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 by: NORTHWEST MORTGAGE ADVISORS, INC., KIMBERLEY KAY NEILS, Designated Broker, President, and Owner, TROY DUNCAN GAMBLE, Vice President and Owner, and MARTIN WILLIAM NEILS, Partner and Owner, Respondents.	NO. C-09-435-10-CO04 CONSENT ORDER **MARTIN WILLIAM NEILS**

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Martin William Neils (hereinafter "Respondent"), by and through his attorneys Daniel M. Caine and D. Gordon Willhite, 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 chapter 19.146 of 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 have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-09-435-09-SC01 (Statement of Charges), entered December 29, 2009, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act, and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees that the issues raised in the above-captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges.

Based upon the foregoing:

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

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

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

C. **Application for License.** It is AGREED that, for a period of three years from the date of entry of this Consent Order, Respondent shall not apply to the Department for a license to conduct business as a mortgage broker or consumer lender under chapter 19.146 RCW, the Mortgage Broker Practices Act (MBPA), or chapter 31.04 RCW, the Consumer Loan Act (CLA), under any name or on behalf of any person or entity. It is further AGREED that, should Respondent apply to the Department for a license to conduct business as a mortgage broker or consumer loan company under the MBPA or the CLA, under any name or on behalf of any person or entity, at any time later than three years from the date of entry of this Consent Order, Respondent shall be required to meet any and all application requirements in effect at that time. It is further AGREED that this paragraph does not preclude Respondent from applying to the Department for a license to conduct business as a loan originator or mortgage loan originator under the MBPA or the CLA, or from applying to the Department to renew such license. It is further AGREED that nothing in this Consent Order, or the facts giving rise to, or underlying the Statement of Charges, will be considered by the Department in the assessment of any future application, or renewal request, by Respondent for a loan originator license or mortgage loan originator license under the MBPA or the CLA in the event Respondent pursues such an application or renewal request.

D. **Restriction on Participation in the Industry.** It is AGREED that, for a period of three years from the date of entry of this Consent Order, Respondent shall not participate in the conduct of the affairs of any mortgage broker or consumer lender licensed by the Department or subject to licensure or regulation by the Department under the MBPA or the CLA, in any of the following capacities: (1) any equity capacity whether

active or passive; (2) as a director, principal, partner, LLC member, or designated broker; (3) any position exercising direct or indirect control of, or having supervisory or management responsibilities over compliance or trust functions or activities (including receiving, disbursing, managing or controlling in any way, consumer trust funds in any way related to any residential mortgage transaction) of such mortgage broker or consumer lender. It is further AGREED that this paragraph does not preclude Respondent from working as a loan originator or mortgage loan originator under the MBPA or the CLA at any time Respondent holds an appropriate loan originator license or mortgage loan originator license issued by the Department under the MBPA or the CLA.

E. **Rights of Non-Parties.** It is AGREED that the Department does not represent or have the consent of any person or entity not a party to this Consent Order to take any action concerning their personal legal rights. It is further AGREED that for any person or entity not a party to this Consent Order, this Consent Order does not limit or create any private rights or remedies against Respondent, limit or create liability of Respondent, or limit or create defenses of Respondent to any claims.

F. **Complete Cooperation with the Department (Statements).** It is AGREED that, upon written request by the Department, Respondent shall provide the Department truthful and complete sworn statements outlining his activities with respect to Northwest Mortgage Advisors, Inc. (Northwest) and any and all persons involved or in any way associated with Northwest, including but not limited to owners, employees, independent contractors, agents, businesses and persons with whom Northwest dealt, communicated, or otherwise related. The "sworn statements" may take the form of affidavits, declarations, or deposition testimony, at the Department's discretion. A failure to cooperate fully, truthfully, and completely is a breach of this Consent Order.

G. **Complete Cooperation with the Department.** In addition to providing sworn statements as described in paragraph F, it is AGREED that, upon written request by the Department, Respondent shall cooperate fully, truthfully, and completely with the Department and provide any and all information known to him relating in any manner to Northwest and any and all persons involved or in any way associated with Northwest, including but not limited to owners, employees, independent contractors, agents, businesses and persons with whom Northwest

dealt, communicated, or otherwise related. It is further AGREED that Respondent shall provide any and all documents, writings or materials, or objects or things of any kind in his possession or under his care, custody, or control that he is authorized to possess, obtain, or distribute relating directly or indirectly to all areas of inquiry and investigation. It is further AGREED that Respondent shall testify fully, truthfully, and completely at any and all proceedings related to any Department investigation or enforcement action or both related to any and all persons involved or in any way associated with Northwest, and any respondent named therein. A failure to cooperate fully, truthfully, and completely is a breach of this Consent Order.

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

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

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

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RESPONDENT:

Martin William Neils
Individually

4/28/10
Date

Approved as to Form:

D. Gordon Willhite, WSBA No. 2302
Attorney for Respondent

4/28/10
Date

Ryan Swanson & Cleveland, PLLC
By:

Daniel M. Caine, WSBA No. 368
Attorneys for Respondent

4/28/10
Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 3rd DAY OF May, 2010.

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

MARK T. OLSON
Financial Legal Examiner

Approved by:

JAMES R. BRUSSELBACK
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 by: NORTHWEST MORTGAGE ADVISORS, INC., KIMBERLEY KAY NEILS, Designated Broker, President, and Owner, TROY DUNCAN GAMBLE, Vice President and Owner, and MARTIN WILLIAM NEILS, Partner and Owner, Respondents.	NO. C-09-435-09-SC01 STATEMENT OF CHARGES and NOTICE OF INTENTION TO ENTER AN ORDER TO REVOKE LICENSES, PROHIBIT FROM INDUSTRY, IMPOSE FINE, ORDER RESTITUTION, 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 (Act)[1]. After having conducted an investigation pursuant to RCW 19.146.235, 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. Northwest Mortgage Advisors, Inc. (Respondent Northwest) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker in 1996, and continues to be licensed to date.[2]

B. Kimberley Kay Neils (Respondent K. Neils) is President and 33.33% Owner of Respondent Northwest. Respondent K. Neils has been the Designated Broker of Respondent Northwest from initial licensure by the Department through the present.

[1] RCW 19.146 (2006)
[2] Respondent Northwest was formerly known as First National Home Mortgage Corp. from initial licensure through in or around July 2008.

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
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C. **Troy Duncan Gamble (Respondent Gamble)** is Vice President and 33.33% Owner of Respondent Northwest. Respondent Gamble was licensed by the Department to conduct business as a loan originator on or about February 26, 2007, and continues to be licensed to date.

D. **Martin William Neils (Respondent M. Neils)** is Partner and 33.33% Owner of Respondent Northwest. Respondent M. Neils was licensed by the Department to conduct business as a loan originator on or about February 3, 2007, and continues to be licensed to date.

1.2 Residential Mortgage Loan Activity. From in or around January 2007 through in or around May 2009 (the period of investigation), Respondent Northwest originated at least 45 residential mortgage loans on property located in the State of Washington (the transactions).

1.3 Misrepresentation of Borrower Information. A loan originator operating under Respondent Northwest's mortgage broker license misrepresented Borrower SS's (SS) information to lenders in two of the transactions in order to obtain residential mortgage loans totaling over $1,200,000. Such information included SS's income, assets, liabilities, and intent to occupy the subject properties.

- **Transaction 1** – In or around March 2008, the loan originator assisted SS in obtaining a $560,000 residential mortgage loan to refinance property located at 8501 27th Ave NE, Seattle, WA (Property 1).
- **Transaction 2** – In or around March 2008, Respondent assisted SS in obtaining a $675,000 residential mortgage loan to purchase property located at 6824 24th Ave NE, Seattle, WA (Property 2).

The loan originator represented to the lender in each transaction that SS would be occupying each subject property as his primary residence. The loan originator did not disclose to either lender that the loan originator was originating loans for SS on two properties simultaneously while representing to each lender that SS would be occupying each property as his primary residence. The loan originator provided each lender with the same copies of paystubs, W-2s, bank statements, and investment account statements to document SS's income and assets. Respondent Northwest's mortgage broker files for both transactions contained credit reports, residential

mortgage loan applications, and initial disclosures; all dated March 3, 2008[3]. The loan originator represented to the lender in Transaction 1 that SS intended to use the proceeds from refinancing Property 1 for a variety of reasons, none of which were to use as a down payment to purchase another home[4]. The loan originator represented to the lender in Transaction 2 that Property 1 was a rental property generating $1,800 per month in rental income, was subject to a one-year lease agreement signed March 4, 2008, and had a mortgage balance of $280,000. SS sold Property 1 in June 2008.

1.4 Unlicensed Loan Originator Activity. Respondent Northwest permitted at least two unlicensed loan originators to assist borrowers in obtaining residential mortgage loans in at least six of the transactions. Respondent Northwest collected over $20,000 in mortgage broker fees at the closing of these transactions.

1.5 Failure to Maintain Funds in Trust. At the time of initial licensure, Respondent Northwest obtained approval from the Department to operate a trust account to receive trust funds from or on behalf of borrowers for the payment of third-party provider services. However, during at least the period of investigation, Respondent Northwest received trust funds in at least 14 of the transactions, usually from the closing agent at the closing of the transactions, and deposited these trust funds into operating accounts under its control, thereby commingling trust funds with operating funds.

1.6 Failure to Comply with State Loan Disclosure Requirements.

A. Loan Fees and Terms. Respondent Northwest did not, within three business days following receipt of a loan application or any moneys from the borrowers, provide borrowers in at least 17 of the transactions with full written disclosures containing an itemization and explanation of all fees and costs the borrowers were required to pay in connection with obtaining the residential mortgage loans, specifying the fees inuring to the benefit of Respondent Northwest, and containing, if a variable rate, the circumstances under

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[3] While many of the documents obtained from Respondent Northwest's mortgage broker files were purportedly signed by SS on March 3, 2008, the signatures on these documents are not consistent.

[4] Respondent Northwest's mortgage broker file for Transaction 1 contained two letters, purportedly signed by SS. One letter, dated March 13, 2008, indicated the purpose of the refinance was to improve the property and for SS's wife to invest in a business opportunity. One letter, dated March 17, 2008, indicated the purpose of the refinance was to improve the property. SS's signatures on these letters are not consistent.

which the rate might increase, any limitation on the increase, the effect of an increase, and an example of the payment terms resulting from an increase.[5]

B. Increased Fees. Respondent Northwest charged a borrower $2,700 in fees inuring to the benefit of Respondent Northwest in excess of the fees disclosed on the initial written disclosures in at least one of the transactions. Respondent Northwest did not provide this borrower, no less than three business days prior to the signing of the loan closing documents, a clear written explanation of the fees and the reason for charging fees exceeding those which were previously disclosed.

C. Lock-In Agreement Disclosure. Respondent Northwest did not, within three business days following receipt of a loan application or entry of a lock-in agreement, provide borrowers in at least 40 of the transactions with full written disclosures containing lock-in agreement information. Respondent Northwest either did not provide lock-in agreement disclosures at all, or provided lock-in agreement disclosures that: did not indicate whether a lock-in agreement had been entered; and if a lock-in agreement had been entered, did not indicate the cost, terms, duration, and conditions of the lock-in agreement; and if a lock-in agreement had not been entered, did not indicate that the disclosed interest rate and terms were subject to change.[6]

D. Borrower Paid Services. Respondent Northwest did not, within three business days following receipt of a loan application or any moneys from the borrowers, provide borrowers in all 45 of the transactions with a written statement that if the borrowers were unable to obtain a loan for any reason, Respondent Northwest must, within five days of a written request by the borrowers, give copies of any appraisals, title reports, or credit reports paid for by the borrowers to the borrowers, and transmit the appraisals, title reports, or credit reports to any other mortgage broker or lender to whom the borrowers directed the documents to be sent.[7]

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[5] At least 3 of these transactions were originated by Respondent Gamble and at least 3 of these transactions were originated by Respondent M. Neils.

[6] At least 3 of these transactions were originated by Respondent K. Neils, at least 9 of these transactions were originated by Respondent Gamble, and at least 5 of these transactions were originated by Respondent M. Neils.

[7] At least 3 of these transactions were originated by Respondent K. Neils, at least 10 of these transactions were originated by Respondent Gamble, and at least 5 of these transactions were originated by Respondent M. Neils.

1.7 Failure to Comply with Federal Loan Disclosure Requirements.

A. Truth-in-Lending Act. Respondent Northwest did not provide borrowers in at least 11 of the transactions with Truth-in-Lending disclosures (TILs) completed in compliance with the Truth-in-Lending Act and Regulation Z. On these TILs, Respondent Northwest did not complete the bottom section of the TIL that identifies the insurance requirements and the existence of a prepayment penalty, security interest, assumption policy, and late fees.[8]

B. Real Estate Settlement Procedures Act. Respondent Northwest did not provide borrowers in at least 8 of the transactions with Good Faith Estimate disclosures (GFEs) completed in compliance with the Real Estate Settlement Procedures Act and Regulation X. Respondent Northwest did not dislcose the Yield Spread Premium (YSP) on these GFEs, while ultimately collecting YSPs totaling over $26,000 at the closing of these 8 transactions.[9]

1.8 Failure to Display License Numbers.

A. Residential Mortgage Loan Applications. Loan originators operating under Respondent Northwest's mortgage broker license did not display their loan originator license numbers and did not display Respondent Northwest's mortgage broker license number on residential mortgage loan applications in at least 20 of the transactions.[10]

B. Web Sites. In September 2008, the Department reminded Respondent Northwest of the Act's requirement to display loan originator license numbers and Respondent Northwest's mortgage broker license number on web sites;[11] however, as of at least May 2009, Respondent Northwest and at least 10 loan originators operating under Respondent Northwest's mortgage broker license maintained web sites that did not display loan originator license numbers or Respondent Northwest's mortgage broker license or both.[12]

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[8] At least 1 of these transactions was originated by Respondent K. Neils.
[9] At least 1 of these transactions was originated by Respondent K. Neils and at least 2 of these transactions were originated by Respondent Gamble.
[10] At least 1 of these transactions was originated by Respondent K. Neils, at least 1 of these transactions was originated by Respondent Gamble, and at least 3 of these transactions were originated by Respondent M. Neils.
[11] The Department issued a Resolution and Request for Action to Respondent Northwest on September 23, 2008 under Complaint 27799 involving Loan Originator Dave Mitchell.
[12] 1 of these web sites was maintained by Respondent Gamble.

1.9 Unapproved Trade Names. In September 2008, the Department reminded Respondent Northwest of the Act's requirement to obtain the Department's approval prior to using any trade name;[13] however, as of at least May 2009, Respondent Northwest and at least 4 loan originators operating under Respondent Northwest's mortgage broker license were using at least the following trade names:

www.nwadvisors.com
www.lendinghotspot.com
www.mortgagemaverick.com
www.esteslending.com, The Estes Team
www.jtgpro.com, JTG PRO, JTG Financial

Respondent Northwest did not have the written consent of the Director to use these trade names at any time during the period of investigation.

1.10 Advertising "Lowest" or "Best" Rates. As of at least May 2009, at least 4 loan originators operating under Respondent Northwest's mortgage broker license maintained web sites advertising the availability of the "lowest" or "best" interest rates through Respondent Northwest.

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

II. GROUNDS FOR ENTRY OF ORDER

2.1 Responsibility for Conduct of Loan Originators. Pursuant to RCW 19.146.245 and WAC 208-660-155(3), a licensed mortgage broker is liable for any conduct violating the Act by the designated broker or a loan originator while employed or engaged by the licensed mortgage broker. Pursuant to RCW 19.146.200(4) and WAC 208-660-155(4), a designated broker, principal, or owner who has supervisory authority over a mortgage broker is responsible for a licensee's, employee's, or independent contractor's violations of the Act if: the designated broker, principal, or owner directs or instructs the conduct or, with knowledge of the specific conduct, approves or allows the conduct; or the designated broker, principal, or owner who has supervisory authority over the licensed mortgage broker knows or by the exercise of reasonable care and inquiry should

[13] The Department issued a Resolution and Request for Action to Respondent Northwest on September 23, 2008 under Complaint 27799 involving the unapproved trade name "Mitchell Group" being used by Loan Originator Dave Mitchell.

have known of the conduct, at a time when its consequences can be avoided or mitigated and fails to take reasonable remedial action.

2.2 Prohibited Acts. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201:

- (1) for directly or indirectly employing a scheme, device or artifice to defraud or mislead borrowers or lenders or any person;
- (2) for engaging in an unfair or deceptive practice toward any person;
- (3) for obtaining property by fraud or misrepresentation;
- (6) for failing to make disclosures to loan applicants and noninstitutional investors as required by RCW 19.146.030 and any other applicable state or federal law;
- (7) for making, in any manner, any false or deceptive statement or representation with regard to the rates, points, or other financing terms or conditions for a residential mortgage loan or engaging in bait and switch advertising;
- (11) for failing to comply with any requirements of the Truth-in-Lending Act, 15 U.S.C. Sec. 1601, and Regulation Z, 12 C.F.R. Sec. 226 and for failing to comply with any requirements of the Real Estate Settlement Procedures Act, 12 U.S.C. Sec. 2601, and Regulation X, 24 C.F.R. Sec. 3500;
- (13) for collecting, charging, attempting to collect or charge or using or proposing any agreement purporting to collect or charge any fee prohibited by RCW 19.146.030 or RCW 19.146.070;
- (15) for failing to comply with any provision of RCW 19.146.030 through 19.146.080.

2.3 Requirement to Disclose Residential Mortgage Loan Fees and Terms. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.030(1) & (2)(a) for failing, within three business days following receipt of a loan application or any moneys from the borrowers, to provide borrowers with full written disclosures containing an itemization and explanation of all fees and costs the borrowers were required to pay in connection with obtaining residential mortgage loans, specifying the fees inuring to the benefit of Respondent Northwest, and containing, if a variable rate, the circumstances under

which the rate might increase, any limitation on the increase, the effect of an increase, and an example of the payment terms resulting from an increase.

2.4 Requirement to Disclose Lock-In Agreement Information. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.030(1), (2)(c), & (3) for failing, within three business days following receipt of a loan application or receipt of any moneys from the borrowers or entry of a lock-in agreement with the borrowers subsequent to initial disclosures or representation to the borrowers that the borrowers had entered into a lock-in agreement subsequent to initial disclosures, to provide borrowers with full written disclosures containing the cost, terms, duration, and conditions of a lock-in agreement and whether a lock-in agreement had been entered, and whether the lock-in agreement was guaranteed by the mortgage broker or lender, and if a lock-in agreement had not been entered, disclosure in a form acceptable to the Director that the disclosed interest rate and terms were subject to change.

2.5 Requirement to Provide Written Statement on Borrower Paid Services. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.030(1) & (2)(d) for failing, within three business days following receipt of a loan application or any moneys from the borrowers, to provide borrowers with full written disclosures containing a statement that if the borrowers were unable to obtain a loan for any reason, Respondent Northwest must, within five days of a written request by the borrowers, give copies of any appraisals, title reports, or credit reports paid for by the borrowers to the borrowers, and transmit the appraisals, title reports, or credit reports to any other mortgage broker or lender to whom the borrowers directed the documents to be sent.

2.6 Prohibited Fee, Commission, or Compensation. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.030(4) for charging fees inuring to the benefit of Respondent Northwest in excess of the fees disclosed on the initial written disclosures: where the fees were reasonably foreseeable at the time the initial written disclosures were provided to borrowers; or where Respondent Northwest failed to provide the borrowers, no less than three business days prior to the signing of

the loan closing documents, a clear written explanation of the fees and the reason for charging fees exceeding those which were previously disclosed; or both.

2.7 Requirement to Provide Complete and Accurate Truth-In-Lending Disclosures. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of Regulation Z, 12 C.F.R. Sec. 226.18 for failing to provide complete and accurate Truth-In-Lending disclosures to borrowers.

2.8 Requirement to Disclose the Yield Spread Premium. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of Regulation X, 24 C.F.R. Sec. 3500, Appendix B, and WAC 208-660-430(5) for failing to disclose Yield Spread Premiums charged to borrowers on the Good Faith Estimate disclosures provided to borrowers.

2.9 Requirement to Maintain Funds From Borrower for Payment of Third-Party Providers in Trust. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.050 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.

2.10 Requirement to Obtain and Maintain Loan Originator License. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1) and WAC 208-660-155(1) for utilizing the services of unlicensed loan originators to assist borrowers with applying for and obtaining residential mortgage loans.

2.11 Requirement to Display License Number. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of WAC 208-660-350(24), (25) & (26) for failing to display the loan originator license number and the name and license number of the mortgage broker the loan originator is associated with on web sites and when taking residential mortgage loan applications.

2.12 Requirement to Obtain Consent for Use of Trade Name. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.250 and WAC 208-660-180 for

failing to obtain the written consent of the Director prior to operating or advertising under a name other than the one under which the license is issued.

2.13 Prohibited Advertising. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of WAC 208-660-440(7) for advertising rates or fees as the "lowest" or "best." Rates described as "lowest," "best," or other similar words cannot be proven to be actually available at the time they are advertised. Therefore, they are a false or deceptive statement or representation prohibited by RCW 19.146.0201(7).

III. AUTHORITY TO IMPOSE SANCTIONS

3.1 Authority to Revoke License. Pursuant to RCW 19.146.220(2)(e), the Director may revoke a license for any violation of the Act.

3.2 Authority to Prohibit from the Industry. Pursuant to RCW 19.146.220(5)(a), 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 Act for any violation of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.030 through RCW 19.146.080, or RCW 19.146.200.

3.3 Authority to Impose Fine. Pursuant to RCW 19.146.220(2)(e), the Director may impose fines against licensees or other persons subject to the Act for any violation of the Act. Pursuant to RCW 19.146.220(3), the Director may impose fines on an employee, loan originator, independent contractor, or agent of the licensee, or other person subject to the Act for any violation of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.030 through RCW 19.146.080, or RCW 19.146.200.

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

3.5 Authority to Collect Investigation Fee. Pursuant to RCW 19.146.228(2) and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per hour for an examiner's time devoted to an investigation of the books and records of a licensee or other person subject to the Act.

IV. NOTICE OF INTENTION TO ENTER ORDER

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

4.1 Respondent Northwest Mortgage Advisors, Inc.'s license to conduct the business of a mortgage broker be revoked.

4.2 Respondent Kimberley Kay Neils' license to conduct the business of a loan originator be revoked.

4.3 Respondent Troy Duncan Gamble's license to conduct the business of a loan originator be revoked.

4.4 Respondent Martin William Neils' license to conduct the business of a loan originator be revoked.

4.5 Respondent Northwest Mortgage Advisors, Inc. 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 five years.

4.6 Respondent Kimberley Kay Neils 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 five years.

4.7 Respondent Troy Duncan Gamble 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 five years.

4.8 Respondent Martin William Neils 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 five years.

4.9 Respondents Northwest Mortgage Advisors, Inc., Kimberley Kay Neils, Troy Duncan Gamble, and Martin William Neils jointly and severally pay a fine. As of the date of this Statement of Charges, the fine totals $100,000.

4.10 Respondents Northwest Mortgage Advisors, Inc., Kimberley Kay Neils, Troy Duncan Gamble, and Martin William Neils jointly and severally pay restitution to borrowers in an amount to be determined at hearing.

4.11 Respondents Northwest Mortgage Advisors, Inc., Kimberley Kay Neils, Troy Duncan Gamble, and Martin William Neils jointly and severally pay an investigation fee. As of the date of this Statement of Charges, the investigation fee totals $11,256.

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V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke Licenses, Prohibit from Industry, Impose Fine, Order Restitution, and Collect Investigation Fee (Statement of Charges) 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.

Dated this 29th day of December, 2009.

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

MARK T. OLSON
Financial Examiner

Approved by:

JAMES R. BRUSSELBACK
Enforcement Chief