

1 PRESTON DUFAUCHARD
2 CALIFORNIA CORPORATIONS COMMISSIONER
3 ALAN S. WEINGER (CA BAR NO. 86717)
4 DEPUTY COMMISSIONER
5 320 WEST 4th Street, Ste. 750
6 LOS ANGELES, CALIFORNIA 90013-1105

7 Attorneys for Complainant

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of the Order of THE) File No. 413 0962
COMMISSIONER OF CORPORATIONS OF)
THE STATE OF CALIFORNIA,)
Complainant,)
vs.)
LEND-MOR MORTGAGE BANKERS CORP.,)
Respondent.)

ORDER TO DISCONTINUE RESIDENTIAL MORTGAGE LENDING
AND/OR SERVICING ACTIVITIES PURSUANT TO
SECTION 50319, CALIFORNIA FINANCIAL CODE

TO: LEND-MOR MORTGAGE BANKERS CORP.
30 WEST MERRICK ROAD
VALLEY STREAM, NY 11580

THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA
FINDS THAT:

LEND-MOR MORTGAGE BANKERS CORP. has failed to comply with the bonding
requirements of the California Residential Mortgage Lending Act (California Financial Code
Section 50000 et seq.) in that effective February 9, 2011 Bond No. 285031561 issued by LIBERTY

1 MUTUAL INSURANCE COMPANY in favor of LEND-MOR MORTGAGE BANKERS CORP.
2 expired and no replacement bond has been obtained.

3
4 Based on the foregoing, Respondent is conducting residential mortgage lending
5 and/or servicing business in violation of Section 50205 of the Financial Code and is conducting
6 business in such an unsafe and injurious manner as to render further operations hazardous to the
7 public or to customers.

8 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
9 THEREFORE, it is hereby ORDERED, under the provisions of Section 50319 of the California
10 Financial Code, LEND-MOR MORTGAGE BANKERS CORP. immediately discontinue the
11 disbursement, in whole or in part, of trust funds held by the licensee and establish a separate trust
12 account for all subsequent trust funds received by the licensee.
13

14
15 THIS ORDER is to remain in full force and effect until further order of the Commissioner.

16 Section 50319 of the Financial Code provides as follows:

17 (a) If the commissioner, as a result of any examination or from any report
18 made to him or her, shall find that any person subject to this division is in an
19 insolvent condition, is conducting business in an unsafe or injurious manner that
20 renders further operations hazardous to the public or to customers, has failed to
21 comply with the provision of Section 50317, has permitted its tangible net worth to
22 be lower than the minimum required by law, or has failed to comply with the
23 bonding requirements of Section 50205, the commissioner may, by an order
24 addressed to and served by registered or certified mail, or by personal service on that
25 person, and on any other person having in his or her possession or control any trust
26 funds or other property deposited in escrow with that person, direct discontinuance
of the disbursement, in whole or in part, of trust funds held by the licensee and order
the establishment of a separate trust account for all subsequent trust funds received
by the licensee. No person having in his or her possession any of these funds or
documents shall be liable for failure to comply with the order unless he or she has
received written notice of the order. Subject to subdivision (b), the order shall
remain in effect until set aside by the commissioner, or the person has been adjudged
bankrupt.

27 (b) Within 15 days from the date of an order pursuant to subdivision (a), the
28 person may request a hearing under the Administrative Procedure Act (Chapter 5
(commencing with Section 11500) of Part 2 of Division 3 of Title 2 of the
Government Code). Upon receiving a request, the matter shall be set for hearing to
commence within 30 days after the receipt unless the person subject to this division
consents to a later date. If no hearing is requested within 15 days after the mailing or

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

service of the notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right to a hearing. Neither the request for a hearing nor the hearing itself shall stay the order issued by the commissioner under subdivision (a).

DATED: February 15, 2011
Los Angeles, California

Preston DuFauchard
California Corporations Commissioner

By _____
DiAun M. Burns
Special Administrator
California Residential Mortgage Lending Act

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 BLAINE A. NOBLETT (BAR NO. 235612)
Corporations Counsel
4 DEPARTMENT OF CORPORATIONS
320 West 4th Street, Suite 750
5 Los Angeles, California 90013-2344
Telephone: (213) 576-1396 Fax: (213) 576-7181
6 Attorneys for Complainant

8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

11 In the Matter of the Accusation of THE) File No.: 413-0962
12 CALIFORNIA CORPORATIONS)
COMMISSIONER,)
13 Complainant,) **ACCUSATION**
14)
15 v.)
16 LEND-MOR MORTGAGE BANKERS)
CORP.,)
17 Respondent.)
18)
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 Respondent Lend-Mor Mortgage Bankers Corp. ("Lend-Mor") is a residential mortgage
24 lender licensed by the California Corporations Commissioner ("Commissioner" or "Complainant")
25 pursuant to the California Residential Mortgage Lending Act (Fin. Code, § 50000 et seq.)
26 ("CRMLA"). Lend-Mor has its principal place of business located at 30 West Merrick Road, Valley
27 Stream, New York.

28 ///

II.

Pursuant to Financial Code sections 50307, 50401, and California Code of Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file an annual Report of Principal Amount of Loans Originated and Aggregate Amount of Loans Serviced for the 12 Month Period Ended December 31, 2010 ("Report"), an annual Non-traditional Adjustable Rate and Mortgage Loan Survey ("Survey"), and an annual Report on Non-traditional, Adjustable Rate and Mortgage Loan Products ("Non-traditional Report") on or before March 1st of each year for the preceding twelve month period ended December 31st.

On or about January 27, 2011, Report forms, Surveys, and Non-traditional Report forms were sent to all CRMLA licensees, including Lend-Mor, with a notice that their reports were due on or before March 1, 2011. Lend-Mor has yet to submit its Report, Survey, or Non-traditional Report to the Commissioner in violation of Financial Code sections 50307, 50401, and California Code of Regulations, title 10, section 1950.314.8.

On June 17, 2011, Lend-Mor was notified in writing that a penalty in the amount of one thousand dollars (\$1,000.00) was assessed pursuant to Financial Code section 50326 due to its failure to file the Report, Survey, and Non-traditional Report. To date the penalty has not been paid.

III.

Pursuant to Financial Code sections 50200, subdivision (a), Lend-Mor was required to submit its audited financial statements for its fiscal year ended December 31, 2010 ("Audit Report") to the Commissioner on or before April 15, 2011, including a reconciliation of its trust accounts. In addition, pursuant to the California Code of Regulations, title 10, section 1950.200, Lend-Mor was required to submit an Independent Auditor's Report on Internal Controls ("Report on Internal Controls") to the Commissioner on or before August 15, 2011. Lend-Mor has yet to file its Audit Report, trust account reconciliation, or Report on Internal Controls with the Commissioner.

On or about December 9, 2010, and again on May 27, 2011, the Complainant notified Lend-Mor in writing that its Audit Report, trust account reconciliation, and Report on Internal Controls were due on or before April 15, 2011. Lend-Mor failed to submit the Audit Report, trust account reconciliation, Report on Internal Controls by the April 15, 2011 deadline.

1 Lend-Mor has yet to file its Audit Report, trust account reconciliation, Report on Internal
2 Controls as required by Financial Code section 50200, subdivision (a) and title 10, section 1950.200
3 of the California Code of Regulations.

4 **IV.**

5 Pursuant to Financial Code section 50205, all licensees under the CRMLA are required to
6 maintain a surety bond. On or about January 10, 2011, the Complainant received a Notice of
7 Cancellation from Liberty Mutual Insurance Company notifying the Commissioner that the surety
8 bond of Lend-Mor would be cancelled effective February 9, 2011. On or about January 14, 2011, the
9 Commissioner sent Lend-Mor a certified letter reminding it that its surety bond needed to be replaced
10 or reinstated before the cancellation date. No replacement bond was obtained or reinstated within the
11 time provided, such that the Commissioner issued an Order to Discontinue Residential Mortgage
12 Lending and/or Servicing Activities Pursuant to Financial Code section 50319 on February 15, 2011.
13 To date the bond has not been reinstated or replaced and the Order has not been set aside.

14 **V.**

15 Financial Code section 50123 requires that prior to surrendering a license, a licensee must file
16 a plan for approval by the Commissioner. The plan must contain the licensee's detailed proposal for
17 orderly closing out of the residential mortgage lending business. In addition, the Commissioner must
18 make a determination that there has been no violation of the CRMLA.

19 On or about January 21, 2011, Lend-Mor, by an undated letter sent to the attention of the
20 Department, notified the Commissioner that it intended to surrender its residential mortgage lender
21 license. On or about February 17, 2011, the Commissioner sent Lend-Mor instructions concerning
22 the manner in which it is required to surrender its license under the CRMLA.

23 Lend-Mor has yet to file its plan for approval by the Commissioner pursuant to Financial
24 Code section 50123 and it is not considered to have surrendered its residential mortgage lender and
25 mortgage loan servicer license for purposes of the CRMLA.

26 ///

27 ///

28 ///

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

VI.

California Financial Code section 50327 provides in pertinent part:

(a) The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if the commissioner finds that: (1) the licensee has violated any provision of this division or any rule or order of the commissioner thereunder; or (2) any fact or condition exists that, if it had existed at the time of the original application for license, reasonably would have warranted the commissioner in refusing to issue the license originally.

VII.

The Commissioner finds that, by reason of the foregoing, Lend-Mor Mortgage Bankers Corp. has violated Code sections 50200, subdivision (a), 50205, 50307, 50401 and California Code of Regulations, title 10, sections 1950.200 and 1950.314.8, and based thereon, grounds exist to revoke the residential mortgage lender and servicer license of Lend-Mor Mortgage Bankers Corp.

WHEREFORE, IT IS PRAYED that the residential mortgage lender license of Lend-Mor Mortgage Bankers Corp. be revoked and pursuant to Financial Code section 50311, Lend-Mor Mortgage Bankers Corp. be given a transition period of sixty (60) days within which to complete any loans for which it had prior commitments.

DATED: September 13, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Blaine A. Noblett
Corporations Counsel
Enforcement Division

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 BLAINE A. NOBLETT (BAR NO. 235612)
Senior Corporations Counsel
4 DEPARTMENT OF CORPORATIONS
320 West 4th Street, Suite 750
5 Los Angeles, California 90013-2344
Telephone: (213) 576-1396 Fax: (213) 576-7181
6 Attorneys for Complainant

8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

11 In the Matter of the Accusation of THE)
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,)

File No.: 413-0962

13 Complainant,)

**ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER LICENSE**

14)
15 v.)

16 LEND-MOR MORTGAGE BANKERS)
CORP.,)

17 Respondent.)
18)
19)

20 The California Corporations Commissioner finds:

21 1. Respondent Lend-Mor Mortgage Bankers Corp. ("Lend-Mor") is a residential
22 mortgage lender licensed by the California Corporations Commissioner ("Commissioner") pursuant
23 to the California Residential Mortgage Lending Act (Fin. Code, § 50000 et seq.) ("CRMLA"). Lend-
24 Mor is a New York corporation, formerly authorized to conduct business in California. Lend-Mor
25 has or had its principal place of business located at 30 West Merrick Road, Valley Stream, New
26 York.

27 2. Pursuant to California Financial Code sections 50307, 50401, and California Code of
28 Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file an

1 annual Report of Principal Amount of Loans Originated and Aggregate Amount of Loans Serviced
2 for the 12 Month Period Ended December 31, 2010 ("Report"), an annual Non-traditional Adjustable
3 Rate and Mortgage Loan Survey ("Survey") and an annual Report on Non-traditional, Adjustable
4 Rate and Mortgage Loan Products ("Non-traditional Report") on or before March 1st of each year for
5 the preceding twelve month period ended December 31st.

6 3. On January 27, 2011, Report forms, Surveys, and Non-traditional Report forms were
7 sent to all CRMLA licensees, including Lend-Mor, with a notice that their reports were due on or
8 before March 1, 2011. Lend-Mor has yet to submit its Report, Survey, or Non-traditional Report to
9 the Commissioner in violation of Financial Code sections 50307, 50401, and California Code of
10 Regulations, title 10, section 1950.314.8.

11 4. On June 17, 2011, Lend-Mor was notified in writing that a penalty in the amount of
12 one thousand (\$1,000.00) was assessed against it pursuant to Financial Code section 50326 due to its
13 failure to file the Report, Survey, and Non-traditional Report. Lend-Mor's penalty remains unpaid.

14 5. Pursuant to Financial Code sections 50200, subdivision (a), Lend-Mor was required to
15 submit its audited financial statement for its fiscal year ended December 31, 2010 ("Audit Report") to
16 the Commissioner on or before April 15, 2011, including a reconciliation of its trust accounts. In
17 addition, pursuant to the California Code of Regulations, title 10, section 1950.200, Lend-Mor was
18 required to submit an Independent Auditor's Report on Internal Controls ("Report on Internal
19 Controls") to the Commissioner on or before April 15, 2011.

20 6. On December 9, 2010, and again on May 27, 2011, the Complainant notified Lend-
21 Mor in writing that its Audit Report, trust account reconciliation, and Report on Internal Controls
22 were due on or before April 15, 2011.

23 7. Lend-Mor has yet to submit the Audit Report, trust account reconciliation, and Report
24 on Internal Controls as required by Financial Code section 50200, subdivision (a), and title 10,
25 section 1950.200 of the California Code of Regulations.

26 8. Pursuant to Financial Code section 50205, all licenses under the CRMLA are required
27 to maintain a surety bond. On February 9, 2011, Liberty Mutual Insurance Company cancelled Lend-
28 Mor's surety bond and that bond has not been reinstated or replaced in violation of Financial Code

1 section 50205.

2 9. Financial Code section 50123 requires that prior to surrendering a license, a licensee
3 must file a plan for approval by the Commissioner. The plan must contain the licensee's detailed
4 proposal for orderly closing out of the residential mortgage lending business. In addition, the
5 Commissioner must make a determination that there has been no violation of the CRMLA.

6 10. On or about January 21, 2011, Lend-Mor, through its president, notified the
7 Commissioner by letter that it intended to surrender its residential mortgage lender license. On or
8 about February 17, 2011, the Commissioner sent Lend-Mor instructions concerning the manner in
9 which it is required to surrender its license under the CRMLA.

10 11. Lend-Mor has yet to file its plan for approval by the Commissioner pursuant to
11 Financial Code section 50123 and it is not considered to have surrendered its residential mortgage
12 lender license for purposes of the CRMLA.

13 12. On September 15, 2011, the Commissioner served Lend-Mor with a Notice of
14 Intention to Issue Order Revoking Residential Mortgage Lender License, Accusation and
15 accompanying documents dated September 13, 2011. The Commissioner has not received a hearing
16 request from Lend-Mor and the time to request a hearing has now expired.

17 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
18 mortgage lender license issued by the Commissioner to Lend-Mor Mortgage Bankers Corp. is hereby
19 revoked. This order is effective as of the date hereof. Pursuant to California Financial Code section
20 50311, Lend-Mor Mortgage Corp. has a transition period of sixty (60) days within which to complete
21 any loans for which it had prior commitments.

22 DATED: October 19, 2011
23 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

24
25 By _____
26 Alan S. Weinger
27 Deputy Commissioner
28 Enforcement Division