

**ORDER SUMMARY**  
**Consumer Services Division Case Number C-19-2629**

*Consent Orders resolve investigations. In these, companies and individuals work with us to agree to terms that resolve the alleged issues in the investigation.*

<b>Names</b>	<b>Low VA Rates, LLC, NMLS #1109426</b> <b>Eric Austin Kandell, NMLS #174769</b>
<b>Order Number</b>	C-19-2629-24-CO01
<b>Date issued</b>	July 15, 2024

**What does this Consent Order require?**

- Low VA Rates must cease and desist from engaging in conduct that violates the Consumer Loan Act, and Low VA Rates must create and implement policies and procedures designed to detect and prevent future violations.
- Low VA Rates’s consumer loan company license is surrendered.
- Low VA Rates must make refunds totaling \$146,158.54 to 18 Washington borrowers.
- Low VA Rates must pay \$10,000 to Washington’s Financial Literacy and Education fund.
- Low VA Rates must pay an investigation fee of \$7,525.54. (Investigation fees cover the cost of DFI staff time working on the investigation.)

**Need more information?**

You can contact the Consumer Services Division, Enforcement unit at (360) 902-8703 or [cseforcecomplaints@dfi.wa.gov](mailto:cseforcecomplaints@dfi.wa.gov). *Please remember that we cannot provide financial or legal advice to members of the public. We also cannot release confidential information.*

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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  
Consumer Loan Act of Washington by:

No.: C-19-2629-24-CO01

CONSENT ORDER

LOW VA RATES, LLC,  
f/k/a UNITED MILITARY MORTGAGE, LLC,  
NMLS No. 1109426,  
and  
ERIC AUSTIN KANDELL,  
President, CEO, and Owner, NMLS No. 174769,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his  
designee Ali Higgs, Director, Division of Consumer Services, and Low VA Rates, LLC, f/k/a United  
Military Mortgage, LLC (Respondent Low VA Rates), 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. Throughout this Consent Order, Eric Austin Kandell, President, Chief Executive Officer, and  
Owner of Respondent Low VA Rates (Respondent Kandell) and Respondent Low VA Rates are  
collectively referred to as Respondents. This Consent Order is entered pursuant to chapter 31.04 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  
Respondent Low VA Rates have agreed upon a basis for resolution of all matters alleged in  
Statement of Charges No. C-19-2629-22-SC01 (Statement of Charges), entered June 24, 2022, (copy  
attached hereto), with respect to all Respondents. Pursuant to chapter 31.04 RCW, the Consumer

1 Loan Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondent Low VA  
2 Rates hereby agrees to the Department's entry of this Consent Order and further agrees that the issues  
3 raised in the above-captioned matter may be economically and efficiently settled by entry of this  
4 Consent Order. This Consent Order fully resolves the Statement of Charges and all matters relating  
5 to the 2018 Report of Examination for all Respondents. Respondents have agreed not to contest the  
6 Statement of Charges in consideration of the terms of this Consent Order. Based upon the foregoing:

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

9 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a  
10 hearing before an administrative law judge, and waive their right to a hearing and any and all  
11 administrative and judicial review of the issues raised in this matter, or of the resolution reached  
12 herein. Accordingly, Respondents withdraw their appeal to the Office of Administrative Hearings.

13 **C. No Admission of Liability.** The parties intend this Consent Order to fully resolve the  
14 matters alleged herein, and Respondents neither admit nor deny any wrongdoing by its entry.

15 **D. Cease and Desist.** It is AGREED that Respondent Low VA Rates shall cease and desist  
16 from engaging in conduct that violates the Act, including, but not limited to, the alleged conduct  
17 described in the Statement of Charges Paragraphs 1.4-1.23.

18 **E. Affirmative Action.** It is AGREED that (1) Respondent Low VA Rates shall create and  
19 implement policies and procedures reasonably designed to detect and prevent future violations of the  
20 laws and rules cited in Section II of the Statement of Charges; and (2) As to the Advertisements  
21 described in Statement of Charges Paragraphs 1.4 and 1.7(b) on YouTube, Respondent Low VA  
22 Rates shall add the following language to its disclaimer for each video: "This video is not applicable  
23 to borrowers in the State of Washington."

1           **F. License Surrender.** Respondent Low VA Rates previously requested, on January 4,  
2 2023, to surrender its consumer loan company license, which request has been pending since that  
3 time. The Department hereby accepts Respondent Low VA Rates' request to surrender its consumer  
4 loan company license, effective on the date of entry of this Consent Order.

5           **G. Refunds.** It is AGREED that Respondent Low VA Rates shall prior to the entry of this  
6 Consent Order, make the refunds to 18 Washington borrowers identified in Appendix A (totaling  
7 \$146,158.54), based on loan-level findings in the 2018 Report of Examination. Prior to entry of the  
8 Consent Order, the Department will provide Respondent Low VA Rates with the current mailing  
9 address of each borrower in Appendix A. Respondent Low VA Rates shall take the following steps  
10 regarding the refunds:

- 11           1. Respondent Low VA Rates shall pay the Refunds in the form of business checks  
            made payable to the borrowers in the amounts indicated in Appendix A.
- 12           2. Respondent Low VA Rates shall mail each Refund check using a mail service that  
            includes tracking and confirmation of delivery.
- 13           3. Respondent Low VA Rates shall mail each Refund check with a letter that states:  
14           "Following an examination of Low VA Rates by the Washington Department of  
            Financial Institutions, it has been determined that you are entitled to a refund in the  
15           amount of [INSERT PAYMENT AMOUNT] related to the VA loan you previously  
            obtained from LOW VA RATES, LLC. If you have any questions, please contact  
            [INSERT CONTACT INFORMATION]."
- 16           4. Respondent Low VA Rates shall not ask or require any of the borrowers to waive  
            any rights or sign any agreements related to receiving the Refunds.
- 17           5. Respondent Low VA Rates shall provide the Department with written proof that the  
18           Refunds have been issued prior to entry of this Consent Order. At a minimum, such  
            proof shall include a copy of the business checks and letters, and proof that the  
19           checks were mailed to each of the Borrowers at the addresses provided by the  
            Department in accordance with all requirements of this paragraph.
- 20           6. All expenses associated with the refunds, including costs of mailings, check fees, and  
            stop payment fees, shall be borne by Respondent Low VA Rates.
- 21           7. No later than 90 days after entry of this Consent Order, Respondent Low VA Rates  
22           shall provide the Department with written proof of the receipt by the borrowers of  
            the Refund checks. The written proof must consist of copies of the front and back of  
            the deposited checks to the extent that checks are received and negotiated by their  
            payees.
- 23           8. If a Refund check cannot be confirmed delivered or negotiated by their payees,  
24           Respondent Low VA Rates shall make reasonable efforts to re-deliver the refund, and  
            to obtain a new mailing address, if needed.

1 9. If after making reasonable efforts to re-deliver, any refund checks still cannot be  
2 confirmed delivered, Respondent Low VA Rates shall escheat the applicable amount  
3 to the State of Washington Department of Revenue as unclaimed property pursuant to  
4 all rules and timelines of the unclaimed property program. Respondent Low VA Rates  
5 shall provide the Department with proof of any funds submitted to the unclaimed  
6 property program. If Respondent Low VA Rates is made aware of a forged  
7 endorsement of a check, it will make reasonable efforts to contact its depository  
8 institution to report the issue and seek reimbursement. Respondent Low VA Rates  
9 will re-issue the check if it obtains reimbursement. If the depository institution denies  
10 the reimbursement, Low VA Rates is not required to reissue or escheat any check that  
11 has been negotiated.

12 **H. Financial Literacy Payment.** It is AGREED that, pursuant to RCW 31.04.093(7),  
13 Respondent Low VA Rates shall pay \$10,000 to the Department for purposes of financial literacy and  
14 education. It is further AGREED that Respondent Low VA Rates shall not advertise or publicize the  
15 Financial Literacy Payment.

16 **I. Investigation Fee.** It is AGREED that Respondent Low VA Rates shall pay an  
17 Investigation fee of \$7,525.54 pursuant to Paragraph J.

18 **J. Payments.** It is AGREED that the Respondent Low VA Rates shall pay the Financial  
19 Literacy Payment and the Investigation Fee together in one \$17,525.54 cashier's check payable to the  
20 "Washington State Treasurer" upon delivery of this signed Consent Order to the Department.

21 **K. Authority to Execute Order.** It is AGREED that the undersigned have represented and  
22 warranted that they have the full power and right to execute this Consent Order on behalf of the  
23 parties represented.

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

1 **M. Voluntarily Entered.** It is AGREED that Respondent Low VA Rates has voluntarily  
2 entered into this Consent Order, which is effective when signed by the Director's designee.

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

5 **O. Counterparts.** This Consent Order may be executed in any number of counterparts,  
6 including by facsimile or e-mail of a .pdf or similar file, each of which shall be deemed to be an  
7 original, but all of which, taken together, shall constitute one and the same Consent Order.

8 **P. Final Resolution.** This Consent Order fully resolves the above-captioned matter with  
9 respect to all Respondents.

10 **RESPONDENT LOW VA RATES, LLC:**

11 Low VA Rates, LLC

12 By:

13 

14 Eric Austin Kandell  
15 President, CEO, and Owner

16   
17 \_\_\_\_\_  
18 Date

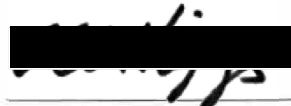
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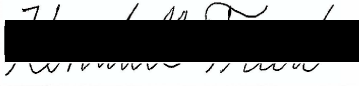
THIS ORDER ENTERED THIS 15th DAY OF July, 2024.





ALI HIGGS, Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:



KENDALL FREED  
Financial Legal Examiner Supervisor

Approved by:



JAMES R. BRUSSELBACK  
Acting Enforcement Chief

Appendix A

Loan Number	Borrower Name(s)	Total Refund
[REDACTED]	[REDACTED]	\$5,571.70
[REDACTED]	[REDACTED]	\$9,586.72
[REDACTED]	[REDACTED]	\$9,471.05
[REDACTED]	[REDACTED]	\$7,358.77
[REDACTED]	[REDACTED]	\$9,191.80
[REDACTED]	[REDACTED]	\$7,115.44
[REDACTED]	[REDACTED]	\$9,372.50
[REDACTED]	[REDACTED]	\$6,756.86
[REDACTED]	[REDACTED]	\$8,124.06
[REDACTED]	[REDACTED]	\$9,754.28
[REDACTED]	[REDACTED]	\$14,409.44
[REDACTED]	[REDACTED]	\$11,356.27
[REDACTED]	[REDACTED]	\$7,064.04
[REDACTED]	[REDACTED]	\$9,222.25
[REDACTED]	[REDACTED]	\$5,180
[REDACTED]	[REDACTED]	\$8,713.53
[REDACTED]	[REDACTED]	\$4,442.61
[REDACTED]	[REDACTED]	\$3,467.22
	Total of All Refunds	\$146,158.54





1 LLC's business is making and brokering loans guaranteed by the U.S. Department of Veterans  
2 Affairs (VA), which are commonly referred to as "VA loans."

3 **B. Eric Austin Kandell** is and has, at all relevant times, been President, CEO, and owner  
4 of Low VA Rates, LLC.

5 **1.2 Prior Warnings from Department.** On at least two prior occasions, the Department warned  
6 Low VA Rates, LLC and Mr. Kandell (collectively, Respondents) that it had published  
7 advertisements that violated the Act or the rules implemented pursuant to the Act. These warnings  
8 include the following:

9 **A. 2014 Informal Complaint Resolution.** On or about September 29, 2014, the Department  
10 issued a Resolution and Request for Action against Respondents in Complaint No. 043975. In the  
11 Resolution and Request for Action, the Department alleged that Respondents violated WAC 208-620-  
12 630(5) by advertising that the VA hybrid adjustable rate mortgage (ARM)<sup>2</sup> gives borrowers the "best  
13 rates." The complaint was informally resolved on or about October 21, 2014.

14 **B. 2016 Enforcement Action.** On or about November 3, 2016, the Department issued  
15 Statement of Charges No. C-15-1772-16-SC02 against Respondents. In the Statement of Charges,  
16 the Department alleged that Respondents violated RCW 31.04.027(2), (7), (13),<sup>3</sup> and RCW 31.04.135  
17 by publishing ads that contained deceptive statements regarding the finance terms or conditions of  
18 mortgage loans and that did not contain certain federally required disclosures, despite previous  
19 warnings from the Department about publishing such ads. On or about April 24, 2017, Respondents  
20 and the Department resolved the Statement of Charges via Consent Order.

21 //

22  
23 <sup>2</sup> A hybrid ARM is an adjustable rate mortgage that has a fixed interest rate for an initial period (such as three or  
24 five years) that is followed by a period where the interest rate is adjustable.

<sup>3</sup> These sections have since been recodified as RCW 31.04.027(1)(b), (g), and (m), respectively.

1 **1.3 Report of Examination.** In late 2018, the Department conducted an examination to  
2 determine Low VA Rates, LLC's compliance with the Act. During the examination, the Department  
3 reviewed a sample of loans made or brokered by Low VA Rates, LLC between June 1, 2016, and  
4 June 30, 2018, advertisements published by Low VA Rates, LLC, and other business records and  
5 information provided by Low VA Rates, LLC. In a Report of Examination issued after the  
6 examination, the Department gave Low VA Rates, LLC a rating of "4"<sup>4</sup> and cited Low VA Rates,  
7 LLC with numerous violations of the Act, including the violations described more fully below.

8 **1.4 Deceptive and Misleading Advertisements at www.YouTube.com (YouTube).**

9 Respondents published advertisements on YouTube that contained deceptive and misleading  
10 statements as described more fully below.

11 **A. Misleading Comparisons of VA Hybrid ARMs and Fixed-Rate Mortgages.**

12 Respondent's YouTube channel features a playlist called "The VA hybrid ARM Loan." On the  
13 webpage for the playlist, Respondents state that the "[t]he VA hybrid[ ]ARM is the best possible loan  
14 for military veterans today." The corresponding playlist includes a series of videos in which Mr.  
15 Kandell lectures in front of a whiteboard as if he is providing educational information when  
16 Respondents are in fact advertising Respondents' business. Respondents cannot substantiate the  
17 statement "[t]he VA hybrid[ ]ARM is the best possible loan for military veterans today" and the  
18 manner in which Respondents present that statement is misleading.

19 In addition, videos within the playlist contain deceptive and misleading claims that cannot be  
20 substantiated. These videos include the following:

21 //

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23 <sup>4</sup> A rating of "1" is the highest rating and means that the company has strong operational controls and the  
24 examination has not revealed violations for prohibited practices, reimbursable violations, or repeat violations. A rating of  
"5" is the lowest rating and means that the examination has revealed that the company has an inordinate volume of  
operational weaknesses, requires immediate corrective action, and warrants constant supervisory attention.

Video Title	Example of Deceptive and Misleading Claims
VA Hybrid Facts vs Fiction [sic]	“Even when interest rates go up, because of certain caps that the VA puts in place, you’re not going to be in a position where your payment goes so high you can’t afford it.”
Which loan is safer? The VA hybrid or the 30 yr fixed [sic]	“A hybrid payment will be lower as your balance goes down even when the interest rate goes up. . . . Know that your payment will go lower on a hybrid loan even in those years when your payment goes up.” Respondents also imply that thirty-year fixed-rate loans are less affordable than VA hybrid ARMs over time because the cost of taxes and insurance may increase, without also acknowledging that those costs may also increase over time with a VA hybrid ARM.
Common Myths and Misconceptions about the VA hybrid ARM Loan [sic]	“Most of us are under the assumption that our payment is going to go up when the rates start to go up. Now this is a lie.” After making this statement, Respondents say that they can teach the consumer how to have a lower payment by the time the consumer enters the adjustable rate portion of the VA hybrid ARM loan and that “95% of the time, even when the interest rate goes up, your payment is still lower than it would have been had you stayed on your 30 year fixed rate.” Later, Respondents state that payments can be lower even after interest rates go up using the “Low VA Rates Strategy.” However, in the video, the only explanation of the strategy is that the strategy requires the consumer to make payments toward principal beyond what is required by the terms of the loan.

**B. Use of “No Cost.”** In YouTube videos entitled “VA Streamline Rules Updated 2018” and “VA Hybrid Reminder 5,” Respondents claim that there are “no cost” options available. However, except in a limited number of circumstances,<sup>5</sup> VA loans require the borrower to pay “VA funding fee” equal to a percentage of the loan amount. Additionally, loans that may appear on their face to have “no cost” to the borrower likely: (1) have a higher interest rate in exchange for having “no

<sup>5</sup> See VA Pamphlet 26-7, Revised, Ch.8: Borrower Fees and Charges and the VA Funding Fee, § 8, [https://www.benefits.va.gov/WARMS/docs/admin26/m26-07/Chapter\\_8\\_Borrower\\_Fees\\_and\\_Charges\\_and\\_the\\_VA\\_Funding\\_Fee.pdf](https://www.benefits.va.gov/WARMS/docs/admin26/m26-07/Chapter_8_Borrower_Fees_and_Charges_and_the_VA_Funding_Fee.pdf) (last visited June 8, 2022).

1 costs,” (2) have costs that are paid by somebody other than the borrower, or (3) have costs that are  
2 not due at closing, but are instead included in the principal balance of the loan. The Department  
3 previously cited Respondents for advertising “no closing costs” in Statement of Charges No. C-15-  
4 1772-16-SC02 referenced in paragraph 1.2.B above.

5 **1.5 Unfair or Deceptive Advertisements Sent via E-mail.** As described more fully below,  
6 Respondents also sent misleading advertisements to Washington State consumers via e-mail.

7 **A. Claims of “Best” Rates.** Respondents e-mailed Washington State consumers at least  
8 four different advertisements that claimed Respondents could provide the best rates. These  
9 statements include the following:

10 “We at Low VA Rates have the best rates guaranteed.”

11 “[W]e work closely with every client to ensure that they are getting the best possible  
12 loans terms.”

13 “Do you think your current lender will give you the best home loan deal available? I’m  
14 positive that they won’t; our offer will be a better deal than anything your current lender  
15 can come up with.”

16 “I would love an opportunity to talk with you about . . . how to take advantage of the  
17 best rates, most of which my competitors don’t even get to see.”

18 The Department had previously warned Respondents about making these types of claims in  
19 Complaint No. 043975 as described in paragraph 1.2.A above.<sup>6</sup>

20 **B. Claims about Cash-out Refinances.** Between approximately May 15, 2017, and April 4,  
21 2018, Respondents sent e-mails to over 1,000 Washington State consumers that advertised two  
22 different loan products within the same advertisement: (1) Streamline refinances that do not require  
23 appraisals and (2) Cash-out refinances that require appraisals. The advertisements were misleading

24 <sup>6</sup> As detailed in paragraph 1.11 below, Respondents did not produce records evidencing when Respondents sent  
Washington State consumers the e-mail advertisements at issue.

1 because it was unclear from the content of the advertisement that the cash-out refinance required an  
2 appraisal.

3 **1.6 Failed to Include Required Information in Advertisements.** Respondents advertised  
4 specific loan terms to Washington State consumers without also disclosing other loan terms as  
5 required. These advertisements included [www.garrettlawmortgage.com](http://www.garrettlawmortgage.com), [www.vapaymentsaver.com](http://www.vapaymentsaver.com),  
6 and e-mails entitled "Eric-Blast recently nurtured High Rates," "Email Blast - Lock your Rate  
7 (HTML)," "Fed Rate Hike Email Blast," and "Garrett Law - Phillip Email." In each of these  
8 advertisements, Respondents advertised the amount of the monthly payment, the loan term, or the  
9 simple interest, and failed to disclose more of the following loan terms: (1) amount or percentage of  
10 the down payment; (2) the terms of repayment, which reflect the repayment obligations over the full  
11 term of the loan; (3) the annual percentage rate; (4) if applicable, that the rate may be increased after  
12 consummation; (5) the amount of each payment that will apply over the term of the loan, including  
13 any balloon payment; (6) the period of time during each payment will apply; and (7) the fact that the  
14 payments do not include amounts for taxes and insurance, if applicable, and that the actual payment  
15 obligations will be greater. In Statement of Charges No. C-15-1772-16-SC02, the Department  
16 warned Respondents about advertising loan terms without also disclosing other loan terms as  
17 required.<sup>7</sup>

18 **1.7 Unfair or Deceptive Practices Related to Refinancing Residential Mortgage Loans.**

19 Respondent engaged in a pattern of behavior with respect to refinancing residential mortgage loans  
20 that constitutes an unfair or deceptive practice. Respondents published numerous advertisements  
21  
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23 <sup>7</sup> As detailed in paragraph 1.11 below, Respondents did not produce records evidencing when Respondents sent  
Washington State consumers the e-mail advertisements at issue.

1 encouraging Washington consumers to refinance their residential mortgage loans in rapid succession,  
2 only to make or broker residential mortgage loans that provided little or no benefit to the borrowers.

3 **A. E-mails.** Between approximately May 15, 2017, and April 4, 2018, Respondents e-mailed  
4 over 1,000 advertisements to Washington State consumers that encouraged consumers to refinance  
5 their mortgages even when the consumers had their current residential mortgage loan for less than six  
6 months. These advertisements included statements such as, “If you’ve made less than 6 payments on  
7 your VA loan, you are eligible for this reduced rate!” and “Most lenders won’t allow a streamline  
8 [refinance loan] with less than 6 payments – WE DO!!”

9 **B. YouTube Videos.** During the same period, Respondents also displayed or broadcasted  
10 other advertisements on YouTube that emphasized refinancing from one hybrid ARM to another  
11 hybrid ARM once the fixed-rate portion of hybrid ARM had ended. These advertisements also  
12 encouraged consumers to refinance to lower monthly payments or interest rates without also  
13 discussing the closing costs associated with refinancing. These advertisements include at least two  
14 videos published on YouTube: (1) “Understanding the VA hybrid ARM loan,” which was published  
15 on or about August 7, 2014, and (2) “A detailed explanation of VA hybrid loans, Part 6: A summary  
16 of VA hybrid ARMs,” which was published on or about October 5, 2015.

17 **C. Refinances with Little to No Benefit to Borrowers.** Over 30% of the residential  
18 mortgage loans reviewed by the Department were refinances that were less than two years old and  
19 that provided little to no benefit to the borrower. In one case, Respondents made or brokered a  
20 refinance within two months of the origination of the original residential mortgage loan. The closing  
21 costs of the refinance totaled almost \$10,000 and would take the borrower over five years to recoup.  
22 In another case, Respondents made or brokered a refinance within three months of the origination of  
23 the original residential mortgage loan. The closings costs of that refinance totaled over \$8,000 and  
24 would take the borrower 120 months to recoup. These residential mortgage loan refinances and

1 others that yielded little to no benefit to the borrowers are summarized in Appendix A attached  
2 hereto.

3 **1.8 Unlicensed Mortgage Loan Originator (MLO).** On or about October 5, 2017, at least one  
4 individual working on behalf of Respondents quoted rates and product types to a borrower when the  
5 individual was not licensed by the Department to engage in business as an MLO.

6 **1.9 Insufficient Safeguards on Borrower Data.** On at least two occasions, Respondents  
7 encouraged borrowers to send pictures of documents containing the borrowers' nonpublic personal  
8 information (NPI) through insecure channels, such as text messages sent to cell phones. This conduct  
9 occurred either in the absence of any policy to the contrary or in violation of any policy to the  
10 contrary.

11 **1.10 Missing Rate Lock Agreements.** During the course of the examination, the Department  
12 instructed Respondents to produce approximately forty residential mortgage loan files for review.  
13 Approximately eleven of the files produced by Respondents did not contain rate lock agreements.  
14 Respondents did not produce the missing rate lock agreements when the Department asked  
15 Respondents to do so.

16 **1.11 Missing Advertising Records.** The Department instructed Respondents to produce certain  
17 information and records, including "copies of all Washington State residential mortgage loan  
18 advertising marketed by the Licensee . . . during the exam period . . . ." The Department gave  
19 Respondents approximately 30 days to produce the advertising records. Respondents produced  
20 advertising records more than a month late. Furthermore, Respondents were unable to provide  
21 information about when Respondents published certain advertisements, which indicates that  
22 Respondents did not adequately maintain records of their advertisements.

23 **1.12 Unlicensed Trade Name.** During the examination, Respondents published advertisements  
24 that refer to Low VA Rates, LLC as Garrett Law Mortgage and Elevate Mortgage Group. At that



1 time, Respondents had not obtained the Director's approval for the use of the trade names Garrett  
2 Law Mortgage and Elevate Mortgage Group.

3 **1.13 Failed to Display NMLS Consumer Access Link.** During the examination, Respondents  
4 published landing pages online that did not contain a link to the NMLS consumer access web site  
5 page, including [www.vapaymentsaver.com](http://www.vapaymentsaver.com) and at least nine landing pages at [app.softvu.com](http://app.softvu.com).

6 **1.14 Failed to Display Company NMLS Number.** During the examination, Respondents  
7 published at least nine landing pages at [app.softvu.com](http://app.softvu.com) that did not contain Low VA Rates, LLC's  
8 NMLS number as required.

9 **1.15 Failed to Display MLOs' NMLS Numbers.** During the examination, Respondents  
10 published the names of MLOs licensed in Washington State online without their NMLS number  
11 closely following their names. This includes more than thirty MLOs listed on Respondents' website  
12 [lvr.mymortgage-online.com](http://lvr.mymortgage-online.com) and at least two MLOs listed at [app.softvu.com](http://app.softvu.com).

13 **1.16 Incomplete or Inaccurate Rate Lock Disclosures.** Respondent provided at least four  
14 borrowers with rate lock agreements that were inaccurate or incomplete. In each of those rate lock  
15 agreements, Respondents did not state whether the agreement was guaranteed and, if the rate was  
16 guaranteed by a company other than Low VA Rates, LLC, the name of the company guaranteeing the  
17 rate. In four of the rate lock agreements, Respondents also left fields of the form blank, such as the  
18 fields for the loan fee, the lock date, the lock expiration date, the fee for locking the rate, or the  
19 number of days the rate was locked. Respondents also dated one of the rate lock agreements before  
20 the rate was locked.

21 **1.17 Inaccurate or Incomplete Closing Disclosures.** On at least three occasions, Respondents  
22 provided Closing Disclosures to borrowers that were inaccurate because they provided inaccurate  
23 information about the closing coordinators or the settlement service provider involved in the  
24 transactions. In at least one Closing Disclosure, Respondents also disclosed a finance charge that was

1 lower than the actual finance charge. In addition, on at least one occasion, the Closing Disclosure  
2 was incomplete because the “Projected Payments” table indicated that “Other” charges were included  
3 in the project payment amount, but did not disclose what the “Other” charges were.

4 **1.18 Untimely or Inaccurate Statements of Credit Denial, Termination, or Change.** On at  
5 least two occasions, Respondents issued a Statement of Credit Denial, Termination, or Change to a  
6 borrower more than two months after receiving the borrowers’ completed loan application and the  
7 credit information that was the basis issuing the Statement of Credit Denial, Termination, or Change.  
8 On at least four occasions, Respondents issued Statements of Credit Denial, Termination, or Change  
9 that included incorrect contact information from the Federal Trade Commission.

10 **1.19 Inaccurate Equal Credit Opportunity Act (ECOA) Notice.** On at least three occasions,  
11 Respondents issued an ECOA Notice that included incorrect contact information for the Federal  
12 Trade Commission.

13 **1.20 Inaccurate Settlement Service Provider Lists.** Because Respondents permit borrowers to  
14 shop for settlement services, Respondents are required to provide borrowers with a list of settlement  
15 services providers. However, on at least two occasions, Respondents provided borrowers with a list  
16 of settlement service providers that listed one or more settlement service providers that were  
17 unavailable to offer settlement services to the borrowers because the settlement service providers  
18 were not licensed or registered to provide such services in Washington State.

19 **1.21 Inaccurate Notice of Servicing Transfer.** On at least one occasion, Respondents provided a  
20 borrower with a Notice of Servicing Transfer that identified two different servicers as the current  
21 servicer. Because the notice listed two different services as the current servicer, the disclosure did  
22 not clearly state who the current servicer was.

23 **1.22 Inadequate Privacy Policy Disclosure.** On at least one occasion, Respondents provided a  
24 Privacy Policy Disclosure that did not satisfy the requirement that Low VA Rates, LLC categorize

1 affiliates and nonaffiliated third parties to whom Low VA Rates, LLC discloses NPI. The disclosure  
2 did not satisfy this requirement because Low VA Rates, LLC did not list “financial service  
3 providers,” “non-financial service providers,” or “others,” followed by illustrative examples, as  
4 outlined by federal rule. Instead, Low VA Rates, LLC merely stated that nonaffiliated third parties  
5 included “insurance companies, security companies.”

6 **1.23 Failed to Submit Complete Mortgage Call Reports.** Low VA Rates, LLC is required to  
7 submit quarterly mortgage call reports through NMLS. NMLS publishes instructions on how to fill  
8 out the form. The instructions indicate that the report must include data on MLOs employed by the  
9 company, including MLOs that did not close any residential mortgage loans during the report period.  
10 Low VA Rates, LLC submitted reports for the third and fourth quarters of 2017 and the first and  
11 second quarters of 2018 that failed to include data for MLOs who did not close any residential  
12 mortgage loans during those quarters.

13 **1.24 On-Going Investigation.** The Department’s investigation into the alleged violations of the  
14 Act by Respondents continues to date.

## 15 II. GROUNDS FOR ENTRY OF ORDER

16 **2.1 Definition of Mortgage Loan Originator.** Pursuant to RCW 31.04.015(18)(a), "Mortgage  
17 loan originator" means an individual who for compensation or gain (i) takes a residential mortgage  
18 loan application, or (ii) offers or negotiates terms of a residential mortgage loan. Pursuant to RCW  
19 31.04.015(18)(b) “Mortgage loan originator" includes an individual who for direct or indirect  
20 compensation or gain performs residential mortgage loan modification services or holds himself or  
21 herself out as being able to perform residential mortgage loan modification services.

22 **2.2 Definition of Borrower.** Pursuant to RCW 31.04.015(4), "Borrower" means any person who  
23 consults with or retains a licensee or person subject to this chapter in an effort to obtain or seek  
24 information about obtaining a loan, regardless of whether that person actually obtains such a loan.

1 "Borrower" includes a person who consults with or retains a licensee or person subject to this chapter  
2 in an effort to obtain, or who seeks information about obtaining a residential mortgage loan  
3 modification, regardless of whether that person actually obtains a residential mortgage loan  
4 modification.

5 **2.3 Responsibility for Conduct of Employees.** Pursuant to RCW 31.04.165 and WAC 208-620-  
6 372, a consumer loan company is responsible for any conduct violating the Act or chapter 208-620  
7 WAC by any person employed, or engaged as an independent contractor, to work in the business  
8 covered by your license.

9 **2.4 Unfair, Deceptive, and Misleading Advertising Practices.** Based on the Factual  
10 Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
11 31.04.027(1)(b) and (1)(g), RCW 31.04.135, and WAC 208-620-630(5) and (8), for advertising  
12 practices that constitute, directly or indirectly, engaging in any unfair or deceptive practice toward  
13 any person, and advertising, printing, displaying, publishing, distributing, or broadcasting, in any  
14 manner whatsoever, any statement or representation with regard to the rates, terms or conditions for  
15 the lending of money that is false, misleading, or deceptive.

16 **2.5 Failed to Adequately Disclose Loan Terms.** Based on the Factual Allegations set forth in  
17 Section I above, Respondents are in apparent violation of RCW 31.04.027(1)(b), RCW  
18 31.04.027(1)(m), and 12 C.F.R. § 1026.24(c), (d), and (f) for advertising the rate of finance charge,  
19 period of repayment, or any payment amount without also disclosing additional loan terms as  
20 required.

21 **2.6 Unfair, Deceptive, and Misleading Refinance-Related Practices.** Based on the Factual  
22 Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
23 31.04.027(1)(b) for advertising, making, and brokering the refinance of residential mortgage loans in  
24

1 a manner that constitutes, directly or indirectly, engaging in an unfair or deceptive practice toward  
2 any person.

3 **2.7 Unlicensed Mortgage Loan Originators.** Based on the Factual Allegations set forth in  
4 Section I above, Respondents are in apparent violation of RCW 31.04.027(1)(b) and RCW 31.04.221  
5 employing an individual engaging in the business of a mortgage loan originator without first  
6 obtaining and maintaining annually a license as required by the Act.

7 **2.8 Failed to Safeguard Borrower Information.** Based on the Factual Allegations set forth in  
8 Section I above, Respondents are in apparent violation of RCW 31.04.027(1)(b) for encouraging  
9 borrowers to send NPI via insecure channels.

10 **2.9 Failed to Maintain or Produce Records.** Based on the Factual Allegations set forth in  
11 Section I above, Respondents are in apparent violation of RCW 31.04.155 and WAC 208-620-520 for  
12 failing to maintain records or other information as will enable the director to determine whether the  
13 licensee is complying with the Act and chapter 208-620 WAC and failing to preserve such books,  
14 accounts, records, papers, documents, files, and other information for at least three years after making  
15 the final entry on a loan or, in the alternative, Respondents are in apparent violation of RCW  
16 31.04.145 and WAC 208-620-580 for failing to comply with the Department's examination authority  
17 by failing to provide records or other information as required by the Department during the course of  
18 the examination.

19 **2.10 Unlicensed Trade Name.** Based on the Factual Allegations set forth in Section I above,  
20 Respondents are in apparent violation of RCW 31.04.027(1)(b), WAC 208-620-420, WAC 208-  
21 620-620 for using a trade name without first obtaining approval from the Director.

22 **2.11 Failed to Disclose NMLS Consumer Access Link and Company NMLS Number.** Based  
23 on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
24 31.04.027(1)(b) and WAC 208-620-622(1) for not displaying Low VA Rates, LLC's NMLS number

1 and a link to the company's NMLS Consumer Access website page on web pages, social media  
2 pages, and any other mediums where the licensee holds itself out as able to provide services.

3 **2.12 Failed to Display MLO NMLS Numbers.** Based on the Factual Allegations set forth in  
4 Section I above, Respondents are in apparent violation of RCW 31.04.284 and WAC 208-620-622(2)  
5 for failing to display MLOs' NMLS numbers closely following the name of each MLO named on a  
6 web page, social media page, or any other medium where the licensee holds themselves out as being  
7 able to provide services.

8 **2.13 Failed to Provide Rate Lock Agreement as Required.** Based on the Factual Allegations set  
9 forth in Section I above, Respondents are in apparent violation of RCW 31.04.027(1)(b) and WAC  
10 208-620-510(3) for providing borrowers with incomplete, inaccurate or otherwise inadequate rate  
11 lock agreements.

12 **2.14 Failed to Provide Closing Disclosure as Required.** Based on the Factual Allegations set  
13 forth in Section I above, Respondents are in apparent violation of RCW 31.04.027(1)(b), RCW  
14 31.04.027(1)(m), and 12 C.F.R. § 1026.38 for providing closing disclosures that did not contain the  
15 name of the settlement agent conducting the closing, all required information in the table under the  
16 "Projected Payments" heading, and the name and contact information of the correct settlement agent  
17 in the table under the "Contact Information" heading.

18 **2.15 Failed to Provide Statement of Credit Denial, Termination, or Change as Required.**

19 Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation  
20 of RCW 31.04.027(1)(b), RCW 31.04.027(1)(m), and 12 C.F.R. § 1002.9(a) for not notifying a  
21 person applying for credit of action taken on the application within 30 days after receiving a  
22 completed application concerning the creditor's approval of, counteroffer to, or adverse action on the  
23 application, or in the alternative, if the statement of the specific reasons for the action taken in the  
24 notice was inaccurate, not notifying the applicant of the specific reason for the action taken.

1 **2.16 Failed to Provide ECOA Notice as Required.** Based on the Factual Allegations set forth in  
2 Section I above, Respondents are in apparent violation of RCW 31.04.027(1)(b), RCW  
3 31.04.027(1)(m), and 12 C.F.R. § 1002.9 for providing an ECOA notice that does not provide the  
4 correct name and address for the federal agency that administers compliance with ECOA as detailed  
5 in Appendix A to 12 C.F.R. Part 1002.

6 **2.17 Failed to Provide Settlement Service Provider List as Required.** Based on the Factual  
7 Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
8 31.04.027(1)(b), RCW 31.04.027(1)(m), and 12 C.F.R. § 1026.19(e)(1)(vi) for providing borrowers  
9 with a written list of settlement service providers that included settlement service providers that were  
10 not actually available to provide such services.

11 **2.18 Failed to Provide Notice of Servicing Transfer as Required.** Based on the Factual  
12 Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
13 31.04.027(1)(b), RCW 31.04.027(1)(m), and 12 C.F.R. § 1024.33 for providing a notice of servicing  
14 transfer that did not clearly identify the name and contact information of the servicer transferring  
15 servicing.

16 **2.19 Failed to Provide Privacy Policy Disclosure as Required.** Based on the Factual Allegations  
17 set forth in Section I above, Respondents are in apparent violation of RCW 31.04.027(1)(b), RCW  
18 31.04.027(1)(m), and 12 C.F.R. § 1016.6 for providing privacy policy disclosures that did not satisfy  
19 the requirement to categorize the affiliates and nonaffiliated third parties to whom the company  
20 discloses NPI as prescribed.

21 **2.20 Failed to File Mortgage Call Reports as Required.** Based on the Factual Allegations set  
22 forth in Section I above, Respondents are in apparent violation of RCW 31.04.277 for failing to  
23 submit call reports through NMLS in a form and containing the information prescribed by the  
24 director or as deemed necessary by NMLS.

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 31.04.093(5)(a), the  
3 Director may issue orders directing a licensee, its employee, loan originator, or other person subject  
4 to the Act to cease and desist from conducting business in a manner that is injurious to the public or  
5 violates any provision of the Act.

6 **3.2 Authority to Order Affirmative Action.** Pursuant to RCW 31.04.093(5)(b), the Director  
7 may issue an order directing a licensee, its employee, loan originator, or other person subject to the  
8 Act to take such affirmative action as is necessary to comply with the Act.

9 **3.3 Authority to Suspend License.** Pursuant to RCW 31.04.093(3)(b), the Director may suspend  
10 a license if the Director finds that the licensee, either knowingly or without the exercise of due care,  
11 has violated any provision of this chapter or any rule adopted under this chapter.

12 **3.4 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of  
13 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or  
14 any other person subject to the Act for any violation of the Act or failure to comply with any order or  
15 subpoena issued by the Director under the Act.

16 **3.5 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-  
17 590, every licensee investigated by the Director or the Director's designee shall pay for the cost of  
18 the investigation, calculated at the rate of \$69.01 per staff hour devoted to the investigation.

19 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director  
20 may recover the state's costs and expenses for prosecuting violations of the Act.

21 **IV. NOTICE OF INTENT TO ENTER ORDER**

22 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,  
23 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose  
24



1 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW  
2 31.04.202, and RCW 31.04.205. Therefore, it is the Director's intent to ORDER that:

3 **4.1** Respondents Low VA Rates, LLC and Eric Austin Kandell cease and desist from all  
4 conduct in violation of the Act, including, all conduct described in Section I above.

5 **4.2** Respondents Low VA Rates, LLC and Eric Austin Kandell take affirmative action to  
6 create and implement policies and procedures reasonably designed to detect and  
7 prevent future violations of the laws and rules cited in Section II above.

8 **4.3** Respondent Low VA Rates, LLC's consumer loan company license shall be  
9 suspended for a period of six months.

10 **4.4** Respondents Low VA Rates, LLC and Eric Austin Kandell jointly and severally pay a  
11 fine. As of the date of this Statement of Charges, the fine totals \$250,000.

12 **4.5** Respondents Low VA Rates, LLC and Eric Austin Kandell jointly and severally pay  
13 an investigation fee. As of the date of this Statement of Charges, the investigation fee  
14 totals \$7,525.54.

15 **4.6** Respondents Low VA Rates, LLC and Eric Austin Kandell jointly and severally pay  
16 the Department's costs and expenses for prosecuting violations of the Act in an  
17 amount to be determined at hearing or by declaration with supporting documentation  
18 in event of default by Respondent.

19 //

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23 //

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Take  
3 Affirmative Action, Suspend License, Impose Fine, and Collect Investigation Fee (Statement of  
4 Charges) is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202,  
5 and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW (The Administrative  
6 Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE  
7 OF OPPORTUNITY FOR ADJUDICATIVE HEARING AND TO DEFEND accompanying this  
8 Statement of Charges.

9  
10 Dated this 24th day of June, 2022.



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16  
17  
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[Redacted Signature]

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LUCINDA FAZIO, Director  
Division of Consumer Services  
Department of Financial Institutions

19 Presented by:

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21  
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[Redacted Signature]

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24

KENDALL FREED  
Financial Legal Examiner

Approved by:

[Redacted Signature]

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JACK McCLELLAN  
Enforcement Chief

Appendix A

<u>Borrower</u>	<u>Refinance Closing Date</u>	<u>Refinance Decrease in Monthly Payment</u>	<u>Refinance Closing Costs</u>	<u>Months Between Closing of Original Loan and Refinance</u>	<u>Months Needed to Recoup Refinance Closing Costs<sup>1</sup></u>	<u>Other Notable Changes to Loan Terms</u>
	10/13/2016	-\$96.02	\$5,571.70	6	58	
	9/26/2016	-\$102.36	\$9,586.72	19	94	
	11/3/2017	-\$53.91	\$9,471.05	5	176	Consumer went from a 30 year fixed rate loan to a 3/1 <sup>2</sup> ARM.
	9/12/2016	-\$97.17	\$7,358.77	5	76	Consumer went from a 30 year fixed rate loan to a 3/1 ARM.
	8/1/2017	-\$89.85	\$9,191.80	7	102	Consumer went from a 30 year fixed rate loan to a 3/1 ARM. Projected interest over the life of the loan increased \$6,289.44. <sup>3</sup>
	5/9/2017	-\$67.38	\$7,115.44	11	106	Consumer went from a 30 year fixed rate loan to a 3/1 ARM.
	12/10/2016	-\$220.12	\$9,372.50	23	43	Consumer went from a 30 year fixed rate loan to a 3/1 ARM.
	1/31/2018	-\$91.10	\$6,756.86	7	74	
	12/8/2016	-\$67.68	\$8,124.06	3	120	
	7/14/2016	-\$143.10	\$9,754.28	2	68	Consumer went from a 30 year fixed rate loan to a 3/1 ARM.

<sup>1</sup> This figure was calculated using the methodology described in VA Circular 26-18-1, Feb. 1, 2018, [http://www.benefits.va.gov/HOMELOANS/documents/circulars/26\\_18\\_1.pdf](http://www.benefits.va.gov/HOMELOANS/documents/circulars/26_18_1.pdf)

<sup>2</sup> “3/1” is a type of hybrid ARM. “3/1” indicates that the fixed rate portion of the ARM is three years and, after that, the interest rate can adjust once per year for the remaining loan term.

<sup>3</sup> The total interest calculation for ARMs assumes that the interest rate does not exceed the initial fully indexed rate based on the index values effective at the time the loan closed.

██████	5/12/2017	-\$157.46	\$14,409.44	8	92	Consumer went from a 30 year fixed rate loan to a 3/1 ARM.
██████	1/24/2018	N/A	\$11,356.27	8	N/A	Projected interested over the life of the loan increased \$32,310.72. After multiple refinances, the consumer's loan payment and interest rate increased.
██████	11/14/2016	-\$109.86	\$7,064.04	21	64	Consumer went from a 30 year fixed rate loan to a 3/1 ARM.