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Attorneys for Complainant

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

In the Matter of:)	CRMLA LICENSE NO.: 413-1325
THE COMMISSIONER OF FINANCIAL)	
PROTECTION AND INNOVATION,)	
Complainant,)	
v.)	CONSENT ORDER
AXIA FINANCIAL, LLC)	
Respondent.)	

This Consent Order is entered into between the Commissioner of Financial Protection and Innovation (Commissioner) of the Department of Financial Protection and Innovation (Department) and Respondent Axia Financial, LLC (Axia) and is made with respect to the following facts:

I.

RECITALS

A. The Commissioner has jurisdiction over the licensing and regulation of entities engaged in the business of a residential mortgage lender and servicer under the California Residential Mortgage Lending Act, commencing at Fin. Code, § 50000 et seq. (CRMLA).

B. Axia is a residential mortgage lender and servicer licensed by the Commissioner pursuant to the CRMLA with license number 413-1325.

C. Axia's principal place of business is located at 3009 112th Avenue NE, Suite 200, Bellevue, Washington 98004. Axia employs mortgage loan originators.

D. On or around June 6, 2022, the Commissioner commenced a regulatory examination of the books and records of Axia pursuant to Section 50302 of the CRMLA covering the period from July 1, 2018, through July 31, 2021 (Regulatory Exam).

E. The Regulatory Exam disclosed that in 9 out of 30 loan files reviewed (30%), Axia charged borrowers per diem interest in excess of one day prior to the date that the loan proceeds were disbursed from escrow, in violation of Financial Code section 50204, subdivision (o) and Civil Code section 2948.5.

F. The Department directed Axia to conduct a self-audit of all loans originated in California since July 1, 2018 to August 22, 2022 and then reviewed a subsequent self-audit report from August 22, 2022 to July 1, 2024 to determine the number and amount of per diem interest overcharges, including but not limited to: the borrower loan number, name, loan amount, interest rate, date funds were disbursed by the settlement agent, interest start date, interest end date, amount of interest collected, correct amount of interest, interest overcharged, 10% interest, amount of refund check, date refunded, and first payment due date (self-audit reports).

G. The self-audit reports disclosed 135 out of 3,014 loan files (5.1%) in which Axia overcharged borrowers per diem interest, in violation of Financial Code section 50204, subdivision (o) and Civil Code section 2948.5.

H. Respondents neither admit nor deny any of the findings contained in this Consent Order.

I. The Commissioner finds that entering into this Consent Order is in the public interest and consistent with the purposes fairly intended by the policies and provisions of the CRMLA.

NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set forth herein, the parties agree as follows:

II.**TERMS AND CONDITIONS**

1. Purpose. This Consent Order resolves the issues before the Commissioner set forth in Paragraphs A through I above in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of the CRMLA.

2. Order to Discontinue Violations. Axia hereby agrees that in accordance with Financial Code sections 50321 and 50323, it will immediately discontinue violating Financial Code section 50204, subdivision (o) and Civil Code section 2948.5.

3. Independent Audit.

a. Axia shall engage at its own expense an independent third-party auditor (Auditor) to review Axia's California loans regarding per diem interest (Financial Code section 50204, subdivision (o) and Civil Code section 2948.5).

b. The Auditor shall be an independent certified public accountant, certified public accounting firm, or compliance auditing firm approved by the Department. The Department shall not unreasonably withhold approval of Axia's selection of an Auditor.

c. Axia shall contract with the Auditor for the services described herein within 60 days of the Effective Date of this Consent Order as defined in Paragraph 26.

d. The Auditor shall submit to the Department an Audit Report based upon its review of Axia's California loan originations from July 1, 2025, through July 1, 2026.

e. The First Report shall be submitted to the Department on October 15, 2025, and cover the loans from July 1, 2025, to September 30, 2025.

f. The Second Report shall be submitted to the Department on January 15, 2026, and cover the loans from October 1, 2025, to December 31, 2025.

g. The Third Report shall be submitted to the Department on April 15, 2026, and cover the loans from January 1, 2026, to March 31, 2026

h. The Final Report shall be submitted to the Department on July 15, 2026 and cover the loans from April 1, 2026, to June 30, 2026.

1 4. Payment of Refunds. Axia affirms that to date it has made refunds for Per Diem
2 Interest Overcharges totaling \$11,961.02.

3 5. Penalty. Axia shall pay a penalty in the amount of \$135,000.00 for the violations set
4 forth in Paragraph E through G above by no later than 30 days after the Effective Date of this
5 Consent Order as defined in Paragraph 26 below. The penalty shall be made payable in the form of
6 a cashier's check or Automated Clearing House deposit to the Department of Financial Protection
7 and Innovation and transmitted to the attention of Accounting – Litigation, at the Department of
8 Financial Protection and Innovation, 651 Bannon Street, Suite 300, Sacramento, California 95811.
9 Notice of the payment must be concurrently sent to Johnny O. Vuong via e-mail at:
10 Johnny.Vuong@dfpi.ca.gov

11 6. Waiver of Hearing Rights. Axia acknowledges that the Commissioner is ready,
12 willing, and able to proceed with the filing of an administrative enforcement action on the charges
13 contained in this Consent Order. Axia hereby waives the right to any hearings, and to any
14 reconsiderations, appeal, or other right to review which may be afforded pursuant to the CRMLA,
15 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
16 provision of law. Axia further expressly waives any requirement for the filing of an Accusation
17 pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights, Axia
18 effectively consents to this Consent Order and Order to Discontinue Violations becoming final.

19 7. Failure to Comply with Consent Order. Axia agrees that if it fails to comply with the
20 terms of this Consent Order, the Commissioner may, in addition to all other available remedies she
21 may invoke under the CRMLA, deny any application and/or summarily suspend or revoke any
22 license granted by the Commissioner to Axia until Axia is in compliance. Axia waives any notice
23 and hearing rights to contest such denial or summary suspension or revocation which may be
24 afforded under the CRMLA, the California Administrative Procedure Act, the California Code of
25 Civil Procedure, or any other provision of law in connection therewith.

26 8. Information Willfully Withheld or Misrepresented. This Consent Order may be
27 revoked and the Commissioner may pursue any and all remedies available under law against Axia if
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1 the Commissioner discovers that Axia knowingly or willfully withheld or misrepresented
2 information used for and relied upon in this Consent Order.

3 9. Future Actions by Commissioner. If Axia fails to comply with any terms of the
4 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
5 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
6 against Axia or any of their partners, owners, officers, shareholders, directors, employees or
7 successors for any and all unknown violations of the CRMLA and Financial Code.

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

12 11. Headings. The headings to the paragraphs of this Consent Order are inserted for
13 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
14 the provisions hereof.

15 12. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
16 interest.

17 13. Reliance. Each of the parties represents, warrants, and agrees that in executing this
18 Consent Order it has relied solely on the statements set forth herein and the advice of its own
19 counsel. Each of the parties further represents, warrants, and agrees that in executing this Consent
20 Order it has placed no reliance on any statement, representation, or promise of any other party, or
21 any other person or entity not expressly set forth herein, or upon the failure of any party or any other
22 person or entity to make any statement, representation or disclosure of anything whatsoever. The
23 parties have included this clause: (1) to preclude any claim that any party was in any way
24 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
25 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

26 14. No Presumption Against Drafting Party. Each party acknowledges that it has had the
27 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the parties
28 intend that no presumption for or against the drafting party will apply in construing any part of this

1 Consent Order. The parties waive the benefit of Civil Code section 1654 as amended or
2 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
3 language of a contract should be interpreted most strongly against the party that caused the
4 uncertainty to exist.

5 15. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
6 has received independent advice from its attorney(s) and/or representatives with respect to the
7 advisability of executing this Consent Order.

8 16. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
9 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.
10 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
11 provision. No waiver by either party of any breach of, or of compliance with, any condition or
12 provision of this Consent Order by the other party will be considered a waiver of any other condition
13 or provision or of the same condition or provision at another time.

14 17. Full Integration. This Consent Order is the final written expression and the complete
15 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
16 between the parties with respect to the subject matter hereof, and supersedes all prior or
17 contemporaneous agreements, negotiations, representations, understandings, and discussions
18 between and among the parties, their respective representatives, and any other person or entity, with
19 respect to the subject matter covered hereby.

20 18. Governing Law. This Consent Order shall be construed and enforced in accordance
21 with and governed by California law. Each of the parties hereto consents to the jurisdiction of such
22 court in California, administrative or otherwise, best suited to handle any action or proceeding under
23 this Consent Order, and hereby irrevocably waives, to the fullest extent permitted by law, the
24 defense of an inconvenient forum to the maintenance of such action or proceeding in such court.

25 19. Counterparts. This Consent Order may be executed in one or more separate
26 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
27 together constitute a single document.
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20. Effect Upon Future Proceedings. If Axia applies for any license, permit or qualification under the Commissioner's current or future jurisdiction or are the subject of any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

21. Voluntary Agreement. Axia enters into this Consent Order voluntarily and without coercion and acknowledge that no promises, threats or assurances have been made by the Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent and acknowledge that he, she or it is executing this Consent Order completely voluntarily and without any duress or undue influence of any kind from any source.

22. Notice. Any notice required under this Consent Order shall be provided to each party at the following addresses:

To Axia:

Ronald Gapp; Chief Operating Officer / Chief Compliance Officer / General Counsel; ron.gapp@axiahomeloans.com

To Commissioner:

Johnny O. Vuong, Senior Counsel, Enforcement Division, Department of Financial Protection and Innovation, 320 West 4th Street, Suite 750, Los Angeles, California 90013; Johnny.Vuong@dfpi.ca.gov.

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

25. Public Record. Axia hereby acknowledges that this Consent Order is and will be a matter of public record.

26. Effective Date. This Consent Order shall become final and effective when signed by all parties and delivered by the Commissioner's counsel via e-mail to Axia at ron.gapp@axiahomeloans.com

27. Authority to Sign. Each signatory hereto covenants that he/she possesses all

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1 necessary capacity and authority to sign and enter into this Consent Order and undertake the
2 obligations set forth herein.

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4 Dated: June 26, 2025

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

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6 By _____
7 MARY ANN SMITH
8 Deputy Commissioner
9 Enforcement Division

10 Dated: June 26, 2025

AXIA FINANCIAL, LLC

11 By _____
12 Ronald Gapp
13 Chief Operating Officer of Axia Financial, LLC
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