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STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Plaintiff,

v.

QUALITY LOAN SERVICE
CORPORATION OF WASHINGTON,

Defendant.

NO. 14-2-06236-2 SEA

CONSENT DECREE

I. JUDGMENT SUMMARY

1.1	Judgment Creditor	State of Washington
1.2	Judgment Debtor	Quality Loan Service Corporation of Washington
1.3	Principal Judgment Amount	\$275,000.00
1.4	Post Judgment Interest Rate:	12% per annum
1.5	Attorneys for Judgment Creditor:	Todd Bowers and Benjamin Roesch Assistant Attorneys General
1.6	Attorneys for Judgment Debtor:	Mark D. Northrup Graham & Dunn, PC

1 1.7 Plaintiff State of Washington, having conducted an investigation and
2 commenced this action pursuant to RCW 19.86, the Consumer Protection Act (“CPA”); and

3 1.8 Defendant Quality Loan Service Corporation of Washington (“QLSW” or
4 “Defendant”), a Washington corporation, having been served with the Summons and
5 Complaint; and Washington, appearing by and through its attorneys, Robert Ferguson,
6 Attorney General and Todd Bowers and Benjamin J. Roesch, Assistant Attorneys General; and
7 Defendant, appearing by and through its attorney Mark D. Northrup, Graham & Dunn, PC; and

8 1.9 Washington and Defendant having agreed on a basis for the settlement of the
9 matters alleged in the Complaint and to the entry of this Consent Decree against Defendant
10 without the need for trial or adjudication of any issue of law or fact; and

11 1.10 Defendant, by entering into this Consent Decree, does not admit the allegations
12 of the Complaint other than those facts deemed necessary to the jurisdiction of this Court; and

13 1.11 Washington and Defendant agree this Consent Decree does not constitute
14 evidence or an admission regarding the existence or non-existence of any issue, fact, or
15 violation of any law alleged by Washington; and

16 1.12 Defendant recognizes and states this Consent Decree is entered into voluntarily
17 and that no promises, representations, or threats have been made by the Attorney General’s
18 Office or any member, officer, agent, or representative thereof to induce it to enter into this
19 Consent Decree, except for the promises and representations provided herein; and

20 1.13 Defendant waives any right it may have to appeal from this Consent Decree or
21 to otherwise contest the validity of this Consent Decree; and

22 1.14 Defendant further agrees this Court shall retain jurisdiction of this action and
23 jurisdiction over Defendant for the purpose of implementing and enforcing the terms and
24 conditions of this Consent Decree and for all other purposes related to this matter; and
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1 1.15 Defendant further agrees its payments made or due pursuant to this Consent
2 Decree are not amenable to discharge in bankruptcy, and it shall not seek or support its
3 discharge in bankruptcy nor oppose its being determined not amenable to discharge in
4 bankruptcy; and

5 1.16 Defendant further agrees its payments made or due pursuant to this Consent
6 Decree are not preferential transfers of assets, and it shall not make or support arguments to the
7 contrary in bankruptcy court or elsewhere.

8 The Court, finding no just reason for delay;

9 NOW, THEREFORE, it is hereby ORDERED, ADJUDGED, AND DECREED as
10 follows:

11 **II. GENERAL**

12 2.1 This Court has jurisdiction of the subject matter of this action and of the parties.

13 2.2 This Consent Decree or the fact of its entry does not constitute evidence or an
14 admission by any party regarding the existence or non-existence of any issue, fact, or violation
15 of any law alleged by Washington. To the contrary, Defendant has denied and continues to
16 deny any and all wrongdoing of any kind whatsoever and retains and does not waive any and
17 all defenses Defendant may have with respect to such matters.

18 2.3 This Consent Decree fully and finally resolves and forever discharges all claims
19 and causes of action under the CPA and the Deeds of Trust Act that the State of Washington
20 has filed or may in the future file against QLSW arising out of or relating to the facts and
21 matters described in the Complaint, except that QLSW's material failure to comply with this
22 Consent Decree shall permit the Attorney General of Washington to take such further action
23 against QLSW as provided for herein.
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III. INJUNCTION

3.1 The injunctive provisions of this Consent Decree shall apply to Defendant and to its successors, assigns, and others acting in concert with Defendant, their successors and assigns.

3.2 With respect to trustee's sales for which QLSW had issued, posted, mailed, and/or recorded a Notice of Trustee's Sale and which had not taken place as of February 27, 2014, QLSW has taken or will take the following actions:

A. QLSW has postponed or will postpone, pursuant to RCW 61.24.040(6), all trustee's sales scheduled on or between February 28, 2014, and April 3, 2014. These trustee's sales will be postponed until April 4, 2013.

B. QLSW has discontinued or will discontinue any trustee's sale for which the 120-day postponement limit of RCW 61.24.040(6) expires on or after February 28, 2014, and on or before April 3, 2014.

C. On or before March 6, 2014, QLSW represents that it sent by First-Class Mail to all borrowers whose Notices of Trustee's Sale stated that QLSW's street address was 19735 10th Ave. NE, Suite N-200, Poulsbo, WA 98370, a notice informing the borrower that QLSW's current street address is 108 First Ave. South, Suite 202, Seattle, WA 98104. This notice was in the form attached hereto as Exhibit A. QLSW will provide the Attorney General's Office confirmation of when these notices were transmitted to each borrower whose Notices of Trustee's Sale stated that QLSW's street address was 19735 10th Ave. NE, Suite N-200, Poulsbo, WA 98370.

3.3 Defendant shall not conduct non-judicial foreclosure proceedings involving residential property unless it:

1 A. Maintains a physical presence and street address where personal service
2 of process may be made, with telephone service at that address. For purposes of this Consent
3 Decree only, physical presence in this context means maintaining an office that:

4 i. is within the geographic boundaries of the state of Washington;
5 ii. is open during normal business hours;
6 iii. is staffed by a person or persons capable of responding to a
7 borrower's or grantor's questions concerning a non-judicial foreclosure and directing the
8 borrower or grantor to another person or persons capable of responding to questions
9 concerning the borrower's default;

10 iv. is authorized to accept payments of the amount necessary to
11 reinstate the note and deed of trust or to direct the borrower to another person or persons
12 (whether located in the State of Washington or otherwise) capable of reasonably promptly
13 accepting such payments, provided that directing a borrower out-of-state does not prejudice the
14 borrower's right to reinstate their loan; and

15 v. is authorized, where appropriate and where warranted by the
16 facts, to postpone, reschedule or cancel foreclosure sales or to direct the borrower to another
17 person or persons (whether located in the State of Washington or otherwise) capable of
18 reasonably promptly, where appropriate and where warranted by the facts, postponing,
19 rescheduling or canceling foreclosure sales.

20 B. Discloses in notices required by the Deed of Trust Act, including notices
21 of foreclosure and notices of trustee's sale but excluding notices of default, the street address
22 and telephone number for the office that constitutes the "physical presence" required by the
23 Deed of Trust Act.

24 3.4 In the event Defendant moves its "physical presence" required by the Deed of
25 Trust Act in the future, Defendant will provide contemporaneous notice to all property owners,
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1 junior lienholders, and other persons with interest(s) in property for which a Notice of
2 Trustee's Sale has been issued or posted. Notice shall be provided by First-Class Mail to each
3 address listed in the Notice of Trustee's Sale.

4 IV. MONETARY PAYMENT

5 4.1 Pursuant to RCW 19.86.080, Washington shall recover and Defendant shall pay
6 Washington the amount of \$25,000.00 for costs and reasonable attorney's fees incurred by
7 Washington in pursuing this matter, for monitoring and potential enforcement of this Consent
8 Decree, and for future enforcement of RCW 19.86.

9 4.2 Pursuant to RCW 19.86.080, Washington shall recover and Defendant, without
10 admitting any wrongdoing or acknowledging that any monetary losses were suffered by any
11 borrower, shall pay the Plaintiff \$250,000.00 for distribution to consumers whose properties
12 were foreclosed upon between January 1, 2014, and February 27, 2014. Defendant shall fully
13 cooperate with Washington in Washington's distribution of payments to these consumers,
14 including providing to Washington a list of these consumers and their last known addresses
15 and other available contact information.

16 4.3 Defendant's failure to timely make payments as required by this Consent
17 Decree without written agreement by Washington shall be a material breach of this Consent
18 Decree.

19 4.4 In any successful action to enforce this Consent Decree against Defendant,
20 Defendant shall bear Washington's reasonable costs, including reasonable attorneys' fees.

21 4.5 Defendant's failure to pay attorneys' fees and costs to Washington as required
22 by this Consent Decree shall be a material breach of the Consent Decree.

23 V. ENFORCEMENT

24 5.1 Defendant shall be in full compliance with all requirements and obligations this
25 Consent Decree imposes on Defendant by April 3, 2014.
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1 5.2 If Defendant violates a material condition of this Consent Decree and if
2 Defendant does not cure the violation within a reasonable time after notice by Washington,
3 Washington may seek the imposition of additional conditions, civil penalties, restitution,
4 injunctive relief, attorney's fees, costs and such other remedies as the Court may deem
5 appropriate against Defendant at an evidentiary hearing in which Defendant has an opportunity
6 to be heard, if the Court finds by a preponderance of evidence that Defendant has violated a
7 material condition of this Consent Decree.

8 5.3 Jurisdiction is retained by this Court for the purpose of enabling any party to
9 this Consent Decree to apply to the Court to the extent permitted herein for enforcement of
10 compliance with this Consent Decree, to punish violations thereof, or otherwise address the
11 provisions of this Consent Decree.

12 5.4 Nothing in this Consent Decree shall grant any third-party beneficiary or other
13 rights to any person not a party to this Consent Decree. For the avoidance of doubt, nothing in
14 this Consent Decree confers any right or ability to sue to any deed of trust grantor or borrower,
15 nor does this Consent Decree create any obligation on the part of any party to such deed of
16 trust grantor or borrower.

17 5.5 Nothing in this Consent Decree shall be construed to limit or bar any other
18 governmental entity or person from pursuing other available remedies against Defendant or
19 any other person. Neither shall anything in this Consent Decree be construed to limit or bar the
20 ability of any borrower from seeking to restrain a trustee's sale pursuant to RCW 61.24.130,
21 whether or not the alleged "proper legal or equitable ground" for restraining the sale is related
22 to the allegations in the State's complaint.

23 5.6 Under no circumstances shall this Consent Decree or the name of the State of
24 Washington, this Court, the Office of the Attorney General, the Consumer Protection Division,
25 or any of their employees or representatives be used by Defendant or any of its respective
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1 owners, members, directors, successors, assigns, transferees, officers, agents, servants,
2 employees, representatives, and all other persons or entities in active concert or participation
3 with Defendant in connection with any selling, advertising, or promotion of products or
4 services or as an endorsement or approval of Defendant's acts, practices, or conduct of
5 business.

6 5.7 Washington shall be permitted, upon advance notice of twenty days to
7 Defendant, to access, inspect and/or copy business records or documents in possession,
8 custody or under control of Defendant to monitor compliance with this Consent Decree,
9 provided that the inspection and copying shall avoid unreasonable disruption of Defendant's
10 business activities. Washington shall not disclose any information described in this Paragraph
11 5.7 ("Confidential Information") unless such disclosure is required by law. In the event that
12 Washington receives a request under the Public Records Act, subpoena, or other demand for
13 production that seeks the disclosure of Confidential Information, Washington shall notify
14 Defendant as soon as practicable and in no event more than ten (10) calendar days after
15 receiving such request and shall allow Defendant a reasonable time not less than ten (10)
16 calendar days from the receipt of such notice to seek a protective order relating to the
17 Confidential Information or to otherwise resolve any disputes relating to the production of the
18 Confidential Information before Washington discloses any Confidential Information. Nothing
19 in this Consent Decree shall affect State of Washington's compliance with the Public Records
20 Act, RCW 42.56.

21 5.8 To monitor compliance with this Consent Decree, Washington shall be
22 permitted to serve interrogatories pursuant to the provisions of CR 26 and CR 33 and to
23 question Defendant or any officer, director, agent, or employee of Defendant by deposition
24 pursuant to the provisions of CR 26 and CR 30 provided that Washington attempts in good
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1 faith to schedule the deposition at a time convenient for the deponent and his or her legal
2 counsel.

3 5.9 This Consent Decree in no way limits Washington from conducting any lawful
4 non-public investigation to monitor Defendant's compliance with this Consent Decree or to
5 investigate other alleged violations of the CPA, which may include but is not limited to
6 interviewing customers or former employees of Defendant.

7 5.10 This Consent Decree shall be binding upon and inure to the benefit of QLSW's
8 successors and assigns. QLSW and its successors and assigns shall notify the Attorney
9 General's Office at least thirty (30) days prior to any change-in-control of QLSW that would
10 change the identity of the corporate entity responsible for compliance obligations arising under
11 this Consent Decree, including but not limited to dissolution, assignment, sale, merger, or other
12 action that would result in the emergence of a successor corporation; the creation or dissolution
13 of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the
14 proposed filing of a bankruptcy petition; or a change in the corporate name or address.
15 Provided, however, that with respect to any proposed change in the corporation about which
16 Defendant and its successors and assigns learn less than thirty (30) days prior to the date such
17 action is to take place, Defendant and its successors and assigns shall notify the Attorney
18 General's Office as soon as is practicable after obtaining such knowledge.

19 5.11 Any notice or other communication required or permitted under this Consent
20 Decree shall be in writing and delivered to the following persons or any person subsequently
21 designated by the parties:

22
23 For QLSW:

24 Quality Loan Service Corp. of Washington
25 108 First Ave. South, Suite 202
26 Seattle, WA 98104

and

1 Quality Loan Service Corporation of Washington
2 Attn.: President
3 2141 Fifth Ave.
4 San Diego, CA 92101

5 For the State of Washington:

6 Todd Bowers and Benjamin J. Roesch,
7 Assistant Attorneys General
8 Consumer Protection Division
9 800 Fifth Avenue, Suite 2000
10 Seattle, WA 98104-3188

11 5.12 The Clerk of the Court is ordered to enter the foregoing Judgment and Consent
12 Decree immediately.

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1 VI. TERMINATION

2 6.1 This Consent Decree and all obligations of Defendant thereunder shall terminate
3 three years from the date of entry of the foregoing Judgment and Consent Decree. Termination
4 of this Consent Decree shall not relieve QLSW of its obligation to comply with all applicable
5 laws, including Washington's Deed of Trust Act and Consumer Protection Act.

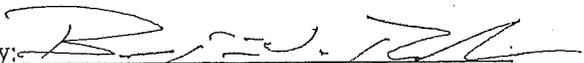
6 DONE IN OPEN COURT this ____ day of _____, 2014.

7
8 ~~NANCY BRADEN L. JOHNSON~~

9
10 JUDGE CATHERINE SHAFFER

11 Presented By:

12 ROBERT W. FERGUSON
13 Attorney General

14 By: 
15 TODD BOWERS, WSBA #25274
16 BENJAMIN J. ROESCH, WSBA #39960
17 Assistant Attorney General
18 Attorneys for Plaintiff State of Washington

19 Notice of Presentment Waived and
20 Approved as to Form by:

21 GRAHAM & DUNN PC

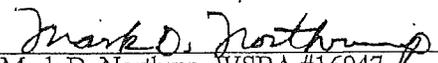
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23 By: 
24 Mark D. Northrup, WSBA #16947
25 Email: mnorthrup@grahamdunn.com
26 Attorneys for Quality Loan Service Corporation of Washington

Exhibit A



108 1st Ave. South, Suite 202, Seattle, WA 98104 | Toll-Free: 866-925-0241

Notice of Trustee Address Change

Trustee Sale Number: F_Trustee_Sale_Number
Trustor(s): F_Current_Trustor
Trustee: F_Current_Trustee
Property Address: F_Property_Line_Address

Please be advised that Quality Loan Service Corporation of Washington, the foreclosure trustee company handling the active foreclosure of the above-referenced property has changed office locations within the State of Washington. Quality Loan Service Corporation of Washington has moved from its previous location in Poulsbo, WA to a new location in Seattle, WA.

Here is the updated contact information for Quality Loan Service Corporation of Washington:

Quality Loan Service Corporation of Washington
108 1st Ave. South, Suite 202
Seattle, WA 98104
Toll Free: (866) 925-0241
Facsimile: (206) 257-3163

For information regarding a reinstatement or payoff of the loan, please contact Quality Loan Service Corporation of Washington at (866) 925-0241 ext. 5318. Tender of payment or performance can be dropped off at Quality Loan Service Corporation of Washington's new address: 108 1st Ave. South, Suite 202, Seattle, WA 98104.

The location of the scheduled foreclosure sale has not changed. For additional information regarding the sale, using the above-referenced trustee's sale number you can call the sale company line: F_Sales_Scheduling_SaleLine or visit Quality Loan Service Corporation of Washington's website: <http://wa.qualityloan.com>.

Legal notice and process may be served on Quality Loan Service Corporation of Washington at its new address. The registered agent for service of process is: Sierra West, Quality Loan Service Corporation of Washington, 108 1st Ave. South, Suite 202, Seattle, WA 98104.

QUALITY MAY BE CONSIDERED A DEBT COLLECTOR ATTEMPTING TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.