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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
CONSUMER SERVICES DIVISION**

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

C-07-068-07-TD01

New Century Mortgage Corp.,  
New Century Mortgage Ventures, LLC,  
New Century Credit Corp., and  
Home 123 Corp.,

AGREED ORDER TO  
CEASE AND DESIST

Respondents

COMES NOW the Director of the Washington State Department of Financial Institutions (Director), by and through his designee Deborah Bortner, Division Director, Division of Consumer Services (designee), and New Century Mortgage Corp., New Century Mortgage Ventures, LLC, New Century Credit Corp., and Home 123 Corp., (Respondents) by and through their undersigned representative(s), and agree to entry of this Agreed Order to Cease and Desist pursuant to chapter 31.04 RCW, the Consumer Loan Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

**AGREEMENT AND ORDER**

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

B. **Authority.** It is AGREED that the Department has authority pursuant to RCW 31.04.093(5) to issue an order directing Respondents to:

1. Cease and desist from conducting business in a manner that is injurious to the public,
2. Take such affirmative action as is necessary to comply with the Act, and
3. Make restitution to any borrower or other person who is damaged as a result of a violation of the Act.

1           **C. Statements of Fact.** It is AGREED that this Order is based on the following stipulated facts:

2           1.       New Century Mortgage Corp. is a subsidiary of New Century Financial Corporation  
3 and is located at 18400 Von Kaman Ave., Ste. 1000, Irvine, CA 92612. It is licensed in Washington as a  
4 consumer loan company under license no. 17969.

5           2.       New Century Mortgage Ventures, LLC, is a subsidiary of New Century Financial  
6 Corporation and is located at 210 Commerce, Ste. 100, Irvine, CA 92612. It is licensed in Washington as a  
7 consumer loan company under license no. 27629.

8           3.       New Century Credit Corp. is a subsidiary of New Century Financial Corporation and is  
9 located at 18400 Von Kaman Ave., Ste. 1000, Irvine, CA 92612. It is licensed in Washington as a consumer  
10 loan company under license no. 18429.

11          4.       Home 123 Corp. is a subsidiary of New Century Financial Corporation and is located  
12 in Irvine, CA. It was formerly licensed in Washington as a consumer loan company under license no. 23732.

13          5.       New Century Financial Corporation does not have sufficient warehouse lines of credit  
14 to fund loans that Respondent's closed or intended to close with Washington Consumers.

15          6.       The stock of New Century Financial Corporation has dropped considerably and all  
16 trading of the stock has been suspended by the New York Stock Exchange.

17          7.       Respondents presently have closed and unfunded loans outstanding for Washington  
18 Consumers.

19          8.       Respondents are in such financial condition that they cannot continue in business  
20 in Washington without there being a substantial likelihood that Washington Consumers will be injured.

21           **C. Consent to Be Bound By Order.** It is AGREED that the parties shall be bound by the following  
22 terms and conditions of this Order:

23           1. Respondents shall immediately cease and desist accepting, from either consumers, mortgage  
24 brokers, or other consumer lenders, any applications for residential first or secondary mortgage loans or home

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1 equity lines of credit secured by Washington real property or from Washington consumers. For the purposes of  
2 this Order, "Washington Consumers" shall include Washington residents and persons that have submitted  
3 applications for loans which are, or are intended to be, secured by Washington real property.

4           2. Respondents shall immediately cease and desist from advertising its wholesale and retail  
5 businesses in Washington or to Washington Consumers.

6           3. Respondents shall make all reasonable efforts to obtain funding for, or place with another  
7 lender, loans to Washington Consumers that have closed but not yet been funded.

8           4. Respondents shall immediately notify all Washington mortgage applicants or the mortgage  
9 applicant's broker of the status of any applications or loans with Respondents and the likelihood of funding.

10           5. Respondents shall either (a) obtain funding for and close or (b) place with other lenders,  
11 applications from Washington Consumers to whom loan commitments have been issued. Respondents shall  
12 transfer to any new lender all fees paid by consumers whose loans will be placed with other lenders.

13           6. For loan applications from Washington Consumers for which no commitment has been  
14 issued, Respondents shall either (a) obtain funding for the loans, or (b) place the loan applications with other  
15 lenders, or (c) deny the loan applications for cause. Respondents shall return all fees paid by consumers whose  
16 loans are denied. Respondents shall transfer to any new lender all fees paid by consumers whose loans will be  
17 placed with other lenders.

18           7. Respondents shall seek out other lenders with whom they can place Washington Consumer  
19 loans or applications to the benefit of the Washington Consumer.

20           8. Respondents shall provide to the Department a daily list of all loans to Washington  
21 Consumers that have closed but not funded or loan applications from Washington Consumers that have not  
22 closed. This list shall be updated as stated above until all Washington Consumers have either had their loans  
23 funded or all issues regarding Washington loan applications have been resolved.

24           a. This list shall include, but is not limited to:

1 i. The names of all Washington Consumers that have closed but not  
2 funded loans from Respondents or who have submitted an application to Respondents  
3 that has not yet closed;

4 ii. The address and telephone numbers of the consumers listed in (i);

5 iii. The loan number;

6 iv. The amount of all prepaid loan fees submitted;

7 v. The amount of each loan;

8 vi. The current application status;

9 vii. The rate lock status;

10 viii. The actual closing dates;

11 ix. Whether the loan was a purchase or refinance;

12 x. The identification of the applicable lender with whom each loan will  
13 be placed and contact information for that lender.

14 b. Any changes in the list shall be explained in writing.

15 c. The list shall be sent to James R. Brusselback, Program Manager and Enforcement  
16 Chief, Consumer Services Division, at [jbrusselback@dfi.wa.gov](mailto:jbrusselback@dfi.wa.gov), by 5:00 PM PST on  
17 each business day.

18 9. Respondents shall provide to the Department on a weekly basis a liquidity schedule that  
19 lists the anticipated Washington loans to be closed and the anticipated funding available.

20 10. Respondents shall, as soon as possible, place any fees previously collected from  
21 Washington Consumers relative to any first or secondary mortgage loan applications in a separate escrow  
22 account maintained at a federally insured depository institution.

23 11. Respondents shall release any liens filed on any Washington real property or filed on  
24 property owned by any Washington Consumer as a result of a residential mortgage loan closing with  
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1 Respondents but not being funded. In the event that the loan subsequently funds, Respondents may file a lien  
2 against the property at that time.

3           12. In the event that interest on a Washington residential mortgage loan closed or originated  
4 by Respondents starts on any day other than the day of funding, or if there is any change of terms from the  
5 signed loan document, Respondents must notify the Department immediately at the contact information  
6 provided in subsection 8c.

7           13 Respondents shall use every best effort to resolve their current inability to fund loans.

8           **D. Authorized Business.** It is AGREED that nothing in this Order shall prevent Respondents from  
9 selling or assigning residential mortgage loans to another entity, servicing closed mortgage loans, or engaging  
10 in other lawful activity not prohibited herein.

11           **E. Compliance with the Law.** It is AGREED that Respondent shall comply with the laws pertaining to  
12 consumer lending, including but not limited to the Consumer Loan Act (chapter 31.04 RCW) and the rules  
13 adopted thereunder (chapter 208-620 WAC).

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

18           **G. Voluntarily Entered.** It is AGREED that the undersigned Respondent has voluntarily entered into  
19 this Consent Order, which shall be effective when signed by the Director or the Director's designee.

20           **H. Entire Agreement.** It is AGREED that this Order contains the whole agreement between the  
21 parties. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise,  
22 of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by  
23 the Department and Respondents.

1 H. Completely Read, Understood, and Agreed. It is AGREED that Respondents have read this Order  
2 in its entirety and fully understands and agrees to all of the same.

3 I. Authority to Sign. Respondents AGREE that the undersigned representative for each Respondent has  
4 the authority to bind said Respondent to the terms of this Order.

5 **RESPONDENTS:**

6 New Century Mortgage Corp.  
7 By: *Stacy Theodoridis, Secretary*  
8 \_\_\_\_\_  
Authorized Representative

3/16/07  
DATE

9 New Century Mortgage Ventures, LLC  
10 By: *Stacy Theodoridis, Secretary*  
11 \_\_\_\_\_  
Authorized Representative

3/16/07  
DATE

12 New Century Credit Corp.  
13 By: *Stacy Theodoridis, Secretary*  
14 \_\_\_\_\_  
Authorized Representative

3/16/07  
DATE

15 Home 123 Corp.  
16 By: *Stacy Theodoridis, Secretary*  
17 \_\_\_\_\_  
Authorized Representative

3/16/07  
DATE

18  
19 **DO NOT WRITE BELOW THIS LINE**



20 THIS ORDER ENTERED THIS 16 DAY OF March, 2007.

21  
22 *Deborah Bortner*  
23 \_\_\_\_\_  
24 DEBORAH BORTNER  
Division Director  
Division of Consumer Services

25 AGREED ORDER TO CEASE AND DESIST  
C-07-068-07-TD01  
New Century Mortgage Corp., New Century  
Mortgage Ventures, LLC, New Century Credit  
Corp., and Home 123 Corp.

DEPARTMENT OF FINANCIAL INSTITUTIONS  
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Olympia, WA 98504-1200