

# CS - Examination Unit Report

## Mortgage Broker Program

Mortgage Brokerage Commission Meeting  
August 19, 2009

### Examination Summary

- 7 Exams completed in May
  - 4 Exams completed in June
  - 3 Exams completed in July
- } **14 Exams Completed from  
May 2009 – July 2009**

Average number of violations per exam: 12

Composite Rating	Number of Licensees
1	0
2	3
3	6
4	5
5	0

### **Mortgage Brokers referred to the Enforcement Unit: 8**

- 30 unlicensed loan originators discovered
  - 43 loans closed by unlicensed loan originators
- 3 instances of Occupancy Fraud
- 1 instance of Falsified Income

### Common Violations

1. Failing to display Loan Originator’s license number on the Company’s website
  - Instances where the mortgage broker list the name of its loan originators on its website, but fails to include the individuals license number
    - ⇒ Violation of WAC 208-660-350(24) & WAC 208-660-350(25)
2. Disclosure of Annual Percentage Rate (APR)
  - Instances in advertisements where the disclosed APR was smaller in print than the interest rate
    - ⇒ Violation of RCW 19.146.0201(10) & WAC 208-660-440(4)
3. Suggesting Association with Government Agencies
  - Print advertisement claiming to be part of the “VA Benefit Department”
  - Placing the phrase “FHA Benefit Department” in the header of an advertisement
    - ⇒ Violation of WAC 208-660-440(9)

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### 4. Deceptive Interest Rate Advertising

- Advertising an interest rate that included discount points, but the mortgage broker failed to conspicuously the cost of the discount  
⇒ Violation of WAC 208-660-500(3)(o)

### 5. Failing to Disclose the Source of Loan Information in Advertisements

- Advertisements that includes borrowers' current loan information but failing to disclose the source of the information  
⇒ Violation of WAC 208-660-440(10)

### 6. Variable Interest Rate Advertisements

- Advertising for adjustable rate loans but failing to clearly state that the rate is subject to change after consummation and term to which the initial rate applies  
⇒ Violation of Regulation Z, 12 CFR, Section 226.24(b)(1) & (5)