



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

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

AMERICAN LENDING GROUP, INC. d/b/a
WWW.ALGSTL.COM,

Respondent.

NO. C-09-162-10-FO01

FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director) pursuant to RCW 34.05.464. On October 30, 2009, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, Impose Fine, Order Restitution, and Collect Examination and Investigation Fees (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated October 30, 2009, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for American Lending Group, Inc. d/b/a www.algstl.com. The Department served the Statement of Charges, cover letter dated October 30, 2009, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for American Lending Group, Inc. d/b/a www.algstl.com on Respondent on November 2, 2009, by Federal Express overnight delivery.

On November 18, 2009, Respondent filed an Application for Adjudicative Hearing. On January 29, 2010, the Department made a request to the Office of Administrative Hearings (OAH) to assign an Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of Charges. OAH issued a

1 Notice of Assignment of Administrative Law Judge assigning ALJ Mary Ellen Goodwin (ALJ Goodwin) to
2 preside over prehearing and hearing proceedings and issue an Initial Decision. On February 5, 2010, ALJ
3 Goodwin issued a Notice of Prehearing Conference by Telephone scheduling a prehearing conference on
4 Friday, March 5, 2010 at 1:30 p.m. The notice sent to Respondent was returned as "Not deliverable as
5 addressed." The Respondent did not appear at the prehearing. On March 9, 2009, ALJ Goodwin issued a Notice
6 of Second Prehearing Conference by Telephone scheduling a prehearing conference on Friday, March 26, 2010,
7 at 9:00 a.m. The second notice sent by ALJ Goodwin was sent to an address provided by Respondent. The
8 second notice was not returned to OAH by the U.S. Postal Service. Respondent did not appear at the March 26,
9 2010, prehearing and ALJ Goodwin issued an Initial Order of Default dismissing the Respondent's appeal.

10 On April 1, 2010, ALJ Goodwin mailed the Initial Decision and Order to Respondent.

11 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents had twenty (20) days from the date of
12 service of the Initial Decision and Order to file a Petition for Review of the Initial Decision and Order.

13 Respondents did not file a Petition for Review during the statutory period.

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

- 16 1. Statement of Charges, cover letter dated October 30, 2009, and Notice of Opportunity to
17 Defend and Opportunity for Hearing, with documentation of service;
- 18 2. Completed Application for Adjudicative Hearing for American Lending Group, Inc. d/b/a
19 www.algstl.com;
- 20 3. Request to OAH for Assignment of Administrative Law Judge;
- 21 4. Notice of Prehearing Conference by Telephone dated February 5, 2009, with
22 documentation of service;
- 23 5. Notice of Second Prehearing Conference by Telephone dated March 9, 2010, with
24 documentation of service;
- 25 6. Initial Order of Default dated April 1, 2010, with documentation of service.

1 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.461, the Director hereby
2 adopts the Statement of Charges, which is attached hereto.

3 II. FINAL ORDER

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

6 A. IT IS HEREBY ORDERED, That:

- 7 1. Respondent American Lending Group Inc. d/b/a www.algstl.com's license to conduct
8 the business of a mortgage broker is revoked;
- 9 2. Respondent American Lending Group Inc. d/b/a www.algstl.com is prohibited from
10 participation in the conduct of the affairs of any mortgage broker subject to licensure
11 by the Director, in any manner, for a period of 5 years;
- 12 3. Respondent American Lending Group Inc. d/b/a www.algstl.com pay a fine totaling
13 \$36,500;
- 14 4. Respondent American Lending Group Inc. d/b/a www.algstl.com pay an investigation
15 fee totaling \$1,440;
- 16 5. Respondent American Lending Group Inc. d/b/a www.algstl.com pay an examination
17 fee totaling \$10,548.25, plus accrued interest.

18 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a Petition for
19 Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the
20 Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater,
21 Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days
22 of service of the Final Order upon Respondent. The Petition for Reconsideration shall not stay the effectiveness
23 of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

24 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date the
25 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.

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

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

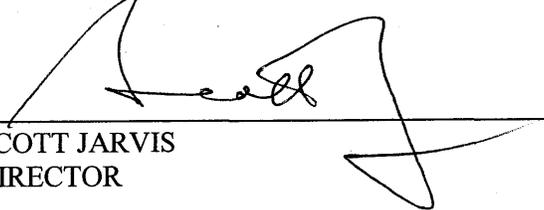
7 E. Non-compliance with Order. If you do not comply with the terms of this order, the Department
8 may seek its enforcement by the Office of Attorney General to include the collection of the fines and fees
9 imposed herein.

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

12 DATED this 3rd day of May 2010.



13 STATE OF WASHINGTON
14 DEPARTMENT OF FINANCIAL INSTITUTIONS

15 
16 SCOTT JARVIS
17 DIRECTOR

STATE OF WASHINGTON
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE DEPARTMENT OF FINANCIAL INSTITUTIONS

ATTORNEY GENERAL
OF WASHINGTON

APR 02 2010

GOVERNMENT COMPLIANCE
& ENFORCEMENT

IN THE MATTER OF DETERMINING

**Whether there has been a violation of
the Mortgage Broker Practices Act of
Washington by:**

**AMERICAN LENDING GROUP, INC.
d/b/a WWW.ALGSTL.COM.**

Respondent

**Docket No: 2010-DFI-0009
C-09-162-09-SC01**

INITIAL ORDER OF DEFAULT

The Department of Financial Institutions, Division of Consumer Services (Department) issued Respondent American Lending Group, Inc. a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit From Industry, Impose Fine, Order Restitution, and Collect Examination and Investigation Fees, on October 30, 2009. The Statement of Charges alleges violations of the Mortgage Broker Practices Act, Chapter 19.146 RCW.

Respondent appealed the Statement of Charges and the Office of Administrative Hearings has jurisdiction of this matter pursuant to RCW 19.146.230 and 34.05 RCW.

A Prehearing Conference was scheduled for Friday, March 5, 2010. Notice of the Prehearing Conference was mailed to the parties on February 5, 2010. The Notice mailed to American Lending Group, Inc. at 5700 Mexico Road, Suite 6, St Peters, MO 63376 was returned to the Office of Administrative Hearings on February 15, 2010 as "Not deliverable as addressed."

A second Prehearing Conference was scheduled for **Friday, March 26, 2010 at 9:00 a.m.** by telephone. A Notice of Prehearing Conference By Telephone (Notice) was mailed to the Respondent, American Lending Group, Inc. at 22 Richmond Center Court, St Peters, MO 63376 on March 9, 2010. The Notice of the Second Prehearing Conference was not returned to the Office of Administrative Hearings. The Notice included the following:

Default: If you fail to appear or participate in the prehearing conference, hearing, or any other scheduled stage of these proceedings, you may lose your right to a hearing as described in RCW 34.05.440.

The Department, through the Office of the Attorney General, properly appeared to participate in the prehearing conference; and

The Respondent failed to call in for the prehearing conference and did not appear or participate and according to the facts of this case and RCW 34.05.440 is in default.

INITIAL DECISION AND ORDER

IT IS HEREBY ORDERED that the Respondent is in default and that their appeal is dismissed.

Dated and Mailed this 1st day of April 2010 at Olympia, Washington.



Mary Ellen Goodwin
Administrative Law Judge
Office of Administrative Hearings
2420 Bristol Ct SW
PO Box 9046
Olympia, WA 98507-9046

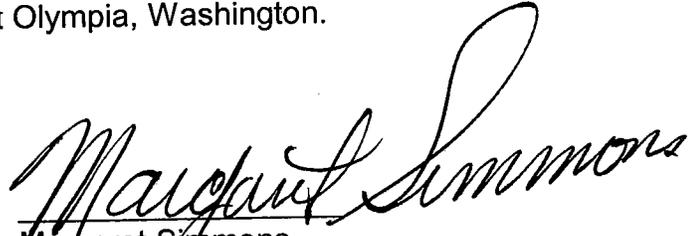
ATTORNEY GENERAL
OF WASHINGTON

APR 02 2010

GOVERNMENT COMPLIANCE
& ENFORCEMENT

Certification of Mailing

I certify that I mailed true and exact copies of the **Initial Order of Default** to the following parties, postage prepaid this 1st day of April 2010 at Olympia, Washington.


Margaret Simmons
Legal Secretary

American Lending Group, Inc.
dba www.algsti.com
5700 Mexico Rd, Ste 6
St Peters, MO 63376

Kate Reynolds
Assistant Attorney General
Office of the Attorney General
PO Box 40100
Olympia, WA 98504-0100

American Lending Group, Inc.
dba www.algsti.com
22 Richmond Center Court
St Peters, MO 63376

James Brusselback, Supervisor
Investigation/Enforcement Unit
Department of Financial Institutions
PO Box 41200
Olympia, WA 98504

APR 02 2010

GOVERNMENT COMPLIANCE
& ENFORCEMENT

NOTICE TO PARTIES

Petition to Vacate Default

A party may file a petition to vacate this order of default with the Office of Administrative Hearings. Pursuant to RCW 34.05.440(3) any petition to vacate this order must be filed with the Office of Administrative Hearings within seven (7) days from the date this order is served. The address for the Office of Administrative Hearings is:

Office of Administrative hearings
Attention: Sr. ALJ Todd Gay
2420 Bristol Ct SW
PO Box 9046
Olympia, WA 98504-9046

Petition for Review

Any party to an adjudicative proceeding may file a Petition for Review of an initial order. RCW 34.05.464 and WAC 10-08-211. The Petition for Review shall be filed with the Director of the Department of Financial Institutions within **twenty (20) days** of the date of service of this Initial Order. **The deadline to file a Petition for Review is April 19, 2010.**

Copies of the petition shall be served upon all other parties or their representatives at the time the petition is filed. The petition for review shall specify the portions of the initial order to which exception is taken and shall refer to the evidence of record which is relied upon to support the petition.

Any party may file a reply to a petition for review. The reply shall be filed with the office where the petition for review was filed within ten (10) days of the date of service of the

petition and copies of the reply shall be served upon all other parties or their representatives at the time the reply is filed.

Address for filing a Petition for Review:
Scott Jarvis
Director
Department of Financial Institutions
150 Israel Rd SW
Tumwater, WA 98501

After the time for filing a Petition for Review has elapsed, the Director of the Department of Financial Institutions will issue a Final Order. Within ten days (10) of the service of a Final Order, any party may file a petition for reconsideration, stating the specific grounds upon which relief is requested. RCW 34.05.470 and WAC 10-08-215. The agency is deemed to have denied the petition for reconsideration if, within twenty days from the date the petition is filed, the agency does not either: (a) dispose of the petition; or (b) serve the parties with a written notice specifying the date by which it will act on the petition.

Judicial review of the Final Order is available to a party according to the provisions set out in RCW 34.05.570.

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

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

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AMERICAN LENDING GROUP, INC. d/b/a
WWW.ALGSTL.COM,

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Respondent.

NO. C-09-162-09-SC01

STATEMENT OF CHARGES and NOTICE OF
INTENTION TO ENTER AN ORDER TO REVOKE
LICENSE, PROHIBIT FROM INDUSTRY, IMPOSE
FINE, ORDER RESTITUTION, AND COLLECT
EXAMINATION AND INVESTIGATION FEES

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 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 American Lending Group, Inc. d/b/a www.algstl.com (Respondent American) was
licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct
business as a mortgage broker on August 23, 2006, and has continued to be licensed to date. Respondent
American is licensed to conduct the business of a mortgage broker at 22 Richmond Center Ct, St. Peters,
Missouri.

1.2 Examination. Beginning April 6, 2009, the Department conducted an examination of the records of
Respondent American. The Department's examination covered a time frame from December 31, 2006, through
January 31, 2009, and included the review of 21 loan files. As a result of the examination, the Department
discovered violations of the Act as outlined below.

¹ RCW 19.146 (2006)

1.3 Unlicensed Loan Originators. Respondent American originated at least 21 Washington loans through 4 loan originators² that were not properly licensed with the Department when the mortgage applications were accepted by Respondent American.

1.4 Undisclosed Fees on the Good Faith Estimate (GFE). Respondent American did not disclose required fees on the initial GFE for the two borrowers listed below. In addition, Respondent American did not provide the two borrowers a written explanation for the increase in fees and a subsequent GFE prior to closing.

Borrower	Lien Position	GFE Fee Amount	HUD1 Fee Amount
Y.K.	1 st Lien	Table Funding Fee: \$0.00 Loan Set Up Fee: \$0.00	Table Funding Fee: \$250.00 Loan Set Up Fee: \$455.00
E.P.	1 st Lien	Table Funding Fee: \$0.00	Table Funding Fee: 995.00

1.5 Unearned Underwriting Fee. Respondent American charged unearned underwriting fees for the following two borrowers when it table-funded the loans with the funding lender and did not underwrite the files.

Borrower	Application Date	Settlement Date	Underwriting Fee
M.L.	5/15/2008	6/11/2008	\$595.00
E.P.	7/1/2008	8/7/2008	\$595.00

1.6 Unspecified Fee Benefiting Broker. Respondent American did not state the beneficiary of administration, processing, and application fees disclosed on the GFE in the these 14 loan files:

Borrower	Loan Number	Borrower	Loan Number
E.B.	7741013	E.P.	1065748
Y.B.	CA21646	M.P.	21855
J.C.	CA21646	C.R.	185902458
B.J.	ALG2187	Y.R.	1609853
B.J.	CA21706	J.Z.	ALG21858
M.L.	7697995	J.Z.	21669
R.P.	3000656287	R.P.	3000656287

² Statements of Charges have been issued against the 4 loan originators under case numbers: C-09-337, C-09-338, C-09-338, and C-09-340.

1 **1.7 Inaccurate and Incomplete TIL Disclosures.** Respondent American did not provide accurate TIL
 2 disclosures to the following two borrowers by listing an incorrect payment stream to one borrower and by
 3 failing to fill-in the lower section of the second borrower's TIL.

Borrower	Lien Position	Issues
M.L.	1 st Lien, Refinance	Incorrect payment stream
Y.R.	1 st Lien, Purchase	Lower section of TIL left blank

6 **1.8 Late or Undisclosed Rate Lock Disclosures.** Respondent American did not deliver or complete a rate
 7 lock disclosure to the following 15 borrowers:

Borrower	Loan Number	Application Date	Rate Lock Disclosure
E.B.	7741013	5/22/2008	Missing
Y.B.	CA21656	1/9/2008	Incomplete
J.C.	CA21646	1/15/2008	Incomplete
B.J.	CA21706	2/4/2008	Incomplete
B.K.	CA21835	1/14/2008	Incomplete
M.L.	7697995	5/15/2008	Missing
B.L.	184896962	6/20/2008	Incomplete
J.M.	ALG21796	4/4/2008	Missing
R.P.	3000656287	5/1/2008	Missing
R.P.	3000656287	5/1/2008	Missing
E.P.	1065748	7/1/2008	Missing
C.R.	185902458	9/16/2008	Incomplete
Y.R.	1609853	9/12/2008	Missing
J.W.	ALG21902	Missing	Missing
X.Z.	183913230	4/11/2008	Incomplete
J.Z.	21669	1/25/2008	Incomplete

18 **1.9 Failure to Deliver a Rate Lock Agreement.** Respondent American did not provide a rate lock
 19 agreement to the following 12 borrowers after locking their interest rate.

Borrower	Loan Number	Application Date
B.J.	CA21706	2/4/2008
M.L.	7697995	5/15/2008
B.L.	184896962	6/20/2008
R.P.	3000656287	5/1/2008
E.P.	1065748	7/1/2008
M.P.	21855	5/20/2008
C.R.	185902458	9/16/2008
Y.R.	1609853	9/12/2008
J.W.	ALG21902	Missing
J.Z.	ALG21858	5/20/2008

X.Z.	183913230	4/11/2008
J.Z.	21669	1/25/2008

1.10 Failure to Provide Loan Program Disclosures. Respondent American did not provide loan program disclosures identifying the terms of a variable rate mortgage to the following two borrowers.

Borrower	Loan Program
M.L.	Adjustable Rate Mortgage
R.P.	Adjustable Rate Mortgage

1.11 Failure to Display Loan Originator License Numbers. Respondent American did not include loan originators' license numbers on 21 mortgage applications.

Borrower	Loan Number		Borrower	Loan Number
E.B.	7741013		R.P.	3000656287
Y.B.	CA21646		R.P.	3000656287
J.C.	CA21646		E.P.	1065748
B.J.	ALG2187		M.P.	21855
B.K.	CA21835		C.R.	185902458
B.J.	CA21706		Y.R.	1609853
M.L.	7697995		J.W.	ALG21902
B.L.	184896962		J.Z.	ALG21858
J.L.	CA21650		X.Z.	183913230
K.M.	ALG21752		J.Z.	21669
J.M.	ALG21796			

1.12 Failure to Maintain a Third-Party Trust Fund. Respondent American received checks from escrow that included two borrower's payments for third-party services and subsequently deposited the funds into its general account and did not open and maintain a trust account system for third-party service fees.

Borrower Name	Credit Report Fees
M.L.	\$11.95
E.P.	\$50.00

1.13 Failure to Provide Written Notice On Borrower Paid Services. Respondent American did not provide 6 borrowers with written notice on paid services.

Borrower	Loan Program
E.B.	1 st Lien, Purchase
K.M.	2nd Lien, Purchase
J.M.	1 st Lien Refinance
R.P.	1st Lien, Purchase
R.P.	2 nd Lien, HELOC
E.P.	1 st Lien, Purchase
J.W.	1st Lien, Refinance

1.14 Failure to Provide One-Page Loan Disclosure Document. Respondent American did not provide the one-page loan disclosure summary identifying certain material aspects of residential mortgage loans to the following 2 borrowers:

Borrowers	Application Date
B.J.	8/28/2008
Y.B.	9/12/2008

1.15 Failure to Disclose the Yield Spread Premium (YSP). Respondent American did not disclose the YSP on the GFE as required to the following 3 borrowers:

Borrowers	Lien Position	Amount Charged
██████ E.	1 st Lien, Purchase	\$1,257.31
██████ M.	1 st Lien, Refinance	\$1,164.41
██████ Y.	1 st Lien, Purchase	\$3,024.00

1.16 Failure to Provide Evidence of a Home Equity Line Of Credit (HELOC) Disclosure. Respondent American did not provide evidence that borrower R. P., loan number 3000656287, received an initial HELOC disclosure.

1.17 Failure to Provide National Credit Disclosure. Respondent American did not provide national credit disclosures to the following 2 borrowers:

Borrowers	Application Date
E.B.	5/22/2008
J.W.	Unknown

1 **1.18 Failure to Provide Privacy Policy and Opt-Out Notice.** Respondent American did not provide a
2 privacy policy and opt-out notice to the following 3 borrowers:

Borrowers	Application Date
E.B.	5/22/2008
Y.R.	9/12/2008
J.W.	Unknown

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6 **1.19 Failure to Maintain Surety Bond.** On May 26, 2009, the Department received a Notice of
7 Cancellation of a Bond from Washington International Insurance Company notifying the Department that
8 Respondent American's bond would be cancelled effective June 23, 2009. On June 18, 2009, the Department
9 sent notice to Respondent American informing it their bond would be cancelled and it needed to provide a
10 replacement bond, reinstatement notice, or company closure/surrender forms, no later than June 24, 2009. On
11 June 22, 2009, Respondent American informed the Department it wished to surrender its license due to the lack
12 of business. Later on the same day, Respondent American informed the Department it did not want to surrender
13 its license. American Respondent has not provided the Department with a replacement bond, reinstatement
14 notice, or company closure/surrender forms.

15 **1.20 Consumer Complaint No. 26379.** On March 28, 2008, the Department received a consumer
16 complaint alleging disclosure violations. The Department obtained and reviewed all relevant documents
17 provided by the consumer and Respondent America. The Department discovered the loan origination fee of
18 \$3,999 charged the borrower was not properly disclosed in the GFE. On August 20, 2008, the Department
19 issued a Resolution and Request for Action to Respondent America requesting the origination fee of \$3,999 be
20 refunded to the consumer. Respondent America has not responded to the Resolution which was to be complied
21 with by September 4, 2008.

22 **1.21 Consumer Complaint 31238.** On June 17, 2009, the Department received a consumer complaint
23 alleging, among other things, that an unlicensed loan originator³ took an application for a residential home loan
24 for a property located in the state of Washington, locked the rate without the knowledge of the consumer, and

25 ³ This loan originator is one of the 4 mentioned in Paragraph 1.3 and these allegations are included in Statement of Charges C-09-339.

1 when the consumer did not close with Respondent American, it did not refund fees the consumer had prepaid
2 and were to be applied to the loan. On June 29, 2009, the Department issued a directive to Respondent
3 American (and an unlicensed loan originator) requesting documentation and an explanation of the allegations in
4 the complaint. Respondent American did not reply to the directive. On August 7, 2009, the Department sent
5 Respondent American a subpoena requesting the documentation and an explanation of the allegations in the
6 complaint. To this date, Respondent American (and the loan originator) has not responded to the subpoena.
7 Based upon the documents provided the Department from the consumer, it appears the consumer is owed a
8 refund of fees up to \$850.

9 **1.22 Failure to Notify the Department of Significant Developments (Complaint 31568).** On June 4,
10 2009, the Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation, Division of
11 Banks, issued a Temporary Cease and Desist Order against Respondent American. The Temporary Cease and
12 Desist Order was entered against Respondent American for failing to post the required bond and submit its
13 annual report by March 31, 2009. The Order stated Respondent American was to immediately cease the
14 activities of originating and brokering mortgage loans. The Order became final on June 25, 2009, and
15 Respondent American is no longer licensed to conduct the business of a mortgage broker in Massachusetts.

16 **1.23 Failure to Pay Examination Fees.** As a result of the examination conducted in paragraph 1.2, an
17 invoice for the expenses related to the examination was mailed to Respondent American on or around August 3,
18 2009. To date, Respondent American has not paid the Department \$10,548.25, for the cost of the examination,
19 plus accrued interest.

20 **1.24 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
21 Respondent continues to date.

22 II. GROUNDS FOR ENTRY OF ORDER

23 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) and WAC 208-660-010(29),
24 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or
25 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential

1 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
2 person in obtaining or applying to obtain a residential mortgage loan.

3 **2.2 Definition of Borrower.** Pursuant to RCW 19.146.010(2), a "Borrower" is defined as any person who
4 consults with or retains a mortgage broker or loan originator in an effort to obtain or seek advice or information
5 on obtaining or applying to obtain a residential mortgage loan for himself, herself, or persons including himself
6 or herself, regardless of whether the person actually obtains such a loan.

7 **2.3 Definition of Loan Originator.** Pursuant to RCW 19.146.010(10), "Loan originator" means a natural
8 person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates
9 terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect
10 compensation or gain. "Loan originator" also includes a person who holds themselves out to the public as able
11 to perform any of these activities. "Loan originator" does not mean persons performing purely administrative or
12 clerical tasks for a mortgage broker. For the purposes of this subsection, "administrative or clerical tasks"
13 means the receipt, collection, and distribution of information common for the processing of a loan in the
14 mortgage industry and communication with a borrower to obtain information necessary for the processing of a
15 loan. A person who holds himself or herself out to the public as able to obtain a loan is not performing
16 administrative or clerical tasks.

17 **2.4 Requirement to Exercise Reasonable Care Over Loan Originators.** Based on the Factual
18 Allegations set forth in Section I above, Respondent American is in apparent violation of RCW 19.146.200,
19 WAC 208-660-155(1), and WAC 208-660-155(9) for failing to exercise reasonable care by allowing loan
20 originators to commit violations of the Act.

21 **2.5 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent American
22 is in apparent violation of RCW 19.146.0201(1), (2), (3), (6), (7), (12), (14) and Regulation Z, 12 CFR, Section
23 226.18(f)(2)(i), (g), (i), (k), (l) and (m) for directly or indirectly employing a scheme, device or artifice to
24 defraud or mislead borrowers or lenders or any person, engaging in an unfair or deceptive practice toward any
25 person, obtaining property by fraud or misrepresentation, failing to make disclosures to loan applicants and

1 noninstitutional investors as required by RCW 19.146.030 and any other applicable state or federal law,
2 making, in any manner, any false or deceptive statement or representation with regard to the rates, points, or
3 other financing terms or conditions for a residential mortgage loan or engaging in bait and switch advertising,
4 collecting, charging, attempting to collect or charge or using or proposing any agreement purporting to collect
5 or charge any fee prohibited by RCW 19.146.030 or RCW 19.146.070, failing to comply with any provision of
6 RCW 19.146.030 through 19.146.080 or any rule adopted under those sections, and for failing to disclose the
7 variable rate feature, payment schedule, demand feature, prepayment penalty, late penalty and security interest
8 on the Truth-In-Lending statement.

9 **2.6 Requirement to Disclose Residential Mortgage Loan Fees.** Based on the Factual Allegations set
10 forth in Section I above, Respondent American is in apparent violation of RCW 19.146.030 and WAC 208-660-
11 430(3)(b) for failing to provide borrowers with full written disclosures, containing an itemization and
12 explanation of all fees and costs that the borrowers were required to pay in connection with obtaining a
13 residential mortgage loan, within three days following receipt of a loan application or any moneys from the
14 borrowers.

15 **2.7 Requirement to Disclose Variable Rate Loan Program.** Based on the Factual Allegations set forth
16 in Section I above, Respondent American is in apparent violation of RCW 19.146.030(2)(a) for failing to
17 provide borrowers with written disclosures containing an annual percentage rate, finance charge, amount
18 financed, total amount of all payments, number of payments, amount of each payment, amount of points or
19 prepaid interest and the conditions and terms under which any loan terms may change between the time of
20 disclosure and closing of the loan; and if a variable rate, the circumstances under which the rate may increase,
21 any limitation on the increase, the effect of an increase, and an example of the payment terms resulting from an
22 increase.

23 **2.8 Requirement to Delivery Rate Lock Disclosures.** Based on the Factual Allegations set forth in
24 Section I above, Respondent American is in apparent violation of RCW 19.146.030(2)(c) and (e) for failing to
25 provide borrowers with written disclosures containing the cost, terms, duration, and conditions of a lock-in

1 agreement and whether a lock-in agreement has been entered, and whether the lock-in agreement is guaranteed
2 by the mortgage broker or lender, and if a lock-in agreement has not been entered, disclosure in a form
3 acceptable to the director that the disclosed interest rate and terms are subject to change, and whether and under
4 what conditions any lock-in fees are refundable to the borrower.

5 **2.9 Requirement to Provide Notice on Borrower Paid Services.** Based on the Factual Allegations set
6 forth in Section I above, Respondent American is in apparent violation of RCW 19.146.030(2)(d) for failing to
7 provide borrowers with written disclosures containing a statement that if the borrower is unable to obtain a loan
8 for any reason, the mortgage broker must, within five days of a written request by the borrower, give copies of
9 any appraisal, title report, or credit report paid for by the borrower to the borrower, and transmit the appraisal,
10 title report, or credit report to any other mortgage broker or lender to whom the borrower directs the documents
11 to be sent.

12 **2.10 Requirement to Maintain Third-Party Fees in Trust.** Based on the Factual Allegations set forth in
13 Section I above, Respondent American is in apparent violation of RCW 19.146.050(1) and WAC 208-660-
14 410(3) for failing to maintain moneys received by a mortgage broker for payment of third-party provider
15 services, in trust.

16 **2.11 Requirement to Provide One-Page Loan Disclosure Summary.** Based on the Factual Allegations set
17 forth in Section I above, Respondent American is in apparent violation of RCW 19.144.020(1) and (2) for
18 failing to provide the one-page disclosure summary to borrowers.

19 **2.12 Requirement to Disclose Yield Spread Premium.** Based on the Factual Allegations set forth in
20 Section I above, Respondent American is in apparent violation of the Real Estate Settlement Procedures Act, 12
21 U.S.C. Sec. 2601 and Regulation X, 24 C.F.R. Sec. 3500, Appendix B, fact situation 13 and Sec. 3500.7(c) for
22 failing to disclose all charges a borrower can expect to pay upon settlement.

23 **2.13 Requirement to Provide Home-Equity Plan Disclosures.** Based on the Factual Allegations set forth
24 in Section I above, Respondent American is in apparent violation of the Truth In Lending Act, 15 U.S.C. Sec.
25 1601 and Regulation Z, 12 C.F.R. Sec. 226b for failing to provide borrowers with initial HELOC disclosures.

1 **2.14 Requirement to Provide National Credit and Notice to Home Loan Applicant Disclosures.** Based
2 on the Factual Allegations set forth in Section I above, Respondent American is in apparent violation of the Fair
3 Credit Reporting Act, 15 U.S.C. Sec. 1681g, Sec. 609(g)(1)(d) and Sec. 1681g(1)(D) for failing to provide
4 borrowers with a copy of the "Notice to the Home Loan Applicant," and the national credit score disclosure
5 which includes the name, address and telephone number of each consumer reporting agency providing the
6 credit score that was used to make or arrange a loan.

7 **2.15 Prohibited Fees.** Based on the Factual Allegations set forth in Section I above, Respondent American
8 is in apparent violation of RCW 19.146.030(1) and (4) for charging fees inuring to the benefit of a mortgage
9 broker in excess of the fees disclosed on the initial written disclosures where the fees were reasonably
10 foreseeable by the mortgage broker at the time the initial written disclosures were provided to borrowers, and/or
11 where the mortgage broker failed to provide the borrowers, no less than three business days prior to the signing
12 of the loan closing documents, a clear written explanation of the fees and the reason for charging fees exceeding
13 those which were previously disclosed.

14 **2.16 Requirement to Provide Privacy Policy and Opt-Out Notice.** Based on the factual allegations set
15 forth in Section I above, Respondent American is in apparent violation of Regulation P, Subpart A, Part 216.4(2)
16 and Part 216.9(a) for failing to provide the initial privacy notice and opt-out notices to consumers.

17 **2.17 Requirement to Maintain Bond.** Based on the factual allegations set forth in Section I above,
18 Respondent American is in apparent violation of RCW 18.146.205, and WAC 208-660-175 for failing to maintain
19 the required bond.

20 **2.18 Requirement to Comply with Directives and Investigation.** Based on the factual allegations set forth in
21 Section I above, Respondent American is in apparent violation of RCW 18.146.235 and WAC 208-660-520 and
22 530 for failing to comply with the Department's directives and investigation.

23 **2.19 Requirement to Notify Department of Significant Developments.** Based on the factual allegations set
24 forth in Section I above, Respondent American is in apparent violation of WAC 208-660-490 for failing to notify
25

1 the Department, within 20 days, of revocation procedures and the filing of material litigation in the State of
2 Massachusetts.

3 III. AUTHORITY TO IMPOSE SANCTIONS

4 **3.1 Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(b)(i), (ii), (iii) and (iv), and WAC
5 208-660-160, the Director may revoke a license for failure to pay a fee required by the Director or maintain the
6 required bond, failure to comply with any directive or order of the Director, or any violation of RCW
7 19.146.050, RCW 19.146.060(3), RCW 19.146.0201(1) through (9) or (12), RCW 19.146.205(4), or RCW
8 19.146.265.

9 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i), (ii), (iii) and (iv),
10 the Director may issue orders removing from office or prohibiting from participation in the conduct of the
11 affairs of a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any
12 licensed mortgage broker or any person subject to licensing under the Act for any violation of RCW
13 19.146.0201(1) through (9) or (12), RCW 19.146.030 through RCW 19.146.080, RCW 19.146.200, RCW
14 19.146.205(4), or RCW 19.146.265, or failure to comply with a directive or order of the Director.

15 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(c)(i) and (ii) and WAC 208-660-165, the
16 Director may impose fines on a licensee, employee or loan originator of the licensee, or other person subject to
17 the Act for any violations of RCW 19.146.0201(1) through (9), (12) or (14), RCW 19.146.030 through RCW
18 19.146.080, RCW 19.146.200, RCW 19.146.205(4), or RCW 19.146.265, or failure to comply with a directive
19 or order of the Director.

20 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220(e) and WAC 208-660-430(14), the
21 Director may issue orders directing a licensee, its employee or loan originator, or other person subject to the Act to
22 pay restitution for any violation of the Act.

23 **3.5 Authority to Collect Examination and Investigation Fees.** Pursuant to RCW 19.146.228(2), WAC 208-
24 660-060(4) and WAC 208-660-061, upon completion of any examination or investigation of the books and records
25 of a licensee or other person subject to the Act, the Department will furnish to the licensee or other person subject to

1 the Act a billing to cover the cost of the investigation. The investigation charge will be calculated at the rate of \$48
2 per hour that each staff person devoted to the investigation.

3 IV. NOTICE OF INTENTION TO ENTER ORDER

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

- 8 **4.1** Respondent American Lending Group Inc. d/b/a www.algstl.com's license to conduct the business of a
9 mortgage broker be revoked;
- 10 **4.2** Respondent American Lending Group Inc. d/b/a www.algstl.com be prohibited from participation in the
11 conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a
12 period of 5 years;
- 13 **4.3** Respondent American Lending Group Inc. d/b/a www.algstl.com pay a fine, which at the time of these
14 charges, totals \$36,500;
- 15 **4.4** Respondent American Lending Group Inc. d/b/a www.algstl.com pay restitution to borrowers in an amount
16 to be determined at hearing;
- 17 **4.5** Respondent American Lending Group Inc. d/b/a www.algstl.com pay an investigation fee, which at the
18 time of these charges, totals \$1,440 calculated at \$48 per hour for the 30 staff hours devoted to the
19 investigation;
- 20 **4.6** Respondent American Lending Group Inc. d/b/a www.algstl.com pay an examination fee in the amount of
21 \$10,548.25, plus accrued interest; and
- 22 **4.7** Respondent American Lending Group Inc. d/b/a www.algstl.com maintain records in compliance with the
23 Act and provide the Department with the location of the books, records and other information relating to
24 Respondent American Lending Group Inc. d/b/a www.algstl.com's mortgage broker business, and the
25 name, address and telephone number of the individual responsible for maintenance of such records in
compliance with the Act.

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V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit From Industry, Impose Fine, Order Restitution, and Collect Examination and Investigation Fees (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 30th day of October, 2009.

Deborah Bortner
DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

William Halstead
WILLIAM HALSTEAD
Financial Legal Examiner

Approved by:

James R. Brusselback
JAMES R. BRUSSELBACK
Enforcement Chief



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**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:

C-09-162-09-SC01

AMERICAN LENDING GROUP, INC. dba
WWW.ALGSTL.COM,

NOTICE OF OPPORTUNITY TO DEFEND
AND OPPORTUNITY FOR HEARING

Respondent

THE STATE OF WASHINGTON TO:

AMERICAN LENDING GROUP, INC. dba
WWW.ALGSTL.COM,

YOU ARE HEREBY NOTIFIED that a STATEMENT OF CHARGES has been filed by the Department of Financial Institutions, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that you may file an application for an adjudicative hearing before the Washington State Department of Financial Institutions on the Statement of Charges. Service of this notice is deemed complete upon deposit in the United States mail. YOUR APPLICATION MUST BE RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS FROM THE DATE YOU RECEIVED THIS NOTICE. If you demand a hearing, you will be notified of the time and place for the hearing at least seven (7) days in advance of the hearing date.

At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be as informal as is practical within the requirements of the Administrative Procedure Act (see chapter 34.05 RCW). The hearing will be recorded. The primary concern will be getting to the truth of the matter insofar as the Statement of Charges is concerned. Technical rules of evidence will not be binding at the hearing except for the rules of privilege recognized by law. You have the right to present evidence and witnesses in your own behalf, and to cross-examine those witnesses presented in support of the Statement of Charges. You may require the attendance of witnesses by subpoena. If you are limited English-speaking or hearing impaired, you have the right to have an interpreter appointed at no cost to you, as discussed below.

NOTICE OF OPPORTUNITY TO DEFEND
AND OPPORTUNITY FOR HEARING

1

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

1 INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-English-
2 speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for
3 you is a person who, because of a hearing impairment or speech defect, cannot readily understand or communicate
4 in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND YOU NEED AN
5 INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request
6 the appointment of a qualified interpreter by indicating your request on the attached Application for Adjudicative
7 Hearing form.

8 YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE the
9 Application for Adjudicative Hearing form within twenty (20) days from the date you received this notice, this will
10 constitute a waiver of your right to a hearing and the Director will find that you do not contest the allegations of the
11 Statement of Charges. Upon such a finding by the Director a final order will be immediately entered disposing of
12 this matter as described in the Statement of Charges. If you desire a hearing in this matter, please return the
13 attached Application for Adjudicative Hearing to:

14 Department of Financial Institutions
15 Division of Consumer Services
16 Attn: Fatima Batie
17 PO Box 41200
18 Olympia, Washington 98504-1200

19 Dated this 30th day of October, 2009.



20 *Deborah Bortner*

21 DEBORAH BORTNER
22 Director
23 Division of Consumer Services
24 Department of Financial Institutions