

# Terms Completed

## ORDER SUMMARY – Case Number: C-03-086

**Name(s):** Overlake Mortgage Corporation

**Order Number:** C-03-086-07-FO01

**Effective Date:** August 7, 2007

**License Number:** 510-MB-20285  
**Or NMLS Identifier [U/L]**

**License Effect:** Revoked

**Not Apply Until:** \_\_\_\_\_

**Not Eligible Until:** \_\_\_\_\_

**Prohibition/Ban Until:** August 7, 2017

<b>Investigation Costs</b>	\$		Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Fine</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<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>Financial Literacy and Education</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Cost of Prosecution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:			

**Comments:** \_\_\_\_\_

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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  
Mortgage Broker Practices Act of Washington by:

OVERLAKE MORTGAGE CORPORATION, PSI  
FINANCIAL CORPORATION, and  
JAMES G. PARK, OWNER and DESIGNATED  
BROKER,

Respondents.

NO. C-03-086-07-FO01

FINAL ORDER  
OVERLAKE MORTGAGE  
CORPORATION

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**I. DIRECTOR'S CONSIDERATION**

A. Default. This matter has come before the Director of the Department of  
Financial Institutions of the State of Washington (Director), through his designee, Consumer Services  
Division Director Deborah Bortner, pursuant to RCW 34.05.440(1). On October 31, 2005, the  
Director, through former Consumer Services Division Director Chuck Cross, entered a Statement of  
Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine, Order  
Restitution, Prohibit from Industry, Collect Annual Assessments, and Collect Investigation Fee  
(Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this  
order by this reference. The Statement of Charges was accompanied by a cover letter dated October  
31, 2005, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for  
Adjudicative Hearing for Overlake Mortgage Corporation (Respondent Overlake).

The Department served the Statement of Charges, cover letter dated October 31, Notice of  
Opportunity to Defend and Opportunity for Hearing and blank Application for Adjudicative Hearing  
for Respondent Overlake by sending a package containing the documents to Respondent Overlake at  
1754 Blake St., Denver, Colorado 80202, via Federal Express overnight delivery. On November 11,

1 2005, the documents sent via Federal Express overnight delivery to Respondent Overlake were  
2 returned to the Department as undelivered.

3 On November 1, 2005, the Department also served the same Statement of Charges, cover letter  
4 dated October 31, 2005, Notice of Opportunity to Defend and Opportunity for Hearing, and a blank  
5 Application for Adjudicative hearing to Co-Respondents James Park (Respondent Park) and  
6 Respondent PSI Financial Company (Respondent PSI) by sending a package containing the same  
7 documents to 1754 Blake St., Denver, Colorado 80202, via Federal Express overnight delivery. The  
8 package to Respondent Park was returned as undelivered on November 11, 2005, but the package to  
9 Respondent PSI was signed for on November 9, 2005. Respondent Park and Respondent PSI requested  
10 administrative hearings, via fax, on November 23, 2005. Respondent Overlake never submitted a  
11 request for hearing. Each package sent to each Respondent contained the same set of documents.  
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13 By stipulation dated September 7, 2006, Respondent Park admitted to being the owner and  
14 designated broker of Respondent Overlake, admitted that when Respondent Overlake ceased doing  
15 business he (Respondent Park) failed to properly close the business, failed to surrender the Washington  
16 State Mortgage Broker License, that Respondent Overlake failed to pay its annual assessments since  
17 November 1999, that Respondent Overlake had failed to maintain a bond since November 30, 2000,  
18 and Respondent Park had failed to submit proof of continuing education since April 1999.  
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20 Respondent Overlake was served through its owner and designated broker as demonstrated by  
21 Respondent Park and Respondent PSI requesting administrative hearings after receiving the same  
22 documents as those sent to Respondents Park and Respondent PSI at the same address. Respondent  
23 Overlake did not request an adjudicative hearing within twenty calendar days after the Department  
24 served it with the Notice of Opportunity for Hearing, as provided for in WAC 208-08-050(2).  
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1 B. Record Presented. The record presented to the Director's designee for her review and for  
2 entry of a final decision included the following:

- 3 1. Statement of Charges and cover letter dated October 31, 2005; and
- 4 2. Notice of Opportunity to Defend and Opportunity for Hearing; and
- 5 3. Blank Application for Adjudicative Hearing for Respondent Overlake; and
- 6 4. Documentation of service on November 9, 2005, of the Statement of Charges, Notice  
7 of Opportunity to Defend and Opportunity for Hearing, blank Application for  
8 Adjudicative Hearing for Respondent Overlake, Respondent PSI, and Respondent  
9 Park, and cover letter dated October 31, 2005; and
- 10 5. Signed Application for Adjudicative Hearing for Respondents Park and PSI; and
- 11 6. Declaration of Service by Norma Smith dated November 1, 2005; and
- 12 7. Stipulation to Facts, dated September 7, 2006.

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

## 15 II. FINAL ORDER

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

18 A. IT IS HEREBY ORDERED, That:

- 19 1. Respondent Overlake Mortgage Corporation's license to conduct the business of  
20 a Mortgage Broker is revoked; and
- 21 2. Respondent Overlake Mortgage Corporation is prohibited from the conduct of  
22 the affairs of any licensed mortgage broker, in any manner, for a period of ten  
(10) years from the date of this Order.

23 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a  
24 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition

1 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150  
2 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,  
3 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The  
4 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for  
5 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

13 D. Judicial Review. Respondent has the right to petition the superior court for judicial  
14 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing  
15 a Petition for Judicial Review, see RCW 34.050.510 and sections following.

16 E. Service. For purposes of filing a Petition for Reconsideration or a Petition for  
17 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service  
18 attached hereto.

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DATED this 7<sup>th</sup> day of August, 2007.



STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS



DEBORAH BORTNER  
DIRECTOR  
DIVISION OF CONSUMER SERVICES

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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
CONSUMER SERVICES DIVISION**

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IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Mortgage Broker Practices Act of Washington by:

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Overlake Mortgage Corporation, PSI Financial  
Corporation, and James G. Park, Owner and  
Designated Broker,  
  
Respondents.

NO. C-03-086-05-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REVOKE LICENSE, IMPOSE FINE,  
ORDER RESTITUTION, PROHIBIT FROM  
INDUSTRY, COLLECT ANNUAL ASSESSMENTS  
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 (Act). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent  
part. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as  
of October 20, 2005, the Director institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents:**

**A. Overlake Mortgage Corporation (Respondent Overlake)** was a Washington State  
Corporation that engaged in the business of mortgage brokering. Respondent Overlake was licensed to conduct  
the business of a mortgage broker on November 23, 1993. Respondent Overlake, in or around December 31,  
1999, presumably ceased doing business in the State of Washington. Respondent Overlake failed to surrender  
their mortgage broker license or properly close their business with the Department of Financial Institutions  
(Department). Respondent Overlake was licensed to conduct the business of a mortgage broker at the following  
locations:

1 155 108<sup>th</sup> Ave. NE Ste 103  
Bellevue, WA 98004

2 121 SW Morrison, Ste 135  
3 Portland, OR 99204

4 **B. PSI Financial Corporation (Respondent PSI)** is a mortgage brokerage company currently doing  
5 business in Colorado. Respondent PSI is also incorporated in Washington. Respondent PSI does not hold a  
6 Washington State Mortgage Broker License.

7 **C. James G. Park (Respondent Park)** was known to be Owner and President of Respondent  
8 Overlake. Respondent Park was the Designated Broker of Overlake and has failed to surrender the license or  
9 properly close the company with the Department. Respondent Park is also known to be the owner of Respondent  
10 PSI, which is incorporated in Colorado and Washington.

11 **1.2 Unlicensed Location:** In or around April 4, 2003, Respondent PSI and Respondent Park originated a  
12 loan to Washington consumer Cecelia Park concerning Cecelia Park's residence located in Bellevue,  
13 Washington. Respondent Park and Cecelia Park were formerly married. Respondent Park is known to be the  
14 owner of Respondent PSI and conducts the business of a mortgage broker from the following location:

15 1754 Blake St.  
16 Denver, CO 80202

17 To date, Respondent PSI and Respondent Park have never been issued a license from the Department to  
18 conduct the business of a mortgage broker from this, or any other, location.

19 **1.3 Unlicensed Activity:** In or around April 4, 2003, Respondent PSI and Respondent Park originated at  
20 least one (1) residential mortgage loan on a property located in the State of Washington from the address listed  
21 in paragraph 1.2 above. The borrower involved in that loan, Cecelia Park, paid fees to Respondent PSI totaling  
22 \$4,914.00.

23 **1.4 Forged License:** In or about April 8, 2003, Respondent PSI and Respondent Park submitted a forged  
24 Washington State Department of Financial Institutions Mortgage Broker License to First Nationwide Mortgage  
25 Corporation to facilitate the loan transaction.



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3 **1.5 Failure to Pay Annual Assessments:** An annual assessment fee for Respondent Overlake's office  
4 and branch office certificate is due to the Department no later than the last business day for the year  
5 then ended. To date, the Department has not received the following annual assessments pertaining to  
6 Respondent Overlake's licenses, due from Respondent Overlake, totaling \$6274.78, broken down as  
7 follows:

8 For the Main Office:

- 9 A. Payment of the main office annual assessment of \$500.00 was due to the Department  
no later than the last business day of November 2000.
- 10 B. Payment of the main office annual assessment of \$513.95 was due to the Department  
11 no later than the last business day of November 2001.
- 12 C. Payment of the main office annual assessment of \$530.86 was due to the Department  
no later than the last business day of November 2002.
- 13 D. Payment of the main office annual assessment of \$530.86 was due to the Department no  
14 later than the last business day of November 2003.
- 15 E. Payment of the main office annual assessment of \$530.86 was due to the Department no  
later than the last business day of November 2004.
- 16 F. Payment of the main office annual assessment of \$530.86 is due to the Department no  
17 later than the last business day of November 2005.

18 For the Branch Office:

- 19 A. Payment of the branch annual assessment of \$500.00 was due to the Department no  
later than the last business day of April 2000.
- 20 B. Payment of the branch annual assessment of \$513.95 was due to the Department no  
21 later than the last business day of April 2001.
- 22 C. Payment of the branch annual assessment of \$530.86 was due to the Department no  
later than the last business day of April 2002.
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1 D. Payment of the branch annual assessment of \$530.86 was due to the Department no later  
2 than the last business day of April 2003.

3 E. Payment of the branch annual assessment of \$530.86 was due to the Department no later  
4 than the last business day of April 2004.

5 F. Payment of the branch annual assessment of \$530.86 was due to the Department no  
6 later than the last business day of April 2005.

7 **1.6 Failure to Submit Continuing Education Certificates:** Respondent Park failed to submit the required  
8 certificates of satisfactory completion of an approved continuing education course that were due no later than  
9 the last business day of April 2000, April 2001, April 2002, April 2003, April 2004, and April 2005.

10 **1.7 Failure to Maintain a Bond:** Respondent Overlake's surety bond was cancelled on November 30,  
11 2000. To date, Respondents Overlake and Park have not notified the Department that the surety bond was  
12 cancelled, nor have the Respondents Overlake and Park replaced the surety bond.

13 **1.8 Failure to Notify the Department of Significant Developments:** Respondents Overlake and Park  
14 failed to notify the Department in writing within thirty days that their surety bond had been cancelled.

15 **1.9 On-Going Investigation:** The Department's investigation into the alleged violations of the  
16 Act by Respondents continues to date.

## 17 II. GROUNDS FOR ENTRY OF ORDER

18 **2.1 Prohibited Acts:** Based on the Factual Allegations set forth in Section I above, Respondents  
19 PSI and Park are in apparent violation of RCW 19.146.0201(1), (2) (3), and (8) for directly or  
20 indirectly employing a scheme, device or artifice to defraud or mislead borrowers, engaging in an  
21 unfair or deceptive practice toward any person, obtaining property by fraud or misrepresentation, and  
22 negligently making a false statement or knowingly and willfully making an omission of material fact  
23 in connection with any reports filed by a mortgage broker or in connection with an investigation  
24 conducted by the Department. Additionally, Respondent PSI and Respondent Park are in apparent

1 violation of RCW 19.146.200 for conducting unlicensed mortgage broker activity in Washington  
2 State.

3 **2.2 Requirement to Pay Annual Assessment:** Based on the Factual Allegations set forth in  
4 paragraph 1.5, Respondents Overlake and Park are in apparent violation of RCW 19.146.228(1), WAC  
5 208-660-060(3) and WAC 208-660-061 for failing to pay to the Director an annual assessment fee no  
6 later than the last business day of the month in which the anniversary date of the issuance of the  
7 mortgage broker's license occurs.

8 **2.3 Requirement to Submit Certificate of Completion of Continuing Education:** Based on the  
9 Factual Allegations set forth in paragraph 1.6 above, Respondent Park is in apparent violation of RCW  
10 19.146.215 and WAC 208-660-042 for failing to complete the annual continuing education  
11 requirement and file a certificate of completion no later than the last business day of the month which  
12 is the anniversary date of the issuance of the license's license occurs.

13 **2.4 Requirement to Maintain Bond:** Based on the Factual Allegations set forth in paragraph 1.7  
14 above, Respondents Overlake and Park are in apparent violation of RCW 19.146.205(4)(a) and WAC  
15 208-660-080(1) for failing to file and maintain a surety bond or an approved alternative with the  
16 Department.

17 **2.5 Requirement to Notify the Department of Significant Developments:** Based on the Factual  
18 Allegations set forth in paragraph 1.8 above, Respondents Overlake and Park are in apparent violation  
19 of WAC 208-660-150(1), (2), and (3) for failing to notify the Department in writing within thirty days  
20 after the receipt of notification of cancellation of the licensee's surety bond.

21 **2.6 Authority to Revoke License:** Pursuant to RCW 19.146.220(2)(b)(ii) and (iv), and WAC  
22 208-660-160, the Director may revoke a license for failure to pay a fee required by the Director or  
23

1 maintain the required bond, or any violation of RCW 19.146.0201(1) through (9) or (12), or RCW  
2 19.146.205(4).

3 **2.7 Authority to Impose Fine:** Pursuant to RCW 19.146.220(2)(c)(i) and WAC 208-660-165, the  
4 Director may impose fines on a licensee, employee or loan originator of the licensee, or other person  
5 subject to the Act for any violations of RCW 19.146.0201(1) through (9) or (12), RCW 19.146.200, or  
6 RCW 19.146.205(4).

7 **2.8 Authority to Order Restitution:** Pursuant to RCW 19.146.220(d)(ii), the Director may issue  
8 orders directing a licensee, its employee or loan originator, or other person subject to the Act to pay  
9 restitution to an injured borrower.

10 **2.9 Authority to Prohibit from the Industry:** Pursuant to RCW 19.146.220(2)(e)(i), the Director  
11 may prohibit from participation in the conduct of the affairs of a licensed mortgage broker, any officer,  
12 principal, employee, or loan originator of any licensed mortgage broker or any person subject to  
13 licensing under the Act for any violation of RCW 19.146.0201(1) through (9), RCW 19.146.200, or  
14 RCW 19.146.205(4).

15 **2.10 Authority to Charge Investigation Fee:** Pursuant to RCW 19.146.228(2), WAC 208-660-  
16 060(4) and WAC 208-660-061, upon completion of any investigation of the books and records of a  
17 licensee or other person subject to the Act, the Department will furnish to the licensee or other person  
18 subject to the Act a billing to cover the cost of the investigation. The investigation charge will be  
19 calculated at the rate of forty-seven dollars and seventy-eight cents (\$47.78) per hour that each staff  
20 person devoted to the investigation.

### 21 III. NOTICE OF INTENTION TO ENTER ORDER

22 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as  
23 set forth in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry

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

- 3 3.1 Respondent Overlake's license to conduct the business of a Mortgage Broker be revoked;  
4 and
- 5 3.2 Respondent Park and Respondent PSI jointly and severally pay a fine of \$13,500 for:
  - 6 a. Two (2) violations of RCW 19.146.0201(1), (2), and (3), calculated at \$100 per day for 30  
7 days; and
  - 8 b. Violating RCW 19.146.0201(8), calculated at \$100 per day for 30 days; and
  - 9 c. Violating RCW 19.146.200, calculated at \$100 per day for 30 days; and
  - 10 d. Violating RCW 19.146.205(4), calculated at \$50 per day for 30 days; and
- 11 3.3 Respondent Park and Respondent PSI jointly and severally pay \$4914.00 in restitution to the  
12 injured borrower Cecelia Park as listed in paragraphs 1.2 and 1.3 above for loan fees paid for  
13 the loan originated without a license; and
- 14 3.4 Respondent Overlake and Respondent Park jointly and severally pay the cumulative  
15 delinquent main office and branch office Annual Assessments totaling \$6274.78, as  
16 calculated in Section 1.5 above.
- 17 3.5 Respondent Park be removed as designated broker and president of Respondent Overlake and  
18 be prohibited from participation in the conduct of the affairs of any licensed mortgage broker,  
19 in any manner, for a period of ten (10) years; and
- 20 3.6 Respondent Park and Respondent PSI jointly and severally pay an investigation fee in the  
21 amount of \$1218.39 calculated at \$47.78 per hour for 25.5 staff hours devoted to the  
22 investigation; and
- 23 3.7 Respondent Overlake, Respondent Park and Respondent PSI maintain records in compliance  
24 with the Act and provide the Department with the location of the books, records and other  
25 information relating to Respondents' mortgage broker business, and the name, address and  
telephone number of the individual responsible for maintenance of such records in compliance  
with the Act.

### 24 III. AUTHORITY AND PROCEDURE

20 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine,  
21 Order Restitution, Prohibit from Industry, Collect Annual Assessments, and Collect Investigation Fee  
22 is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and  
23 RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative

1 Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF  
2 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this  
3 Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine,  
4 Order Restitution, Prohibit from Industry, Collect Annual Assessments, and Collect Investigation Fee.

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9 Dated this 31st day of October 2005.



[Redacted signature]

CHUCK CROSS  
Director  
Division of Consumer Services  
Department of Financial Institutions

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Presented by:

[Redacted signature]

Ned Jursek  
Financial Legal Examiner

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1 **RCW 19.146.0201 Loan originator, mortgage broker -- Prohibitions -- Requirements.**

2 It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or  
3 mortgage broker otherwise exempted from this chapter under RCW 19.146.020(1) (d) or (f) in connection with a  
4 residential mortgage loan to:

- 5 (1) Directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud  
6 any person;
- 7 (2) Engage in any unfair or deceptive practice toward any person;
- 8 (3) Obtain property by fraud or misrepresentation;
- 9 (4) Solicit or enter into a contract with a borrower that provides in substance that the mortgage broker may earn a fee or  
10 commission through the mortgage broker's "best efforts" to obtain a loan even though no loan is actually obtained for the  
11 borrower;
- 12 (5) Solicit, advertise, or enter into a contract for specific interest rates, points, or other financing terms unless the terms are  
13 actually available at the time of soliciting, advertising, or contracting from a person exempt from licensing under RCW  
14 19.146.020(1) (f) or (g) or a lender with whom the mortgage broker maintains a written correspondent or loan brokerage  
15 agreement under RCW 19.146.040;
- 16 (6) Fail to make disclosures to loan applicants and noninstitutional investors as required by RCW 19.146.030 and any other  
17 applicable state or federal law;
- 18 (7) Make, in any manner, any false or deceptive statement or representation with regard to the rates, points, or other  
19 financing terms or conditions for a residential mortgage loan or engage in bait and switch advertising;
- 20 (8) Negligently make any false statement or knowingly and willfully make any omission of material fact in connection  
21 with any reports filed by a mortgage broker or in connection with any investigation conducted by the department;
- 22 (9) Make any payment, directly or indirectly, to any appraiser of a property, for the purposes of influencing the  
23 independent judgment of the appraiser with respect to the value of the property;
- 24 (10) Advertise any rate of interest without conspicuously disclosing the annual percentage rate implied by such rate of  
25 interest or otherwise fail to comply with any requirement of the truth-in-lending act, 15 U.S.C. Sec. 1601 and Regulation Z,  
12 C.F.R. Sec. 226, the real estate settlement procedures act, 12 U.S.C. Sec. 2601 and Regulation X, 24 C.F.R. Sec. 3500,  
or the equal credit opportunity act, 15 U.S.C. Sec. 1691 and Regulation B, Sec. 202.9, 202.11, and 202.12, as now or  
hereafter amended, in any advertising of residential mortgage loans or any other mortgage brokerage activity;
- (11) Fail to pay third-party providers no later than thirty days after the recording of the loan closing documents or ninety  
days after completion of the third-party service, whichever comes first, unless otherwise agreed or unless the third-party  
service provider has been notified in writing that a bona fide dispute exists regarding the performance or quality of the  
third-party service;
- (12) Collect, charge, attempt to collect or charge or use or propose any agreement purporting to collect or charge any fee  
prohibited by RCW 19.146.030 or 19.146.040;
- (13)(a) Except when complying with (b) and (c) of this subsection, to act as a mortgage broker in any transaction (i) in  
which the mortgage broker acts or has acted as a real estate broker or salesperson or (ii) in which another person doing  
business under the same licensed real estate broker acts or has acted as a real estate broker or salesperson;

(b) Prior to providing mortgage broker services to the borrower, the mortgage broker, in addition to other disclosures  
required by this chapter and other laws, shall provide to the borrower the following written disclosure:

1 THIS IS TO GIVE YOU NOTICE THAT I OR ONE OF MY ASSOCIATES HAVE/HAS ACTED AS A REAL ESTATE  
2 BROKER OR SALESPERSON REPRESENTING THE BUYER/SELLER IN THE SALE OF THIS PROPERTY TO  
3 YOU. I AM ALSO A LICENSED MORTGAGE BROKER, AND WOULD LIKE TO PROVIDE MORTGAGE  
4 BROKERAGE SERVICES TO YOU IN CONNECTION WITH YOUR LOAN TO PURCHASE THE PROPERTY.  
5 YOU ARE NOT REQUIRED TO USE ME AS A MORTGAGE BROKER IN CONNECTION WITH THIS  
6 TRANSACTION. YOU ARE FREE TO COMPARISON SHOP WITH OTHER MORTGAGE BROKERS AND  
7 LENDERS, AND TO SELECT ANY MORTGAGE BROKER OR LENDER OF YOUR CHOOSING; and

8 (c) A real estate broker or salesperson licensed under chapter 18.85 RCW who also acts as a mortgage broker shall carry  
9 on such mortgage brokerage business activities and shall maintain such person's mortgage brokerage business records  
10 separate and apart from the real estate brokerage activities conducted pursuant to chapter 18.85 RCW. Such activities shall  
11 be deemed separate and apart even if they are conducted at an office location with a common entrance and mailing address,  
12 so long as each business is clearly identified by a sign visible to the public, each business is physically separated within the  
13 office facility, and no deception of the public as to the separate identities of the brokerage business firms results. This  
14 subsection (13)(c) shall not require a real estate broker or salesperson licensed under chapter 18.85 RCW who also acts as a  
15 mortgage broker to maintain a physical separation within the office facility for the conduct of its real estate and mortgage  
16 brokerage activities where the director determines that maintaining such physical separation would constitute an undue  
17 financial hardship upon the mortgage broker and is unnecessary for the protection of the public; or

18 (14) Fail to comply with any provision of RCW 199.146.030 through 199.146.080 or any rule adopted under those  
19 sections.

20 [1997 c 106 § 3; 1994 c 33 § 6; 1993 c 468 § 4.]

21 **RCW 19.146.200 License -- Required -- Independent contractor -- Suit or action as mortgage broker -- Display of  
22 license.**

23 (1) A person may not engage in the business of a mortgage broker, except as an employee of a person licensed or exempt  
24 from licensing, without first obtaining and maintaining a license under this chapter. However, a person who independently  
25 contracts with a licensed mortgage broker need not be licensed if the licensed mortgage broker and the independent  
contractor have on file with the director a binding written agreement under which the licensed mortgage broker assumes  
responsibility for the independent contractor's violations of any provision of this chapter or rules adopted under this  
chapter; and if the licensed mortgage broker's bond or other security required under this chapter runs to the benefit of the  
state and any person who suffers loss by reason of the independent contractor's violation of any provision of this chapter or  
rules adopted under this chapter.

(2) A person may not bring a suit or action for the collection of compensation as a mortgage broker unless the plaintiff  
alleges and proves that he or she was a duly licensed mortgage broker, or exempt from the license requirement of this  
chapter, at the time of offering to perform or performing any such an act or service regulated by this chapter. This  
subsection does not apply to suits or actions for the collection or compensation for services performed prior to October 31,  
1993.

(3) The license must be prominently displayed in the mortgage broker's place of business.

[1997 c 106 § 8; 1994 c 33 § 7; 1993 c 468 § 5.]

**RCW 19.146.205 License -- Application -- Exchange of fingerprint data with federal bureau of investigation -- Fee -  
- Bond or alternative.**

(1) Application for a mortgage broker license under this chapter shall be in writing and in the form prescribed by the  
director. The application shall contain at least the following information:

(a) The name, address, date of birth, and social security number of the applicant, and any other names, dates of birth, or  
social security numbers previously used by the applicant, unless waived by the director;



1 (b) If the applicant is a partnership or association, the name, address, date of birth, and social security number of each  
2 general partner or principal of the association, and any other names, dates of birth, or social security numbers previously  
used by the members, unless waived by the director;

3 (c) If the applicant is a corporation, the name, address, date of birth, and social security number of each officer, director,  
4 registered agent, and each principal stockholder, and any other names, dates of birth, or social security numbers previously  
used by the officers, directors, registered agents, and principal stockholders unless waived by the director;

5 (d) The street address, county, and municipality where the principal business office is to be located;

6 (e) The name, address, date of birth, and social security number of the applicant's designated broker, and any other  
7 names, dates of birth, or social security numbers previously used by the designated broker and a complete set of the  
designated broker's fingerprints taken by an authorized law enforcement officer; and

8 (f) Such other information regarding the applicant's or designated broker's background, financial responsibility,  
experience, character, and general fitness as the director may require by rule.

9 (2) The director may exchange fingerprint data with the federal bureau of investigation.

10 (3) At the time of filing an application for a license under this chapter, each applicant shall pay to the director the  
appropriate application fee in an amount determined by rule of the director in accordance with RCW 43.24.086 to cover,  
but not exceed, the cost of processing and reviewing the application. The director shall deposit the moneys in the financial  
services regulation fund, unless the consumer services account is created as a dedicated, nonappropriated account, in which  
case the director shall deposit the moneys in the consumer services account.

11 (4)(a) Each applicant for a mortgage broker's license shall file and maintain a surety bond, in an amount of not greater than  
12 sixty thousand dollars nor less than twenty thousand dollars which the director deems adequate to protect the public  
interest, executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as  
13 surety. The bonding requirement as established by the director may take the form of a uniform bond amount for all  
licensees or the director may establish by rule a schedule establishing a range of bond amounts which shall vary according  
14 to the annual average number of loan originators or independent contractors of a licensee. The bond shall run to the state of  
Washington as obligee, and shall run first to the benefit of the borrower and then to the benefit of the state and any person  
or persons who suffer loss by reason of the applicant's or its loan originator's violation of any provision of this chapter or  
15 rules adopted under this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and  
abide by this chapter and all rules adopted under this chapter, and shall reimburse all persons who suffer loss by reason of a  
violation of this chapter or rules adopted under this chapter. Borrowers shall be given priority over the state and other  
16 persons. The state and other third parties shall be allowed to receive distribution pursuant to a valid claim against the  
remainder of the bond. In the case of claims made by any person or entity who is not a borrower, no final judgment may be  
17 entered prior to one hundred eighty days following the date the claim is filed. The bond shall be continuous and may be  
canceled by the surety upon the surety giving written notice to the director of its intent to cancel the bond. The cancellation  
18 shall be effective thirty days after the notice is received by the director. Whether or not the bond is renewed, continued,  
reinstated, reissued, or otherwise extended, replaced, or modified, including increases or decreases in the penal sum, it shall  
19 be considered one continuous obligation, and the surety upon the bond shall not be liable in an aggregate or cumulative  
amount exceeding the penal sum set forth on the face of the bond. In no event shall the penal sum, or any portion thereof,  
20 at two or more points in time be added together in determining the surety's liability. The bond shall not be liable for any  
penalties imposed on the licensee, including, but not limited to, any increased damages or attorneys' fees, or both, awarded  
under RCW 19.86.090. The applicant may obtain the bond directly from the surety or through a group bonding  
21 arrangement involving a professional organization comprised of mortgage brokers if the arrangement provides at least as  
much coverage as is required under this subsection.

22 (b) In lieu of a surety bond, the applicant may, upon approval by the director, file with the director a certificate of  
deposit, an irrevocable letter of credit, or such other instrument as approved by the director by rule, drawn in favor of the  
23 director for an amount equal to the required bond.

1 (c) In lieu of the surety bond or compliance with (b) of this subsection, an applicant may obtain insurance or coverage  
2 from an association comprised of mortgage brokers that is organized as a mutual corporation for the sole purpose of  
insuring or self-insuring claims that may arise from a violation of this chapter. An applicant may only substitute coverage  
3 under this subsection for the requirements of (a) or (b) of this subsection if the director, with the consent of the insurance  
commissioner, has authorized such association to organize a mutual corporation under such terms and conditions as may be  
imposed by the director to ensure that the corporation is operated in a financially responsible manner to pay any claims  
within the financial responsibility limits specified in (a) of this subsection.

4 [2001 c 177 § 4; 1997 c 106 § 9; 1994 c 33 § 8; 1993 c 468 § 6.]

5 **RCW 19.146.215 Continuing education -- Rules.**

6 The designated broker of every licensee shall complete an annual continuing education requirement, which the director  
shall define by rule.

7 **RCW 19.146.220 Director -- Powers and duties -- Violations as separate violations -- Rules.**

8 (1) The director shall enforce all laws and rules relating to the licensing of mortgage brokers, grant or deny licenses to  
mortgage brokers, and hold hearings.

9 (2) The director may impose the following sanctions:

10 (a) Deny applications for licenses for: (i) Violations of orders, including cease and desist orders issued under this  
chapter; or (ii) any violation of RCW 19.146.050 or 19.146.0201 (1) through (9);

11 (b) Suspend or revoke licenses for:

12 (i) False statements or omission of material information on the application that, if known, would have allowed the  
director to deny the application for the original license;

13 (ii) Failure to pay a fee required by the director or maintain the required bond;

14 (iii) Failure to comply with any directive or order of the director; or

15 (iv) Any violation of RCW 19.146.050, 19.146.060(3), 19.146.0201 (1) through (9) or (12), 19.146.205(4), or  
19.146.265;

16 (c) Impose fines on the licensee, employee or loan originator of the licensee, or other person subject to this chapter for:

17 (i) Any violations of RCW 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200,  
19.146.205(4), or 19.146.265; or

18 (ii) Failure to comply with any directive or order of the director;

19 (d) Issue orders directing a licensee, its employee or loan originator, or other person subject to this chapter to:

20 (i) Cease and desist from conducting business in a manner that is injurious to the public or violates any provision of  
this chapter; or

21 (ii) Pay restitution to an injured borrower; or

22 (e) Issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed  
mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker or any  
person subject to licensing under this chapter for:

23 (i) Any violation of 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200, 19.146.205(4),  
or 19.146.265; or

1 (ii) False statements or omission of material information on the application that, if known, would have allowed the  
2 director to deny the application for the original license;

3 (iii) Conviction of a gross misdemeanor involving dishonesty or financial misconduct or a felony after obtaining a  
license; or

4 (iv) Failure to comply with any directive or order of the director.

5 (3) Each day's continuance of a violation or failure to comply with any directive or order of the director is a separate and  
distinct violation or failure.

6 (4) The director shall establish by rule standards for licensure of applicants licensed in other jurisdictions.

7 (5) The director shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW  
74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a  
8 \*residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the  
suspension, reissuance of the license or certificate shall be automatic upon the director's receipt of a release issued by the  
department of social and health services stating that the licensee is in compliance with the order.

9 [1997 c 106 § 12; 1997 c 58 § 879; 1996 c 103 § 1; 1994 c 33 § 12; 1993 c 468 § 8.]

10 **RCW 19.146.221 Action by director -- Hearing -- Sanction.**

11 The director may, at his or her discretion and as provided for in \*RCW 19.146.220(2), take any action specified in RCW  
19.146.220(1). If the person subject to such action does not appear in person or by counsel at the time and place designated  
12 for any administrative hearing that may be held on the action then the person shall be deemed to consent to the action. If  
the person subject to the action consents, or if after hearing the director finds by a preponderance of the evidence that any  
grounds for sanctions under this chapter exist, then the director may impose any sanction authorized by this chapter.

13 [1994 c 33 § 13.]

14 **RCW 19.146.223 Director -- Administration and interpretation.**

15 The director shall have the power and broad administrative discretion to administer and interpret the provisions of this  
chapter to fulfill the intent of the legislature as expressed in RCW 19.146.005.

16 [1994 c 33 § 2.]

17 **RCW 19.146.228 Fees -- Rules -- Exception.**

18 The director shall establish fees by rule in accordance with RCW 43.24.086 sufficient to cover, but not exceed, the costs of  
administering this chapter. These fees may include:

- 19 (1) An annual assessment paid by each licensee on or before a date specified by rule;  
(2) An investigation fee to cover the costs of any investigation of the books and records of a licensee or other person  
subject to this chapter; and  
(3) An application fee to cover the costs of processing applications made to the director under this chapter.

20 Mortgage brokers shall not be charged investigation fees for the processing of complaints when the investigation  
determines that no violation of this chapter occurred or when the mortgage broker provides a remedy satisfactory to the  
21 complainant and the director and no order of the director is issued. All moneys, fees, and penalties collected under the  
authority of this chapter shall be deposited into the financial services regulation fund, unless the consumer services account  
22 is created as a dedicated, nonappropriated account, in which case all moneys, fees, and penalties collected under this  
chapter shall be deposited in the consumer services account.

23 [2001 c 177 § 5; 1997 c 106 § 13; 1994 c 33 § 9.]

1 **RCW 19.146.230 Administrative procedure act application.**

2 The proceedings for denying license applications, issuing cease and desist orders, suspending or revoking licenses, and  
3 imposing civil penalties or other remedies issued pursuant to this chapter and any appeal therefrom or review thereof shall  
4 be governed by the provisions of the administrative procedure act, chapter 34.05 RCW.

5 [1994 c 33 § 16; 1993 c 468 § 10.]

6 **RCW 19.146.235 Director -- Investigation powers -- Duties of person subject to examination or investigation.**

7 For the purposes of investigating complaints arising under this chapter, the director may at any time, either personally or by  
8 a designee, examine the business, including but not limited to the books, accounts, records, and files used therein, of every  
9 licensee and of every person engaged in the business of mortgage brokering, whether such a person shall act or claim to act  
10 under or without the authority of this chapter. For that purpose the director and designated representatives shall have access  
11 during regular business hours to the offices and places of business, books, accounts, papers, records, files, safes, and vaults  
12 of all such persons.

13 The director or designated person may direct or order the attendance of and examine under oath all persons whose  
14 testimony may be required about the loans or the business or subject matter of any such examination or investigation, and  
15 may direct or order such person to produce books, accounts, records, files, and any other documents the director or  
16 designated person deems relevant to the inquiry. If a person who receives such a directive or order does not attend and  
17 testify, or does not produce the requested books, records, files, or other documents within the time period established in the  
18 directive or order, then the director or designated person may issue a subpoena requiring attendance or compelling  
19 production of books, records, files, or other documents. No person subject to examination or investigation under this  
20 chapter shall withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or other  
21 information.

22 Once during the first two years of licensing, the director may visit, either personally or by designee, the licensee's place or  
23 places of business to conduct a compliance examination. The director may examine, either personally or by designee, a  
24 sample of the licensee's loan files, interview the licensee or other designated employee or independent contractor, and  
25 undertake such other activities as necessary to ensure that the licensee is in compliance with the provisions of this chapter.  
For those licensees issued licenses prior to March 21, 1994, the cost of such an examination shall be considered to have  
been prepaid in their license fee. After this one visit within the two-year period subsequent to issuance of a license, the  
director or a designee may visit the licensee's place or places of business only to ensure that corrective action has been  
taken or to investigate a complaint.

[1997 c 106 § 14; 1994 c 33 § 17; 1993 c 468 § 11.]

16 **RCW 19.146.265 Branch offices -- Fee -- Licenses -- Rules.**

17 A licensed mortgage broker may apply to the director for authority to establish one or more branch offices under the same  
18 or different name as the main office upon the payment of a fee as prescribed by the director by rule. Provided that the  
19 applicant is in good standing with the department, as defined in rule by the director, the director shall promptly issue a  
20 duplicate license for each of the branch offices showing the location of the main office and the particular branch. Each  
21 duplicate license shall be prominently displayed in the office for which it is issued.

22 [1997 c 106 § 19; 1994 c 33 § 24; 1993 c 468 § 18.]

1 **WAC 208-660-042 Continuing education requirement.**

2 (1) The principal or designated broker of a licensee must satisfactorily complete an approved continuing education course  
3 annually. Each licensee must file annually a certificate of satisfactory completion of an approved continuing education  
course by the licensee's principal or designated broker no later than the last business day of the month in which the  
anniversary date of the issuance of the licensee's license occurs.

4 (2) This section applies to each licensee beginning on the first anniversary date of the issuance of the licensee's license  
5 which occurs after December 31, 1995. (For example, if a licensee's license was issued on January 10, 1994, then the  
licensee must submit its first certificate of satisfactory completion of an approved continuing education course no later than  
the last business day of January 1996.)

6 [Statutory Authority: RCW 43.320.010, 19.146.223, 01-01-044, § 208-660-042, filed 12/8/00, effective 1/8/01; 96-04-028,  
7 recodified as § 208-660-042, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-042,  
filed 6/21/95, effective 7/22/95.]

8 **WAC 208-660-060 Department's fees and assessments.**

9 (1) Upon completion of processing and reviewing an application for a license or branch office certificate, the department  
10 will prepare a billing, regardless of whether a license or certificate has been issued, calculated at the rate of \$35.98 per hour  
that each staff person devoted to processing and reviewing the application. The application deposit will be applied against  
this bill. Any amount left owing to the department will be billed to and paid promptly by the applicant, while any balance  
remaining from the deposit will be refunded promptly to the applicant.

11 (2) Upon completion of any examination of the books and records of a licensee, the department will furnish to the licensee  
12 a billing to cover the cost of the examination. The examination charge will be calculated at the rate of \$46.26 per hour that  
each staff person devoted to the examination. The examination billing will be paid by the licensee promptly upon receipt.  
13 Licensees that were issued licenses prior to March 21, 1994, have prepaid in their initial license fee the cost of the first  
compliance examination of the licensee conducted by the department during the first two years after the date of issuance of  
the license.

14 (3) Each licensee shall pay to the director an annual assessment of \$513.95 for each license, and \$513.95 for each branch  
office certificate. The annual assessment(s) will be due no later than the last business day of the month in which the  
anniversary date of the issuance of the broker's license occurs.

15 (4) Upon completion of any investigation of the books and records of a mortgage broker other than a licensee, the  
16 department will furnish to the broker a billing to cover the cost of the investigation. The investigation charge will be  
calculated at the rate of \$46.26 per hour that each staff person devoted to the investigation. The investigation billing will be  
paid by the mortgage broker promptly upon receipt.

17 [Statutory Authority: RCW 18.44.410, 19.146.223, 19.146.225, 19.146.265, 31.04.165, 31.45.200, 01-12-029, § 208-660-  
18 060, filed 5/29/01, effective 7/1/01; 96-04-028, recodified as § 208-660-060, filed 2/1/96, effective 4/1/96. Statutory  
Authority: RCW 19.146.225, 95-13-091, § 50-60-060, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-060, filed  
19 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9, 94-03-009, § 50-60-060, filed 1/7/94, effective 2/7/94.]

20 **WAC 208-660-061 Fee increase.**

21 The division intends to increase its fee and assessment rates each year for several bienniums. The division intends to  
initiate a rule making for this purpose each biennium. This rule provides for an automatic annual increase in the rate of fees  
and assessments each fiscal year during the 2001-03 biennium.

22 (1) On July 1, 2002, the fee and assessment rates under WAC 208-660-060, as increased in the prior fiscal year, will  
23 increase by a percentage rate equal to the fiscal growth factor for the then current fiscal year. As used in this section, "fiscal  
growth factor" has the same meaning as the term is defined in RCW 43.135.025.

1 (2) The director may round off a rate increase under subsection (1) of this section. However, no rate increase may exceed  
the applicable fiscal growth factor.

2 (3) By June 1 of each year, the director will make available a chart of the new rates that will take effect on the immediately  
3 following July 1.

4 [Statutory Authority: RCW 18.44.410, 19.146.223, 19.146.225, 19.146.265, 31.04.165, 31.45.200. 01-12-029, § 208-660-  
061, filed 5/29/01, effective 7/1/01.]

5 **WAC 208-660-080 Surety bond and approved alternatives -- General requirements.**

6 (1) Each applicant for a license and licensee must file and maintain on file with the director:

7 (a) A surety bond in the required amount and related power of attorney issued by a bonding company or insurance  
company authorized to do business in this state; or

8 (b) An approved alternative to a surety bond in the required amount in accordance with WAC 208-660-08010.  
The required amount of the surety bond or approved alternative ranges from twenty thousand dollars to sixty thousand  
dollars and is based on the applicant's or licensee's monthly average number of loan originators calculated in accordance  
with subsection (2) of this section. The surety bond or approved alternative is subject to claims in accordance with RCW  
19.146.205 and 19.146.240. Borrowers shall be given priority over the state and other persons who file claims against the  
bond or approved alternative. The state and other persons shall not receive distributions from the remainder of the bond or  
approved alternative pursuant to valid claims prior to one hundred eighty days following the date a claim is made against  
the bond.

9 (2) The monthly average number of loan originators is calculated as follows:

10 (a) If the applicant or licensee has not been in the mortgage broker business at any time during the preceding twelve  
months, the monthly average number of loan originators is determined by adding up the projected number of loan  
originators to be employed or engaged each month for the first twelve months during which the applicant or licensee will  
do business, and dividing this total by twelve. The projected number of loan originators must reflect at least the actual  
number of originators at the inception of business.

11 (b) If the applicant or licensee has not been in the mortgage broker business at least some portion of each of the  
preceding twelve months, the monthly average number of loan originators is calculated by adding up the number of loan  
originators employed or engaged each month (or part thereof) for the number of months the applicant or licensee has been  
in business during the twelve-month period, and the projected number of loan originators to be employed or engaged each  
month for any additional months necessary to comprise a total of twelve months (or part thereof), and dividing this total by  
twelve.

12 (c) Otherwise, the monthly average number of loan originators as calculated by adding up the number of loan  
originators employed or engaged each month (or part thereof) for the previous twelve months, and dividing this total by  
twelve.

13 (3) Based upon the monthly average number of loan originators, the required surety bond amount is indicated by the  
14 following table:

15	Monthly Average Number of Loan Originators	Minimum Required Bond Amount
16	up to 3.0	\$20,000
17	more than 3.0, up to 6.0	\$30,000
18	more than 6.0, up to 9.0	\$40,000
19	more than 9.0, up to 15.0	\$50,000
20	more than 15.0	\$60,000

21 When calculating the required bond amount, an applicant or licensee shall use the worksheet form approved by the  
22 director.

1 (4) At least forty-five days prior to each anniversary of the issuance of the surety bond or approved alternative, each  
2 licensee shall calculate its required bond amount in accordance with subsections (2) and (3) of this section. If the required  
3 surety bond amount has changed, then the licensee shall within thirty days of the date of the calculation, file a new surety  
4 bond or approved alternative in the required amount or file documentation showing a change in the amount of the existing  
5 bond or alternative to the required amount.

6 (5) Each licensee shall use the bond form, assignment of certificate of deposit form, or irrevocable letter of credit form  
7 approved by the director.

8 [Statutory Authority: RCW 43.320.010, 19.146.223, 01-01-044, § 208-660-080, filed 12/8/00, effective 1/8/01; 96-04-028,  
9 recodified as § 208-660-080, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-080,  
10 filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-080, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468  
11 § 9. 94-03-009, § 50-60-080, filed 1/7/94, effective 2/7/94.]

12 **WAC 208-660-150 Disclosure of significant developments.**

13 (1) A licensee must notify the director in writing within thirty days after the occurrence of any of the following  
14 developments:

- 15 (a) Licensee's filing for bankruptcy or reorganization.
- 16 (b) Receipt of notification of license revocation procedures in any state against the licensee.
- 17 (c) The filing of a felony indictment or information related to mortgage brokering activities of the licensee, or any  
18 officer, director, principal, or designated broker of the licensee.
- 19 (d) The licensee, or any officer, director, principal, or designated broker of the licensee being convicted of a felony.
- 20 (e) Receipt of notification of cancellation of the licensee's surety bond or approved alternative, or any significant  
21 decline in value of an approved alternative held by the director.
- 22 (f) The filing of any material litigation against the licensee.

23 (2) A licensee must notify the director in writing ten days prior to a change of the location of the licensee's principal place  
24 of business or any of its branch offices.

25 (3) A licensee must notify the director in writing within five days after a change in the licensee's:

- (a) Name or legal status (e.g., from sole proprietor to corporation, etc.);
- (b) Mailing address or telephone number;
- (c) President, partner, designated broker, or branch office manager;
- (d) Trust account (e.g., change in the status, location, or account number);
- (e) State master business license; or
- (f) Standing with the state of Washington secretary of state.

[96-04-028, recodified as § 208-660-150, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225, 95-13-091,  
§ 50-60-150, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-150, filed 1/7/94,  
effective 2/7/94.]

**WAC 208-660-160 License application denial or condition; license suspension or revocation.**

The director may deny or condition approval of a license application, or suspend or revoke a license if the applicant or  
licensee, or any principal or designated broker of the applicant or licensee:

- (1) Has failed to pay a fee due to the state in accordance with the Mortgage Broker Practices Act;
- (2) Has not filed the required surety bond or approved alternative or otherwise complied with RCW 19.146.205;
- (3) Has had any license, or any authorization to do business under any similar statute of this or any other state,  
suspended, revoked, or restricted within the prior five years;
- (4) Has within the prior seven years been convicted of a felony, or a gross misdemeanor involving dishonesty or  
financial misconduct;
- (5) Has failed to demonstrate financial responsibility, character, and general fitness such as to command the confidence  
of the community and to warrant a belief that the business will be operated honestly, fairly, and efficiently within the  
purposes of the Mortgage Broker Practices Act. The director may find that the person has failed to make the demonstration  
if, among other things:

- 1 (a) The person is or has been subject to an injunction issued pursuant to the Mortgage Broker Practices Act or the  
Consumer Protection Act; or
- 2 (b) An independent credit report issued by a recognized credit reporting agency indicates that the person has a  
substantial history of unpaid debts;
- 3 (6) Has omitted, misrepresented, or concealed material facts in obtaining a license or in obtaining reinstatement thereof;
- 4 (7) Has violated the provisions of the Mortgage Broker Practices Act, or the Consumer Protection Act;
- 5 (8) Has had its surety bond, approved alternative, or equivalent form of business insurance, canceled or revoked for  
cause;
- 6 (9) Has allowed the licensed mortgage broker business to deteriorate into a condition which would result in denial of a  
new application for a license;
- 7 (10) Has aided or abetted an unlicensed person to practice in violation of the Mortgage Broker Practices Act;
- 8 (11) Has demonstrated incompetence or negligence that results in injury to a person or that creates an unreasonable risk  
that a person may be harmed;
- 9 (12) Is insolvent in the sense that the value of the applicant's or licensee's liabilities exceed its assets or in the sense that  
the applicant or licensee cannot meet its obligations as they mature;
- 10 (13) Has failed to comply with an order, directive, or requirement of the director, or his or her designee, or with an  
assurance of discontinuance entered into with the director, or his or her designee;
- 11 (14) Has performed an act of misrepresentation or fraud in any aspect of the conduct of the mortgage broker business or  
profession;
- 12 (15) Has failed to cooperate with the director, or his or her designee, including without limitation by:
- 13 (a) Not furnishing any necessary papers or documents requested by the director for purposes of conducting an  
investigation for disciplinary actions or denial, suspension, or revocation of a license; or
- 14 (b) Not furnishing any necessary papers or documents requested by the director for purposes of conducting an  
investigation into a complaint against the licensee filed with the department, or providing a full and complete written  
explanation of the circumstances of the complaint upon request by the director;
- 15 (16) Has interfered with an investigation or disciplinary proceeding by willful misrepresentation of facts before the  
director or the director's designee, or by the use of threats or harassment against a client, witness, employee of the licensee,  
or representative of the director for the purpose of preventing them from discovering evidence for, or providing evidence  
in, any disciplinary proceeding or other legal action;
- 16 (17) Has failed to provide a required certificate of passing an approved examination;
- 17 (18) Has failed to provide a required certificate of satisfactory completion of an approved licensing course or, in the  
alternative, satisfactory proof of two years' experience in accordance with WAC 208-660-040; or
- 18 (19) Has failed to provide a required certificate of satisfactory completion of an approved continuing education course.

19 [Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-160, filed 12/8/00, effective 1/8/01; 96-04-028,  
recodified as § 208-660-160, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-160,  
filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-160, filed 1/7/94, effective  
2/7/94.]

20 **WAC 208-660-165 Fines and penalties for violation of the Mortgage Broker Practices Act.**

21 Each mortgage broker and each of its principals, designated brokers, officers, employees, independent contractors, and  
agents shall comply with the applicable provisions of the Mortgage Broker Practices Act. Each violation of any applicable  
provision of the Mortgage Broker Practices Act, or of any order, directive, or requirement of the director may, at the  
discretion of the director, subject the violator to a fine of up to one hundred dollars for each offense. Each day's  
continuance of the violation is a separate and distinct offense. In addition, the director in his or her discretion may by order  
assess other penalties for a violation of the Mortgage Broker Practices Act.

22 [96-04-028, recodified as § 208-660-165, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091,  
§ 50-60-165, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-165, filed 11/8/94, effective 12/9/94.]