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7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of:) CRMLA LICENSE NO.: 413-0937
)
12 THE COMMISSIONER OF BUSINESS) ACCUSATION
OVERSIGHT,)
)
14 Complainant,)
)
15 v.)
)
16 HIGHTECHLENDING INC.,)
)
17 Respondent.)
)
19)

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

22 **I**

23 **Introduction**

24 1. HighTechLending Inc. (HighTech) is licensed by the Commissioner of Business
25 Oversight (Commissioner) as a residential mortgage lender pursuant to the California Residential
26 Mortgage Lending Act (CRMLA) (Fin. Code §50000 et seq.). HighTech has its principal place of
27 business located at 2030 Main Street, Suite 350, Irvine, California 92614. HighTech currently has
28

1 50 branch office locations under its CRMLA license located in California and elsewhere. HighTech
2 employs mortgage loan originators in its CRMLA business.

3 **II**

4 **Unlicensed Servicing**

5 2. Pursuant to Financial Code section 50002 of the CRMLA, it is illegal to engage in the
6 business of servicing residential mortgage loans without first obtaining a license from the
7 Commissioner.

8 3. Financial Code section 50003, subdivision (g) defines “Engage in the business” as:
9 “The dissemination to the public, or any part of the public, by means of written,
10 printed, or electronic communication or any communication by means of recorded
11 telephone messages or spoken on radio, television, or similar communications
12 media, **of any information relating to the making of residential mortgage loans,**
13 **the servicing of residential mortgage loans,** or both. **‘Engage in the business’**
14 **also means,** without limitation, making residential mortgage loans or **servicing**
15 **residential mortgage loans,** or both”. (Emphasis added)

16 4. Financial Code section 50003, subdivision (q) defines “mortgage servicer” or
17 “residential mortgage loan servicer” as:
18 “a person that (1) is an approved servicer for the Federal Housing Administration,
19 Veterans Administration, Farmers Home Administration, Government National
20 Mortgage Association, Federal national Mortgage Association, or Federal Home
21 Loan Mortgage Corporation, and directly services or **offers to service mortgage**
22 **loans.**” (Emphasis added).

23 5. Financial Code section 50003, subdivision (x) defines “service” or “servicing” as:
24 “receiving more than three instalment payments of principal, interest, or other
25 amounts held in escrow, pursuant to the terms of a mortgage loan and performing
26 services by a licensee relating to that receipt or the enforcement of its receipt, on
27 behalf of the holder of the note evidencing the loan.”

28 6. On or about August 4, 2014, the Department of Business Oversight (Department)
notified HighTech through the Nationwide Mortgage Licensing System (NMLS) that it may be
engaging in residential mortgage loan servicing without a license in California by posting the
following license item: “[i]ncluded in the company’s audited financial statements is an account
called ‘Mortgage Servicing Rights’ which indicate the company may be engaged in servicing
activity in the state. Since the company is currently licensed as a lender, you will have to refer to the

1 amendment checklist in NMLS for the required documents needed to update the license status of the
2 company in the state.”

3 7. On or about November 20, 2014, HighTech applied to add residential mortgage loan
4 servicing authority to its CRMLA license by submitting a California Residential Mortgage Lending
5 Act Amendment to the Commissioner.

6 8. On or about December 3, 2014, the Department posted the following notice to
7 HighTech in NMLS: “[t]he Business Activities section of the MU1 was amended on 10/08/14 to add
8 ‘Master Servicing’ activity for CA. Please submit a completed Amendment Checklist for Change of
9 License Authority to add mortgage loan servicer authority to your license authority.”

10 9. On or about December 3, 2014, HighTech emailed the Department a copy of the
11 California Residential Mortgage Lending Act Amendment it had submitted on or about November
12 20, 2014.

13 10. On or about November 17, 2015, the Department posted the following notice to
14 HighTech in NMLS: “[p]lease upload a CRMLA business plan for your proposed servicing activity.
15 Your servicing plan of business must also include a copy of your ‘Loss Mitigation Policy and
16 Procedures’ which is in compliance with California Homeowner Bill of Rights (HBOR).”

17 11. On or about February 2, 2016, the Commissioner, by and through staff, commenced a
18 regulatory examination of the books and records of HighTech under the CRMLA (“regulatory
19 examination”). The regulatory examination disclosed that HighTech was engaged in the business of
20 servicing residential mortgage loans without a license in California in violation Financial Code
21 section 50002.

22 12. The regulatory examination disclosed a subservicing agreement entered into between
23 HighTech and Dovenmuehle Mortgage, Inc. (Dovenmuehle) on June 8, 2012 wherein Dovenmuehle
24 would service mortgage loans in which HighTech was the owner of the servicing rights.

25 13. A loan servicing report provided by HighTech during the regulatory examination
26 disclosed that HighTech, through Dovenmuehle, had been continuously servicing loans in California
27 since March 2013. The loan servicing report revealed 192 loans being serviced as of December
28 2015.

1 HighTech for at least 192 violations of Financial Code section 50002, engaging in unlicensed
2 servicing activities, according to proof, but in an amount of at least \$250.00 per violation.

3 Dated: May 16, 2017
4 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

5 By _____
6 Judy L. Hartley
7 Senior Counsel
8 Enforcement Division
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