one to refinance a residence  
12 the borrower owned on 185<sup>th</sup> Avenue in Renton, Washington, and the other to purchase a residence on  
13 Renton-Issaquah Road in Renton, Washington. Both applications represented that the residence would  
14 be the borrower's primary residence. Additionally, the Loan Originator submitted to the lender for the  
15 refinance loan a letter from the borrower stating that the cash-out proceeds of the refinance loan (in  
16 excess of \$250,000) were going to be used to consolidate debt and make significant improvements to  
17 the property when the Loan Originator knew or reasonably should have known that the borrower  
18 intended to use the proceeds as a down payment toward the purchase of the second property. The  
19 refinance loan subsequently closed on November 14, 2007, and the purchase loan closed on November  
20 15, 2007; each through a different lender.

21  
22 **1.5 Failure to Disclose Increase in Fees.** In one loan, Respondent did not provide a subsequent  
23 disclosure and written explanation identifying a fee increase benefitting the Respondent.

24 **1.6 Failure to Properly Complete Truth-In-Lending Disclosures.** In 17 loans, Respondent did  
25 not properly complete the Truth-in-Lending Disclosure by failing to mark the box identifying a

1 variable rate feature, failing to complete the lower portion of the Disclosure, or disclosing a fixed rate  
2 payment stream for a variable rate loan.

3 **1.7 Failure to Properly Disclose Fees Inuring to Respondent's Benefit.** In 28 loans,  
4 Respondent did not provide a written disclosure within three-business days of application specifying  
5 all fees which will inure to the benefit of the mortgage broker. In 21 loans, Respondent improperly  
6 listed its fees on line 801 of the Good Faith Estimate Disclosure.

7 **1.8 Failure to Properly Disclose the Yield Spread Premium on the Good Faith Estimate**  
8 **Disclosure.** In 10 of 28 loans in which there was a Yield Spread Premium, Respondent did not  
9 properly disclose the Yield Spread Premium on the Good Faith Estimate by either failing to use the  
10 term "Yield Spread Premium," disclosing it as a percentage range, or disclosing it somewhere on the  
11 Good Faith Estimate other than the 800 section.

12 **1.9 Failure to Properly Disclose Loan Originator's License Number.** In 35 loans, Respondent  
13 did not insure that the loan originator's license number was included immediately following the loan  
14 originator's name on the residential mortgage loan application.

15 **1.10 Failure to Properly Provide Rate Lock Agreements.** In 24 loans, Respondent did not  
16 properly provide rate lock agreements by either failing to properly complete the rate lock agreement or  
17 failing to provide a rate lock agreement.

18 **1.11 Failure to Timely Provide Disclosures.** In four loans, Respondent did not provide the Good  
19 Faith Estimate Disclosure and Truth-in-Lending Disclosure within three business days of receiving the  
20 borrower's application.

21 **1.12 Failure to Provide Variable Rate Loan Program Disclosures.** In 12 loans, Respondent did  
22 not provide borrowers with a loan program disclosure identifying the terms of the variable rate  
23 mortgage.  
24  
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1 **1.13 Failure to Properly Retain Records.** The Department requested 38 loan files to review for  
2 the examination, but Respondent was unable to locate two of the files requested. In a third loan file,  
3 Respondent did not retain a copy of the Good Faith Estimate Disclosure or the Final HUD-1  
4 Settlement Statement.

5 **1.14 Failure to Comply with Branch Supervisory Plan.** Respondent did not comply with its  
6 Branch Supervisory Plan and permitted its branch offices to retain brokered loan files without  
7 submitting them to the main office for quality control review.

8 **1.15 Failure to Disclose Yield Spread Premium.** In 17 of the 28 loans with Yield Spread  
9 Premiums, Respondent did not disclose the Yield Spread Premium to the borrower before closing.

10 **1.16 Consumer Complaint 26761.** Borrower B.B. alleged that Respondent's loan originator Judi  
11 Morrison had assisted the borrower with a residential mortgage loan to purchase a primary residence  
12 in Seattle, Washington. Ms. Morrison has never been licensed in Washington. The Department  
13 determined that Ms. Morrison, who is licensed as a loan originator in Oregon, initially was assisting  
14 B.B. with a residential mortgage loan for Oregon property, but Ms. Morrison continued to provide  
15 assistance after she became aware that B.B. intended to purchase property in Washington.  
16 Additionally, the Good Faith Estimate Disclosures prepared by Respondent for B.B. did not specify  
17 any fees which would be paid to the Respondent, but Respondent submitted a Broker Demand for a  
18 Loan Fee of \$1,575 and an Application/Processing Fee of \$620. The Broker Demand identified Judi  
19 Morrison as the Loan Originator for the loan.  
20  
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22 **1.17 On-Going Investigation.** The Department's investigation into the alleged violations of the  
23 Act by Respondent continues to date.

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

2 **2.1 Unlicensed Loan Originator Activity.** Based on the Factual Allegations set forth in Section I  
3 above, Respondent is in apparent violation of RCW 19.146.0201(2) and (3), RCW 19.146.200(1),  
4 WAC 208-660-155(9), and WAC 208-660-500(3)(b) and (c) for utilizing the services of an unlicensed  
5 loan originator to assist borrowers with applying for or obtaining residential mortgage loans.

6 **2.2 Application Fraud.** Based on the Factual Allegations set forth in Section I above, Respondent  
7 is in apparent violation of RCW 19.146.0201(2), and (3) for misstating occupancy information on a  
8 loan application and providing false or misleading information to a lender.

9 **2.3 Requirement to Disclose Increase in Fees.** Based on the Factual Allegations set forth in  
10 Section I above, Respondent is in apparent violation of RCW 19.146.0201(2), (3), (6), (11), (13), and  
11 (15) and RCW 19.146.030(4) for failing to disclose an increase in fees paid to the mortgage broker at  
12 least three-days before closing and provide a written explanation for the increase.

13 **2.4 Requirement to Provide Complete and Accurate Truth-In-Lending Disclosures.** Based on  
14 the Factual Allegations set forth in Section I above, Respondent is in apparent violation of RCW  
15 19.146.0201(2), (6), (11), and (15), RCW 19.146.030(2), WAC 208-660-430(1) and (3), and WAC  
16 208-660-500(3)(b), (s), and (w) for failing to provide complete and accurate Truth-in-Lending  
17 disclosures.  
18

19 **2.5 Requirement to Disclose Fees Inuring to the Benefit of the Mortgage Broker.** Based on  
20 the Factual Allegations set forth in Section I above, Respondent is in apparent violation of RCW  
21 19.146.0201(2), (3), (6), (13), and (15), RCW 19.146.030(1), WAC 208-660-430(1) and (2), and  
22 WAC 208-660-500(3)(b) and (w) for failing to disclose all fees which inure to the benefit of the  
23 mortgage broker within three business days of receiving a borrower's application.  
24

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1 **2.6 Requirement to Properly Disclose the Yield Spread Premium.** Based on the Factual  
2 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 19.146.0201(2),  
3 (3), and (6), WAC 208-660-430(5)(a) and (b), and the Real Estate Settlement Procedures Act,  
4 Regulation X, Section 3500 for failing to describe the Yield Spread Premium as “Yield Spread  
5 Premium,” for disclosing the Yield Spread Premium as a percentage range, for disclosing the Yield  
6 Spread Premium in a place on the Good Faith Estimate disclosure other than the 800 section, or for  
7 failing to disclose the Yield Spread Premium.  
8

9 **2.7 Requirement to Display Loan Originator License Number.** Based on the Factual  
10 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 19.146.0201(2)  
11 and WAC 208-660-350(26) for failing to display loan originator license numbers following the loan  
12 originator’s name on borrower applications.

13 **2.8 Requirement to Provide Complete and Accurate Rate Lock Agreements.** Based on the  
14 Factual Allegations set forth in Section I above, Respondent is in apparent violation of RCW  
15 19.146.0201(2), (6), (7), and (15), and RCW 19.146.030(2)(c) for failing to provide complete and  
16 accurate Rate Lock Agreements.

17 **2.9 Requirement to Timely Provide Good Faith Estimate and Truth-In-Lending Disclosures.**  
18 Based on the Factual Allegations set forth in Section I above, Respondent is in apparent violation of  
19 RCW 19.146.0201(2), (6), (11), and (15), RCW 19.146.030(1) and (2), WAC 208-660-430(1) and (2),  
20 and WAC 208-660-500(3)(b), (s), and (w) for failing to provide Truth-in-Lending and Good Faith  
21 Estimate disclosures within three business days of receiving an application from a borrower.  
22

23 **2.10 Requirement to Provide Variable Rate Loan Program Disclosures.** Based on the Factual  
24 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 19.146.0201(2),  
25

1 (6), (11), and (15), RCW 19.146.030(2)(a), WAC 208-660-430(1) and (3), and WAC 208-660-  
2 500(3)(b), (s), and (w) for failing to provide adjustable rate loan program disclosures.

3 **2.11 Requirement to Maintain Accurate and Current Books and Records.** Based on the Factual  
4 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 19.146.060( and  
5 WAC 208-660-140 for failing to make accurate and current books and records readily available to the  
6 Department until at least twenty-five months have elapsed following the effective period to which the  
7 books and records relate.

### 9 III. AUTHORITY TO IMPOSE SANCTIONS

10 **3.1 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245 and WAC  
11 208-660-155(3), a licensed mortgage broker is liable for any conduct violating the Act by the  
12 designated broker or a loan originator employed or engaged by the licensed mortgage broker.

13 Pursuant to RCW 19.146.200(4)(a) and (b), a designated broker or principal of a licensed mortgage  
14 broker is liable for an employee's violations of the Act if the designated broker or principal directs or  
15 instructs the conduct, or with knowledge of the specific conduct approves or allows the conduct, or  
16 knows or by the exercise of reasonable care and inquiry should have known of the conduct at a time  
17 when its consequences can be avoided or mitigated and fails to take reasonable remedial action.

18 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5), the Director may  
19 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a  
20 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed  
21 mortgage broker or any person subject to licensing under the Act for any violation of RCW  
22 19.146.0201(1) through (9) or (13), RCW 19.146.030 through RCW 19.146.080, RCW 19.146.200, or  
23 RCW 19.146.265.  
24

25

1 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), the Director may impose a fine  
2 for any violation of the Act.

3 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220(e), the Director may issue orders  
4 directing a licensee or other person subject to the Act to pay restitution for any violation of the Act.

5 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-  
6 550, the Department may collect the costs of investigation. The investigation charge will be calculated at  
7 the rate of \$48 per hour that each examiner devoted to the investigation.

8  
9 **IV. NOTICE OF INTENTION TO ENTER ORDER**

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

14 **4.1** Respondent Premier Mortgage Resources, LLC, be prohibited from participation in the conduct of  
15 the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period  
of five years;

16 **4.2** Respondent Premier Mortgage Resources, LLC, pay a fine which as of the date of these charges  
17 totals \$50,000;

18 **4.3** Respondent Premier Mortgage Resources, LLC, pay restitution in the amount of \$111,536.31 to  
19 the borrowers more specifically identified in Appendix A, incorporated herein by reference; and

20 **4.4** Respondent Premier Mortgage Resources, LLC, pay an investigation fee which as of the date of  
21 these charges totals \$1200, calculated at \$48 per hour for the 25 examiner hours devoted to the  
investigation.

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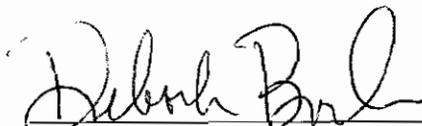
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**V. AUTHORITY AND PROCEDURE**

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

Dated this 24<sup>th</sup> day of June, 2009.

  
DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

  
STEVEN C. SHERMAN  
Financial Legal Examiner



Approved by:

  
JAMES R. BRUSSELBACK  
Enforcement Chief