

ORDER SUMMARY – Case Number: C-07-484

Name(s): MAAG Inc dba Mill Creek Mortgage
 Amy D. Gannon

Order Number: C-07-484-10-CO02

Effective Date: September 1, 2011

License Number: DFI: 25330 [NMLS: 121365] -MAAG
Or NMLS Identifier [U/L] DFI: 25719 [NMLS: 76227] -Gannon

(Revoked, suspended, stayed, application denied or withdrawn)
 If applicable, you must specifically note the ending dates of terms.

License Effect: Suspension

Not Apply Until: September 1, 2016

Not Eligible Until:

Prohibition/Ban Until: September 1, 2016

Investigation Costs	\$1,872	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$1,872	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Satisfaction of Judgment Filed?	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N			
No. of Victims:				

Comments:

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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:

NO. C-07-484-10-CO02

MAAG, INC d/b/a MILL CREEK MORTGAGE
and AMY D GANNON, President, Designated
Broker and Loan Originator,

CONSENT ORDER

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and MAAG Inc d/b/a/ Mill Creek Mortgage (Respondent MAAG), Amy D. Gannon, President, Designated Broker, and Loan Originator (hereinafter Respondent Gannon), by and through their attorney James Jameson, and finding that the issues raised in the above-captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-07-484-09-SC01 (Statement of Charges), entered October 19, 2009, (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, Respondents hereby agree to the Department's entry of this Consent Order and further agree 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.

CONSENT ORDER
C-07-484-10-CO02
MAAG INC d/b/a Mill Creek Mortgage and Amy D.
Gannon

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

1 Based upon the foregoing:

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

4 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a hearing
5 before an administrative law judge, and hereby waive their right to a hearing and any and all administrative and
6 judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, Respondents,
7 by their signatures below, withdraw their appeal to the Office of Administrative Hearings.

8 C. **License Suspension.** It is AGREED that Respondent MAAG's license to engage in the business of a
9 mortgage broker is suspended for five (5) years from the date of entry of this Consent Order. It is also AGREED
10 that Respondent Gannon's license to engage in the business of a loan originator is suspended for five (5) years
11 from the date of the entry of this Consent Order.

12 D. **Prohibition from Application for Licensure.** It is AGREED that Respondents shall not apply to the
13 Department for any license issued pursuant to chapter 19.146 RCW and chapter 31.04 RCW, under any name, for
14 a period of five (5) years from the date of entry of this Consent Order. Should Respondents apply to the
15 Department for a mortgage broker or mortgage loan originator license at any time later than five (5) years from the
16 date of entry of this Consent Order, Respondents shall be required to meet any and all application requirements in
17 effect at that time.

18 E. **Prohibition from Industry.** It is AGREED that Respondents are prohibited from participating in the
19 conduct of the affairs of any mortgage broker or consumer lender licensed by the Department or any person
20 subject to licensure or regulation by the Department for five (5) years from the date of entry of this Consent Order.

21 F. **Restitution.** It is AGREED that Respondents paid restitution to the consumer's identified in the
22 attached Restitution Schedule prior to the date of entry of this Consent Order.

23 G. **Investigation Fee.** It is AGREED that Respondents shall pay to the Department an investigation fee
24 of \$1,872, in the form of a Confession of Judgment.

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H. Declaration of Financial Condition and Confession of Judgment. It is AGREED that Respondents have provided the Department with a Declaration comprehensively describing their current financial condition and representing their current inability to pay the investigation fee agreed to in Paragraph G of this Consent Order. It is further AGREED that, based on this Declaration, the Department has accepted a Confession of Judgment from Respondents for the investigation fee obligations agreed to in Paragraph G of this Consent Order. A copy of this Confession of Judgment is attached and incorporated into this Consent Order by this reference. Consistent with Chapter 4.60 of the Revised Code of Washington, the Department may immediately seek entry of the judgment. Respondents shall, upon the Department's request, fully and promptly cooperate with the Department in its efforts to get the judgment entered by the superior court.

I. Confession of Judgment for Investigation Fee. It is AGREED that Respondents have entered into a Confession of Judgment for the investigation fee in the amount of \$1,872 (Paragraph G above) to the Department.

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 Respondents understand 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, Respondents 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 Respondents have voluntarily entered into this Consent Order, which is effective when signed by the Director's designee.

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1 M. Completely Read, Understood, and Agreed. It is AGREED that Respondents have read this

2 Consent Order in its entirety and fully understand and agree to all of the same.

3 **RESPONDENTS:**

4 **MAAG Inc d/b/a Mill Creek Mortgage**

By:

5
6 AMY D. GANNON
President and Designated Broker

8/30/11
Date

7
8 AMY D. GANNON
9 Individual

8/30/11
Date

10
11 JAMES I. JAMESON, WSBA No. 11490
Attorney at Law
12 Attorney for Respondents

8/30/11
Date

13 DO NOT WRITE BELOW THIS LINE

14 THIS ORDER ENTERED THIS 1st DAY OF September, 2010. ¹⁰⁵



16 DEBORAH BORTNER
17 Director
18 Division of Consumer Services
Department of Financial Institutions

19 Presented by:

20 MARNIE SHEERAN
21 Financial Legal Examiner

22 Approved by:

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24 JAMES R. BRUSSELBACK
Enforcement Chief

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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:

NO. C-07-484-09-SC01

MAAG, INC d/b/a MILL CREEK MORTGAGE
and AMY D GANNON, designated broker and
loan originator,

STATEMENT OF CHARGES and NOTICE OF
INTENTION TO REVOKE OR SUSPEND
MORTGAGE BROKER LICENSE and LOAN
ORIGINATOR LICENSE, PROHIBIT FROM
INDUSTRY, IMPOSE FINE, ORDER
RESTITUTION, AND COLLECT INVESTIGATION
FEE

Respondents.

INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act)¹. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. Maag, Inc d/b/a Mill Creek Mortgage (Respondent Mill Creek) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on November 14, 2003, and continues to be licensed to date. Respondent Mill Creek is licensed to conduct the business of a mortgage broker at 4623 145th Place SE, Snohomish, WA 98296.

B. Respondent Mill Creek is wholly owned by Amy D. Gannon (Respondent Gannon). Respondent Gannon is also the President and Designated Broker of Respondent Mill Creek.

¹ RCW 19.146 (2007)

1 **1.2 Examination.** In or around November 2008, the Department conducted an examination of the books and
2 records of Respondents for the period of October 31, 2006 through November 30, 2008. Respondents purported
3 that only three loans were originated during this time. The Department reviewed the three loan files provided as
4 part of its examination. The Department found violations of the Act as outlined below.

5 **1.3 Untimely Disclosure of GFE.** In all of the loan files reviewed, Respondents did not maintain records
6 sufficient to establish that Good Faith Estimate (GFE) disclosures or an itemization of all fees and costs were
7 provided to borrowers within three business days of receipt of a loan application, or Respondents did not
8 provide GFE disclosures or an itemization of all fees and costs to borrowers within three business days of
9 receipt of a loan application.

10 **1.4 Failure to Timely Provide Truth in Lending Disclosures.** In all of the loan files reviewed,
11 Respondents did not maintain records sufficient to establish that truth in lending (TIL) disclosures were
12 disclosed to borrowers within three business days of the borrowers' loan application, or Respondents did not
13 provide TIL disclosures to borrowers within three business days of the borrowers' loan application.

14 **1.5 Failure to Timely Provide Rate Lock Disclosure.** In all of the loan files reviewed, Respondents did
15 not maintain records sufficient to establish that accurate or complete rate lock disclosures or agreements were
16 provided to borrowers within three business days of the borrowers' loan application, or Respondents did not
17 provide the rate lock disclosures or agreements to borrowers within three business days of the borrowers' loan
18 application.

19 **1.6 Failure to Provide "If the Borrower is Unable to Obtain a Loan" Disclosure.** In all of the loan
20 files reviewed, Respondents did not maintain records sufficient to establish that "if a borrower is unable to
21 obtain a loan" disclosures were provided to borrowers within three business days of the borrowers' loan
22 application, or Respondents did not provide the disclosures to borrowers within three business days of the
23 borrowers' loan application

24 **1.7 Failure to Timely Provide Servicing Disclosures.** In all of the loan files reviewed, Respondents did
25 not maintain records sufficient to establish that Servicing disclosures were provided to borrowers within three

1 business days of the borrowers' loan application, or Respondents did not provide Servicing disclosures to
2 borrowers within three business days of the borrowers' loan application.

3 **1.8 Failure to Disclose Loan Originator License Number on Loan Applications.** In all of the loan files
4 reviewed, Respondents did not disclose the loan originator's license number on the borrowers' residential
5 mortgage loan applications.

6 **1.9 Failure to Deposit All Monies Received from Borrower into Trust Account.** On two of the three
7 loans reviewed, Respondents did not deposit escrow checks that included the borrowers' third party credit
8 report fees into a trust account. Respondents did not have a trust account. Instead, Respondents deposited these
9 funds into a Respondent Millcreek general account.

10 **1.10 Failure to Provide New GFE When Fees that Inured to Respondents' Benefit Increased.** In at
11 least two of three files reviewed, Respondents did not maintain records sufficient to establish that a new GFE
12 was provided to borrowers at least three business days prior to closing when fees that inured to Respondents'
13 benefit increased from that previously disclosed, or Respondents did not provide a new GFE disclosure at least
14 three business days prior to closing.

15 **1.11 Failure to Identify in the GFE All Fees that Inure to Respondents' Benefit.** In two of the three loan
16 files reviewed, Respondents failed to specifically identify in the GFE that the processing fees or administration fees
17 inured to Respondents' benefit.

18 **1.12 Failure to Provide One-Page Disclosure Summary.** In one of three files reviewed, Respondents did
19 not maintain records sufficient to establish that the Washington State one-page disclosure summary was
20 provided to the borrower within three business days of the borrowers' loan application, or Respondents did not
21 provide the disclosure summary to the borrower within three business days of the borrowers' loan application.

22 **1.13 Unlawful Referral Fees.** On or about December 17, 2006, Respondents were contacted by a borrower
23 requesting a residential mortgage loan. Respondents did not take a loan application from the borrower or
24 provide disclosures to the borrower. On or about December 18, 2006, Respondents issued a Denial of Credit
25

1 Notice to the borrower. Respondents then referred the borrower to another company (Company A)².
2 Respondents provided no additional services related to this borrower's transaction. However, Respondents
3 obtained a "referral fee" of \$15,000 related to the borrower's transaction with the new company. This fee is
4 excessive for the amount of services performed by Respondents. Respondents did not provide Affiliated
5 Business Disclosures to the borrower.

6 **1.14 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
7 Respondents continues to date.

8 II. GROUNDS FOR ENTRY OF ORDER

9 **2.1 GFE and TIL Disclosures.** Based on the Factual Allegations set forth in Section I above, Respondents
10 are in apparent violation of RCW 19.146.0201(6) and (11)³, RCW 19.146.030(1)(2)(a)(b) and (4)⁴, Regulations
11 X, 24 C.F.R. Section 3500.21(b)(1) (1996), Regulation Z, 12 C.F.R Section 226.18(d)(1) (2001), and
12 Regulation Z, 12 C.F.R. Section 226.5(b) and 226.22(a) (2001) for failure to provide required GFE and TIL
13 disclosures within three business days of receiving a loan application or failure to specify on the GFE which
14 fees inure to the benefit of the mortgage broker or failure to provide a new GFE at least three days prior to
15 closing when fees that inured to the benefit of the mortgage broker increased from that previously disclosed.

16 **2.2 Disclosures Other than GFE and TIL.** Based on the Factual Allegations set forth in Section I above,
17 Respondents are in apparent violation of RCW 19.146.0201(6) and (11), RCW 19.146.030(1)(2)(c)(d) and (3),
18 WAC 208-660-430(3)(c) and (e), and Regulation X, 24 C.F.R. Section 3500.21(b)(1) (1996), for failure to
19 provide rate lock disclosures, or "if borrower is unable to obtain a loan for any reason" disclosure or loan
20 servicing disclosures.

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25 ² Respondent Gannon's husband was Vice President of Company A.

³ Formerly RCW 19.146.0201(10) (1996).

⁴ And any applicable chapter 208-660 WAC.

1 **2.3 Loan Originator License Number Disclosure.** Based on the Factual Allegations set forth in Section I
2 above, Respondents are in apparent violation of WAC 208-660-350(27) and (28)⁵, for failure to disclose the
3 loan originator's license number on residential mortgage loan applications.

4 **2.4 Trust Account Violations.** Based on the Factual Allegations set forth in Section I above, Respondents
5 are in apparent violation of RCW 19.146.050(1) for failing to deposit into a trust account, prior to the end of the
6 third business day following receipt of such funds, all monies received by a mortgage broker from a borrower
7 for payment of third-party provider services.

8 **2.5 One Page Disclosure Summary:** Based on the Factual Allegations set forth in Section I above,
9 Respondents are in apparent violation of RCW 19.144.020(1) for failure to provide one-page disclosure
10 summary within three business days of a loan application.

11 **2.6 Unlawful Referral Fees:** Based on the Factual Allegations set forth in Section I above, Respondents
12 are in apparent violation of RCW 19.146.0201(6) and (11) and Regulation X, 24 C.F.R. Section 3500.14 and
13 Section 3500.15(1996)⁶ for receipt of unearned referral fees or failure to provide an Affiliated Business
14 Disclosure.

15 **2.7 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondents are
16 in apparent violation of RCW 19.146.0201(1), (2), (3) and (6) for directly or indirectly employing any scheme,
17 device or artifice to defraud or mislead any borrower or any person or engaging in any unfair or deceptive
18 practice toward any person or directly or indirectly obtaining property by fraud or misrepresentation, or failing
19 to make disclosures to loan applicants and noninstitutional investors as required by RCW 19.146.030 and any
20 other applicable state or federal law.

21 III. AUTHORITY TO IMPOSE SANCTIONS

22 **3.1 Authority to Revoke or Suspend License.** Pursuant to RCW 19.146.220(2)(c),(d), and (e), the
23 Director may revoke or suspend a license for failure to pay a fee required by the director, failure to comply with
24 any directive or order of the Director, or any violation of chapter 19.146 RCW.

25 ⁵ Formerly WAC 208-660-350(26) and (27).

⁶ See also, RESPA, 12 U.S.C 2607(a) and (b) (commonly referred to as Section 8).

1 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a) and (d), the Director
2 may issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
3 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage
4 broker or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or
5 (13), RCW 19.146.030 through RCW 19.146.080, RCW 19.146.200, RCW 19.146.205(4), or RCW 19.146.265,
6 or failure to comply with a directive or order of the Director.

7 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(d) and (e) and RCW 19.146.220(3) (a) and
8 (b), the Director may impose fines on a licensee, employee or loan originator of the licensee, or other person
9 subject to the Act for any violations of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.030 through
10 RCW 19.146.080, RCW 19.146.200, RCW 19.146.205(4), RCW 19.146.265, failure to comply with a directive
11 or order of the Director or any violation of chapter 19.146 RCW.

12 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2)(d) and (e), the Director may issue
13 orders directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution.

14 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-550(5),
15 upon completion of any investigation of the books and records of a licensee or other person subject to the Act,
16 the Department will furnish to the licensee or other person subject to the Act a billing to cover the cost of the
17 investigation. The investigation charge will be calculated at the rate of forty-eight dollars (\$48) per hour that
18 each staff person devoted to the investigation.

19 **IV. NOTICE OF INTENTION TO ENTER ORDER**

20 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth
21 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis
22 for the entry of an Order under RCW 19.146.210, RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223.

23 Therefore, it is the Director's intention to ORDER that:

24 **4.1** Respondent Maag, Inc d/b/a Mill Creek Mortgage's license to conduct the business of a
25 mortgage broker be revoked or suspended; and

- 1 **4.2** Respondent Amy Gannon's license to conduct the business of a loan originator and designated
2 broker be revoked or suspended; and
- 3 **4.3** Respondent Amy Gannon be prohibited from participation in the conduct of the affairs of any
4 mortgage broker subject to licensure by the Director, in any manner, for a period of five (5) years;
5 and
- 6 **4.4** Respondent Maag, Inc d/b/a Mill Creek Mortgage and Respondent Amy Gannon jointly and
7 severally pay a fine, which as of the date of these charges totals \$15,000; and
- 8 **4.5** Respondent Maag, Inc d/b/a Mill Creek Mortgage and Respondent Amy Gannon jointly and
9 severally refund all fees that inured to Respondents' benefit to the borrowers listed in paragraphs
10 1.2 through 1.13; and
- 11 **4.6** Respondent Maag, Inc d/b/a Mill Creek Mortgage and Respondent Amy Gannon jointly and
12 severally pay an investigation fee in the amount of \$1,872 calculated at \$48 per hour for the thirty-
13 nine (39) staff hours, as of the date of this Statement of Charges, devoted to the investigation; and
- 14 **4.7** Respondents maintain records in compliance with the Act and provide the Department with the
15 location of the books, records and other information relating to Respondents' mortgage broker
16 business, and the name, address and telephone number of the individual responsible for
17 maintenance of such records in compliance with the Act.

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V. AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

Dated this 19th day of October, 2009.

Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

MARNIE SHEERAN
Financial Legal Examiner

Approved by:

JAMES R. BRUSSELBACK
Enforcement Chief

