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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:

HOPE NOW MODIFICATIONS, LLC, and  
SALVATORE PUGLIA, Principal,  
Respondents.

NO. C-09-284-10-FO01

FINAL ORDER

**I. DIRECTOR'S CONSIDERATION**

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner, pursuant to RCW 34.05.440(1). On January 7, 2010, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist, Prohibit from Industry, and Collect Investigation Fee (Statement of Charges). 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 dated January 12, 2010, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Hope Now Modifications, LLC, and Salvatore Puglia. The Department served the Statement of Charges, cover letter dated January 12, 2010, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Hope Now Modifications, LLC and Salvatore Puglia on Respondents on January 12, 2010, by First-Class mail and Federal Express overnight delivery. On January 14, 2010, the documents sent via Federal Express overnight delivery were delivered. The documents sent via First-Class mail were not returned to the Department by the United States Postal Service.

1 Respondents did not request an adjudicative hearing within twenty calendar days after the  
2 Department served them with the Notice of Opportunity to Defend and Opportunity for Hearing, as  
3 provided for in WAC 208-08-050(2).

4 B. Record Presented. The record presented to the Director's designee for her review and  
5 for entry of a final decision included the following:

- 6 1. Statement of Charges;
- 7 2. Cover letter dated January 12, 2010;
- 8 3. Notice of Opportunity to Defend and Opportunity for Hearing; and
- 9 4. Blank Applications for Adjudicative Hearing for Hope Now Modifications, LLC and  
Salvatore Puglia, with documentation of service.

10 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.440(1), the  
11 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

## 12 II. FINAL ORDER

13 Based upon the foregoing, and the Director's designee having considered the record and  
14 being otherwise fully advised, NOW, THEREFORE:

15 A. IT IS HEREBY ORDERED, That:

- 16 1. Respondents Hope Now Modifications, LLC and Salvatore Puglia cease and desist  
17 offering loan modification services or otherwise conducting the business of a  
18 mortgage broker or loan originator in the State of Washington;
- 19 2. Respondent Hope Now Modifications, LLC is prohibited from participation in the  
20 conduct of the affairs of any mortgage broker subject to licensure by the Director, in  
any manner, for a period of five years;
- 21 3. Respondent Salvatore Puglia is prohibited from participation in the conduct of the  
22 affairs of any mortgage broker subject to licensure by the Director, in any manner, for  
a period of five years;
- 23 4. Respondents Hope Now Modifications, LLC and Salvatore Puglia jointly and  
24 severally pay an investigation fee of \$360; and

1 5. Respondents Hope Now Modifications, LLC and Salvatore Puglia maintain records in  
2 compliance with the Act and provide the Department with the location of the books,  
3 records and other information relating to Respondent Hope Now Modifications,  
4 LLC's mortgage broker business, and the name, address and telephone number of the  
5 individual responsible for maintenance of such records in compliance with the Act.

6 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a  
7 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition  
8 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150  
9 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,  
10 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents. The  
11 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for  
12 Reconsideration a prerequisite for seeking judicial review in this matter.

13 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date  
14 the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written  
15 notice specifying the date by which it will act on a petition.

16 C. Stay of Order. The Director's designee has determined not to consider a Petition  
17 to Stay the effectiveness of this order. Any such requests should be made in connection with a Petition  
18 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

19 D. Judicial Review. Respondents have the right to petition the superior court for  
20 judicial review of this agency action under the provisions of chapter 34.05 RCW. For the requirements  
21 for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.


22 E. Non-compliance with Order. If you do not comply with the terms of this order, the  
23 Department may seek its enforcement by the Office of Attorney General to include the collection of the  
24 fees imposed herein.

1 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for  
2 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service  
3 attached hereto.

4 DATED this 12<sup>th</sup> day of January, 2010.



6 STATE OF WASHINGTON  
7 DEPARTMENT OF FINANCIAL INSTITUTIONS

8   
9 DEBORAH BORTNER  
10 DIRECTOR  
11 DIVISION OF CONSUMER SERVICES

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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
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IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Mortgage Broker Practices Act of Washington by:

HOPE NOW MODIFICATIONS, LLC, and  
SALVATORE PUGLIA, Principal,

Respondents.

NO. C-09-284-09-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO CEASE AND DESIST, PROHIBIT  
FROM INDUSTRY, 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)<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 Respondents.**

A. **Hope Now Modifications, LLC. (Hope Now)** is a New Jersey limited liability company located at 200 Lake Dr. E. Ste. 200, Cherry Hill, New Jersey. Respondent Hope Now has never been licensed to conduct the business of a Mortgage Broker by the Department of Financial Institutions.

B. **Salvatore Puglia (Puglia)** is a Principal and Registered Agent of Hope Now. Respondent Puglia has never been licensed to conduct the business of a Mortgage Broker or Loan Originator by the Department of Financial Institutions.

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<sup>1</sup> RCW 19.146 (2008)

1 **1.2 Unlicensed Activity.** Between at least October 2008 and March 2009, Respondent Hope Now  
2 assisted at least three borrowers in applying to obtain a loan modification on property located in the State of  
3 Washington from the unlicensed location referenced in paragraph 1.1. The borrowers involved in these loan  
4 modifications paid fees to Respondent Hope Now totaling at least \$6,272 as follows:

Borrower 1	\$ 1,995
Borrower 2	\$ 2,500
Borrower 3	\$ 1,777
Total	\$ 6,272

7 Additionally, other borrowers may have paid fees to Respondent Hope Now.

8 **1.3 Prohibited Practices.** Employees of Respondent Hope Now represented to the above borrowers that  
9 they could obtain a loan modification from their lender if they hired Respondent Hope Now. Respondent Hope  
10 Now obtained payment for services up-front from borrowers and collected the borrowers' personal and  
11 financial information. Respondent Hope Now did not obtain a loan modification for at least the three above-  
12 listed borrowers. Respondent Hope Now ceased communications with the borrowers and did not respond to the  
13 borrowers' requests for refunds of their up-front fees.

14 **1.4 Federal Trade Commission Action.** On March 17, 2009, the Federal Trade Commission filed a  
15 Complaint against Respondents in the U.S. District Court for the District of New Jersey. On March 19, 2009,  
16 the U.S. District Court for the District of New Jersey entered a Temporary Restraining Order against  
17 Respondents halting Respondents loan modification activities and freezing Respondents' assets.

18 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by  
19 Respondents continues to date.  
20

## 21 II. GROUNDS FOR ENTRY OF ORDER

22 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) and WAC 208-660-006,  
23 "Mortgage Broker" any person who for compensation or gain, or in the expectation of compensation or gain (a)  
24 assists a person in obtaining or applying to obtain a residential mortgage loan or (b) holds himself or herself out  
25 as being able to assist a person in obtaining or applying to obtain a residential mortgage loan.

1 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010(10) and WAC 208-660-006, means a  
2 natural person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or  
3 negotiates terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct  
4 or indirect compensation or gain. "Loan originator" also includes a person who holds themselves out to the  
5 public as able to perform any of these activities. "Loan originator" does not mean persons performing purely  
6 administrative or clerical tasks for a mortgage broker. For the purposes of this subsection, "administrative or  
7 clerical tasks" means the receipt, collection, and distribution of information common for the processing of a  
8 loan in the mortgage industry and communication with a borrower to obtain information necessary for the  
9 processing of a loan. A person who holds himself or herself out to the public as able to obtain a loan is not  
10 performing administrative or clerical tasks.

11 **2.3 Definition of Borrower.** Pursuant to RCW 19.146.010(3), "Borrower" means any person who consults  
12 with or retains a mortgage broker or loan originator in an effort to obtain or seek advice or information on  
13 obtaining or applying to obtain a residential mortgage loan for himself, herself, or persons including himself or  
14 herself, regardless of whether the person actually obtains such a loan.

15 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents are in  
16 apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme, device or  
17 artifice to defraud or mislead borrowers or lenders or any person, engaging in an unfair or deceptive practice  
18 toward any person, and obtaining property by fraud or misrepresentation.

19 **2.5 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth in Section  
20 I above, Respondents are in apparent violation of RCW 19.146.200 for engaging in the business of a mortgage  
21 broker or loan originator without first obtaining and maintaining a license under the Act. Individuals  
22 negotiating residential mortgage loan terms act as mortgage brokers or loan originators and must be licensed  
23 under the Act unless specifically exempt from the Act.

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the Director may  
3 issue orders directing a licensee, its employee or loan originator, independent contractor, agent, or other person  
4 subject to the Act to cease and desist from conducting business.

5 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue  
6 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed  
7 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker  
8 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or RCW  
9 19.146.200.

10 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-550(4) and  
11 WAC 208-660-520(9), upon completion of any investigation of the books and records of a licensee or other person  
12 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover  
13 the cost of the investigation. The investigation charge will be calculated at the rate of forty-eight dollars per hour  
14 that each staff person devoted to the investigation.

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

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

- 20 **4.1** Respondents Hope Now Modifications, LLC and Salvatore Puglia cease and desist offering loan  
21 modification services or otherwise conducting the business of a mortgage broker or loan originator in the  
22 State of Washington;  
23 **4.2** Respondent Hope Now Modifications, LLC be prohibited from participation in the conduct of the affairs of  
24 any mortgage broker subject to licensure by the Director, in any manner, for a period of five years;  
25 **4.3** Respondent Salvatore Puglia be prohibited from participation in the conduct of the affairs of any mortgage  
broker subject to licensure by the Director, in any manner, for a period of five years;



1 4.4 Respondents Hope Now Modifications, LLC and Salvatore Puglia jointly and severally pay an  
2 investigation fee which as of the date of these charges totals \$360 calculated at \$48 per hour for the seven  
and five tenths staff hours devoted to the investigation; and

3 4.5 Respondents Hope Now Modifications, LLC and Salvatore Puglia maintain records in compliance with  
4 the Act and provide the Department with the location of the books, records and other information relating  
to Respondent Hope Now Modifications, LLC's mortgage broker business, and the name, address and  
5 telephone number of the individual responsible for maintenance of such records in compliance with the  
Act.

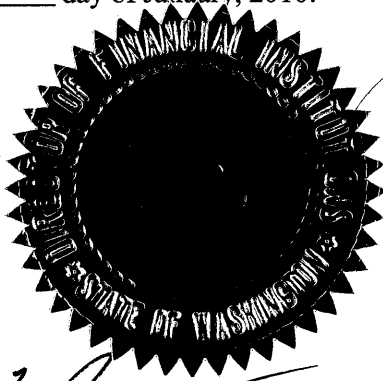
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**V. AUTHORITY AND PROCEDURE**

This Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist, Prohibit From Industry, and Collect Investigation Fee 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). Respondents 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 7<sup>th</sup> day of January, 2010.



A handwritten signature in black ink, appearing to read "Deborah Bortner", written over a horizontal line.

DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

A handwritten signature in black ink, appearing to read "Robert E. Jones", written over a horizontal line.

ROBERT E. JONES  
Financial Legal Examiner

Approved by:

A handwritten signature in black ink, appearing to read "James R. Brunelback", written over a horizontal line.

JAMES R. BRUSSELBACK  
Enforcement Chief