

1 PRESTON DUFAUCHARD  
2 CALIFORNIA CORPORATIONS COMMISSIONER  
3 ALAN S. WEINGER (CA BAR NO. 86717)  
4 DEPUTY COMMISSIONER  
5 320 WEST 4<sup>th</sup> 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 0378  
COMMISSIONER OF CORPORATIONS )  
OF THE STATE OF CALIFORNIA, )  
Complainant, )  
vs. )  
CAMBRIDGE HOME CAPITAL, LLC, )  
Respondent. )

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

TO: CAMBRIDGE HOME CAPITAL, LLC  
80 CUTTERMILL ROAD, SUITE 408  
GREAT NECK, NY 11021

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

CAMBRIDGE HOME CAPITAL, LLC 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 September 2, 2010 Bond No. LPM3009848 issued by FIDELITY AND

1 DEPOSIT COMPANY OF MARYLAND in favor of CAMBRIDGE HOME CAPITAL, LLC  
2 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, CAMBRIDGE HOME CAPITAL, LLC immediately discontinue the disbursement,  
11 in 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.  
13

14  
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: September 2, 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  
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3 JUDY L. HARTLEY (CA BAR NO. 110628)  
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6 Attorneys for Complainant

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

10  
11 In the Matter of the Accusation of THE ) File No.: 413-0378  
CALIFORNIA CORPORATIONS )  
12 COMMISSIONER, ) ACCUSATION  
13 )  
Complainant, )  
14 )  
15 vs. )  
16 CAMBRIDGE HOME CAPITAL, LLC, )  
17 Respondent. )  
18 \_\_\_\_\_ )

19 The Complainant is informed and believes, and based upon such information and belief,  
20 alleges and charges Respondent as follows:

21 I

22 Respondent Cambridge Home Capital, LLC ("Cambridge") is a residential mortgage lender  
23 licensed by the California Corporations Commissioner ("Commissioner") pursuant to the California  
24 Residential Mortgage Lending Act (California Financial Code § 50000 et seq.) ("CRMLA").  
25 Cambridge has its main office located at 80 Cuttermill Road, Suite 408, Great Neck, New York  
26 11021.

27 II

28 Pursuant to Financial Code sections 50307 and 50401, all licensees under the CRMLA are

1 required to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans  
2 Serviced (“Report”) on or before March 1 of each year for the preceding 12 month period ended  
3 December 31. All CRMLA licensees are also required to include the Report on Non-traditional  
4 Adjustable rate and Mortgage Loan Products (“Non-traditional Report”) and Non-traditional,  
5 Adjustable Rate and Mortgage Loan Survey (“Survey”) with the Report.

6 On or about January 29, 2010, Report, Non-traditional Report, and Survey forms were sent to  
7 all CRMLA licensees with a notice that the Report, Non-traditional Report, and Survey were due on  
8 March 1, 2010. Cambridge failed to submit the Report, Non-traditional Report, and Survey by the  
9 March 1, 2010 deadline.

10 On or about August 12, 2010, a follow up letter was sent to Cambridge demanding the  
11 Report, Non-traditional Report, and Survey be filed no later than August 22, 2010, and assessing  
12 Cambridge a penalty of \$1,000.00 pursuant to Financial Code section 50326. Cambridge was  
13 notified in the letter that failure to file to the Report, Non-traditional Report, Survey and/or pay the  
14 penalty by August 22, 2010 would result in an action to either suspend or revoke its license.  
15 Cambridge has yet to submit the Report, Non-traditional Report, and Survey or pay the \$1,000  
16 penalty as required by Financial Code sections 50307, 50326 and 50401.

### 17 III

18 Pursuant to Financial Code section 50200, Cambridge was required to submit its audited  
19 financial statement for its fiscal year ended December 31, 2009 to include an Independent Auditor’s  
20 Report on Internal Control and an Independent Auditor’s Report that the audit was conducted in  
21 accordance with the Consolidated Audit Guide for Audits of HUD Programs, if applicable (“2009  
22 audit report”) to the Commissioner by April 15, 2003. Cambridge has yet to file its 2009 audit  
23 report with the Commissioner despite numerous reminders.

24 On or about December 21, 2009, Cambridge was notified in writing that its 2009 audit report  
25 was due April 15, 2010. Cambridge failed to submit the 2009 audit report by April 15, 2010.

26 On or about June 23, 2010, a further letter was sent to Cambridge demanding the 2009 audit  
27 report be filed no later than July 3, 2010. Cambridge was notified in the letter that failure to file to  
28 the 2009 audit report by July 3, 2010 would result in an administrative action.

1 Cambridge has yet to submit the 2009 audit report as required by Financial Code section  
2 50200.

3 IV

4 Pursuant to Financial Code section 50205, all CRMLA licensees are required to maintain a  
5 surety bond in the minimum amount of \$50,000.00. The surety bond of Cambridge was canceled  
6 effective September 2, 2010, and no replacement surety bond has been obtained by Cambridge.

7 On or about September 2, 2010, the Commissioner issued an Order to Discontinue  
8 Residential Mortgage Lending Activities to Cambridge pursuant to Financial Code section 50319 for  
9 failure to maintain the required surety bond.

10 Cambridge has yet to obtain a replacement surety bond in violation of Financial Code section  
11 50205.

12 V

13 Pursuant to Financial Code section 50002.5, all CRMLA licensees were required to transition  
14 their CRMLA license(s) to the National Mortgage Licensing System (“NMLS”) on or before July  
15 31, 2010. Cambridge has yet to file a transition request through NMLS for its CRMLA license in  
16 violation of Financial Code section 50002.5.

17 VI

18 Financial Code section 50326 provides in pertinent part as follows:

19 If any licensee fails to do any of the following, the licensee shall forfeit  
20 to the people of the state a sum of up to one hundred dollars (\$100) for  
21 every day up to the tenth day: (a) to make any report required by law or  
22 by the commissioner within 10 days from the day designated for the  
23 making of the report, or within any extension of time granted by the  
24 commissioner . . . . Thereafter, any failure shall constitute grounds for  
25 the suspension or revocation of the license held by the residential mortgage  
26 lender or residential mortgage loan servicer.

24 Financial Code section 50327 provides in pertinent part:

25 (a) The commissioner may, after notice and a reasonable opportunity to  
26 be heard, suspend or revoke any license if the commissioner finds that:  
27 (1) the licensee has violated any provision of this division or rule or order  
28 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.

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VII

The Commissioner finds that, by reason of the foregoing, Cambridge has violated Financial Code sections 50002.5, 50200, 50205, 50307, 50326 and 50401, and based thereon, grounds exist to revoke the residential mortgage lender license of Cambridge.

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

Dated: October 26, 2010  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
Judy L. Hartley  
Senior Corporations Counsel

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
3 JUDY L. HARTLEY (CA BAR NO. 110628)  
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6 Attorneys for Complainant  
7

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

10  
11 In the Matter of the Accusation of THE ) File No.: 413-0378  
CALIFORNIA CORPORATIONS )  
12 COMMISSIONER, ) ORDER REVOKING CALIFORNIA  
13 ) RESIDENTIAL MORTGAGE LENDER  
Complainant, ) LICENSE  
14 )  
15 vs. )  
16 CAMBRIDGE HOME CAPITAL, LLC, )  
17 Respondent. )  
18 )

19 The California Corporations Commissioner (“Commissioner”) finds:

- 20 1. Respondent Cambridge Home Capital, LLC (“Cambridge”) is a residential mortgage  
21 lender licensed by the Commissioner pursuant to the California Residential Mortgage Lending Act  
22 (California Financial Code § 50000 et seq.) (“CRMLA”). Cambridge has its main office located at  
23 80 Cuttermill Road, Suite 408, Great Neck, New York 11021.  
24 2. Pursuant to Financial Code sections 50307 and 50401, all licensees under the  
25 CRMLA are required to file an annual Report of Principal Amount of Loans and Aggregate Amount  
26 of Loans Serviced (“Activity Report”) on or before March 1 of each year for the preceding 12 month  
27 period ended December 31. All CRMLA licensees are also required to include the Report on Non-  
28 traditional Adjustable rate and Mortgage Loan Products (“Non-traditional Report”) and Non-



1 traditional, Adjustable Rate and Mortgage Loan Survey (“Survey”) with the Activity Report.

2 3. On January 29, 2010, Activity Report, Non-traditional Report, and Survey forms  
3 were sent to all CRMLA licensees with a notice that the Activity Report, Non-traditional Report, and  
4 Survey were due on March 1, 2010. Cambridge failed to submit the Activity Report, Non-traditional  
5 Report, and Survey by the March 1, 2010 deadline.

6 4. On August 12, 2010, a follow up letter was sent to Cambridge demanding the  
7 Activity Report, Non-traditional Report, and Survey be filed no later than August 22, 2010, and  
8 assessing Cambridge a penalty of \$1,000.00 pursuant to Financial Code section 50326. Cambridge  
9 was notified in the letter that failure to file to the Activity Report, Non-traditional Report, Survey  
10 and/or pay the penalty by August 22, 2010 would result in an action to either suspend or revoke its  
11 license. Cambridge has yet to submit the Activity Report, Non-traditional Report, and Survey or pay  
12 the \$1,000 penalty as required by Financial Code sections 50307, 50326 and 50401.

13 5. Pursuant to Financial Code section 50200, Cambridge was required to submit its  
14 audited financial statement for its fiscal year ended December 31, 2009 to include an Independent  
15 Auditor’s Report on Internal Control and an Independent Auditor’s Report that the audit was  
16 conducted in accordance with the Consolidated Audit Guide for Audits of HUD Programs, if  
17 applicable (“2009 audit report”), to the Commissioner by April 15, 2003. Cambridge has yet to file  
18 its 2009 audit report with the Commissioner despite numerous reminders.

19 6. On December 21, 2009, Cambridge was notified in writing that its 2009 audit report  
20 was due April 15, 2010. Cambridge failed to submit the 2009 audit report by April 15, 2010.

21 7. On June 23, 2010, a further letter was sent to Cambridge demanding the 2009 audit  
22 report be filed no later than July 3, 2010. Cambridge was notified in the letter that failure to file to  
23 the 2009 audit report by July 3, 2010 would result in an administrative action.

24 8. Cambridge has yet to submit the 2009 audit report as required by Financial Code  
25 section 50200.

26 9. Pursuant to Financial Code section 50205, all CRMLA licensees are required to  
27 maintain a surety bond in the minimum amount of \$50,000.00. The surety bond of Cambridge was  
28 canceled effective September 2, 2010, and no replacement surety bond has been obtained by

1 Cambridge.

2 10. On September 2, 2010, the Commissioner issued an Order to Discontinue Residential  
3 Mortgage Lending Activities to Cambridge pursuant to Financial Code section 50319 for failure to  
4 maintain the required surety bond.

5 11. Cambridge has yet to obtain a replacement surety bond in violation of Financial Code  
6 section 50205.

7 12. Pursuant to Financial Code section 50002.5, all CRMLA licensees were required to  
8 transition their CRMLA license(s) to the National Mortgage Licensing System (“NMLS”) on or  
9 before July 31, 2010. Cambridge has yet to file a transition request through NMLS for its CRMLA  
10 license in violation of Financial Code section 50002.5.

11 13. Failure to file an Activity Report, Non-traditional Report, Survey, Audit Report,  
12 maintain a surety bond, transition to the NMLS system, and/or pay assessed penalties are grounds  
13 under Financial Code section 50327 for the revocation of a license issued under the CRMLA.

14 14. On October 26, 2010, the Commissioner issued a Notice of Intention to Issue Order  
15 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against  
16 Cambridge based upon the above, and Cambridge was served with those documents on October 26,  
17 2010 via certified, return-receipt mail at its licensed location on file with the California Department  
18 of Corporations. The Department has received no request for a hearing from Cambridge or any  
19 other response and the time to request a hearing has expired.

20 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential  
21 mortgage lender license issued by the Commissioner to Cambridge is hereby revoked. This order is  
22 effective as of the date hereof. Pursuant to Financial Code section 50311, Cambridge has sixty days  
23 within which to complete any loans for which it had commitments.

24 Dated: November 23, 2010  
25 Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

26  
27 By \_\_\_\_\_  
28 Alan S. Weinger  
Deputy Commissioner