

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN ROONEY
Assistant Chief Counsel
3 BLAINE A. NOBLETT (State Bar No. 235612)
Senior Counsel
4 Department of Business Oversight
320 West 4th Street, Suite 750
5 Los Angeles, California 90013-2344
Telephone:(213) 576-1396
6 Facsimile: (213) 576-7181

7 Attorneys for Complainant

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

11 In the Matter of:) NMLS ID NO.: 1250232
12)
13 THE COMMISSIONER OF BUSINESS) ACCUSATION IN SUPPORT OF NOTICE OF
OVERSIGHT,) INTENTION TO ISSUE ORDER REVOKING
14) MORTGAGE LOAN ORIGINATOR LICENSE
Complainant,) OF CATHERINE FELICIA WHITE
15)
16 v.)
17)
18 CATHERINE FELICIA WHITE,)
Respondent.)
19)
20)
21)

22 Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), is informed
23 and believes, and based upon such information and belief, alleges and charges Respondent Catherine
24 Felicia White (White) as follows:

25 **I.**

26 **Introduction**

27 1. White, while employed as a mortgage loan originator (MLO), falsified loan documents
28 and misrepresented (without the borrower’s knowledge or consent) the borrower’s qualifications for a

1 8. In or about 2017, Guild Mortgage Company (Guild), a CRMLA-licensed lender,
2 employed White as a MLO.

3 9. While employed as a MLO at Guild, White took a residential mortgage loan
4 application and offered or negotiated terms of a residential mortgage loan on behalf of borrower-
5 applicant MS, a California resident.

6 10. In anticipation of a job location transfer, MS located a residential property for
7 purchase in Visalia, California. The residential property MS located was approximately 200 miles
8 from MS' primary residence and place of employment. White informed MS at the time of accepting
9 MS's loan application that it might be difficult for MS to qualify for a loan on the Visalia property
10 because of the distance between the purchase property's location and MS's primary residence and
11 place of employment. White advised MS to live and work in Visalia for three months and, after living
12 and working in Visalia, MS could apply for a home loan. Despite White's advice, MS decided to
13 proceed with her loan application.

14 11. Without MS' knowledge or consent, and in order to qualify MS for a residential
15 mortgage loan on the Visalia property MS had selected, White placed MS in a special loan program,
16 the Family Opportunity Mortgage program, which allows adult children to obtain favorable mortgage
17 financing on a home for an elderly parent who is unable to work, or who earns insufficient income to
18 qualify for a home loan on her own. The lender underwrites the loan and prices the loan as the adult
19 child's primary residence, even though the child is not required to occupy the property.

20 12. On or about July 7, 2017, Guild's underwriting department notified White of the
21 specific conditions White would need MS to satisfy in order to close on the Family Opportunity
22 Mortgage loan. One such condition was a "motivation letter" to be signed by MS that stated her intent
23 to purchase the property for her elderly mother. On or about July 19, 2017, White submitted to
24 Guild's underwriting department a motivation letter purportedly signed by both MS and MS' mother
25 "MB" (the motivation letter). The motivation letter White submitted on MS' behalf was dated July
26 12, 2017.

27 13. On or about August 8, 2017, Guild's underwriting department identified additional
28 pre-closing conditions MS would need to satisfy in order to qualify for the loan. Guild required MS

1 to prepare and sign two additional letters. One letter Guild required MS to sign needed to state that
2 MS' mother was unable to work and did not have sufficient income to qualify for the loan on her
3 own. The second letter Guild required was to clarify that MS would use gift funds to pay the closing
4 costs associated with the loan.

5 14. Guild scheduled MS' loan to close on August 18, 2017. The draft letters Guild's
6 underwriting department required MS to submit as a pre-closing condition were included with the
7 closing documents MS was to sign on August 18, as Guild's underwriters had not received the signed
8 letters they had requested from White on August 8. At closing, the notary presented MS with the draft
9 letters and the motivation letter purportedly signed by MS. MS refused to sign one of the draft letters
10 concerning her mother and told the notary that she never signed the motivation letter included with
11 the closing documents. MS' mother had died 15 years prior to completing the loan application and
12 the woman identified as MS' mother in the letters was not her mother. MS also told the notary that
13 White had never explained to her that White had sought to qualify MS for a Family Opportunity
14 Mortgage loan. MS never intended to purchase the Visalia property for an elderly parent.

15 15. MS' loan did not close on August 18, 2017, and MS ultimately lost the Visalia
16 property because she could no longer qualify for the loan.

17 16. White abruptly terminated her employment with Guild on or about August 22, 2017,
18 several days after MS disputed the authenticity of the motivation letter and had refused to sign the
19 closing documents.

20 17. Guild undertook an internal investigation of White's conduct concerning MS' loan
21 transaction.

22 18. On or about February 9, 2018, Guild submitted the results of its investigation to the
23 department by letter.

24 19. Guild's investigation showed that White had obtained a copy of a motivation letter
25 from another of Guild's loan files that had previously closed under the Family Opportunity Mortgage
26 program. The motivation letter MS purportedly signed bore a substantial similarity to the earlier letter
27 White had obtained from another of Guild's loan files. Guild's records showed White had submitted
28 the signed July 12, 2017 motivation letter to Guild's underwriting department on or about July 19,

1 2017. White could not provide her manager with any evidence showing MS had ever received or
2 signed the motivation letter White submitted to Guild’s underwriting department on July 19.

3 20. After the department conducted its own investigation into White’s conduct, the
4 Commissioner determined it is in the public interest to revoke White’s MLO license.

5 **IV.**

6 **Applicable Statutes**

7 21. Under Financial Code section 50003, subdivision (a), "licensee" includes MLOs.

8 22. Financial Code section 50204, provides in pertinent part:

9 A licensee may not do any of the following:

10 . . .
11 (j) Knowingly misrepresent, circumvent, or conceal, through subterfuge
12 or device, any material aspect or information regarding a transaction to
13 which it is a party.

14 (k) Do an act, whether of the same or a different character than
15 specified in this section, that constitutes fraud or dishonest dealings[.]

16 23. Financial Code section 50141, provides in pertinent part:

17 (a) The commissioner shall deny an application for a mortgage loan
18 originator license unless the commissioner makes at a minimum the
19 following findings:

20 (3) The applicant has demonstrated such financial responsibility,
21 character, and general fitness as to command the confidence of the
22 community and to warrant a determination that the mortgage loan
23 originator will operate honestly, fairly, and efficiently within the
24 purposes of this division[.]

25 24. Financial Code section 50513, provides in pertinent part:

26 (a) The commissioner may do one or more of the following:

27 (1) Deny, suspend, revoke, condition, or decline to renew a mortgage
28 loan originator license for a violation of this division, or any rules or
regulations adopted thereunder.

1 (2) Deny, suspend, revoke, condition, or decline to renew a mortgage
2 loan originator license if an applicant or licensee fails at any time to
3 meet the requirements of Section 50141 or 50144, or withholds
4 information or makes a material misstatement in an application for a
5 license or license renewal[.]

6 **V.**

7 **Prayer**

8 The Commissioner finds that, by reason of the foregoing, White violated Financial Code
9 section 50204, subdivisions (j) and (k) by falsifying the motivation letter purportedly signed by MS
10 and falsely representing to Guild that MS both desired and qualified for a Family Opportunity
11 Mortgage loan. White further fails to meet the minimum requirements of Financial Code section
12 50141, subdivision (a)(3), and grounds exist to revoke her MLO license.

13 WHEREFORE, IT IS PRAYED that:

14 Under Financial Code section 50513, subdivisions (a)(1) and (a)(2) the MLO license issued to
15 White be revoked.

16 Dated: May 31, 2019
17 Los Angeles, California

18 MANUEL P. ALVAREZ
19 Commissioner of Business Oversight

20 By: _____
21 MARY ANN SMITH
22 Deputy Commissioner
23 Enforcement Division
24
25
26
27
28