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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-09-462-10-FO01

APS NORTHWEST IDAHO, LLC,
d/b/a HOMEMODIFIER,
CLINT T. PAULSEN, Owner,
TRAVIS W. SMITH, Owner, and
RANDY P. ALLEN, Owner,

FINAL ORDER

Respondents.

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 April 5, 2010, the Director, through Consumer Services Division Director Deborah Bortner, entered a 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). 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 April 8, 2010, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen, Travis W. Smith, and Randy P. Allen (collectively Respondents). The Department served the Statement of Charges, cover letter dated April 8, 2010, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for APS Northwest Idaho,

FINAL ORDER –
C-09-462-10-FO01
APS NORTHWEST IDAHO, LLC,
d/b/a HOMEMODIFIER
CLINT T. PAULSEN
TRAVIS W. SMITH
RANDY P. ALLEN

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DEPARTMENT OF FINANCIAL INSTITUTIONS
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
360-902-8703

1 LLC, d/b/a HomeModifier, Clint T. Paulsen, Travis W. Smith, and Randy P. Allen on Respondents on
2 April 8, 2010, by First-Class mail and Federal Express overnight delivery. On April 9, 2010, the
3 documents sent via Federal Express overnight delivery to Respondent Paulsen were delivered and
4 signed for by "C. Paulsen." On April 12, 2010, the documents sent via Federal Express overnight
5 delivery to Respondent Allen were delivered and signed for by "E. Allen." On April 16, 2010, the
6 documents sent via Federal Express overnight delivery to Respondent Smith were delivered and
7 signed for by "T. Smith." The documents sent via First-Class mail were not returned to the
8 Department by the United States Postal Service as undeliverable.

9
10 Respondents APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen, Travis W.
11 Smith, and Randy P. Allen did not request an adjudicative hearing within 20 calendar days after the
12 Department served them with the Notice of Opportunity to Defend and Opportunity for Hearing, as
13 provided for in WAC 208-08-050(2).

14 B. Record Presented. The record presented to the Director's designee for her review and
15 for entry of a final decision included the Statement of Charges, cover letter dated April 8, 2010, Notice of
16 Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for
17 APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen, Travis W. Smith, and Randy P.
18 Allen, with documentation of service.

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

21 II. FINAL ORDER

22
23 Based upon the foregoing, and the Director's designee having considered the record and
24 being otherwise fully advised, NOW, THEREFORE:

25 FINAL ORDER –
C-09-462-10-FO01
APS NORTHWEST IDAHO, LLC,
d/b/a HOMEMODIFIER
CLINT T. PAULSEN
TRAVIS W. SMITH
RANDY P. ALLEN

1 A. IT IS HEREBY ORDERED, that:

- 2 1. Respondent APS Northwest Idaho, LLC, d/b/a HomeModifier, is prohibited from
3 participation in the conduct of the affairs of any mortgage broker subject to licensure
4 by the Director, in any manner, for a period of five years;
- 5 2. Respondent Clint T. Paulsen is prohibited from participation in the conduct of the
6 affairs of any mortgage broker subject to licensure by the Director, in any manner, for
7 a period of five years;
- 8 3. Respondent Travis W. Smith is prohibited from participation in the conduct of the
9 affairs of any mortgage broker subject to licensure by the Director, in any manner, for
10 a period of five years;
- 11 4. Respondent Randy P. Allen is prohibited from participation in the conduct of the
12 affairs of any mortgage broker subject to licensure by the Director, in any manner, for
13 a period of five years;
- 14 5. Respondents APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen,
15 Travis W. Smith, and Randy P. Allen shall jointly and severally pay a fine in the
16 amount of \$10,000;
- 17 6. Respondents APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen,
18 Travis W. Smith, and Randy P. Allen shall jointly and severally pay restitution to the
19 following borrowers in the amount set forth:
- | | |
|------------------------------------|----------|
| 20 Borrower R.B. | \$ 1,500 |
| 21 Borrower M.C. | \$ 1,500 |
| 22 Borrower R.I. | \$ 1,200 |
- 23 7. Respondents APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen,
24 Travis W. Smith, and Randy P. Allen shall jointly and severally pay an investigation
25 fee in the amount of \$528; and
- 26 8. Respondents APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen,
27 Travis W. Smith, and Randy P. Allen shall maintain records in compliance with the
28 Act and provide the Department with the location of the books, records and other
29 information relating to Respondents' mortgage broker business, and the name, address
30 and telephone number of the individual responsible for maintenance of such records in
31 compliance with the Act.

32 //

33 //

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

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

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

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

17 E. Non-compliance with Order. If you do not comply with the terms of this order, the
18 Department may seek its enforcement by the Office of Attorney General to include the collection of the
19 fines, fees, and restitution imposed herein.
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21

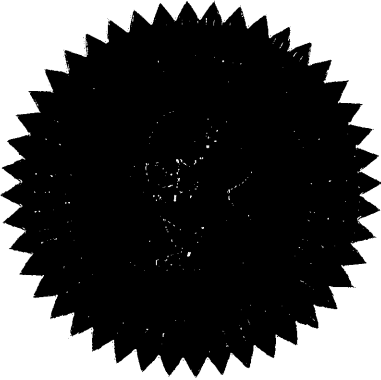
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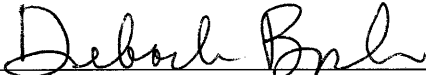
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1 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for
2 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
3 attached hereto.

4 DATED this 20th day of May, 2010.



6 STATE OF WASHINGTON
7 DEPARTMENT OF FINANCIAL INSTITUTIONS

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9 _____
10 DEBORAH BORTNER
11 DIRECTOR
12 DIVISION OF CONSUMER SERVICES

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25 FINAL ORDER –
C-09-462-10-FO01
APS NORTHWEST IDAHO, LLC,
d/b/a HOMEMODIFIER
CLINT T. PAULSEN
TRAVIS W. SMITH
RANDY P. ALLEN

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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-09-462-10-SC01

APS NORTHWEST IDAHO, LLC,
d/b/a HOMEMODIFIER,
CLINT T. PAULSEN, Owner,
TRAVIS W. SMITH, Owner, and
RANDY P. ALLEN, Owner,

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

Respondents.

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). 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. **APS Northwest Idaho, LLC, d/b/a/ HomeModifier (Respondent APS)** has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker. Respondent APS is known to have conducted the business of a mortgage broker at two locations:

1616 E. Seltice Way, Post Falls, Idaho

12810 E. Nora Avenue, Suite A, Spokane, Washington

B. **Clint T. Paulsen (Respondent Paulsen)** is alleged to be an owner and incorporator of Respondent APS.

1 C. **Travis W. Smith (Respondent Smith)** is alleged to be an owner and incorporator of
2 Respondent APS.

3 D. **Randy P. Allen (Respondent Allen)** is alleged to be an owner and incorporator of Respondent
4 APS.

5 **1.2 Unlicensed Activity.** Between January 1, 2009, and June 30, 2009, Respondents assisted at least three
6 borrowers in applying to modify their residential mortgage loans on property located in the State of Washington
7 from the unlicensed locations described above. The borrowers involved in these transactions paid advance fees
8 to Respondents totaling \$4,200 as follows:

9	Borrower R.B.	\$ 1,500
10	Borrower M.C.	\$ 1,500
	Borrower R.I.	\$ 1,200

11 **1.3 Prohibited Acts.** In each of the transactions referenced in paragraph 1.2, Respondents did not provide
12 the contracted loan modification services and did not refund the borrower's fee.

13 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
14 Respondents continues to date.

15 II. GROUNDS FOR ENTRY OF ORDER

16 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(14), "Mortgage broker' means any
17 person who for compensation or gain, or in the expectation of compensation or gain (a) assists a person in
18 obtaining or applying to obtain a residential mortgage loan or (b) holds himself or herself out as being able to
19 assist a person in obtaining or applying to obtain a residential mortgage loan." Pursuant to WAC 208-660-006,
20 a person "assists a person in obtaining or applying to obtain a residential mortgage loan' by, among other
21 things, counseling on loan terms (rates, fees, other costs), [and] preparing loan packages...."

22 **2.2 Requirement to Obtain a Mortgage Broker License.** Based on the Factual Allegations set forth in
23 Section I above, Respondents are in apparent violation of RCW 19.146.200 for engaging in the business of a
24 mortgage broker for Washington residents or property without first obtaining a license to do so.

25

1 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents are in
2 apparent violation of RCW 19.146.0201(1), (2), (3), for directly or indirectly employing a scheme, device or
3 artifice to defraud or mislead borrowers or lenders or any person, engaging in an unfair or deceptive practice
4 toward any person, and obtaining property by fraud or misrepresentation.

5 III. AUTHORITY TO IMPOSE SANCTIONS

6 **3.1 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
7 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
8 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
9 or any person subject to licensing under the Act for any violation of RCW 19.146.200.

10 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), the Director may impose a fine for any
11 violation of the Act.

12 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2)(e), the Director may order restitution
13 for any violation of the Act.

14 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-550, the
15 Department may collect the costs of investigation. The investigation charge will be calculated at the rate of \$48 per
16 hour that each examiner devoted to the investigation.

17 IV. NOTICE OF INTENTION TO ENTER ORDER

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

22 **4.1** Respondent APS Northwest Idaho, LLC, d/b/a HomeModifier, be prohibited from participation in the
23 conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a
24 period of five years;

25 **4.2** Respondent Clint T. Paulsen 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;

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- 4.3 Respondent Travis W. Smith 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;
- 4.4 Respondent Randy P. Allen 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;
- 4.5 Respondents APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen, Travis W. Smith, and Randy P. Allen jointly and severally pay a fine which as of the date of these charges totals \$10,000;
- 4.6 Respondents APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen, Travis W. Smith, and Randy P. Allen jointly and severally pay restitution to at least those borrowers more specifically set forth in paragraph 1.2 above in the amount stated therein;
- 4.7 Respondents APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen, Travis W. Smith, and Randy P. Allen jointly and severally pay an investigation fee which as of the date of these charges totals \$528, calculated at \$48 per hour for the 11 examiner hours devoted to the investigation; and
- 4.8 Respondents APS Northwest Idaho, LLC, d/b/a HomeModifier, Clint T. Paulsen, Travis W. Smith, and Randy P. Allen maintain records in compliance with the Act and provide the Department with the location of the books, records and other information relating to Respondents' mortgage broker business, and the name, address and 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 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). 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 5th day of April, 2010.



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. Brusselback

JAMES R. BRUSSELBACK
Enforcement Chief