

**ORDER SUMMARY – Case Number: C-18-2584**

**Name(s):** Annelee Andres Mendoza  
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 \_\_\_\_\_

**Order Number:** C-18-2584-19-FO01  
 \_\_\_\_\_

**Effective Date:** July 11, 2019  
 \_\_\_\_\_

**License Number:** NMLS 1538595  
**Or NMLS Identifier [U/L]** \_\_\_\_\_

**License Effect:** Respondent’s MLO license is revoked.  
Respondent is prohibited from participation in the conduct of the affairs of any consumer loan company subject to licensure by the Director, in any manner, for a period of 5 years.  
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**Not Apply Until:** July 11, 2024  
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**Not Eligible Until:** July 11, 2024  
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**Prohibition/Ban Until:** July 11, 2024  
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<b>Investigation Costs</b>	\$2,173.82		Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Fine</b>	\$9,000.00	Due: Within 30 days of receipt of FO	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$33,850.00	Due: Within 30 days of receipt of FO	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Financial Literacy and Education</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Cost of Prosecution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:	2		

**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  
Consumer Loan Act of Washington by:

FIRST DIRECT LENDING, LLC,  
NMLS #1110278,  
DAVID CURTIS BROWN, NMLS #804132,  
President, and  
ANNELEE ANDRES MENDOZA,  
NMLS #1538595,  
Mortgage Loan Originator,  
Respondents.

No.: C-18-2584-19-FO01

FINAL ORDER RE:  
ANNELEE ANDRES MENDOZA

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Acting Director, Richard St. Onge (Director's designee), pursuant to RCW 34.05.440(1). On May 14, 2019, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit From Industry, Order Restitution, Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses (Statement of Charges) against Annelee Andres Mendoza (Respondent Mendoza). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated May 17, 2019, a Notice of Opportunity to Defend and Opportunity for Brief Adjudicative Proceeding, and a blank Request for Brief Adjudicative Proceeding for Respondent Mendoza (collectively, accompanying documents).

On May 17, 2019, the Department served Respondent Mendoza with the Statement of Charges and accompanying documents, sent by First-Class mail and Federal Express overnight

1 delivery. On May 22, 2019, the documents sent via Federal Express overnight delivery were  
2 delivered. The documents sent via First-Class mail were not returned to the Department by the  
3 United States Postal Service.

4 Respondent Mendoza did not request a brief adjudicative proceeding within twenty calendar  
5 days after the Department served the Notice of Opportunity to Defend and Opportunity for Brief  
6 Adjudicative Proceeding, as provided for in WAC 208-08-050(2).

7 B. Record Presented. The record presented to the Director's designee for his review and  
8 for entry of a final decision included the Statement of Charges, cover letter dated May 17, 2019,  
9 Notice of Opportunity to Defend and Opportunity for Brief Adjudicative Proceeding, and blank  
10 Request for Brief Adjudicative Proceeding for Respondent Mendoza, with documentation of service.

11 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the  
12 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

## 13 II. FINAL ORDER

14 Based upon the foregoing, and the Director's designee having considered the record and being  
15 otherwise fully advised, NOW, THEREFORE:

16 A. IT IS HEREBY ORDERED, That:

- 17 1. Respondent Annelee Andres Mendoza's license to conduct the business of a loan  
18 originator is revoked.
- 19 2. Respondent Annelee Andres Mendoza is prohibited from participation in the conduct  
20 of the affairs of any consumer loan company subject to licensure by the Director, in  
21 any manner, for a period of 5 years.
- 22 3. Respondent Annelee Andres Mendoza pay a fine of \$9,000.00. This fine is joint and  
23 several with any other Respondents found to be in violation of the Act.

1 4. Respondent Annelee Andres Mendoza pay restitution of \$33,850.00 to the borrowers  
2 identified in paragraph 1.2 of the Statement of Charges. Payment of restitution is joint  
3 and several with any other Respondents found to be in violation of the Act.

4 5. Respondent Annelee Andres Mendoza pay an investigation fee of \$2,173.82. This  
5 investigation fee is joint and several with any other Respondents found to be in  
6 violation of the Act.

7 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent Mendoza has the right to  
8 file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The  
9 Petition must be filed in the Office of the Director of the Department of Financial Institutions by  
10 courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200,  
11 Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order upon  
12 Respondent Mendoza. The Petition for Reconsideration shall not stay the effectiveness of this order  
13 nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

14 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the  
15 date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a  
16 written notice specifying the date by which it will act on a petition.

17 C. Stay of Order. The Director's designee has determined not to consider a Petition to  
18 Stay the effectiveness of this order. Any such requests should be made in connection with a Petition  
19 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

20 D. Judicial Review. Respondent has the right to petition the superior court for judicial  
21 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for  
22 filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

23 E. Non-compliance with Order. If you do not comply with the terms of this order,  
24 **including payment of any amounts owed within 30 days of receipt of this order**, the Department  
may seek its enforcement by the Office of the Attorney General to include the collection of the fines,

1 fees, and restitution imposed herein. The Department also may assign the amounts owed to a  
2 collection agency for collection.

3 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial  
4 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service  
5 attached hereto.

6  
7 DATED this 11th day of July, 2019.

8  
9 STATE OF WASHINGTON  
10 DEPARTMENT OF FINANCIAL INSTITUTIONS

11 /s/  
12 \_\_\_\_\_  
13 RICHARD ST. ONGE  
14 Acting Director  
15 Division of Consumer Services  
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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:

FIRST DIRECT LENDING, LLC,  
NMLS #1110278,  
DAVID CURTIS BROWN, NMLS #804132,  
President, and  
ANNELEE ANDRES MENDOZA,  
NMLS #1538595,  
Mortgage Loan Originator,

Respondents.

No. C-18-2584-19-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENT TO ENTER AN  
ORDER TO REVOKE LICENSE, PROHIBIT  
FROM INDUSTRY, ORDER RESTITUTION,  
IMPOSE FINE, COLLECT INVESTIGATION  
FEE and RECOVER COSTS AND  
EXPENSES

**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). 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 Acting Director Richard St. Onge, institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents.**

A. **First Direct Lending, LLC (Respondent First Direct Lending)** 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 March 27, 2017, and continued to be licensed until its license expired on January 1, 2019.

1           **B. David Curtis Brown (Respondent Brown)** was President of Respondent First Direct  
2 Lending at all times relevant to this Statement of Charges. Respondent Brown was also licensed by  
3 the Department to conduct business as a Mortgage Loan Originator for Respondent First Direct  
4 Lending at all times relevant to this Statement of Charges. Respondent Brown continues to be  
5 licensed to date as a Washington Mortgage Loan Originator.

6           **C. Annelee Andres Mendoza (Respondent Mendoza)** was licensed by the Department  
7 to conduct business as a Mortgage Loan Originator for Respondent First Direct Lending at all times  
8 relevant to this Statement of Charges. Respondent Mendoza continues to be licensed to date as a  
9 Washington Mortgage Loan Originator.

10 **1.2 Engaged in an Unfair or Deceptive Practice.** On or around October 27, 2017, Respondents  
11 accepted an application for a cash-out refinance. The loan Respondents intended to refinance was a  
12 zero interest loan from Habitat for Humanity (Habitat loan). The Habitat loan contained a right of  
13 first refusal, and it required the borrowers to pay a percentage of the appreciation in value if the  
14 borrowers refinanced within 20 years, which at the time was 67.7%. Respondents had access to and  
15 knew or should have known of these terms because Respondents were in possession of the title  
16 search that included the 2008 Habitat for Humanity of Clallam County Statutory Warranty Deed  
17 (Deed). The Deed contained the right of first refusal and recapture of appreciation in value.  
18 Additionally, Respondents obtained a final title policy that included an exemption to not insure  
19 against loss or damage that arise by reason of the “agreement and terms and conditions thereof”  
20 regarding the “right of first refusal.”

21           Respondents refinanced the Habitat loan that included the shared appreciation payment of  
22 \$33,850 immediately due upon the refinance, but failed to include that debt in the ability to repay  
23 calculations. The borrowers had insufficient income to allow them to pay the shared appreciation  
24

1 debt, and there was no analysis or documentation of any other future increase in income that would  
2 mitigate the shared appreciation debt.

3 **1.3 On-Going Investigation.** The Department’s investigation into the alleged violations of the  
4 Act by Respondents continues to date.

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

6 **2.1 Unfair or Deceptive Practice.** Based on the Factual Allegations set forth in Section I above,  
7 Respondents are in apparent violation of RCW 31.04.027(2)<sup>1</sup> for directly or indirectly engaging in  
8 any unfair or deceptive practice toward any person.

9 **2.2 Failure to Ensure Underwriting Standards Consistent with Prudent Lending Practices.**  
10 Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation  
11 of WAC 208-620-506 for failing to ensure its underwriting standards are consistent with prudent  
12 lending practices by failing to include all debts in the analysis of the borrowers’ ability to repay their  
13 loan.

14 **2.3 Failure to Include an Accurate Ability to Repay Analysis.** Based on the Factual  
15 Allegations set forth in Section I above, Respondents are in apparent violation of WAC 208-620-  
16 507(1) by failing to maintain an underwriting policy that includes standards used to evaluate the  
17 borrower’s ability to repay by demonstrating that the debt to income ratio includes all of the  
18 borrowers’ contractual obligations.

19 **2.4 Failure to Ensure Minimum Standards for Transactions Secured by a Dwelling.** Based  
20 on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
21 31.04.027(13) for failing to make a reasonable and good faith determination at or before  
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24 <sup>1</sup> Please note that this citation is for the Consumer Loan Act in effect prior to June 7, 2018, as the alleged violation occurred prior to  
the current version of the Consumer Loan Act.



1 consummation that the consumers would have had a reasonable ability to repay the loan according to  
2 its terms as required by 12 C.F.R. §1026.43(c)(1).

### 3 III. AUTHORITY TO IMPOSE SANCTIONS

4 **3.1 Revoke License.** Pursuant to RCW 31.04.093(3) the Director may revoke a license if the  
5 Director finds that the licensee, either knowingly or without the exercise of due care, has violated any  
6 provision of Act or any rule adopted under the Act.

7 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6)(e), the Director  
8 may issue an order prohibiting from participation in the affairs of any licensee, any officer, principal,  
9 employee, mortgage loan originator, or any other person subject to the Act for a violation of RCW  
10 31.04.027.

11 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of  
12 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or  
13 any other person subject to the Act for any violation of the Act.

14 **3.4 Authority to Order Restitution.** Pursuant to RCW 31.04.093(5)(c), the Director may issue an  
15 order directing a licensee, its employee or loan originator, or any other person subject to the Act to  
16 make a refund or restitution to a borrower or other person who is damaged as a result of a violation of  
17 the Act.

18 **3.5 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-  
19 610(7), every licensee investigated by the Director or the Director's designee shall pay for the cost of  
20 the investigation, calculated at the rate of \$69.01 per staff hour devoted to the investigation, and shall  
21 pay travel costs if the licensee maintains its records outside the state.

22 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director  
23 may recover the state's costs and expenses for prosecuting violations of the Act.

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

2 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,  
3 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose  
4 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW  
5 34.04.202, and RCW 31.04.205. Therefore, it is the Director's intent to ORDER that:

- 6 **4.1** Respondent First Direct Lending, LLC's license to conduct the business of a  
7 consumer loan company be revoked.
- 8 **4.2** Respondent David Curtis Brown and Respondent Annelee Andres Mendoza's licenses  
9 to conduct the business of a loan originator be revoked.
- 10 **4.3** Respondent First Direct Lending, LLC, Respondent David Curtis Brown, and  
11 Respondent Annelee Andres Mendoza be prohibited from participation in the  
12 conduct of the affairs of any consumer loan company subject to licensure by the  
13 Director, in any manner, for a period of 5 years.
- 14 **4.4** Respondent First Direct Lending, LLC, Respondent David Curtis Brown, and  
15 Respondent Annelee Andres Mendoza jointly and severally pay a  
16 fine. As of the date of this Statement of Charges, the fine totals \$9,000.00.
- 17 **4.5** Respondent First Direct Lending, LLC, Respondent David Curtis Brown, and  
18 Respondent Annelee Andres Mendoza jointly and severally pay restitution totaling  
19 \$33,850.00 to the borrowers identified in paragraph 1.2 of this Statement of Charges.
- 20 **4.6** Respondent First Direct Lending, LLC, Respondent David Curtis Brown, and  
21 Respondent Annelee Andres Mendoza jointly and severally pay  
22 an investigation fee. As of the date of this Statement of Charges, the investigation fee  
23 totals \$2,173.82.
- 24 **4.7** Respondent First Direct Lending, LLC and Respondent David Curtis Brown maintain  
records in compliance with the Act and provide the Department with the location of  
the books, records and other information relating to Respondent First Direct Lending,  
LLC's consumer loan business, and the name, address and telephone number of the  
individual responsible for maintenance of such records in compliance with the Act.
- 4.8** Respondent First Direct Lending, LLC, Respondent David Curtis Brown, and  
Respondent Annelee Andres Mendoza pay the Department's costs and expenses  
for prosecuting violations of the Act in an amount to be determined at hearing or by  
declaration with supporting documentation in event of default by Respondents.

1 **V. AUTHORITY AND PROCEDURE**

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

9 Dated this 14th day of May, 2019.

10 /s/  
11 RICHARD ST. ONGE  
12 Acting Director  
13 Division of Consumer Services  
14 Department of Financial Institutions

15 Presented by:

16 /s/  
17 KRISTINA M. SHENEFELT  
18 Financial Legal Examiner

19 Approved by:

20 /s/  
21 STEVEN C. SHERMAN  
22 Enforcement Chief