

1 WILLIAM P. WOOD
California Corporations Commissioner
2 VIRGINIA JO DUNLAP (CA BAR NO. 142221)
Deputy Commissioner
3 ALAN S. WEINGER (CA BAR NO. 86717)
Supervising Counsel
4 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
5 Department of Corporations
320 West 4th Street, Ste. 750
6 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

7 Attorneys for Complainant
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9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

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12 In the Matter of the Accusation of THE) OAH No. L-2004030492
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) Case No.: 413-0086
14)
Complainant,) ORDER REVOKING RESIDENTIAL
15) MORTGAGE LENDER AND SERVICER
vs.) LICENSE
16)
17 U.S. MORTGAGE doing business in California)
as NEVADA US MORTGAGE,)
18)
Respondent.)
19

20 The California Corporations Commissioner finds that:

- 21 1. Respondent U.S. Mortgage doing business in California as Nevada US Mortgage
22 ("Nevada US Mortgage") is a residential mortgage lender and loan servicer licensed by the
23 California Corporations Commissioner ("Commissioner") pursuant to the California Residential
24 Mortgage Lending Act (California Financial Code § 50000 et seq.) ("CRMLA"). Nevada US
25 Mortgage has its main office located at 5825 W. Sahara Ave., Ste. L., Las Vegas, Nevada 89102.
26 2. On May 27, 2003, the Commissioner commenced a regulatory examination of the
27 books and records of Nevada US Mortgage ("regulatory examination"). The regulatory examination
28 revealed that Nevada US Mortgage had failed to reconcile the escrow trust account since January 24,

1 2003 in violation of California Financial Code section 50314 and California Code of Regulations,
2 Title 10, section 1950.314.1. Moreover, the January 24, 2003 escrow trust account reconciliation
3 contained numerous adjusting items that had not been cleared, with the oldest adjusting items dating
4 back to January 1999, and an unreconciled difference of \$479,951.26.

5 3. On June 17, 2003, the Commissioner notified Nevada US Mortgage in writing that it
6 must submit bank reconciliations for its escrow trust account through May 31, 2003. Nevada US
7 Mortgage telephoned the Department of Corporations and stated that the reconciliation of the escrow
8 trust account would be brought current by early December 2003. On January 15, 2004, when
9 Nevada US Mortgage had yet to submit current escrow trust account reconciliations, the
10 Commissioner sent a further letter to Nevada US Mortgage requiring escrow trust account
11 reconciliations through December 31, 2003 be submitted no later than January 30, 2004. Nevada US
12 Mortgage did not submit escrow trust account bank reconciliations by January 30, 2004, and has yet
13 to submit proper escrow trust account bank reconciliations.

14 4. On December 29, 2003, a report of the regulatory examination was sent to Nevada
15 US Mortgage. Pursuant to California Financial Code section 50307(b), Nevada US Mortgage was
16 required to respond to the regulatory examination report in writing. Nevada US Mortgage was given
17 30 days to respond to the regulatory examination report. Nevada US Mortgage failed to respond to
18 the regulatory examination report in the time period required.

19 5. Failure to prepare proper monthly escrow trust bank reconciliations and timely
20 respond to a regulatory examination report are grounds under California Financial Code section
21 50327 for the revocation of a license issued under the CRMLA.

22 6. On February 26, 2004, the Commissioner issued a Notice of Intention to Issue Order
23 Revoking Residential Mortgage Lender and Servicer License, Accusation and accompanying
24 documents against Nevada US Mortgage based upon the above, and Nevada US Mortgage was
25 served with those documents on February 26, 2004 via certified, return-receipt mail at its licensed
26 location on file with the California Department of Corporations. On March 4, 2004, Nevada US
27 Mortgage submitted its request for a hearing. The hearing was scheduled to commence on
28 December 7, 2004. On November 30, 2004, Nevada US Mortgage withdrew its hearing request

1 stating that it had determined that its loan servicing business in California did not support the costs
2 of maintaining a CRMLA license.

3 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
4 mortgage lender and servicer license issued by the Commissioner to Nevada US Mortgage is hereby
5 revoked. This order is effective as of the date hereof. Pursuant to California Financial Code sections
6 50310 and 50311, Nevada US Mortgage has sixty (60) days within which to transfer its existing
7 service accounts and to complete any loans for which it had commitments.

8 Dated: December 1, 2004
9 Los Angeles, California

WILLIAM P. WOOD
California Corporations Commissioner

10 By _____
11 DiAun M. Burns
12 Special Administrator
13 California Residential Mortgage Lending Act
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CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ACCUSATION
14)
Complainant,)
15)
16 vs.)
17 U.S. MORTGAGE doing business in California)
as NEVADA US MORTGAGE,)
18)
Respondent.)
19

20 The Complainant is informed and believes, and based upon such information and belief,
21 alleges and charges Respondent as follows:

22 I

23 Respondent U.S. Mortgage doing business in California as Nevada US Mortgage ("Nevada
24 US Mortgage") is a residential mortgage lender and loan servicer licensed by the California
25 Corporations Commissioner ("Commissioner") pursuant to the California Residential Mortgage
26 Lending Act (California Financial Code § 50000 et seq.) ("CRMLA"). Nevada US Mortgage has its
27 main office located at 5825 W. Sahara Ave., Ste. L., Las Vegas, Nevada 89102.
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II

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2 On or about May 27, 2003, the Commissioner commenced a regulatory examination of the
3 books and records of Nevada US Mortgage ("regulatory examination"). The regulatory examination
4 revealed that Nevada US Mortgage had failed to reconcile the escrow trust account since January 24,
5 2003 in violation of California Financial Code section 50314 and California Code of Regulations,
6 Title 10, section 1950.314.1. Moreover, the January 24, 2003 escrow trust account reconciliation
7 contained numerous adjusting items that had not been cleared, with the oldest adjusting items dating
8 back to January 1999, and an unreconciled difference of \$479,951.26.

9 On or about June 17, 2003, the Commissioner notified Nevada US Mortgage in writing that it
10 must submit bank reconciliations for its escrow trust account through May 31, 2003. Nevada US
11 Mortgage telephoned the Department of Corporations and stated that the reconciliation of the escrow
12 trust account would be brought current by early December 2003. On or about January 15, 2004,
13 when Nevada US Mortgage had yet to submit current escrow trust account reconciliations, the
14 Commissioner sent a further letter to Nevada US Mortgage requiring escrow trust account
15 reconciliations through December 31, 2003 be submitted no later than January 30, 2004. Nevada US
16 Mortgage has yet to submit any escrow trust account bank reconciliations as required.

17 California Financial Code section 50314(a) provides in relevant part:

18 Every person subject to this division shall keep documents and records
19 that will properly enable the commissioner to determine whether the
20 residential mortgage lending or residential mortgage servicing
21 functions performed by that person comply with the provisions of this
22 division and with all rules and orders made by the commissioner under
23 this division. . . .

24 California Code of Regulations, title10, section 1950.314.1 provides in pertinent part:

25 (a) A residential mortgage lender, residential mortgage lender and
26 servicer, or residential mortgage loan servicer shall establish, and
27 maintain current, the following books and records with reference to its trust
28 accounts:

(1) A trust ledger card for each account detailing receipts and disbursement
of all funds deposited by the borrower, lender or seller with the licensee in
connection with the origination, closing or servicing of any mortgage loan;

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(2) Liability controlling account; . . .

(b) The records referred to in subsections (a)(1) and (2) shall be reconciled at least once each month with the bank statements of the trust account. . . .

III

On or about December 29, 2003, a report of the regulatory examination was sent to Nevada US Mortgage. Nevada US Mortgage was required to respond to the regulatory examination report in writing within 30 days. Nevada US Mortgage has yet to respond to the regulatory examination report as required by California Financial Code section 50307 (b).

IV

California Financial Code section 50327 provides in pertinent part:

(a) The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if the commissioner finds that: (1) the licensee has violated any provision of this division or rule or order of the commissioner thereunder; or (2) any fact or condition exists that, if it had existed at the time of the original application for license, reasonably would have warranted the commissioner in refusing to issue the license originally.

V

The Commissioner finds that, by reason of the foregoing, Nevada US Mortgage has violated California Financial Code sections 50307(b) and 50314 and California Code of Regulations, title 10, section 1950.314.1, and based thereon, grounds exist to revoke the residential mortgage lender and loan servicer license of Nevada US Mortgage.

WHEREFORE, IT IS PRAYED that the residential mortgage lender and loan servicer license of Nevada US Mortgage be revoked and that pursuant to California Financial Code sections 50310 and 50311, Nevada US Mortgage be given a transition period of sixty (60) days within which to transfer its existing service accounts and to complete any loans for which it had commitments.

Dated: February 26, 2004
Los Angeles, California

WILLIAM P. WOOD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel