

## Terms Completed

### ORDER SUMMARY – Case Number: C-11-0678

**Name(s):** LandTrust Financial LLC; Jebidiah Burnett ; Edward James Laine;  
George Warren Grissom

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**Order Number:** C-11-0678-14-CO01

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**Effective Date:** February 11, 2014

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**License Number:** Landtrust: DFI: 20704 NMLS ID: 55941  
Laine: NMLS ID: 69019  
Grissom: DFI: 68382 NMLS ID: 393821  
Burnett: Unlicensed

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**Or NMLS Identifier [U/L]** (Revoked, suspended, stayed, application denied or withdrawn)  
If applicable, you must specifically note the ending dates of terms.

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**License Effect:**

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**Not Apply Until:** N/A

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**Not Eligible Until:** N/A

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**Prohibition/Ban Until:** N/A

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<b>Investigation Costs</b>	\$2,275	Due 2/11/14	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 2/6/14
<b>Fine</b>	\$10,000	Due 2/11/14	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 2/6/14
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$840	Due 2/11/14	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 2/6/14
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>		<input type="checkbox"/> Y <input 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-11-0678-14-CO01

CONSENT ORDER

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LANDTRUST FINANCIAL, LLC,  
NMLS #55941,  
EDWARD J. LAINE, Designated Broker,  
NMLS #69019,  
GEORGE W. GRISSOM, Loan Originator,  
NMLS #393821, and  
JEBIDIAH BURNETT, Unlicensed Loan  
Originator,

Respondents.

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COMES NOW the Director of the Department of Financial Institutions (Director), through his  
designee Deborah Bortner, Division Director, Division of Consumer Services, and LandTrust  
Financial, LLC (Respondent LandTrust), Edward J. Laine, designated broker (Respondent Laine),  
George W. Grissom, loan originator (Respondent Grissom), and Jebidiah Burnett, unlicensed loan  
originator (Respondent Burnett) (collectively, Respondents), 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 the 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 Amended Statement of  
Charges No. C-11-0678-13-SC02 (Amended Statement of Charges), entered November 6, 2013,  
(copy attached hereto). Pursuant to chapter 193146 RCW, the Mortgage Broker Practices Act (Act),

1 and RCW 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to the  
2 Department's entry of this Consent Order and further agree that the issues raised in the above-  
3 captioned matter may be economically and efficiently settled by entry of this Consent Order. The  
4 parties intend this Consent Order to fully resolve the Amended Statement of Charges.

5 Based upon the foregoing:

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

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

13 **C. Restitution.** It is AGREED that Respondents LandTrust and Laine shall pay restitution of  
14 \$840 to the consumer identified in paragraph 1.4D of the Amended Statement of Charges.

15 **D. Fine.** It is AGREED that Respondents LandTrust and Laine shall pay a fine to the  
16 Department in the amount of \$9,000, in the form of a cashier's check made payable to the  
17 "Washington State Treasurer," upon entry of this Consent Order. It is further AGREED that  
18 Respondents Grissom and Burnett shall each pay a fine to the Department in the amount of \$500, in  
19 the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this  
20 Consent Order.

21 **E. Investigation Fee.** It is AGREED that Respondents LandTrust and Laine shall pay to the  
22 Department an investigation fee of \$2,275, in the form of a cashier's check made payable to the  
23 "Washington State Treasurer," upon entry of this Consent Order. The Fines and Investigation Fee  
24

1 may be paid together in one \$12,275 cashier's check made payable to the "Washington State  
2 Treasurer."

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

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

10 **H. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this  
11 Consent Order, which is effective when signed by the Director's designee.

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

14 **RESPONDENTS:  
LandTrust Financial, LLC**

15 By: 

16 Edward J. Laine  
17 Designated Broker

1.28.2014  
Date



18 Edward J. Laine  
19 Individually 985-4EFD-3F81

1.28.2014  
Date



20 George W. Grissom  
21 Individually

02/03/2014  
Date

22   
23 Jebidiah Burnett  
Individually

\_\_\_\_\_  
Date

1 may be paid together in one \$12,275 cashier's check made payable to the "Washington State  
2 Treasurer."

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

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7 abide by the terms and conditions of this Consent Order may result in further legal action by the  
8 Director. In the event of such legal action, Respondents may be responsible to reimburse the Director  
9 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

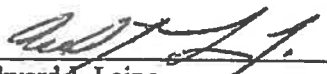
10 **H. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this  
11 Consent Order, which is effective when signed by the Director's designee.

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

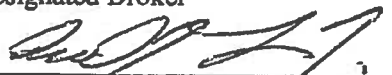
14 **RESPONDENTS:**

15 **LandTrust Financial, LLC**

16 By:

17   
Edward J. Laine  
Designated Broker

1.28.2014  
Date

18   
Edward J. Laine  
Individually

1.28.2014  
Date

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George W. Grissom  
Individually

02/03/2014  
Date

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Jebidiah Burnett  
Individually

2-4-14  
Date

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Approved for Entry:  
[Redacted]

2/3/14  
Date

Mark E. Hodges, WSBA No.15785  
Real Estate Law Firm  
Attorney for Respondents

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 1<sup>st</sup> DAY OF February, 2014.



[Redacted]  
DEBORAH BORTNER  
Director, Division of Consumer Services  
Department of Financial Institutions

Presented by:  
[Redacted]

DEVON P. PHELPS  
Financial Legal Examiner

Approved by:  
[Redacted]

CHARLES E. CLARK  
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:

LANDTRUST FINANCIAL, LLC,  
NMLS #55941,  
EDWARD J. LAINE, Designated Broker,  
NMLS #69019,  
GEORGE W. GRISSOM, Loan Originator,  
NMLS #393821, and  
JEBIDIAH BURNETT, Unlicensed Loan  
Originator,

Respondents.

No. C-11-0678-13-SC02

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

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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). On October 31, 2013, the Department issued Statement of Charges C-11-0678-13-SC01 identifying Jebadiah Burnett as a Respondent instead of Jebidiah Burnett. This Amended Statement of Charges C-11-0678-13-SC02 is issued to correct the scrivener's error. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of the date of this Amended 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. LandTrust Financial, LLC (LandTrust)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage

1 broker on or about January 29, 1999, and continues to be licensed to date. Respondent LandTrust has  
2 several trade names under which it does business, including Northwest Mitigation Services and  
3 www.millerlaineproperties.com.

4 **B. Edward J. Laine (Laine)** is an owner of and Designated Broker for Respondent  
5 LandTrust.

6 **C. George W. Grissom (Grissom)** was licensed by the Department to conduct business  
7 as a loan originator on or about May 25, 2011, and continues to be licensed to date. Respondent  
8 Grissom was licensed as a real estate broker by the Washington State Department of Licensing on or  
9 about May 14, 2012, and continues to be licensed to date.

10 **D. Jebidiah Burnett (Burnett)** has never been licensed by the Department to conduct  
11 business as a loan originator.

12 **1.2 Examinations.** The Department conducted an on-site examination of Respondent LandTrust  
13 on April 30, 2011, which included a review of Respondent LandTrust's business practices from May  
14 1, 2008, through April 30, 2011, and a review of 21 loan files. The Department conducted a follow-  
15 up on-site examination of Respondent LandTrust on April 30, 2012, which included a review of  
16 Respondent LandTrust's business practices from May 1, 2011, through April 30, 2012, and a review  
17 of 29 short sale loan files.

18 **1.3 Unlicensed Loan Originator Activity.** Between at least December 1, 2010, and May 4,  
19 2011, Respondents LandTrust and Laine permitted at least two unlicensed loan originators to provide  
20 residential short sale services in at least ten transactions. Respondents Grissom and Burnett sent  
21 emails to the seller and primary lien holder negotiating the sales price and timing of short sale  
22 transactions.

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1 **1.4 Failure to Provide State and Federal Disclosures.**

2 **A. Failure to Timely Deliver Rate Lock Disclosure.** In at least ten loans, Respondent  
3 LandTrust did not timely provide rate lock disclosures to the borrowers.

4 **B. Failure to Timely Provide Revised Good Faith Estimate (GFE).** In at least eight  
5 loans, Respondent LandTrust did not timely provide revised GFEs to borrowers after the interest rate  
6 was locked with the lender.

7 **C. Failure to Provide Accurate GFE.** In at least seven loans, Respondent LandTrust  
8 did not correctly complete the GFE "Important Dates" section.

9 **D. Failure to Provide Written Explanation of a Fee Increase.** In at least one loan,  
10 Respondent LandTrust failed to provide a written explanation for an increase in the origination fee.  
11 Respondent LandTrust failed to provide borrower M.K. with notice that the origination fee was  
12 increasing from 1% to 1.25%, a difference of \$840.

13 **1.5 Failure to Display License Numbers.**

14 **A. Residential Mortgage Applications.** At least three loan originators operating under  
15 Respondent LandTrust's mortgage broker license did not display their loan originator license  
16 numbers on residential mortgage loan applications in at least four transactions from at least in or  
17 around January 2009 through at least in or around October 2010.

18 **B. Web Site.** As of at least April 2011, Respondent LandTrust maintained a web site for  
19 one of its trade names, [www.millerlaineproperties.com](http://www.millerlaineproperties.com), that did not display Respondent LandTrust's  
20 mortgage broker license number.

21 **1.6 Trade Names.**

22 **A. Registration.** Respondent LandTrust failed to register the trade name "Northwest  
23 Mitigation Services" with the Department until May 12, 2011, when it was brought to the attention of  
24

1 Respondent Laine. This name appeared in loan files, on business cards of several employees, and on  
2 the signage at the business location prior to that date.

3 **B. Usage.** On at least two documents, Respondent LandTrust failed to display its license  
4 name or number in conjunction with the usage of its trade names, Northwest Mitigation Services,  
5 Financial Advantage Lending Network, or Miller Laine Mortgage.

6 **1.7 Failure to Notify Department of Significant Developments.** Respondent LandTrust moved  
7 from its licensed location at 15400 S.E. 30<sup>th</sup> Place, Suite 204, Bellevue, Washington, to 127 Bellevue  
8 Way S.E., Bellevue, Washington, without notifying the Department in advance.

9 **1.8 On-Going Investigation.** The Department's investigation into the alleged violations of the  
10 Act by Respondents continues to date.

## 11 **II. GROUNDS FOR ENTRY OF ORDER**

12 **2.1 Definition of Loan Originator.** Pursuant to RCW 19.146.010(11) and WAC 208-660-006<sup>1</sup>,  
13 "Loan originator" means a natural person who for direct or indirect compensation or gain, or in the  
14 expectation of direct or indirect compensation or gain: takes a residential mortgage loan application  
15 for a mortgage broker; offers or negotiates terms of a mortgage loan; performs residential mortgage  
16 loan modification services; or holds themselves out to the public as able to perform any of these  
17 activities.

18 **2.2 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245, a licensed  
19 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.

21 **2.3 Responsibility of Designated Broker.** Pursuant to RCW 19.146.200(4), every licensed  
22 mortgage broker must at all times have a designate broker responsible for all activities of the  
23 mortgage broker in conducting the business of a mortgage broker. A designated broker, principal, or

24 <sup>1</sup> All future references to the WAC are to the WAC that was in effect in 2012 unless otherwise specified.

1 owner who has supervisory authority over a mortgage broker is responsible for a licensee's,  
2 employee's, or independent contractor's violations of the Act if: the designated broker, principal, or  
3 owner directs or instructs the conduct or, with knowledge of the specific conduct, approves or allows  
4 the conduct; or the designated broker, principal, or owner who has supervisory authority over the  
5 licensed mortgage broker knows or by the exercise of reasonable care and inquiry should have known  
6 of the conduct, at a time when its consequences can be avoided or mitigated and fails to take  
7 reasonable remedial action.

8 **2.4 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual  
9 Allegations set forth in Section I above, Respondents Grissom and Burnett are in apparent violation  
10 of RCW 19.146.0201(2), RCW 19.146.0201(3), RCW 19.146.200(1), and WAC 208-660-155 for  
11 engaging in the business of a loan originator without first obtaining and maintaining a license under  
12 the Act.

13 **2.5 Requirement to Ensure that Loan Originators are Licensed.** Based on the Factual  
14 Allegations set forth in Section I above, Respondents LandTrust and Laine are in apparent violation  
15 of RCW 19.146.0201(2), RCW 19.146.0201(3), RCW 19.146.200(1), and WAC 208-660-155(1) for  
16 utilizing the services of unlicensed loan originators to provide residential mortgage loan modification  
17 services.

18 **2.6 Requirement to Make Full and Accurate Disclosures to Applicants.** Based on the Factual  
19 Allegations set forth in Section I above, Respondent LandTrust is in apparent violation of RCW  
20 19.144.020, RCW 19.146.0201(2),(6), and (11), RCW 19.146.030, and WAC 208-660-430 for failing  
21 to make disclosures in compliance with applicable state and federal law.

22 **2.7 Prohibited Fees.** Based on the Factual Allegations set forth in Section I above, Respondent  
23 LandTrust is in apparent violation of RCW 19.146.0201(2), RCW 19.146.0201(3), and RCW  
24 19.146.030(4) for charging fees inuring to the benefit of a mortgage broker in excess of the fees

1 disclosed on the initial written disclosures where the mortgage broker failed to provide the borrowers,  
2 no less than three business days prior to the signing of the loan closing documents, a clear written  
3 explanation of the fees and the reason for charging fees exceeding those which were previously  
4 disclosed.

5 **2.8 Requirement to Display License Number.** Based on the Factual Allegations set forth in  
6 Section I above, Respondent LandTrust is in apparent violation of RCW 19.146.0201(2) and WAC  
7 208-660-350(23)<sup>2</sup> for not including a loan originator's license number immediately following the  
8 loan originator's name on residential mortgage loan applications. Respondent LandTrust is also in  
9 apparent violation of RCW 19.146.0201(2) and WAC 208-660-446(1)(a) for failing to provide the  
10 Respondent LandTrust's license number on its website, [www.millerlaineproperties.com](http://www.millerlaineproperties.com).

11 **2.9 Operating Under Unlicensed Trade Name.** Based on the Factual Allegations set forth in  
12 Section I above, Respondent LandTrust is in apparent violation of RCW 19.146.250 and WAC 208-  
13 660-180(9) for operating under a name other than the one under which the license is issued without  
14 obtaining the written consent of the Director and for failing to include the license name or number  
15 when using only the trade name.

16 **2.10 Requirement to Notify Department of Significant Developments.** Based on the Factual  
17 Allegations set forth in Section I above, Respondent LandTrust is in apparent violation of WAC 208-  
18 660-400(7)(a)<sup>3</sup> for failing to notify the Director through amendment to the Nationwide Mortgage  
19 Licensing System (NMLS) twenty days prior to a change of main office location.

### 20 III. AUTHORITY TO IMPOSE SANCTIONS

21 **3.1 Authority to Suspend License.** Pursuant to RCW 19.146.220(2), the Director may suspend  
22 licenses for any violation of the Act.

23  
24 <sup>2</sup> 2011 version.

<sup>3</sup> *Id.*

1 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may  
2 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  
4 mortgage broker or any person subject to licensing under the Act for any violation of RCW  
5 19.146.0201(1) through (9), RCW 19.146.030, or RCW 19.146.200.

6 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order  
7 restitution against licensees or other persons subject to the Act for any violation of the Act.

8 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines  
9 against a licensee or other persons subject to the Act for any violation of the Act. Pursuant to RCW  
10 19.146.220(3), the Director may impose fines on an employee, loan originator, independent  
11 contractor, or agent of the licensee, or other person subject to the Act, for any violations of RCW  
12 19.146.0201(1) through (9), RCW 19.146.030, or RCW 19.146.200.

13 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-  
14 520(9) & (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per hour  
15 for an examiner's time devoted to an investigation of a licensee or other person subject to the Act.

#### 16 **IV. NOTICE OF INTENTION TO ENTER ORDER**

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

21 **4.1** Respondent LandTrust Financial, LLC's license to conduct the business of a mortgage  
22 broker be suspended for 90 days.

23 **4.2** Respondent George W. Grissom's license to conduct the business of a loan originator  
24 be suspended for 90 days.

- 1           **4.3**    Respondent LandTrust Financial, LLC be prohibited from participation in the conduct  
2                    of the affairs of any mortgage broker subject to licensure by the Director, in any  
                         manner, for 90 days, to be served during the period of suspension referenced above.
- 3           **4.4**    Respondents Edward J. Laine, George W. Grissom, and Jebidiah Burnett be prohibited  
4                    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 90 days.
- 5           **4.5**    Respondents LandTrust Financial, LLC and Edward J. Laine jointly and severally pay  
6                    restitution totaling \$840 to the borrower identified in Paragraph 1.4 D of this  
                         Amended Statement of Charges.
- 7           **4.6**    Respondents LandTrust Financial, LLC and Edward J. Laine jointly and severally pay  
8                    a fine. As of the date of this Amended Statement of Charges, the fine totals \$40,000.
- 9           **4.7**    Respondents George W. Grissom and Jebidiah Burnett each pay a fine of \$2,000.
- 10          **4.8**    Respondents LandTrust Financial, LLC and Edward J. Laine jointly and severally pay  
                         an investigation fee. As of the date of this Amended Statement of Charges, the  
                         investigation fee totals \$2,275.

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1 **V. AUTHORITY AND PROCEDURE**

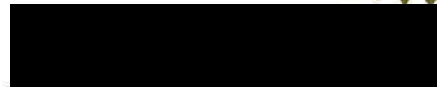
2 This Amended Statement of Charges is entered pursuant to the provisions of RCW  
3 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the  
4 provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a  
5 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND  
6 OPPORTUNITY FOR HEARING accompanying this Amended Statement of Charges.

7  
8 Dated this 6<sup>th</sup> day of November, 2013



9 [Redacted Signature]  
10  
11 DEBORAH BORTNER  
12 Director, Division of Consumer Services  
13 Department of Financial Institutions

13 Presented by:



14  
15 DEVON P. PHELPS  
16 Financial Legal Examiner

17 Approved by:



18  
19 CHARLES E. CLARK  
20 Enforcement Chief

1 STATE OF WASHINGTON  
2 DEPARTMENT OF FINANCIAL INSTITUTIONS  
3 DIVISION OF CONSUMER SERVICES

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

7 LANDTRUST FINANCIAL, LLC,  
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9 EDWARD J. LAINE, Designated Broker,  
10 NMLS #69019,  
11 GEORGE W. GRISSOM, Loan Originator,  
12 NMLS #393821, and  
13 JEBADIAH BURNETT, Unlicensed Loan  
14 Originator,

15 Respondents.

No. C-11-0678-13-SC01

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

16 INTRODUCTION

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

23 I. FACTUAL ALLEGATIONS

24 1.1 Respondents.

A. LandTrust Financial, LLC (LandTrust) was licensed by the Department of  
Financial Institutions of the State of Washington (Department) to conduct business as a mortgage  
broker on or about January 29, 1999, and continues to be licensed to date. Respondent LandTrust has  
several trade names under which it does business, including Northwest Mitigation Services and  
[www.millerlaineproperties.com](http://www.millerlaineproperties.com).



1           **B. Edward J. Laine (Laine)** is an owner of and Designated Broker for Respondent  
2 LandTrust.

3           **C. George W. Grissom (Grissom)** was licensed by the Department to conduct business  
4 as a loan originator on or about May 25, 2011, and continues to be licensed to date. Respondent  
5 Grissom was licensed as a real estate broker by the Washington State Department of Licensing on or  
6 about May 14, 2012, and continues to be licensed to date.

7           **D. Jebadiah Burnett (Burnett)** has never been licensed by the Department to conduct  
8 business as a loan originator.

9 **1.2 Examinations.** The Department conducted an on-site examination of Respondent LandTrust  
10 on April 30, 2011, which included a review of Respondent LandTrust's business practices from May  
11 1, 2008, through April 30, 2011, and a review of 21 loan files. The Department conducted a follow-  
12 up on-site examination of Respondent LandTrust on April 30, 2012, which included a review of  
13 Respondent LandTrust's business practices from May 1, 2011, through April 30, 2012, and a review  
14 of 29 short sale loan files.

15 **1.3 Unlicensed Loan Originator Activity.** Between at least December 1, 2010, and May 4,  
16 2011, Respondents LandTrust and Laine permitted at least two unlicensed loan originators to provide  
17 residential short sale services in at least ten transactions. Respondents Grissom and Burnett sent  
18 emails to the seller and primary lien holder negotiating the sales price and timing of short sale  
19 transactions.

20 **1.4 Failure to Provide State and Federal Disclosures.**

21           **A. Failure to Timely Deliver Rate Lock Disclosure.** In at least ten loans, Respondent  
22 LandTrust did not timely provide rate lock disclosures to the borrowers.

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1           **B. Failure to Timely Provide Revised Good Faith Estimate (GFE).** In at least eight  
2 loans, Respondent LandTrust did not timely provide revised GFEs to borrowers after the interest rate  
3 was locked with the lender.

4           **C. Failure to Provide Accurate GFE.** In at least seven loans, Respondent LandTrust  
5 did not correctly complete the GFE "Important Dates" section.

6           **D. Failure to Provide Written Explanation of a Fee Increase.** In at least one loan,  
7 Respondent LandTrust failed to provide a written explanation for an increase in the origination fee.  
8 Respondent LandTrust failed to provide borrower M.K. with notice that the origination fee was  
9 increasing from 1% to 1.25%, a difference of \$840.

10 **1.5 Failure to Display License Numbers.**

11           **A. Residential Mortgage Applications.** At least three loan originators operating under  
12 Respondent LandTrust's mortgage broker license did not display their loan originator license  
13 numbers on residential mortgage loan applications in at least four transactions from at least in or  
14 around January 2009 through at least in or around October 2010.

15           **B. Web Site.** As of at least April 2011, Respondent LandTrust maintained a web site for  
16 one of its trade names, [www.millerlaineproperties.com](http://www.millerlaineproperties.com), that did not display Respondent LandTrust's  
17 mortgage broker license number.

18 **1.6 Trade Names.**

19           **A. Registration.** Respondent LandTrust failed to register the trade name "Northwest  
20 Mitigation Services" with the Department until May 12, 2011, when it was brought to the attention of  
21 Respondent Laine. This name appeared in loan files, on business cards of several employees, and on  
22 the signage at the business location prior to that date.

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1 owner directs or instructs the conduct or, with knowledge of the specific conduct, approves or allows  
2 the conduct; or the designated broker, principal, or owner who has supervisory authority over the  
3 licensed mortgage broker knows or by the exercise of reasonable care and inquiry should have known  
4 of the conduct, at a time when its consequences can be avoided or mitigated and fails to take  
5 reasonable remedial action.

6 **2.4 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual  
7 Allegations set forth in Section I above, Respondents Grissom and Burnett are in apparent violation  
8 of RCW 19.146.0201(2), RCW 19.146.0201(3), RCW 19.146.200(1), and WAC 208-660-155 for  
9 engaging in the business of a loan originator without first obtaining and maintaining a license under  
10 the Act.

11 **2.5 Requirement to Ensure that Loan Originators are Licensed.** Based on the Factual  
12 Allegations set forth in Section I above, Respondents LandTrust and Laine are in apparent violation  
13 of RCW 19.146.0201(2), RCW 19.146.0201(3), RCW 19.146.200(1), and WAC 208-660-155(1) for  
14 utilizing the services of unlicensed loan originators to provide residential mortgage loan modification  
15 services.

16 **2.6 Requirement to Make Full and Accurate Disclosures to Applicants.** Based on the Factual  
17 Allegations set forth in Section I above, Respondent LandTrust is in apparent violation of RCW  
18 19.144.020, RCW 19.146.0201(2),(6), and (11), RCW 19.146.030, and WAC 208-660-430 for failing  
19 to make disclosures in compliance with applicable state and federal law.

20 **2.7 Prohibited Fees.** Based on the Factual Allegations set forth in Section I above, Respondent  
21 LandTrust is in apparent violation of RCW 19.146.0201(2), RCW 19.146.0201(3), and RCW  
22 19.146.030(4) for charging fees inuring to the benefit of a mortgage broker in excess of the fees  
23 disclosed on the initial written disclosures where the mortgage broker failed to provide the borrowers,  
24 no less than three business days prior to the signing of the loan closing documents, a clear written

1 explanation of the fees and the reason for charging fees exceeding those which were previously  
2 disclosed.

3 **2.8 Requirement to Display License Number.** Based on the Factual Allegations set forth in  
4 Section I above, Respondent LandTrust is in apparent violation of RCW 19.146.0201(2) and WAC  
5 208-660-350(23)<sup>2</sup> for not including a loan originator's license number immediately following the  
6 loan originator's name on residential mortgage loan applications. Respondent LandTrust is also in  
7 apparent violation of RCW 19.146.0201(2) and WAC 208-660-446(1)(a) for failing to provide the  
8 Respondent LandTrust's license number on its website, www.millerlaineproperties.com.

9 **2.9 Operating Under Unlicensed Trade Name.** Based on the Factual Allegations set forth in  
10 Section I above, Respondent LandTrust is in apparent violation of RCW 19.146.250 and WAC 208-  
11 660-180(9) for operating under a name other than the one under which the license is issued without  
12 obtaining the written consent of the Director and for failing to include the license name or number  
13 when using only the trade name.

14 **2.10 Requirement to Notify Department of Significant Developments.** Based on the Factual  
15 Allegations set forth in Section I above, Respondent LandTrust is in apparent violation of WAC 208-  
16 660-400(7)(a)<sup>3</sup> for failing to notify the Director through amendment to the Nationwide Mortgage  
17 Licensing System (NMLS) twenty days prior to a change of main office location.

### 18 III. AUTHORITY TO IMPOSE SANCTIONS

19 **3.1 Authority to Suspend License.** Pursuant to RCW 19.146.220(2), the Director may suspend  
20 licenses for any violation of the Act.

21 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may  
22 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a  
23

24 <sup>2</sup> 2011 version.

<sup>3</sup> *Id.*

1 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed  
2 mortgage broker or any person subject to licensing under the Act for any violation of RCW  
3 19.146.0201(1) through (9), RCW 19.146.030, or RCW 19.146.200.

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

6 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines  
7 against a licensee or other persons subject to the Act for any violation of the Act. Pursuant to RCW  
8 19.146.220(3), the Director may impose fines on an employee, loan originator, independent  
9 contractor, or agent of the licensee, or other person subject to the Act, for any violations of RCW  
10 19.146.0201(1) through (9), RCW 19.146.030, or RCW 19.146.200.

11 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-  
12 520(9) & (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per hour  
13 for an examiner's time devoted to an investigation of a licensee or other person subject to the Act.

#### 14 **IV. NOTICE OF INTENTION TO ENTER ORDER**

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

19 **4.1** Respondent LandTrust Financial, LLC's license to conduct the business of a mortgage  
20 broker be suspended for 90 days.

21 **4.2** Respondent George W. Grissom's license to conduct the business of a loan originator  
22 be suspended for 90 days.

23 **4.3** Respondent LandTrust Financial, LLC be prohibited from participation in the conduct  
24 of the affairs of any mortgage broker subject to licensure by the Director, in any  
manner, for 90 days, to be served during the period of suspension referenced above.

- 1       **4.4**    Respondents Edward J. Laine, George W. Grissom, and Jebadiah Burnett be  
2                    prohibited from participation in the conduct of the affairs of any mortgage broker  
                         subject to licensure by the Director, in any manner, for a period of 90 days.
  
- 3       **4.5**    Respondents LandTrust Financial, LLC and Edward J. Laine jointly and severally pay  
4                    restitution totaling \$840 to the borrower identified in Paragraph 1.4 D of this  
                         Statement of Charges.
  
- 5       **4.6**    Respondents LandTrust Financial, LLC and Edward J. Laine jointly and severally pay  
6                    a fine. As of the date of this Statement of Charges, the fine totals \$40,000.
  
- 7       **4.7**    Respondents George W. Grissom and Jebadiah Burnett each pay a fine of \$2,000.
  
- 8       **4.8**    Respondents LandTrust Financial, LLC and Edward J. Laine jointly and severally pay  
9                    an investigation fee. As of the date of this Statement of Charges, the investigation fee  
                         totals \$2,275.
  
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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW  
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter  
4 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a  
5 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR  
6 HEARING accompanying this Statement of Charges.

7  
8 Dated this 31<sup>st</sup> day of October, 2013



[Redacted signature]

DEBORAH BORTNER  
Director, Division of Consumer Services  
Department of Financial Institutions

13 Presented by:

[Redacted signature]

14  
15 DEVON P. PHELPS  
Financial Legal Examiner

16  
17 Approved by:

18 [Redacted signature]

19 CHARLES E. CLARK  
Enforcement Chief