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DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

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:	NO. C-08-203-08-CO01
ANDREA JANEL HAMMOND, Respondent.	CONSENT ORDER

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Andrea Janel Hammond (hereinafter Respondent), and finding that the issues raised in the 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-08-203-08-SC01 (Statement of Charges), entered August 29, 2008, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (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:

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 that she hereby waives her 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 agrees to withdraw her appeal and to inform the Office of Administrative Hearings in writing of her withdrawal.

C. **Admissions of Facts and Violations of the Act.**

1. Respondent admits to the following Factual Allegations contained in paragraph 1.1 of the Statement of Charges:

   - Respondent was licensed by the Department to conduct business as a loan originator on September 23, 2007;
   - When it was issued, Respondent's loan originator license was associated with TMBG, Inc.'s mortgage broker license.

2. Respondent admits to the following Factual Allegations contained in paragraph 1.2 of the Statement of Charges:

   - In at least four residential mortgage loan transactions, Respondent misrepresented information to lenders in order to obtain residential mortgage loans. Such information included borrowers' income, assets, liabilities, and intent to occupy the properties.

3. Respondent admits to the following Factual Allegations contained in paragraph 1.2A of the Statement of Charges:

   - In or around August 2007, Respondent assisted Borrower 1 in obtaining a $320,000 residential mortgage loan to purchase property located at 2522 S. Ash St, Tacoma, WA (Ash 1 property);
   - Respondent represented to the lender that Borrower 1 earned $6,160 per month working for WD Enterprise, Inc. and provided the lender with documentation to support this representation;
   - Respondent represented to the lender that Borrower 1 would be occupying the Ash 1 property as her primary residence;

- Respondent did not disclose to the lender that Respondent was also in the process of obtaining an additional $320,000 liability for Borrower 1 in the form of a residential mortgage loan to purchase property located at 2520 S. Ash St, Tacoma, WA.

4. Respondent admits to the following Factual Allegations contained in paragraph 1.2B of the Statement of Charges:

   - In or around September 2007, Respondent assisted Borrower 1 in obtaining a $320,000 residential mortgage loan to purchase property located at 2520 S. Ash St, Tacoma, WA (Ash 2 property);
   - Respondent represented to the lender that Borrower 1 earned $6,160 per month working for WD Enterprise, Inc. and provided the lender with documentation to support this representation;
   - Respondent represented to the lender that Borrower 1 would be occupying the Ash 2 property as her primary residence;
   - Respondent did not disclose to the lender that Respondent was also in the process of obtaining an additional $320,000 liability for Borrower 1 in the form of a residential mortgage loan to purchase property located at 2522 S. Ash St, Tacoma, WA.

5. Respondent admits to the following Factual Allegations contained in paragraph 1.2C of the Statement of Charges:

   - In or around September 2007, Respondent assisted Borrower 2 in obtaining a $110,000 residential mortgage loan to purchase property located at 9623 S. 248th St #E-17, Kent, WA (248th property);
   - Respondent represented to the lender that Borrower 2 would be occupying the 248th property as her primary residence;
   - Respondent represented to the lender that property located at 13306 SE 272nd St, Kent, WA and owned by Borrower 2 was a rental property generating $1,200 per month in rental income;
   - Respondent provided the lender with a Verification of Deposit form for a bank account for Borrower 2 and used this same bank account to verify Respondent's own assets while obtaining a residential mortgage loan for herself on another property in or around September 2007;

6. Respondent admits to the following Factual Allegations contained in paragraph 1.2D of the Statement of Charges:

- In or around December 2007, Respondent assisted Borrower 2 in obtaining a $221,777 residential mortgage loan to refinance property located at 13306 SE 272nd St, Kent, WA (272nd property);
- Respondent represented to the lender that Borrower 2 would be occupying the 272nd property as her primary residence;
- Respondent represented to the lender that property located at 9623 S. 248th St #E-17, Kent, WA and owned by Borrower 2 was a rental property generating $900 per month in rental income.

It is AGREED that, based on these admissions, Respondent violated RCW 19.146.0201(1) through (3).

D. **Loan Originator License Revocation.** It is AGREED that Respondent Andrea Janel Hammond's license to conduct business as a loan originator is revoked.

E. **Prohibition from Industry.** It is AGREED that Respondent is prohibited from participating in the conduct of the affairs of any mortgage broker licensed by the Department or any mortgage broker subject to licensure or regulation by the Department or any mortgage broker exempt from Washington law under RCW 19.146.020(1)(e) or (g) for ten (10) years from the date of entry of this Consent Order in any capacity, including but not limited to: (1) any financial capacity whether active or passive or (2) as an officer, director, principal, designated broker, employee, or loan originator or (3) any management, control, oversight or maintenance of any trust account(s) in any way related to any residential mortgage transaction or (4) receiving, disbursing, managing or controlling in any way, consumer trust funds in any way related to any residential mortgage transaction.

F. **Application for License.** It is AGREED that Respondent shall not apply to the Department for any license under any name for a period of ten (10) years from the date of entry of this Consent Order. It is further AGREED that, should Respondent apply to the Department for any license under any name at any time thereafter, Respondent shall be required to meet any and all application requirements in effect at that time.

G. **Complete Cooperation with the Department (Statements).** It is AGREED that Respondent shall provide the Department truthful and complete sworn statements outlining her activities with respect to TMBG, Inc. (TMBG), and any and all persons involved or in any way associated with TMBG, including but not limited to owners, employees, independent contractors, agents, businesses and persons with whom TMBG 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.

H. **Complete Cooperation with the Department.** It is AGREED that Respondent shall cooperate fully, truthfully and completely with the Department and provide any and all information known to her relating in any manner to TMBG and any and all persons involved or in any way associated with TMBG, including but not limited to owners, employees, independent contractors, agents, businesses and persons with whom TMBG 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 her possession or under her care, custody, or control that she 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 TMBG and any Respondents named therein. A failure to cooperate fully, truthfully and completely is a breach of this Consent Order.

I. **Investigation Fee.** It is AGREED that Respondent shall pay to the Department an investigation fee of $1,200, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

J. **Authority to Execute Order.** It is AGREED that the undersigned have represented and warranted that they have the full power and right to execute this Consent Order on behalf of the parties represented.

K. **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.

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

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

RESPONDENT:

Andrea Janel Hammond — Date 2-6-09

David H. Gehrke, WSBA No. 8123
Attorney for Respondent — Date 2-6-09

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 13th DAY OF February, 2008.

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: ANDREA JANEL HAMMOND, Respondent.	NO. C-08-203-08-SC01 STATEMENT OF CHARGES and NOTICE OF INTENTION TO ENTER AN ORDER TO REVOKE LICENSE, IMPOSE FINE, PROHIBIT FROM INDUSTRY, 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). 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 **Respondent Andrea Janel Hammond** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a loan originator on September 23, 2007 and continues to be licensed to date. When it was issued, Respondent's loan originator license was associated with TMBG, Inc.'s[1] (TMBG) mortgage broker license. On or about April 9, 2008, the Department received an MU4 form from TMBG terminating its relationship with Respondent for "fraud." Respondent's loan originator license is currently inactive as Respondent is not associated with any mortgage broker licensed by the Department.

[1] TMBG, Inc. is a mortgage broker licensed under the Act.

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1.2 Misrepresentations of Borrowers' Information. In at least four residential mortgage loan transactions, Respondent misrepresented information to lenders in order to obtain residential mortgage loans. Such information included borrowers' income, assets, liabilities, and intent to occupy the properties.

A. Transaction 1 – In or around August 2007, Respondent assisted Borrower 1 in obtaining a $320,000 residential mortgage loan to purchase property located at 2522 S. Ash St., Tacoma, WA (Ash 1 property). Respondent represented to the lender that Borrower 1 earned $6,160 per month working for WD Enterprise, Inc. (WD) and provided the lender with documentation to support this representation. Borrower 1 filed a complaint with the Department in or around February 2008 and stated she did not work for WD, did not earn $6,160 per month, and did not provide Respondent with the documentation that Respondent provided to the lender. Respondent represented to the lender that Borrower 1 would be occupying the Ash 1 property as her primary residence. Respondent did not disclose to the lender that Respondent was also in the process of obtaining an additional $320,000 liability for Borrower 1 in the form of a residential mortgage loan to purchase the Ash 2 property (see paragraph 1.2B). On or about August 1, 2008, a Notice of Trustee's sale was recorded scheduling a Trustee's Sale for the Ash 1 property for October 31, 2008 and indicating Borrower 1 had not made any payments on the underlying residential mortgage loan since at least January 1, 2008.

B. Transaction 2 – In or around September 2007, Respondent assisted Borrower 1 in obtaining a $320,000 residential mortgage loan to purchase property located at 2520 S. Ash St., Tacoma, WA (Ash 2 property). Respondent represented to the lender that Borrower 1 earned $6,160 per month working for WD Enterprise, Inc. and provided the lender with documentation to support this representation. As noted in paragraph 1.2A, Borrower 1 has stated that these representations were false and she did not provide Respondent with documentation to support them. Respondent represented to the lender that Borrower 1 would be occupying the Ash 2 property as her primary residence. Respondent did not disclose to the lender that Respondent was also in the process of obtaining an additional $320,000 liability for Borrower 1 in the form of a residential mortgage loan to purchase the Ash 1 property. On or about May 19, 2008, a Notice of Trustee's sale

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was recorded scheduling a Trustee's Sale for the Ash 2 property for August 22, 2008 and indicating Borrower 1 had not made any payments on the underlying residential mortgage loan since at least January 1, 2008.

C. Transaction 3 – In or around September 2007, Respondent assisted Borrower 2 in obtaining a $110,000 residential mortgage loan to purchase property located at 9623 S. 248th St #E-17, Kent, WA (248th property). Respondent represented to the lender in Transaction 3 that Borrower 2 would be occupying the 248th property as her primary residence and that the 272nd property (see paragraph 1.2D) was a rental property generating $1,200 per month in rental income. Respondent provided the lender with a Verification of Deposit form for a bank account for Borrower 1. Respondent used this same bank account to verify her own assets while obtaining a residential mortgage loan for herself on another property in or around September 2007.

D. Transaction 4 – In or around December 2007, Respondent assisted Borrower 2 in obtaining a $221,777 residential mortgage loan to refinance property located at 13306 SE 272nd St., Kent, WA (272nd property). Respondent represented to the lender in Transaction 4 that Borrower 2 would be occupying the 272nd property as her primary residence and that the 248th property was a rental property generating $900 per month in rental income.

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

II. GROUNDS FOR ENTRY OF ORDER

2.1 Definition of Mortgage Broker. Pursuant to RCW 19.146.010(12), "Mortgage Broker" means any person who for compensation or gain, or in the expectation of compensation or gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a person in obtaining or applying to obtain a residential mortgage loan.

2.2 Definition of Loan Originator. Pursuant to RCW 19.146.010(10), "Loan Originator" means a natural person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates

terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect compensation or gain. "Loan originator" also includes a person who holds themselves out to the public as able to perform any of these activities. "Loan Originator" does not mean persons performing purely administrative or clerical tasks for a mortgage broker. For the purposes of this subsection, "administrative or clerical tasks" means the receipt, collection, and distribution of information common for the processing of a loan in the mortgage industry and communication with a borrower to obtain information necessary for the processing of a loan. A person who holds himself or herself out to the public as able to obtain a loan is not performing administrative or clerical tasks.

2.3 Prohibited Acts. Based on the Factual Allegations set forth in Section I above, Respondent is in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme, device or artifice to defraud or mislead borrowers or lenders or any person, engaging in an unfair or deceptive practice toward any person, and obtaining property by fraud or misrepresentation.

III. AUTHORITY TO IMPOSE SANCTIONS

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

3.2 Authority to Impose Fine. Pursuant to RCW 19.146.220(3)(a), 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 (12).

3.3 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).

3.4 Authority to Collect Investigation Fee. Pursuant to RCW 19.146.228(2) and WAC 208-660-550(4)(a), the Department may charge forty-eight dollars ($48.00) 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

Respondent's 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 Andrea Janel Hammond's loan originator license be revoked;

4.2 Respondent Andrea Janel Hammond pay a fine which as of the date of this Statement of Charges totals $12,000;

4.3 Respondent Andrea Janel Hammond 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 ten years;

4.4 Respondent Andrea Janel Hammond pay an investigation fee which as of the date of this Statement of Charges totals $1,200.

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V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine, Prohibit from Industry, 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). Respondent 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 August, 2008.

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

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