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5 Attorneys for Complainant

6  
7 BEFORE THE DEPARTMENT OF CORPORATIONS  
8 OF THE STATE OF CALIFORNIA  
9

10 In the Matter of the Accusation of THE )  
11 COMMISSIONER OF CORPORATIONS OF ) File No. 413 0939  
12 THE STATE OF CALIFORNIA, )  
13 )  
14 Complainant, )  
15 )  
16 vs. )  
17 )  
18 FIRST ONE LENDING CORPORATION, )  
19 )  
20 Respondent. )  
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29 ORDER TO DISCONTINUE RESIDENTIAL MORTGAGE LENDING  
30 AND/OR SERVICING ACTIVITIES PURSUANT TO  
31 SECTION 50319, CALIFORNIA FINANCIAL CODE  
32

33 TO: FIRST ONE LENDING CORPORATION  
34 31831 CAMINO CAPISTRANO, #300B  
35 SAN JUAN CAPISTRANO, CA 92675

36 THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA  
37 FINDS THAT:  
38

39 FIRST ONE LENDING CORPORATION has failed to comply with the bonding  
40 requirements of the California Residential Mortgage Lending Act (California Financial Code  
41 Section 50000 et seq.) in that effective January 21, 2012 Bond No. S9053001 issued by  
42 WASHINGTON INTERNATIONAL INSURANCE COMPANY in favor of FIRST ONE  
43 LENDING CORPORATION expired and no replacement bond has been obtained.  
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2           Based on the foregoing, Respondent is conducting residential mortgage lending  
3 and/or servicing business in violation of Section 50205 of the Financial Code and is conducting  
4 business in such an unsafe and injurious manner as to render further operations hazardous to the  
5 public or to customers.

6           NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING  
7 THEREFORE, it is hereby ORDERED, under the provisions of Section 50319 of the California  
8 Financial Code, FIRST ONE LENDING CORPORATION immediately discontinue the  
9 disbursement, in whole or in part, of trust funds held by the licensee and establish a separate trust  
10 account for all subsequent trust funds received by the licensee.  
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12  
13           THIS ORDER is to remain in full force and effect until further order of the Commissioner.

14           Section 50319 of the Financial Code provides as follows:

15           (a) If the commissioner, as a result of any examination or from any report  
16 made to him or her, shall find that any person subject to this division is in an  
17 insolvent condition, is conducting business in an unsafe or injurious manner that  
18 renders further operations hazardous to the public or to customers, has failed to  
19 comply with the provision of Section 50317, has permitted its tangible net worth to  
20 be lower than the minimum required by law, or has failed to comply with the  
21 bonding requirements of Section 50205, the commissioner may, by an order  
22 addressed to and served by registered or certified mail, or by personal service on that  
23 person, and on any other person having in his or her possession or control any trust  
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.

24           (b) Within 15 days from the date of an order pursuant to subdivision (a), the  
25 person may request a hearing under the Administrative Procedure Act (Chapter 5  
26 commencing with Section 11500) of Part 2 of Division 3 of Title 2 of the  
27 Government Code). Upon receiving a request, the matter shall be set for hearing to  
28 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  
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).

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DATED: January 23, 2012  
Los Angeles, California

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
DiAun M. Burns  
Special Administrator  
California Residential Mortgage Lending Act  
(213) 576-7620  
FAX (213) 576-7574

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6  
7 BEFORE THE DEPARTMENT OF CORPORATIONS  
8 OF THE STATE OF CALIFORNIA

9  
10 CALIFORNIA CORPORATIONS ) File No.: 413-0939  
COMMISSIONER, )  
11 )  
12 Complainant, )  
13 vs. ) **ACCUSATION**  
14 FIRST ONE LENDING CORPORATION, )  
15 Respondent. )  
16 )  
17 )

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

21 I

22 First One Lending Corporation (“Respondent”) is a residential mortgage lender licensed by  
23 the California Department of Corporations (“Department”) pursuant to the California Residential  
24 Mortgage Lending Act (“CRMLA”), Cal. Fin. Code § 50000 et seq. At all relevant times,  
25 Respondent’s principal address was 31831 Camino Capistrano #300b, San Juan Capistrano, CA  
26 92675.

27 II

28 Pursuant to Financial Code section 50200, all licensees under the CRMLA are required to

1 cause their books and accounts to be audited by an independent certified public accountant. Under  
2 § 50200, subd. (d), within 105 days of the end of the licensee’s fiscal year, the audit report must be  
3 filed with the California Corporations Commissioner (“Commissioner”). Respondent’s fiscal year  
4 end is December 31. Accordingly, Respondent was required to file an audit report on or before  
5 April 15 of each year.

6 Respondent has failed to file its annual audit report for the fiscal year ending December 31,  
7 2011.

### 8 III

9 Financial Code section 50307, subdivision (a), provides that each licensee shall file a report  
10 annually, on or before the first day of March, giving the information that the Commissioner requires  
11 to calculate the annual assessment for the licensee. Subdivision (b) of that section provides that a  
12 licensee shall make any other special reports to the Commissioner that the Commissioner may, from  
13 time to time, require.

14 California Code of Regulations, Title 10, Section 1950.314.8, requires every licensee to  
15 implement “best practices” to manage loan product risk on a continuous basis. In a separate written  
16 document called the Report on Non-traditional, Adjustable Rate and Mortgage Loan Products  
17 (“Non-traditional Report”), submitted as an addendum to its financial report required under Section  
18 50307 of the Financial Code, every licensee shall state whether it made or arranged nontraditional  
19 mortgage products and adjustable rate mortgage products during the reporting period covered by the  
20 annual report. (CCR tit. 10, § 1950.314.8, subd. (b).)

21 If any nontraditional mortgage loans or adjustable rate mortgage loans subject to the  
22 Guidance were made or arranged, the licensee shall also submit information regarding those loans on  
23 the form entitled Non-traditional, Adjustable Rate and Mortgage Loan Survey (“Survey”). (*Id.*).

24 On February 6, 2012, the Commissioner sent the Non-traditional Report and Survey to  
25 Respondent and notified Respondent that these were required to be filed by March 1, 2012.  
26 Respondent has not filed the Non-traditional Report and Survey.

27 Under Financial Code section 50129, each licensee must report the number and principal  
28 amount of California loans processed and underwritten. Respondent was required to file the Report

1 of Principal Amount of Loans Originated and Aggregate Amount of Loans Serviced for the 12  
2 Month Period Ended December 31, 2011 (“Report”), by March 1, 2012. Information from the  
3 Report is used to calculate the licensee’s annual assessment. The Report was also sent to  
4 Respondent on February 6, 2012. Respondent has not filed the Report.

5 IV

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

7 If any licensee fails to do any of the following, the licensee shall forfeit to the people  
8 of the state a sum of up to one hundred dollars (\$100) for every day up to the 10th  
9 day: (a) to make any report required by law or by the commissioner within 10 days  
10 from the day designated for the making of the report.... Thereafter, any failure shall  
11 constitute grounds for the suspension or revocation of the license held by the  
12 residential mortgage lender or residential mortgage loan servicer.

13 On June 5, 2012, the Department notified Respondent by letter that it had failed to file the  
14 Report, Non-traditional Report, and Survey. Therefore, the letter stated that the Department was  
15 assessing a penalty of \$1,000 pursuant to Financial Code section 50326. The letter required  
16 Respondent to pay the penalty within ten days.

17 Respondent has failed to pay the penalty of \$1,000 pursuant to Financial Code section 50326.

18 V

19 Financial Code section 50205, subdivision (a) provides that a residential mortgage lender or  
20 servicer licensee shall maintain a surety bond in accordance with that subdivision.

21 Effective January 21, 2012, Bond No. S9053001 issued by Washington International  
22 Insurance Company in favor of First One Lending Corporation expired and no replacement bond has  
23 been obtained.

24 Financial Code section 50319 provides that if the Commissioner finds that a licensee is  
25 conducting business in an unsafe or injurious manner that renders further operations hazardous to the  
26 public or to customers, or has failed to comply with the bonding requirements of Section 50205, the  
27 Commissioner may order the licensee to immediately discontinue the disbursement of trust funds  
28 held by the licensee and establish a separate trust account for all subsequent trust funds received by  
the licensee.

On January 23, 2012, pursuant to Financial Code section 50319, the Commissioner issued

1 her Order to Discontinue Residential Mortgage Lending and/or Servicing Activities Pursuant to  
2 Section 50319, California Financial Code, against Respondent.

3 VI

4 Financial Code section 50201 provides that a licensee shall continuously maintain a  
5 minimum tangible net worth at all times of \$250,000.

6 As of July 31, 2011, Respondent had a tangible net worth of only \$80,500. Therefore,  
7 Respondent did not meet the requirement of Section 50201.

8 VII

9 Beginning on July 27, 2011, the Commissioner conducted an examination of Respondent.  
10 The Commissioner found that Respondent was collecting up-front fees to assist consumers with loan  
11 modifications, in violation of Civil Code sections 2944.6 and 2944.7 and Business and Professions  
12 Code section 10085.6.

13 Civil Code section 2944.6, subdivision (a), provides, in pertinent part:

14 “any person who negotiates, attempts to negotiate, arranges, attempts to arrange, or  
15 otherwise offers to perform a mortgage loan modification or other form of mortgage  
16 loan forbearance for a fee or other compensation paid by the borrower, shall provide  
17 the following to the borrower, as a separate statement, in not less than 14-point bold  
18 type, prior to entering into any fee agreement with the borrower:

19 It is not necessary to pay a third party to arrange for a loan modification or  
20 other form of forbearance from your mortgage lender or servicer. You may call your  
21 lender directly to ask for a change in your loan terms.”

22 Civil Code section 2944.7, subdivision (a), provides, in pertinent part:

23 “Notwithstanding any other provision of law, it shall be unlawful for any person who  
24 negotiates, attempts to negotiate, arranges, attempts to arrange, or otherwise offers to  
25 perform a mortgage loan modification or other form of mortgage loan forbearance for  
26 a fee or other compensation paid by the borrower, to do any of the following:

27 (1) Claim, demand, charge, collect, or receive any compensation until after the person  
28 has fully performed each and every service the person contracted to perform or  
represented that he or she would perform.”

Business and Professions Code section 10085.6, subdivision (a), provides, in pertinent part:

“Notwithstanding any other provision of law, it shall be unlawful for any licensee  
who negotiates, attempts to negotiate, arranges, attempts to arrange, or otherwise  
offers to perform a mortgage loan modification or other form of mortgage loan

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forbearance for a fee or other compensation paid by the borrower, to do any of the following:

(1) Claim, demand, charge, collect, or receive any compensation until after the licensee has fully performed each and every service the licensee contracted to perform or represented that he, she, or it would perform.”

VIII

Financial Code section 50314 provides:

“Every person subject to this division shall keep documents and records that will properly enable the commissioner to determine whether the residential mortgage lending or residential mortgage loan servicing functions performed by that person comply with the provisions of this division and with all rules and orders made by the commissioner under this division. Upon request of the commissioner, residential mortgage lenders and residential mortgage loan servicers shall file an authorization for disclosure to the commissioner of financial records of the licensed business pursuant to Section 7473 of the Government Code.”

During the examination that was begun on July 27, 2011, the Commissioner requested information on the consumers that have paid up-front fees to Respondent. Respondent failed to provide this information. Therefore, Respondent violated Financial Code section 50314.

IX

Financial Code section 50401 provides that each licensee shall pay an annual assessment to the commissioner of at least \$1,000. Subdivision (c) of that section provides: “On or before the 30th day of September in each year, the commissioner shall notify each licensee by mail of the amount assessed and levied against it and that amount shall be paid within 20 days.”

On September 30, 2011, the Commissioner sent an invoice to Respondent for its annual assessment of \$1,000. Pursuant to Financial Code section 50401, payment was due within 20 days. Respondent has not paid this annual assessment.

X

Financial Code section 50327, subd. (a), provides in pertinent part as follows:

The commissioner may, after notice and 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....

XI



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The Commissioner finds that, by reason of the foregoing, Respondent has violated Financial Code sections 50200, 50307, 50326, 50205, 50129, 50201, 50314, and 50401; Civil Code sections 2944.6 and 2944.7; Business and Professions Code section 10085.6; and Code of Regulations, title 10, section 1950.314.8, which constitutes grounds for revocation of its license as a residential mortgage lender.

WHEREFORE, IT IS PRAYED that the Respondent's residential mortgage lender license be revoked pursuant to Financial Code section 50327.

Dated: July 27, 2012  
San Diego, CA

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
Joyce Tsai  
Corporations Counsel

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Deputy Commissioner  
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7 BEFORE THE DEPARTMENT OF CORPORATIONS  
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10 CALIFORNIA CORPORATIONS ) File No.: 413-0939  
COMMISSIONER, )  
11 )  
12 Complainant, )  
13 vs. ) **ORDER REVOKING RESIDENTIAL**  
MORTGAGE LENDER LICENSE  
14 FIRST ONE LENDING CORPORATION, )  
15 Respondent. )  
16 )  
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18 Pursuant to the Accusation and Notice of Intention to Issue Order Revoking Residential  
19 Mortgage Lender License served on or about August 8, 2012, the residential mortgage lender  
20 license of First One Lending Corporation is hereby revoked effective October 1, 2012.  
21

22 Dated: October 1, 2012  
Sacramento, CA

JAN LYNN OWEN  
California Corporations Commissioner

24  
25 By \_\_\_\_\_  
Mary Ann Smith  
26 Deputy Commissioner  
27  
28