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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA
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11 In the Matter of:)	CRMLA LICENSE NO.: 413-0272
12 THE COMMISSIONER OF BUSINESS)	STATEMENT OF FACTS IN SUPPORT OF
13 OVERSIGHT,)	ORDER TO DISCONTINUE VIOLATIONS
14 Complainant,)	PURSUANT TO FINANCIAL CODE
15 v.)	SECTION 50321 AND NOTICE OF INTENT
16)	TO MAKE ORDER FINAL
17 iFREEDOM DIRECT CORPORATION,)	
18 Respondent.)	
19)	
20)	

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22 The Complainant, the Commissioner of Business Oversight (Commissioner), alleges and
23 charges Respondent iFreedom Direct Corporation (iFreedom) as follows:

24 **I.**
25 **INTRODUCTION**

26 1. The Commissioner brings this action under Financial Code section 50321. The
27 Commissioner is authorized to administer and enforce the provisions of the California Residential
28 Mortgage Lending Act (Fin. Code, § 50000 et seq.) (CRMLA) and the rules promulgated thereunder

1 (Cal. Code Regs., tit. 10, § 1950.003 et seq.) that regulate the business and activities of residential
2 mortgage lenders and servicers.

3 2. iFreedom is a residential mortgage lender and servicer licensed by the Commissioner
4 pursuant to the CRMLA. iFreedom has its place of business located at 124 N. Charles Lindberg
5 Drive, Salt Lake City, Utah 84116. iFreedom employs mortgage loan originators in its CRMLA
6 business.

7 **II.**
8 **CRMLA VIOLATIONS**

9 3. On or about April 4, 2016, the Commissioner commenced a regulatory examination of
10 the books and records of iFreedom under the CRMLA. Based on this examination, the
11 Commissioner found violations of the CRMLA which were explained in two examination reports
12 dated July 28, 2016 and November 14, 2016.

13 4. Financial Code section 50307 requires each residential mortgage lender or servicer to
14 file an annual report known as the “Principal Amount of Loans Originated and Aggregate Amount of
15 Loans Serviced” report (“Annual Report”). Although iFreedom filed its Annual Report with the
16 Commissioner each year since 2009, iFreedom failed to report servicing activity of its subservicer,
17 Central Loan Administration, on each report. This report is filed under penalty of perjury. In its
18 examination report of November 14, 2016, the Commissioner requested iFreedom to report its
19 servicing activity in corrected annual reports and/or in the Mortgage Call Report filed through the
20 Nationwide Mortgage Licensing System. To date, iFreedom has failed to provide corrected reports.

21 5. In the examination report of November 14, 2016, the Commissioner requested
22 iFreedom to report its servicing activity in corrected annual reports and/or in the Mortgage Call
23 Report filed through the Nationwide Mortgage Licensing System & Registry. To date, iFreedom has
24 failed to provide corrected reports to the Commissioner.

25 6. Financial Code section 50204, subdivision (i), prohibits an unlawful act in violation of
26 Business and Professions Code section 17200. Civil Code section 2923.5, subdivision (e), requires a
27 mortgage servicer to post a prominent link on the homepage of its Internet website which must
28 include the following:

1 (a) Options that may be available to borrowers who are unable to afford their mortgage
 2 payments and who wish to avoid foreclosure, and instructions to borrowers advising them of steps to
 3 take to explore those options.

4 (b) A list of financial documents borrowers should collect and be prepared to present to
 5 the mortgage, beneficiary, or authorized agent when discussing options for avoiding foreclosure.

6 (c) A toll-free telephone number for borrowers who wish to discuss options for avoiding
 7 foreclosure with their mortgage, beneficiary, or authorized agent.

8 (d) The toll-free telephone number made available by HUD to find a HUD-certified
 9 housing counseling agency.

10 7. As cited in the Commissioner’s examination reports, iFreedom did not have a
 11 prominent link on its website, as required by law. To date, iFreedom has not submitted to the
 12 Commissioner the requested corrective action to comply with the law.

13 8. Financial Code section 50204, subdivision (o), and Civil Code section 2948.5 provide
 14 that a borrower shall not be required to pay interest on a loan more than one day prior to the date the
 15 loan proceeds are disbursed to the borrower, as specified. iFreedom overcharged interest to
 16 borrowers on the following two (2) of sixteen (16) loan files reviewed during the examination:

Loan Number	Borrowers	Date Disbursed	Interest Start Date	Interest Charged	Correct Charge	Overcharge	Extra Days
0000481262	JG	07/13/2015	07/10/2015	\$802.65	\$729.68	\$72.97	2
2002012399	JB	01/19/2016	01/15/2016	\$344.76	\$283.89	\$60.87	3

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 21 9. Although the examination report requested refunds for both borrowers, iFreedom
 22 failed to refund overcharged interest to Borrower JG. iFreedom provided an escrow ledger from its
 23 settlement agent, Castlehead, Inc. Escrows, indicating that some loan proceeds were disbursed on
 24 July 13, 2015 (not July 10, 2015 as contended by iFreedom). The examination report of November
 25 14, 2016 requested evidence of either a refund to the borrower, or complete information from the
 26 settlement agent’s escrow ledger to demonstrate the disbursement date. iFreedom failed to provide
 27 that information. Moreover, interest overcharges were noticed in the prior examination that
 28 commenced on November 1, 2011; thus, this is a repeat violation by iFreedom.

1 10. Financial Code section 50321 provides in pertinent part:
2 If, after investigation, the commissioner has reasonable grounds to believe that
3 any licensee has violated its articles of incorporation or any law or rule binding
4 upon it, the commissioner shall, by written order addressed to the licensee, direct
5 the discontinuance of the violation. The order shall be effective immediately, but
6 shall not become final except in accordance with the provisions of Section 50323.

7 11. Financial Code section 50323 provides:
8 (a) No order issued pursuant to Section 50321 or 50322 may become final except
9 after notice to the affected licensee of the commissioner's intention to make the
10 order final and of the reasons for the finding. The commissioner shall also notify
11 the licensee that upon receiving a request the matter will be set for hearing to
12 commence within 15 business days after receipt. The licensee may consent to
13 have the hearing commence at a later date. If no hearing is requested within 30
14 days after the mailing or service of the required notice, and none is ordered by the
15 commissioner, the order may become final without hearing and the licensee shall
16 immediately discontinue the practices named in the order. If a hearing is
17 requested or ordered, it shall be held in accordance with the provisions of the
18 Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of
19 Part 1 of Division 3 of Title 2 of the Government Code), and the commissioner
20 shall have all of the powers granted under that act. If, upon the hearing, it appears
21 to the commissioner that the licensee is conducting business in an unsafe and
22 injurious manner or is violating its articles of incorporation or any law of this
23 state, or any rule binding upon it, the commissioner shall make the order of
24 discontinuance final and the licensee shall immediately discontinue the practices
25 named in the order.
26 (b) The licensee has 10 days after an order is made final to commence an action to
27 restrain enforcement of the order. If the enforcement of the order is not enjoined
28 within 10 days by the court in which the action is brought, the licensee shall
29 comply with the order.

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WHEREFORE, GOOD CAUSE SHOWING, the Commissioner is issuing an Order to Discontinue Violations Pursuant to Financial Code Section 50321 and notifying iFreedom Direct Corporation of her intention to make the order final.

Dated: May 26, 2017
Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
Timothy L. Le Bas
Senior Counsel