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

12 In the Matter of:) NMLS NO. 1529259
)
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,)
14)
15 Complainant,) STATEMENT OF ISSUES IN SUPPORT OF
) ORDER DENYING MORTGAGE LOAN
16 v.) ORIGINATOR LICENSE APPLICATION
)
17 TRAVIS VAN BROOKS,)
)
18)
19 Respondent.)

20 The Commissioner of Business Oversight (“Commissioner”) alleges and charges
21 Respondent as follows:

22 **I.**
23 **INTRODUCTION**

24 1. The Commissioner seeks to deny the issuance of a mortgage loan originator (“MLO”)
25 license to Travis Van Brooks (“Van Brooks”) pursuant to Financial Code section 50141 of the
26 California Residential Mortgage Lending Act (Fin. Code, § 50000 et seq.) (“CRMLA”), because
27 Van Brooks has not demonstrated such financial responsibility, character, and general fitness as
28 to command the confidence of the community and to warrant a determination that Van Brooks
29

1 will operate honestly, fairly, and efficiently within the purposes of the CRMLA.

2 **II.**
3 **APPLICATION**

4 2. On or around November 8, 2016, Van Brooks filed an application for an MLO license
5 with the Commissioner by submitting a Form MU4 through the Nationwide Mortgage Licensing
6 System & Registry (“NMLS”) (hereinafter, “Application”) pursuant to Financial Code section
7 50140.

8 3. Van Brooks answered “Yes” to questions (K)(5), (K)(6), and (K)(7), which ask, in
9 pertinent part, whether any State agency has ever:

10 (5) revoked your registration or license?

11 (6) denied or suspended your registration or application for licensure,
12 disciplined you, or otherwise by order, prevented you from associating with a
13 financial services-related business or restricted your activities?

14 (7) barred you from association with any entity regulated by such
15 commissions, authority, agency, or officer, or from engaging in a financial
16 services-related business?

15 4. Van Brooks’s explanation in the Application disclosed that he had surrendered his
16 mortgage loan officer license in North Carolina after he became the subject of an investigation
17 by the North Carolina Commissioner of Banks. Van Brooks’s explanation stated that while
18 working at a company called Residential Mortgage Center (RMC), Van Brooks handled loan
19 originations for consumers seeking to purchase homes from a company called Key Builders.
20 Van Brooks stated that shortly after he left RMC for another opportunity, an investigator from
21 the North Carolina Commissioner of Banks contacted him:

22 [The investigator] explained the circumstances, which caught me off guard as I
23 was under the understanding that procedures were being followed as they were
24 taught me by Residential Mortgage Center. It seems the builder was not being
25 completely honest with their clients. They were either contradicting things that I
26 specifically told the borrower, not allowing the borrower access to any of the
27 information regarding the loan, or having someone that was not the borrower call
28 to complete the application pretending to be the borrower.

27 5. Van Brooks stated that he had decided to surrender his license, but also claimed that
28 “issues at hand were strictly procedural.”

1 6. On December 20, 2016, the Department of Business Oversight (“Department”) requested
2 that Van Brooks upload copies of “any applicable legal documents” relating to his responses to
3 items (K)(5), (K)(6), and (K)(7) on Form MU4.

4 7. On December 27, 2016, Van Brooks changed his response to question (K)(5) from “Yes”
5 to “No,” and replaced his previous explanation concerning why he had surrendered his North
6 Carolina license. The new explanation came in a letter from Neill E. Fendly, the president of a
7 company called Mortgage Defense. Although Van Brooks did not write the letter, he submitted
8 the letter as his new explanation for why he surrendered his North Carolina license. Van
9 Brooks’s new explanation disclosed that while Van Brooks “was a young loan officer” working
10 at RMC, he was “under direct management supervision and followed their direction without
11 question.” Further in the explanation, Van Brooks repeats twice more that he was following his
12 employer’s directions. With respect to Van Brooks’s dealings with Key Builders, the
13 explanation states that Van Brooks “was told to accept applications from the builder liaison and
14 originate them according[ly].” Van Brooks further claimed that “the applications were being
15 altered or manipulated by the builder in question and by employees of the builder before [Van
16 Brooks] received them and essentially, unknown to [Van Brooks], these applications were
17 fraudulent.”

18 8. On January 4, 2017, the Department again requested that Van Brooks upload copies of
19 “any applicable legal documents” relating to his responses to items (K)(5), (K)(6), and (K)(7) on
20 Form MU4.

21 9. On January 17, 2017, Van Brooks filed an amended Form MU4 in which he uploaded the
22 Voluntary Surrender and Order relating to the surrender of his North Carolina license. The
23 Voluntary Surrender and Order stated that:

24 a. Van Brooks had acknowledged in an interview that he had allowed “an employee
25 of Key Builders to act as a licensed loan officer by quoting rates and explaining
26 residential mortgage loans to borrowers when in fact [the employee] was not licensed as a
27 loan officer.”

28 b. Van Brooks had acknowledged that, with respect to a specific loan origination,
29

1 “he had signed the Uniform Residential Loan Application establishing that he had spoken
2 with the borrowers, when in fact, he had never met with the borrowers nor had he advised
3 the borrowers of the rates or conditions of the mortgage loan that they had obtained
4 through Residential Mortgage Center, Inc.”

5 10. The Voluntary Surrender and Order included a “Voluntary Witness Statement” that Van
6 Brooks had executed stating that while he was working with Key Builders, the loan origination
7 volume increased over time and Van Brooks would advise a Key Builders employee “to speak to
8 the borrowers and relate the loan information to the borrowers to include interest rate, payment
9 amounts and other loan information.” Van Brooks further stated, “I know there were borrowers
10 that obtained loans through The Residential Mortgage Center Inc. and I never spoke to the
11 borrowers.” With respect to a particular loan origination that had been subject of a complaint to
12 the North Carolina Commissioner of Banks, Van Brooks stated that, “I know that I should not
13 have allowed [the Key Builders employee] to act as a loan officer and quote rates. I allowed this
14 to occur to expedite the loans.”

15 11. The Voluntary Surrender and Order also included a “Voluntary Surrender Statement” in
16 which Van Brooks stated that he had signed a Uniform Residential Mortgage Loan application
17 attesting that he had advised borrowers about their loan when he had not in fact advised the
18 borrowers.

19 12. On January 24, 2017, Van Brooks filed an amended MU4 in which he removed the
20 uploaded copy of the Voluntary Surrender and Order and replaced it with a copy of the written
21 explanation he had previously submitted on December 27, 2016.

22 **III.**
23 **APPLICABLE LAW**

24 13. Financial Code section 50141 provides in relevant part:

25 (a) The commissioner *shall* deny an application for a mortgage loan
26 originator license unless the commissioner makes *at a minimum the*
27 *following findings: . . .*

28 (3) The applicant has demonstrated such financial responsibility,
29 character, and general fitness as to command the confidence of the
community and to warrant a determination that the mortgage loan

1 originator will operate honestly, fairly, and efficiently within the
2 purposes of this division (Emphasis added)

3 **IV.**
4 **FAILURE TO DEMONSTRATE REQUISITE FINANCIAL RESPONSIBILITY,**
5 **CHARACTER AND GENERAL FITNESS**

6 14. Van Brooks's behavior prior to and during Van Brooks's application process reveals that
7 Van Brooks has failed to demonstrate the financial responsibility, character, and general fitness
8 necessary for an MLO.

9 15. By allowing a person who was not a licensed loan officer to unlawfully act as a loan
10 officer, and fraudulently affirming on a loan application that he had dealt directly with borrowers
11 when he had not, Van Brooks demonstrated a lack of financial responsibility, character, and
12 general fitness necessary to serve as an MLO in California. (See Fin. Code, § 50204, subd. (k).)
13 Although Van Brooks asserts that he was acting at the direction of his superiors, an MLO must
14 be aware of the relevant laws and regulations governing the mortgage origination process, and
15 follow them even if a supervisor directs otherwise.

16 16. Van Brooks's actions and statements during the MLO application process also show that
17 Van Brooks lacks the character and general fitness to act as an MLO in California. In particular,
18 Van Brooks was evasive and incomplete in his disclosures to the Department concerning his past
19 conduct in North Carolina. Van Brooks failed to provide the Voluntary Surrender and Order
20 when the Department first requested the document, and later removed the document from his
21 application. Moreover, neither of the two explanations Van Brooks provided the Department
22 disclosed that while Van Brooks was a mortgage loan officer in North Carolina, he signed a
23 mortgage loan application affirming that he had spoken with borrowers when he had not, or that
24 there were other borrowers to whom he never spoke. Finally, while Van Brooks's first
25 explanation suggested that prior to North Carolina's investigation he was unaware of any
26 improper activity, his second explanation and the Voluntary Surrender and Order show that Van
27 Brooks was fully aware that he was not dealing directly with borrowers when communicating the
28 terms and conditions of borrowers' loans.

V.
CONCLUSION

17. The Commissioner finds that Van Brooks does not meet at least one of the minimum requirements for issuance of an MLO license as set forth in Financial Code section 50141. The behavior that led to Van Brooks’s surrender of his North Carolina license, and his failure to be forthright in his application to the Department, belie the requirement under Financial Code section 50141, subdivision (a)(3), that the applicant demonstrate “such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this division.”

WHEREFORE, by reason of the foregoing, pursuant to Financial Code section 50141, the Commissioner hereby notifies Van Brooks of her intention to deny Van Brooks’s application for an MLO license.

Dated: May 30, 2017
San Francisco, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Charles Carriere
Counsel
Enforcement Division