

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
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 Amended Accusation of
THE CALIFORNIA CORPORATIONS
11 COMMISSIONER,
12 Complainant,
13 vs.
14 EQUICITY FINANCIAL LLC,
15 Respondent.
16

File No.: 413-0803

**ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER LICENSE AND
RESIDENTIAL MORTGAGE LOAN
SERVICER LICENSE**

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18 The California Corporations Commissioner finds:

19 I

20 1. Respondent Equicity Financial LLC (“Equicity Financial”) is a residential mortgage
21 lender, (Financial Code section 50120) and a residential mortgage loan servicer, (Financial Code
22 section 50130) licensed by the California Corporations Commissioner (“Commissioner”) pursuant to
23 the California Residential Mortgage Lending Act (California Financial Code, sections 50000 et seq.)
24 (“CRMLA”). Equicity Financial has its principal place of business located at 959 South Coast Drive,
25 Suite 250, Costa Mesa, CA 92626.

26 II

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

1 12-month period ended December 31. Further, pursuant to Title 10, section 1950.314.8 of the
2 California Code of Regulations, Equicity Financial was to file a Report on Non-Traditional
3 Adjustable Rate and Mortgage Loan Products and a Survey as an addendum to its annual report.

4 3. On or about February 1, 2008, an Activity Report form was sent to all CRMLA
5 licensees with a notice that the Activity Report was due on or before March 1, 2008. Equicity
6 Financial has yet to submit the Activity Report to the Commissioner.

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

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

15 III

16 6. Pursuant to California Financial Code sections 50200, subdivision (a), Equicity
17 Financial was required to submit its audited financial statement for its fiscal year ended December
18 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, Equicity Financial was required to submit an Independent Auditor’s Report on
21 Internal Controls (“Report on Internal Controls”) to the Commissioner on or before April 15, 2008.
22 Equicity Financial has yet to file its Audit Report, trust account reconciliation, or Report on Internal
23 Controls with the Commissioner.

24 7. On or about December 17, 2007, Complainant notified Equicity Financial in writing
25 that its Audit Report, trust account reconciliation and Report on Internal Controls were due on or
26 before April 15, 2008. Equicity Financial 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 June 3, 2008 a final letter was sent to Equicity Financial demanding that

1 the Audit Report, trust account reconciliation, and Report on Internal Controls be filed no later than
2 June 13, 2008 and warning that failure to comply may result in a referral for administrative action
3 and the imposition of a fine pursuant to California Financial Code section 50326.

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

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8 IV.

9 10. California Financial Code section 50327 provides in pertinent part:

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

16 V.

17 11. The Commissioner finds that, by reason of the foregoing, Equicity Financial
18 LLC has violated Financial Code sections 50200(a), 50307, 50326, 50401 and California
19 Code of Regulations, Title 10, sections 1950.200 and 1950.314.8 and based thereon, grounds
20 exist to revoke the residential mortgage lender license and the residential mortgage loan
21 servicer license of Equicity Financial LLC.

22 12. On August 29, 2008 the Commissioner issued an Amended Notice of Intention to
23 Issue Order Revoking Residential Mortgage Lender License and Residential Mortgage Loan
24 Servicer License, an Amended Accusation and accompanying documents against Equicity
25 Financial LLC based on the above contained herein, and these documents were delivered via
26 certified mail, return receipt requested, at its licensed location on file with the California
27 Department of Corporations on September 5, 2008. The Department has received no request
28 for a hearing from Equicity Financial LLC, and the time to request a hearing has expired.

NOW GOOD CAUSE APPEARING THEREFORE the residential mortgage lender

1 license and residential mortgage loan servicer license of Equicity Financial LLC are hereby
2 revoked. This order is effective as of the date hereof. Pursuant to Financial Code sections
3 50310 and 50311, Equicity Financial is given a transition period of sixty (60) days within
4 which to transfer its servicing account and to complete any loans for which it had
5 commitments.

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7 Dated: September 17, 2008
8 San Francisco, CA

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PRESTON DuFAUCHARD
California Corporations Commissioner

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By: _____
ALAN S. WEINGER
Acting Deputy Commissioner
California Department of Corporations

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