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8 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of:)
)
12 THE COMMISSIONER OF FINANCIAL) CFL LICENSE No.: 60DBO-1372244
13 PROTECTION AND INNOVATION,)
)
14 Complainant,) STATEMENT OF ISSUES
)
15 v.)
)
16 AFFORDABLE MORTGAGE LENDING INC.,)
17)
18 Respondent.)
)

19
20 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and
21 believes, and based upon such information and belief, alleges and charges Respondent Affordable
22 Mortgage Lending Inc. (Affordable) as follows:

23 **I.**

24 **Introduction**

25 1. The proposed order seeks to deny the finance lender and/or broker license application
26 of Affordable pursuant to Section 22109 of the California Financing Law (CFL) (Fin. Code § 22000
27 et. seq.) in that (i) Affordable and its president and 100% shareholder have submitted a false
28 statement(s) of material fact in the application of Affordable, (ii) Affordable and its president and

1 100% shareholder have committed violations of the CFL, and (iii) its president and 100%
2 shareholder has violated a similar regulatory scheme of the State of California.

3 **II.**

4 **Respondent**

5 2. Affordable is a California corporation incorporated on or about May 4, 2012.
6 Affordable has applied for a finance lender and/or broker license as more fully described below.

7 3. James Forrest Grant (Grant) is the president, 100% shareholder and person in charge
8 of Affordable.

9 **III.**

10 **CFL License Application**

11 4. Financial Code section 22101 provides that an application for a CFL license shall be
12 in the form and contain the information that the Commissioner may by rule require. California Code
13 of Regulations, title 10, section 1422.4 requires corporate applicants to disclose to the Commissioner
14 in the application all officers, directors, any person owning or controlling, directly or indirectly, 10%
15 or more of the applicant, and all person(s) who would be in charge of the business. The application
16 further requires various documentation, including a certificate of good standing from the California
17 Secretary of State showing that the corporate applicant is qualified to do business in the State of
18 California.

19 5. On or about March 19, 2021, Affordable submitted an application for a finance lender
20 and/or broker license with the Commissioner pursuant to the CFL, in particular, Financial Code
21 section 22101 and California Code of Regulations, title 10, section 1422.4 (application). The
22 application was submitted to the Commissioner by filing Form MU1 through the Nationwide
23 Mortgage Licensing System (NMLS). The address provided for Affordable in the application was
24 3717 S. La Brea Avenue, Suite 200, Los Angeles, California 90016. Between March 19, 2021 and
25 June 27, 2021, Affordable submitted 16 amended Form MU1s to upload required documentation
26 and/or make revisions. Grant signed the Form MU1s on behalf of Affordable attesting that the
27 answers were true and complete to the best of his knowledge.

28 ///

1 6. The application disclosed Grant as the president and 100% shareholder. Accordingly,
2 Grant was required to, and did, submit an MU2 form to the Commissioner on or about March 19,
3 2021. The MU2 form submitted by Grant on or about March 19, 2021 in support of the CFL license
4 application of Affordable was an MU2 form Grant had submitted to NMLS back on September 25,
5 2019. Grant answered “no” in response to Regulatory Disclosure Question (N), which asks “Is there
6 a pending regulatory proceeding against you for any alleged violation described in (K) through (L)?”
7 Grant signed the Form MU2 attesting that the answers were true and complete to the best of his
8 knowledge. Grant submitted 16 amended MU2’s between March 19, 2021 and June 27, 2021.

9 7. On or about March 19, 2021, Affordable, by and through Grant, submitted to the
10 Commissioner a certificate of good standing issued by the California Secretary of State on or about
11 March 14, 2021 in support of Affordable’s application.

12 **IV.**

13 **Administrative Action**

14 8. On or about September 11, 2020, the California Department of Real Estate (DRE)
15 filed an action against Grant’s DRE broker and salesperson licenses (DRE action). The DRE action
16 alleged, among other things, that Grant had mishandled trust funds and made misrepresentations to
17 tenants regarding his position as to leased property.

18 9. On or about June 3, 2021, pursuant to a stipulation signed on March 4, 2021 and
19 adopted by DRE on April 25, 2021, Grant’s DRE licenses were revoked subject to being eligible for
20 a restricted real estate salesperson license (restricted license) and a restricted mortgage loan
21 originator license endorsement (restricted endorsement) pursuant to Business and Professions Code
22 section 10156.5 if Grant made application therefor and paid the DRE the appropriate fees for the
23 restricted licenses within 90 days from the effective date of the Decision. The restricted license and
24 endorsement were subject to several other conditions.

25 **V.**

26 **Material Representations and/or Omissions**

27 10. Grant was required to respond “yes” to Regulatory Disclosure Question N - “Is there
28 a pending regulatory proceeding against you for any alleged violation described in (K) through (L)?”

1 - in the MU2s filed between March 19, 2021 and April 22, 2021 based upon the DRE action
2 described in Paragraphs 8 and 9 above. Regulatory Disclosure Questions (K) (1) and (2) ask – “(K)
3 Has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory
4 organization (SRO) ever: (1) found you to have made a false statement or omission or been
5 dishonest, unfair or unethical? (2) found you to have been involved in a violation of a financial-
6 services-related business regulation or statute?”

7 11. On or about May 20, 2021, Grant amended his MU2 to respond “yes” to Regulatory
8 Disclosure Question (K) (9), which asks: “Has any State or federal regulatory agency or foreign
9 financial regulatory authority or self-regulatory organization (SRO) ever: (9) entered an order
10 concerning you in connection with any license or registration?” However, did not disclose any DRE
11 action when making the required disclosure explanation nor did he upload any supporting
12 documentation as required. Grant did not respond in the affirmative to any other regulatory
13 disclosure questions.

14 12. Grant should have also responded “yes” to Regulatory Disclosure Questions (K) (4)
15 and (5) in the May 20, 2021 MU2 as Grant’s DRE licenses were being revoked subject to eligibility
16 for a restricted license and a restricted endorsement. Regulatory Disclosure Questions (K) (4) and (5)
17 ask – “(4) entered an order against you in connection with a financial services-related activity?” and
18 “(5) revoked your registration or license?”

19 13. Grant has failed to accurately respond to Regulatory Disclosure Questions (K) (4) and
20 (5) or properly describe his affirmative response to Regulatory Disclosure Question (K) (9) or
21 upload any supporting documentation in the 6 amended MU2s he has submitted since May 20, 2021.

22 14. As previously described above, on or about March 19, 2021, Affordable, by and
23 through Grant, submitted to the Commissioner a certificate of good standing issued by the California
24 Secretary of State on or about March 14, 2021. However, a review of the California Secretary of
25 State’s website in connection with the application of Affordable disclosed the status of Affordable as
26 SOS suspended. Further investigation disclosed that the certificate of good standing Affordable and
27 Grant submitted was not for Affordable, but for a new corporation (Affordable Mortgage Lending)
28 Grant had incorporated in October 2020 subsequent to the issuance of the DRE action. In

1 furtherance of the misrepresentation regarding Affordable’s status with the California Secretary of
2 State, on or about April 26, 2021, Affordable, by and through Grant, submitted to the Commissioner
3 a name change document dated April 22, 2021 to change the name of Affordable Mortgage Lending
4 to Affordable Mortgage Lending Inc.

5 15. Grant’s failure to accurately respond to (i) Regulatory Disclosure Question (N) in his
6 MU2s filed before April 25, 2021, and (ii) Regulatory Disclosure Questions (K) (4) and (5) in his
7 MU2s filed subsequent to April 25, 2021, and the submission of the certificate of good standing
8 described in paragraphs 10-12 above constituted false statement(s) and/or omissions of material fact
9 in the application of Affordable; violations of Financial Code section 22170, subdivision (b) and also
10 grounds under Financial Code section 22019, subdivision (a)(1) and (3) to deny the CFL license
11 application.

12 **VI.**

13 **CFL Denial Statute**

14 16. Financial Code section 22109 provides in pertinent part:

15 (a) Upon reasonable notice and opportunity to be heard, the commissioner
16 may deny the application for a finance lender, broker, or program administrator
license for any of the following reasons:

17 (1) A false statement of a material fact has been made in the application.

18
19 (3) The applicant or an officer, director, general partner, person responsible for
20 the applicant’s lending activities or administering PACE programs for the applicant in
21 this state, or person owning or controlling, directly or indirectly, 10 percent or more
22 of the outstanding interests or equity securities of the applicant has violated any
provision of this division or the rules thereunder or any similar regulatory scheme of
the State of California. . . .

23 **VII.**

24 **Conclusion**

25 17. The Commissioner finds, by reason of the foregoing, that:

26 (a) On or about April 25, 2021, to become effective June 3, 2021, Grant’s DRE licenses
27 were revoked subject to being eligible for a restricted real estate salesperson license (restricted
28

1 license) and a restricted mortgage loan originator license endorsement (restricted endorsement) as a
2 result of the September 11, 2020 action by DRE against Grant alleging, among other things, that
3 Grant had mishandled trust funds and made misrepresentations to tenants regarding his position as to
4 leased property in violation of the California Real Estate Law;

5 (b) Affordable, by and through Grant, has made material misrepresentations and/or
6 omitted material information from its CFL license application regarding the DRE action and the
7 resulting DRE license revocations; and

8 (c) Affordable, by and through Grant, has made material misrepresentations and/or
9 omitted material information from its CFL license application with regard to Affordable’s standing
10 to do business in the State of California.

11 **VIII.**

12 **Prayer**

13 WHEREFORE IT IS PRAYED that the finance lender and/or broker license application filed
14 by Affordable Mortgage Lending Inc. on March 19, 2021 be denied.

15 Dated: July 1, 2021
16 Los Angeles, CA

CHRISTOPHER S, SHULTZ
Acting Commissioner of Financial Protection and Innovation



17 By _____
18 Judy L. Hartley
19 Senior Counsel
20 Enforcement Division
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