

**TERMS COMPLETE**

**ORDER SUMMARY – Case Number: C-10-448**

**Name(s):** Columbia Mortgage Capital Corporation  
Ross David Farr

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**Order Number:** C-10-448-13-CO02

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**Effective Date:** March 15, 2013

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**License Number:** DFI: 27307 NMLS ID: 1934 – Columbia  
DFI: 27333 NMLS ID 87635 – Farr

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**Or NMLS Identifier [U/L]**

**License Effect:** Surrendered – Columbia  
Expired 12/31/12 – Farr

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**Not Apply Until:** March 15, 2015

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**Not Eligible Until:** N/A

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**Prohibition/Ban Until:** N/A

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<b>Investigation Costs</b>	\$1,008	Due: Upon Entry of Consent Order	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 03/13/13
<b>Fine</b>	\$7,000	Due Upon Entry of Consent Order	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 03/13/13
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

**Comments:**  


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RECEIVED

MAR 13 2013

Enforcement Unit  
Division of Consumer Services  
Dept. of Financial Institutions

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-10-448-13-CO02

CONSENT ORDER

COLUMBIA MORTGAGE CAPITAL  
CORPORATION, NMLS# 1934; and

ROSS DAVID FARR, Owner, Designated  
Broker, and Loan Originator, NMLS# 87635,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Columbia Mortgage Capital Corporation (Respondent Columbia), and Ross David Farr, Owner, Former Designated Broker, and Loan Originator (Respondent Farr), 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 Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-10-448-12-SC02 (Statement of Charges), entered September 27, 2012, (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, Respondents hereby agree to the Department's entry of this Consent Order and further agree that the issues raised in the above-captioned matter may be

1 economically and efficiently settled by entry of this Consent Order. The parties intend this Consent  
2 Order to fully resolve the Statement of Charges.

3 Based upon the foregoing:

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

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

11 **C. Loan Originator License Required.** It is AGREED that Respondents shall permanently  
12 cease and desist from utilizing the services of any natural person to engage in the business of a loan  
13 originator unless such natural person is licensed as a loan originator by the Department in accordance  
14 with the Act or qualifies for an exemption from licensure as delineated in the Act.

15 **D. Mortgage Broker License Surrender.** It is AGREED that Respondent Columbia  
16 voluntarily surrenders its mortgage broker license upon entry of this Consent Order. It is further  
17 AGREED that Respondents shall fully and promptly cooperate with the Department to facilitate the  
18 voluntary surrender of the mortgage broker license in accordance with the Act, including submitting  
19 any and all required surrender request(s) through the NMLS and any and all required closure form(s)  
20 to the Department.

21 **E. Loan Originator License Expired.** It is AGREED that Respondent Farr's loan  
22 originator license expired effective December 31, 2012, and Respondent Farr does not currently hold  
23 a loan originator license.

1           **F. Application for License.** It is AGREED that, for a period of two years from the date of  
2 entry of this Consent Order, Respondents shall not apply to the Department<sup>1</sup> for any license under  
3 any name. It is further AGREED that, should Respondents apply to the Department for any license  
4 under any name at any time later than two years from the date of entry of this Consent Order, such  
5 applying Respondents shall be required to meet any and all application requirements in effect at that  
6 time.

7           **G. Fine.** It is AGREED that Respondents shall pay a fine to the Department in the amount of  
8 \$7,000, in the form of a cashier's check made payable to the "Washington State Treasurer," upon  
9 entry of this Consent Order.

10           **H. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an  
11 investigation fee of \$1,008, in the form of a cashier's check made payable to the "Washington State  
12 Treasurer," upon entry of this Consent Order. The Fine and Investigation Fee may be paid together  
13 in one \$8,008 cashier's check made payable to the "Washington State Treasurer."

14           **I. Authority to Execute Order.** It is AGREED that Respondent Farr has represented and  
15 warranted that he has the full power and right to execute this Consent Order on behalf of himself and  
16 Respondent Columbia.

17           **J. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to  
18 abide by the terms and conditions of this Consent Order may result in further legal action by the  
19 Director. In the event of such legal action, Respondents may be responsible to reimburse the Director  
20 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

21           **K. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this  
22 Consent Order, which is effective when signed by the Director's designee.

23 <sup>1</sup> As noted on the first page of this Consent Order, "Department" means the Department of Financial  
24 Institutions, Division of Consumer Services.

1 L. **Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read  
2 this Consent Order in its entirety and fully understand and agree to all of the same.

3 **RESPONDENTS:**

4 **Columbia Mortgage Capital Corporation**

5 By:

6 [Redacted Signature]

7 Ross David Farr  
Owner

11 MARCH 2013  
Date

8 [Redacted Signature]

9 Ross David Farr  
Individually

11 MARCH 2013  
Date

11 DO NOT WRITE BELOW THIS LINE

12 THIS ORDER ENTERED THIS 15<sup>th</sup> DAY OF March, 2013



13 [Redacted Signature]

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

17 Presented by:

18 [Redacted Signature]

19 STEVEN C. SHERMAN  
20 Financial Legal Examiner Supervisor

21 Approved by:

22 [Redacted Signature]

23 CHARLES E. CLARK  
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:

COLUMBIA MORTGAGE CAPITAL  
CORPORATION, NMLS# 1934; and  
  
ROSS DAVID FARR, Owner, Designated  
Broker, and Loan Originator, NMLS# 87635,

Respondents.

No. C-10-448-12-SC02

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO SUSPEND LICENSES,  
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). 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 Respondents.**

A. **Columbia Mortgage Capital Corporation (Respondent Columbia)** was licensed by  
the Department of Financial Institutions of the State of Washington (Department) to conduct business  
as a mortgage broker on or about December 8, 2004, and continues to be licensed to date.

B. **Ross David Farr (Respondent Farr)** is the owner of Respondent Columbia.  
Respondent Farr has been Respondent Columbia's Designated Broker since its initial licensure on or

1 about December 8, 2004. Respondent Farr was licensed by the Department to conduct business as a  
2 loan originator on or about January 1, 2007, and continues to be licensed to date.

3 **1.2 Unlicensed Loan Originator Activity.** On or about December 31, 2010, the mortgage  
4 broker license of Horizon Mortgage and Investment Company (Horizon) and the loan originator  
5 license of Douglas Alan Huntington (Huntington), Horizon's owner and designated broker, both  
6 expired. From January 1, 2011, through the date of this Statement of Charges, neither Horizon nor  
7 Huntington has held a mortgage broker or loan originator license from the Department. From at least  
8 in or around March 2011 through at least in or around June 2011, Respondents accepted at least 25  
9 residential mortgage loan applications that had been taken by Huntington and other unlicensed  
10 individuals associated with Horizon. Respondents processed these residential mortgage loan  
11 applications as though they had been taken by Respondent Farr for Respondent Columbia. At least  
12 three of these residential mortgage loan applications resulted in residential mortgage loans closed  
13 under Respondent Columbia's mortgage broker license and Respondent Farr's loan originator  
14 license. Respondents paid Horizon and Huntington at least \$19,344.78 for originating at least these  
15 three residential mortgage loans.

16 **1.3 False Statement to the Department.** On or about June 2, 2011, Department personnel  
17 visited Respondent Farr at Respondent Columbia's main licensed location to discuss the  
18 Department's investigation of Horizon and Huntington. During this visit, Respondent Farr told  
19 Department personnel that the \$19,344.78 in payments from Respondents to Horizon and Huntington  
20 were made pursuant to an agreement by Respondents to purchase the assets of Horizon, and  
21 Respondent Farr provided a copy of the alleged purchase agreement to Department personnel.

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1 On or about June 3, 2011, Respondent Farr sent Department personnel an email including:

2 "There is no truth to my earlier statement to you that I had an executed agreement with  
3 Douglas Huntington to purchase assets from Horizon Mortgage. In leading you to think  
4 that there was, I have brought dishonor upon myself, and before my Maker I am  
5 ashamed. I am at heart an honest man, but a conflicted man, presently so fearful of our  
6 unknown future, and worried every day of my life. This condition brought me to accept  
7 what I believed was a very temporary arrangement with Mr. Huntington, who did assure  
8 me he had his licensing issues squared away, and wherein I acted in the capacity of  
9 originator for the loan files Mr. Huntington provided. This condition also brought me to  
10 a moment of weakness wherein I sought to cover my mistakes before you, instead of  
11 owning them...

12 ...I am sorry to the core for the unacceptable dishonesty to which I succumbed...I hereby  
13 submit to whatever retribution is coming my way at your hand...I know not what  
14 consequences I have purchased with the false and misleading statement I made  
15 concerning the agreement between Mr. Huntington and me, but I will own them  
16 nevertheless...

17 In the end, the only agreement that really and truly exists between Douglas Huntington  
18 and myself is that I would originate and fund mortgages for his borrowers, mortgage data  
19 for which was largely supplied by Mr. Huntington and/or his associates....

20 The compensation paid to Horizon Mortgage was in tandem with closing loans, in my  
21 name, the data for which were supplied by Horizon Mortgage, but there was nothing  
22 formal about the arrangement, as yesterday I led you to believe. It was entirely a verbal  
23 agreement, reached sometime in early March, 2011, the specific date eluding me and not  
24 recorded anywhere. At that time I mentioned that the compensation must be in exchange  
for something of value or some other service provided to my company, though nothing  
more on the matter was developed....

The above statements are true every whit, and under penalty of perjury do I make the  
same."

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

## II. GROUNDS FOR ENTRY OF ORDER

2.1 **Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(14) and WAC 208-660-006,  
"Mortgage broker" includes any person who for compensation or gain, or in the expectation of  
compensation or gain, assists 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(11) and WAC 208-660-006,  
2 “Loan originator” includes a natural person who for direct or indirect compensation or gain, or in the  
3 expectation of direct or indirect compensation or gain: takes a residential mortgage loan application  
4 for a mortgage broker; or offers or negotiates terms of a mortgage loan.

5 **2.3 Definition of Designated Broker.** Pursuant to RCW 19.146.010(6) and WAC 208-660-006,  
6 “Designated broker” means a natural person designated as the person responsible for activities of the  
7 licensed mortgage broker in conducting the business of a mortgage broker under the Act.

8 **2.4 Responsibility for Violations of the Act.** Pursuant to RCW 19.146.245 and WAC 208-660-  
9 155(4), a licensed mortgage broker is liable for any conduct violating the Act by the designated  
10 broker or a loan originator while employed or engaged by the licensed mortgage broker. Pursuant to  
11 RCW 19.146.200(3) and WAC 208-660-155(5), every licensed mortgage broker must at all times  
12 have a designated broker responsible for all activities of the mortgage broker in conducting the  
13 business of a mortgage broker. Pursuant to RCW 19.146.200(3) and WAC 208-660-155(5), a  
14 designated broker, principal, or owner who has supervisory authority over a mortgage broker is  
15 responsible for a licensee’s, employee’s, or independent contractor’s violations of the Act if: the  
16 designated broker, principal, or owner directs or instructs the conduct or, with knowledge of the  
17 specific conduct, approves or allows the conduct; or the designated broker, principal, or owner who  
18 has supervisory authority over the licensed mortgage broker knows or by the exercise of reasonable  
19 care and inquiry should have known of the conduct, at a time when its consequences can be avoided  
20 or mitigated and fails to take reasonable remedial action.

21 **2.5 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents  
22 are in apparent violation of RCW 19.146.0201(2) and (8) for engaging in an unfair or deceptive  
23 practice toward any person, and for negligently making a false statement or knowingly and willfully

1 making an omission of material fact in connection with an investigation conducted by the  
2 Department.

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

### 7 III. AUTHORITY TO IMPOSE SANCTIONS

8 **3.1 Authority to Suspend License.** Pursuant to RCW 19.146.220(2)(e), the Director may  
9 suspend licenses for any violation of the Act.

10 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may  
11 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a  
12 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed  
13 mortgage broker or any person subject to licensing under the Act for any violation of RCW  
14 19.146.0201(1) through (9) or (13), or RCW 19.146.200.

15 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), the Director may impose  
16 fines against licensees or other persons subject to the Act for any violation of the Act. Pursuant to  
17 RCW 19.146.220(3)(a), the Director may impose fines on an employee, loan originator, independent  
18 contractor, or agent of the licensee, or other person subject to the Act for any violations of RCW  
19 19.146.0201(1) through (9) or (13), or RCW 19.146.200.

20 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-  
21 520(9) & (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per hour  
22 for an examiner's time devoted to an investigation of a licensee or other person subject to the Act.

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

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

- 6 **4.1** Respondent Columbia Mortgage Capital Corporation's license to conduct the business  
7 of a mortgage broker be suspended for 30 days.
- 8 **4.2** Respondent Ross David Farr's license to conduct the business of a loan originator be  
9 suspended for 30 days.
- 10 **4.3** Respondent Columbia Mortgage Capital Corporation be prohibited from participation  
11 in the conduct of the affairs of any mortgage broker subject to licensure by the  
12 Director, in any manner, for a period of five years.
- 13 **4.4** Respondent Ross David Farr be prohibited from participation in the conduct of the  
14 affairs of any mortgage broker subject to licensure by the Director, in any manner, for  
15 a period of five years.
- 16 **4.5** Respondents Columbia Mortgage Capital Corporation and Ross David Farr jointly and  
17 severally pay a fine. As of the date of this Statement of Charges, the fine totals  
18 \$25,000.
- 19 **4.6** Respondents Columbia Mortgage Capital Corporation and Ross David Farr jointly and  
20 severally pay an investigation fee. As of the date of this Statement of Charges, the  
21 investigation fee totals \$1,008.

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1 **V. AUTHORITY AND PROCEDURE**

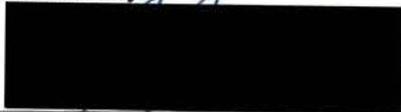
2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW  
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter  
4 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a  
5 hearing as set forth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

7  
8 Dated this 27<sup>th</sup> day of September, 2012.



DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

13 Presented by:



MARK T. OLSON  
Financial Legal Examiner

17 Approved by:



20 CHARLES CLARK  
Enforcement Chief