

Terms Completed

ORDER SUMMARY – Case Number: C-18-2517

Name(s): Nations Lending Corporation

Order Number: C-18-2517-20-CO01

Effective Date: 10/23/2020

License Number: NMLS No. 32416

License Effect: N/A

Not Apply Until: N/A

Not Eligible Until:

Prohibition/Ban Until: N/A

Investigation Costs	\$4,000		Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$25,000	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
Financial Literacy and Education	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Cost of Prosecution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
No. of Victims:				

Comments:

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

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

No.: C-18-2517-20-CO01

CONSENT ORDER

5 NATIONS LENDING CORPORATION,
NMLS No. 32416,

6 Respondent.

7
8 COMES NOW the Director of the Department of Financial Institutions (Director), through his
9 designee Lucinda Fazio, Division of Consumer Services Director, and Nations Lending Corporation
10 (Respondent), and finding that the issues raised in the above-captioned matter may be economically
11 and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered
12 pursuant to chapter 31.04 of the Revised Code of Washington (RCW), and RCW 34.05.060 of the
13 Administrative Procedure Act, based on the following:

14 **AGREEMENT AND ORDER**

15 The Department of Financial Institutions, Division of Consumer Services (Department), and
16 Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges
17 No. C-18-2517-20-SC01 (Statement of Charges), entered June 29, 2020, (copy attached hereto).
18 Pursuant to chapter 31.04 RCW, the Consumer Loan Act (Act), and RCW 34.05.060 of the
19 Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent
20 Order and further agrees that the issues raised in the above-captioned matter may be economically
21 and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully
22 resolve the Statement of Charges.

23 Based upon the foregoing:

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

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

8 C. **Future Conduct.** It is AGREED that Respondent will at all times conduct all of its
9 activities in full compliance with the Act, and will refrain from engaging in activity in a manner that
10 is injurious to the public or that violates the Act, especially as it relates to Advertising requirements.

11 D. **Board Oversight.** It is AGREED that Respondent will adopt measures providing for
12 comprehensive advertising oversight directly by Respondent’s Board of Directors, to include regular
13 reports dedicated to Respondent’s advertising activity and compliance.

14 E. **No Admission.** It is AGREED that the parties intend this Consent Order to fully resolve
15 the Statement of Charges solely as related to Respondent and it is further AGREED that Respondent
16 neither admits nor denies any wrongdoing by its entry.

17 F. **Fine.** It is AGREED that Respondent shall pay a fine to the Department in the amount of
18 \$25,000, in the form of a cashier’s check made payable to the “Washington State Treasurer,” upon
19 delivery of this Consent Order to the Department, properly dated and signed.

20 G. **Investigation Fee.** It is AGREED that Respondent shall pay to the Department an
21 investigation fee of \$4,000, in the form of a cashier’s check made payable to the “Washington State
22 Treasurer,” upon delivery of this Consent Order to the Department, properly dated and signed. The
23 Fine and Investigation Fee shall be paid together in one \$29,000 cashier’s check made payable to the

1 “Washington State Treasurer.”

2 **H. Change of Address.** It is AGREED that for the duration of the period this Consent Order
3 is in effect, unless otherwise agreed to in writing by the Department, Respondent shall provide the
4 Department with a mailing address and telephone number at which Respondent can be contacted and
5 Respondent shall notify the Department in writing of any changes to its mailing address or telephone
6 number within fifteen days of any such change.

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

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

14 **K. Voluntarily Entered.** It is AGREED that Respondent has voluntarily entered into this
15 Consent Order, which is effective when signed by the Director’s designee.

16 **L. Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read
17 this Consent Order in its entirety and fully understands and agrees to all of the same.

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

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1 **RESPONDENT:**

2 **Nations Lending Corporation**

3 By:

4 /s/
William L. Osborne, Jr.
5 President

9/30/20
Date

6 Approved for Entry:

7 /s/
8 Harvey E. Weiner
Weiner Brodsky Kider PC
9 Attorney for Respondent

October 6, 2020
Date

10 **DO NOT WRITE BELOW THIS LINE**

11 THIS ORDER ENTERED THIS 23rd DAY OF October, 2020.

12
13 /s/
14 LUCINDA FAZIO, Director
15 Division of Consumer Services
Department of Financial Institutions

16 Presented by:

17 /s/
18 DREW STILLMAN
19 Financial Legal Examiner

20 Approved by:

21 /s/
22 STEVEN C. SHERMAN
Enforcement Chief

**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-18-2517-20-SC01

NATIONS LENDING CORPORATION,
NMLS No. 32416,

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

Respondent.

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (Act).¹ After having conducted an investigation pursuant to RCW 31.04.145, 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 Lucinda Fazio, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent. Nations Lending Corporation (Respondent) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a consumer loan company on or about January 1, 2010, and continues to be licensed to date.

1.2 Prior Consent Order. In 2014, the Department entered into Consent Order No. C-13-1226-14-CO01 (the “Consent Order”) with Respondent, in which Respondent agreed to cease and desist from advertising in a way that violates the Act.

¹ The Act was amended effective June 7, 2018. All citations to the Act herein are to the version effective after that date unless noted with the parenthetical “(former version),” which refers to the version effective prior to that date.

1 **1.3 False, Deceptive, or Misleading Advertisements.** Between at least January 1, 2017, and
2 September 30, 2019, Respondent used false, deceptive or misleading advertisements. Among the
3 issues identified in Respondent’s advertisements are:

4 **a. Undisclosed or Improperly Disclosed Terms.** Respondent disclosed the amount of a
5 payment while failing to disclose in a clear and conspicuous manner: the amount of each payment
6 that will apply over the term of the loan; the period of time during which each payment will apply;
7 and the fact that the payments do not include amounts for taxes and insurance premiums, if
8 applicable, and that the actual payment obligation will be greater. Respondent also more generally
9 failed to clearly and conspicuously disclose certain loan terms.

10 **b. Improper Representations.** Respondent represented that borrowers could “eliminate”
11 their debts and “skip” one or more mortgage payments.

12 **c. Misleading Advertisements.** Respondent sent out a VA loan advertisement with
13 phrases and terms such as “case number,” “notice date,” “your loan has gone under review,” “your
14 immediate response to this notice is crucial to your program acceptance,” while referencing VA loan
15 program benefits. Respondent also sent out a VA loan advertisement that cites government codes or
16 form numbers not required by the U.S. Postmaster to be shown on the communication. This
17 advertisement contained phrases and terms such as “certificate of eligibility,” “VA ID:,” “Notice
18 Date,” “County Benefit Notification,” “Your DD214/NGB-22 is required to issue your COE,” “VA
19 Eligibility Department,” and “VA Benefits Department.” The phrases and terms Respondent used are
20 constructed in a manner that may lead consumers to believe that Respondent or the loan product
21 offered is affiliated with a government entity to a greater degree than it actually is.

22 **1.4 Non-Compliance with Consent Order.** By engaging in the activity set forth in paragraph 1.3
23 above, Respondent failed to uphold its agreement in the Consent Order to cease and desist from
24 advertising in a way that violates the Act.

1 **1.5 Failure to follow Veterans Benefits Administration Requirements.** Between January 1,
2 2017, and September 30, 2019, Respondent did not meet all Veterans Benefits Administration
3 policies, guidelines, or rules – such as those requiring certain fee recoupment periods – with respect
4 to at least five VA-guaranteed loans that Respondent certified.

5 **1.6 On-Going Investigation.** The Department’s investigation into the alleged violations of the
6 Act by Respondent continues to date.

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

8 **2.1 False, Deceptive, or Misleading Advertisements.** Based on the Factual Allegations set forth
9 in Section I above, Respondent is in apparent violation of RCW 31.04.027(7) (former version), RCW
10 31.04.027(1)(g), RCW 31.04.135, WAC 208-620-550(5), and WAC 208-620-630(1) and (6) for:

- 11 • 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
13 engaging in bait and switch advertising;
- 14 • Advertising or permitting to be advertised, in any manner whatsoever, any statement or
15 representation with regard to rates, terms, or conditions for the lending of money that is false,
16 misleading, or deceptive;
- 17 • Advertising with envelopes or stationery, or using images in an electronic format, that are
18 designed to resemble a government mailing or other method of communication that suggest
19 an affiliation that does not exist; and
- 20 • Suggesting or representing an affiliation with a state or federal agency, municipality, federally
21 insured financial institution, trust company, building and loan association, or other entity
22 Respondent did not actually represent.

1 **2.2 Requirement of Compliance with Order.** Based on the Factual Allegations set forth in
2 Section I above, Respondent is in apparent violation of RCW 31.04.027(2) (former version), RCW
3 31.04.027(1)(b), and WAC 208-620-550(14) for failing to timely and completely comply with an
4 order issued by the Department.

5 **2.3 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above,
6 Respondent is in apparent violation of RCW 31.04.027(1), (2), (3) and (13) (former version), and
7 RCW 31.04.027(1)(a), (b), (c), and (m) for:

- 8 • Directly or indirectly employing any scheme, device, or artifice to defraud or mislead any
9 person;
- 10 • Directly or indirectly engaging in any unfair or deceptive practice toward any person;
- 11 • Directly or indirectly obtaining property by fraud or misrepresentation; and
- 12 • Violating any applicable state or federal law relating to the activities governed by the Act,
13 including 38 U.S.C. § 3802, 12 C.F.R. § 1014.3(k) and (m), 12 C.F.R. § 1026.17(a)(1), and 12
14 C.F.R. § 1026.24(b), (f)(3), and (i)(5).

15 **III. AUTHORITY TO IMPOSE SANCTIONS**

16 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 31.04.093(5)(a), the
17 Director may issue orders directing a licensee, its employee, loan originator, or other person subject
18 to the Act to cease and desist from conducting business in a manner that is injurious to the public or
19 violates any provision of the Act.

20 **3.2 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of
21 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or
22 any other person subject to the Act for any violation of the Act or failure to comply with any order or
23 subpoena issued by the Director under the Act.

1 **3.3 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-
2 610(7), every licensee investigated by the Director or the Director’s designee shall pay for the cost of
3 the investigation, calculated at the rate of \$69.01 per staff hour devoted to the investigation.

4 **3.4 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director
5 may recover the state’s costs and expenses for prosecuting violations of the Act.

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

7 Respondent’s violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
8 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
9 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW
10 34.04.202, and RCW 31.04.205. Therefore, it is the Director’s intent to ORDER that:

11 **4.1** Respondent Nations Lending Corporation cease and desist from
12 engaging in activity in a manner that is injurious to the public or that violates the Act.

13 **4.2** Respondent Nations Lending Corporation pay a fine. As of the date of this Statement
14 of Charges, the fine totals \$50,000.

15 **4.3** Respondent Nations Lending Corporation pay an investigation fee. As of the date of
16 this Statement of Charges, the investigation fee totals \$4,000.

17 **4.4** Respondent Nations Lending Corporation pay the Department’s costs and expenses for
18 prosecuting violations of the Act in an amount to be determined at hearing or by
19 declaration with supporting documentation in event of default by Respondent.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Impose
3 Fine, Collect Investigation Fee, and Recover Costs and Expenses (Statement of Charges) is entered
4 pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW
5 31.04.205, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure
6 Act). Respondent may make a written request for a hearing as set forth in the NOTICE OF
7 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
8 Statement of Charges.

9 Dated this 29th day of June, 2020.

10 /s/
11 LUCINDA FAZIO, Director
12 Division of Consumer Services
Department of Financial Institutions

13 Presented by:

14 /s/
15 DREW STILLMAN
16 Financial Legal Examiner

17 Approved by:

18 /s/
19 STEVEN C. SHERMAN
20 Enforcement Chief