

1 PRESTON DUFAUCHARD
2 CALIFORNIA CORPORATIONS COMMISSIONER
3 ALAN S. WEINGER (CA BAR NO. 86717)
4 DEPUTY COMMISSIONER
5 320 WEST 4th Street, Ste. 750
6 LOS ANGELES, CALIFORNIA 90013-1105

7 Attorneys for Complainant

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BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of the Order of THE) File No. 413 0538
COMMISSIONER OF CORPORATIONS)
OF THE STATE OF CALIFORNIA,)
Complainant,)
vs.)
AVANT LENDING GROUP, INC.,)
Respondent.)

ORDER TO DISCONTINUE RESIDENTIAL MORTGAGE LENDING
AND/OR SERVICING ACTIVITIES PURSUANT TO
SECTION 50319, CALIFORNIA FINANCIAL CODE

TO: AVANT LENDING GROUP, INC.
22 RICHMOND CENTER CT.
SAINT PETERS, MO 63376

THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA
FINDS THAT:

AVANT LENDING GROUP, INC. has failed to comply with the bonding requirements of
the California Residential Mortgage Lending Act (California Financial Code Section 50000 et seq.)
in that effective June 14, 2010 Bond No. FS1376058 issued by GREAT AMERICAN

1 INSURANCE COMPANY in favor of AMERICAN LENDING GROUP DBA AVANT
2 LENDING GROUP INC. expired and no replacement bond has been obtained.

3
4 Based on the foregoing, Respondent is conducting residential mortgage lending
5 and/or servicing business in violation of Section 50205 of the Financial Code and is conducting
6 business in such an unsafe and injurious manner as to render further operations hazardous to the
7 public or to customers.

8 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
9 THEREFORE, it is hereby ORDERED, under the provisions of Section 50319 of the California
10 Financial Code, AVANT LENDING GROUP, INC. immediately discontinue the disbursement, in
11 whole or in part, of trust funds held by the licensee and establish a separate trust account for all
12 subsequent trust funds received by the licensee.
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15 THIS ORDER is to remain in full force and effect until further order of the Commissioner.

16 Section 50319 of the Financial Code provides as follows:

17 (a) If the commissioner, as a result of any examination or from any report
18 made to him or her, shall find that any person subject to this division is in an
19 insolvent condition, is conducting business in an unsafe or injurious manner that
20 renders further operations hazardous to the public or to customers, has failed to
21 comply with the provision of Section 50317, has permitted its tangible net worth to
22 be lower than the minimum required by law, or has failed to comply with the
23 bonding requirements of Section 50205, the commissioner may, by an order
24 addressed to and served by registered or certified mail, or by personal service on that
25 person, and on any other person having in his or her possession or control any trust
26 funds or other property deposited in escrow with that person, direct discontinuance
of the disbursement, in whole or in part, of trust funds held by the licensee and order
the establishment of a separate trust account for all subsequent trust funds received
by the licensee. No person having in his or her possession any of these funds or
documents shall be liable for failure to comply with the order unless he or she has
received written notice of the order. Subject to subdivision (b), the order shall
remain in effect until set aside by the commissioner, or the person has been adjudged
bankrupt.

27 (b) Within 15 days from the date of an order pursuant to subdivision (a), the
28 person may request a hearing under the Administrative Procedure Act (Chapter 5
(commencing with Section 11500) of Part 2 of Division 3 of Title 2 of the
Government Code). Upon receiving a request, the matter shall be set for hearing to
commence within 30 days after the receipt unless the person subject to this division
consents to a later date. If no hearing is requested within 15 days after the mailing or

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service of the notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right to a hearing. Neither the request for a hearing nor the hearing itself shall stay the order issued by the commissioner under subdivision (a).

DATED: June 14, 2010
Los Angeles, California

Preston DuFauchard
California Corporations Commissioner

By _____
DiAun M. Burns
Special Administrator
California Residential Mortgage Lending Act

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MIRANDA L. MAISON (BAR NO. 210082)
Senior Corporations Counsel
4 1515 K Street, Suite 200
Sacramento, California 95814
5 Telephone: (916) 320-8730 Fax: (916) 445-6985
6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 In the Matter of the Accusation of THE) File No.: 413-0538
CALIFORNIA CORPORATIONS)
11 COMMISSIONER,)
12 Complainant,) **ACCUSATION IN SUPPORT OF**
13) **REVOCAION OF CALIFORNIA**
14 v.) **RESIDENTIAL MORTGAGE LENDER**
15 AMERICAN LENDING GROUP, INC. doing) **LICENSE**
business as AVANT LENDING GROUP, INC.,)
16 Respondent.)
17 _____)

18 The Complainant, California Corporations Commissioner ("Commissioner"), is informed and
19 believes, and based upon such information and belief, alleges and charges Respondent as follows:

20 **I.**

21 Respondent American Lending Group, Inc. doing business as Avant Lending Group, Inc.
22 ("Avant") is a residential mortgage lender licensed by the California Department of Corporations
23 ("Department") pursuant to the California Residential Mortgage Lending Act ("CRMLA")
24 (California Financial Code sections 50000 *et seq.*). Avant last reported to the Department that it has
25 its principal place of business at 22 Richmond Center Court, Saint Peters, Missouri, 63376.

26 **II.**

27 On or about June 8, 2009, the Commissioner notified Avant in writing that, pursuant to
28 Financial Code section 50200, it was required to submit an annual audit report for its fiscal year

1 ended June 30, 2009 ("Audit Report") no later than October 15, 2009. Avant was notified in the
2 letter that failure to file the required report may result in license revocation and/or an assessment of
3 fines pursuant to Financial Code section 50326.

4 On or about October 19, 2009, the Commissioner sent a second letter to Avant informing that
5 the Audit Report that was due on October 15, 2009 had not been received by the Department. The
6 letter advised that the report be filed no later than 10 days from the date of the letter and reminded
7 Avant that failure to file the information may result in assessment of fines pursuant to section 50326.
8 Avant has yet to file its Audit Report for the year ended June 30, 2009, as required by Financial Code
9 section 50200.

10 III.

11 Pursuant to Financial Code sections 50307 and 50401 and California Code of Regulations,
12 title 10, section 1950.314.8, on or before March 1st of each year all licensees under the CRMLA are
13 required to file: (1) an annual Report of Principal Amount of Loans Originated and Aggregate
14 Amount of Loans Serviced ("Activity Report") for the preceding 12-month period ended December
15 31; (2) the Report on Non-Traditional, Adjustable Rate and Mortgage Loan Products ("Non-
16 Traditional Report"); and, (3) Non-Traditional, Adjustable Rate and Mortgage Loan Survey
17 ("Survey").

18 On or about January 29, 2010, forms for the Activity Report, Non-Traditional Report, and
19 Survey preprinted with the licensee's name, address and Department file number were sent to each
20 CRMLA licensee along with filing instructions and notice that the enclosed reports were due on or
21 before March 1, 2010.

22 On or about August 12, 2010, the Commissioner assessed a \$1,000.00 penalty against Avant
23 pursuant to section 50326 for failure to submit its Activity Report, Non-Traditional Report, or Survey
24 to the Department in compliance with the provisions of the CRMLA.

25 IV.

26 Financial Code section 50205 requires each CRMLA licensee to maintain a surety bond to be
27 used for the recovery of expenses, fines, or fees levied by the Commissioner for losses or damages
28 incurred by borrowers or consumers as a result of a licensee's noncompliance with the requirements

1 of the CRMLA.

2 On or about May 13, 2010, the Commissioner mailed a certified letter to Avant at its last
3 reported principal place of business, informing that the Department received notice from Great
4 American Insurance Company (“Great American”) that it was canceling Avant’s surety bond number
5 FS1376058 effective June 14, 2010.¹ The Commissioner’s letter advised that if the surety bond was
6 not reinstated or replaced prior to the cancellation date, it would be necessary for the Commissioner
7 to issue an order for Avant to discontinue mortgage lending and/or brokering activities.

8 On June 14, 2010, the Great American surety bond number FS1376058 issued to Avant
9 expired, and no replacement bond was obtained.

10 On June 14, 2010, the Commissioner issued an order under the authority of Financial Code
11 section 50319 requiring Avant to discontinue conducting residential mortgage lending and/or
12 servicing activities in an unsafe and injurious manner as to render further operations hazardous to the
13 public or to customers.² As neither a replacement bond has been obtained nor a hearing requested by
14 Avant pursuant to the provisions of section 50319, this order remains in effect.

15 **V.**

16 As part of the implementation of the Nationwide Mortgage Licensing System and Registry
17 (“NMLS”), each company holding a residential mortgage lender and/or mortgage servicer license
18 must create a company record for itself and each branch in the NMLS, and electronically submit its
19 record to the Department. Avant has not filed a transition request through NMLS with the
20 Department for its CRMLA license in violation of section 50002.5.

21 _____
22 ¹ The return receipt from the United States Postal Service was signed by “Sharon Johnson” on May 17, 2010 and acknowledged
23 delivery of the May 13th letter to the licensee at “10A Richmond Center Court”, an address that has not been reported to the
24 Department.

25 ² The return receipt from the United States Postal Service was signed by “Sharon Johnson” on June 18, 2010 and
26 acknowledged delivery of the June 14th order to the licensee at “#10 Richmond Center Court, Suite B”, an address that
27 has not been reported to the Department.
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Financial Code section 50002.5 provides in pertinent part:

(d) Every licensee engaged in the business of making, servicing, or making and servicing residential mortgage loans and every mortgage loan originator licensed under this division shall register with and maintain a valid unique identifier issued by the Nationwide Mortgage Licensing System and Registry.

Further, the NMLS record that exists for Avant reflects a business address of 5700 Mexico Road, Suite 6, Saint Peters, Missouri, 63376, which is an address that has not been reported to the Department as required by Financial Code section 50124(a)(10).

VI.

Financial Code section 50327 provides in pertinent part:

(a) The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if the commissioner finds that: (1) the licensee has violated any provision of this division or any rule or order of the commissioner thereunder; or (2) any fact or condition exists that, if it had existed at the time of the original application for license, reasonably would have warranted the commissioner in refusing to issue the license originally.

VII.

Financial Code section 50311 provides in pertinent part:

Nothing in this law shall preclude a person whose license has been suspended or revoked, summarily or otherwise, from making a residential mortgage loan pursuant to a commitment issued by that person prior to the suspension or revocation. A prospective borrower who received a commitment issued by a person whose license has been suspended or revoked may, prior to the closing of the loan, terminate the commitment or receive a refund of all money paid to that person.

VIII.

The Commissioner finds that, by reason of the foregoing, American Lending Group, Inc. doing business as Avant Lending Group, Inc. has violated California Financial Code sections 50002.5, 50124, 50200, 50205, 50307, 50401 and California Code of Regulations, title 10, section 1950.314.8, and based thereon grounds exist to revoke the residential mortgage lender license of American Lending Group, Inc. doing business as Avant Lending Group, Inc.

1 WHEREFORE, IT IS PRAYED that the residential mortgage lender license of American
2 Lending Group, Inc. doing business as Avant Lending Group, Inc. be revoked and, pursuant to
3 Financial Code section 50311, American Lending Group, Inc. doing business as Avant Lending
4 Group, Inc. be given a transition period of sixty (60) days within which to complete servicing of any
5 loans for which it had prior commitments.

6
7 DATED: October 20, 2010
8 Sacramento, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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10 By _____
11 Miranda L. Maison
12 Senior Corporations Counsel
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1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MIRANDA L. MAISON (SBN 210082)
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1515 K Street, Suite 200
5 Sacramento, California 95814
6 Telephone: (916) 322-8730
Fax: (916) 445-6985
7 Attorneys for Complainant

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10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA
12

13 THE CALIFORNIA CORPORATIONS)
14 COMMISSIONER,)

) OAH Case No.: 2010110181

15 Complainant,)

) File No.: 413-0538

) **SETTLEMENT AGREEMENT**

16)
17 v.)

18 AMERICAN LENDING GROUP, INC. doing)
business as AVANT LENDING GROUP, INC.,)
19 Respondent.)
20)

21 This Settlement Agreement is entered into between American Lending Group, Inc. doing
22 business as Avant Lending Group, Inc. (“Avant” or, alternatively, “Respondent”) and the California
23 Corporations Commissioner (“Commissioner” or, alternatively, “Complainant”) (together, the
24 “Parties”), and is made with respect to the following facts.

25 **RECITALS**

26 A. On or about April 8, 2004, the Commissioner issued a residential mortgage lender license to
27 Avant pursuant to the California Residential Mortgage Lending Act (Fin. Code, § 50000 *et seq.*)
28 (“CRMLA”). Avant is a Missouri corporation, first registered with the California Secretary of State

1 on March 19, 2002. Avant last reported to the Commissioner that it has its principal place of
2 business at 22 Richmond Center Court, St. Peters, Missouri, 63376.

3 B. On or about October 21, 2010, the Commissioner issued a Notice of Intention and Accusation
4 against Avant seeking to revoke its residential mortgage lender license. The Notice of Intention,
5 Accusation, and accompanying documents were served on Avant on October 25, 2010 by certified,
6 return receipt mail at its address on file with the California Department of Corporations
7 (“Department”). (Exhibit 1.)

8 C. On or about November 1, 2010, Avant’s president, Warin Kumar, advised the Commissioner
9 verbally and in writing that Avant’s intention was to surrender its California residential mortgage
10 lender license to the Department.

11 D. On or about November 2, 2010, Avant served the Commissioner with its Notice of Defense;
12 and, the Commissioner timely submitted a Request to Set to the Office of Administrative Hearings in
13 accordance with the California Administrative Procedures Act.

14 E. On or about November 12, 2010, the Notice of Administrative Hearing set for December 27,
15 2010 was served on Avant by certified, return receipt mail at its address on file with the Department.

16 F. During the present action, the Commissioner learned that Avant’s qualification to transact
17 business in the State of California had been forfeited by the Franchise Tax Board on May 3, 2010.
18 The California Secretary of State issued a Certificate of Status disclosing that, as of December 16,
19 2010, Avant remained a suspended corporation due to failure to pay its California franchise tax.

20 G. Avant has been unable to submit a proposed plan of surrender for the Commissioner’s
21 consideration because the licensee is not in compliance with the CRMLA due to various reporting,
22 bonding, and annual assessment violations and failure to properly transition into the National
23 Mortgage Licensing System and Registry (“NMLS”), as further described in the Accusation the
24 Commissioner filed in this matter on October 21, 2010. (Exhibit 1.)

25 H. It is the intention of the Parties to resolve this matter without the necessity of an
26 administrative hearing or any other litigation.

27 NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set
28 forth herein, the Parties agree as follows:

TERMS AND CONDITIONS

1
2 1. This Agreement is entered into for the purpose of judicial economy and expediency.

3 2. Avant acknowledges its right to a hearing under the CRMLA in connection with the
4 Commissioner’s Notice referenced herein (Exhibit 1), and it hereby waives the right to any appeal, or
5 other right to review, if any, which may be afforded pursuant to the CRMLA, the California
6 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law,
7 and by waiving such rights, it consents to the Agreement as final.

8 3. Each of the Parties represents, warrants, and agrees that it has received or been advised to
9 seek independent legal advice from an attorney with respect to the advisability of executing this
10 Agreement. Avant acknowledges that it has willingly and knowingly decided to not seek the advice
11 of legal counsel prior to entering into this Agreement.

12 4. Section 50123 of the CRMLA sets forth the license surrender process, which includes the
13 filing of a plan for the withdrawal from regulated business. The plan must include a timetable for the
14 disposition of the business and a closing audit, review, or other agreed upon procedures performed by
15 an independent certified public accountant.

16 5. Due to Avant’s failure to comply with the license surrender process and to satisfy all filing
17 and reporting obligations imposed upon Avant as a licensee, the Commissioner is unable to accept
18 surrender of Avant’s license.

19 6. As part of a complete and final resolution of the matters set forth in the Notice as well as the
20 other issues noted herein, Avant hereby agrees to the immediate issuance by the Commissioner of an
21 order revoking Avant’s residential mortgage lender license, attached herein as Exhibit 2.

22 7. The Commissioner reserves the right to bring any future actions against Avant, or any of its
23 officers, employees or successors for any and all unknown or future violations of the CRMLA. This
24 Agreement shall not serve to exculpate Avant or any of its partners, employees, or successors from
25 liability for any and all unknown or future violations of the CRMLA. If it is found, after the
26 execution of this Agreement, that Avant has at any time violated any provision of the California
27 Financial Code, the Commissioner reserves the right to take further action against Avant including,
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1 but not limited to, imposing penalties and requesting restitution of all CRMLA transactions
2 originated in breach of this Agreement.

3 8. The Parties hereby acknowledge and agree that this Agreement is intended to constitute a full,
4 final and complete resolution of all matters which were or could have been raised in the
5 Commissioner's Notice against Avant dated October 21, 2010 (Exhibit 1). The Parties further
6 acknowledge and agree that nothing contained in this Agreement shall operate to limit the
7 Commissioner's ability to assist any other agencies with any administrative, civil or criminal
8 prosecution brought by any such agency against Avant based upon any of the activities alleged in this
9 matter or otherwise.

10 9. Avant represents, warrants, and agrees that in executing this Agreement it has relied solely on
11 the statements set forth herein and has placed no reliance on any statement, representation, or promise
12 of any other party, or any other person or entity not expressly set forth herein, or upon the failure of
13 any party or any other person or entity to make any statement, representation or disclosure of
14 anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any party
15 was in any way fraudulently induced to execute this Agreement; and (2) to preclude the introduction
16 of parol evidence to vary, interpret, supplement, or contradict the terms of this Agreement.

17 10. This Agreement, including the attached exhibits, is the final written expression and the
18 complete and exclusive statement of all the Agreements, conditions, promises, representations, and
19 covenants between the Parties with respect to the subject matter hereof, and supersedes all prior or
20 contemporaneous Agreements, negotiations, representations, understandings, and discussions
21 between and among the Parties, their respective representatives, and any other person or entity.

22 11. In that the Parties have had the opportunity to draft, review and edit the language of this
23 Agreement, no presumption for or against any party arising out of drafting all or any part of this
24 Agreement will be applied in any action relating to, connected, to, or involving this Agreement.
25 Accordingly, the Parties waive the benefit of California Civil Code section 1654 and any successor or
26 amended statute, providing that in cases of uncertainty, language of a contract should be interpreted
27 most strongly against the party who caused the uncertainty to exist.
28

1 12. This Agreement shall not be effective until executed by all Parties. The Commissioner shall
2 file this Agreement with the Office of Administrative Hearings five (5) business days after execution
3 by all Parties.

4 13. This Agreement may be executed in any number of counterparts by the Parties and when each
5 party has signed and delivered at least one such counterpart to the other party, each counterpart shall be
6 deemed an original and taken together shall constitute one and the same Agreement.

7 14. No amendment, change or modification of this Agreement shall be valid or binding to any
8 extent unless it is in writing and signed by all of the Parties affected by it.

9 15. The headings to the sections of this Agreement are inserted for convenience only and will not
10 be deemed a part hereof or affect the construction or interpretation of the provisions hereof. This
11 Agreement shall be construed and enforced in accordance with and governed by California law.

12 16. Each party covenants that it possesses all necessary capacity and authority to sign and enter into
13 this Agreement. Each party warrants and represents that such party is fully entitled and duly authorized
14 to enter into and deliver this Agreement. In particular, and without limiting the generality of the
15 foregoing, each party warrants and represents that it is fully entitled to enter into the covenants, and
16 undertake the obligations set forth herein.

17 17. The Parties each represent and acknowledge that it is executing this Agreement completely
18 voluntarily and without any duress or undue influence of any kind from any source.

19 18. Avant acknowledges that this Agreement is a public record.

20 19. This Agreement shall not become effective until signed and delivered by the Parties.

21 20. Notice shall be provided to each party at the following addresses:

22 If to Respondent to:

23 Warin Kumar, President
24 American Lending Group, Inc. dba
25 Avant Lending Group, Inc.
26 10 Richmond Center Court
27 St. Peters, Missouri 63376

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If to the Commissioner to:

Miranda Maison, Senior Corporations Counsel
Department of Corporations
1515 K Street, Suite 200
Sacramento, California 95814

IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement on
the dates set forth opposite their respective signatures.

Dated: 12/24/10 PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

Dated: 12-23-2010 By _____
WARIN KUMAR
President
American Lending Group, Inc. dba Avant Lending Group, Inc.

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MIRANDA L. MAISON (BAR NO. 210082)
Senior Corporations Counsel
4 1515 K Street, Suite 200
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5 Telephone: (916) 322-8730 Fax: (916) 445-6985

6 Attorneys for Complainant

7

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

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11 In the Matter of the Accusation of THE
CALIFORNIA CORPORATIONS
12 COMMISSIONER,

) OAH Case No.: 2010110181

) File No.: 413-0538

13 Complainant,

) **ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER LICENSE**

14 v.

15 AMERICAN LENDING GROUP, INC. doing
16 business as AVANT LENDING GROUP, INC.,

17 Respondent.

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20 On October 21, 2010, the Commissioner issued a Notice of Intention to Issue Order Revoking
21 Residential Mortgage License, Accusation, and accompanying documents against American Lending
22 Group, Inc. doing business as Avant Lending Group, Inc. ("Avant"), and Avant was served with
23 those documents on October 25, 2010 via certified mail, return receipt requested, at its licensed
24 location on file with the California Department of Corporations.

25 The Department received a request for an administrative hearing from Avant on November 2,
26 2010. On November 12, 2010, a Notice of Administrative Hearing set for December 27, 2010 was
27 served to Avant by certified, return receipt mail. Subsequently, Avant voluntarily withdrew its
28 request for hearing on December 23, 2010.

1 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
2 mortgage lender license issued by the Commissioner to American Lending Group, Inc. doing
3 business as Avant Lending Group, Inc. is hereby revoked. This order is effective as of the date
4 hereof. Pursuant to California Financial Code section 50311, American Lending Group, Inc. doing
5 business as Avant Lending Group, Inc. has sixty (60) days within which to complete any loans for
6 which it had commitments.

7
8 DATED: December 27, 2010
9 Los Angeles, CA

California Corporations Commissioner

10 By _____
11 ALAN S. WEINGER
12 Deputy Commissioner
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