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Attorneys for Complainant

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:)	OAH Case No. 2025030414
)	
THE COMMISSIONER OF FINANCIAL)	CRMLA License No. 413-1349
PROTECTION AND INNOVATION,)	NMLS ID No. 2893
)	
Complainant,)	
)	SETTLEMENT AGREEMENT
v.)	
)	Hearing Date: October 1-2, 2025
)	Time: 9:00 a.m.
NFM, INC.,)	Location: 402 West Broadway, Suite 600
)	San Diego, CA 92101
Respondent.)	Video/Telephonic Hearing
)	
)	

The Commissioner of Financial Protection and Innovation (Commissioner) and NFM, Inc. (Respondent) (collectively the Parties) enter this Settlement Agreement with respect to the following facts:

I.

Recitals

A. The Department of Financial Protection and Innovation (Department), through the Commissioner, has jurisdiction to administer and enforce the provisions of the California Residential

1 Mortgage Lending Act (Fin. Code, § 50000 et seq.) (CRMLA) and the rules issued under title 10 of
2 the California Code of Regulations (Cal. Code of Regs.) that regulate the business and activities of
3 residential mortgage lenders and mortgage loan servicers.

4 B. NFM, Inc. is a residential mortgage lender and mortgage loan servicer licensed by the
5 Commissioner under the CRMLA. On or around September 1, 2015, the Commissioner issued
6 CRMLA license number 413-1349 to Respondent. The company's principal place of business is
7 located at 1190 Winterson Road, Suite 300, Linthicum, Maryland 21090. Respondent employed
8 mortgage loan originators and operated branch locations throughout California.

9 C. Pursuant to Financial Code section 50002.5(d) and section 50003(z), Respondent
10 maintains the unique Nationwide Multistate Licensing System and Registry identification number
11 (NMLS ID No.) 2893. Respondent operated the website <https://www.nfmlending.com>.

12 D. The Commissioner commenced a remote regulatory examination on July 22, 2022
13 (2022 Regulatory Examination). The Department reviewed Respondent's activities from January 1,
14 2019 to December 31, 2021. The 2022 Regulatory Examination revealed that five out of the
15 twenty-five originated loan files (20%) sampled Respondent overcharged borrowers per diem
16 interest in violation of Financial Code section 50204(o) and Civil Code section 2948.5.

17 E. Due to the high percentage of per diem overcharges found during the 2022
18 Regulatory Examination, the Commissioner instructed Respondent to provide a self-audit report of
19 all loans originated from February 4, 2019 to April 19, 2023 (Self-Audit Report). On June 14,
20 2023, Respondent submitted its Self-Audit Report that showed 653 borrowers out of the 2,946
21 borrowers (22%) were overcharged per diem interest totaling \$70,359.50.

22 F. Per the Commissioner's instructions, Respondent refunded \$85,514.38 (\$70,359.50
23 plus 10% interest) to the 653 borrowers on June 29, 2023. Respondent cooperated with the
24 Commissioner, timely submitted to the Self-Audit Report and provided future assurances to comply
25 with Financial Code section 50204(o) and Civil Code section 2948.5.

26 G. On August 5, 2024, the Commissioner commenced the 2024 Regulatory Examination
27 which covered the period of July 2023 to May 2024 (2024 Regulatory Examination). The
28 Commissioner sampled five loan files and did not find any per diem violations. The Commissioner

1 issued a Report of Examination dated October 24, 2025 and a Closing Examination Report dated
2 November 25, 2024 to Respondent, but these reports did not include the 653 per diem violations
3 identified from Respondent's Self Audit Report.

4 H. On January 8, 2025, the Commissioner electronically served Respondent's counsel
5 with a Notice of Intention to Issue Order to Discontinue Violations (Notice to Issue ODV) and Order
6 to Discontinue Violations (ODV).

7 I. On January 8, 2025, the Commissioner electronically served Respondent's counsel
8 with a Notice of Intention to Issue Order Suspending the California Residential Mortgage Lender
9 and Servicer License and to Levy Administrative Penalties (Notice to Suspend and Levy Penalties)
10 and Accusation to Suspend California Residential Mortgage Lender and Servicer License and to
11 Levy Administrative Penalties (Accusation).

12 J. On January 21, 2025, Respondent's counsel filed with the Commissioner its Notice
13 of Defenses requesting a hearing to contest the Notice to Issue ODV, ODV, Notice to Suspend and
14 Levy Penalties, and Accusation. Respondent provided a written waiver of its priority hearing rights.

15 K. It is the intention of the Parties to resolve the Notice to issue ODV, ODV, Notice to
16 Suspend and Levy Penalties, and Accusation without the necessity of a hearing.

17 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
18 contained therein, the Parties agrees as follows:

19 II.

20 Terms and Conditions

21 1. Purpose. This Settlement Agreement resolves the issues before the Commissioner set
22 forth in paragraphs A through K above, in a manner that avoids the expense of a hearing and other
23 possible court proceedings, protects consumers, is in the public interest, and is consistent with the
24 purposes, policies, and provisions of the CRMLA.

25 2. Order to Discontinue Violations. Pursuant to Financial Code section 50321,
26 Respondent is hereby ordered to discontinue overcharging per diem interest in violation of Financial
27 Code section 50204(o) and Civil Code section 2948.5.

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1 3. Administrative Penalties. Respondent agrees to pay to the Commissioner an
2 administrative penalty of \$65,000.00 (Penalty) as follows: two equal payments of thirty-two
3 thousand-five hundred dollars (\$32,500.00) shall be made on or before the following dates:
4 April 3, 2025 and July 1, 2025. The Penalty shall be made payable in the form of a cashier's check
5 or Automated Clearing House deposit and transmitted to the attention of Accounting – Enforcement
6 Division, Department of Financial Protection & Innovation, 651 Bannon Street, Suite 300,
7 Sacramento, CA 95811. Notice of such payment shall be sent concurrently with the submission of
8 payment to the attention of Vanessa T. Lu, Senior Counsel, at Vanessa.Lu@dfpi.ca.gov.

9 4. Order to Pay Refunds. On June 29, 2023, Respondent has represented that it has
10 refunded \$85,514.38 (\$70,359.50 plus 10% interest) to the 653 borrowers identified in the Self Audit
11 Report with per diem violations.

12 5. Waiver of Hearing Rights. Respondent acknowledges the Commissioner is ready,
13 willing, and able to proceed with the administrative enforcement action described in paragraphs A
14 through K above, and Respondent hereby waives the right to a hearing, and to any reconsideration,
15 appeal or other right to review which may be afforded pursuant to the CRMLA; the California
16 Administrative Procedure Act (APA), the California Code of Civil Procedure (CCP), or any other
17 provision of law; by waiving such rights, Respondent effectively consents to this Settlement
18 Agreement becoming final.

19 6. Full and Final Settlement. The Parties hereby acknowledge and agree that this
20 Settlement Agreement is intended to constitute a full, final, and complete resolution of the
21 violations described herein, and that no further proceedings or actions will be brought by the
22 Commissioner in connection with these matters except under the CRMLA or any other
23 provision of law, excepting therefrom any proceeding to enforce compliance with the terms
24 of this Settlement Agreement.

25 7. Failure to Comply with Settlement Agreement. Respondent agrees that if it
26 fails to comply with the terms of this Settlement Agreement, the Commissioner may, in
27 addition to all other available remedies she may invoke under the CRMLA, summarily
28 suspend or revoke the CRMLA licenses of Respondent until Respondent is in compliance.

Respondent waives any notice and hearing rights to contest such summary suspensions or revocations which may be afforded under the CRMLA, APA, CCP, or any other provision of law.

8. Information Willfully Withheld or Misrepresented. Notwithstanding paragraph 13 below, this Settlement Agreement may be revoked, and the Commissioner may pursue any and all remedies available under the law against Respondent if the Commissioner discovers that Respondent knowingly or willfully withheld or misrepresented any material information.

9. Future Actions by Commissioner. If Respondent fails to comply with any terms of this Settlement Agreement, the Commissioner may institute proceedings for any and all violations otherwise resolved under this Settlement Agreement. The Commissioner reserves the right to bring any future actions against Respondent, or any of its partners, owners, officers, shareholders, directors, employees or successors for any and all unknown violations of the CRMLA.

10. Assisting Other Agencies. Nothing in this Settlement Agreement limits the Commissioner's ability to assist any other governmental agency (city, county, state, or federal) with any prosecution, administrative, civil or criminal brought by that agency against Respondent or any other person based upon any of the activities alleged in this matter or otherwise.

11. Headings. The headings to the paragraphs of this Settlement Agreement are inserted for convenience only and will not be deemed a part hereof or affect the construction or interpretation of the provisions hereto.

12. Binding. This Settlement Agreement is binding on all heirs, assigns, and/or successors in interest.

13. Reliance. Each of the Parties represents, warrants, and agrees that executing this Settlement Agreement it has solely relied on the statements set forth herein and the advice of its own counsel, if represented. Each of the Parties further represents, warrants, and agrees that in executing this Settlement Agreement it has placed no reliance on any statement, representation, or promise of any other party or any other person or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to make any statement, representation or disclosure whatsoever. The Parties have included this clause: (1) to preclude any claim that any party was in any way

1 fraudulently induced to execute this Settlement Agreement; and (2) to preclude the
2 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this
3 Settlement Agreement.

4 14. Waiver, Amendments and Modifications. No waiver, amendment, or
5 modification of this Settlement Agreement will be valid or binding unless it is in writing and
6 signed by each of the Parties. The waiver of any provision of Settlement Agreement will not
7 be deemed a waiver of any other provision. No waiver by either party of any breach of, or of
8 compliance with, any condition or provision of this Settlement Agreement by the other party
9 will be considered a waiver of any other condition or provision or of the same condition or
10 provision at another time.

11 15. Full Integration. This Settlement Agreement is the final written expression
12 and the complete and exclusive statement of all the agreements, conditions, promises,
13 representations, and covenant between the Parties with respect to the subject matter hereof,
14 and supersedes all prior or contemporaneous agreements, negotiations, representations,
15 understandings, and discussions between and among the Parties, their respective
16 representatives, and any other person or entity, with respect to the subject matter covered
17 hereby.

18 16. No Presumption Against Drafting Party. Each party acknowledges that it has
19 had the opportunity to draft, review, and edit the language of this Settlement Agreement.
20 Accordingly, the Parties intend that no presumption for or against the drafting party will
21 apply in construing any part of this Settlement Agreement. The Parties waive the benefit of
22 CCP section 1654 as amended or corresponding provisions of any successor statute, which
23 provided that in cases of uncertainty, language of a contract should be interpreted most
24 strongly against the party that caused the uncertainty to exist.

25 17. Independent Legal Advice. Each of the Parties represents, warrants, and
26 agrees that it has received, or had the opportunity to receive, independent advice from its
27 attorney(s) and/or representatives with respect to the advisability of executing this Settlement
28 Agreement.

1 18. Governing Law. This Settlement Agreement will be governed by and construed in
2 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such
3 court, and hereby irrevocably waives, the fullest extent permitted by the law, the defense of an
4 inconvenient forum to the maintenance of such action or proceeding in such court.

5 19. Mandatory Disclosure in Future Applications. Respondent agree to disclose this
6 Settlement Agreement in any future application for a license, permit or qualification under the
7 Commissioner’s current or future jurisdiction.

8 20. Effect Upon Future Proceedings. If Respondent applies for any license, permit or
9 qualification under the Commissioner’s current or future jurisdiction or is the subject of any future
10 action by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof
11 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

12 21. Voluntary Agreement. Respondent enters this Settlement Agreement voluntarily and
13 without coercion and acknowledges that no promises, threats or assurances have been made by the
14 Commissioner or any officer, or agent thereof, about this Settlement Agreement. The Parties each
15 represent and acknowledge that they are executing this Settlement Agreement completely
16 voluntarily and without any duress or undue influence of any kind from any source.

17 22. Counterparts. This Settlement Agreement may be executed in one or more separate
18 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
19 together constitute a single document.

20 23. Notice. Any notice required under this Settlement Agreement shall be provided to
21 each party at the following addresses:

22 To Respondent NFM, Inc.:	David K. Stein, Esq. Taft 41 South High Street, Suite 1800 Columbus, OH 43215-6106 DStein@taftlaw.com
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To the Commissioner: Vanessa T. Lu
Senior Counsel, Enforcement Division
Department of Financial Protection and Innovation
1450 Frazee Road, Suite 315
San Diego, CA 92018
Vanessa.Lu@dfpi.ca.gov

24. Signatures. A fax or electronic mail signature shall be deemed the same as an original signature.

25. Public Record. Respondent acknowledges that this Settlement Agreement is a matter of public record.

26. Effective Date. This Settlement Agreement shall become final and effective when signed by all the Parties and delivered by the Commissioner's agent via e-mail to Respondent at DStein@taftlaw.com.

27. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement and undertake the obligations set forth herein.

Dated: April 2, 2025

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: April 2, 2025

By _____
NFM, Inc.

APPROVED AS TO FORM:

David Stein, Esq.
Counsel for Respondent NFM, Inc.