ORDER SUMMARY – Case Number: C-15-1650

Names: Edward Raif Johnsrud d/b/a Point Loma Investment Group; First Home Mortgage Consulting d/b/a FHM Consulting

Order Number: C-15-1650-15-FO01

Effective Date: 12/21/2015

License Number: NMLS: 311651
Or **NMLS Identifier**

License Effect: N/A

Not Apply Until: 12/21/2020

Not Eligible Until: 12/21/2020

Prohibition/Ban Until: 12/21/2020

Investigation Costs	$1,051.20	Due 30 days from receipt of final order	Paid ☐ Y ☒ N	Date
Fine	$6,000.00	Due 30 days from receipt of final order	Paid ☐ Y ☒ N	Date
Assessment(s)	$	Due	Paid ☐ Y ☐ N	Date
Restitution	$1,500.00	Due 30 days from receipt of final order	Paid ☐ Y ☒ N	Date
Judgment	$	Due	Paid ☐ Y ☐ N	Date
Costs and Expenses of Prosecution	$302.40	Due 30 days from receipt of final order	Paid ☐ Y ☒ N	Date
Satisfaction of Judgment Filed?		☐ Y ☒ N		
	No. of Victims:	1		

Comments: Respondents are ordered to cease and desist from engaging in the business of a mortgage broker and loan originator.

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: FIRST HOME MORTGAGE CONSULTING d/b/a FHM CONSULTING; and EDWARD RAIF JOHNSRUD d/b/a POINT LOMA INVESTMENT GROUP LLC, Respondents.	No.: C-15-1650-15-FO01 FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Charles E. Clark (Director's designee), pursuant to RCW 34.05.440(1). On November 17, 2015, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist Business, Prohibit from Industry, Order Restitution, Impose Fine, Collect Investigation Fee, and Collect Costs and Expenses (Statement of Charges) against First Home Mortgage Consulting d/b/a FHM Consulting and Edward Raif Johnsrud d/b/a Point Loma Investment Group LLC (Respondents). 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 November 18, 2015, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondents (collectively, accompanying documents).

On November 18, 2015, the Department served Respondents with the Statement of Charges and accompanying documents by First-Class mail and Federal Express overnight delivery. On

November 19, 2015, the documents sent by Federal Express overnight delivery were delivered. The documents sent by First-Class mail were not returned to the Department by the United States Postal Service.

Respondents did not request an adjudicative hearing within twenty calendar days after the Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for in WAC 208-08-050(2).

B. Record Presented. The record presented to the Director's designee for his review and for entry of a final decision included the following: Statement of Charges, cover letter dated November 18, 2015, Notice of Opportunity to Defend and Opportunity for Hearing, blank Application for Adjudicative Hearing for Respondents, with documentation for service, and Declaration of Amanda Herndon.

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

II. FINAL ORDER

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

A. IT IS HEREBY ORDERED, That:

1. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF JOHNSRUD cease and desist engaging in the business of a mortgage broker and loan originator.

2. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF JOHNSRUD are 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.

3. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF JOHNSRUD jointly and severally pay $1,500.00 in restitution to Washington State consumer D.I.

4. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF JOHNSRUD jointly and severally pay a fine of $6,000.00

5. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF JOHNSRUD jointly and severally pay an investigation fee of $1,051.20.

6. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF JOHNSRUD maintain records in compliance with chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and provide the Director with the location of the books, records and other information relating to Respondents First Home Mortgage Consulting's and Edward Raif Johnsrud's business, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

7. Respondents FIRST HOME MORTGAGE CONSULTING and EDWARD RAIF JOHNSRUD pay the Department's costs and expenses for prosecuting violations of the Act in an amount $302.40 as stated in the Declaration of Amanda Herndon.

B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten days of service of the Final Order upon Respondents. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

D. Judicial Review. Respondents have the right to petition the superior court for judicial review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

E. Non-compliance with Order. If Respondents do not comply with the terms of this order, **including payment of any amounts owed within thirty days of receipt of this order,** the Department may seek its enforcement by the Office of the Attorney General to include the collection of the restitution, fines, fees, costs, and expenses imposed herein. The Department also may assign the amounts owed to a collection agency for collection.

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

DATED this 21st day of December, 2015.

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

[redacted]

CHARLES E. CLARK
Director
Division of Consumer Services

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: FIRST HOME MORTGAGE CONSULTING d/b/a FHM CONSULTING; and EDWARD RAIF JOHNSRUD d/b/a POINT LOMA INVESTMENT GROUP LLC, Respondents.	No. C-15-1650-15-SC01 STATEMENT OF CHARGES and NOTICE OF INTENT TO ENTER AN ORDER TO CEASE AND DESIST BUSINESS, PROHIBIT FROM INDUSTRY, ORDER RESTITUTION, IMPOSE FINE, COLLECT INVESTIGATION FEE, AND COLLECT COSTS AND EXPENSES

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). 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 Charles E. Clark, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. Respondent First Home Mortgage Consulting d/b/a FHM Consulting (Respondent FHM) has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker.

B. Edward Raif Johnsrud d/b/a Point Loma Investment Group LLC (Respondent Johnsrud) is a principal of Respondent FHM. Respondent Johnsrud has never been licensed by the Department to conduct business as a mortgage broker or loan originator.

//

1.2 Unlicensed Activity. Between at least May 2, 2014, and October 16, 2014, Respondents offered residential mortgage loan modification services to Washington State consumers, for loans secured by an interest in property located in Washington State, or both. Respondents entered into a contract with at least one Washington State consumer to provide those services and collected an advance fee for those services. Consumer D.I. paid an advanced fee of $1,500.00 to Respondents for loan modification services.

1.3 Misrepresentations and Omissions. Respondents represented that they were licensed to provide the residential mortgage loan modification services or omitted disclosing that they were not licensed to provide those services.

1.4 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 Mortgage Broker Defined. Pursuant to RCW 19.146.010(14), "Mortgage broker" means any person who for direct or indirect compensation or gain, or in the expectation of direct or indirect compensation or gain assists a person in obtaining or applying to obtain a residential mortgage loan or performs residential mortgage loan modification services or holds himself or herself out as being able to assist a person in obtaining or applying to obtain a residential mortgage loan or provide residential mortgage loan modification services.

2.2 Loan Originator Defined. Pursuant to RCW 19.146.010(11)(b), "Loan originator" means a natural person who for direct or indirect compensation or gain or in the expectation of direct or indirect compensation or gain performs residential mortgage loan modification services or holds himself or herself out as being able to perform residential mortgage loan modification services.

//

//

2.3 Prohibited Acts. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(2) and (3) for engaging in an unfair or deceptive practice toward any person and obtaining property by fraud or misrepresentation.

2.4 Failure to Obtain and Maintain Mortgage Broker License. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1) for engaging in the business of a mortgage broker for Washington residents or property without first obtaining a license to do so.

2.5 Failure to Obtain and Maintain Loan Originator License. Based on the Factual Allegations set forth in Section I above, Respondent Johnsrud is in apparent violation of RCW 19.146.200(1) for engaging in the business of a loan originator without first obtaining and maintaining a license.

2.6 Prohibition against Taking Advance Fees. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) and 12 § C.F.R. 1015.5(a) for taking advance fees for residential mortgage loan modification services.

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 any person subject to the Act to cease and desist from conducting business.

3.2 Authority to Prohibit from Industry. Pursuant to RCW 19.146.220(5), the Director may issue orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker any person subject to licensing under the Act for any violation of the Act.

3.3 Authority to Order Restitution. Pursuant to RCW 19.146.220(2), the Director may order restitution against any person subject to the Act for any violation of the Act.

3.4 Authority to Impose Fine. Pursuant to RCW 19.146.220(2), the Director may impose fines against any person 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 any person subject to the Act.

3.6 Authority to Recover Costs and Expenses. Pursuant to RCW 19.146.221(2), the Director may recover the state's costs and expenses for prosecuting violations of the Act.

IV. NOTICE OF INTENT TO ENTER ORDER

Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth above 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 intent to ORDER that:

4.1 Respondents First Home Mortgage Consulting and Edward Raif Johnsrud cease and desist engaging in the business of a mortgage broker and loan originator.

4.2 Respondents First Home Mortgage Consulting and Edward Raif Johnsrud be prohibited from participation, in any manner, in the conduct of the affairs of any mortgage broker subject to licensure by the Director for a period of five years.

4.3 Respondents First Home Mortgage Consulting and Edward Raif Johnsrud jointly and severally pay restitution to the consumer identified in paragraph 1.2 totaling $1,500.00, and that Respondents jointly and severally pay restitution to each Washington State consumer with whom they agreed to perform residential mortgage loan modification and any other consumer for whom they agreed to perform residential mortgage loan modification services for a loan secured by an interest in property located in Washington State equal to the amount collected from each consumer for those services in an amount to be determined at hearing.

4.4 Respondents First Home Mortgage Consulting and Edward Raif Johnsrud jointly and severally pay a fine, which as of the date of this Statement of Charges totals $ 6,000.00.

4.5 Respondents First Home Mortgage Consulting and Edward Raif Johnsrud jointly and severally pay an investigation fee, which as of the date of this Statement of Charges totals $1,051.20.

4.6 Respondents First Home Mortgage Consulting and Edward Raif Johnsrud maintain records in compliance with the Act and provide the Department with the location of the books, records and other information relating to Respondents' provision of residential mortgage loan modification services in Washington, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

4.7 Respondent First Home Mortgage Consulting and Edward Raif Johnsrud pay the Department's costs and expenses for prosecuting violations of the Act in an amount to be

determined at hearing or by Declaration with supporting documentation in event of default by Respondent.

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

V. AUTHORITY AND PROCEDURE

This 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 17th day of November, 2015.

[redacted]

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

Presented by:

[redacted]

Amanda J. Herndon
Financial Legal Examiner

Approved by:

[redacted]

STEVEN C. SHERMAN
Enforcement Chief