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11 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
12 OF THE STATE OF CALIFORNIA

13 In the Matter of: ) CRMLA No. 413-1247  
14 )  
15 THE COMMISSIONER OF BUSINESS ) ORDER REVOKING RESIDENTIAL  
OVERSIGHT, ) MORTGAGE LENDER LICENSE  
16 )  
17 Complainant, )  
18 v. )  
19 FT MORTGAGE, LLC, )  
20 Respondent. )

21  
22 TO: Michael Shon Hodges  
23 FT Mortgage, LLC  
32000 Northwestern Highway, Suite 240  
24 Farmington Hills, Michigan 48334  
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1 The Commissioner of Business Oversight (Commissioner) finds:

2 1. FT Mortgage is a residential mortgage lender licensed by the Commissioner of  
3 Business Oversight (Commissioner) under the California Residential Mortgage Lending Act  
4 (CRMLA) (Fin. Code, § 50000 et seq.) since June 21, 2013.<sup>1</sup> The company's principal place of  
5 business is located at 32000 Northwestern Highway, Suite 240, Farmington Hills, Michigan 48334.

6 2. At all relevant times herein, Michael Shon Hodges (Hodges) was the president and  
7 contact person of FT Mortgage.

8 3. FT Mortgage has not filed its audited financial statements for the years ended 2013,  
9 2014, and 2015. Under Financial Code section 50200 and CCR section 1950.200, all licensees are  
10 required to file their audited financial statements within 105 days of the end of the fiscal year.  
11 Licensees are directed to file their audit report by uploading the report on the Nationwide Mortgage  
12 Licensing System (NMLS) on or before the due date. Respondent's fiscal year end is December 31,  
13 and its audited financial statements for the year ended December 31, 2013 were due on April 15,  
14 2014. As to the years ended 2014 and 2015, FT Mortgage's audited financial statements were due on  
15 April 15, 2015 and April 15, 2016, respectively. To date FT Mortgage's audited financial statements  
16 for the years ended 2013, 2014, and 2015 remain outstanding.

17 4. FT Mortgage has not filed the annual Report of Principal Amount of Loans Originated  
18 and Aggregate Amount of Loans Serviced, the Report on Non-traditional Adjustable Rate and  
19 Mortgage Loan Products and Non-traditional, Adjustable Rate and Mortgage Loan Survey for the 12  
20 month periods ended December 31, 2013 (2013 Reports), December 31, 2014 (2014 Reports) and  
21 December 31, 2015 (2015 Reports) as required by Financial Code sections 50307 and 50401.

22 5. The Commissioner mailed the 2013 Reports to Respondent on February 24, 2014. Due  
23 to the delay in mailing the 2013 Reports, the Commissioner granted an extension until April 4, 2014  
24 before the Department would impose a penalty for a late filing. FT Mortgage did not submit the 2013  
25 Reports. A penalty was assessed against FT Mortgage on September 3, 2014 under section 50326 of  
26 the Financial Code for failing to file its 2013 Reports. The penalty assessment and another copy of

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28 <sup>1</sup> FT Mortgage is an assumed name used by FedTrust Mortgage, LLC in the State of California as required by  
Corporations Code section 17452.

1 the 2013 Reports were again sent to FT Mortgage and Hodges, but the package mailed on September  
2 3, 2014 was returned by the post office marked "RETURN TO SENDER UNABLE TO  
3 FORWARD."

4 6. The 2014 Reports were sent to FT Mortgage's designated e-mail address<sup>2</sup> at  
5 mhodges@fedtrustmortgage.com on February 2, 2015 and reminder e-mails were sent on February 8,  
6 16, and 22, 2015, and again on March 1, 2015. The 2014 Reports were due on March 1, 2015, but to  
7 date they remain outstanding.

8 7. The 2015 Reports were sent to FT Mortgage's designated e-mail address on January  
9 20, 2016 and reminder e-mails were sent on February 8, 16, and 22, 2016, and again on March 2,  
10 2016. The 2015 Reports were due but on March 1, 2016, but to date they remain outstanding.

11 8. FT Mortgage failed to pay the annual assessments for the 2014/2015 and 2015/2016  
12 fiscal years in violation of Financial Code section 50401. The 2016/2017 annual assessment was  
13 made on September 28, 2016 and was due on October 18, 2016. All of these invoices were created  
14 through NMLS and remain unpaid.

15 9. FT Mortgage failed to file its Mortgage Call Report (MCR). Section 50307.2 of the  
16 Financial Code requires Respondent to file its MCRs as required by NMLS. NMLS requires all  
17 CRMLA licensees to file its MCRs quarterly and completed within 45 days of the end of each  
18 quarter. FT Mortgage has not filed its MCRs since the third quarter of 2013.

19 10. FT Mortgage failed to maintain a surety bond in the minimum amount of \$50,000.00  
20 as required by Financial Code section 50205. The company's bond expired on January 30, 2014, and  
21 no replacement was obtained. Consequently, on March 4, 2014, the Commissioner issued an order to  
22 discontinue FT Mortgage's lending activities pursuant to section 50319 of the Financial Code.

23 11. FT Mortgage filed a request to surrender its CRMLA license through NMLS on  
24 December 17, 2013. On December 18, 2013, the Department requested from Respondent, through  
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27 <sup>2</sup> The Commissioner uses a licensee's designated e-mail address to communicate with the licensee pursuant to the  
28 Commissioner's Order dated November 22, 2013. The e-mails provided a unique link for a licensee to access instructions  
and their annual report form to complete. The Department of Business Oversight's IT section maintains electronic records  
of the e-mails sent and the annual reports that have been filed.

1 NMLS, all items required in the Surrender Checklist which is located on the NMLS Resource Center.  
2 To date Respondent has not submitted the required information to complete the surrender process.

3 12. Based upon the foregoing, the Commissioner brought an action to revoke FT  
4 Mortgage's residential mortgage lender license under the provisions of Financial Code section  
5 50327, subdivision (a) (1), and the rules and regulations promulgated thereunder.

6 13. On February 2, 2017, the Commissioner served FT Mortgage by return receipt mail  
7 with copies of the following documents: (1) Notice of Intent to Issue Order to Revoke Residential  
8 Mortgage Lender License; (2) Accusation in Support of Notice of Intent to Issue Order Revoking  
9 Residential Mortgage Lender License; (3) Statement to Respondent; (4) Notice of Defense; and (5) a  
10 copy of Government Code sections 11507.5, 11507.6 and 11507.7.

11 14. FT Mortgage did not request a hearing on this matter within 15 days after the service  
12 of the documents referenced in paragraph 2. above, as required by financial Code section 50331. FT  
13 Mortgage's time to request a hearing has now expired.

14 NOW GOOD CAUSE APPEARING THEREFORE, IT IS ORDERED that the residential  
15 mortgage lender license issued by the Commissioner to FT Mortgage, LLC is hereby revoked. This  
16 order is effective as of the date hereof.

17 Dated: February 27, 2017

JAN LYNN OWEN  
Commissioner of Business Oversight

19 By: \_\_\_\_\_  
20 MARY ANN SMITH  
21 Deputy Commissioner  
22 Enforcement Division  
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