

TERMS COMPLETED
ORDER SUMMARY – Case Number: C-15-1690

Name(s): Cascade Northern Mortgage Inc;

Order Number: C-15-1690-16-CO01

Effective Date: 8/11/2016

License Number: 106650
Or NMLS Identifier [U/L]

License Effect:

Not Apply Until:

Not Eligible Until:

Prohibition/Ban Until:

Investigation Costs	\$720	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$10,000	Due	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	\$1,848.07	Due	Paid <input checked="" 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:

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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-15-1690-16-CO01

CONSENT ORDER

CASCADE NORTHERN MORTGAGE, INC.,
NMLS #106650,

Respondent.

8 COMES NOW the Director of the Department of Financial Institutions (Director), through his
9 designee Charles E. Clark, Division Director, Division of Consumer Services, and Cascade Northern
10 Mortgage, Inc. (Respondent), and finding that the issues raised in the above-captioned matter may be
11 economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is
12 entered pursuant to chapter 19.146 of the Revised Code of Washington (RCW), and RCW 34.05.060
13 of the Administrative Procedure Act, based on the following:

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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-15-1690-15-SC01 (Statement of Charges), entered September 26, 2015, (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, 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 and agree that Respondent does not admit any
wrongdoing by its entry. Respondent is agreeing not to contest the Statement of Charges in
consideration of the terms of this Consent Order.

CONSENT ORDER
C-15-1690-16-CO01
CASCADE NORTHERN MORTGAGE, INC.

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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 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 Respondent has been informed of the right to a
5 hearing before an administrative law judge, and hereby waive its 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, Respondent withdraws its appeal to the Office of Administrative Hearings.

8 C. **No Admission of Liability.** The parties intend this Consent Order to fully resolve the
9 Statement of Charges and agree that Respondent does not admit to any wrongdoing by its entry.

10 D. **Fine.** It is AGREED that Respondent shall pay a fine to the Department in the amount of
11 \$10,000 upon entry of this Consent Order.

12 E. **Investigation Fee.** It is AGREED that Respondent shall pay to the Department an
13 investigation fee of \$720. The Fine and Investigation Fee may be paid together in one \$10,720
14 cashier's check made payable to the "Washington State Treasurer."

15 F. **Restitution.** It is AGREED that restitution has been paid to the consumer identified in the
16 Statement of Charges in the amount of \$1,848.07.

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

22 H. **Records Retention.** It is AGREED that Respondent, its officers, employees, and agents
23 shall maintain records in compliance with the Act and provide the Director with the location of the

1 books, records and other information relating to Respondent's mortgage broker business, and the
2 name, address and telephone number of the individual responsible for maintenance of such records in
3 compliance with the Act.

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

8 J. **Voluntarily Entered.** It is AGREED that Respondent has voluntarily entered into this
9 Consent Order, which is effective when signed by the Director's designee.

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

12 **RESPONDENT:**
13 Cascade Northern Mortgage, Inc.
14 By: 
15 Paul Mattila
16 President

7/10/16
Date

17 DO NOT WRITE BELOW THIS LINE

18 THIS ORDER ENTERED THIS 11th DAY OF August, 2016.



19 
20 CHARLES E. CLARK
21 Director
22 Division of Consumer Services
23 Department of Financial Institutions

24 Presented by:

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KENNETH J. SUGIMOTO
Financial Legal Examiner

Approved by:


STEVEN C. SHERMAN
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:

CASCADE NORTHERN MORTGAGE, INC.,
NMLS #106650,

Respondent.

No. C-15-1690-15-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO IMPOSE FINE, ORDER
RESTITUTION, COLLECT
INVESTIGATION FEE, AND COLLECT
COSTS AND EXPENSES

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 and Notice of Intention to Enter an Order to Impose Fine, Order Restitution, Collect Investigation Fee, and Collect Costs and Expenses (Statement of Charges), the Director, through his designee, Division of Consumer Services Director Charles E. Clark, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Cascade Northern Mortgage, Inc. (Respondent) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on or about June 3, 1997, and continues to be licensed to date. From March 16, 2015, through March 19, 2015, the Department conducted an on-site examination of Respondent's business practices for the period of August 2012 through February 2015.

1.2 Brokered Mortgage Loans to an Unlicensed Lender. During the period in or around August 2012 through in or around February 2015, Respondent brokered at least two residential

1 mortgage loans to a person that was not approved for a consumer loan license by the Department
2 under chapter 31.04 RCW (Consumer Loan Act) and was not excluded from the licensing
3 requirements of the Consumer Loan Act.

4 **1.3 Unlicensed Location.** During the period in or around August 2012 through in or around
5 February 2015, a loan originator engaging in business under Respondent's mortgage broker license
6 took at least three residential mortgage loan applications at 4800 SW Meadows Drive, Suite 300,
7 Lake Oswego, OR 97035. Respondent did not hold a license to conduct the business of a mortgage
8 broker from this location during this period.

9 **1.4 Failed to Maintain Trust Account.** During the period in or around August 2012 through in
10 or around February 2015, Respondent deposited funds received for third party service provider fees
11 from at least 15 borrowers into its general account rather than a trust account.

12 **1.5 Failed to Adhere to Loan Origination Tolerance Limits.** Respondent increased the loan
13 origination charges at settlement for Consumer G.S.'s residential mortgage loan after the interest rate
14 had been locked.

15 **1.6 On-Going Investigation.** The Department's investigation into the alleged violations of the
16 Act by Respondent continues to date.

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

18 **2.1 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245, a licensed
19 mortgage broker is liable for any conduct violating the Act by a loan originator while employed or
20 engaged by the licensed mortgage broker.

21 **2.2 Unlicensed Location.** Based on the Factual Allegations set forth in Section I above,
22 Respondent is in apparent violation of RCW 19.146.200 and RCW 19.146.265 for employing a loan
23

1 originator engaging in business under Respondent's mortgage broker license from an unlicensed
2 location.

3 **2.3 Trust Account.** Based on the Factual Allegations set forth in Section I above, Respondent is
4 in apparent violation of RCW 19.146.050(1) for failing to deposit funds received from borrowers for
5 third party service provider fees into a trust account.

6 **2.4 Loan Origination Charges.** Based on the Factual Allegations set forth in Section I above,
7 Respondent is in apparent violation of RCW 19.146.0201(11) for increasing the loan origination
8 charges at settlement for a residential mortgage loan after the interest rate had been locked in
9 violation of 12 CFR 1024.7(e).

10 **2.5 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent
11 is in apparent violation of RCW 19.146.0201(2) and (7) for engaging in any unfair or deceptive
12 practice toward any person, and making in any manner, any false or deceptive statement or
13 representation with regard to the rates, points, or other financing terms or conditions for a residential
14 mortgage loan or engaging in bait and switch advertising.

15 III. AUTHORITY TO IMPOSE SANCTIONS

16 **3.1 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
17 against licensees or other persons subject to the Act for any violation of the Act.

18 **3.2 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
19 payment of restitution by licensees or other persons subject to the Act for any violation of the Act.

20 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-
21 520(9) and (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per
22 hour for an examiner's time devoted to an investigation of a licensee or other person subject to the
23 Act.

1 **3.4 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director
2 may recover the State's costs and expenses for prosecuting violations of the Act.

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

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

- 8 **4.1** Respondent Cascade Northern Mortgage, Inc. pay a fine in the amount of \$25,000.
- 9 **4.2** Respondent Cascade Northern Mortgage, Inc. pay restitution to the consumer
10 identified in Paragraph 1.5 of this Statement of Charges in the amount of \$1,848.07.
- 11 **4.3** Respondent Cascade Northern Mortgage, Inc. pay an investigation fee in the amount
12 of \$720.
- 13 **4.4** Respondent Cascade Northern Mortgage, Inc. pay the Department's costs and
14 expenses for prosecuting violations of the Act in an amount to be determined at
15 hearing or by declaration with supporting documentation in the event of default by
16 Respondent.
- 17 **4.5** Respondent Cascade Northern Mortgage, Inc. maintain records in compliance with the
18 Act and provide the Department with the location of the books, records and other
19 information relating to Respondent Cascade Northern Mortgage, Inc.'s mortgage
20 broker business, and the name, address and telephone number of the individual
21 responsible for maintenance of such records in compliance with the Act.

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1 **V. AUTHORITY AND PROCEDURE**

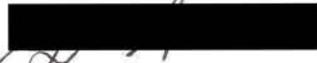
2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter
4 34.05 RCW, the Administrative Procedure Act. Respondent may make a written request for a
5 hearing as set forth in the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

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8 Dated this 16th day of September, 2015.



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10 
11 CHARLES E. CLARK
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

15 Presented by:
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17 
18 KENNETH J. SUGIMOTO
19 Financial Legal Examiner

20 Approved by:
21 
22 
23 STEVEN C. SHERMAN
24 Enforcement Chief