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California Corporations Commissioner
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8

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

11 In the Matter of the Accusation of THE) File No.: 413-0166
12 CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ORDER REVOKING RESIDENTIAL
14 Complainant,) MORTGAGE LENDER AND RESIDENTIAL
15 v.) MORTGAGE LOAN SERVICER LICENSE
16 OWNIT MORTGAGE SOLUTIONS, INC.,)
17 Respondent.)
18)

19 The California Corporations Commissioner finds:

20 1. Ownit Mortgage Solutions, Inc. (“Respondent”) is a residential mortgage lender and
21 residential mortgage loan servicer licensed by the Commissioner of Corporations of the State of
22 California (“Commissioner” or “Complainant”) pursuant to the California Residential Mortgage
23 Lending Act (“CRMLA”), California Financial Code section 50000 *et seq.* Respondent’s main
24 office is located at 27349 Agoura Road, Suite 100, Agoura Hills, California 91301.
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1 2. Pursuant to California Financial Code sections 50307 and 50401¹, all licensees
2 under the CRMLA are required to file an annual Report of Principal Amount of Loans and
3 Aggregate Amount of Loans Serviced (“Report”) on or before March 1 of each year for the
4 preceding 12-month period ended December 31. To date, Respondent has failed to submit the
5 Report despite repeated, written demand.
6

7 3. On or about January 19, 2007, a Report form was sent to all CRMLA licensees with
8 a notice that the Report was due on or before March 1, 2007.

9 4. On or about June 27, 2007, the Commissioner sent a letter to Respondent notifying
10 Respondent of its failure to file the Report, demanding that Respondent file the report on or before
11 July 7, 2007, and notifying Respondent that the failure to file the Report by such date would result
12 in an action to suspend or revoke its license.
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14 5. To date, Respondent has failed to file the Report as required by sections 50307 and
15 50401.
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17 6. Pursuant to section 50200, Respondent was required to submit its audited financial
18 statements for fiscal year ended December 31, 2005 (“2005 Audit Report”) to the Commissioner on
19 or before April 15, 2007, including a reconciliation of trust accounts, and an Independent Auditor’s
20 Report on Internal Controls (“Report on Internal Controls”) pursuant to California Code of
21 Regulations, Title 10, section 1950.200. To date, Respondent has failed to file its 2005 Audit
22 Report, trust account reconciliation, or Report on Internal Controls despite repeated, written
23 demand.
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25 7. On or about December 6, 2005, Complainant notified Respondent by letter that its
26 2005 Audit Report, trust account reconciliation, and Report on Internal Controls were due on or
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¹ All references are to the California Financial Code unless otherwise noted.

1 before April 15, 2006. Respondent failed to submit the 2005 Audit Report, trust account
2 reconciliation or Report on Internal Controls by such date.

3 8. On or about August 10, 2006, a second letter was sent to Respondent demanding that
4 its 2005 Audit Report, trust account reconciliation, and Report on Internal Controls be filed on or
5 before August 20, 2006, and assessing a \$1,000 penalty pursuant to section 50326. Respondent was
6 also notified that the failure to file the 2005 Audit Report, trust account reconciliation and Report
7 on Internal Controls and/or pay the penalty by such date would result in an action to suspend or
8 revoke its license.
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10 9. To date, Respondent has failed to file its 2005 Audit Report, trust account
11 reconciliation, and Report on Internal Controls or pay the assessed penalty as required by sections
12 50200 and 50326 and section 1950.200, Title 10, California Code of Regulations.
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14 10. Pursuant to section 50200, Respondent was required to submit its audited financial
15 statements for fiscal year ended December 31, 2006 (“2006 Audit Report”) to the Commissioner on
16 or before April 15, 2007, including a reconciliation of trust accounts, and an Independent Auditor’s
17 Report on Internal Controls (“Report on Internal Controls”) pursuant to California Code of
18 Regulations, Title 10, section 1950.200. To date, Respondent has failed to file its 2006 Audit
19 Report, trust account reconciliation, or Report on Internal Controls despite repeated, written
20 demand.
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22 11. On or about December 11, 2006, Complainant notified Respondent by letter that its
23 2006 Audit Report, trust account reconciliation, and Report on Internal Controls were due on or
24 before April 15, 2007. Respondent failed to submit the 2006 Audit Report, trust account
25 reconciliation or Report on Internal Controls by such date.
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1 12. On or about June 13, 2007, a second letter was sent to Respondent demanding that
2 its 2006 Audit Report, trust account reconciliation, and Report on Internal Controls be filed on or
3 before June 23, 2007, and notifying Respondent that the failure to do so may result in
4 administrative action.
5

6 13. To date, Respondent has failed to file its 2006 Audit Report, trust account
7 reconciliation, and Report on Internal Controls as required by section 50200 and section 1950.200,
8 Title 10, California Code of Regulations.
9

10 14. Section 50123 requires that prior to surrendering a license, a licensee must file a plan
11 for approval by the Commissioner. The plan must contain the licensee’s detailed proposal for
12 orderly closing out of the residential mortgage lending business. In addition, the Commissioner
13 must make a determination that there has been no violation of the CRMLA.
14

15 15. On or about December 14, 2006, Respondent notified the Commissioner by letter
16 that as of December 6, 2006, Respondent had ceased all mortgage lending activities. On or about
17 December 20, 2006, the Commissioner sent Respondent a written response outlining the
18 requirements for surrender under section 50123 and notifying Respondent that its surrender would
19 not be accepted until such requirements were met. On or about December 28, 2006, Respondent
20 filed a voluntary petition for Chapter 11 bankruptcy protection. However, Respondent has yet to
21 meet the requirements of section 50123.
22

23 16. Failure to file the Report, file audited financial statements and/or pay assessed
24 penalties constitute grounds under California Financial Code section 50327 for the revocation of a
25 license issued under the CRMLA.
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27 17. On September 14, 2007, the Commissioner issued a Notice of Intention to Issue
28 Order Revoking Residential Mortgage Lender License, Accusation and accompanying documents

1 against Respondent based on the foregoing. Respondent was served with those documents on
2 September 17, 2007 via certified mail, return-receipt requested, at its address of record on file with
3 the California Department of Corporations. The Department has received no request for a hearing
4 from Respondent.
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6 NOW THEREFORE, GOOD CAUSE APPEARING, it is hereby ordered that the residential
7 mortgage lender and residential mortgage loan servicer license issued by the Commissioner to
8 Ownit Mortgage Solutions, Inc. is hereby revoked. This Order is effective as of the date hereof.
9 Pursuant to California Financial Code sections 50310 and 50311, Ownit Mortgage Solutions, Inc.
10 has sixty (60) days within which to transfer its existing service accounts and complete any loans for
11 which it had commitments.
12

13 Dated: October 17, 2007
14 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

16 By _____
17 Alan S. Weinger
18 Lead Corporations Counsel
19 Enforcement Division
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