

Terms Completed

ORDER SUMMARY – Case Number: C-10-301-12-CO01

Name(s): 1st Rate Home Mortgage Inc
Jasjit Singh Chugh

Order Number: C-10-301-12-CO01

Effective Date: March 28, 2012

License Numbers: NMLS: 37411; DFI: 49611 [NMLS: MLO-83301]
Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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: None

Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: N/A

Investigation Costs	\$528	Due: Now	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$10,000	Due: Now	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: _____

RECEIVED

MAR 27 2012

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

1 IN THE MATTER OF DETERMINING: No.: C-10-301-12-CO01
2 Whether there has been a violation of the
3 Mortgage Broker Practices Act of Washington by: CONSENT ORDER
4
5 1ST RATE HOME MORTGAGE, INC., and
6 JASJIT SINGH, Designated Broker,
7
8 Respondents.

8 COMES NOW the Director of the Department of Financial Institutions (Director), through his
9 designee Deborah Bortner, Division Director, Division of Consumer Services, and 1st Rate Home
10 Mortgage, Inc. (Respondent First Rate) Jasjit Singh, Designated Broker (Respondent Singh), and
11 finding that the issues raised in the above-captioned matter may be economically and efficiently
12 settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter
13 19.146 of the Revised Code of Washington (RCW) and RCW 34.05.060 of the Administrative
14 Procedure Act based on the following:

15 **AGREEMENT AND ORDER**

16 The Department of Financial Institutions, Division of Consumer Services (Department) and
17 Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges
18 No. C-10-301-11-SC01 (Statement of Charges), entered December 9, 2011, (copy attached hereto).
19 Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act), and RCW 34.05.060 of
20 the Administrative Procedure Act, Respondents hereby agree to the Department's entry of this
21 Consent Order and further agree that the issues raised in the above-captioned matter may be
22 economically and efficiently settled by entry of this Consent Order. The parties intend this Consent
23 Order to fully resolve the Statement of Charges. Respondents are agreeing not to contest the
24 Statement of Charges in consideration of the terms of this Consent Order.

CONSENT ORDER
C-10-301-12-CO01
1st Rate Home Mortgage, Inc.
Jasjit Singh

1

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902.8703

1 Based upon the foregoing:

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

4 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a
5 hearing before an administrative law judge, and hereby waive their right to a hearing and any and all
6 administrative and judicial review of the issues raised in this matter, or of the resolution reached
7 herein. Accordingly, Respondents, by their signatures below, withdraw their appeal to the Office of
8 Administrative Hearings.

9 C. **No Admission of Liability.** It is AGREED that Respondents do not admit to any
10 wrongdoing by entry of this Consent Order.

11 D. **Fine.** It is AGREED that Respondents shall pay a fine to the Department in the amount of
12 \$10,000 in the form of a cashier's check made payable to the "Washington State Treasurer" upon
13 entry of this Consent Order.

14 E. **Investigation Fee.** It is AGREED that Respondents shall pay to the Department an
15 investigation fee of \$528 in the form of a cashier's check made payable to the "Washington State
16 Treasurer" upon entry of this Consent Order. The Fine and Investigation Fee may be paid together in
17 one \$10,528 cashier's check made payable to the "Washington State Treasurer."

18 F. **Rights of Non-Parties.** It is AGREED that the Department does not represent or have the
19 consent of any person or entity not a party to this Consent Order to take any action concerning their
20 personal legal rights. It is further AGREED that for any person or entity not a party to this Consent
21 Order, this Consent Order does not limit or create any private rights or remedies against Respondents,
22 limit or create liability of Respondents, or limit or create defenses of Respondents to any claims.

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DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 28th DAY OF March, 2012



[Redacted signature]

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

[Redacted signature]

STEVEN C. SHERMAN
Financial Legal Examiner

Approved by:

[Redacted signature]

JAMES R. BRUSSELBACK
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:

1ST RATE HOME MORTGAGE, INC., and
JASJIT SINGH, Designated Broker,

Respondents.

No. C-10-301-11-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO ORDER RESTITUTION,
IMPOSE FINE, 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)¹. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of 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. **1st Rate Home Mortgage, Inc.(1st Rate)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on or about September 9, 2008, and continues to be licensed to date.

B. **Jasjit Singh (Singh)** is Designated Broker of Respondent 1st Rate. Respondent Singh was named Designated Broker of Respondent 1st Rate on or about September 9, 2008, and continues to be Designated Broker to date.

¹ RCW 19.146 (2006)
STATEMENT OF CHARGES
C-10-301-11-SC01
1st Rate Home Mortgage, Inc.
Jasjit Singh

1 **1.2 Unlicensed Loan Originator Activity.** Between at least March 18, 2009, and July 1, 2009,
2 Respondents 1st Rate and Singh permitted unlicensed loan originator Alicia Hall to assist at least
3 eight borrowers in obtaining residential mortgage loans. Respondent 1st Rate collected at least
4 \$22,052.11 in fees at the closing of these transactions, of which at least \$9,756.45 was paid to Ms.
5 Hall.

6 **1.3 Failure to Maintain Funds in Trust.** At the time of the initial licensure of Respondent 1st
7 Rate, Respondent Singh provided the Department with a notarized "Washington Mortgage Broker
8 Trust Monies Alternative Certificate of Compliance" containing the following language:

9 "I, the undersigned, designated broker of the above listed entity, an applicant for licensing
10 under chapter 19.146 RCW, The Mortgage Broker Practices Act (the "Act"), certify that I
11 have read and understand RCW 19.146.050 and WAC 208-660-410, containing the
12 requirements for the management of borrowers' funds. I realize that any violation of this
13 section of the Act is a Class C Felony.

14 I further warrant that the above company and its principals, mortgage brokers, employees,
15 loan originators, and independent contractors will not, at any time, up to and including the
16 closing of a loan and disbursement of any monies associated with the loan, accept monies
17 from a borrower, or from a third-party (e.g., an escrow agent) on behalf of a borrower, for the
18 purposes of payment for services (e.g., an appraisal or credit report) provided by third
19 parties."

20 In at least half of the residential mortgage loan transactions referenced in paragraph 1.2 above,
21 Respondent 1st Rate received trust funds on behalf of borrowers for the payment of third-party
22 provider services (appraisals and credit reports), from the closing agent at the closing of the related
23 residential mortgage loans.

24 **1.4 Failure to Maintain Books and Records.** In at least two of the loans referenced in
paragraph 1.2 above, Respondents 1st Rate and Singh did not obtain a complete loan file from the
loan originator (Alicia Hall), and thereby did not obtain or maintain the complete loan file for the
transaction.

1 **1.5 On-Going Investigation.** The Department’s investigation into the alleged violations of the
2 Act by Respondents continues to date.

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

4 **2.1 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245, a licensed
5 mortgage broker is liable for any conduct violating the Act by the designated broker or a loan
6 originator while employed or engaged by the licensed mortgage broker.

7 **2.2 Responsibility of Designated Broker.** Pursuant to RCW 19.146.200(4), a designated broker
8 is responsible for a licensee’s, employee’s, or independent contractor’s violations of the Act if the
9 designated broker, by the exercise of reasonable care and inquiry, should have known of the conduct
10 at a time when its consequences can be avoided or mitigated.

11 **2.3 Definition of Loan Originator.** Pursuant to RCW 19.146.010(11) and WAC 208-660-006,
12 “Loan originator” includes a natural person who for direct or indirect compensation or gain, or in the
13 expectation of direct or indirect compensation or gain, takes a residential mortgage loan application
14 for a mortgage broker.

15 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
16 are in apparent violation of RCW 19.146.020(2) and (3) for engaging in an unfair or deceptive
17 practice toward any person and obtaining property by misrepresentation.

18 **2.5 Requirement to Maintain Funds for Payment of Third-Party Providers in Trust.** Based
19 on the Factual Allegations set forth in Section I above, Respondents 1st Rate and Singh are in
20 apparent violation of RCW 19.146.050 and WAC 208-660-400 for failing to deposit funds received
21 on behalf of a borrower for payment of third-party provider services in a trust account of a federally
22 insured financial institution located in this state, prior to the end of the third business day following
23 receipt of such monies.

1 **2.6 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
2 Allegations set forth in Section I above, Respondents 1st Rate and Singh are in apparent violation of
3 RCW 19.146.200(1) and WAC 208-660-155 for utilizing the services of unlicensed loan originators
4 to assist borrowers with applying for and obtaining residential mortgage loans through Respondent 1st
5 Rate.

6 **2.7 Requirement to Maintain Accurate and Current Books and Records.** Based on the
7 Factual Allegations set forth in Section I above, Respondents 1st Rate and Singh are in apparent
8 violation of RCW 19.146.060 and WAC 208-660-450 for failing to keep all books and records in a
9 location that is on file with and readily available to the Department until at least twenty-five months
10 have elapsed following the effective period to which the books and records relate.

11 **III. AUTHORITY TO IMPOSE SANCTIONS**

12 **3.1 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
13 restitution against licensees or other persons subject to the Act for any violation of the Act.

14 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
15 against a licensee or other persons subject to the Act for any violation of the Act.

16 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-
17 520(9) & (11), and WAC 208-660-550(4)(a), the Department may collect the costs of investigation.
18 The Department will charge \$48 per hour for an examiner's time devoted to an investigation of a
19 licensee or other person subject to the Act.

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

21 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC,
22 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
23

1 Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, and
2 RCW 19.146.223. Therefore, it is the Director's intention to ORDER that:

3 **4.1** Respondents 1st Rate Home Mortgage, Inc. and Jasjit Singh jointly and severally pay a fine
4 which as of the date of this Statement of Charges totals \$20,000.

5 **4.2** Respondents 1st Rate Home Mortgage, Inc., Jasjit Singh jointly and severally pay restitution
6 totaling \$21,556.11 to the seven borrowers identified in the attached Restitution Schedule.

7 **4.3** Respondents 1st Rate Home Mortgage, Inc., Jasjit Singh jointly and severally pay an
8 investigation fee which as of the date of this Statement of Charges totals \$528.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter
4 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a
5 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
6 HEARING accompanying this Statement of Charges.

7
8 Dated this 9th day of December, 2011



9 [Redacted signature]

10 DEBORAH BORTNER
11 Director
12 Division of Consumer Services
13 Department of Financial Institutions

14 Presented by:

15 [Redacted signature]

16 STEVEN C. SHERMAN
17 Financial Legal Examiner

18 Approved by:

19 [Redacted signature]

20 JAMES R. BRUSSELBACK
21 Enforcement Chief

1 **RESTITUTION**

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Borrower	Loan Number	Amount
J.B.	208994745	\$4,061.89
N.D.	9519040571	\$1,495.00
L.M.	9519032158	\$2,665.00
D.M.	0000648584	\$4,449.22
M.R.	9519040572	\$2,245.00
W.S.	9519032821	\$3,845.00
H.S.	9519032157	\$2,795.00
	TOTAL	\$21,556.11