

1 PRESTON DUFAUCHARD
California Corporations Commissioner
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9
10 BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

11 In the Matter of the Accusation of THE) File No.: 413-0318
12 CALIFORNIA CORPORATIONS)
COMMISSIONER,)
13) **ACCUSATION**
Complainant,)
14)
15 v.)
16 First NLC Financial Services, LLC, doing)
business as The Lending Center)
17)
18 Respondent.)
19 _____)

20 The Complainant, California Corporations Commissioner ("Commissioner"), is informed and
21 believes, and based upon such information and belief, alleges and charges Respondent as follows:

22 **I.**

23 Respondent First NLC Financial Services, LLC, doing business as The Lending Center,
24 ("First NLC") is a residential mortgage lender licensed by the Commissioner pursuant to the
25 California Residential Mortgage Lending Act (California Financial Code, § 50000 *et seq.*)
26 ("CRMLA"). First NLC has its principal place of business located at 4680 Conference Way South,
27 Boca Raton, Florida 33431.

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II.

Pursuant to California Financial Code sections 50307 and 50401 and California Code of Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file the following annual reports with the Commissioner: (1) Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity Report"); (2) Report on Non-traditional, Adjustable Rate and Mortgage Loan Products ("Non-traditional Report"); and (3) Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey"). The Activity Report, Non-traditional Report, and Survey must be filed with the Commissioner on or before March 1st of each year for the preceding twelve (12) month period ending December 31.

On or about February 1, 2008, an Activity Report form, Non-traditional Report form and Survey were sent to all CRMLA licensees, including First NLC, with a notice stating that these reports were due on or before March 1, 2008. The Commissioner assessed a penalty of one thousand dollars (\$1,000.00), pursuant to California Financial Code section 50326, for the failure to submit these reports on or about May 15, 2008. To date, First NLC has not submitted the Activity Report, the Non-traditional Report or the Survey to the Commissioner or paid the assessed penalty.

III.

Pursuant to California Financial Code section 50200, all licensees under the CRMLA are required to file audited financial statements ("Audited Report"), an Independent Auditor's Report on Internal Controls ("Report on Internal Controls"), and its Uniform Single Attestation Program for Mortgage Bankers ("USAP"), or its reconciliation of trust accounts, annually with the Commissioner. First NLC was required to submit these reports for its fiscal year ending December 31, 2007 to the Commissioner on or before April 15, 2008. First NLC did not file these reports.

On or about August 1, 2008, the Department assessed a penalty of one thousand dollars (\$1,000.00) pursuant to California Financial Code section 50326 for failure to file these reports. First NLC was notified that failure to pay the fine might result revocation of First NLC's license pursuant to Financial Code section 50326 and 50327. To date, First NLC has yet to file these reports or pay any of the assessed penalties.

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28**IV.**

On or about January 17, 2008, the Department received a Notice of Bond Cancellation from Hartford Fire Insurance Company that First NLC's bond would be cancelled within thirty (30) days after receipt of the notice. Section 50205 of the California Financial Code requires all CRMLA licensees to maintain a surety bond. On February 19, 2008, an Order to Discontinue Residential Mortgage Lending and/or Servicing Activities Pursuant to Section 50319, California Financial Code was issued. To date, First NLC has not reinstated or replaced the bond, and the order remains in effect.

V.

On or about February 7, 2008, First NLC notified the Department that it intended to surrender its lending license. Section 50123 of the California Financial Code requires a plan of surrender to be filed the Department, with specific information provided to the Department. On or about February 20, 2008, the Department sent a letter to First NLC that provided instructions for the information necessary to complete surrender of First NLC's license. To date, First NLC has not submitted the required information. Pursuant to section 50123 of the CRMLA, a license remains in effect until it has been surrendered, suspended or revoked.

VI.

California Financial Code section 50327 provides in pertinent part:

- (a) The commissioner may, after notice and a 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; or
 - (2) any fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

VII.

The Commissioner finds that, by reason of the foregoing, First NLC has violated California Financial Code sections 50200, 50205, 50307, 50326, 50401 and California Code of Regulations, title 10, section 1950.314.8, and based thereon, grounds exist to revoke First NLC's license as a residential mortgage lender.

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WHEREFORE, IT IS PRAYED that the residential mortgage lender license of First NLC Financial Services, LLC, doing business as The Lending Center be revoked and, pursuant to Financial Code section 50311, First NLC Financial Services, LLC, doing business as The Lending Center be given a transition period of sixty (60) days within which to complete any loans for which it had prior commitments.

DATED: October 30, 2008
 Sacramento, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Joanne Ross
Corporations Counsel