

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN M. ROONEY
Assistant Chief Counsel
3 JUDY L. HARTLEY (State Bar No. 110628)
Senior Counsel
4 Department of Business Oversight
320 West 4th Street, Ste. 750
5 Los Angeles, California 90013-2344
Telephone: (213) 576-7604
6 Facsimile: (213) 576-7181

7 Attorneys for Complainant

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

10
11 In the Matter of:)
)
12 THE COMMISSIONER OF BUSINESS) CRMLA LICENSE NO.: 413-0749
13 OVERSIGHT,)
) CFLL LICENSE NO.: 603-I908
14 Complainant,)
) ACCUSATION
15 v.)
)
16 HOMEBRIDGE FINANCIAL SERVICES,)
17 INC.,)
)
18 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. HomeBridge Financial Services, Inc. (HomeBridge) is a residential mortgage lender
25 and servicer licensed by the Commissioner of Business Oversight (Commissioner) pursuant to the
26 California Residential Mortgage Lending Act (CRMLA) (Financial Code §50000 et seq.).
27 HomeBridge was formerly known as Real Estate Mortgage Network, Inc. HomeBridge has its
28 principal place of business located at 194 Wood Avenue South, Ninth Floor, Iselin, New Jersey

ACCUSATION

1 08830. HomeBridge currently has 90 branch office locations under its CRMLA license located in
2 California, and other states. HomeBridge employs mortgage loan originators in its CRMLA
3 business. HomeBridge has been approved to do business under its CRMLA licenses under the
4 names FinanceMyHome.com, HomeBridge, Menlo Park Funding, and Real Estate Mortgage
5 Network.

6 2. HomeBridge is also licensed by the Commissioner as a finance lender and broker
7 pursuant to the California Finance Lenders Law (CFL) (Financial Code § 22000 et seq.).
8 HomeBridge has its principal place of business under the CFL also located at 194 Wood Avenue
9 South, Ninth Floor, Iselin, New Jersey 08830. HomeBridge does not currently have any branch
10 office locations under its CFL license. . HomeBridge has been approved to do business under its
11 CFL license under the names FinanceMyHome.com, HomeBridge, Menlo Park Funding, and Real
12 Estate Mortgage Network.

13 II

14 **July 9, 2013 Order To Discontinue Violations**

15 3. On or about July 9, 2013, the Commissioner issued an Order to Discontinue
16 Violations Pursuant to California Financial Code Section 50321 against HomeBridge for violations
17 involving trust account shortages (“Order to Discontinue Violations”). Pursuant to the Order to
18 Discontinue Violations, HomeBridge was ordered, among other things, to immediately discontinue
19 causing debit balances to exist in the trust accounts. On or about September 9, 2013, the
20 Commissioner and HomeBridge entered into a settlement agreement wherein HomeBridge stipulated
21 to the finality of the Order.

22 III

23 **CRMLA Violations**

24 4. On or about February 22, 2016, the Commissioner commenced a regulatory
25 examination of the books and records of HomeBridge under the CRMLA (2016 regulatory
26 examination). The 2016 regulatory examination disclosed that HomeBridge (i) was failing to
27 properly reconcile certain of its trust accounts in violation of Financial Code section 50314 and
28 California Code of Regulations, title 10, section 1950.314.1; (ii) was commingling its own funds

1 with trust funds in violation of Financial Code section 50202, subdivision (a); and (iii) was causing
2 debit balances (shortages) to exist in certain of its trust accounts in violation of California Code of
3 Regulations, title 10, section 1950.314.6.

4 5. In 2015, HomeBridge maintained the relevant trust accounts at JP Morgan Chase
5 Bank. The trust account ending in 2857 was the trust account for tax and insurance (Escrow) and
6 mortgage insurance premium (MIP) trust funds. Although deposited into one trust account,
7 HomeBridge separates the Escrow and MIP trust funds into two separate liability subsidiary ledgers.
8 The trust accounts ending in 0570 and 1320 were the trust accounts for repair trust funds (Repair) for
9 Ginnie Mae and other investors. Although deposited into two trust accounts, HomeBridge maintains
10 only one liability subsidiary ledger for both Ginnie Mae and non-Ginnie Mae investor repair funds.
11 The trust funds held in the JP Morgan Chase Trust Accounts are to be held until time for
12 disbursement to the tax authority, insurance company, contractor, etc.

13 6. A review of the trust account reconciliations for November 30, 2015 disclosed that
14 HomeBridge had failed to properly reconcile the Escrow and MIP account for the period ended
15 November 30, 2015 due to an overage of funds in the Escrow and MIP trust account of
16 \$1,376,954.27. An overage of monies in a trust account(s) indicates the existence of company funds
17 on deposit in a trust account, which constitutes commingling in violation of Financial Code section
18 50202, subdivision (a), except as allowed to prevent a debit balance.

19 7. The trust account reconciliation review further disclosed that HomeBridge had failed
20 to properly reconcile the Repair trust accounts for the period ended November 30, 2015 due to an a
21 debit balance (shortage) of funds in the Repair trust accounts of \$1,155,853.10. California Code of
22 Regulations, title 10, section 1950.314.6 prohibits debit balances in any loan or servicing account
23 maintained by CRMLA licensees. Section 1950.314.6 does allow CRMLA licensees to advance
24 funds on behalf of a loan or servicing account for purposes of payment of taxes, insurance, and other
25 payments, if such a payment is required and the account has insufficient funds to its credit to cover
26 such required payment.

IV

Finance Lender/Broker Licenses

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3 8. The violations of the CRMLA described above, if committed by HomeBridge on or
4 before having originally sought a license from the Commissioner under the CFLL, would have
5 constituted grounds for the Commissioner to deny the license application of HomeBridge under
6 Financial Code section 22109. Pursuant to Financial Code section 22714, the Commissioner may
7 suspend any license if “a fact or condition exists that, if it had existed at the time of the original
8 application for the license, reasonably would have warranted the commissioner in refusing to issue
9 the license originally.” Pursuant to Financial Code section 22109, the Commissioner may refuse to
10 issue a license if the “applicant . . . has violated any provision of this division or the rules thereunder
11 or any similar regulatory scheme of the State of California . . .” Thus, a fact or condition now exists
12 that, if it had existed at the time of the original application of HomeBridge for a license under the
13 CFLL, reasonably would have warranted the Commissioner in refusing to issue the license.

V

CRMLA Suspension/Penalty Statutes

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16 9. Financial Code section 50327 provides in pertinent part:
17 (a) The commissioner may, after notice and a reasonable opportunity to
18 be heard, suspend or revoke any license, if the commissioner finds that:
19 (1) the licensee has violated any provision of this division or rule or order
20 of the commissioner thereunder; or (2) any fact or condition exists that, if
21 it had existed at the time of the original application for license, reasonably
22 would have warranted the commissioner in refusing to issue the license originally.
- 23 10. Financial Code section 50513 provides in pertinent part:
24 (a) The commissioner may do one or more of the following:
25 (4) Impose fines on a mortgage loan originator or any residential mortgage
26 lender or servicer licensee employing a mortgage loan originator pursuant
27 to subdivisions (b), (c), and (d).
28 (b) The commissioner may impose a civil penalty on a mortgage loan originator
or any residential mortgage lender or servicer licensee employing a mortgage
loan originator, if the commissioner finds, on the record after notice and

1 opportunity for hearing, that the mortgage loan originator or any residential
2 mortgage lender or servicer licensee employing a mortgage loan originator
3 has violated or failed to comply with any requirement of this division or any
4 regulation prescribed by the commissioner under this division or order issued
5 under authority of this division.

6 (c) The maximum amount of penalty for each act or omission described in
7 subdivision (b) shall be twenty-five thousand dollars (\$25,000).

8 (d) Each violation or failure to comply with any directive or
9 order of the commissioner is a separate and distinct violation or
10 failure.

11 VI

12 Conclusion

13 11. The Commissioner finds that, by reason of the foregoing, HomeBridge has violated
14 Financial Code sections 50202, subdivision (a) and 50314 and California Code of Regulations, title
15 10, sections 1950.314.1 and 1950.314.6 and an order of the Commissioner, and a fact or condition
16 now exists, that if it had existed at the time of original licensure under the CFLL, reasonably would
17 have warranted the Commissioner in refusing to issue the CFLL license, and based thereon, grounds
18 exist to (i) suspend the residential mortgage lender and servicer licenses and the finance lender and
19 broker license of HomeBridge, and (ii) assess penalties against HomeBridge pursuant to Financial
20 Code section 50513, subdivision (b).

21 VII

22 Prayer

23 WHEREFORE, IT IS PRAYED that:

- 24 1. Pursuant to Financial Code section 50327, the residential mortgage lender and
25 servicer licenses of HomeBridge be suspended for a period of up to 12 months;
- 26 2. Pursuant to Financial Code section 22714, the finance lender and broker license of
27 HomeBridge be suspended for a period of up to 12 months;
- 28 3. Pursuant to Financial Code section 50513, subdivision (b), a penalty be levied against
HomeBridge for failure to properly reconcile its trust accounts on a monthly basis, in violation of
Financial Code section 50314 and California Code of Regulations, title 10, section 1950.314.1
according to proof, but in an amount of at least \$15,000.00.

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4. Pursuant to the Financial Code section 50513, subdivision (b), a penalty be levied against HomeBridge for commingling its own funds with trust funds in violation of Financial Code section 50202, subdivision (a) according to proof, but in an amount of at least \$15,000.00;

5. Pursuant to the Financial Code section 50513, subdivision (b), a penalty be levied against HomeBridge for causing debit balances (shortages) to exist in its Repair trust accounts in violation of California Code of Regulations, title 10, section 1950.314.6 according to proof, but in an amount of at least \$25,000.00; and

6. Pursuant to the Financial Code section 50513, subdivision (b), penalties be levied against HomeBridge for violation of an Order, according to proof, but in an amount of at least \$25,000.00;

Dated: January 24, 2017
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Counsel
Enforcement Division