

FINAL ORDER SUMMARY

Name(s) Lighthouse Lending, Inc.
Rodney L. Smith, Owner and Designated Broker

Order Number C-04-040-05-FO01

Effective Date March 22, 2005

License Number DFI: 19822

License Effect Revoked

Not Apply until _____

Prohibition/Ban until March 22, 2010

Investigation Costs	\$286.68	Due:	Paid: YES	Date:
----------------------------	----------	------	-----------	-------

Assessment(s)	\$1,061.72	Due:	Paid: YES	Date:
----------------------	------------	------	-----------	-------

Monetary Penalty	\$3,000	Due:	Paid: YES	Date:
-------------------------	---------	------	-----------	-------

Other Satisfaction of Judgment filed July 9, 2015

1
2
3
4
5
6
7

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

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

NO. C-04-040-05-FO01

LIGHTHOUSE LENDING, INC., and
RODNEY L. SMITH, Owner and Designated Broker,
Respondents.

FINAL ORDER

26
27
28
29
30
31
32
33
34
35

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) pursuant to RCW 34.05.440(2). On March
10, 2004, the Director through her designee Consumer Services Division Director and Enforcement
Chief Chuck Cross, entered a Statement of Charges and Notice of Intention to Enter an Order to
Revoke License, Collect Annual Assessment, Impose Fine, Prohibit from Industry, 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 March 10, 2004, a Notice of Opportunity to Defend and Opportunity for Hearing, and
blank Applications for Adjudicative Hearing for Lighthouse Lending, Inc. (Lighthouse) and Rodney L.
Smith (Smith), Owner and Designated Broker. The Department of Financial Institutions of the State of
Washington (Department) served the Statement of Charges, cover letter dated March 10, 2004, Notice
of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative
Hearing for Lighthouse and Smith on Respondents by Federal Express on March 11, 2004. On March
31, 2004, Respondents each filed an application for adjudicative hearing. On June 24, 2004, the

1 Department made a request to the Office of Administrative Hearings (OAH) to assign an
2 Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of Charges.

3 On July 1, 2004, OAH issued an Order for Telephonic Prehearing Conference (OTPC)
4 scheduling a prehearing conference on Thursday, August 5, 2004 at 8:00 a.m. That Order contained
5 the following instruction to the parties: **“The parties shall notify the Office of Administrative
6 Hearings with an appropriate telephone number where they can be reached for the conference.”**

7 That Order also noted “Parties who fail to attend or participate in the hearing or other stage of the
8 adjudicative proceeding may be held in default.” On July 1, 2004, OAH sent notice of the August 5,
9 2004 prehearing conference to the address in Respondents’ Applications for Adjudicative Hearing.

10 On August 5, 2004, the prehearing conference was convened by ALJ Rebekah R. Ross (ALJ
11 Ross) at 8:00 a.m. Respondents failed to appear until approximately 10:00 a.m., at which time
12 Respondent Smith indicated that he had not received the OTPC issued July 1, 2004 and requested a
13 continuance to obtain counsel. ALJ Ross continued the prehearing conference to Tuesday October 5,
14 2004 at 1:00 p.m.

15 On September 3, 2004, OAH issued an OTPC scheduling a prehearing conference on Tuesday
16 October 5, 2004 at 1:00 p.m. That Order contained the following instruction to the parties: **“The
17 parties shall notify the Office of Administrative Hearings with an appropriate telephone number
18 where they can be reached for the conference.”** That Order also noted “Parties who fail to attend or
19 participate in the hearing or other stage of the adjudicative proceeding may be held in default.” On
20 September 3, 2004, OAH sent notice of the October 5, 2004 prehearing conference to the address in
21 Respondents’ Applications for Adjudicative Hearing.
22
23
24
25

1 On October 5, 2004, the prehearing conference was convened by ALJ Ross at 1:00 p.m.
2 Respondents failed to appear and ALJ Ross was unable to contact Respondents at the last telephone
3 number provided by Respondents. The Department moved for an order of default based on
4 Respondents' failure to appear. On October 5, 2004, ALJ Ross issued an Order of Default and Initial
5 Order that the Department's Statement of Charges be affirmed. On October 5, 2004, OAH sent the
6 Order of Default and Initial Order to the address in Respondents' Applications for Adjudicative
7 Hearing.

8 Pursuant to RCW 34.05.440(3), Respondents had seven days from the date of service of the
9 order to file a written motion with OAH requesting that the Order of Default and Initial Order be
10 vacated, and stating the grounds relied upon. Respondents did not make a request to vacate during the
11 statutory period. Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents had twenty days
12 from the date of service of the order to file a petition for review of the Order of Default and Initial
13 Order with the Director. Respondents did not file a petition for review during the statutory period.

14 B. Record Presented. The record presented to the Director for her review and for entry of
15 a final decision included the following:
16

- 17 1. Statement of Charges, and cover letter dated March 10, 2004;
- 18 2. Notice of Opportunity to Defend and Opportunity for Hearing;
- 19 3. Documentation of service for Statement of Charges, Notice of Opportunity to Defend
20 and Opportunity for Hearing, and cover letter dated March 10, 2004;
- 21 4. Applications for Adjudicative Hearing for Lighthouse Lending, Inc. and Rodney L.
22 Smith, Owner and Designated Broker;
- 23 5. Request to OAH for Assignment of Administrative Law Judge;
- 24 6. Order for Telephonic Prehearing Conference dated July 1, 2004, with documentation
25 of service;

1 II. FINAL ORDER

2 Based upon the foregoing, and the Director having considered the record and being
3 otherwise fully advised, NOW, THEREFORE:

4 A. IT IS HEREBY ORDERED, That:

- 5 1. Respondent Lighthouse Lending, Inc.'s license to conduct the business of a
6 Mortgage Broker is revoked; and
- 7 2. Respondents Lighthouse Lending, Inc. and Rodney L. Smith jointly and severally
8 pay the cumulative delinquent Annual Assessments due through April 30, 2004
9 totaling \$1,061.72 (\$530.86 for the year ended April 30, 2003 and \$530.86 for the
10 year ended April 30, 2004); and
- 11 3. Respondents Lighthouse Lending, Inc. and Rodney L. Smith jointly and severally
12 pay a fine of \$3,000.00 for failure to comply with a directive, calculated at \$100
13 per day for thirty (30) days; and
- 14 4. Respondent Rodney L. Smith is prohibited from participation in the conduct of the
15 affairs of any licensed mortgage broker, in any manner, for a period of five (5)
16 years; and
- 17 5. Respondents Lighthouse Lending, Inc. and Rodney L. Smith jointly and severally
18 pay an investigation fee in the amount of \$286.68, calculated at \$47.78 per hour
19 for six (6) staff hours devoted to the investigation; and
- 20 6. Respondents Lighthouse Lending, Inc. and Rodney L. Smith maintain records in
21 compliance with chapter 19.146 RCW, the Mortgage Broker Practices Act ("Act")
22 and provide the Department with the location of the books, records and other
23 information relating to Lighthouse Lending, Inc.'s mortgage broker business, and
24 the name, address and telephone number of the individual responsible for
25 maintenance of such records in compliance with the Act.

20 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a
21 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
22 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150
23 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
24 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents. The

1 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
2 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

9 D. Judicial Review. Respondents have the right to petition the superior court for
10 judicial review of this agency action under the provisions of chapter 34.05 RCW. For the requirements
11 for filing a Petition for Judicial Review, see RCW 34.050.510 and sections following.

12 E. Service. For purposes of filing a Petition for Reconsideration or a Petition for
13 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
14 attached hereto.
15

16
17 DATED this 22nd day of March, 2005.



18
19
20 STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS



21
22
23 GLORIA PAPIEZ
ACTING DIRECTOR

1
2
3
4
5
6
7
8
9

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

10
11
12
13
14

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

NO. C-04-040-04-SC01

15
16
17
18

LIGHTHOUSE LENDING, INC., and
RODNEY L. SMITH, Owner and
Designated Broker,

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE,
COLLECT ANNUAL ASSESSMENT,
IMPOSE FINE, PROHIBIT FROM INDUSTRY,
AND COLLECT INVESTIGATION FEE

Respondents.

19
20
21
22
23
24
25

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 March 8, 2004 the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents:

A. **Lighthouse Lending, Inc., formerly MS Mortgage Corporation ("Respondent Lighthouse")** is known to have conducted the business of a mortgage broker at the following location:

615 N. First Ave
Stayton, OR 97383

B. **Rodney L. Smith ("Respondent Smith")** is known to be owner of Respondent Lighthouse. Respondent Smith was named Designated Broker on April 14, 1998, and has continued as Designated Broker to date.

1 **1.2 License:** Respondent Lighthouse's main office, at 610 SW Alder St, #500, Portland, OR 97205, was
2 licensed by the Department to conduct business as a mortgage broker on April 14, 1998. Respondent
3 Lighthouse's application to change its name from MS Mortgage Corporation to Lighthouse Lending, Inc. and
4 change the address of its main office to 615 N. First Ave, Stayton, OR 97383 was approved October 9, 2002.
5 Respondent Lighthouse has continued to be licensed to date.

6 **1.3 Failure to Pay Annual Assessments:** An annual assessment fee for each license is due to the
7 Department no later than the last business day of April for the year then ended. To date, the Department has not
8 received the annual assessment of \$530.86 for the year ended April 30, 2003, which was due to the Department
9 no later than the last business day of April 2003. In addition, payment of the annual assessment of \$530.86 for
10 the year ended April 30, 2004 will be due to the Department no later than the last business day of April 2004.

11 **1.4 Failure to Submit Continuing Education Certificate:** A certificate of satisfactory completion of an
12 approved continuing education course by a licensee's Designated Broker is due to the Department no later than
13 the last business day of April of each year. To date, the Department has not received the required certificates
14 from Respondent Smith for the year ended April 30, 2003.

15 **1.5 Failure to Respond to Directive:** On October 16, 2003, the Department served a directive on
16 Respondents by certified mail, requiring submittal of a certificate of completion of continuing education for
17 Respondent Smith and payment of the annual assessment fee. To date, the Department has not received a
18 response to this directive.

19 **1.6 Failure to Notify Department of Significant Developments:**
20 A. The Oregon Division of Finance and Corporate Securities has issued Mortgage Lender license
21 #ML-962 to Lighthouse Lending and Investments, Inc. at 615 N. First Ave, Stayton, OR
22 97383, with Rodney Smith listed as the contact. The named principal on Respondent
23 Lighthouse's surety bond was amended to "Lighthouse Lending and Investments, Inc." on
24 February 9, 2003. To date, Respondents have not notified the Department of this name change.

1 B. Respondent Lighthouse's corporate license, maintained with the State of Washington
2 Secretary of State, expired on December 31, 1999. To date, Respondents have not notified the
3 Department of this change in standing with the State of Washington Secretary of State.

4 C. Respondent Lighthouse's Master Business License account, maintained with the Washington
5 State Department of Licensing, was dissolved on December 31, 1999. To date, Respondents
6 have not notified the Department of this change in Respondent Lighthouse's State Master
7 Business License.

8 II. GROUNDS FOR ENTRY OF ORDER

9 **2.1 Requirement to Pay Annual Assessment:** Based on the Factual Allegations set forth in Section I
10 above, Respondents are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-
11 660-061 for failing to pay to the Director an annual assessment fee no later than the last business day of the
12 month in which the anniversary date of the issuance of the mortgage broker's license occurs.

13 **2.2 Requirement to Submit Certificate of Completion of Continuing Education:** Based on the Factual
14 Allegations set forth in Section I above, Respondent Smith is in apparent violation of RCW 19.146.215 and
15 WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of
16 satisfactory completion no later than the last business day of the month in which the anniversary date of the
17 issuance of the licensee's license occurs.

18 **2.3 Requirement to Notify Department of Significant Developments:** Based on the Factual Allegations
19 set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(3)(a), (e) and (f) for
20 failing to notify the Director in writing within five days after a change in the licensee's: name; State master
21 business license; or standing with the state of Washington Secretary of State.

22 **2.4 Requirement to Maintain Accurate and Current Books and Records:** Pursuant to RCW
23 19.146.060 and WAC 208-660-140, a mortgage broker shall make accurate and current books and records
24 readily available to the Department until at least twenty-five months have elapsed following the effective period
25 to which the books and records relate.

1 **2.5 Authority to Revoke License:** Pursuant to RCW 19.146.220(2)(b)(ii) and (iii), and WAC 208-660-
2 160(1) and (13), the Director may revoke a license if a licensee fails to pay a fee required by the Director, or
3 fails to comply with any directive or order of the Director.

4 **2.6 Authority to Impose Fine:** Pursuant to RCW 19.146.220(2)(c)(ii) and WAC 208-660-165, the Director
5 may impose fines on a licensee that fails to comply with any directive or order of the Director.

6 **2.7 Authority to Prohibit from the Industry:** Pursuant to RCW 19.146.220(2)(e)(iv), the Director may
7 prohibit from participation in the conduct of the affairs of a licensed mortgage broker, any officer, principal,
8 employee, or loan originator of any licensed mortgage broker or any person subject to licensing under the Act
9 that fails to comply with any directive or order of the Director.

10 **2.8 Authority to Charge Investigation Fee:** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4) and
11 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee, the Department
12 will furnish to the licensee a billing to cover the cost of the investigation. The investigation charge will be
13 calculated at the rate of forty-seven dollars and seventy-eight cents (\$47.78) per hour that each staff person devoted
14 to the investigation.

14 /
15 /
16 /
17 /
18 /
19 /
20 /
21 /
22 /
23 /

1 **III. NOTICE OF INTENTION TO ENTER ORDER**

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

- 6 3.1 Respondent Lighthouse Lending Inc.'s license to conduct the business of a Mortgage Broker be
7 revoked; and
- 8 3.2 Respondents jointly and severally pay the delinquent Annual Assessment due through April 30, 2003
9 of \$530.86. Additionally, Respondents jointly and severally pay the \$530.86 Annual Assessment for
10 the year ending April 30, 2004 no later than the last business day of April 2004; and
- 11 3.3 Respondents jointly and severally pay a fine of \$3,000.00 for failure to comply with a directive,
12 calculated at \$100 per day for 30 days; and
- 13 3.4 Respondent Rodney L. Smith be prohibited from participation in the conduct of the affairs of any
14 licensed mortgage broker, in any manner, for a period of five (5) years;
- 15 3.5 Respondents jointly and severally pay an investigation fee in the amount of \$286.68 calculated at
16 \$47.78 per hour for six (6) staff hours devoted to the investigation; and
- 17 3.6 Respondents maintain records in compliance with the Act and provide the Department with the
18 location of the books, records and other information relating to Respondent Lighthouse's mortgage
19 broker business, and the name, address and telephone number of the individual responsible for
20 maintenance of such records in compliance with the Act.

21 /
22 /
23 /
24 /
25 /

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IV. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Collect Annual Assessment, Impose Fine, Prohibit from Industry, and Collect Investigation Fee is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Collect Annual Assessment, Impose Fine, Prohibit from Industry, and Collect Investigation Fee.

Dated this 10th day of March, 2004.


CHUCK CROSS
Acting Director and Enforcement Chief
Division of Consumer Services
Department of Financial Institutions

Presented by:


Mark T. Olson
Financial Examiner

