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

12
13 In the Matter of:) OAH CASE NO.: 2019080384
)
14 THE COMMISSIONER OF BUSINESS) CRMLA LICENSE NO.: 413-1322
OVERSIGHT,)
15) SETTLEMENT AGREEMENT
16 Complainant,)
)
17 v.) Hearing Date: December 11, 2019
) Hearing Time: 9:00 a.m.
18) Location: OAH – Los Angeles
) 320 West 4th Street, Suite 630
19 MORTGAGE ONE SOLUTIONS, INC.,) Los Angeles, California 90013
)
20 Respondent.)
)
21)

22
23 This Settlement Agreement (the Settlement Agreement) is entered into between the
24 Commissioner of Business Oversight (Commissioner) and Mortgage One Solutions, Inc. (Mortgage
25 One), and is made with respect to the following facts:

26 RECITALS

27 A. The Commissioner is authorized to administer and enforce the provisions of the
28 California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.) and the rules

1 and regulations issued in title 10 of the California Code of Regulations (CCR) that regulate the
2 business and activities of residential mortgage lenders.

3 B. Mortgage One is a Virginia corporation not authorized to conduct business in
4 California. The California secretary of state's records indicate that on April 3, 2017, the California
5 Franchise Tax Board forfeited Mortgage One's powers, rights, and privileges under the provisions
6 of the California Revenue and Taxation Code, and Mortgage One's powers, rights, and privileges
7 remain forfeited.

8 C. Mortgage One's principal place of business is located at 8609 Westwood Center
9 Drive, Suite 200, Vienna, Virginia.

10 D. Mortgage One has held a residential mortgage lender's license under the CRMLA,
11 since February 12, 2014.

12 E. Stevenson Tran (Tran) is Mortgage One's CEO. As Mortgage One's CEO, Tran is
13 authorized to enter into the Settlement Agreement on behalf of Mortgage One.

14 F. On July 16, 2019, the Commissioner personally served Mortgage One's registered
15 agent with the notice of intention to issue order revoking residential mortgage lender's license,
16 accusation, and accompanying documents dated July 15, 2019 (collectively, the Accusation).

17 G. Mortgage One timely filed its notice of defense under section 11506 of the
18 Government Code for the purpose of requesting an administrative hearing on the allegations set forth
19 in the Accusation. The administrative hearing is currently set to begin trial before the Office of
20 Administrative Hearings (OAH) on December 11, 2019, OAH Case number 2019080384.

21 H. On February 27, 2018, the Commissioner, through his audit staff, commenced a
22 regulatory examination of Mortgage One.

23 I. The regulatory examination disclosed Mortgage One had, in at least three loan files,
24 overcharged borrowers' per diem interest in excess of one day prior to the disbursement date of the
25 loan proceeds in violation of Civil Code section 2948.5 and Financial Code section 50204,
26 subdivision (o).

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1 J. The Commissioner’s examination also disclosed that Mortgage One had failed to
2 timely provide the Commissioner with evidence of the date of disbursement of the majority of loan
3 proceeds in 11 out of 16 loan files in violation of CCR section 1950.314.4, subdivisions (d) and (e).

4 K. Financial Code section 50205, subdivision (a) requires all CRMLA licensees to
5 maintain a surety bond “to be used for the recovery of expenses, fines, and fees levied by the
6 Commissioner in accordance with [the CRMLA] or for losses or damages incurred by borrowers or
7 consumers as the result of the licensee’s noncompliance with [the CRMLA].”

8 L. Effective January 22, 2019, Mortgage One’s insurer cancelled the company’s surety
9 bond and Mortgage One’s bond has not been replaced.

10 M. On January 15, 2019, Mortgage One attempted to surrender its residential mortgage
11 lender’s license to the Commissioner, but the company has not completed all steps necessary to
12 surrender its license under Financial Code section 50123, subdivision (b), and the Commissioner has
13 not accepted Mortgage One’s surrender.

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

16 TERMS AND CONDITIONS

17 1. Purpose. The Settlement Agreement resolves the issues before the Commissioner
18 under the Recitals, set forth above, in a manner that avoids the expense of a hearing and other
19 possible court proceedings, protects consumers, is in the public interest, and is consistent with the
20 purposes, policies, and provisions of the CRMLA.

21 2. Acknowledgment. Mortgage One acknowledges that the Commissioner issued the
22 Accusation, in which the Commissioner found Mortgage One had violated certain provisions of the
23 CRMLA as described above in the Recitals. Mortgage One admits service of the Accusation filed in
24 this matter.

25 3. Costs. Mortgage One agrees to pay the Commissioner’s costs of \$10,000.00 (the
26 Payment). The Payment shall be due within 48 hours from the Effective Date of the Settlement
27 Agreement and made payable in the form of a cashier’s check or Automated Clearing House deposit
28 to the “Department of Business Oversight,” and transmitted to the attention of Accounting –

1 Enforcement Division, Department of Business Oversight, 1515 K Street, Suite 200, Sacramento,
2 California 95814. Notice of the Payment shall be sent to Blaine A. Noblett, Senior Counsel,
3 Department of Business Oversight, 320 West 4th Street, Suite 750, Los Angeles, California 90013-
4 2344 or by e-mail at blaine.noblett@dbo.ca.gov.

5 4. Surrender of License. The Commissioner agrees that Mortgage One shall have 60
6 days within which to surrender its residential mortgage lender's license to the department in
7 accordance with Financial Code section 50123, subdivision (b), which includes the filing of a plan
8 for withdrawal (Plan of Surrender) that includes a timetable for the disposition of the business and a
9 closing audit, review, or other agreed upon procedures performed by an independent certified public
10 accountant, as set forth in the NMLS surrender checklist entitled "CA-DBO Residential Mortgage
11 Lending Act License Surrender Checklist" (the 60-day surrender period). The Commissioner will
12 not deem the license surrendered until the department notifies Mortgage One that its Plan of
13 Surrender is acceptable. The 60-day surrender period shall commence on the Effective Date of the
14 Settlement Agreement.

15 5. Revivor. Mortgage One acknowledges that the California secretary of state forfeited
16 Mortgage One's powers, rights, and privileges on April 3, 2017, under the provisions of the
17 California Revenue and Taxation Code, and Mortgage One's powers, rights, and privileges remain
18 forfeited. Mortgage One agrees to obtain a revivor of its powers, rights, and privileges from the
19 California secretary of state within the 60-day surrender period.

20 6. Revocation of Mortgage One's License. Mortgage One agrees that if it fails to make
21 the Payment as required by paragraph 3., above, or fails to surrender its residential mortgage
22 lender's license to the Commissioner within the 60-day surrender period as required by paragraph 4.,
23 above, or it fails to obtain the revivor as required by paragraph 5., above, the Commissioner shall
24 automatically revoke Mortgage One's residential mortgage lender's license and any rights to a
25 hearing regarding the license revocation and to any reconsideration, appeal, or other rights which
26 may be afforded under the CRMLA, the Administrative Procedure Act (APA) (Gov. Code, § 11340
27 et seq.), the Code of Civil Procedure (CCP) (Code Civ. Proc., § 1 et seq.), or any other provision of
28 law in connection therewith are expressly waived.

1 7. Suspension Order. Mortgage One agrees to an immediate suspension of its
2 residential mortgage lender’s license from the Effective Date of the Settlement Agreement until the
3 Commissioner accepts Mortgage One’s surrender or the revocation of Mortgage One’s license,
4 whichever period is longer (the Suspension Order). A copy of the Suspension Order is attached and
5 incorporated herein as Exhibit A.

6 8. Waiver of Hearing Rights. Mortgage One agrees that the Settlement Agreement shall
7 have the effect of withdrawing its request for an administrative hearing on the Accusation and the
8 Suspension Order issued under the Settlement Agreement. Mortgage One acknowledges its right to
9 an administrative hearing under the CRMLA in connection with the Accusation and Suspension
10 Order, and hereby waives its right to a hearing and to any reconsideration, appeal, or other rights
11 which may be afforded it under the CRMLA, APA, CCP, or any other provision of law in
12 connection with this matter. Mortgage One further expressly waives any requirement for the filing
13 of an accusation under Government Code section 11415.60, subdivision (b), in connection with the
14 Commissioner’s issuance of the Suspension Order.

15 9. Processing of Surrender. The Commissioner agrees to process Mortgage One’s Plan
16 of Surrender filed with the Commissioner in an expeditious manner, which shall include prompt
17 notice to Mortgage One of any deficiency in the completeness of the Plan of Surrender.

18 10. Dismissal of the Accusation. Except as provided in the Settlement Agreement,
19 Mortgage One agrees that the Settlement Agreement shall have the effect of dismissing that portion
20 of the Accusation relating to the revocation of Mortgage One’s residential mortgage lender’s license.
21 The dismissal shall become effective upon the acceptance of the surrender as described in paragraph
22 4., above.

23 11. Full and Final Settlement. The parties hereby acknowledge and agree that the
24 Settlement Agreement is intended to constitute a full, final, and complete resolution of the
25 Accusation and that no further proceedings or actions will be brought by the Commissioner in
26 connection with the Accusation, either under the CRMLA or any other provision of law, excepting
27 any proceeding to enforce compliance with the terms of the Settlement Agreement.

28 12. Information Willfully Withheld. The Settlement Agreement may be revoked, and the

1 Commissioner may pursue any and all remedies under the CRMLA against Mortgage One if the
2 Commissioner discovers Mortgage One knowingly or willfully withheld information used for and
3 relied upon in the Settlement Agreement.

4 13. Future Actions by Commissioner. If Mortgage One fails to comply with any term of
5 the Settlement Agreement, the Commissioner may institute proceedings for any and all violations
6 otherwise resolved under the Settlement Agreement. The Commissioner reserves the right to bring
7 any future actions against Mortgage One, or any of its partners, owners, officers, shareholders,
8 directors, employees, or successors for any and all unknown violations of the CRMLA.

9 14. Assisting Other Agencies. The parties further acknowledge and agree that nothing in
10 the Settlement Agreement shall limit the Commissioner's ability to assist any other agency (city,
11 county, state, or federal) with any prosecution, administrative, civil, or criminal, brought by any
12 such agency against Mortgage One or any other person based upon any of the activities alleged in
13 this matter or otherwise.

14 15. Binding. The Settlement Agreement is binding on all heirs, assigns, or successors in
15 interest.

16 16. Independent Legal Advice. Each of the parties represents, warrants, and agrees that
17 they have received independent advice from their attorney(s) or representative(s) with respect to the
18 advisability of executing the Settlement Agreement.

19 17. Counterparts. The parties agree that the Settlement Agreement may be executed in
20 one or more separate counterparts, each of which shall be deemed an original when so executed.
21 Such counterparts shall together constitute and be one and the same instrument.

22 18. Waiver, Modification, and Qualified Integration. The waiver of any provision of the
23 Settlement Agreement shall not operate to waive any other provision set forth herein. No waiver,
24 amendment, or modification of the Settlement Agreement shall be valid or binding to any extent
25 unless it is in writing and signed by all the parties affected by it.

26 19. Headings and Governing Law. The headings to the paragraphs of the Settlement
27 Agreement are inserted for convenience only and will not be deemed a part hereof or affect the
28 construction or interpretation of the provisions hereof. The Settlement Agreement shall be construed

1 and enforced in accordance with and governed by California law.

2 20. Full Integration. Each of the parties represents, warrants, and agrees that in executing
3 the Settlement Agreement they have relied solely on the statements set forth herein and the advice
4 of their own counsel. Each of the parties further represents, warrants, and agrees that in executing
5 the Settlement Agreement they have placed no reliance on any statement, representation, or promise
6 of any other party, or any other person or entity not expressly set forth herein, or upon the failure of
7 any party or any other person or entity to make any statement, representation, or disclosure of
8 anything whatsoever. The parties have included this clause (1) to preclude any claim that any party
9 was in any way fraudulently induced to execute the Settlement Agreement and (2) to preclude the
10 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of the
11 Settlement Agreement.

12 21. No Presumption Against Drafting Party. In that the parties have had the opportunity
13 to draft, review, and edit the language of the Settlement Agreement, no presumption for or against
14 any party arising out of drafting all or any part of the Settlement Agreement will be applied in any
15 action relating to, connected to, or involving the Settlement Agreement. Accordingly, the parties
16 waive the benefit of Civil Code section 1654 and any successor or amended statute, providing that
17 in cases of uncertainty, language of a contract should be interpreted most strongly against the party
18 that caused the uncertainty to exist.

19 22. Effect Upon Future Proceedings. If Mortgage One applied for any license, permit, or
20 qualification under the Commissioner's current or future jurisdiction, or is the subject of any future
21 action by the Commissioner to enforce the Settlement Agreement, then the subject matter hereof
22 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

23 23. Voluntary Agreement. Mortgage One enters into the Settlement Agreement
24 voluntarily and without coercion and acknowledges that no promises, threats, or assurances have
25 been made by the Commissioner, or any officer or agent thereof, about the Settlement Agreement.

26 24. Effective Date. The Settlement Agreement shall become final and effective once
27 signed by all parties and delivered by the Commissioner's agent via e-mail to Mortgage One's
28 counsel at sweinsteinlaw@gmail.com (the Effective Date).

1 25. Notice. Any notices required under the Settlement Agreement shall be provided to
2 each party at the following addresses:

3 If to Mortgage One to: Stevenson Tran, President
4 Mortgage One Solutions, Inc.
5 8609 Westwood Center Drive, Suite 200
 Vienna, Virginia 22182

6 With copy to: Seth Weinstein, Esq.
7 Law Offices of Seth Weinstein, P.C.
8 15260 Ventura Boulevard, Suite 1200
 Sherman Oaks, California 91403

9 If to the Commissioner to: Blaine A. Noblett, Senior Counsel
10 Department of Business Oversight
11 320 West 4th Street, Suite 750
 Los Angeles, California 90013-2344

12 26. Public Record. Mortgage One acknowledges that the Settlement Agreement is a
13 public record.

14 27. Authority to Execute. Each signatory hereto covenants that he/she possesses all
15 necessary capacity and authority to sign and enter into the Settlement Agreement.

16 [signature page follows]

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IN WITNESS WHEREOF, the parties hereto have approved and executed the Settlement Agreement on the dates set forth opposite their respective signatures.

MANUEL P. ALVAREZ
Commissioner of Business Oversight

Dated: 12/6/19

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

MORTGAGE ONE SOLUTIONS, INC.

Dated: 12/5/19

By _____
STEVENSON TRAN
CEO, On behalf of Mortgage One Solutions, Inc.

Approved as to Form

By _____
Seth Weinstein, Esq.
Law Offices of Seth Weinstein, P.C.
Attorneys on behalf of Mortgage One Solutions, Inc.