

1 MARY ANN SMITH
Deputy Commissioner
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4 Department of Business Oversight
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7 Attorneys for Complainant

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

11 In the Matter of:)	OAH No. 2017030448
)	
12 THE COMMISSIONER OF BUSINESS)	CRMLA LICENSE No.: 413-0749
13 OVERSIGHT,)	
)	CFLI LICENSE NO.: 603-I908
14 Complainant,)	
)	SETTLEMENT AGREEMENT
15 v.)	
)	
16 HOMEBRIDGE FINANCIAL SERVICES,)	
17 INC.,)	
)	
18 Respondent.)	
)	

20 This Agreement is entered into between Respondent HomeBridge Financial Services, Inc.
21 (HomeBridge) and Complainant the Commissioner of Business Oversight (Commissioner), and is
22 made with respect to the following facts:

23 **RECITALS**

24 A. The Department of Business Oversight (Department), through the Commissioner, has
25 jurisdiction over the licensing and regulation of persons and entities engaged in the business of
26 lending and/or servicing pursuant to the California Residential Mortgage Lending Act (CRMLA)
27 (Financial Code §50000 et seq.) and lending and/or brokering under the California Finance Lenders
28 Law (CFLI) (Financial Code § 22000 et seq.), including mortgage loan originators.

1 B. HomeBridge is a corporation in good standing, duly formed and existing pursuant to
2 the laws of the State of New Jersey, and authorized to conduct business in the State of California.

3 C. HomeBridge is a residential mortgage lender and servicer licensed by the
4 Commissioner pursuant to the CRMLA. HomeBridge was formerly known as Real Estate Mortgage
5 Network, Inc. HomeBridge has its principal place of business located at 194 Wood Avenue South,
6 Ninth Floor, Iselin, New Jersey 08830. HomeBridge currently has 81 branch office locations under
7 its CRMLA license located in California, and other states. HomeBridge employs mortgage loan
8 originators in its CRMLA business. HomeBridge has been approved to do business under its
9 CRMLA licenses under the names FinanceMyHome.com, HomeBridge, Menlo Park Funding, and
10 Real Estate Mortgage Network.

11 D. HomeBridge is also licensed by the Commissioner as a finance lender and broker
12 pursuant to the CFLL. HomeBridge has its principal place of business under the CFLL also located
13 at 194 Wood Avenue South, Ninth Floor, Iselin, New Jersey 08830. HomeBridge does not currently
14 have any branch office locations under its CFLL license. HomeBridge has been approved to do
15 business under its CFLL license under the names FinanceMyHome.com, HomeBridge, Menlo Park
16 Funding, and Real Estate Mortgage Network.

17 E. On January 31, 2017, HomeBridge was personally served by the Commissioner with
18 the following documents: (1) Notice of Intention to Issue Orders Suspending Residential Mortgage
19 Lender and/or Servicer and Finance Lender and/or Broker Licenses and to Levy Penalties; (2)
20 Accusation; (3) Statement to Respondent, (4) Government Code Section 11507, 11057.6, 11507.7
21 relating to discovery, and (5) Notice of Defense dated January 24, 2017 (Accusation).

22 F. HomeBridge has filed a Notice of Defense with the Commissioner regarding the
23 Accusation and a trial has been scheduled before the Los Angeles Office of Administrative Hearings
24 for October 16 through 20, 2017.

25 G. The Commissioner acknowledges that HomeBridge has submitted information,
26 including a hypothetical trust account reconciliation, demonstrating that it has adopted new policies
27 and procedures addressing the issues described in the Accusation. The Commissioner has reviewed
28

1 this information, and has determined that these new policies and procedures address the issues
2 described in the Accusation.

3 H. It is the intention and desire of the parties to resolve this matter without the necessity
4 of a hearing and/or other litigation.

5 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
6 forth herein, the parties agree as follows:

7 **TERMS AND CONDITIONS**

8 1. Purpose. This Agreement is entered into for the purpose of judicial economy and
9 expediency, and to avoid the expense of a hearing, and possible further court proceedings.

10 2. Final Order to Discontinue Violations: In accordance with Financial Code section
11 50321, HomeBridge stipulates that it is ordered to immediately discontinue the violations alleged in
12 the Accusation, which include (i) failing to properly reconcile its trust accounts in violation of
13 Financial Code section 50314 and California Code of Regulations, title 10, section 1950.314.1; (ii)
14 commingling its own funds with trust funds in violation of Financial Code section 50202,
15 subdivision (a); and (iii) causing debit balances (shortages) to exist in its trust accounts, to include
16 debit balances in the individual loan accounts, in violation of California Code of Regulations, title
17 10, section 1950.314.6. A copy of the Order to Discontinue Violations is attached and incorporated
18 as Exhibit A.

19 3. Administrative Penalty. HomeBridge agrees to pay to the Commissioner an
20 administrative penalty in the amount of \$80,000.00 payable contemporaneously with its signing of
21 this Agreement. The payment shall be made by Electronic Funds Transfer to the account of the
22 Department of Business of Oversight. The payment should reference the following case: *Department*
23 *of Business Oversight v. HomeBridge Financial Services, Inc.*, OAH No. 2017030448.

24 4. Waiver of Hearing Rights. HomeBridge acknowledges its right to an administrative
25 hearing under the CRMLA and CFLL in connection with the Accusation and hereby waives that
26 right to a hearing, and to any reconsideration, appeal, or other rights which may be afforded pursuant
27 to the CRMLA, the CFLL, the California Administrative Procedure Act, the California Code of Civil
28 Procedure, or any other provision of law in connection with these matters.

1 5. Effect of Agreement on License. In consideration of the information provided to the
2 Commissioner by HomeBridge as described in paragraph G above and HomeBridge’s agreement to
3 the Order to Discontinue Violations and payment of penalties as provided for in paragraphs 2 and 3
4 above, the Commissioner hereby agrees that, except as otherwise set forth in this Agreement, she
5 shall not suspend the residential mortgage lender and servicer licenses or finance lender
6 and/or/broker license of HomeBridge. Accordingly, this Agreement does not affect the licensing
7 status of HomeBridge set forth in paragraphs C and D, above.

8 6. Special Examination. The Commissioner agrees, within three months after the
9 effective date of this Agreement, to conduct a special examination of HomeBridge to determine if
10 HomeBridge is implementing appropriately the new procedures reviewed by the Commissioner as
11 part of this settlement. The special examination shall be limited to reviewing one or more
12 reconciliations of the trust accounts described in the Accusation. The Commissioner shall notify
13 HomeBridge of the findings of the special examination within two months of completion of the
14 special examination. The Commissioner agrees not to impose penalties or other administrative
15 action as a result of the findings of the special examination, provided HomeBridge implements the
16 Department’s recommendations and resolves any findings arising from the special examination by
17 the next monthly reconciliation occurring at least 30 days after receipt of the Department’s findings
18 and recommendations.

19 7. Information Willfully Withheld. This Agreement may be revoked and the
20 Commissioner may pursue any and all remedies available under law against HomeBridge if the
21 Commissioner later discovers that HomeBridge knowingly or willfully withheld information used
22 for and relied upon in this Agreement.

23 8. Binding. This Agreement is binding on all heirs, assigns, and/or successors in
24 interest.

25 9. Third Party Actions. This Agreement does not create any private rights or remedies
26 against HomeBridge, create any liability for HomeBridge or limit defenses of HomeBridge for any
27 person or entity not a party to this Agreement.
28

1 10. Full and Final Settlement. The parties hereby acknowledge and agree that this
2 Agreement is intended to constitute a full, final, and complete resolution of the Accusation, and that
3 no further proceedings or actions will be brought by the Commissioner in connection with these
4 matters either under the CRMLA, CFLL, or any other provision of law, excepting therefrom any
5 proceeding to enforce compliance with the terms of this Agreement.

6 11. Commissioner’s Duties: The parties acknowledge and agree that nothing contained
7 in this Agreement shall operate to limit the Commissioner’s ability to assist any other agency,
8 whether city, county, state or federal, with any prosecution, whether administrative, civil or criminal,
9 brought by any such agency against HomeBridge or any other person based upon any of the
10 activities alleged in these matters or otherwise.

11 12. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
12 has received independent advice from its attorney(s) and/or representatives with respect to the
13 advisability of executing this Agreement.

14 13. Reliance. Each of the parties represents, warrants, and agrees that in executing this
15 Agreement it has relied solely on the statements set forth herein and the advice of its own counsel
16 and/or representative. Each of the parties further represents, warrants, and agrees that in executing
17 this Agreement it has placed no reliance on any statement, representation, or promise of any other
18 party, or any other person or entity not expressly set forth herein, or upon the failure of any party or
19 any other person or entity to make any statement, representation or disclosure of anything
20 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in
21 any way fraudulently induced to execute this Agreement, and (2) to preclude the introduction of
22 parol evidence to vary, interpret, supplement, or contradict the terms of this Agreement.

23 14. Full Integration. This Agreement is the final written expression and the complete and
24 exclusive statement of all the agreements, conditions, promises, representations, and covenants
25 between the parties with respect to the subject matter hereof, and supersedes all prior or
26 contemporaneous agreements, negotiations, representations, understandings, and discussions
27 between and among the parties, their respective representatives, and any other person or entity, with
28 respect to the subject matter covered hereby.

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To the Commissioner: Judy L. Hartley, Esq.
Senior Counsel
Department of Business Oversight
320 W. 4th Street, Suite 750
Los Angeles, California 90013-2344
judy.hartley@dbo.ca.gov

21. Public Record. HomeBridge acknowledges that this Agreement is a public record.

22. Settlement Authority. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Agreement.

Dated: 8/31/17 JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner

Dated: 8/30/17 HOMEBRIDGE FINANCIAL SERVICES, INC.

By _____
JOE SHERIDAN, Chief Operating Officer

APPROVED AS TO FORM:
BUCKLEY SANDLER LLP

By _____
FREDRICK S. LEVIN, ESQ. attorneys for
HOMEBRIDGE FINANCIAL SERVICES, INC.

Commissioner of Business Oversight

By _____
JUDY L. HARTLEY, ESQ.
Senior Counsel