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8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA  
10

11 In the Matter of THE CALIFORNIA ) Case No.: 413-0177  
CORPORATIONS COMMISSIONER, )  
12 )  
13 Complainant, ) STATEMENT OF FACTS IN SUPPORT OF  
14 vs. ) ORDER TO DISCONTINUE VIOLATIONS  
15 AURORA LOAN SERVICES, INC., ) PURSUANT TO CALIFORNIA FINANCIAL  
16 Respondent. ) CODE SECTION 50321  
17 )  
18 )

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

21 1. Aurora Loan Services, Inc. (“Aurora”) is a residential mortgage lender and loan  
22 servicer licensed by the California Corporations Commissioner ("Commissioner" or "Complainant")  
23 pursuant to the California Residential Mortgage Lending Act ("CRMLA") (California Financial  
24 Code Section 50000 et seq.).

25 2. On or about March 11, 2002, the Commissioner commenced a regulatory  
26 examination of the books and records of Aurora. The regulatory examination disclosed that in five of  
27 fourteen, or approximately thirty-six percent (36%), of the files reviewed, Aurora was charging the  
28 borrower per diem interest in excess of one day prior to the recording of the mortgage or deed of

1 trust in violation of California Financial Code sections 50204(i), 50204(k) and 50204(o). The per  
2 diem interest overcharges averaged \$223.03 per loan. The range of per diem interest overcharges  
3 was between \$68.52 and \$528.36. The range of days that interest was overcharged was between  
4 four and fifty-one.

5 3. The Commissioner found that Aurora was overcharging per diem interest during the  
6 last regulatory examination that commenced on November 8, 2000. Based upon the findings of the  
7 2000 regulatory examination, the Commissioner instructed Aurora to review all its loan made since  
8 the November 1998 regulatory examination, and make appropriate refunds. Aurora was further  
9 instructed by the Commissioner to implement such procedures as necessary to ensure that per diem  
10 interest was not overcharged in the future.

11 4. The findings of the 2002 regulatory examination disclose that Aurora has failed to  
12 implement procedures to ensure that per diem interest would not be overcharged in the future.

13 5. By reason of the foregoing, Aurora has violated California Financial Code sections  
14 50204(i), 50204(k) and 50204(o).

15 6. California Financial Code section 50321 provides in pertinent part:

16 If, after investigation, the commissioner has reasonable grounds  
17 to believe that any licensee has violated its articles of incorporation or  
18 any law or rule binding upon it, the commissioner shall, by written order  
19 addressed to the licensee, direct the discontinuance of the violation. The  
20 order shall be effective immediately, but shall not become final except  
21 in accordance with the provisions of Section 50323.

22 7. California Financial Code section 50323 provides:

23 (a) No order issued pursuant to Section 50321 or 50322 may become  
24 final except after notice to the affected licensee of the commissioner's  
25 intention to make the order final and of the reasons for the finding. The  
26 commissioner shall also notify the licensee that upon receiving a  
27 request the matter will be set for hearing to commence within 15 business  
28 days after receipt. The licensee may consent to have the hearing  
commenced at a later date. If no hearing is requested within 30 days  
after the mailing or service of the required notice, and none is ordered  
by the commissioner, the order may become final without hearing and  
the licensee shall immediately discontinue the practices named in the  
order. If a hearing is requested or ordered, it shall be held in accordance  
with the provisions of the administrative Procedure Act (Chapter 5  
(commencing with Section 11500) of Part 1 of Division 3 of Title 2 of

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the Government Code), and the commissioner shall have all the powers granted under that act. If, upon the hearing, it appears to the commissioner that the licensee is conducting business in an unsafe and injurious manner or is violating its articles of incorporation or any law of this state, or any rule binding upon it, the commissioner shall make the order of discontinuance final and the licensee shall immediately discontinue the practices named in the order.

(b) The licensee has 10 days after an order is made final to commence to restrain enforcement of the order. If enforcement of the order is not enjoined within 10 days by the court in which the action is brought, the licensee shall comply with the order.

WHEREFORE, good cause showing, the Commissioner is issuing an Order to Discontinue Violations Pursuant to Financial Code Section 50321 and notifying Aurora of his intention to make the order final.

Dated: December 16, 2002  
Los Angeles, California

DEMETRIOS A. BOUTRIS  
California Corporations Commissioner

By \_\_\_\_\_  
Judy L. Hartley, Senior Corporations Counsel