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Commissioner
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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:) CRMLA LICENSE NO.: 413-1332
13 THE COMMISSIONER OF FINANCIAL) CONSENT ORDER
14 PROTECTION AND INNOVATION,)
15 Complainant,)
16 v.)
17 COMPASS MORTGAGE LENDING, INC.,)
18 Respondent.)
19)
20)

21 The Commissioner of Financial Protection and Innovation (Complainant or Commissioner)
22 and Respondent COMPASS MORTGAGE LENDING, INC. (Respondent) enter into this Consent
23 Order with respect to the following facts:

24 **I.**

25 **RECITALS**

26 A. The Commissioner has jurisdiction over the licensing and regulation of persons and
27 entities engaged in the business of residential mortgage lending and residential mortgage loan
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1 servicing under the California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et
2 seq.).

3 B. Respondent is an Illinois corporation with a primary place of business at 27755 Diehl
4 Road, Suite 100, Warrenville, Illinois 60555.

5 C. Respondent was licensed as a residential mortgage lender under the CRMLA on
6 October 1, 2015, with main license number 413-1332. On May 28, 2020, it added residential
7 mortgage loan servicing to its uniform application form (Form MU1) filed on NMLS¹, but it did not
8 complete its application to amend the license to include servicing, nor did it contact the Department
9 of Financial Protection and Innovation’s CRMLA licensing division.

10 D. Respondent conducts business under its CRMLA license at its primary place of
11 business in Illinois described in paragraph B., above, and does not operate any branch offices in
12 California. At all relevant times, Respondent has employed one or more mortgage loan originators.

13 E. In accordance with Financial Code section 50002, subdivision (a), no person or entity
14 may engage in the business of servicing residential mortgage loans in California without first
15 obtaining a license from the Commissioner. Moreover, under Financial Code section 50130,
16 subdivision (a), a mortgage servicer must file an application for licensure with the Commissioner to
17 service mortgage loans in California.

18 F. On December 2, 2020, the Commissioner conducted a remote regulatory examination
19 of Respondent. The examination revealed that Respondent engaged in five instances of unlicensed
20 servicing activity between March 1, 2019, and September 30, 2020, in violation of Financial Code
21 sections 50002, subdivision (a), and 50130, subdivision (a). At that time, Respondent had entered
22 into a subservicing contract with a third party that was at all relevant times licensed by the
23 Commissioner under the CRMLA to service residential mortgage loans, but Respondent did so
24 without a license to manage the subservicer.

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27 ¹ NMLS is a web-based platform for regulatory agencies to administer initial license applications
28 and ongoing compliance requirements. NMLS is used by participating agencies to process the
applications of companies and individuals looking to apply, renew, surrender, or amend licenses for
various industries. NMLS is used by Mortgage Lenders, Mortgage Loan Originators, Money
Transmitters, Money Services including check cashing and currency exchange businesses, and more.

1 G. On or about December 29, 2020, Respondent renewed its attempts to amend its
2 CRMLA license to include residential mortgage loan servicing. On February 1, 2021, the
3 Commissioner approved Respondent’s application and issued an amended license with authority to
4 engage in residential mortgage lending and residential mortgage loan servicing.

5 H. Pursuant to Financial Code section 50501, the maximum penalty that may be imposed
6 per violation under the CRMLA is \$2,500.00. Pursuant to Financial Code section 50513, the
7 maximum penalty that may be imposed per violation where the licensee employs a mortgage loan
8 originator is \$25,000.00.

9 I. The Commissioner finds that entering into this Consent Order is in the public interest
10 and consistent with the purposes fairly intended by the policies and provisions of the CRMLA.

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

13 **II.**

14 **TERMS AND CONDITIONS**

15 1. Purpose. This Consent Order resolves the issue before the Commissioner – the
16 unlicensed mortgage loan servicing by Respondent – in a manner that avoids the expense of a
17 hearing and other possible court proceedings, protects consumers, is in the public interest, and is
18 consistent with the purposes and provisions of the CRMLA.

19 2. Order to Discontinue Violations. The Commissioner hereby orders that, in
20 accordance with Financial Code section 50321, Respondent shall not service mortgage loans without
21 a mortgage servicer’s license in violation of Financial Code sections 50002, subdivision (a) and
22 50130, subdivision (a). Respondent agrees to comply with sections 50002 and 50130, and stipulates
23 to the finality of the Commissioner’s Order to Discontinue.

24 3. Self-Audit. Respondent has audited all California loans originated or serviced by
25 Respondent prior to February 1, 2021 (Self-Audit) and it has not identified any additional violations.
26 Respondent agrees to produce a Self-Audit Report for the Commissioner containing information
27 specified herein no later than 90 days after the Effective Date of this Consent Order as defined by
28 paragraph 26.

1 4. Scope of Audit Report. The Self-Audit Report shall include, unless otherwise
2 specified, each of the following:

- 3
- 4 (A) Total number of loans to California residents originated by Respondent,
- 5 (B) Total number of loans to California residents serviced by Respondent,
- 6 (C) Loan number, origination date, and original amount of each loan identified,
- 7 (D) Period of servicing by Respondent of each loan identified,
- 8 (E) Name and CRMLA license number of the subservicer, if any, of each loan
9 serviced by Respondent.

10 5. Administrative Penalties.

11 (A) Respondent shall pay an administrative penalty of \$7,500.00 for the five
12 violations identified in Recital F no later than 30 days after the Effective Date of this Consent
13 Order as defined in paragraph 26.

14 (B) The penalty must be made payable in the form of:

15 (i) a cashier’s check mailed to the attention of:

16 Accounting – Litigation
17 Department of Financial Protection and Innovation
18 2101 Arena Boulevard, Sacramento, California 95834, or

19 (ii) Automated Clearing House deposit to the Department of Financial
20 Protection and Innovation:

21 Account Owner: Department of Financial Protection and Innovation
22 Account Name: EFT
23 Account Number: 10440639
24 Routing Number: 021052053

25 Notice of the payment must be concurrently sent to Noah M. Bean, Senior Counsel, Department of
26 Financial Protection and Innovation, noah.bean@dfpi.ca.gov.

27 6. Remedy for Breach. In the event Respondent fails to comply with any of the terms of
28 this Consent Order, Respondent hereby agrees that the Commissioner may institute proceedings for
any and all violations otherwise resolved under this Consent Order, and further agrees the
Commissioner may, in addition to all other available remedies she may invoke under the CRMLA,

1 summarily suspend or revoke the CRMLA license of Respondent. Respondent hereby stipulates to
2 the finality of any such CRMLA license suspension or revocation that the Commissioner may order.
3 Respondent hereby waives any notice and hearing rights to contest the immediate license suspension
4 or revocation order that may be issued after such breach, which may be afforded under the CRMLA,
5 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
6 law.

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

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

21 9. Information Willfully Withheld or Misrepresented. This Consent Order may be
22 revoked, and the Commissioner may pursue any and all remedies available under law against
23 Respondent if the Commissioner discovers that Respondent knowingly or willfully withheld or
24 misrepresented information used for and relied upon in this Consent Order.

25 10. Future Actions by Commissioner. If Respondent fails to comply with the terms of the
26 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
27 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
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1 against Respondent, or any of its partners, owners, officers, shareholders, directors, employees or
2 successors for any and all unknown violations of the CRMLA.

3 11. Assisting Other Agencies. Nothing in this Consent Order limits the
4 Commissioner’s ability to assist any other government agency (city, county, state or federal) with
5 any prosecution, administrative, civil or criminal action brought by that agency against Respondent
6 or any other person based on any of the activities alleged in this matter or otherwise.

7 12. No Presumption Against Drafter. Each party acknowledges that it has had the
8 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the parties
9 intend no presumption for or against the drafting party will apply in construing any part of this
10 Consent Order. The parties waive the benefit of Civil Code section 1654 as amended or
11 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
12 language of a contract should be interpreted most strongly against the party who caused the
13 uncertainty to exist.

14 13. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
15 has had the opportunity to receive independent advice from an attorney(s) and/or representatives
16 with respect to the advisability of executing this Consent Order.

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

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

22 16. Reliance. Each of the parties represents, warrants, and agrees that in executing this
23 Consent Order, it has relied solely on the statements set forth herein and the advice of its own legal
24 counsel, if represented. Each of the parties further represents, warrants, and agrees that in executing
25 this Consent Order it has placed no reliance on any statement, representation, or promise of any
26 other party, or any other person or entity not expressly set forth herein, or upon the failure of any
27 party or any other person or entity to make any statement, representation, or disclosure of anything
28 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in

1 any way fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of
2 parol evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

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

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

15 19. Governing Law. This Consent Order will be governed by and construed in
16 accordance with California law. Each of the parties hereto consents to the jurisdiction of such court
17 and thereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
18 forum to the maintenance of such action or proceeding in such court.

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

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

26 22. Voluntary Agreement. Respondent hereby enters into this Consent Order voluntarily
27 and without coercion and acknowledges that no promises, threats, or assurances have been made by
28 the Commissioner or any officer, or agent thereof, about this Consent Order. The parties each

1 represent and acknowledge that he, she or it is executing this Consent Order completely voluntarily
2 and without any duress or undue influence of any kind from any source.

3 23. Notice. Any notice required under this Consent Order shall be provided to each party
4 at the following addresses:

5 To Respondent: COMPASS MORTGAGE LENDING, INC.
6 c/o Kyle August, VP Compliance Officer
7 27755 Diehl Road, Suite 100
8 Warrenville, Illinois 60555
9 KYLEAUGUST@compmort.com

10 To the Commissioner: Noah M. Bean, Senior Counsel
11 Department of Financial Protection and Innovation
12 2101 Arena Boulevard
13 Sacramento, California 95834
14 Noah.Bean@dfpi.ca.gov

15 24. Signatures. A fax or electronic mail signature shall be deemed the same as an
16 original signature.

17 25. Public Record. Respondent hereby acknowledges that the Consent Order is and will
18 be a matter of public record.

19 26. Effective Date. This Consent Order shall become final and effective when signed by
20 all parties and delivered by the Commissioner’s agent via e-mail to Respondent at the following
21 email address: KYLEAUGUST@compmort.com.

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27. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

Dated: June 23, 2022

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: June 21, 2022

COMPASS MORTGAGE LENDING, INC.

By _____
NAME: Kevin Williamson
TITLE: President