

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN S. WEINGER (CA BAR NO. 86717)
Lead Corporations Counsel
4 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
5 Department of Corporations
320 West 4th Street, Ste. 750
6 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

7 Attorneys for Complainant
8

9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA
11

12 In the Matter of the Accusation of THE) File No.: 413-0331
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ORDER REVOKING RESIDENTIAL
14) MORTGAGE LENDER LICENSE
Complainant,)
15)
16 vs.)
17 HOME123 CORPORATION,)
18 Respondent.)
19)
20)

21 The California Corporations Commissioner (“Commissioner”) finds that:

22 1. Respondent Home123 (“Home123”) is a residential mortgage lender licensed by the
23 California Corporations Commissioner (“Commissioner”) pursuant to the California Residential
24 Mortgage Lending Act (California Financial Code § 50000 et seq.) (“CRMLA”). Home123 has its
25 main office located at 3351 Michelson Drive, Suite 400, California 92612.

26 2. Pursuant to California Financial Code section 50200, Home 123 was required to
27 submit its audited financial statement for its fiscal year ended December 31, 2006 (“audit report”) to
28

1 the Commissioner by April 15, 2007. Home123 has yet to file its audit report with the
2 Commissioner despite numerous reminders.

3 3. On December 11, 2006, the Commissioner notified Home123 in writing that its audit
4 report was due April 15, 2007. Home123 failed to submit the audit report by April 15, 2007.

5 4. On June 13, 2007, a further letter was sent to Home123 demanding that the audit
6 report be filed no later than June 23, 2007. Home123 was notified in the letter that failure to file the
7 audit report by June 23, 2007 would result in an action to either suspend or revoke its license. The
8 June 13, 2007 letter further instructed Home123 regarding the requirements of filing its Report on
9 Internal Controls and an Independent Auditor’s report conducted in accordance with the
10 Consolidated Audit Guide for Audits of HUD Programs, if applicable, for the year ending December
11 31, 2006 with the annual audit report.

12 5. On June 18, 2007, Home 123, notified the Commissioner that it would not be able to
13 submit the audit report, Report on Internal Controls and an Independent Auditor’s report conducted
14 in accordance with the Consolidated Audit Guide for Audits of HUD Programs due to its
15 bankruptcy. Home123 requested an alternative such as un-audited financial statements. However,
16 Financial Code section 17200 requires that the audit report contain audited financial statements.

17 6. Home123 has yet to file the audit report, Report on Internal Controls or Independent
18 Auditor’s report conducted in accordance with the Consolidated Audit Guide for Audits of HUD
19 Programs or Report on Internal Controls as required by Financial Code section 50200.

20 7. Pursuant to Financial Code section 50205, all CRMLA licensees are required to
21 maintain a surety bond in the minimum amount of \$50,000.00. The surety bond of Home123
22 expired on May 1, 2007, and no replacement was obtained by Home123.

23 8. On May 1, 2007, the Commissioner issued an Order to Discontinue Residential
24 Mortgage Lending and/or Servicing Activities to Respondent pursuant to Financial Code section
25 50319 for failure to maintain the required surety bond. This Order was served on Home123 on
26 May 1, 2007.

27 9. Home123 has yet to obtain a replacement surety bond in violation of Financial Code
28 section 50205.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

10. Failure to file an audit report and/or maintain a surety bond are grounds under California Financial Code section 50327 for the revocation of a license issued under the CRMLA.

11. On September 12, 2007, the Commissioner issued a Notice of Intention to Issue Order Revoking Residential Mortgage Lender License, Accusation, and accompanying documents against Home123 based upon the above, and Home123 was served with those documents on September 12, 2007 via certified, return-receipt mail at its licensed main office location on file with the California Department of Corporations and on its registered agent for service of process in California. The Department has received no request for a hearing from Home123 and the time to request a hearing has expired.

NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential mortgage lender license issued by the Commissioner to Home123 is hereby revoked. This order is effective as of the date hereof. Pursuant to California Financial Code section 50311, Home123 has sixty days within which to complete any loans for which it had commitments.

Dated: October 4, 2007
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Lead Corporations Counsel