

Terms Completed

ORDER SUMMARY – Case Number: C-17-2163

Name(s): RealTrust IRA Alternatives LLC, and Mark Hodges

Order Number: C-17-2163-18-CO01

Effective Date: 1/30/18

License Number: _____
Or NMLS Identifier [U/L] _____

License Effect: _____

Not Apply Until: _____

Not Eligible Until: _____

Prohibition/Ban Until: _____

Investigation Costs	\$2,600	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$8,000	Due	Paid <input checked="" 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	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<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**

IN THE MATTER OF DETERMINING:
Whether there has been a violation of the
Consumer Loan Act of Washington by:

No.: C-17-2163-18-CO01

CONSENT ORDER

REALTRUST IRA ALTERNATIVES, LLC, and
MARK HODGES, President,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through her designee Charles E. Clark, Division Director, Division of Consumer Services, RealTrust IRA Alternatives, LLC (Respondent RealTrust), and Mark Hodges (Respondent Hodges), 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 31.04 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 Statement of Charges No. C-17-2163-17-SC01 (Statement of Charges), entered November 1, 2017, (copy attached hereto). Pursuant to chapter 31.04 RCW, the Consumer Loan 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. Respondents are agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order.

1 Based upon the foregoing:

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

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

9 C. **No Admission of Liability.** The parties intend this Consent Order to fully resolve the
10 Statement of Charges and agree that Respondents do not admit to any wrongdoing by its entry.

11 D. **Cease and Desist.** It is AGREED that Respondents will, within 30 days following
12 execution of this Consent Order, cease and desist from performing servicing activities on any and all
13 Washington residential mortgage loans administered on behalf of any of Respondent RealTrust's
14 investor clients. Respondents will also refrain from engaging in any activities that violate the
15 provisions of the Act until such time that Respondents either obtain proper licensure through the
16 Department or meet an exemption under the Act.

17 E. **Affirmative Action.** It is AGREED that Respondents will, within 30 days following
18 execution of this Consent Order, take affirmative action to transfer the servicing duties of any and all
19 Washington residential mortgage loans administered on behalf of Respondent RealTrust's investor
20 clients to a loan servicing entity that is either licensed or determined exempt by the Department.
21 Respondents will notify the Department once the servicing duties have been transferred.

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1 F. **Fine.** It is AGREED that Respondents will pay a fine to the Department in the amount of
2 \$8,000, in the form of a cashier's check made payable to the "Washington State Treasurer," upon
3 entry of this Consent Order.

4 G. **Investigation Fee.** It is AGREED that Respondents will pay to the Department an
5 investigation fee of \$2,600 in the form of a cashier's check made payable to the "Washington State
6 Treasurer," upon entry of this Consent Order. The Fine and Investigation Fee may be paid together
7 in one \$10,600 cashier's check made payable to the "Washington State Treasurer."

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

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

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

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

19 L. **Counterparts.** This Consent Order may be executed by the Respondents in any number
20 of counterparts, including by facsimile or e-mail of a .pdf or similar file, each of which shall be
21 deemed to be an original, but all of which, taken together, shall constitute one and the same Consent
22 Order.

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1 **RESPONDENTS:**

2 RealTrust IRA Alternatives, LLC

3 By:

4 /s/
Mark Hodges
5 President

1-23-18
Date

6 /s/
Mark Hodges
7 Individually

8 Approved for Entry:

9 /s/
Jim Johanson, WSBA No. 18072
10 Attorney at Law
11 Johanson Law Group, Inc.
Attorney for Respondents

1-28-18
Date

12 **DO NOT WRITE BELOW THIS LINE**

13 THIS ORDER ENTERED THIS 30th DAY OF January, 2018.

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16 /s/
CHARLES E. CLARK
17 Director
Division of Consumer Services
18 Department of Financial Institutions

19 Presented by:

Approved by:

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21 /s/
22 BRETT CARNAHAN
Financial Legal Examiner

/s/
STEVEN C. SHERMAN
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
Consumer Loan Act of Washington by:

No. C-17-2163-17-SC01

**STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER AN
ORDER TO CEASE AND DESIST, TAKE
AFFIRMATIVE ACTION, IMPOSE FINE,
COLLECT INVESTIGATION FEE and
RECOVER COSTS AND EXPENSES**

REALTRUST IRA ALTERNATIVES, LLC,
and MARK HODGES, President,

Respondents.

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INTRODUCTION

10 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial
11 Institutions of the State of Washington (Director) is responsible for the administration of chapter
12 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to
13 RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the
14 Director, through her designee, Division of Consumer Services Director Charles E. Clark, institutes
this proceeding and finds as follows:

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I. FACTUAL ALLEGATIONS

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1.1 Respondents.

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A. RealTrust IRA Alternatives, LLC, f/k/a Entrust Northwest, LLC (Respondent RealTrust) has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to engage in the business of servicing residential mortgage loans, as defined in the Act.

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B. Mark Hodges (Respondent Hodges) has at all relevant times been President of Respondent RealTrust. Respondent Hodges has never been licensed by the Department to engage in the business of servicing residential mortgage loans, as defined in the Act.

1 **1.2 Unlicensed Residential Mortgage Loan Servicing.** Since at least July 1, 2010,
2 Respondents have been collecting monthly payments from the borrowers of at least four residential
3 mortgage loans secured by property in Washington State on behalf of the lender or investor of the
4 loan.

5 **1.3 On-Going Investigation.** The Department’s investigation into the alleged violations
6 of the Act by Respondents continues to date.

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

8 **2.1 License Required for Servicing Residential Mortgage Loans.** Pursuant to RCW
9 31.04.035(1), “No person may . . . service or modify the terms or conditions of residential mortgage
10 loans, without first obtaining and maintaining a license in accordance with [the Act], except those
11 exempt under RCW 31.04.025.”

12 **2.2 Definition of “Servicing a Loan.”** Pursuant to RCW 31.04.015(28), “Servicing a
13 loan” includes “on behalf of the lender or investor of a residential mortgage loan . . . [c]ollecting or
14 receiving payments on existing obligations due and owing to the lender or investor, including
15 payments of principal, interest, escrow amounts, and other amounts due . . .”

16 **2.3 Unlicensed Residential Mortgage Loan Servicer.** Based on the Factual Allegations
17 set forth in Section I above, Respondents are in apparent violation of RCW 31.04.035(1) for engaging
18 in the business of a consumer loan company by servicing Washington residential mortgage loans
19 without ever having obtained the proper Department-issued license or meeting an exemption.

20 **III. AUTHORITY TO IMPOSE SANCTIONS**

21 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW
22 31.04.093(5)(a), the Director may issue orders directing a licensee, its employee, loan originator, or
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1 other person subject to the Act to cease and desist from conducting business in a manner that is
2 injurious to the public or violates any provision of the Act.

3 **3.2 Authority to Order Affirmative Action.** Pursuant to RCW 31.04.093(5)(b), the
4 Director may issue an order directing a licensee, its employee, loan originator, or other person subject
5 to the Act to take such affirmative action as is necessary to comply with the Act.

6 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose
7 fines of up to \$100 per day, per violation, upon the licensee, its employee or loan originator, or any
8 other person subject to the Act for any violation of the Act.

9 **3.4 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC
10 208-620-590, WAC 208-620-610(7), every licensee investigated by the Director or the Director's
11 designee shall pay for the cost of the investigation, calculated at the rate of \$69.01 per staff hour
12 devoted to investigation.

13 **3.5 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the
14 Director may recover the state's costs and expenses for prosecuting violations of the Act.

15 **IV. NOTICE OF INTENT TO ENTER ORDER**

16 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
17 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
18 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW
19 34.04.202, and RCW 31.04.205. Therefore, it is the Director's intent to ORDER that:

20 **4.1** Respondents RealTrust IRA Alternatives, LLC and Mark Hodges immediately cease
21 and desist from servicing any and all Washington residential mortgage loans until such
22 time that Respondents either obtain proper licensure through the Department or meet
23 an exemption under the Act.

23 **4.2** Respondents RealTrust IRA Alternatives, LLC and Mark Hodges take affirmative
24 action to transfer the servicing of all residential mortgage loans secured by property in

1 Washington State that respondents are currently servicing to a residential mortgage
2 loan servicer that is either licensed as a consumer loan company in Washington State
or exempt from licensure, within thirty days of entry of this order.

3 **4.3** Respondents RealTrust IRA Alternatives, LLC and Mark Hodges jointly and severally
4 pay a fine. As of the date of this Statement of Charges, the fine totals \$12,000.

5 **4.4** Respondents RealTrust IRA Alternatives, LLC and Mark Hodges jointly and severally
6 pay an investigation fee. As of the date of this Statement of Charges, the investigation
7 fee totals \$1,690.75.

8 **4.5** Respondents RealTrust IRA Alternatives, LLC and Mark Hodges jointly and severally
9 pay the Department's costs and expenses for prosecuting violations of the Act in an
10 amount to be determined at hearing or by declaration with supporting documentation
11 in event of default by Respondents.

12 **4.6** Respondents RealTrust IRA Alternatives, LLC and Mark Hodges maintain records in
13 compliance with the Act and provide the Department with the location of the books,
14 records and other information relating to consumer loan business of Respondent
15 RealTrust IRA Alternatives, LLC, and the name, address and telephone number of the
16 individual responsible for maintenance of such records in compliance with the Act.

17 **V. AUTHORITY AND PROCEDURE**

18 This Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Take
19 Affirmative Action, Impose Fine, Collect Investigation Fee and Recover Costs and Expenses
20 (Statement of Charges) is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165,
21 RCW 31.04.202, and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW (The
22 Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in
23 the NOTICE OF OPPORTUNITY FOR ADJUDICATIVE HEARING AND TO DEFEND
24 accompanying this Statement of Charges.

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1 Dated this 1st day of November, 2017

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/s/ _____
CHARLES E. CLARK
Director
Division of Consumer Services
Department of Financial Institutions

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5 Presented by:

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/s/ _____
BRETT CARNAHAN
Financial Legal Examiner

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Approved by:

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/s/ _____
STEVEN C. SHERMAN
Enforcement Chief

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