

1 PRESTON DuFAUCHARD
California Corporations Commissioner
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Acting Deputy Commissioner
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

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

File No.: 413-0844

**ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER LICENSE**

12 Complainant,

13 vs.
14

15 CMC MORTGAGE CORPORATION,

16 Respondent.

17
18 The California Corporations Commissioner finds:

19 I

20 1. Respondent CMC Mortgage Corporation (“CMC Mortgage Corp.”) is a residential
21 mortgage lender licensed by the California Corporations Commissioner (“Commissioner”) pursuant
22 to the California Residential Mortgage Lending Act (California Financial Code, sections 50000 et
23 seq.) (“CRMLA”). CMC Mortgage Corp. has its principal place of business located at 25 Melville
24 Park Road, Suite 110, Melville, New York, 11747.

25 II

26 2. Pursuant to California Financial Code Sections 50307 and 50401, all licensees under
27 the CRMLA are required to file an annual Report of Principal Amount of Loans and Aggregate
28 Amount of Loans Serviced (“Activity Report”) on or before March 1st of each year for the

1 preceding 12-month period ended December 31st.

2 3. On or about February 1, 2008, an Activity Report form was sent to all CRMLA
3 licensees with a notice that the Activity Report was due on or before March 1, 2008. Also, pursuant
4 to Title 10, section 1950.314.8 of the California Code of Regulations Respondent was to submit a
5 Non-traditional Report and Survey as an addendum to the Activity Report. CMC Mortgage Corp.
6 has yet to submit the Activity Report or the Non-traditional Report and Survey to the Commissioner.

7 4. On or about May 15, 2008 a letter was sent to CMC Mortgage Corp. demanding that
8 the Activity Report be filed no later than May 25, 2008 and assessing CMC Mortgage Corp. a
9 penalty of \$1,000.00 pursuant to California Financial Code section 50326. CMC Mortgage Corp.
10 was notified in the letter that failure to file the Activity Report and/or pay the penalty by May 25,
11 2008 would result in an action to either suspend or revoke its license.

12 5. CMC Mortgage Corp. has yet to submit the Activity Report, the Non-traditional
13 Report and Survey, or pay the penalty as required by California Financial Code sections 50307,
14 50326, and 50401, and Title 10, section 1950.314.8 of the California Code of Regulations.

15 III

16 6. Pursuant to California Financial Code sections 50200, subdivision (a), CMC
17 Mortgage Corp. was required to submit its audited financial statement for its fiscal year ended
18 December 31, 2007 (“Audit Report”) to the Commissioner on or before April 15, 2008, including a
19 reconciliation of its trust accounts. In addition, pursuant to the California Code of Regulations, Title
20 10, section 1950.200, CMC Mortgage Corp. was required to submit an Independent Auditor’s
21 Report on Internal Controls (“Report on Internal Controls”) to the Commissioner on or before April
22 15, 2008. CMC Mortgage Corp. has yet to file its Audit Report, trust account reconciliation, or
23 Report on Internal Controls with the Commissioner.

24 7. On or about June 2, 2008 the Commissioner notified CMC Mortgage Corp. in writing
25 that its Audit Report, trust account reconciliation and Report on Internal Controls were due on or
26 before April 15, 2008. CMC Mortgage Corp. failed to submit the Audit Report, trust account
27 reconciliation, and Report on Internal Controls or respond to the letter.

28 8. On or about August 1, 2008 a final letter was sent to CMC Mortgage Corp.

1 demanding that the Audit Report, trust account reconciliation, and Report on Internal Controls be
2 filed no later than August 11, 2008 and imposing a \$1000 fine pursuant to California Financial Code
3 section 50326 and warning that failure to comply may result in a referral for administrative action.

4 9. CMC Mortgage Corp. has yet to file its Audit Report, trust account reconciliation,
5 Report on Internal Controls as required by Financial Code sections 50200, subdivision (a), 50326,
6 and Title 10, section 1950.200 of the California Code of Regulations.

7 IV

8 10. On or about May 8, 2008, Hartford Fire Insurance Co. (“Hartford”) notified the
9 Commissioner that the bond that Hartford had put in place in favor of the Principal, CMC Mortgage
10 Corp. in the amount of \$50,000 would be terminated effective June 14, 2008. In response to said
11 bond termination notice, the Commissioner, pursuant to California Financial Code section 50319,
12 issued an Order to Discontinue Residential Mortgage Lending for failure to comply with the bonding
13 requirements of the CRMLA. CMC Mortgage Corp. was validly served with the above captioned
14 Order and never requested a hearing in the matter as provided for in Financial Code section 50319.

15 V

16 11. California Financial Code section 50327 provides in pertinent part:

17 (a) The commissioner may, after notice and a reasonable opportunity to be
18 heard, suspend or revoke any license if the commissioner finds that: (1) the licensee
19 has violated any provision of this division or any rule or order of the commissioner
20 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.

21 VI.

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23 12. The Commissioner finds that, by reason of the foregoing, CMC Mortgage
24 Corporation has violated Financial Code sections 50200(a), 50307, 50319, 50326, 50401 and
25 California Code of Regulations, Title 10, sections 1950.200 and 1950.314.8 and based
26 thereon, grounds exist to revoke the residential mortgage lender license of CMC Mortgage
27 Corporation.

28 13. Failure to file an activity report, audit report, trust account reconciliation,

1 report on internal controls, and/or pay assessed penalties are grounds under California
2 Financial Code section 50327 for the revocation of a license issued under the CRMLA.

3 14. On August 18, 2008, the Commissioner issued a Notice of Intention to Issue
4 Order Revoking Residential Mortgage Lender License, Accusation and accompanying
5 documents against CMC Mortgage Corporation based upon the above and these documents
6 were delivered via certified mail, return receipt requested, at its licensed location on file with
7 the California Department of Corporations on August 22, 2008. The Department has
8 received no request for a hearing from CMC Mortgage Corporation and the time to request a
9 hearing has expired.

10 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the
11 residential mortgage lender license issued by the Commissioner to CMC Mortgage
12 Corporation is hereby revoked. This order is effective as of the date hereof. Pursuant to
13 California Financial Code section 50311, CMC Mortgage Corporation has sixty (60) days
14 within which to complete any loans for which it had commitments.

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16
17 Dated: September 4, 2008
18 San Francisco, CA

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20 PRESTON DuFAUCHARD
21 California Corporations Commissioner

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23
24 By: _____
25 Alan S. Weinger
26 Acting Deputy Commissioner
27 California Department of Corporations
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