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

11 In the Matter of:) CFL LICENSE NO.: 603-K183
12 THE COMMISSIONER OF BUSINESS) NMLS NO.: 222982
13 OVERSIGHT,)
14 Complainant,) CONSENT ORDER
15 v.)
16 NEIGHBORHOOD LOANS, INC,)
17 Respondent.)

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19 This Consent Order is entered into between the Commissioner of Business Oversight
20 (Commissioner) and Neighborhood Loans, Inc. (Neighborhood Loans) (collectively the Parties) and
21 is made with respect to the following facts:

22 **I.**

23 **Recitals**

24 A. The Department of Business Oversight, through the Commissioner, is authorized to
25 administer and enforce the provisions of the California Financing Law (Fin. Code, § 22000 et seq.)
26 (CFL) and the rules issued under title 10 of the California Code of Regulations (CCR) that regulate
27 the business and activities of finance lenders, brokers, program administrators, and mortgage loan
28 originators.

1 B. Neighborhood Loans obtained a CFL broker license from the Commissioner on May
2 30, 2013. Neighborhood Loans has a principle place of business located at 55 West 22nd Street,
3 Suite 130, Lombard, Illinois.

4 C. On or around May 3, 2019, Neighborhood Loans applied for a branch location with
5 the Commissioner, requesting to engage in both lending and brokering activities in California.
6 However, Neighborhood Loan’s main office was licensed as a broker only under the CFL.

7 D. On or around May 22, 2019, the Commissioner discovered that Neighborhood Loans
8 made 85 loans to California residents without a license from May of 2013 through March of 2019,
9 in violation of Financial Code section 22100.

10 E. On or around June 7, 2019, Neighborhood Loans filed a request to amend its
11 licensing status with the Commissioner to obtain lending authority.

12 F. Neighborhood Loans maintains that from May of 2013 to May of 2019, it believed
13 that it was licensed as both a lender and a broker under the CFL.

14 G. The Commissioner finds that entering into this Consent Order is in the public
15 interest and consistent with the purposes fairly intended by the policy and provisions of the CFL.

16 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
17 forth herein, the Parties agree as follows:

18 **II.**

19 **Terms and Conditions**

20 1. Purpose. This Consent Order resolves the issues before the Commissioner [findings
21 set forth in paragraph D above] in a manner that avoids the expense of a hearing and other possible
22 court proceedings, protects consumers, is in the public interest, and is consistent with the purposes,
23 policies, and provisions of the applicable law.

24 2. Desist and Refrain Order. Pursuant to Financial Code section 22712, Neighborhood
25 Loans is hereby ordered to desist and refrain from making loans without a license, in violation of
26 Financial Code section 22100.

27 3. Penalties. Neighborhood Loans shall pay a penalty of \$17,000.00 for the violations
28 discussed herein. The Commissioner acknowledges receipt of payment of the penalty from

1 Neighborhood Loans contemporaneous with the execution of this Consent Order.

2 4. Lending Authority. The Commissioner approved Neighborhood Loans’ application
3 discussed in Paragraph E above upon execution of this Consent Order. The application discussed in
4 paragraph C above is still under review, pending Neighborhood Loans’ response to the
5 Commissioner’s request for additional information.

6 5. Waiver of Hearing Rights. Neighborhood Loans acknowledges the Commissioner is
7 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
8 charges contained in this Consent Order. Neighborhood Loans hereby waives the right to any
9 hearings, and to any reconsideration, appeal, or other right to review which may be afforded
10 pursuant to the CFL, the California Administrative Procedure Act, the California Code of Civil
11 Procedure, or any other provision of law. Neighborhood Loans further expressly waives any
12 requirement for the filing of an Accusation pursuant to Government Code section 11415.60,
13 subdivision (b). By waiving such rights, Neighborhood Loans effectively consents to this Consent
14 Order and Desist and Refrain Order becoming final.

15 6. Full and Final Settlement. The Parties hereby acknowledge and agree that this
16 Consent Order is intended to constitute a full, final, and complete resolution of the violations
17 described herein and that no further proceedings or actions will be brought by the Commissioner in
18 connection with these matters except under CFL or any other provision of law, excepting therefrom
19 any proceeding to enforce compliance with the terms of this Consent Order.

20 7. Failure to Comply with Consent Order. Neighborhood Loans agrees that if it fails to
21 comply with the terms of this Consent Order, the Commissioner may, in addition to all other
22 available remedies it may invoke under the CFL, summarily suspend/revoke the CFL licenses of
23 Neighborhood Loans until Neighborhood Loans is in compliance. Neighborhood Loans waives any
24 notice and hearing rights to contest such summary suspensions which may be afforded under the
25 CFL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any
26 other provision of law in connection therewith.

27 8. Information Willfully Withheld or Misrepresented. This Consent Order may be
28 revoked, and the Commissioner may pursue any and all remedies available under law against

1 Neighborhood Loans if the Commissioner discovers that Neighborhood Loans knowingly or
2 willfully withheld information used for and relied upon in this Consent Order.

3 9. Future Actions by Commissioner. If Neighborhood Loans fails to comply with any
4 terms of the Consent Order, the Commissioner may institute proceedings for any and all violations
5 otherwise resolved under this Consent Order. The Commissioner reserves the right to bring any
6 future actions against Neighborhood Loans, or any of its partners, owners, officers, shareholders,
7 directors, employees or successors for any and all unknown violations of the CFL.

8 10. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s
9 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
10 administrative, civil or criminal brought by that agency against Neighborhood Loans or any other
11 person based upon any of the activities alleged in this matter or otherwise.

12 11. Headings. The headings to the paragraphs of this Consent Order are inserted for
13 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
14 the provisions hereof.

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

17 13. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
18 Consent Order it has relied solely on the statements set forth herein and the advice of its own
19 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent
20 Order it has placed no reliance on any statement, representation, or promise of any other party, or
21 any other person or entity not expressly set forth herein, or upon the failure of any party or any
22 other person or entity to make any statement, representation or disclosure of anything whatsoever.
23 The Parties have included this clause: (1) to preclude any claim that any party was in any way
24 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
25 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

26 14. Waiver, Amendments, and Modifications. No waiver, amendment, or modification
27 of this Consent Order will be valid or binding unless it is in writing and signed by each of the
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1 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any
2 other provision. No waiver by either party of any breach of, or of compliance with, any condition
3 or provision of this Consent Order by the other party will be considered a waiver of any other
4 condition or provision or of the same condition or provision at another time.

5 15. Full Integration. This Consent Order is the final written expression and the complete
6 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
7 between the Parties with respect to the subject matter hereof, and supersedes all prior or
8 contemporaneous agreements, negotiations, representations, understandings, and discussions
9 between and among the Parties, their respective representatives, and any other person or entity with
10 respect to the subject matter covered hereby.

11 16. Governing Law. This Consent Order will be governed by and construed in
12 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court,
13 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
14 forum to the maintenance of such action or proceeding in such court.

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

18 18. Effect Upon Future Proceedings. If Respondent applies for any license, permit, or
19 qualification under the Commissioner’s current or future jurisdiction, or is the subject of any future
20 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
21 admitted for the purpose of such application(s) or enforcement proceeding(s).

22 19. Independent Legal Advice. Each of the Parties represents, warrants, and agrees that
23 it has received independent advice from its attorney(s) and/or representatives with respect to the
24 advisability of executing this Consent Order.

25 20. Notice. Any notice required under this Consent Order shall be provided to each
26 party at the following addresses:

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Dated: 8/1/19

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner

Dated: 7/31/19

NEIGHBORHOOD LOANS, INC.

By: _____
TONY AMETI
Owner, Neighborhood Loans