



Mortgage Industry Webinar Agenda

Tuesday, May 3, 2016

9:00 a.m.

1. Welcome – Charlie Clark

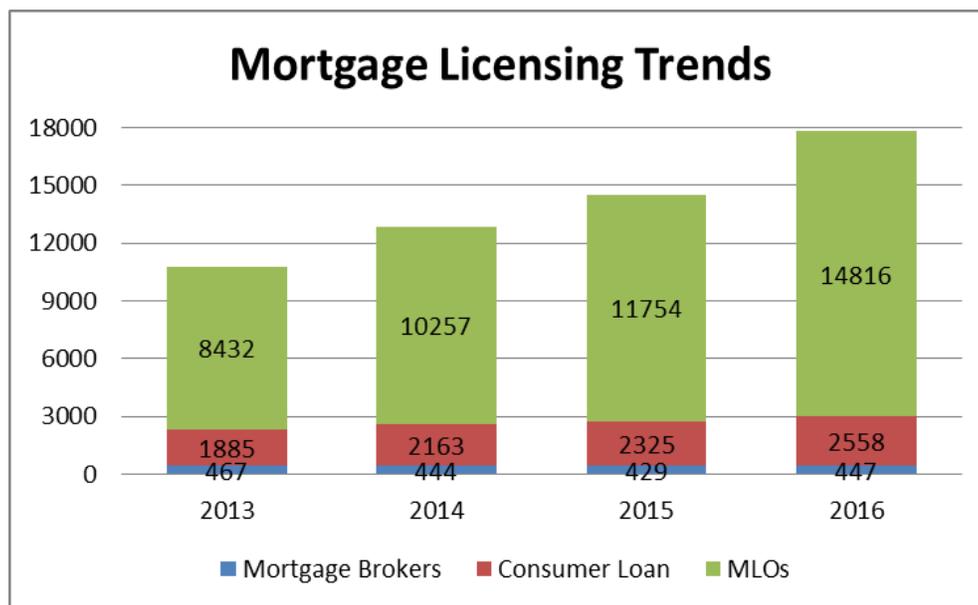
The information provided during this webinar is for informational purposes only and is not legal advice. You should contact an attorney to obtain advice with respect to any particular business practice. The opinions expressed during the webinar are the opinions of the individuals and may not reflect the opinions of the department. The information provided may not be applicable in all situations or under all circumstances. You are ultimately responsible for compliance with state and federal law.

2. Rules Update – Devon Phelps
3. Licensing Update – Maureen Camp
4. Examination Update – Alan Leingang
5. Enforcement Update – Steve Sherman
6. Opportunity to Submit Questions – Devon Phelps

Licensing Unit Report - Mortgage Program

Mortgage Industry Webinar
May 3, 2016

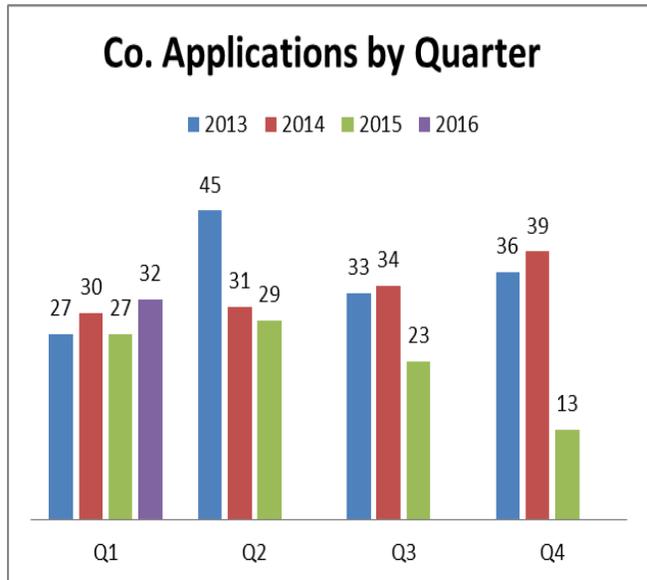
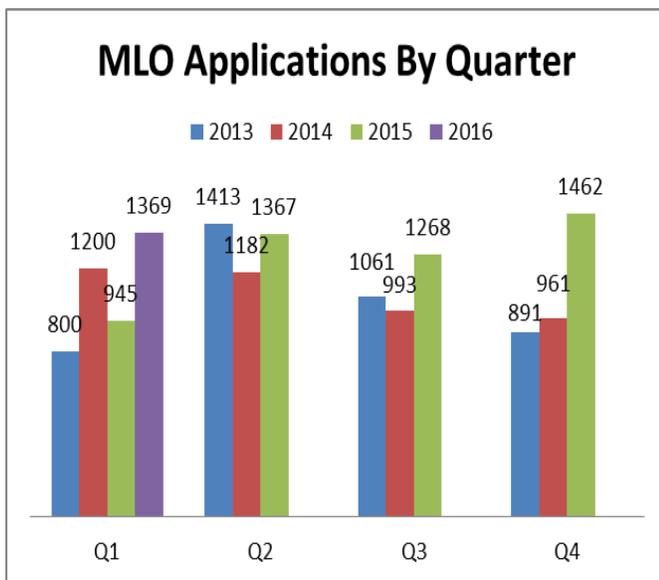
License Types	Apr 2013	Apr 2014	Apr 2015	Apr 2016	Total Change
Mortgage Broker Main	333	304	277	271	-62
Mortgage Broker Branch	134	140	152	176	+42
Consumer Loan Main	436	486	513	542	+106
Consumer Loan Branch	1,449	1,677	1,812	2,016	+567
MLOs (Active & Inactive)	8,432	10,257	11,754	14,816	+6,384



Licensing Trends

- Steady growth in number of mortgage licensees, increasing nearly 23% over last year
 - MLOs make up the majority of mortgage licensees
 - Washington ranks 21st in terms of greatest MLO licensee growth for 2015¹
 - Consumer Loan Act licensees still increasing, both mortgage & consumer lending
 - The decline in the number of Mortgage Broker licensees is slowing with 2-5 new company license approvals monthly
- Most new licensees aren't previously licensed by DFI, but still see a steady number of former licensees returning to licensure

¹ Source: 2015 NMLS Mortgage Industry Report



Application Trends

- Currently experiencing tremendous growth in MLO applications, Q1 brought nearly 45% growth in applications over Q1 2015
 - A small number of applicants since the end of reinstatement are those who failed to renew and are reapplying, but most are first time applicants to DFI
- Company applications are increasing also with 32 applications filed during Q1

2016 Renewal Recap

- 18,413 licenses were eligible for renewal, including Mortgage Brokers, Consumer Loan companies, MLOs and expansion industries like Money Services entities
 - 13% increase from 2015 renewal period
 - Nearly 25% increase from 2014 renewal period
- On December 31
 - 99.6% of MLO renewals processed, despite nearly 2,500 more requests
 - 98.5% of Mortgage Broker renewals processed, compared to 92.6% processed by the same time the previous year

Future Enhancements – Slated for Fall 2016

Electronic Surety Bonds

- Phase 1 started in late January, allows surety companies and producers to get entitled
- Phase 2 allows for the electronic issuing, signing and maintenance of bond on NMLS
 - Small group of states will pilot, DFI is included
 - DFI implementation will likely focus on one license type at a time, requiring all applicants to file bond electronically as well as any replacement bond to be issued electronically on NMLS
 - Still working on plan to transition existing paper bonds into electronic on NMLS
 - Many more specific details to follow

CS - Examination Unit Report Consumer Loan and Mortgage Broker Programs

Mortgage Industry Meeting
May 3, 2016

Examination Summary – Consumer Loan

54 exams completed for January – March 2016

Composite Rating	Number of Licensees	Avg. Billable Hrs	Avg. Exam Cost
1	10	107.19	7396.11
2	11	126.08	8699.52
3	2	120.50	8314.50
4	3	134.75	9297.75
5	0	N/A	N/A
*N/A	28	N/A	N/A

*Desk Review/Initial Compliance exams are not assigned a rating or billed

**Examination Summary – Mortgage Brokers

39 exams completed for January – March 2016

Composite Rating	Number of Licensees	Avg. Billable Hrs	Avg. Exam Cost
1	0	N/A	N/A
2	2	N/A	N/A
3	6	N/A	N/A
4	1	N/A	N/A
5	0	N/A	N/A
*N/A	30	N/A	N/A

*Desk Review/Initial Compliance exams are not assigned a rating or billed

**Mortgage Brokers are not billed for exam hours unless under orders by the Department

Common Advertising Violations

1. False and Misleading Statements in Advertising

A company may not advertise on its web sites using phrases with false or misleading statements; including, any statement or representation that is deceptive with regard to rates, terms, or conditions for the lending of money.

Web sites are prohibited from using phrases such as, "You'll get the lowest interest rates." In addition, social media pages are prohibited from stating phrases such as, "... the very best loans", as well as, "the best rates ...". These phrases cannot be supported as fact, and are therefore prohibited.

Please see RCW 19.146.0201(1), (2), and (7), RCW 31.04.027(1), (2), and (7), RCW 31.04.135, and WAC 208-620-630(5) for additional details.

2. Unregistered Trade Name in Advertisements

Companies are prohibited from advertising using unregistered trade names. For example, a company may not advertise using the unregistered tradename on its LinkedIn profile.

WAC 208-660-180(9) says: May I add a trade name (or "DBA") to my mortgage broker license?

Yes. You may add a trade or "DBA" name to the mortgage broker license if you first apply to the department, in a form prescribed by the department, and receive department approval.

When the department has approved the trade name, you must conduct business under that trade name in at least one of the two following ways:

- (a) Use your license name together with the trade name; or
- (b) Use your mortgage broker license number together with the trade name

For additional details under the Consumer Loan Act, see also: WAC 208-620-420.

You must identify the business using your Washington consumer loan license name. You may also use an approved DBA name if you include the main office license name or license number.

3. Failure to Display Required Items in Advertisements

Companies must display all required items on its web site advertisements. The web sites must contain the company main license name, main license number, and a link to the NMLS Consumer Access page. This same requirement is true for a loan originator web page. In addition, a loan originator must contain the Mortgage Loan Originator (MLO) license number closely following the MLO name.

Common violations include missing the company main license name, missing a link to the NMLS Consumer Access page, and missing the MLO license number.

For guidance on these requirements, see WAC 208-660-446(3) and (5). This rule states: When I advertise using the internet or any electronic form (including, but not limited to, text messages), is there specific content advertisements must contain?

(3) Loan originator web page. If a loan originator maintains a separate home or main page, the sponsoring licensee's name and license number must appear on the web page. The web page must also contain the loan originator's license name and license number closely following their name and a link to the NMLS consumer access web page for the company.

An example of closely following is: Your license name followed by your title (if you use one) followed by your license number. See the definition of license number for examples of ways to display your license number - WAC 208-660-350(25).

(5) Oversight. The company is responsible for web site content displayed on all web pages used to solicit Washington consumers including main, branch, and loan originators' web pages.

For additional guidance, under the Consumer Loan Act, please see WAC 208-620-622, WAC 208-620-710(24). For the Mortgage Brokers Practice Act see WAC 208-660-446, and WAC 208-660-350(23).

4. Failure to Disclose Additional Credit Terms in Advertisements

The examiners are finding that some companies fail to disclose additional terms of repayment after advertising certain trigger terms on their web sites.

Regulation Z requires disclosure of the terms of repayment, the amount or percent of the down payment, and the annual percentage rate (APR) in advertisements, when certain specific trigger terms are advertised. In addition, companies must disclose whether an advertised payment includes any amounts for taxes, insurance, or other products sold to the borrower.

RCW 19.146.0201(7) makes it a violation for a loan originator or mortgage broker to make 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 to engage in bait and switch advertising.

It is also a violation of WAC 208-660-500(3)(f), for failing to clearly and conspicuously disclose whether a payment advertised or offered for a residential mortgage loan includes amounts for taxes, insurance, or other products sold to the borrower.

This prohibition includes the practice of misrepresenting a loan payment that includes only principal and interest; as a loan payment that includes principal, interest, tax, and insurance.

For the Washington Consumer Loan Act, see WAC 208-620-630. For additional federal guidance, please see Regulation Z, 12 CFR, Part 1026.24(d)(1), and (2).

Spotlight on a Common Examination Finding: Mortgage Call Reports

As part of an examination, the Department’s mortgage broker and consumer loan examiners review the Company’s Mortgage Call Reports (MCR)¹ which includes the Financial Condition (FC) reports, and the Residential Mortgage Loan Activity (RMLA) reports. These reports are reviewed for accuracy, as well as timeliness of submission. Routinely, the RMLA reports are found to contain errors which can be avoided. The table below highlights common errors found by Department examiners:

Report	Finding
FC	<p>FC not submitted timely ²</p> <p>² Standard MCR filer’s reports are due annually, within 90 days of the company’s fiscal year end as reported in the company’s (MU1) Form.</p> <p>Expanded MCR filer’s reports are due quarterly within 45 days of the end of every calendar quarter.</p>
RMLA	<p>RMLA not submitted timely ³</p> <p>³ RMLA reports are due quarterly, within 45 days of the end of every calendar quarter:</p> <ul style="list-style-type: none"> • Q1 data (January 1 – March 31) is due May 15 • Q2 data (April 1 – June 30) is due August 14 • Q3 data (July 1 – September 30) is due November 14 • Q4 data (October 1 – December 31) is due February 14
RMLA	<p>Line AC010 (Applications in process at the beginning of the period) do not match numbers reported in line AC080 (applications in process at the end of the period) of the previous quarter.</p>
RMLA	<p>AC070 (loans closed and funded) report more loans than are in process at the beginning of the period, and/or received during the quarter.</p>
RMLA	<p>Section 1 - MLO(s) are not completed to reflect all mortgage loan originators (MLO) licensed and sponsored during the quarter and their corresponding activity. All licensed and sponsored Washington MLOs during the quarter should be reported in this section even if they did not have activity during the quarter ⁴.</p> <p>⁴ http://mortgage.nationwidelicencingsystem.org/slr/common/mcr/Pages/MCRFAQ.aspx (see FAQ “Q. How do I report my MLOs on the MRC?” question and answer)</p>

¹ Resources for MCR standard filers can be found here:

<http://mortgage.nationwidelicencingsystem.org/slr/common/mcr/Pages/default.aspx>

Resources for MCR expanded filers can be found here:

<http://mortgage.nationwidelicencingsystem.org/slr/common/mcr/Pages/ExpandedMCR.aspx>

Mortgage Industry

Enforcement Unit Report

October 14, 2015 – March 31, 2016

Complaints	MBPA For this period	CLA For this period	All Industries For this period
Received	24	228	568
Closed	50	234	613
Open as of 3/31/2016 (all industries)	n/a	n/a	294

Investigations

Investigations – Open (MBPA only)	45
Investigations – Open (CLA only)	66
Investigations – Closed in period (all industries)	41

Enforcement Actions for this period

CCSA	2
CLA	20
EARA	3
MBPA	7
UMSA	1

Enforcement Actions for this period – Mortgage Broker Practices Act

Statements of Charges	3
Consent Orders (Loan Modification case)	1
Temporary Order to Cease and Desist	0
Criminal Referrals	0
Final Orders	3
Civil Actions: (injunction, enforce subpoena)	0

**National Home Retention Services Experts, LLC and Dana Todd Fabian
12/29/2015 [C-14-1517-15-SC01]**

The Department alleged the Respondent National Home Retention Services Experts, LLC has never been licensed by DFI to conduct business as a mortgage broker and Respondent Fabian was not and has never been licensed by the Department to conduct business as a mortgage broker or loan originator. On or around July 15, 2013, Respondents offered residential mortgage loan modification services to Washington consumers and collected an advance fee. Respondents also represented they were licensed to provide these services. Between July 23, 2013 and August 24, 2013, Respondents collected an advance fee in the amount of \$1,990 for loan modification services. The charges sought these sanctions:

- Cease and desist
- Prohibition for five years
- Restitution: \$1,990
- Fine: \$3,000
- Investigation fee: \$1,152
- Maintain records
- Pay the Department's costs and expenses for prosecuting violations of the Act

**First Home Mortgage Consulting d/b/a FHM Consulting and
Edward Raif Johnsrud d/b/a Point Loma Investment Group, LLC 11/17/2015
[C-15-1650-15-SC01]**

The Department alleges the Respondents First Home Mortgage et al have never been licensed by the Department to conduct business as a mortgage broker and Respondent Johnsrud d/b/a Point Loma Investment Group, LLC was not and has never been licensed by the Department to conduct business as a mortgage broker or loan originator. Between at least May 2, 2014 and October 16, 2014, Respondents offered residential mortgage loan modification services to Washington State consumers, entering into a contract with at least one Washington consumer to provide these services, collecting an advance fee in the amount of \$1,500. The charges seek these sanctions:

- Cease and desist
- Prohibition for five years
- Restitution: \$1,500
- Fine: \$6,000
- Investigation fee: \$1,051.20
- Maintain records
- Pay the Department's costs and expenses for prosecuting violations of the Act

Home Tech Group LLC and Jenean Taylor d/b/a Performance 1 2/17/2016
[C-15-1754-15-SC01]

The Department alleges the Respondent Home Tech Group LLC has never been licensed by the Department to contact business as a mortgage broker and Respondent Jenean Taylor d/b/a Performance 1 was not licensed to conduct business as a mortgage broker or loan originator. Between at least March 2014 and May 2014, Respondents offered residential mortgage loan modification services to Washington State consumers and collected an advance fee for the provision of those services in the amount of \$2,550 to at least one consumer. The charges seek these sanctions:

- Cease and desist
- Prohibition from participation for five years
- Restitution: \$2,550
- Fine: \$3,000
- Investigation fee: \$912
- Maintain records
- Pay the Department's costs and expenses for prosecuting violations of the Act

Consent Orders (issued in period)

1

Kelly D. Christensen and Financial Solutions Law Group f/k/a Echo Loans, Inc.
11/17/2015 [C-09-488-15-CO01]

The Department issued a Statement of Charges against Kelly D. Christensen and Financial Solutions Law Group for holding out as able to assist at least 4 Washington consumers in applying to obtain a loan modification, without having a license. The consumers involved paid the Respondents fees totaling at least \$11,400. The Department entered a Consent Order agreeing to these terms:

- Prohibition from industry for five years
- Restitution to 4 consumers: \$11,400
- Stayed Fine: \$12,000 if restitution payment proof provided
- Investigation fee: \$1,312.80

**National Home Retention Services Experts, LLC and Dana Todd Fabian
2/12/2016 [C-14-1517-16-FO01]**

The Department issued a Statement of Charges against National Home Retention Services Experts, LLC and Dana Todd Fabian for representing they were licensed to provide residential mortgage loan modification services. The Respondents collected an advance fee for the provision of loan modification services to at least one Washington consumer in the amount of \$1,990 without having a license. The Department issued a Final Order ordering Respondents:

- Cease and desist engaging in the business of a mortgage broker
- Prohibition for five years
- Restitution: \$1,990
- Fine: \$3,000
- Investigation Fee: \$1,152

**Ronny Mor and Renaissance Legal Group, Inc. d/b/a Salvation Law Group
12/31/2015 [C-15-1620-15-FO01]**

The Department issued a Statement of Charges against Ronny Mor and Renaissance Legal Group, Inc. d/b/a Salvation Law Group for offering at least two residential mortgage loan modification services to Washington consumers while not licensed by the Department to provide these services. The Respondents collected fees of \$7,000. The Department issued a Final Order ordering Respondents:

- Cease and desist engaging in the business of a mortgage broker
- Prohibition for five years
- Restitution: \$7,000
- Fine: \$6,000
- Investigation Fee: \$285.60

**First Home Mortgage Consulting d/b/a FHM Consulting, Edward Raif Johnsrud
d/b/a Point Loma Investment Group, LLC 12/22/2015 [C-15-1650-15-FO01]**

The Department issued a 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 for offering residential mortgage loan modification services to Washington consumers while not licensed by the Department to provide these services, collecting fees of \$1,500. The Department issued a Final Order ordering Respondents:

- Cease and desist engaging in the business of a mortgage broker
- Prohibition for five years
- Restitution: \$1,500
- Fine: \$6,000
- Investigation Fee: \$1,051.20
- Maintain records
- Pay the Department's costs and expenses of a Financial Legal Examiner for prosecuting violations of the Act in the amount of \$302.40.

Enforcement Actions for this period – Consumer Loan Act

Statements of Charges	9
Consent Agreements	0
Consent Orders (none applying to Loan Modification cases)	9
Temporary Order to Cease and Desist	0
Criminal Referrals	0
Final Orders	2
Civil Actions: (injunction, enforce subpoena)	0

Statements of Charges (issued in period) **9**

Uncle Warbucks 11/24/2015 [C-14-1612-15-SC01]

The Department alleged Respondent Uncle Warbucks had never been licensed by the Department to conduct business as a consumer loan company. For at least the period of January 1 – December 31, 2014, Respondent engaged in the business by providing consumer loans to at least one consumer physically located in Washington State without being licensed by the Department to provide consumer loans. The charges sought these sanctions:

- Cease and desist
- Prohibition from participation for five years
- Restitution: \$1,135
- Fine: \$3,000
- Pay the Department's costs and expenses for prosecuting violations of the Act

Autoloans, LLC et al and William McKibbin 12/29/2015 [C-15-1804-15-SC01]

The Department alleged Respondent Auto Loans, LLC a/k/a Car Loan, LLC a/k/a Liquidation, LLC a/k/a Vehicle Liquidation, LLC a/k/a Sovereign Lending Solutions a/k/a Title Loan America and William McKibbin are known to have engaged in business from numerous locations in Florida, Indiana, Nevada, and the Cook Islands, and have never been licensed by the Department to engage in the business of a consumer loan company. Between at least June 2013 and December 2015, Respondents engaged in the business of a consumer loan company and made loans to at least 13 Washington residents, collecting fees for these services. In at least five loans, Respondent repossessed automobiles. The charges sought these sanctions:

- Cease and desist
- Prohibition from participation in the conduct of the affairs of any consumer loan company subject to licensure by the Director
- Refund of all fees and interest and restitution to all Washington residents involved
- Fine: \$110,000
- Investigation Fee: \$4,000
- Pay the Department's costs and expenses for prosecuting violations of the Act

Nationstar Mortgage LLC 2/8/2016 [C-15-1666-16-SC01]

The Department alleges Respondent Nationstar Mortgage LLC failed to mediate in Good Faith during Foreclosure Fairness Act mediation. Two Washington consumers submitted at least six mortgage loan modification applications linked to their Washington residence during their sessions with Respondent scheduled on or about February 4, 2013 through January 28, 2014. The mediator's written certification indicated the Respondent violated their duty to mediate in good faith by not providing timely and/or accurate documents during the six sessions. The respondent was paid at least \$1,000 in mediation fees. The charges seek these sanctions:

- Respondent cease and desist from failing to mediate in good faith
- Fine: \$35,900
- Investigation fee: \$6,282
- Restitution and refund of fees of at least \$1,000
- Pay the Department's costs and expenses for prosecuting violations of the Act

Brett Todd Green 1/5/2016 [C-15-1829-15-SC01]

Respondent Green was employed by a consumer loan company licensed under the Act. The Department alleges Respondent Green induced a Washington consumer to provide him with a check in the amount of \$2,500 by claiming Respondent would obtain a residential mortgage loan for the consumer. The \$2,500 check was not provided to the company, not applied toward any loan or legitimate fee for obtaining a loan, and not returned to the consumer. Respondent Green was discharged from employment on or about May 15, 2015. Respondent Green was also involved in a Civil Action which was not disclosed on the Civil Judicial Disclosure section of the NMLS Form MU4, nor was his termination. The Department seeks these sanctions:

- MLO license be revoked
- Permanent prohibition as an MLO
- Fine: \$9,000
- Restitution: \$2,500
- Investigation fee: \$1,000
- Pay the Department's costs and expenses for prosecuting violations of the Act

Destino Ferguson, Sr. 3/3/2016 [C-16-1854-16-SC01]

Respondent Ferguson, Sr. submitted an application to the Department for a MLO license under a consumer loan company licensed under the Act. The Department alleges Respondent Ferguson, Sr. had prior criminal acts, which is a failure to meet conditions of the SAFE Act. The Department seeks these sanctions:

- Application for a MLO license be denied.

Tracey Michael Howett 2/17/2016 [C-15-1731-16-SC01]

Respondent Howett was a Branch Manager at New Day's Delaware branch. Respondent Howett told Maryland regulators that he was aware that Compliance Department employees at New Day would take Continuing Education (CE) tests for MLOs and the MLOs would make cash payments to these employees for taking the CE tests. The Department seeks these sanctions:

- Prohibition for 10 years
- Investigation Fee: \$175.53
- Pay the Department's costs and expenses for prosecuting this matter in an amount to be determined at hearing.

Derrick William Krout 2/25/2016 [C-15-1732-16-SC01]

Respondent Krout was a Vice President at New Day. Respondent Krout told regulators that he was aware of New Day's violations of the NMLS CE course and testing requirements and that he had paid New Day employees to complete CE courses and/or tests on his behalf. The Department seeks these sanctions:

- Prohibition for 10 years
- Investigation Fee: \$175.53
- Pay the Department's costs and expenses for prosecuting this matter in an amount to be determined at hearing.

Julie McMillin Lee 2/17/2016 [C-15-1733-16-SC01]

Respondent Lee was President of New Day's reverse mortgage division. Examiners with the Maryland State Department of Labor, Licensing and Regulations reported that during New Day's internal investigation the company learned that one of the Compliance Department employees had directly solicited Respondent Lee to take her CE test for her. The Department seeks these sanctions:

- Prohibition for 10 years
- Investigation Fee: \$175.53
- Pay the Department's costs and expenses for prosecuting this matter in an amount to be determined at hearing.

Joseph Alexander Lee 2/25/2016 [C-15-1734-16-SC01]

Respondent Lee was licensed as a MLO for New Day. Examiners with the Maryland State Department of Labor, Licensing, and Regulations reviewed New Day's internal investigation into the CE cheating allegations and identified Lee as an MLO who had provided his CE logon identification, password, and answers to personal security questions to a New Day employee identified as having been paid to complete the CE requirements for MLOs. The Department seeks these sanctions:

- Prohibition for 10 years
- Investigation Fee: \$175.53
- Pay the Department's costs and expenses for prosecuting this matter in an amount to be determined at hearing.

New Day Financial: On April 13, 2015 the Department joined in a multi-state Settlement Agreement and Consent Order with New Day Financial LLC in resolution of an investigation into allegations that New Day had allowed owners, managers and employees to cheat on state and federal Continuing Education (CE) requirements, specifically by engaging employees working for New Day's Compliance Department to sit through CE programs and take the associated CE tests. In settlement of the matter, New Day agreed to pay more than five million dollars in civil penalties, reform its business practices with respect to CE compliance and terminate certain key personnel.

Prospect Mortgage LLC 11/19/2015 [C-14-1429-16-CO01]

In November 2015, the Department joined in a Multi-state Settlement Agreement and Consent Order with Prospect Mortgage. State Mortgage Regulators had conducted an examination through which multiple violations of Federal and State laws and regulations, financial condition requirements, and control and supervision requirements were identified. The Federal compliance violations included: loan files missing required disclosures, loan files that contained disclosures that had deficient data or language, premature charges against consumer's credit cards for appraisal services and failure to issue the Initial Escrow Account Statement. The State compliance violations included: disclosure deficiencies, deficient employee screen procedures, record retention deficiencies, failure to include company and loan originator unique identification information on loan documents and an isolated instance of unlicensed loan origination activity.

Prospect agreed to pay:

- Restitution to every borrower in every participating state that was assessed a C2C Settlement Service Fee in the amount of \$40.00 with interest of 10% per annum from the date the fee was charged
- Administrative penalty of \$7,035,300 to be divided among the States
- Administrative penalty of \$400,000 divided among the Examining States

John Edward Hunter 2/25/2016 [C-14-1511-16-CO01]

The Department issued a Statement of Charges against John Edward Hunter alleging Respondent Hunter hired an inactive MLO at a branch office. The MLOs sponsorship was never approved by the Department, but Respondent Hunter allowed the MLO to conduct MLO business anyway then used his own name as the MLO. Additionally, during the course of investigating the unlawful origination Respondent Hunter provided false information to the Department. The Department entered a Consent Order agreeing to these terms:

- Prohibition from supervising MLOs for 5 years
- Fine: \$10,000 within 1 year
- Investigation Fee: \$2,270.42 within 1 year
- Confession of Judgment for the fine and investigation fee, which will not be filed as long as Respondent Hunter makes timely payments.

Madrona Mortgage Profit Sharing Trust and New Market Lending, LLC, Terryl Dean Hanson a/k/a Terry Hanson 3/2/2016 [C-14-1554-16-CO01]

The Department issued a Statement of Charges against Respondents Madrona Mortgage Profit Sharing Trust and New Market Lending, LLC related to making an unlicensed residential mortgage loan at a usurious interest rate, false verification of mortgage statements, failure to notify the Department that the borrower had initiated civil litigation against Respondent Hanson and Madrona Mortgage, coerced complaint withdrawal as a condition of terminating foreclosure proceedings, and non-disclosure of information to the NMLS database. The Department entered a Consent Order agreeing to these terms:

- Revocation of MLO license
- Prohibition for five years
- Cease and desist unlicensed activity
- Fine: \$1,000
- Investigation Fee: \$1,483.71

Andrew Casebeer 3/17/2016 [C-14-1588-16-CO01]

The Department issued a Statement of Charges against Andrew Casebeer alleging 2 consumers were falsely advised that a fee of \$25,000 and \$50,000 respectively was required to lock in the interest rate on a loan. When Respondent Casebeer did not credit or return the fees to the complainants, his employer was notified and repaid the consumers. The Department entered a Consent Order agreeing to these terms:

- MLO License revoked
- Prohibition from industry
- Restitution: \$75,000 to the employer
- Confession of Judgment for fine of \$11,000

MLD Mortgage, Inc., d/b/a The Money Store and Mortgage Lending Direct, Dale Joseph Gallant, Jeff Moore, Brian Arthur Woltman, Andre Dwayne Jones, Richard William Kadar and Jack Lawrence Hansmann

The Department issued a Statement of Charges against MLD Mortgage et al alleging among other things the failure to properly supervise unlicensed MLOs at an unlicensed branch location, failure to disclose regulatory actions on the NMLS system, deceptive advertising, false statements and omissions of material facts, and failure to comply with the Director's investigative authority.

Dale Joseph Gallant 10/20/2015 [C-14-1565-15-CO02]

Respondent Gallant was a Senior Managing Director of Respondent MLD working as the Director of Operations. The Department entered a Consent Order agreeing to these terms:

- Admission by Respondent Gallant that he failed to properly supervise Andre Jones and William Kadar
- Cease and desist from the conduct described in the Statement of Charges
- Revocation of MLO license stayed upon compliance

Brian Arthur Woltman 10/20/2015 [C-14-1565-15-CO03]

Respondent Woltman was a Retail Sales Manager working as a MLO. Respondent Woltman was responsible for the on-boarding and training of Jones and his team and directly supervised Jones and his team on matters relating to residential mortgage loan origination and submission. The Department entered a Consent Order agreeing to these terms.

- Admission by Respondent Woltman that he failed to properly supervise Andre Jones and William Kadar
- Cease and desist from the conduct described in the Statement of Charges
- Agreement not to apply for 5 years stayed upon compliance
- Complete cooperation with the Department

Jeff Moore 1/5/2016 [C-14-1565-15-CO04]

Respondent Moore was a Director of MLD Mortgage working as the Managing Director of the National Retail Lending Group and was responsible for managing the on-boarding of Respondent Andre Jones and his team, and directly supervised Jones and his team on matters relating to Tacoma Branch staffing and operations. Respondent Moore has never been licensed by the Department in any capacity. The Department entered a Consent Order agreeing to these terms:

- Fine \$10,000 (stayed, contingent on Respondent Moore's complete cooperation with the Department)

Richard William Kadar 3/11/2016 [C-14-1565-16-CO05]

Respondent Kadar was active as the producing Branch Manager of the Tacoma Branch for Respondent MLD, responsible for the supervision and operation of the Tacoma Branch including originating, securing, negotiating, processing, and administering residential mortgage loans. On July 25, 2014 Respondent MLD applied to the Department to sponsor Respondent Kadar's MLO license as the Tacoma Branch Manager. The Department did not approve the sponsorship of Respondent Kadar, whose MLO license was inactive at the time. Respondent Kadar reported to Andre Jones on matters relating to residential mortgage loan origination and submission and directly supervised Jack L. Hansmann. The Department entered a Consent Order agreeing to these terms:

- Complete cooperation with the Department
- Stay of license revocation, removal and prohibition based on complete cooperation with the Department.

Andre Dwayne Jones 3/30/2016 [C-14-1565-16-CO07]

Respondent Jones was a non-producing Area Manager for Respondent MLD, responsible for the supervision of the Tacoma Branch, including the hiring, supervision and training of branch-licensed MLOs. Respondent Jones was first licensed by the Department as a MLO on or about January 25, 2007 and except for brief periods of time remained continually licensed in Washington until December 2013. Pursuant to a Consent Order entered with the Department May 20, 2014, Respondent Jones voluntarily withdrew his 2014 MLO license renewal application. Respondent Jones reported to Respondent Moore on matters relating to Tacoma Branch staffing and operations and to Respondent Woltman on matters relating to mortgage loan origination and submission. Respondent Jones was directly responsible for the operation and supervision of the Tacoma Branch and directly supervised Respondents Kadar and Hansmann. The Department entered a Consent Order agreeing to these terms:

- Cease and desist directly or indirectly supervising any MLOs
- Prohibition from industry for 10 years

Final Orders (issued in period)

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Uncle Warbucks 3/13/2016 [C-14-1612-16-FO01]

The Department issued a Statement of Charges against Uncle Warbucks for unlicensed consumer loan activity and collecting a fee for this service. The Department entered a Final Order against Uncle Warbucks ordering:

- Cease and desist
- Prohibition for five years
- Restitution: \$1,135
- Fine: \$3,000

Autoloans, LLC et al and William McKibbin 2/26/2016 [C-15-1804-16-FO01]

The Department issued a Statement of Charges against Autoloans, LLC et al and William McKibbin for unlicensed activity in at least 13 loan transactions and collecting fees for these services, holding themselves out as being authorized to make loans to Washington residents, obtaining property by fraud or misrepresentation by misrepresenting the terms of loans they made and placing liens on Washington resident's automobiles. In at least five loan transactions, Respondent repossessed Washington resident's automobiles. The Department entered a Final Order against Respondents ordering:

- Cease and desist
- Prohibition from participation in the conduct of the affairs of any consumer loan company subject to licensure by the Director
- Refund of all fees and interest to all Washington residents involved
- Fine: \$110,000
- Investigation Fee: \$4,000

Notable Recent Violations

RCW 31.04.027(2): Engaged, directly or indirectly, in an unfair or deceptive practice.

RCW 31.04.027(6): Failed to make disclosures to loan applicants as required by applicable state or federal law

RCW 31.04.027(13) Violate any applicable state or federal law relating to the activities governed by this chapter

RCW 31.04.035: Failed to obtain and maintain a license in accordance with this chapter

RCW 31.04.145: Failed to comply with investigative authority

RCW 31.04.290(1)(c): Failed to credit a payment to a borrower's account or notify a borrower of the disposition of a payment not credited to the account

RCW 31.04.290(1)(d): Failed to make payments from escrow account and ensure that no late penalties were assessed or negative consequences resulted for the borrower.

RCW 31.04.290(2): Failure to provide borrower with detailed information regarding the servicing of a loan.

WAC 208-620-506 and 507: Failed to properly assess borrower's ability to repay a loan

WAC 208-620-620 (Updated Feb 27, 2006): Failure to properly identify the business in an advertisement as required by this section.

WAC 208-620-630(8): Advertised that third-party services were "free" when the licensee paid for the services

WAC 208-620-700(2): MLO-Transferred loans in violation of this section

WAC 208-620-900(5): Failed to properly notify the borrower a payment was received but not credited