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8
9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:) CRMLA LICENSE NO. 413-0901
12)
13 THE COMMISSIONER OF BUSINESS) ACCUSATION
OVERSIGHT,)
14)
15 Complainant,)
16 v.)
17)
18 AMERIFIRST FINANCIAL, INC.)
19 Respondent.)
20)

21 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), is informed and
22 believes, and based upon such information and belief, alleges and charges Respondent AmeriFirst
23 Financial, Inc. (AmeriFirst) as follows:

24 I.

25 **Jurisdiction and Venue**

26 1. The Commissioner brings this action under the provisions of Financial Code section
27 50513 and the rules and regulations promulgated thereunder.
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2 8. On or about May 14, 2015, the Commissioner notified AmeriFirst, through the
3 Nationwide Mortgage Licensing System and Registry (NMLS), that it had engaged in residential
4 mortgage loan servicing without a license by posting the following item:

5 Included in the company's audited financial statements is an account
6 called "Mortgage Servicing Rights[.]" which indicate[s] the company
7 may be engaged in servicing activity in the state [of California]. If this
8 account includes CA properties, please update the company's license as
9 it is currently licensed [in this state] as a lender . . . please refer to the
10 amendment checklist in NMLS for the required documents needed to
11 update the license status of the company in CA and submit them to [the
12 Commissioner's licensing representative]. Also[,] send a copy of the
13 completed NMLS amendment checklist to [the Commissioner's
14 representative] to clear this license item.

15 9. On or about June 12, 2015, AmeriFirst submitted, via e-mail, its application to add
16 servicing authority to its CRMLA lenders license.

17 10. But on or about November 9, 2016, the Commissioner determined AmeriFirst's
18 application was incomplete, informing the company by posting a license item to NMLS requesting
19 AmeriFirst submit a loss mitigation policy that conformed to Assembly Bill 278 (2012), better known
20 as the California Homeowners Bill of Rights (HBOR). The Commissioner also requested the
21 company provide a copy of its sub-servicer oversight policies and procedures. AmeriFirst responded
22 on November 9 and December 19, 2016, providing the Commissioner with copies of the missing
23 items the Department had requested.

24 11. The Commissioner has not yet approved AmeriFirst's residential mortgage loan
25 servicer application.

26 12. A review of the company's 2014, 2015, and 2016 CRMLA annual reports disclosed
27 servicing activity for loans secured by real property in California. According to the company, it
28 serviced one loan as of December 31, 2014; 25 loans as of December 31, 2015; and 18 loans as of
December 31, 2016.

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III.

Applicable Statutes

13. Financial Code section 50002, subdivision (a), provides:

No person shall engage in the business of making residential mortgage loans or servicing residential mortgage loans, in this state, without first obtaining a license from the commissioner in accordance with the requirements of Chapter 2 (commencing with Section 50120) or Chapter 3 (commencing with Section 50130), and any rules promulgated by the commissioner under this law, unless a person or transaction is excepted from a definition or exempt from licensure by a provision of this law or a rule of the commissioner.

14. Financial Code section 50513 provides in pertinent part:

(a) The commissioner may do one or more of the following:

. . . .

(4) Impose fines on a mortgage loan originator or any residential mortgage lender or servicer licensee employing a mortgage loan originator pursuant to subdivisions (b), (c), and (d).

. . . .

(b) The commissioner may impose a civil penalty on a mortgage loan originator or any residential mortgage lender or servicer licensee employing a mortgage loan originator, if the commissioner finds, on the record after notice and opportunity for hearing, that the mortgage loan originator or any residential mortgage lender or servicer licensee employing a mortgage loan originator has violated or failed to comply with any requirement of this division or any regulation prescribed by the commissioner under this division or order issued under authority of this division.

(c) The maximum amount of penalty for each act or omission described in subdivision (b) shall be twenty-five thousand dollars (\$25,000).

(d) Each violation or failure to comply with any directive or order of the commissioner is a separate and distinct violation or failure.

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IV.

Prayer

The Commissioner finds that, by reason of the foregoing, AmeriFirst has violated Financial Code sections 50002, subdivision (a), and based thereon, grounds exist to assess penalties against AmeriFirst under Financial Code section 50513, subdivision (b).

WHEREFORE, IT IS PRAYED that:

Under Financial Code section 50513, subdivision (b), penalties be levied against AmeriFirst for at least 18 violations of Financial Code section 50002, subdivision (a), engaging in unlicensed loan servicing activities, according to proof, but in an amount of at least \$500.00 per violation.

Dated: May 4, 2017
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Blaine A. Noblett
Senior Counsel
Enforcement Division