

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 JENNIFER A. GRANAT (CA BAR NO. 199868)
Senior Corporations Counsel
4 Department of Corporations
5 320 West 4th Street, Ste. 750
6 Los Angeles, California 90013-2344
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7 Attorneys for Complainant
8

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

11 In the Matter of the Accusation of THE) File No.: 413-1013
12 CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ACCUSATION
14)
Complainant,)
15)
v.)
16)
NFI, INC.,)
17)
Respondent.)
18)
19)

20 Complainant is informed and believes, and based upon such information and belief alleges
21 and charges as follows:
22

23 I

24 NFI, Inc. (“Respondent”) is a residential mortgage lender licensed by the Commissioner of
25 Corporations of the State of California (“Commissioner” or “Complainant”) pursuant to the
26 California Residential Mortgage Lending Act (“CRMLA”), California Financial Code section
27 50000 *et seq.* Respondent’s main office is located at 8910 N. Dale Mabry Highway, Suite 18,
28 Tampa, Florida 33614.

II

Pursuant to California Financial Code sections 50307 and 50401,¹ and California Code of Regulations, Title 10 (“Regulation”) 1950.314.8, all licensees under the CRMLA are required to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced (“Principal Report”), Report on Non-traditional Adjustable Rate and Mortgage Loan Products (“Non-traditional Report”) and Non-traditional, Adjustable Rate and Mortgage Loan Survey (“Survey”) (collectively, the “Reports”) on or before March 1 of each year for the preceding 12-month period ended December 31. To date, Respondent has failed to submit the Reports for the years ended December 31, 2009 and December 31, 2010, despite repeated, written demand.

On or about January 29, 2010, the Principal Report, Non-traditional Report, and Survey form for the year ended December 31, 2009 was sent to all CRMLA licensees with a notice that the Reports were due on or before March 1, 2010.

On or about August 12, 2010, the Commissioner sent a letter to Respondent notifying Respondent of its failure to file the Reports, assessing a \$1,000 penalty pursuant to section 50326 and demanding that the Reports be filed no later than ten days from the date of the letter. The letter notified Respondent that failure to file the Reports or pay the penalty by such date would result in an action to suspend or revoke its license pursuant to section 50327.

On or about January 27, 2011, the Principal Report, Non-traditional Report, and Survey form for the year ended December 31, 2010 was sent to all CRMLA licensees with a notice that the Reports were due on or before March 1, 2011.

On or about and June 17, 2011, the Commissioner sent a letter to Respondent notifying Respondent of its failure to file the Reports, assessing a \$1,000 penalty pursuant to section 50326 and demanding that the Reports be filed no later than ten days from the date of the letter. The letter notified Respondent that failure to file the Reports or pay the penalty by such date would result in an action to suspend or revoke its license pursuant to section 50327.

¹ All statutory references are to the California Financial Code unless otherwise noted.

1 To date, Respondent has failed to file the Reports or pay the associated penalties.

2 III

3 Pursuant to section 50200, Respondent is required to submit its audited financial statements
4 (“Audit Report”) on or before April 15 of each year for the preceding fiscal year ended December
5 31, including a reconciliation of trust accounts, Uniform Single Attestation Program for Mortgage
6 Brokers, and Independent Auditor’s Report on Internal Controls pursuant to Regulation 1950.200.

7 To date, Respondent has failed to file its 2009 and 2010 Audit Reports despite repeated, written
8 demand.

9 On or about December 21, 2009, Complainant notified Respondent by letter that its 2009
10 Audit Report was due on or before April 15, 2010, and that failure to do so may result in
11 administrative action under section 50326, including penalties. Respondent failed to submit the
12 Audit Report by such date.

13 On or about June 17, 2010, a second letter was sent to Respondent demanding that
14 Respondent file its Audit Report on or before June 27, 2010 and again notifying Respondent that
15 the failure to do so may result in administrative action under section 50326, including penalties.
16 Respondent failed to submit the Audit Report by such date.

17 On or about December 9, 2010, Complainant notified Respondent by letter that its Audit
18 Report for fiscal year ended December 31, 2010 was due on or before April 15, 2011. The letter
19 stated that failure to do so may result in administrative action under 50326, including penalties.
20 Respondent failed to submit the Audit Report by such date.

21 On or about May 27, 2011, a second letter was sent to Respondent demanding that
22 Respondent file its 2010 Audit Report on or before June 6, 2011 and again notifying Respondent
23 that the failure to do so may result in administrative action under section 50326, including penalties.
24 Respondent failed to submit the 2010 Audit Report by such date.

25 To date, Respondent has failed to file its Audit Report for the fiscal years ended December
26 31, 2009 and December 31, 2010.
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IV

Section 50205 requires all CRMLA licensees to maintain a surety bond in the minimum amount of \$50,000.00. Respondent’s surety bond was cancelled effective October 15, 2010, and no replacement bond has been obtained.

On or about October 18, 2010, the Commissioner issued an Order to Discontinue Residential Mortgage Lending and/or Servicing Activities Pursuant to Section 50319, California Financial Code based on Respondent’s failure to maintain the required surety bond. This Order was served on Respondent on or about October 18, 2010. To date, Respondent has failed to obtain a surety bond and the Order remains in effect.

V

Section 50002.5 requires all licensees to transition their licenses to the Nationwide Mortgage Licensing System (“NMLS”). To date, Respondent has failed to file a transition request through NMLS for its CRMLA license.

VI

California 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

The Commissioner finds that, by reason of the foregoing, Respondent NFI, Inc. has violated California Financial Code sections 50200, 50205, 50307, 50326, 50002.5 and 50401, and California Code of Regulations, Title 10, section 1950.314.8, and based thereon, grounds exist to revoke Respondent’s residential mortgage lender license.

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WHEREFORE, IT IS PRAYED that the residential mortgage lender license of NFI, Inc. be revoked, and pursuant to California Financial Code section 50311, NFI, Inc. be given a transition period of sixty (60) days within which to complete any loans for which it had commitments.

Dated: September 12, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Jennifer A. Granat
Senior Corporations Counsel

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
3 Deputy Commissioner
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9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

11 In the Matter of the Accusation of THE) File No.: 413-1013
12 CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER LICENSE
14 Complainant,)
15 v.)
16 NFI, INC.,)
17 Respondent.)
18)
19)

20 The California Corporations Commissioner (“Commissioner” or “Complainant”) finds:
21

22 1. NFI, Inc. (“Respondent”) is a residential mortgage lender licensed by the
23 Commissioner pursuant to the California Residential Mortgage Lending Act (“CRMLA”), California
24 Financial Code section 50000 *et seq.* Respondent’s main office is located at 8910 N. Dale Mabry
25 Highway, Suite 18, Tampa, Florida 33614.

26 2. Pursuant to California Financial Code sections 50307 and 50401,¹ and California
27 Code of Regulations, Title 10 (“Regulation”) 1950.314.8, all licensees under the CRMLA are
28

¹ All statutory references are to the California Financial Code unless otherwise noted.

1 required to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans
2 Serviced (“Principal Report”), Report on Non-traditional Adjustable Rate and Mortgage Loan
3 Products (“Non-traditional Report”) and Non-traditional, Adjustable Rate and Mortgage Loan
4 Survey (“Survey”) (collectively, the “Reports”) on or before March 1 of each year for the preceding
5 12-month period ended December 31. Respondent failed to submit the Reports for the years ended
6 December 31, 2009 and December 31, 2010, despite repeated, written demand.

7 3. On or about January 29, 2010, the Principal Report, Non-traditional Report, and
8 Survey form for the year ended December 31, 2009 was sent to all CRMLA licensees with a notice
9 that the Reports were due on or before March 1, 2010.

10 4. On or about August 12, 2010, the Commissioner sent a letter to Respondent notifying
11 Respondent of its failure to file the Reports, assessing a \$1,000 penalty pursuant to section 50326
12 and demanding that the Reports be filed no later than ten days from the date of the letter. The letter
13 notified Respondent that failure to file the Reports or pay the penalty by such date would result in an
14 action to suspend or revoke its license pursuant to section 50327.

15 5. On or about January 27, 2011, the Principal Report, Non-traditional Report, and
16 Survey form for the year ended December 31, 2010 was sent to all CRMLA licensees with a notice
17 that the Reports were due on or before March 1, 2011.

18 6. On or about and June 17, 2011, the Commissioner sent a letter to Respondent
19 notifying Respondent of its failure to file the Reports, assessing a \$1,000 penalty pursuant to section
20 50326 and demanding that the Reports be filed no later than ten days from the date of the letter. The
21 letter notified Respondent that failure to file the Reports or pay the penalty by such date would result
22 in an action to suspend or revoke its license pursuant to section 50327.

23 7. To date, Respondent has failed to file the Reports or pay the associated penalties.

24 8. Pursuant to section 50200, Respondent is required to submit its audited financial
25 statements (“Audit Report”) on or before April 15 of each year for the preceding fiscal year ended
26 December 31, including a reconciliation of trust accounts, Uniform Single Attestation Program for
27 Mortgage Brokers, and Independent Auditor’s Report on Internal Controls pursuant to Regulation
28

1 1950.200. Respondent failed to file its 2009 and 2010 Audit Reports despite repeated, written
2 demand.

3 9. On or about December 21, 2009, Complainant notified Respondent by letter that its
4 2009 Audit Report was due on or before April 15, 2010, and that failure to do so may result in
5 administrative action under section 50326, including penalties. Respondent failed to submit the
6 Audit Report by such date.

7 10. On or about June 17, 2010, a second letter was sent to Respondent demanding that
8 Respondent file its Audit Report on or before June 27, 2010 and again notifying Respondent that the
9 failure to do so may result in administrative action under section 50326, including penalties.
10 Respondent failed to submit the Audit Report by such date.

11 11. On or about December 9, 2010, Complainant notified Respondent by letter that its
12 Audit Report for fiscal year ended December 31, 2010 was due on or before April 15, 2011. The
13 letter stated that failure to do so may result in administrative action under 50326, including penalties.
14 Respondent failed to submit the Audit Report by such date.

15 12. On or about May 27, 2011, a second letter was sent to Respondent demanding that
16 Respondent file its 2010 Audit Report on or before June 6, 2011 and again notifying Respondent that
17 the failure to do so may result in administrative action under section 50326, including penalties.
18 Respondent failed to submit the 2010 Audit Report by such date.

19 13. To date, Respondent has failed to file its Audit Report for the fiscal years ended
20 December 31, 2009 and December 31, 2010.

21 14. Section 50205 requires all CRMLA licensees to maintain a surety bond in the
22 minimum amount of \$50,000.00. Respondent's surety bond was cancelled effective October 15,
23 2010, and no replacement bond has been obtained.

24 15. On or about October 18, 2010, the Commissioner issued an Order to Discontinue
25 Residential Mortgage Lending and/or Servicing Activities Pursuant to Section 50319, California
26 Financial Code based on Respondent's failure to maintain the required surety bond. This Order was
27
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1 served on Respondent on or about October 18, 2010. To date, Respondent has failed to obtain a
2 surety bond and the Order remains in effect.

3 16. Section 50002.5 requires all licensees to transition their licenses to the Nationwide
4 Mortgage Licensing System (“NMLS”). To date, Respondent has failed to file a transition request
5 through NMLS for its CRMLA license.

6 17. Failure to file the Reports, file audited financial statements, maintain a surety bond
7 and/or pay assessed penalties constitute grounds under Section 50327 for the revocation of a license
8 issued under the CRMLA.

9 18. On September 12, 2011, the Commissioner issued a Notice of Intention to Issue
10 Order Revoking Residential Mortgage Lender License, Accusation and accompanying documents
11 against Respondent based on the foregoing. Respondent was served with those documents on
12 September 13, 2011 via certified mail, return-receipt requested, at its address of record on file with
13 the California Department of Corporations. The Department has received no request for a hearing
14 from Respondent.

15 NOW THEREFORE, GOOD CAUSE APPEARING, it is hereby ordered that the residential
16 mortgage lender license issued by the Commissioner to NFI, Inc. is hereby revoked. This Order is
17 effective as of the date hereof. Pursuant to California Financial Code section 50311, NFI, Inc. has
18 sixty (60) days within which to complete any loans for which it had commitments.

19 Dated: October 4, 2011
20 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

21
22
23 By _____
24 Alan S. Weinger
25 Deputy Commissioner
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