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Deputy Commissioner  
2 SEAN M. ROONEY  
Assistant Chief Counsel  
3 JUDY L. HARTLEY (State Bar No. 110628)  
Senior Counsel  
4 Department of Business Oversight  
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5 Los Angeles, California 90013-2344  
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7 Attorneys for Complainant

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

10  
11 In the Matter of: )  
 ) CRMLA LICENSE NO.: 413-0296  
12 THE COMMISSIONER OF BUSINESS )  
13 OVERSIGHT, ) CONSENT ORDER  
 )  
14 Complainant, )  
 )  
15 v. )  
 )  
16 SKYLINE FINANCIAL CORP., )  
17 )  
18 Respondent. )  
19 )

20 This Consent Order (Consent Order) is entered into by and between the Commissioner of  
21 Business Oversight (Commissioner) and Skyline Financial Corp. (Skyline) (collectively the parties),  
22 and is made with respect to the following facts:

23 I.

24 Recitals

25 A. Skyline is a corporation in good standing, duly formed and existing pursuant to the  
26 laws of the State of California and authorized to conduct business in California.  
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1           B.       Skyline is a residential mortgage lender and servicer licensed by the Commissioner  
2 pursuant to the California Residential Mortgage Lending Act (CRMLA) (Fin.Code § 50000 et seq.).  
3 Skyline has its principal place of business located at 27001 Agoura Road, Suite 350, Calabasas,  
4 California 91301. Skyline currently has 1 branch office location under its CRMLA license. Skyline  
5 employed mortgage loan originators in its CRMLA business. Skyline has been approved to do  
6 business under its CRMLA licenses under the names Elite Lending, Madison Lending Group,  
7 Madison Mortgage Lending, Manhattan Correspondent Lending, New Leaf Affinity, New Leaf  
8 Direct, New Leaf Lending, New Leaf Wholesale, Rancho Financial, SFC Financial Network, and  
9 Skyline Home Loans.

10           C.       Skyline is also licensed by the Commissioner as a finance lender and broker pursuant  
11 to the California Financing Law (CFL) (Fin. Code § 22000 et seq.). Skyline has its principal place  
12 of business under the CFL also located at 27001 Agoura Road, Suite 350, Calabasas, California  
13 91301. Skyline has been approved to do business under its CFL license under the names Elite  
14 Lending, Madison Lending Group, Madison Mortgage Lending, Manhattan Correspondent Lending,  
15 New Leaf Affinity, New Leaf Direct, New Leaf Lending, New Leaf Wholesale, Rancho Financial,  
16 SFC Financial Network, and Skyline Home Loans.

17           D.       The Department of Business Oversight (Department), through the Commissioner, has  
18 jurisdiction over the licensing and regulation of persons and entities engaged in the business of  
19 lending and/or servicing pursuant to the CRMLA and lending and/or brokering pursuant to the CFL,  
20 including mortgage loan originators.

21           E.       Pursuant to the CRMLA, the Commissioner has authority to issue orders to  
22 discontinue violations, to deny, suspend, or revoke licenses pending or issued under the CRMLA,  
23 and to assess penalties.

24           F.       During a regulatory examination of Skyline commenced in 2017, the Commissioner  
25 discovered that Skyline had overcharged borrowers per diem interest in violation of Financial Code  
26 section 50204, subdivision (o).

27           G.       As of April 1, 2018, Skyline ceased operations in California.  
28

1 H. The Commissioner finds that entering into this Consent Order is in the public interest  
2 and is consistent with the purposes fairly intended by the policy and provisions of the CRMLA.

3 I. It is the intention and desire of the parties to resolve this matter without the necessity  
4 of a hearing and/or other litigation.

5 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set  
6 forth herein, the parties agree as follows:

7 **II.**

8 **Terms and Conditions**

9 1. Purpose. This Consent Order is entered into for the purpose of judicial economy and  
10 to avoid the expense and uncertainty of a hearing or other litigation.

11 2. Finality of Consent Order. Skyline agrees to comply with this Consent Order and  
12 stipulates this Consent Order is hereby deemed final.

13 3. Order to Discontinue Violations. In accordance with Financial Code section 50321,  
14 Skyline stipulates that it is ordered to immediately discontinue charging borrowers per diem interest  
15 in excess of the amount(s) allowed under Financial Code section 50204, subdivision (o) and Civil  
16 Code section 2948.5.

17 4. Administrative Costs and Penalties. Skyline agrees to pay an administrative penalty  
18 in the amount of \$60,349.38 upon execution of this Consent Order. Skyline also agrees to pay its  
19 outstanding regulatory examination invoice (#20004367) in the amount of \$23,082.72 upon  
20 execution of this Consent Order. The total payment of \$83,432.10 shall be made by cashiers' check  
21 payable to the Department of Business Oversight and shall be sent to the Department, attention,  
22 Accounting-Litigation, 1515 K Street, Suite 200, Sacramento, CA 95814-4052.

23 5. Waiver of Hearing Rights. Skyline acknowledges that the Commissioner is ready,  
24 willing, and able to proceed with the filing of an administrative enforcement action on the charges  
25 contained in this Consent Order. Skyline hereby waives the right to any hearings, and to any  
26 reconsideration, appeal, or other right to review which may be afforded pursuant to the CRMLA, the  
27 California Administrative Procedure Act, the California Code of Civil Procedure, or any other  
28 provision of law. Skyline further expressly waives any requirement for the filing of an Accusation

1 pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights, Skyline  
2 effectively consents to this Consent Order and Order to Discontinue Violations herein becoming  
3 final.

4 6. November 4, 2013 through June 30, 2018 CPA Audit. The parties acknowledge that  
5 Skyline employed an independent certified public accountancy firm (CPA) to conduct an audit of per  
6 diem interest charges for all loans originated between November 4, 2013 and June 30, 2018 where  
7 loan proceeds were disbursed on a Monday or a day immediately following a bank holiday. The  
8 audit has been completed and the results submitted to the Commissioner along with evidence of  
9 payment of borrower refunds including interest at the rate of 10 percent per annum from the date of  
10 loan funding.

11 7. Outstanding Refunds. Skyline shall be responsible for ensuring that any outstanding  
12 refund payments made to any borrower identified in the CPA audit described in paragraph 6 above  
13 shall be escheated to the State of California pursuant to the provisions of the California Unclaimed  
14 Property Law (Code Civ. Proc., § 1500 et seq.).

15 8. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in  
16 interest.

17 9. Third Party Actions. This Consent Order does not create any private rights or  
18 remedies against Skyline, create any liability for Skyline, create any contractual third-party  
19 beneficiaries, or limit defenses of Skyline for any person or entity not a party to this Consent Order.

20 10. Full and Final Settlement. The parties hereby acknowledge and agree that this  
21 Consent Order is intended to constitute a full, final, and complete resolution of the findings of the  
22 2017 regulatory examination described in paragraph F. above, and that no further proceedings or  
23 actions will be brought by the Commissioner in connection with these matters either under the  
24 CRMLA, CFL, or any other provision of law, excepting therefrom any proceeding to enforce  
25 compliance with the terms of this Consent Order.

26 11. Commissioner's Duties: The parties acknowledge and agree that nothing contained  
27 in this Consent Order shall operate to limit the Commissioner's ability to assist any other agency  
28 (city, county, state or federal) with any prosecution, administrative, civil or criminal, brought by any

1 such agency against Skyline or any other person based upon any of the activities alleged in these  
2 matters or otherwise.

3 12. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it  
4 has received independent advice from its attorney(s) and/or representatives with respect to the  
5 advisability of executing this Consent Order.

6 13. Reliance. Each of the parties represents, warrants, and agrees that in executing this  
7 Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel  
8 and/or representative. Each of the parties further represents, warrants, and agrees that in executing  
9 this Consent Order it has placed no reliance on any statement, representation, or promise of any  
10 other party, or any other person or entity not expressly set forth herein, or upon the failure of any  
11 party or any other person or entity to make any statement, representation or disclosure of anything  
12 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in  
13 any way fraudulently induced to execute this Consent Order, and (2) to preclude the introduction of  
14 parol evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

15 14. Full Integration. This Consent Order is the final written expression and the complete  
16 and exclusive statement of all the agreements, conditions, promises, representations, and covenants  
17 between the parties with respect to the subject matter hereof, and supersedes all prior or  
18 contemporaneous agreements, negotiations, representations, understandings, and discussions  
19 between and among the parties, their respective representatives, and any other person or entity, with  
20 respect to the subject matter covered hereby.

21 15. No Presumption from Drafting. In that the parties have had the opportunity to draft,  
22 review and edit the language of this Consent Order, no presumption for or against any party arising  
23 out of drafting all or any part of this Consent Order will be applied in any action relating to,  
24 connected to, or involving this Consent Order. Accordingly, the parties waive the benefit of Civil  
25 Code section 1654 and any successor or amended statute, providing that in cases of uncertainty,  
26 language of a contract should be interpreted most strongly against the party who caused the  
27 uncertainty to exist.

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1           16.    Waiver, Modification, and Qualified Integration. The waiver of any provision of this  
2 Consent Order shall not operate to waive any other provision set forth herein. No waiver,  
3 amendment, or modification of this Consent Order shall be valid or binding to any extent unless it is  
4 in writing and signed by all of the parties affected by it.

5           17.    Headings and Governing Law. The headings to the paragraphs of this Consent Order  
6 are inserted for convenience only and will not be deemed a part hereof or affect the construction or  
7 interpretation of the provisions hereof. This Consent Order shall be construed and enforced in  
8 accordance with and governed by California law.

9           18.    Counterparts. This Consent Order may be executed in one or more separate  
10 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall  
11 together constitute a single document.

12           19.    Signatures. A signature delivered by facsimile or electronic mail will be deemed an  
13 original signature.

14           20.    Voluntary Agreement. Skyline enters into this Consent Order voluntarily and without  
15 any coercion and acknowledges that no promise, threats, or assurances about this Consent Order  
16 have been made by the Commissioner or any of her officers or agents.

17           21.    Effective Date. This Consent Order shall not become effective until signed by all  
18 parties and a fully executed copy is delivered by counsel for the Commissioner via email to counsel  
19 for Skyline.

20           22.    Notice. Any notice required under this Consent Order shall be addressed as follows:

21                   To Skyline Financial Corp.:  David Sands, Esq.  
22    Sheppard Mullin  
23    333 S. Hope Street, 43<sup>rd</sup> Floor  
24    Los Angeles, California 90071-1422  
25    DSands@sheppardmullin.com

26                   To the Commissioner:           Judy L. Hartley, Esq.  
27    Senior Counsel  
28    Department of Business Oversight  
29    320 W. 4<sup>th</sup> Street, Suite 750  
30    Los Angeles, California 90013-2344  
31    [judy.hartley@dbo.ca.gov](mailto:judy.hartley@dbo.ca.gov)

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23. Public Record. Skyline acknowledges that this Consent Order is a public record.

24. Settlement Authority. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order.

Dated: 1/3/19 JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner

Dated: 1/4/19 SKYLINE FINANCIAL CORP.

By \_\_\_\_\_  
GARY ALLEN, Vice-President and Acting Secretary

APPROVED AS TO FORM:  
  
SHEPPARD MULLIN  
  
By \_\_\_\_\_  
DAVID SANDS, ESQ. attorneys for  
SKYLINE FINANCIAL CORP.