

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 BRENT LINDGREN (BAR NO. 170306)
Senior Corporations Counsel
4 1515 K Street, Suite 200
Sacramento, California 95814
5 Telephone: (916) 322-8778 Fax: (916) 445-6985
6 Attorneys for Complainant

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

10 In the Matter of the Accusation of THE) File No.: 413-0521
CALIFORNIA CORPORATIONS)
11 COMMISSIONER,)
12) **ACCUSATION**
Complainant,)
13)
v.)
14)
RESIDENTIAL LOAN CENTERS OF)
15 AMERICA, INC.,)
16 Respondent.)
17)
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 Residential Loan Centers of America, Inc. ("Residential Loan Centers") is a
24 residential mortgage lender and loan servicer licensed by the California Corporations Commissioner
25 ("Commissioner") pursuant to the California Residential Mortgage Lending Act (California Financial
26 Code, § 50000 et seq.) ("CRMLA"). Residential Loan Centers has its principal place of business
27 located at 2700 South River Road, Suite 400, Des Plaines, Illinois 60018.

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II

Pursuant to California Financial Code sections 50307 and 50401 and California Code of Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file an annual (1) Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity Report"), (2) Report on Non-traditional, Adjustable Rate and Mortgage Loan Products ("Non-traditional Report"), and (3) Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey") on or before March 1st of each year for the preceding 12-month period ended December 31.

On or about January 23, 2009, an Activity Report form, Non-traditional Report form and Survey were sent to all CRMLA licensees with a notice that they were due on or before March 1, 2009. Residential Loan Centers has not yet submitted the Activity Report, the Non-traditional Report or the Survey to the Commissioner.

On or about May 22, 2009, a letter was sent to Residential Loan Centers demanding that the Activity Report and the Non-traditional Report be filed "no later than 10 days from the date of this letter," and assessing Residential Loan Centers a penalty of \$1,000 pursuant to California Financial Code section 50326. Residential Loan Centers was notified in the letter that failure to file the Activity Report, the Non-traditional Report or pay the penalty would result in an action to either suspend or revoke its license.

Residential Loan Centers has yet to submit the Activity Report, Non-traditional Report or pay the penalty as required by California Financial Code sections 50307, 50326, 50401 and California Code of Regulations, title 10, section 1950.314.8.

III

Pursuant to California Financial Code section 50200, Residential Loan Centers was required to submit its audited financial statement for its fiscal year ended December 31, 2008 ("Audit Report") to the Commissioner on or before April 15, 2009, including a reconciliation of its trust accounts and an Independent Auditor's Report on Internal Controls ("Report on Internal Controls") pursuant to the California Code of Regulations, title 10, section 1950.200. Residential Loan Centers has yet to file its audited financial records with the Commissioner despite having been sent numerous reminders.

1 On or about December 23, 2008, the Department notified Residential Loan Centers in writing
2 that its Audit Report, trust account reconciliation, and Report on Internal Controls were due on or
3 before April 15, 2009. Residential Loan Centers was advised in that letter that failure to file these
4 reports might “result in fines in accordance with Financial Code section 50326, an immediate
5 examination by the Commissioner in accordance with Financial Code section 50307, and/or
6 revocation of the license.”

7 On or about April 21, 2009, a second letter was sent to Residential Loan Centers demanding
8 that it file the Audit Report, trust account reconciliation, and Report on Internal Controls “within ten
9 (10) days of the date of this letter.” Residential Loan Centers failed to submit the Audit Report, trust
10 account reconciliation, and Report on Internal Controls or respond to the letter.

11 On or about June 10, 2009, a final letter was sent to Residential Loan Centers demanding that
12 the Audit Report, trust account reconciliation, and Report on Internal Controls be filed “no later than
13 10 days from the date of this letter,” and assessing Residential Loan Centers a penalty of \$1,000
14 pursuant to California Financial Code section 50326. Residential Loan Centers was notified in that
15 letter that its failure to file the Audit Report, trust account reconciliation, Report on Internal Controls
16 and/or pay the penalty would result in an action to either suspend or revoke its license pursuant to
17 California Financial Code section 50327.

18 Residential Loan Centers has yet to file its Audit Report, trust account reconciliation, Report
19 on Internal Controls, or pay the penalty as required by Financial Code sections 50200, 50326, and
20 title 10, section 1950.200 of the California Code of Regulations.

21 22 IV

23 California Financial Code section 50205(a) states that “[a] licensee shall maintain a surety
24 bond in accordance with this subdivision.” Residential Loan Centers has failed to maintain its surety
25 bond as required by that section. On February 24, 2009, the Department received a Notice of
26 Cancellation of Residential Loan Centers’ surety bond from Hartford Fire Insurance Company. The
27 Notice of Cancellation stated that such bond would be canceled “at the expiration of 30 days after
28 receipt of this notice.”

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California Financial Code section 50319 provides in pertinent part:

(a) If the commissioner, as a result of any examination or from any report made to him or her, shall find that any person subject to this division.... has failed to comply with the bonding requirements of Section 50205, the commissioner may, by an order addressed to and served by registered or certified mail, or by personal service on 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.

On April 2, 2009, an Order was issued pursuant to section 50319. To date, the surety bond has not been reinstated or replaced, and the order remains in effect.

V

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.

VI

The Commissioner finds that, by reason of the foregoing, Residential Loan Centers of America, Inc. has violated California Financial Code sections 50200, 50307, 50326, 50401 and California Code of Regulations, title 10, section 1950.200 and 1950.314.8, and based thereon, grounds exist to revoke the residential mortgage lender and loan servicing license of Residential Loan Centers of America, Inc.

WHEREFORE, IT IS PRAYED that the residential mortgage lender and loan servicing license of Residential Loan Centers of America, Inc. be revoked and pursuant to California Financial

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1 Code section 50311, Residential Loan Centers of America, Inc. be given a transition period of sixty
2 (60) days within which to complete any loans for which it had commitments.

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4 DATED: November 2, 2009
5 Sacramento, CA

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PRESTON DuFAUCHARD
California Corporations Commissioner

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By _____
Brent Lindgren
Senior Corporations Counsel

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