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

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

NO. C-09-442-10-CO01

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JOSEPH PAUL AUGUSTAVO,

CONSENT ORDER

Respondent.

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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 Joseph Paul Augustavo (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:

**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-09-442-09-SC01 (Statement of Charges), entered November 24, 2009, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (MBPA) 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 neither admits nor denies any violation of the Mortgage Broker Practices Act by the entry of 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.

CONSENT ORDER  
C-09-442-10-CO01  
Joseph Paul Augustavo

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

5           **C. License Revocation (Stayed).** It is AGREED that Respondent consents to a revocation of his  
6 mortgage loan originator (MLO) license by the Department. HOWEVER, it is further AGREED that the  
7 revocation of Respondent's MLO license is stayed (not revoked) through October 31, 2013, subject to the  
8 Department's authority to lift the stay and revoke Respondent's MLO license discussed in paragraph G of this  
9 Consent Order. It is further AGREED that if at 12:01 a.m. on November 1, 2013, the stay has not been previously  
10 lifted, and Respondent's MLO license has not been previously revoked, and if a notification to lift the stay or a  
11 proceeding to lift the stay is not then pending by the Department to revoke Respondent's MLO license, then, in  
12 such events, the Department will consider this paragraph of this Consent Order fully performed and Respondent's  
13 MLO license will not be revoked in connection with this Consent Order. HOWEVER, if at 12:01 a.m. on  
14 November 1, 2013, a notification to lift the stay or a proceeding to lift the stay is pending by the Department to  
15 revoke Respondent's MLO license, then those proceedings will continue according to the terms discussed in  
16 paragraph G of this Consent Order.

17           **D. Prohibition from Participation in the Industry (Stayed).** It is AGREED that Respondent consents  
18 to a prohibition from participation in the conduct of the affairs of any mortgage broker or consumer lender  
19 licensed by the Department or subject to licensure or regulation by the Department under the MBPA or chapter  
20 31.04 RCW, the Consumer Loan Act (CLA), in any manner, for a period of ten years (ten-year prohibition).  
21 HOWEVER, it is further AGREED that this ten-year prohibition is stayed (not imposed) through October 31,  
22 2013, subject to the Department's authority to lift the stay and impose the ten-year prohibition discussed in  
23 paragraph G of this Consent Order. It is further AGREED that if at 12:01 a.m. on November 1, 2013, the stay has  
24 not been previously lifted, and the ten-year prohibition has not been previously imposed, and if a notification to

1 lift the stay or a proceeding to lift the stay is not then pending by the Department to impose the ten-year  
2 prohibition, then, in such events, the Department will consider this paragraph of this Consent Order fully  
3 performed and the ten-year prohibition will not be imposed on Respondent in connection with this Consent Order.  
4 HOWEVER, if at 12:01 a.m. on November 1, 2013, a notification to lift the stay or a proceeding to lift the stay is  
5 pending by the Department to impose the ten-year prohibition, then those proceedings will continue according to  
6 the terms discussed in paragraph G of this Consent Order.

7       **E. Fine (Partially Stayed).** It is AGREED that Respondent consents to a fine by the Department in the  
8 amount of \$15,000. HOWEVER, it is further AGREED that Respondent will pay to the Department \$6,000 of the  
9 total fine, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this  
10 Consent Order, and that the balance of the fine (\$9,000) is stayed (not imposed) through October 31, 2013, subject  
11 to the Department's authority to lift the stay and impose the balance of the fine (\$9,000) discussed in paragraph G  
12 of this Consent Order. It is further AGREED that if at 12:01 a.m. on November 1, 2013, the stay has not been  
13 previously lifted, and the balance of the fine (\$9,000) has not been previously imposed, and if a notification to lift  
14 the stay or a proceeding to lift the stay is not then pending by the Department to impose the balance of the fine  
15 (\$9,000), then, in such events, the Department will consider this paragraph of this Consent Order fully performed  
16 and the stayed portion of the fine (\$9,000) will not be imposed on Respondent in connection with this Consent  
17 Order. HOWEVER, if at 12:01 a.m. on November 1, 2013, a notification to lift the stay or a proceeding to lift the  
18 stay is pending by the Department to impose the balance of the fine (\$9,000), then those proceedings will continue  
19 according to the terms discussed in paragraph G of this Consent Order.

20       **F. Compliance Examinations.** It is AGREED that, from the date of entry of this Consent Order  
21 through October 31, 2013, Respondent is subject to two compliance examinations at Respondent's expense to be  
22 conducted by the Department at the Department's discretion. It is further AGREED that the purpose of the  
23 compliance examinations will be to determine Respondent's compliance with the MBPA or the CLA on all  
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1 residential mortgage loans originated by Respondent under the MBPA or the CLA during the period from the date  
2 of entry of this Consent Order through October 31, 2013.

3 **G. Lifting of Stay.** It is AGREED that:

- 4 1. If, on or before October 31, 2013, the Department determines that Respondent has violated RCW  
5 19.146.0201(1), (2), or (3), or RCW 31.04.027(1), (2), or (3), and the Department accordingly  
6 seeks to lift the stay and revoke Respondent's MLO license, impose the ten-year prohibition, and  
7 impose the balance of the fine (\$9,000), the Department will serve Respondent with:
- 8 a. Notice of Intention to Lift Stay (Notice).
  - 9 b. Notice of the opportunity for Respondent to contest the Department's determination of  
10 Respondent's violations in an adjudicative hearing before an Administrative Law Judge  
11 (ALJ) from the Office of the Administrative Hearings.
  - 12 c. Application for adjudicative hearing form.
- 13 2. The Notice will include:
- 14 a. A description of Respondent's alleged violation(s) of RCW 19.146.0201(1), (2), or (3), or  
15 RCW 31.04.027(1), (2), or (3).
  - 16 b. A statement that, because of the alleged violation(s), the Department seeks to lift the stay and  
17 revoke Respondent's MLO license, impose the ten-year prohibition, and impose the balance  
18 of the fine (\$9,000).
  - 19 c. A copy of this Consent Order.
- 20 3. If Respondent desires an adjudicative hearing, Respondent must complete and return the  
21 application for adjudicative hearing form so that it is received by the Department within ten  
22 business days from the date the Notice is served on Respondent. Service on Respondent is  
23 defined as posting in the U.S. Mail, postage prepaid, to Respondent's current residence as  
24 provided by Respondent in the Nationwide Mortgage Licensing System and Registry.
- 25 4. In addition to his application for adjudicative hearing form, Respondent may provide a written  
response to include any information pertaining to the Department's determination that  
Respondent has violated RCW 19.146.0201(1), (2), or (3), or RCW 31.04.027(1), (2), or (3).

- 1 5. Respondent's failure to complete and return the application for adjudicative hearing form so that  
2 it is received by the Department within ten business days from the date the Notice is served on  
3 Respondent will constitute a waiver of Respondent's right to an adjudicative hearing, and the  
4 Department will find that Respondent does not contest the Notice. Upon such a finding, the  
5 Department will enter a Final Order revoking Respondent's MLO license, imposing the ten-year  
6 prohibition, and imposing the balance of the fine (\$9,000).
- 7 6. If requested, the adjudicative hearing will be expedited and will follow the timing and processes  
8 described in this Consent Order. The adjudicative hearing will be held as soon as the schedule of  
9 the ALJ permits. The parties will accommodate the prompt scheduling of the hearing. The scope  
10 and issues of the adjudicative hearing will be limited solely to whether or not Respondent has  
11 violated RCW 19.146.0201(1), (2), or (3), or RCW 31.04.027(1), (2), or (3).
- 12 7. Following the adjudicative hearing, the ALJ will issue an Initial Order. Either party may file a  
13 Petition for Review of the Initial Order with the Director.
- 14 8. The notification and hearing process described in this Consent Order applies only in the event:  
15 the Department determines Respondent has violated RCW 19.146.0201(1), (2), or (3), or RCW  
16 31.04.027(1), (2), or (3); and, the Department chooses to proceed to lift the stay and impose the  
17 stayed sanctions described in this Consent Order under the terms of this Consent Order; and,  
18 Respondent chooses to contest the Department's action to lift the stay and impose the stayed  
19 sanctions described in this Consent Order under the terms of this Consent Order.

20 **H. Authority of the Department.** It is AGREED that nothing in this Consent Order shall be construed  
21 as preventing the Department from fully executing its authority and enforcing any provision of the MBPA and the  
22 CLA and any rules adopted thereunder.

23 **I. Compliance with the Law.** It is AGREED that Respondent shall comply with MBPA and the CLA  
24 and any rules adopted thereunder.

1           **J. Investigation Fee.** It is AGREED that Respondent will pay to the Department an investigation fee of  
2 \$1,500, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this  
3 Consent Order. The Investigation Fee and the portion of the Fine paid upon entry of this Consent Order (as  
4 discussed in paragraph E of this Consent Order) may be paid together in one \$7,500 cashier's check made payable  
5 to the "Washington State Treasurer."

6           **K. MLO License Application or Renewal Request.** It is AGREED that so long as Respondent  
7 complies with the terms of this Consent Order, then nothing in this Consent Order, or the facts giving rise to, or  
8 underlying the Statement of Charges, will be considered by the Department in the assessment of any future  
9 application or renewal request by Respondent for a MLO license under the MBPA or the CLA in the event  
10 Respondent pursues such an application or renewal request. It is further AGREED that, should Respondent apply  
11 for or request renewal of a MLO license at any time in the future, Respondent shall be required to meet any and all  
12 application requirements in effect at the time of such application or renewal request.

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

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

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

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1 **RESPONDENT:**

2 [Redacted]

3 [Redacted]  
4 Joseph Paul Augustavo

10/7/2010  
Date

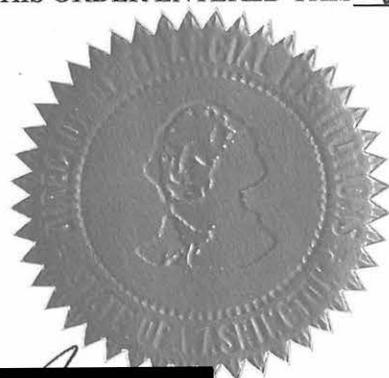
6 [Redacted]

7 Seth A. Rosenberg, WSBA No. 41660  
8 Attorney for Respondent

10/7/2010  
Date

9 DO NOT WRITE BELOW THIS LINE

10 THIS ORDER ENTERED THIS 8<sup>th</sup> DAY OF October, 2010.



11 [Redacted]

12 DEBORAH BORTNER  
13 Director  
14 Division of Consumer Services  
15 Department of Financial Institutions

16 Presented by:

17 [Redacted]

18 MARK T. OLSON  
19 Financial Legal Examiner

20 Approved by:

21 [Redacted]

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:

JOSEPH PAUL AUGUSTAVO,

Respondent.

NO. C-09-442-09-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER AN  
ORDER TO REVOKE LICENSE, PROHIBIT  
FROM INDUSTRY, IMPOSE FINE, 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:

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**I. FACTUAL ALLEGATIONS**

**1.1 Respondent Joseph Paul Augustavo (Respondent)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a loan originator on or about January 12, 2007, and continues to be licensed to date.

**1.2 Residential Mortgage Loan Activity.** From November 2007 through February 2009 (the period of investigation), Respondent originated at least four residential mortgage loans on property located in the State of Washington (the transactions). During the period of investigation, Respondent's loan originator license was associated with Northwest Mortgage Advisors, Inc.<sup>2</sup> (NMA).

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

<sup>2</sup> NMA is a mortgage broker licensed by the Department and was formerly known as First National Home Mortgage Corp.

1 **1.3 Misrepresentation of Borrower Information.** In at least two of the transactions, Respondent  
2 misrepresented Borrower [REDACTED] information to lenders in order to obtain residential mortgage loans totaling  
3 over \$1,200,000. Such information included [REDACTED]'s income, assets, liabilities, and intent to occupy the subject  
4 properties.

- 5 • **Transaction 1** – In or around March 2008, Respondent assisted [REDACTED] in obtaining a \$560,000 residential  
6 mortgage loan to refinance property located at [REDACTED] Seattle, WA (Property 1).
- 7 • **Transaction 2** – In or around March 2008, Respondent assisted [REDACTED] in obtaining a \$675,000 residential  
8 mortgage loan to purchase property located at [REDACTED] Seattle, WA (Property 2).

9 Respondent represented to the lender in each transaction that [REDACTED] would be occupying each subject property as  
10 his primary residence. Respondent did not disclose to either lender that Respondent was originating loans for  
11 [REDACTED] on two properties simultaneously while representing to each lender that [REDACTED] would be occupying each  
12 property as his primary residence. Respondent provided each lender with the same copies of paystubs, W-2s,  
13 bank statements, and investment account statements to document [REDACTED]'s income and assets. NMA's mortgage  
14 broker files for both transactions contained credit reports, residential mortgage loan applications, and initial  
15 disclosures; all dated March 3, 2008<sup>3</sup>. Respondent represented to the lender in Transaction 1 that [REDACTED] intended  
16 to use the proceeds from refinancing Property 1 for a variety of reasons, none of which were to use as a down  
17 payment to purchase another home<sup>4</sup>. Respondent represented to the lender in Transaction 2 that Property 1 was  
18 a rental property generating \$1,800 per month in rental income, was subject to a one-year lease agreement  
19 signed March 4, 2008, and had a mortgage balance of \$280,000. [REDACTED] sold Property 1 in June 2008.

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24 <sup>3</sup> While many of the documents contained in NMA's mortgage broker files contained documents purportedly signed by [REDACTED]  
25 on March 3, 2008, the signatures on these documents are not consistent.

<sup>4</sup> NMA's mortgage broker file for Transaction 1 contained two letters, purportedly signed by [REDACTED]. One letter, dated March  
13, 2008, indicated the purpose of the refinance was to improve the property and for [REDACTED]'s wife to invest in a business  
opportunity. One letter, dated March 17, 2008, indicated the purpose of the refinance was to improve the property. [REDACTED]'s  
signatures on these letters are not consistent.

1 **1.4 Failure to Comply with State Loan Disclosure Requirements.**

2 **A. Loan Fees and Terms.** Respondent did not, within three business days following receipt of a  
3 loan application or any moneys from the borrowers, provide borrowers in at least three of the transactions with  
4 full written disclosures containing an itemization and explanation of all fees and costs the borrowers were  
5 required to pay in connection with obtaining the residential mortgage loans, specifying the fees inuring to the  
6 benefit of NMA, and containing, if a variable rate, the circumstances under which the rate might increase, any  
7 limitation on the increase, the effect of an increase, and an example of the payment terms resulting from an  
8 increase.

9 **B. Rate Lock Disclosure.** Respondent did not, within three business days following receipt of a  
10 loan application or receipt of any moneys from the borrowers or entry of a lock-in agreement with the  
11 borrowers subsequent to initial disclosures or representation to the borrowers that the borrowers had entered  
12 into a lock-in agreement subsequent to initial disclosures, provide borrowers in all of the transactions with full  
13 written disclosures containing the cost, terms, duration, and conditions of a lock-in agreement and whether a  
14 lock-in agreement had been entered, and whether the lock-in agreement was guaranteed by the mortgage broker  
15 or lender, and if a lock-in agreement had not been entered, disclosure in a form acceptable to the Director that  
16 the disclosed interest rate and terms were subject to change.

17 **1.5 Failure to Comply with Federal Loan Disclosure Requirements.**

18 **A. Truth-in-Lending Act.** Respondent did not provide borrowers in at least three of the  
19 transactions with Truth-in-Lending disclosures (TILs) completed in compliance with the Truth-in-Lending Act  
20 and Regulation Z. On these TILs, Respondent: did not disclose that the loan had a variable rate feature; or did  
21 not complete the bottom section of the TIL that identifies the existence of a prepayment penalty, security  
22 interest, assumption policy, and late fees; or both.

23 **B. Real Estate Settlement Procedures Act.** Respondent did not provide borrowers in all of the  
24 transactions with Good Faith Estimate disclosures (GFEs) completed in compliance with the Real Estate  
25 Settlement Procedures Act and Regulation X. In one of the transactions, Respondent improperly disclosed the

1 Yield Spread Premium (YSP) on the GFEs by not describing the fee as a “yield spread premium,” listing the  
2 YSP in an area other than the 800 series of the GFE, or disclosing the YSP as a percentage rather than a dollar  
3 amount or dollar amount range. In three of the transactions, Respondent did not provide any disclosure of the  
4 YSP on the GFE, while these borrowers were ultimately charged YSPs totaling over \$18,000 at the closing of  
5 these three transactions<sup>5</sup>.

6 **1.6 Failure to Display License Numbers.** Respondent did not display his loan originator license number,  
7 or NMA’s mortgage broker license number, on residential mortgage loan applications in at least three of the  
8 transactions.

9 **1.7 On-Going Investigation.** The Department’s investigation into the alleged violations of the Act by  
10 Respondent continues to date.

## 11 II. GROUNDS FOR ENTRY OF ORDER

12 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12), “Mortgage Broker” means any  
13 person who for compensation or gain, or in the expectation of compensation or gain (a) makes a residential  
14 mortgage loan or assists a person in obtaining or applying to obtain a residential mortgage loan or (b) holds  
15 himself or herself out as being able to make a residential mortgage loan or assist a person in obtaining or  
16 applying to obtain a residential mortgage loan.

17 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010(10), “Loan Originator” means a natural  
18 person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates  
19 terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect  
20 compensation or gain. "Loan originator" also includes a person who holds themselves out to the public as able  
21 to perform any of these activities. "Loan originator" does not mean persons performing purely administrative or  
22 clerical tasks for a mortgage broker. For the purposes of this subsection, "administrative or clerical tasks"  
23 means the receipt, collection, and distribution of information common for the processing of a loan in the  
24 mortgage industry and communication with a borrower to obtain information necessary for the processing of a  
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<sup>5</sup> NMA issued credits totaling over \$7,000 to the borrowers toward closing costs at the closing of two of these transactions.

1 loan. A person who holds himself or herself out to the public as able to obtain a loan is not performing  
2 administrative or clerical tasks.

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

7 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent is in  
8 apparent violation of RCW 19.146.0201:

- 9 • (1) for directly or indirectly employing a scheme, device or artifice to defraud or mislead borrowers or  
10 lenders or any person;
- 11 • (2) for engaging in an unfair or deceptive practice toward any person;
- 12 • (3) for obtaining property by fraud or misrepresentation;
- 13 • (6) for failing to make disclosures to loan applicants and noninstitutional investors as required by RCW  
14 19.146.030 and any other applicable state or federal law;
- 15 • (7) for making, in any manner, any false or deceptive statement or representation with regard to the  
16 rates, points, or other financing terms or conditions for a residential mortgage loan or engaging in bait  
17 and switch advertising;
- 18 • (11) for failing to comply with any requirements of the Truth-in-Lending Act, 15 U.S.C. Sec. 1601, and  
19 Regulation Z, 12 C.F.R. Sec. 226 and for failing to comply with any requirements of the Real Estate  
20 Settlement Procedures Act, 12 U.S.C. Sec. 2601, and Regulation X, 24 C.F.R. Sec. 3500;
- 21 • (15) for failing to comply with any provision of RCW 19.146.030 through 19.146.080.

22 **2.5 Requirement to Disclose Residential Mortgage Loan Fees and Terms.** Based on the Factual  
23 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 19.146.030(1) & (2)(a) for  
24 failing, within three business days following receipt of a loan application or any moneys from the borrowers, to  
25 provide borrowers with full written disclosures containing an itemization and explanation of all fees and costs

1 the borrowers were required to pay in connection with obtaining residential mortgage loans, specifying the fees  
2 inuring to the benefit of NMA, and containing, if a variable rate, the circumstances under which the rate might  
3 increase, any limitation on the increase, the effect of an increase, and an example of the payment terms resulting  
4 from an increase.

5 **2.6 Requirement to Disclose Rate Lock Information.** Based on the Factual Allegations set forth in  
6 Section I above, Respondent is in apparent violation of RCW 19.146.030(1), (2)(c), & (3) for failing, within  
7 three business days following receipt of a loan application or receipt of any moneys from the borrowers or entry  
8 of a lock-in agreement with the borrowers subsequent to initial disclosures or representation to the borrowers  
9 that the borrowers had entered into a lock-in agreement subsequent to initial disclosures, to provide borrowers  
10 with full written disclosures containing the cost, terms, duration, and conditions of a lock-in agreement and  
11 whether a lock-in agreement had been entered, and whether the lock-in agreement was guaranteed by the  
12 mortgage broker or lender, and if a lock-in agreement had not been entered, disclosure in a form acceptable to  
13 the Director that the disclosed interest rate and terms were subject to change.

14 **2.7 Requirement to Display License Number.** Based on the Factual Allegations set forth in Section I  
15 above, Respondent is in apparent violation of WAC 208-660-350(25) & (26) for failing to display his loan  
16 originator license number and the name and license number of the mortgage broker he is associated with when  
17 taking residential mortgage loan applications.

### 18 III. AUTHORITY TO IMPOSE SANCTIONS

19 **3.1 Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(e), the Director may revoke licenses  
20 for any violation of the Act.

21 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue  
22 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed  
23 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker  
24 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9), or RCW  
25 19.146.030 through RCW 19.146.080.

1 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), the Director may impose fines against  
2 licensees or other persons subject to the Act for any violation of the Act. Pursuant to RCW 19.146.220(3)(a),  
3 the Director may impose fines on an employee, loan originator, independent contractor, or agent of the licensee,  
4 or other person subject to the Act for any violation of RCW 19.146.0201(1) through (9), or RCW 19.146.030  
5 through RCW 19.146.080.

6 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-550(4)(a),  
7 the Department will charge forty-eight dollars per hour for an examiner's time devoted to an investigation of the  
8 books and records of a licensee or other person subject to the Act.

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 set forth  
11 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis  
12 for the entry of an Order under RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223. Therefore, it is the  
13 Director's intention to ORDER that:

14 **4.1** Respondent Joseph Paul Augustavo's license to conduct the business of a loan originator be revoked.

15 **4.2** Respondent Joseph Paul Augustavo be prohibited from participation in the conduct of the affairs of any  
16 mortgage broker subject to licensure by the Director, in any manner, for a period of ten years.

17 **4.3** Respondent Joseph Paul Augustavo pay a fine. As of the date of this Statement of Charges, the fine totals  
18 \$15,000.

19 **4.4** Respondent Joseph Paul Augustavo pay an investigation fee. As of the date of this Statement of Charges,  
20 the investigation fee totals \$672.

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**V. AUTHORITY AND PROCEDURE**

This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, Impose Fine, 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 November, 2009.

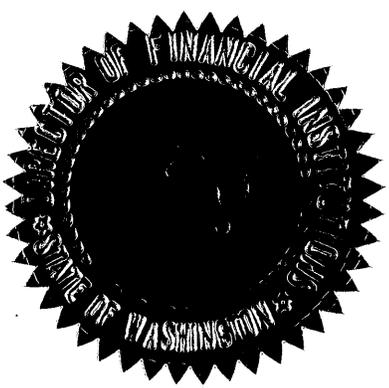
[Redacted Signature]

DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

[Redacted Signature]

MARK T. OLSON  
Financial Examiner



Approved by:

[Redacted Signature]

JAMES R. BRUSSELBACK  
Enforcement Chief