

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN M. ROONEY
Assistant Chief Counsel
3 MARLOU de LUNA (State Bar No. 162259)
Senior Counsel
4 Department of Business Oversight
320 W. 4th Street, Suite 750
5 Los Angeles, California 90013
Telephone: (213) 576-7606
6 Facsimile: (213) 576-7181
7 Attorneys for Complainant

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

11 In the Matter of:) CRMLA LICENSE NO.: 413-0900
12)
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) ORDER REVOKING RESIDENTIAL
14) MORTGAGE LENDER LICENSE
15 Complainant,)
16 v.)
17 REPUBLIC MORTGAGE HOME LOANS,)
18 LLC DBA NEW LINE MORTGAGE,)
19 Respondent.)
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1 The California Commissioner of Business Oversight (“Commissioner”) finds:
2 Republic Mortgage Home Loans, LLC doing business as New Line Mortgage (“Republic
3 Mortgage”) is a residential mortgage lender licensed by the Commissioner under the California
4 Residential Mortgage Lending Act (Fin. Code, § 50000 et seq.) (“CRMLA”) since August 15, 2007.¹
5 Its principal place of business is located at 5241 South State Street, Suite 2, Murray, Utah. At all
6 relevant times herein, Republic Mortgage operated a branch office in Folsom, California.

7 At all relevant times herein, Kiwell Scott Leisman was the chief executive officer of
8 Republic Mortgage.

9 On or about June 2, 2014, the Commissioner, by and through the audit staff, commenced a
10 regulatory examination of Republic Mortgage. The examination revealed numerous violations of the
11 CRMLA, including the following:

- 12 1. Republic Mortgage commingled borrowers’ escrow funds with its own funds in
13 violation of Financial Code section 50202.
- 14 2. Republic Mortgage failed to reconcile its trust liability ledgers to the general ledger
15 control account at least once each week and to the bank statement at least once each month as
16 required by CCR section 1950.314.1.
- 17 3. Republic Mortgage failed to provide information that the unclaimed funds still held
18 by Republic Mortgage were maintained in a trust account as required by section 50202 of the
19 Financial Code and CCR section 1950.314.1.
- 20 4. At least seven borrowers were overcharged title insurance policy fees or there was no
21 evidence provided to fully substantiate the actual amount of the fees in violation of Financial Code
22 section 50204, subdivisions (c), (j), (k) and CCR section 1950.314.4, subdivision (j) (6).
- 23 5. At least two borrowers were overcharged appraisal fees or there was no evidence
24 provided to fully substantiate the actual amount of the fees in violation of Financial Code section
25 50204, subdivisions (c), (j), (k) and CCR section 1950.314.4, subdivision (j) (6).

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27 ¹ The Commissioner initially issued the lender license to Republic Mortgage Home Loans, LLC doing business as New
28 Line Mortgage. On December 10, 2010, the Commissioner issued an order approving the licensee’s name change to
Republic Mortgage Home Loans, LLC doing business as New Line Mortgage, Box Home Loans. Effective June 30,
2015, Republic Mortgage Home Loans, LLC removed the fictitious business name of Box Home Loans.

1 6. Republic Mortgage failed to maintain documents and records in order for the
2 Commissioner to determine the date the majority of loan proceeds were disbursed by the settlement
3 agent in violation of Financial Code section 50314.

4 On February 13, 2015, Republic Mortgage filed a request to surrender its lender license
5 through the Nationwide Mortgage Licensing System. On February 20, 2015, the Commissioner
6 received correspondence from the company in which it asserted that it was closing its business and,
7 therefore, surrendering all of its state licenses.

8 On February 27, 2015, the Commissioner sent a letter to Republic Mortgage stating that prior
9 to the surrender of its license it must file a plan for approval by the Commissioner as required under
10 section 50123 of the Financial Code. The letter also stated that all regulatory and administrative
11 matters before the Department must be completed. As discussed below, Republic Mortgage failed to
12 respond to the Report of Regulatory Examination (“Report”). Consequently, all regulatory matters
13 have not been completed.

14 On May 1, 2015, in email correspondence between Teresa Trujillo (“Trujillo”), compliance
15 officer of Republic Mortgage, and Department examiner Kathy Xiu, Trujillo indicated that Republic
16 Mortgage “is no longer in business.”

17 Following the conclusion of the 2014 regulatory examination, the Report dated May 13, 2015
18 was sent to Republic Mortgage noting the violations found during the examination. The Report
19 stated that Republic Mortgage must reply within 20 days from the date of the Report. The Report
20 also stated that failure to comply within ten days from the due date, or any extension of time granted
21 by the Commissioner, would result in penalties. Republic Mortgage failed to submit its regulatory
22 response or request an extension of time to submit its response by the deadline imposed by the
23 report.

24 A follow-up letter dated June 23, 2015 was sent to Republic Mortgage informing it that the
25 response to the Report had not been received and its failure to respond would result in penalties
26 under section 50326 of the Financial Code. Republic Mortgage did not respond to the
27 Commissioner’s letter.

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On August 3, 2015, the Commissioner issued against Republic Mortgage a Notice of Intent to Issue Order to Revoke Residential Mortgage Lender License, Accusation to Revoke Residential Mortgage Lender License, and accompanying documents (“administrative pleadings”) based upon the above, and Republic Mortgage was served with those documents on August 4, 2015 via certified, return-receipt mail at its licensed location on file with the Department. The Commissioner has not received a hearing request from Republic Mortgage and the time to request a hearing has now expired.

NOW GOOD CAUSE APPEARING THEREFORE, it is ordered that the residential mortgage lender license issued by the Commissioner to Republic Mortgage is revoked. This order is effective as of this date.

Dated: September 1, 2015

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division