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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:

NO. C-09-437-10-CO01

AMERICAN LENDING CORPORATION,
d/b/a AMERICAN LENDING CORPORATION
OF NEVADA, and RON LANE JENSEN,
Owner, President, and Designated Broker,

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 American Lending Corporation, d/b/a American Lending Corporation of Nevada (hereinafter Respondent American), and Ron Lane Jensen, Owner, President, and Designated Broker (hereinafter Respondent Jensen), by and through their attorney James P. Murphy, 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-09-437-09-SC01 (Statement of Charges), entered November 24, 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

CONSENT ORDER
C-09-437-10-CO01
American Lending Corporation,
d/b/a American Lending Corporation of Nevada,
and Ron Lane Jensen

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

1 and hereby agree that this Consent Order shall fully resolve and settle all matters alleged in the Statement of
2 Charges.

3 Based upon the foregoing:

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

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

10 C. **Admissions of Facts and Violations of the Act.** It is AGREED that Respondents neither admit nor
11 deny any of the facts and violations of the Act alleged in the Statement of Charges.

12 D. **Licenses Surrendered.** It is AGREED that Respondent American voluntarily surrendered its
13 Department-issued mortgage broker license and Respondent Jensen voluntarily surrendered his Department-issued
14 loan originator license, both surrenders were effective on August 19, 2009.

15 E. **Application for License.** It is AGREED that Respondents shall not apply to the Department for any
16 license under any name for a period of seven years from the date of entry of this Consent Order. It is further
17 AGREED that nothing in this Consent Order shall be construed as relieving Respondents from their obligation to
18 comply with the licensing requirements of any laws administered by the Department, including but not limited to
19 the Mortgage Broker Practices Act (RCW 19.146), the Consumer Loan Act (RCW 31.04), the Escrow Agent
20 Registration Act (RCW 18.44), the Uniform Money Services Act (RCW 19.230), and the Check Cashers and
21 Sellers Act (RCW 31.45), and the rules adopted thereunder. It is further AGREED that, should any or all
22 Respondents apply to the Department for any license under any name at any time later than seven years from the
23 date of entry of this Consent Order, such applying Respondents shall be required to meet any and all application
24 requirements in effect at that time.

1 **F. Rights of Non-Parties.** It is AGREED that the Department does not represent or have the consent of
2 any person or entity not a party to this Consent Order to take any action concerning their personal legal rights. It
3 is further AGREED that for any person or entity not a party to this Consent Order, this Consent Order does not
4 limit or create any private rights or remedies against Respondents, limit or create liability of Respondents, or limit
5 or create defenses of Respondents to any claims.

6 **G. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an investigation fee
7 of \$8,156.77, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of
8 this Consent Order.

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

12 **I. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to abide
13 by the terms and conditions of this Consent Order may result in further legal action by the Director. In the
14 event of such legal action, Respondents may be responsible to reimburse the Director for the cost incurred in
15 pursuing such action, including but not limited to, attorney fees.


16 **J. Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily entered into
17 this Consent Order, which is effective when signed by the Director's designee.

18 **K. Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read this
19 Consent Order in its entirety and fully understand and agree to all of the same.

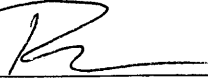
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1 **RESPONDENTS:**

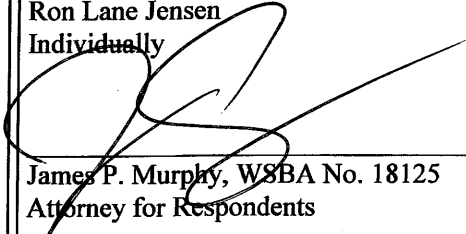
2 **American Lending Corporation, d/b/a American Lending Corporation of Nevada**
3 By:

4 
5 Ron Lane Jensen
6 Owner, President, and Designated Broker

3/26/10
Date

7 
8 Ron Lane Jensen
9 Individually

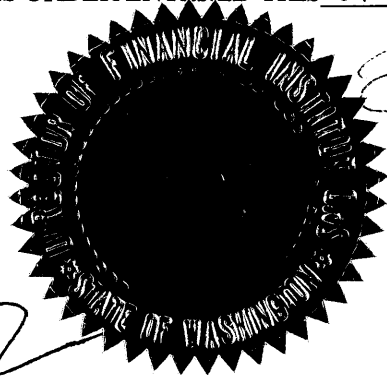
3/26/10
Date

10 
11 James P. Murphy, WSBA No. 18125
12 Attorney for Respondents

3/29/10
Date

13 DO NOT WRITE BELOW THIS LINE

14 THIS ORDER ENTERED THIS 31st DAY OF March, 2010.




15 

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

20 Presented by:
21 

22 MARK T. OLSON
23 Financial Legal Examiner

24 Approved by:
25 
26 JAMES R. BRUSSELBACK
27 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:

NO. C-09-437-09-SC01

AMERICAN LENDING CORPORATION,
d/b/a AMERICAN LENDING CORPORATION
OF NEVADA, and RON LANE JENSEN,
Owner, President, and Designated Broker,

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

Respondents.

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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:

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I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. American Lending Corporation, d/b/a American Lending Corporation of Nevada (Respondent American) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on December 17, 2004. Respondent ALC surrendered its mortgage broker license effective August 19, 2009.

B. Ron Lane Jensen (Respondent Jensen) is 50% Owner and President of Respondent ALC. Respondent Jensen was the Designated Broker of Respondent American from initial licensure by the Department until license surrender.

¹ RCW 19.146 (2006)

1 **1.2 Residential Mortgage Loan Activity.** From April 30, 2007 through May 31, 2009 (the period of
2 investigation), Respondent American originated at least twelve residential mortgage loans on property located
3 in the State of Washington (the transactions). During the period of investigation, Respondent Jensen was the
4 only licensed loan originator associated with Respondent American's mortgage broker license in the State of
5 Washington.

6 **1.3 Unlicensed Loan Originator Activity.** Respondent American permitted at least three unlicensed loan
7 originators to assist borrowers in obtaining residential mortgage loans in at least seven of the transactions.
8 Respondent American collected over \$45,000 in mortgage broker fees at the closing of these transactions.

9 **1.4 Failure to Maintain Funds in Trust.** At the time of initial licensure, Respondents provided the
10 Department with a notarized "Washington Mortgage Broker Trust Monies Alternative Certificate of
11 Compliance" containing the following language:

12 "I, the undersigned, designated broker of the above listed entity, an applicant for licensing under
13 chapter 19.146 RCW, The Mortgage Broker Practices Act (the "Act"), certify that I have read and
14 understand RCW 19.146.050 and WAC 208-660-08010 through -08040, containing the requirements
15 for the management of borrowers' funds. I realize that any violation of this section of the Act is a Class
16 C Felony.

17 I further warrant that the above company and its principals, mortgage brokers, employees, loan
18 originators, and independent contractors will not, at any time, up to and including the closing of a loan
19 and disbursement of any monies associated with the loan, accept monies from a borrower, or from a
20 third-party (e.g., an escrow agent) on behalf of a borrower, for the purposes of payment for services
21 (e.g., an appraisal or credit report) provided by third parties."

22 Contrary to this certification and to the requirements of the Act, Respondent American received trust funds
23 from or on behalf of borrowers for the payment of third-party provider services in at least ten of the
24 transactions, usually from the closing agent at the closing of the transactions. Respondent American deposited
25 these trust funds into operating accounts under its control, thereby commingling trust funds with operating
26 funds.

27 **1.5 Failure to Comply with State Loan Disclosure Requirements.**

28 **A. Loan Fees and Terms.** Respondent American did not, within three business days following
29 receipt of a loan application or any moneys from the borrowers, provide borrowers in all twelve of the

1 transactions with full written disclosures containing an itemization and explanation of all fees and costs the
2 borrowers were required to pay in connection with obtaining the residential mortgage loans, specifying the fees
3 inuring to the benefit of Respondent American, and containing: the annual percentage rate, finance charge,
4 amount financed, total amount of all payments, amount of each payment, amount of points or prepaid interest
5 and the conditions and terms under which any loan terms might change between the time of disclosure and
6 closing of the loan; and if a variable rate, the circumstances under which the rate might increase, any limitation
7 on the increase, the effect of an increase, and an example of the payment terms resulting from an increase.

8 **B. Increased Fees.** Respondent American charged borrowers over \$1,100 in fees inuring to the
9 benefit of Respondent American in excess of the fees disclosed on the initial written disclosures in at least two
10 of the transactions. Respondent American did not provide these borrowers, no less than three business days
11 prior to the signing of the loan closing documents, a clear written explanation of the fees and the reason for
12 charging fees exceeding those which were previously disclosed.

13 **C. Lock-In Agreement Disclosure.** Respondent American did not, within three business days
14 following receipt of a loan application or receipt of any moneys from the borrowers or entry of a lock-in
15 agreement with the borrowers subsequent to initial disclosures or representation to the borrowers that the
16 borrowers had entered into a lock-in agreement subsequent to initial disclosures, provide borrowers in at least
17 eleven of the transactions with full written disclosures containing the cost, terms, duration, and conditions of a
18 lock-in agreement and whether a lock-in agreement had been entered, and whether the lock-in agreement was
19 guaranteed by the mortgage broker or lender, and if a lock-in agreement had not been entered, disclosure in a
20 form acceptable to the Director that the disclosed interest rate and terms were subject to change.

21 **1.6 Failure to Comply with Federal Loan Disclosure Requirements.**

22 **A. Truth-in-Lending Act.** Respondent American did not provide borrowers in at least nine of the
23 transactions with Truth-in-Lending disclosures (TILs) completed in compliance with the Truth-in-Lending Act
24 and Regulation Z. On these TILs, Respondent American: did not accurately disclose the annual percentage rate,
25

1 finance charge, and amount financed; or did not complete the bottom section of the TIL that identifies the
2 existence of a prepayment penalty, security interest, assumption policy, and late fees; or both.

3 **B. Real Estate Settlement Procedures Act.** Respondent American did not provide borrowers in
4 at least six of the transactions with Good Faith Estimate disclosures (GFEs) completed in compliance with the
5 Real Estate Settlement Procedures Act and Regulation X. In at least four of the transactions, Respondent
6 American improperly disclosed the Yield Spread Premium (YSP) on the GFEs by not describing the fee as a
7 “yield spread premium,” listing the YSP in an area other than the 800 series of the GFE, or disclosing the YSP
8 as a percentage rather than a dollar amount or dollar amount range. In at least two of the transactions,
9 Respondent American did not provide any disclosure of the YSP on the GFE, while ultimately collecting YSPs
10 in the amounts of \$280 and \$282.03, respectively, at the closing of these two transactions.

11 **1.7 Failure to Display License Numbers.** Respondents did not display Respondent Jensen’s loan
12 originator license number on residential mortgage loan applications in seven of the transactions, and
13 Respondents did not display Respondent American’s mortgage broker license number on residential mortgage
14 loan applications in all twelve of the transactions.

15 **1.8 On-Going Investigation.** The Department’s investigation into the alleged violations of the Act by
16 Respondents continues to date.

17 **II. GROUNDS FOR ENTRY OF ORDER**

18 **2.1 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245 and WAC 208-660-
19 155(3), a licensed mortgage broker is liable for any conduct violating the Act by the designated broker or a loan
20 originator while employed or engaged by the licensed mortgage broker. Pursuant to RCW 19.146.200(4) and
21 WAC 208-660-155(4), a designated broker, principal, or owner who has supervisory authority over a mortgage
22 broker is responsible for a licensee’s, employee’s, or independent contractor’s violations of the Act if: the
23 designated broker, principal, or owner directs or instructs the conduct or, with knowledge of the specific
24 conduct, approves or allows the conduct; or the designated broker, principal, or owner who has supervisory
25 authority over the licensed mortgage broker knows or by the exercise of reasonable care and inquiry should

1 have known of the conduct, at a time when its consequences can be avoided or mitigated and fails to take
2 reasonable remedial action.

3 **2.2 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents are in
4 apparent violation of RCW 19.146.0201:

- 5 • (1) for directly or indirectly employing a scheme, device or artifice to defraud or mislead borrowers or
6 lenders or any person;
- 7 • (2) for engaging in an unfair or deceptive practice toward any person;
- 8 • (3) for obtaining property by fraud or misrepresentation;
- 9 • (6) for failing to make disclosures to loan applicants and noninstitutional investors as required by RCW
10 19.146.030 and any other applicable state or federal law;
- 11 • (7) for making, in any manner, any false or deceptive statement or representation with regard to the
12 rates, points, or other financing terms or conditions for a residential mortgage loan or engaging in bait
13 and switch advertising;
- 14 • (11) for failing to comply with any requirements of the Truth-in-Lending Act, 15 U.S.C. Sec. 1601, and
15 Regulation Z, 12 C.F.R. Sec. 226 and for failing to comply with any requirements of the Real Estate
16 Settlement Procedures Act, 12 U.S.C. Sec. 2601, and Regulation X, 24 C.F.R. Sec. 3500;
- 17 • (13) for collecting, charging, attempting to collect or charge or using or proposing any agreement
18 purporting to collect or charge any fee prohibited by RCW 19.146.030 or RCW 19.146.070;
- 19 • (15) for failing to comply with any provision of RCW 19.146.030 through 19.146.080.

20 **2.3 Requirement to Disclose Residential Mortgage Loan Fees and Terms.** Based on the Factual
21 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.030(1) & (2)(a)
22 for failing, within three business days following receipt of a loan application or any moneys from the borrowers,
23 to provide borrowers with full written disclosures containing an itemization and explanation of all fees and
24 costs the borrowers were required to pay in connection with obtaining residential mortgage loans, specifying the
25 fees inuring to the benefit of Respondent American, and containing: the annual percentage rate, finance charge,

1 amount financed, total amount of all payments, amount of each payment, amount of points or prepaid interest
2 and the conditions under which any loan terms might change between the time of disclosure and closing of the
3 loan; and if a variable rate, the circumstances under which the rate might increase, any limitation on the
4 increase, the effect of an increase, and an example of the payment terms resulting from an increase.

5 **2.4 Requirement to Disclose Lock-In Agreement Information.** Based on the Factual Allegations set
6 forth in Section I above, Respondents are in apparent violation of RCW 19.146.030(1), (2)(c), & (3) for failing,
7 within three business days following receipt of a loan application or receipt of any moneys from the borrowers
8 or entry of a lock-in agreement with the borrowers subsequent to initial disclosures or representation to the
9 borrowers that the borrowers had entered into a lock-in agreement subsequent to initial disclosures, to provide
10 borrowers with full written disclosures containing the cost, terms, duration, and conditions of a lock-in
11 agreement and whether a lock-in agreement had been entered, and whether the lock-in agreement was
12 guaranteed by the mortgage broker or lender, and if a lock-in agreement had not been entered, disclosure in a
13 form acceptable to the Director that the disclosed interest rate and terms were subject to change.

14 **2.5 Prohibited Fee, Commission, or Compensation.** Based on the Factual Allegations set forth in
15 Section I above, Respondents are in apparent violation of RCW 19.146.030(4) for charging fees inuring to the
16 benefit of a mortgage broker in excess of the fees disclosed on the initial written disclosures: where the fees
17 were reasonably foreseeable at the time the initial written disclosures were provided to borrowers; or where the
18 mortgage broker failed to provide the borrowers, no less than three business days prior to the signing of the loan
19 closing documents, a clear written explanation of the fees and the reason for charging fees exceeding those
20 which were previously disclosed; or both.

21 **2.6 Requirement to Provide Complete and Accurate Truth-In-Lending Disclosures.** Based on the
22 Factual Allegations set forth in Section I above, Respondents are in apparent violation of Regulation Z, 12
23 C.F.R. Sec. 226.18 for failing to provide complete and accurate Truth-In-Lending disclosures to borrowers.

24 **2.7 Requirement to Properly Disclose the Yield Spread Premium.** Based on the Factual Allegations set
25 forth in Section I above, Respondents are in apparent violation of Regulation X, 24 C.F.R. Sec. 3500, Appendix

1 B, and WAC 208-660-430(5) for failing to properly disclose Yield Spread Premiums charged to borrowers on
2 the Good Faith Estimate disclosures provided to borrowers.

3 **2.8 Requirement to Maintain Funds From Borrower for Payment of Third-Party Providers in Trust.**

4 Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
5 19.146.050 for failing to deposit funds received from a borrower or on behalf of a borrower for payment of
6 third-party provider services in a trust account of a federally insured financial institution located in this state,
7 prior to the end of the third business day following receipt of such monies, and for commingling operating
8 funds with trust account funds.

9 **2.9 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual Allegations
10 set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1) and WAC 208-660-
11 155(1) for utilizing the services of unlicensed loan originators to assist borrowers with applying for and
12 obtaining residential mortgage loans.

13 **2.10 Requirement to Display License Number.** Based on the Factual Allegations set forth in Section I
14 above, Respondents are in apparent violation of WAC 208-660-350(25) & (26) for failing to display the loan
15 originator license number and the name and license number of the mortgage broker the loan originator is
16 associated with when taking residential mortgage loan applications.

17 **III. AUTHORITY TO IMPOSE SANCTIONS**

18 **3.1 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
19 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
20 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
21 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or (13),
22 RCW 19.146.030 through RCW 19.146.080, or RCW 19.146.200.

23 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), the Director may impose fines against
24 licensees or other persons subject to the Act for any violation of the Act. Pursuant to RCW 19.146.220(3), the
25 Director may impose fines on an employee, loan originator, independent contractor, or agent of the licensee, or

1 other person subject to the Act for any violation of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.030
2 through RCW 19.146.080, or RCW 19.146.200.

3 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2)(e), the Director may order restitution
4 against licensees or any other persons subject to the Act for any violation of the Act.

5 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-550(4)(a),
6 the Department will charge forty-eight dollars per hour for an examiner's time devoted to an investigation of the
7 books and records of a licensee or other person subject to the Act.

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

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

13 **4.1** Respondent American Lending Corporation, d/b/a American Lending Corporation of Nevada be prohibited
14 from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director,
in any manner, for a period of five years.

15 **4.2** Respondent Ron Lane Jensen be prohibited from participation in the conduct of the affairs of any mortgage
16 broker subject to licensure by the Director, in any manner, for a period of five years.

17 **4.3** Respondents American Lending Corporation, d/b/a American Lending Corporation of Nevada and Ron
18 Lane Jensen jointly and severally pay a fine. As of the date of this Statement of Charges, the fine totals
19 \$50,000.

20 **4.4** Respondents American Lending Corporation, d/b/a American Lending Corporation of Nevada and Ron
21 Lane Jensen jointly and severally pay restitution to all borrowers for any violation of the Act by
22 Respondents, in an amount to be determined at hearing.

23 **4.5** Respondents American Lending Corporation, d/b/a American Lending Corporation of Nevada and Ron
24 Lane Jensen jointly and severally pay an investigation fee. As of the date of this Statement of Charges, the
25 investigation fee totals \$8156.77 (including \$4,464 in examiner time and \$2,492.77 in travel costs
previously invoiced to Respondents by the Department's Examination Unit).


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V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Industry, Impose Fine, Order Restitution, 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). 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 24th day of November, 2009.


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