

TERMS COMPLETE

ORDER SUMMARY – Case Number: C-14-1554

Names: Madrona Mortgage Profit Sharing Trust
Terryl Dean Hanson
New Market Lending, LLC

Order Number: C-14-1554-16-CO01

Effective Date: March 2, 2016

License Number: DFI: 19845 NMLS ID: 1483224 (Madrona)
DFI: U/L NMLS ID: 1483226 (New Market)
DFI: MLO-112623 NMLS ID: 112623 (Hanson)

Or NMLS Identifier [U/L] _____

License Effect: License Revoked

Not Apply Until: March 2, 2021

Not Eligible Until: March 2, 2021

Prohibition/Ban Until: March 2, 2021

Investigation Costs	\$1,483.71	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 3/2/16
Fine	\$1,000.00	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 3/2/16
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: Cease and desist from engaging in the business of a consumer loan company.

**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-14-1554-16-CO01

CONSENT ORDER

TERRYL DEAN HANSON,
a/k/a TERRY HANSON, NMLS# 112623,
MADRONA MORTGAGE PROFIT SHARING
TRUST, and
NEW MARKET LENDING, LLC,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Charles E. Clark, Division Director, Division of Consumer Services, and Terryl Dean Hanson, a/k/a Terry Hanson, (Respondent Hanson), Madrona Mortgage Profit Sharing Trust (Respondent Madrona Mortgage Profit Sharing Trust), and New Market Lending, LLC (Respondent New Market Lending), 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-14-1554-14-SC01 (Statement of Charges), entered February 27th, 2015, (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

1 efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully
2 resolve the Statement of Charges.

3 Based upon the foregoing:

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

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

11 C. **Mortgage Loan Originator License Revocation.** It is AGREED that Respondent
12 Hanson's Mortgage Loan Originator license is revoked.

13 D. **Cease and Desist.** It is AGREED that Respondents Madrona Mortgage Profit Sharing
14 Trust and New Market Lending, LLC shall cease and desist from engaging in the business of a
15 consumer loan company.

16 E. **Prohibition from Industry.** It is AGREED that, for a period of five years from the date
17 of entry of this Consent Order, Respondents are prohibited from participating, in any capacity, in the
18 conduct of the affairs of any consumer loan company or mortgage broker licensed by the Department
19 or subject to licensure or regulation by the Department.

20 F. **Fine.** It is AGREED that Respondents shall pay a fine to the Department in the amount of
21 \$1,000, in the form of a cashier's check made payable to the "Washington State Treasurer," upon
22 entry of this Consent Order.

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

6 **H. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an
7 investigation fee of \$1,483.71, in the form of a cashier's check made payable to the "Washington
8 State Treasurer," upon entry of this Consent Order. The Fine and Investigation Fee may be paid
9 together in one \$2,483.71 cashier's check made payable to the "Washington State Treasurer."

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

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

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

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

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1 **RESPONDENTS:**

2 **Madrona Mortgage Profit Sharing Trust**

3 By: [Redacted]

4 Terry Dean Hanson
Trustee

Date 2/29/16

5 **New Market Lending, LLC**

6 By: [Redacted]

7 Terry Dean Hanson
Manager

Date 2/29/16

8 [Redacted]

9 Terry Dean Hanson
Individually

Date 2/29/16

10 Approved for Entry:

11 [Redacted]

12 James A. Randall, WSBA No. 30923
Attorney at Law
13 Bean Gentry Wheeler & Peternell PLLC
Attorney for Respondents

Date 2/29/16

14 DO NOT WRITE BELOW THIS LINE

1 THIS ORDER ENTERED THIS 2nd DAY OF March, 2016.



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

Presented by:

ROBERT E. JONES
Financial Legal Examiner

Approved by:

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:

TERRYL DEAN HANSON,
a/k/a TERRY HANSON, NMLS# 112623,
MADRONA MORTGAGE PROFIT SHARING
TRUST, and
NEW MARKET LENDING, LLC,

Respondents.

No. C-14-1554-14-SC01

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

INTRODUCTION

Pursuant to RCW 31.04.165 and 31.04.168, the Director is responsible for the administration, interpretation, and enforcement 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 Director Charles E. Clark, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Terryl Dean Hanson a/k/a Terry Hanson (Respondent Hanson)** was licensed under the Mortgage Broker Practices Act by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a loan originator on or about March 29, 2007, and was licensed until December 31, 2008, when his license expired. Respondent Hanson was sponsored by Respondent Madrona Mortgage, Inc. from March 29, 2007, until December 31, 2008. Respondent Hanson was licensed by the Department to conduct business as a mortgage loan originator under the Act on October 29, 2010, and continues to be licensed to date. Since at least December 31, 2013,

Respondent Hanson has been and continues to be sponsored by a consumer loan company licensed by the Department under the Act.

B. Madrona Mortgage Profit Sharing Trust (Respondent Madrona Mortgage Trust) has never been licensed by the Department under the Act. Respondent Madrona Mortgage Trust is not exempt from the licensing requirements of the Act. Respondent Hanson is the Trustee of Respondent Madrona Mortgage Trust.

C. New Market Lending, LLC (Respondent New Market Lending) was a Washington Limited Liability Company. Respondent Hanson was listed as a member and manager of Respondent New Market Lending. Respondent New Market Lending has never been licensed by the Department under the Act. Respondent New Market Lending is not exempt from the licensing requirements of the Act.

1.2 Factual Background. During November 2007, borrower C.K. consulted with Respondent Hanson to obtain a residential mortgage loan (loan) secured by residential real property located in Washington. C.K. was not employed at the time of application. The loan was a second mortgage to pay for improvements to C.K.'s home. On or about December 18, 2007, C.K. obtained a second mortgage loan brokered by Respondent Hanson and mortgage broker Madrona Mortgage, Inc. Respondent Madrona Mortgage Trust was listed as the lender on the promissory note. The interest rate of this loan was 13%. The loan's term was five months, with monthly payments of interest, to be paid from funds withheld from the principal balance, and the full balance due at the end of the term. The original loan was for \$76,000. Five months of interest payments, totaling \$4,116, were held back in an interest reserve by Respondents Hanson and Madrona Mortgage Trust from the loan amount. The full amount of the loan was never disbursed, as it was intended to be disbursed as construction progressed on improvements to C.K.'s home. The loan also included a penalty of \$2,500 to be added

1 to the principal balance if C.K. repaid the loan in full with funds other than from a refinance by
2 Respondent Madrona Mortgage. C.K. quickly defaulted on the loan. Respondents Hanson, Madrona
3 Mortgage Trust, New Market Lending and C.K. entered into a series of extensions dated October 17,
4 2008, October 17, 2009, May 10, 2010, and June 28, 2011, in exchange for additional fees totaling
5 approximately \$5,520; representing approximately 7% of the principal amount. On or about
6 September 10, 2013, a Notice of Trustee's Sale was issued to C.K. On April 14, 2014, the
7 Department received a complaint from borrower C.K. Borrower C.K. also initiated civil litigation
8 against Respondent Hanson and Respondent Madrona Mortgage on April 14, 2014. Respondent
9 Hanson and C.K. entered into a settlement agreement on or about May 16, 2014. The settlement
10 specified that Respondent Hanson waived a variety of fees and made other financial concessions
11 regarding C.K.'s residential mortgage loan.

12 **1.3 Unlicensed Residential Mortgage Loan Servicing Activity.** Respondent Madrona
13 Mortgage Trust serviced C.K.'s residential mortgage loan from its origination to October 2009.
14 Respondent New Market Lending serviced C.K.'s residential mortgage loan during January 2010.
15 Respondent Madrona Mortgage Trust again serviced C.K.'s residential mortgage loan since at least
16 March 2010.

17 **1.4 Usurious Loan and Unfair Practice.** Respondent Madrona Mortgage Trust is the lender and
18 the payee on the promissory note ("Note") dated December 18, 2007. The Note bears an interest rate
19 of 13.0% per annum. The Note was extended on October 17, 2008, October 17, 2009, May 10, 2010,
20 and June 28, 2011, by Respondent Madrona Mortgage Trust with no reduction of the interest rate.
21 Extension fees of \$1,520, \$1,500, \$500, and \$500 were charged respectively for these extensions. On
22 January 25, 2010, Respondent New Market Lending entered into an extension agreement with no
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1 reduction of the interest rate but no fee. On each of these dates, the highest interest rate permissible
2 under RCW 19.52.020 was 12% per annum.

3 **1.5 False Verification of Mortgage Statements.** During 2011, C.K. attempted to refinance her
4 first and second mortgages. Respondent Madrona Mortgage provided a statement to the lender
5 stating that C.K.'s loan was current and not delinquent at the time of the application. In fact, the loan
6 was substantially delinquent at the time.

7 **1.6 Failure to Notify Department of Significant Developments.** On or about April 14, 2014,
8 borrower C.K. initiated civil litigation against Respondent Hanson and Madrona Mortgage in
9 Thurston County Superior Court. The suit alleged a variety of causes of action including fraud and
10 violations of the Consumer Loan Act and Mortgage Broker Practices Act. Upon receiving notice of
11 the litigation Respondent Hanson was required to amend the answers to all applicable disclosure
12 questions on the Nationwide Mortgage Licensing System within ten business days. To date,
13 Respondent Terry Hanson has not notified the Department through amendments to the Nationwide
14 Mortgage Licensing System of this civil litigation.

15 **1.7 Coerced Complaint Withdrawal.** Respondents Hanson and Madrona Mortgage Trust
16 required C.K. to withdraw her complaint to the Department as a condition of terminating foreclosure
17 proceedings and modifying C.K.'s loan. On June 11, 2014, C.K.'s attorney sent a letter to the
18 Department withdrawing her complaint.

19 **1.8 False Statement or Omission of Material Fact.** Licensed Mortgage Loan Originators are
20 required to apply through the Nationwide Multistate Licensing System (NMLS). The individual
21 filing includes the following disclosure question which reads in pertinent part:

22 (P) Have you ever been named as a respondent/defendant in a financial services-related
23 consumer-initiated arbitration or civil litigation which:

(1) is still pending?

(2) resulted in an arbitration award or civil judgment against you, regardless of amount, or that required corrective action?

(3) was settled for any amount?

Respondent Hanson's answer to all three questions is "no." Additionally, Respondent Hanson has not disclosed any involvement in any other business entity. On November 3, 2014, Respondent Hanson falsely attested that the information contained in his online record was true, accurate and complete.

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

II. GROUNDS FOR ENTRY OF ORDER

2.1 Unlicensed Residential Mortgage Loan Servicing. Based on the Factual Allegations set forth in Section I above, Respondents Madrona Mortgage Trust, New Market Lending, and Hanson are in apparent violation of RCW 31.04.035(1) for servicing residential mortgage loans without first obtaining and maintaining a license.

2.2 Usurious Loan and Unfair Act or Practice. Based on the Factual Allegations set forth in Section I above, Respondents Madrona Mortgage Trust, New Market Lending, and Hanson are in apparent violation of RCW 31.04.027(2) for directly or indirectly engaging in any unfair or deceptive practice toward any person by servicing a residential mortgage loan bearing a usurious interest rate.

2.3 False Verification of Mortgage Statements. Based on the Factual Allegations set forth in Section I above, Respondent Madrona Mortgage Trust is in apparent violation of RCW 31.04.027(1) for directly or indirectly employing any scheme, device, or artifice to defraud or mislead any lender

1 and RCW 31.04.027(2) for directly or indirectly engaging in any unfair or deceptive practice toward
2 any person.

3 **2.4 Failure to Notify Department of Significant Developments.** Based on the Factual
4 Allegations set forth in Section I above, Respondent Hanson is in apparent violation of WAC 208-
5 620-710(27) for failing to notify the director through amendment to the NMLS within ten business
6 days to a change of answers to the NMLS generated disclosure questions.

7 **2.5 Coerced Complaint Withdrawal.** Based on the Factual Allegations set forth in Section I
8 above, Respondents Madrona Mortgage Trust and Hanson are in apparent violation of RCW
9 31.04.027(2) for directly or indirectly engaging in any unfair or deceptive practice toward any person.

10 **2.6 False Statement.** Based on the Factual Allegations set forth in Section I above, Respondent
11 Hanson is in apparent violation of RCW 31.04.027(8) for negligently making any false statement or
12 knowingly and willfully making any omission of material fact in connection with any reports filed
13 with the Department by a licensee or in connection with any investigation conducted by the
14 Department.

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 Revoke License.** Pursuant to RCW 31.04.093(3)(a), (b), and (c) the Director
21 may revoke a license for failure to comply with any specific order or demand, or violating any
22 provision of the Act or the rules adopted thereunder, or a fact or condition exists that, if it had existed
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1 at the time of the original application for the license, clearly would have allowed the Director to deny
2 the application for the original license.

3 **3.3 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6), the Director may
4 issue an order prohibiting from participation in the affairs of any licensee, any officer, principal,
5 employee, or any other person subject to the Act for (d) Failure to comply with any order or subpoena
6 issued under this chapter; (e) A violation of RCW 31.04.027, or (f) Failure to obtain a license for
7 activity that requires a license.

8 **3.4 Authority to Order Refund.** Pursuant to RCW 31.04.093(5)(c), the Director may issue an
9 order directing a licensee, its employee or loan originator, or any other person subject to the Act to
10 make a refund or restitution to a borrower or other person who is damaged as a result of a violation of
11 the Act.

12 **3.5 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of
13 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or
14 any other person subject to the Act for any violation of the Act or failure to comply with any order or
15 subpoena issued by the Director under the Act.

16 **3.6 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-
17 590, every licensee examined or investigated by the Director or the Director's designee shall pay for
18 the cost of the examination or investigation, calculated at the rate of \$69.01 per staff hour devoted to
19 the examination or investigation, and shall pay travel costs if the licensee maintains its records
20 outside the state.

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

22 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
23 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose

Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW 31.04.205. Therefore, it is the Director's intention to ORDER that:

4.1 Respondents Terryl Dean Hanson, Madrona Mortgage Profit Sharing Trust, and New Market Lending, LLC cease and desist engaging in the business of a consumer loan company.

4.2 Respondent Terryl Dean Hanson's license to conduct the business of a mortgage loan originator be revoked.

4.3 Respondents Terryl Dean Hanson, Madrona Mortgage Profit Sharing Trust, and New Market Lending, LLC be 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 five years.

4.4 Respondents Terryl Dean Hanson, Madrona Mortgage Profit Sharing Trust, and New Market Lending, LLC jointly and severally pay a refund totaling \$5,520 to the borrower identified Paragraph 1.2 of this Statement of Charges.

4.5 Respondents Terryl Dean Hanson, Madrona Mortgage Profit Sharing Trust, and New Market Lending, LLC jointly and severally pay a fine. As of the date of this Statement of Charges, the fine totals \$35,000.

4.6 Respondents Terryl Dean Hanson, Madrona Mortgage Profit Sharing Trust, and New Market Lending, LLC jointly and severally pay an investigation fee. As of the date of this Statement of Charges, the investigation fee totals \$1,483.71.

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1 **V. AUTHORITY AND PROCEDURE**

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

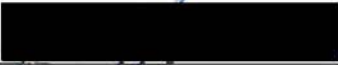
9 Dated this 27th day of February, 2015.

10 
11 **CHARLES E. CLARK**
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

15 Presented by:

16 
17 **ROBERT E. JONES**
18 Financial Legal Examiner

19 Approved by:

20 
21 **STEVEN C. SHERMAN**
22 Enforcement Chief