

**ORDER SUMMARY – Case Number: C-14-1539**

**Name:** James Edward Soshnik

**Order Number:** C-14-1539-15-CO01

**Effective Date:** April 2, 2015

**License Number:** NMLS ID: 345733

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

**License Effect:** N/A

**Not Apply Until:** N/A

**Not Eligible Until:** N/A

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

<b>Investigation Costs</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Fine</b>	\$5,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 3/31/2015
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>	<input type="checkbox"/> Y <input type="checkbox"/> N			
No. of Victims:				

Comments: Cooperation clause, Respondent required to notify Department of change of address, Department will not use

facts from this case in future licensing determinations regarding Respondent

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

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

No.: C-14-1539-15-CO01

CONSENT ORDER AS TO  
JAMES E. SOSHNIK

ADVANTAGE MORTGAGE dba  
ADVANTAGE MORTGAGE LENDING CO.,  
NMLS#3034,  
SCOTT G. KRELLE, CEO, Owner, Designated  
Broker, and Loan Originator, NMLS #17082, and  
JAMES E. SOSHNIK, Loan Originator, NMLS  
#345733,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his  
designee Charles E. Clark, Division Director, Division of Consumer Services, and James E. Soshnik  
(Respondent Soshnik), and finding that the issues raised in the above-captioned matter may be  
economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is  
entered pursuant to chapters 19.146 and 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 Soshnik have agreed upon a basis for resolution of the matters alleged in Statement of  
Charges No. C-14-1539-14-SC01 (Statement of Charges), entered September 17<sup>th</sup>, 2014, (copy  
attached hereto) solely as related to Respondent Soshnik. Pursuant to chapter 19.146 RCW, the  
Mortgage Broker Practices Act, chapter 31.04 RCW, the Consumer Loan Act, and RCW 34.05.060  
of the Administrative Procedure Act, Respondent Soshnik hereby agrees to the Department's entry of

1 this Consent Order and further agrees that the issues raised in the above-captioned matter, solely as to  
2 Respondent Soshnik, may be economically and efficiently settled by entry of this Consent Order.

3 Based upon the foregoing:

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

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

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

14 **D. Fine.** It is AGREED that Respondent Soshnik shall pay a fine to the Department in the  
15 amount of \$5,000, in the form of a cashier's check made payable to the "Washington State  
16 Treasurer," upon entry of this Consent Order.

17 **E. Complete Cooperation with the Department.** It is AGREED that, upon written request  
18 by the Department, Respondent Soshnik shall provide the Department truthful and complete sworn  
19 statements outlining his activities with respect to Respondents Advantage Mortgage Scott G. Krelle  
20 and any and all persons involved or in any way associated with Respondent Advantage Mortgage,  
21 including but not limited to owners, employees, independent contractors, agents, businesses and  
22 persons with whom Respondent Advantage Mortgage dealt, communicated, or otherwise related.  
23 The "sworn statements" may take the form of affidavits, declarations, or deposition testimony, at the

1 Department's discretion. A failure to cooperate fully, truthfully, and completely is a breach of this  
2 Consent Order. In addition to providing sworn statements, it is AGREED that, upon written request  
3 by the Department, Respondent Soshnik shall cooperate fully, truthfully, and completely with the  
4 Department and provide any and all information known to him relating in any manner to Respondents  
5 Advantage Mortgage and Scott G. Krelle and any and all persons involved or in any way associated  
6 with Respondent Advantage Mortgage, including but not limited to owners, employees, independent  
7 contractors, agents, businesses and persons with whom Respondent Advantage Mortgage dealt,  
8 communicated, or otherwise related. It is further AGREED that, upon written request by the  
9 Department, Respondent Soshnik shall provide any and all documents, writings or materials, or  
10 objects or things of any kind in his possession or under his care, custody, or control that he is  
11 authorized to possess, obtain, or distribute relating directly or indirectly to all areas of inquiry and  
12 investigation. It is further AGREED that Respondent Soshnik shall testify fully, truthfully, and  
13 completely at any and all proceedings related to any Department investigation or enforcement action  
14 or both related to any and all persons involved or in any way associated with Respondents Advantage  
15 Mortgage and Scott G. Krelle. A failure to cooperate fully, truthfully, and completely is a breach of  
16 this Consent Order.

17 **F. Change of Address Notification.** It is AGREED that Respondent Soshnik will provide  
18 the Department with his current mailing and physical addresses upon entry of this Consent Order and  
19 shall notify the Department in writing within ten days of any change to either address.

20 **G. Records.** It is AGREED that Respondent Soshnik has represented that he is not in  
21 possession or control of any records subject to retention under RCW 19.146.060 or RCW 31.04.155.  
22  
23

1       **H. Application for License.** In the event that Respondent Soshnik applies for a license from  
2 the Department in the future, it is AGREED that the Department will not use the facts from this case  
3 to determine whether or not a license shall be issued.

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

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

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

13       **RESPONDENT:**

14 [Redacted Signature]

15 JAMES EDWARD SOSHNIK  
16 Loan Originator

3-23-15  
Date

17       **Approved for Entry:**

18 [Redacted Signature]

19 SETH ROSENBERG, WSBA No. 41660  
20 Attorney at Law  
21 Rosenberg Law Group  
22 Attorney for Respondents

3-26-15  
Date

23       DO NOT WRITE BELOW THIS LINE

24       //

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1  
2 THIS ORDER ENTERED THIS 2<sup>nd</sup> DAY OF April, 2015.  
3



CHARLES E. CLARK  
Director  
Division of Consumer Services  
Department of Financial Institutions

8 Presented by:



9  
10 ROBERT E. JONES  
Financial Legal Examiner

11 Approved by:



12  
13 STEVEN C. SHERMAN  
14 Enforcement Chief

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

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

ADVANTAGE MORTGAGE dba  
ADVANTAGE MORTGAGE LENDING CO.,  
NMLS #3034,  
SCOTT G. KRELLE, CEO, Owner, Designated  
Broker, and Loan Originator, NMLS #17082, and  
JAMES E. SOSHNIK, Loan Originator, NMLS  
#345733,

Respondents.

No. C-14-1539-14-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER AN  
ORDER TO CEASE AND DESIST, REVOKE  
LICENSES, SUSPEND LICENSE, PROHIBIT  
FROM INDUSTRIES, ORDER REFUND OF  
FEES, ORDER RESTITUTION, IMPOSE  
FINES, AND COLLECT INVESTIGATION  
FEE

**INTRODUCTION**

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (MBPA).<sup>1</sup> Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (CLA). After having conducted an investigation pursuant to RCW 19.146.235 and RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents.**

**A. Advantage Mortgage dba Advantage Mortgage Lending Co. (Advantage) was**  
licensed by the Department of Financial Institutions of the State of Washington (Department) to

<sup>1</sup> All citations to chapter 19.146 RCW and chapter 208-660 WAC are to the version in effect at the time of the alleged violation.



1 conduct business as a mortgage broker on or about October 13, 2006, and continues to be so licensed  
2 to date. Respondent Advantage has never been licensed by the Department to conduct business as a  
3 consumer loan company.

4 **B. Scott G. Krelle (Krelle)** is known to be the CEO, sole owner, and Designated Broker  
5 of Respondent Advantage. Respondent Krelle is also licensed by the Department to conduct business  
6 as a loan originator under Respondent Advantage's mortgage broker license. Respondent Krelle is  
7 not licensed to conduct business as a loan originator on behalf of any lender authorized to conduct  
8 business in Washington.

9 **C. James E. Soshnik (Soshnik)** is licensed by the Department to conduct business as a  
10 loan originator under Respondent Advantage's mortgage broker license. Respondent Soshnik is not  
11 licensed to conduct business as a loan originator on behalf of any lender authorized to conduct  
12 business in Washington.

13 **1.2 Examination.** Between about February 26, 2013, and about March 7, 2013, and from August  
14 11 to 15, 2014, the Department conducted an examination of Respondent's books and records. The  
15 Department's Examiners reviewed 85 residential mortgage loan files.

16 **1.3 Unlicensed Lending Activity.** Between at least June 28, 2011, and at least August 1, 2014,  
17 Respondents Advantage and Krelle made or funded at least 56 residential mortgage loans to  
18 Washington residents in a manner other than table funding. Respondents Advantage and Krelle,  
19 however, were not licensed to make loans to Washington residents. Respondents Advantage and  
20 Krelle received fees from borrowers approximately totaling at least \$77,210.58 and Premium/SRP  
21 Compensation approximately totaling at least \$374,657.39 for these loans. Respondent Soshnik  
22 originated at least 43 of these loans.



1 **1.4 Unlicensed Locations.** On or about January 10, 2014, Respondent Krelle submitted through  
2 the Nationwide Mortgage Licensing System (NMLS) a notice that the main office address of  
3 Respondent Advantage would change from an address on Von Karman Avenue in Irvine, California,  
4 to "15615 Alton Pkwy Ste 450 #34-B" in Irvine, California effective February 10, 2014. Similarly,  
5 on or about February 24, 2014, Respondent Soshnik submitted through NMLS a notice that the  
6 current address for his employer, Respondent Advantage, was "15615 Alton Pkwy Ste 450 #34-B" in  
7 Irvine, California. The Department subsequently determined, however, that 15615 Alton Pkwy Ste  
8 450 in Irvine, California is a mailbox service and that Respondent Advantage did not maintain an  
9 office there. Respondent Advantage's loan records indicate that at least three residential mortgage  
10 loans were originated by Respondents after the address for Respondent Advantage was changed to  
11 the Alton Parkway address. The stated loan originator for each loan was Respondent Soshnik.

12 **1.5 Failure to Maintain Records at a Location on file with the Department.** As indicated  
13 above, the Department determined that Respondents Advantage and Krelle did not maintain a  
14 physical office at the Alton Parkway address they provided as their main office address and,  
15 consequently, were not maintaining their records at that location. On or about August 21, 2014,  
16 Respondents Advantage and Krelle provided notice through NMLS of a new physical address with an  
17 effective date of September 21, 2014.

18 **1.6 Advertising Violations.** Respondents Advantage and Krelle maintained a web site at  
19 www.advmortgage.net which, when reviewed by the Department's Examiner(s), contained the  
20 following advertising violations:

21 **A.** Did not display the company's NMLS unique identifier.

22 **B.** Did not display a link to the NMLS Consumer Access page.

23 **C.** Advertised an interest rate without a corresponding annual percentage rate (APR).

1 D. Advertised an APR in a manner less prominent than the correlating interest rate.

2 **1.7 Failure to Comply with Reporting Requirements.**

3 A. Between August 1, 2011, and May 30, 2014, Respondents Advantage and Krelle filed  
4 at least two quarterly Mortgage Call Reports and at least two annual Financial Condition Reports  
5 after the due date.

6 B. On or about January 3, 2014, Respondent Krelle, on behalf of Respondent Advantage,  
7 agreed to the entry of a Consent Order Requiring Compliance and Assessing an Administrative Fine  
8 (Consent Order) by the State of Nevada Department of Business and Industry, Division of Mortgage  
9 Lending. The Consent Order was entered on January 21, 2014, but as of September 11, 2014,  
10 Respondents Advantage and Krelle had not notified the Department of this administrative action.

11 **1.8 Failure to Provide Rate Lock Agreement.** In at least 28 of the loans reviewed, Respondents  
12 did not provide a rate lock agreement after locking a borrower's interest rate. Respondent Soshnik  
13 was the loan originator for 18 of those loans and Respondent Krelle was the loan originator for 9 of  
14 them.<sup>2</sup> This is a repeat violation from Respondents Advantage and Krelle's 2010 examination, of  
15 which they were previously notified. In the alternative, if Respondents Advantage and Krelle claim  
16 that the rate lock agreements were provided, then those records were not properly maintained.<sup>3</sup>

17 **1.9 Failure to Properly Complete Rate Lock Agreement.** In at least three of the loans  
18 reviewed, Respondents Advantage and Krelle did not provide a properly completed Rate Lock  
19 Agreement to the borrower after the rate was locked. This is a repeat violation from Respondents  
20 Advantage and Krelle's 2010 examination, of which they were previously notified.

21 **1.10 Failure to Display License Number on Loan Applications.** In at least six of the loans  
22 reviewed, Respondents did not include the loan originator's license number on a loan application.

23 <sup>2</sup> The 28<sup>th</sup> loan was originated by a loan originator no longer employed by Respondent Advantage.

24 <sup>3</sup> These rate lock disclosures are not included in the records Violations alleged in paragraph 1.14.

1 Respondents Soshnik and Krelle were each the loan originator on three of those loans. In one of  
2 those loans, Respondent Krelle also did not include the license number for Respondent Advantage.  
3 This is a repeat violation from Respondents Advantage and Krelle's 2010 examination, of which they  
4 were previously notified.

5 **1.11 Failure to Deposit Third-Party Service Fees into Trust.** In at least 20 of the loans  
6 reviewed, Respondents Advantage and Krelle collected fees for third-party services but did not  
7 deposit the fees into a trust account. This is a repeat violation from Respondents Advantage and  
8 Krelle's 2010 examination, of which they were previously notified.

9 **1.12 Failure to Provide Trust Account Disclosure.** In at least 18 of the loans reviewed,  
10 Respondents did not provide a notice that moneys paid by the borrower to the mortgage broker for  
11 third-party provider services are held in trust. Respondent Soshnik was the loan originator for 9 of  
12 those loans and Respondent Krelle was the loan originator for 8 of them.<sup>4</sup> In the alternative, if  
13 Respondents Advantage and Krelle claim that the trust account disclosures were provided, then those  
14 records were not properly maintained.<sup>5</sup>

15 **1.13 Utilizing the Services of an Unlicensed Settlement Service Provider.** In at least 11 of the  
16 loans reviewed, Respondents Advantage and Krelle utilized the services of an unlicensed Settlement  
17 Service Provider.

18 **1.14 Failure to Properly Maintain Records.** In at least 61 of the loan files reviewed,  
19 Respondents Advantage and Krelle either did not prepare or did not retain one or more required  
20 documents. This is a repeat violation from Respondents Advantage and Krelle's 2010 examination,  
21 of which they were previously notified.

22  
23  
24 <sup>4</sup> The 18<sup>th</sup> loan was originated by a loan originator no longer employed by Respondent Advantage.

<sup>5</sup> These trust account disclosures are not included in the records violations alleged in paragraph 1.14.

1 **1.15 Failure to Properly Complete the Good Faith Estimate.** In 37 of the loans reviewed,  
2 Respondents did not properly complete one or more sections of the Good Faith Estimate.  
3 Respondent Soshnik was the loan originator for 23 of those loans and Respondent Krelle was the loan  
4 originator for 12 of them.<sup>6</sup>

5 **1.16 Failure to Adhere to Tolerance Limits under the Real Estate Settlement Procedures Act.**

6 In at least two of the loans reviewed, Respondents Advantage and Krelle did not adhere to the 0%  
7 tolerance limit for origination and credit charges on the Good Faith Estimate. In a third loan  
8 reviewed, Respondents Advantage and Krelle did not adhere to the 10% tolerance limit for increases  
9 in third-party service charges. The loan originator for each of those loans was Respondent Krelle.  
10 These violations resulted in Respondents Advantage and Krelle receiving unauthorized fees totaling  
11 \$685.42.

12 **1.17 Failure to Accurately Complete Truth-in-Lending Disclosure.** In at least 20 of the loans  
13 reviewed, Respondents did not accurately complete the Truth-in-Lending Disclosure. Respondents  
14 Soshnik and Krelle were each the loan originator for 9 of those loans.<sup>7</sup> This is a repeat violation from  
15 Respondents Advantage and Krelle's 2010 examination, of which they were previously notified.

16 **1.18 Failure to Properly Complete the Privacy Policy Disclosure.** A Privacy Policy Disclosure  
17 was required for each of the 85 loans reviewed, but only 49 of those files contained a copy of the  
18 Privacy Policy Disclosure. Of those 49 loans, 15 were not accurately completed. Respondent  
19 Soshnik was the loan originator for 8 of those loans, and Respondent Krelle was the loan originator  
20 for 7 of them.

21 **1.19 Failure to Properly Complete Credit Score Disclosure.** In at least 21 of the loans  
22 reviewed, Respondents did not properly complete the Credit Score Disclosure. Respondent Soshnik

23 <sup>6</sup> The other 2 loans were originated by loan originators no longer employed by Respondent Advantage.

24 <sup>7</sup> The other 2 loans were originated by loan originators no longer employed by Respondent Advantage.

1 was the loan originator for 19 of those loans and Respondent Krelle was the loan originator for 2 of  
2 them.

3 **1.20 On-Going Investigation.** The Department's investigation into the alleged violations of the  
4 Act by Respondents continues to date.

## 5 **II. GROUNDS FOR ENTRY OF ORDER**

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

9 **2.2 Responsibility of Designated Broker.** Pursuant to RCW 19.146.200(4), a designated broker,  
10 principal, or owner who has supervisory authority over a mortgage broker is responsible for a  
11 licensee's, employee's, or independent contractor's violations of the MBPA if the designated broker,  
12 principal, or owner directs or instructs the conduct or, with knowledge of the specific conduct,  
13 approves or allows the conduct; or knows or by the exercise of reasonable care and inquiry should  
14 have known of the conduct, at a time when its consequences can be avoided or mitigated and fails to  
15 take reasonable remedial action.

16 **2.3 Unlicensed Lending Activity.** Based on the Factual Allegations set forth in Section I above,  
17 Respondents Advantage and Krelle are in apparent violation of RCW 19.146.0201(2), (3), and (11),  
18 WAC 208-660-006, WAC 208-660-500(3)(g), RCW 31.04.027(2), (3), and (14), and RCW 31.03.035  
19 for funding residential mortgage loans in a manner other than table funding without being licensed to  
20 do so. Based on the Factual Allegations set forth in Section I above, Respondent Soshnik is in  
21 apparent violation of RCW 31.04.175 for aiding and abetting a violation of the CLA.

22 **2.4 Unlicensed Locations.** Based on the Factual Allegations set forth in Section I above,  
23 Respondents are in apparent violation of RCW 19.146.0201(2), RCW 19.146.205, RCW 19.146.265,

WAC 208-660-195, WAC 208-660-300(4), and WAC 208-660-400(2)(a)(i) for conducting the business of a mortgage broker or loan originator from an unlicensed location.

**2.5 Requirement to Maintain Records at a Location on File with the Department.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.060(2) and WAC 208-660-450(4) for maintaining their Washington mortgage broker books and records at a location or locations not on file with the Department.

**2.6 Requirement to Comply with Advertising Requirements.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.0201(2) and (10), WAC 208-660-440(4), and WAC 208-660-446 for the advertising conduct more specifically set forth in section 1.6 A-D above.

**2.7 Requirement to Comply with Reporting Requirements.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.290 and WAC 208-660-400 for failing to timely file two quarterly Mortgage Call Reports and two annual Financial Condition Reports, and are in apparent violation of RCW 19.146.0201(2) and WAC 208-660-400(2) and (3) for failing to notify the Department of the administrative action in Nevada.

**2.8 Requirement to Provide Rate Lock Agreements.** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(2) and RCW 19.146.030(2)(c) for failing to provide a rate lock agreement to a borrower after locking the borrower's interest rate.

**2.9 Requirement to Properly Complete Rate Lock Agreements.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation



of RCW 19.146.0201(2) and RCW 19.146.030(2)(c) for failing to properly complete rate lock agreements.

**2.10 Requirement to Display License Number on Loan Applications.** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(2) and WAC 208-660-350 for failing to include the loan originator or company license numbers on residential loan applications.

**2.11 Requirement to Deposit Third-Party Service Fees into Trust.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.050 and WAC 208-660-410 for failing to deposit funds received from a borrower or on behalf of a borrower for payment of third-party provider services in a trust account of a federally insured financial institution located in this state, prior to the end of the third business day following receipt of such monies, and for commingling operating funds with trust account funds.

**2.12 Requirement to Provide Trust Account Disclosures.** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(2) and RCW 19.146.030(2)(f) for failing to provide a notice that moneys paid by the borrower to the mortgage broker for third-party service provider services are held in trust.

**2.13 Requirement to Refrain from the Unfair and Deceptive Practice of Utilizing an Unlicensed Settlement Agent.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.0201(2) for utilizing the services of an unlicensed settlement service for Washington residential mortgage transactions.

**2.14 Requirement to Maintain Accurate and Current Books and Records.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.060(2) and WAC 208-660-450 for failing to keep all books and records in a



location that is on file with and readily available to the Department until at least three years have elapsed following the effective period to which the books and records relate.

**2.15 Requirement to Properly Complete the Good Faith Estimates.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.0201(2) and (11) for failing to properly complete Good Faith Estimates.

**2.16 Requirement to Comply with Tolerances under the Real Estate Settlement Procedures Act.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.0201(2) and (11) for failure to comply with the 0% tolerance limit for origination and credit charges on the Good Faith Estimate and the 10% tolerance limit for increases in third-party service charges.

**2.17 Requirement to Accurately Complete Truth-in-Lending Disclosures.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.0201(2) and (11) for failing to properly complete Truth-in-Lending Disclosures.

**2.18 Requirement to Properly Complete Privacy Policy Disclosures.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.0201(2) and (11) for failing to properly complete Privacy Policy Disclosures.

**2.19 Requirement to Properly Complete Credit Score Disclosures.** Based on the Factual Allegations set forth in Section I above, Respondents Advantage and Krelle are in apparent violation of RCW 19.146.0201(2) and (11) for failing to properly complete Credit Score Disclosures.

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### III. AUTHORITY TO IMPOSE SANCTIONS

**3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the Director may issue orders directing a licensee, its employee, loan originator, independent contractor, agent, or other person subject to the MBPA to cease and desist from conducting business.

Pursuant to RCW 31.04.093(5)(a), the Director may issue orders directing any person subject to the CLA to cease and desist from conducting business in a manner that is injurious to the public or violates any provision of the CLA.

**3.2 Authority to Revoke or Suspend License.** Pursuant to RCW 19.146.220(2), the Director may revoke or suspend licenses for any violation of the MBPA.

**3.3 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may 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 the MBPA for any violation of the MBPA.

Pursuant to RCW 31.04.093(6), the Director may issue an order prohibiting from participation in the affairs of any licensee, any officer, principal, employee, or any other person subject to the CLA for any violation of RCW 31.04.027 and/or for failure to obtain a license for activity that requires a license.

**3.4 Authority to Order Refunds.** Pursuant to RCW 31.04.035(2), the Director may issue an order directing any unlicensed person subject to the CLA to refund to the borrower all non-third-party fees charged in connection with the origination of a residential mortgage loan, excluding interest charges.

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

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1 **3.6 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2) and (6) and WAC 208-660-  
2 530(6), the Director may impose fines of up to one hundred dollars per day, per violation, against a  
3 licensee or loan originator for any violation of the MBPA.

4 Pursuant to RCW 31.04.093(4), the Director may impose fines of up to one hundred dollars  
5 per day, per violation, upon any person subject to the CLA for any violation of the CLA.

6 **3.7 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-  
7 520(9), and (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per  
8 hour for an examiner's time devoted to an investigation of a licensee or other person subject to the  
9 MBPA.

#### 10 **IV. NOTICE OF INTENTION TO ENTER ORDER**

11 Respondents' violations of the provisions of chapter 19.146 RCW, chapter 31.04 RCW, and  
12 chapter 208-660 WAC, as set forth in the above Factual Allegations, Grounds for Entry of Order, and  
13 Authority to Impose Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220,  
14 RCW 19.146.221, and RCW 19.146.223, and under RCW 31.04.093, RCW 31.04.165, and RCW  
15 31.04.205. Therefore, it is the Director's intention to ORDER that:

16 **4.1** Respondents Advantage Mortgage dba Advantage Mortgage Lending Co. and Scott G.  
17 Krelle cease and desist conducting business as a mortgage broker and consumer loan  
company for Washington residents and properties.

18 **4.2** Respondent Advantage Mortgage dba Advantage Mortgage Lending Co.'s license to  
19 conduct the business of a mortgage broker be revoked.

20 **4.3** Respondent Scott G. Krelle's license to conduct the business of a loan originator be  
21 revoked.

22 **4.4** Respondent James E. Soshnik's license to conduct business as a loan originator be  
23 suspended for a period of 1 year.

24 **4.5** Respondents Advantage Mortgage dba Advantage Mortgage Lending Co. and Scott G.  
Krelle be prohibited from participation in the conduct of the affairs of any mortgage

broker or consumer loan company subject to licensure by the Director, in any manner, for a period of 5 years.

**4.6** Respondent James E. Soshnik be prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of 1 year.

**4.7** Respondents Advantage Mortgage dba Advantage Mortgage Lending Co. and Scott G. Krelle jointly and severally refund fees totaling \$77,210.58 to those borrowers more specifically set forth in Appendix A in the amounts set forth therein.

**4.8** Respondents Advantage Mortgage dba Advantage Mortgage Lending Co. and Scott G. Krelle jointly and severally pay restitution totaling \$685.42 to those borrowers more specifically set forth in Appendix B in the amounts set forth therein.

**4.9** Respondents Advantage Mortgage dba Advantage Mortgage Lending Co. and Scott G. Krelle jointly and severally pay a fine which as of the date of this Statement of Charges totals \$175,000.

**4.10** Respondent James E. Soshnik pay a fine which as of the date of this Statement of Charges totals \$10,000.

**4.11** Respondents Advantage Mortgage dba Advantage Mortgage Lending Co. and Scott G. Krelle jointly and severally pay an investigation fee which as of the date of this Statement of Charges fee totals \$2,160.

**4.12** Respondents Advantage Mortgage dba Advantage Mortgage Lending Co. and Scott G. Krelle maintain records in compliance with the MBPA and CLA and provide the Department with the location of the books, records and other information relating to Respondents Advantage Mortgage dba Advantage Mortgage Lending Co. and Scott G. Krelle's mortgage broker/consumer loan business, and the name, address, and telephone number of the individual responsible for maintenance of such records in compliance with the MBPA and CLA.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW  
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and RCW 31.04.093, RCW 31.04.165, RCW  
4 31.04.202, and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW (the  
5 Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in  
6 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
7 accompanying this Statement of Charges.

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9 Dated this 17<sup>th</sup> day of September, 2014.



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DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

Steven C. Sherman  
Financial Legal Examiner Supervisor

Approved by:

Charles E. Clark  
Enforcement Chief