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BEFORE THE DEPARTMENT OF CORPORATIONS

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OF THE STATE OF CALIFORNIA

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In the Matter of the Accusation of THE
12 CALIFORNIA CORPORATIONS
COMMISSIONER,

) File No.: 413-0500
)
)

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Complainant,

) **ORDER REVOKING RESIDENTIAL**
) **MORTGAGE LENDER LICENSE**
)

14

15

v.

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OAK STREET MORTGAGE LLC,

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Respondent.

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The California Corporations Commissioner finds:

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1. Respondent Oak Street Mortgage LLC ("Oak Street") is a residential mortgage lender
22 licensed by the California Corporations Commissioner ("Commissioner") pursuant to the California
23 Residential Mortgage Lending Act (California Financial Code, § 50000 et seq.) ("CRMLA"). Oak
24 Street has its principal place of business located at 11595 North Meridian Street, Suite 400, Carmel,
25 Indiana 46032.

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2. Pursuant to California Financial Code sections 50307 and 50401, Oak Street is
27 required to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans
28 Serviced ("Activity Report") on or before March 1st of each year for the preceding 12-month period

1 ended December 31st.

2 3. On January 19, 2007, an Activity Report form was sent to Oak Street with a notice
3 that the Report was due on or before March 1, 2007. Oak Street failed to submit the Activity Report
4 by March 1, 2007.

5 4. On May 7, 2007, a letter was sent to Oak Street demanding the Activity Report be
6 filed no later than May 17, 2007, and assessing Oak Street a penalty of \$1,000.00, pursuant to
7 California Financial Code section 50326. Oak Street was notified in the letter that failure to file the
8 Activity Report and/or pay the penalty by May 17, 2007 would result in an action to either suspend or
9 revoke its license.

10 5. On June 27, 2007, a further letter was sent to Oak Street demanding that it submit its
11 Activity Report and pay the penalty assessed on May 7, 2007 no later than July 7, 2007 and again
12 notifying Oak Street that failure to file the Activity Report and/or pay the penalty by July 7, 2007
13 would result in an action to either suspend or revoke its license.

14 6. Oak Street has yet to submit the Activity Report or pay the penalty as required by
15 California Financial Code sections 50307, 50326, and 50401.

16 7. Pursuant to California Financial Code section 50200, subdivision (a), Oak Street was
17 required to submit its audited financial statement for fiscal year ended December 31, 2006 ("Audit
18 Report") to the Commissioner by April 15, 2007, including a reconciliation of its trust accounts. In
19 addition, pursuant to the California Code of Regulations, title 10, section 1950.200, Oak Street was
20 required to submit an Independent Auditor's Report on Internal Controls ("Report on Internal
21 Controls") on or before April 15, 2007.

22 8. On December 11, 2006, the Complainant notified Oak Street in writing that its Audit
23 Report, trust account reconciliation, and Report on Internal Controls were due on or before April 15,
24 2007. Oak Street failed to submit the Audit Report, trust account reconciliation, and Report on
25 Internal Controls by April 15, 2007.

26 9. On June 12, 2007, a further letter was sent to Oak Street demanding that it file the
27 Audit Report, trust account reconciliation, and Report on Internal Controls no later than June 22,
28 2007. Oak Street failed to submit the Audit Report, trust account reconciliation, and Report on

1 Internal Controls.

2 10. On August 2, 2007, a final letter was sent to Oak Street demanding that it file the
3 Audit Report, trust account reconciliation, and Report on Internal Controls no later than August 12,
4 2007, and assessing Oak Street a penalty of \$1,000.00 pursuant to California Financial Code section
5 50326. Oak Street was notified in the letter that failure to file the Audit Report, trust account
6 reconciliation, Report on Internal Controls and/or pay the penalty by August 12, 2006 would result in
7 an action to either suspend or revoke its license.

8 11. Oak Street has yet to file the Audit Report, trust account reconciliation, Report on
9 Internal Controls or pay the penalty as required by California Financial Code sections 50200,
10 subdivision (a), 50326, and California Code of Regulations, title 10, section 1950.200.

11 12. California Financial Code section 50123 requires that prior to surrendering a license, a
12 licensee must file a plan for approval by the Commissioner. The plan must contain the licensee's
13 detailed proposal for orderly closing out of the residential mortgage lending business. In addition, the
14 Commissioner must make a determination that there has been no violation of the CRMLA.

15 13. On September 25, 2006, Oak Street notified the Commissioner by letter that it
16 intended to surrender its residential mortgage lender license. On October 7, 2006, the Commissioner
17 sent Oak Street instructions concerning the manner in which it is required to surrender its license
18 under the CRMLA.

19 14. Oak Street has yet to file its plan for approval by the Commissioner pursuant to
20 California Financial Code section 50123 and it is not considered to have surrendered its residential
21 mortgage lender license for purposes of the CRMLA.

22 15. Failure to file an activity report, audit report, trust account reconciliation, report on
23 internal controls, and/or pay assessed penalties are grounds under California Financial Code section
24 50327 for the revocation of a license issued under the CRMLA.

25 16. On September 7, 2007, the Commissioner issued a Notice of Intention to Issue Order
26 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against
27 Oak Street based upon the above, and Oak Street was served with those documents on September 10,
28 2007 via certified mail, return receipt requested, at its licensed location on file with the California

1 Department of Corporations. The Department has received no request for a hearing from Oak Street
2 and the time to request a hearing has expired.

3 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
4 mortgage lender license issued by the Commissioner to Oak Street Mortgage LLC is hereby revoked.
5 This order is effective as of the date hereof. Pursuant to California Financial Code section 50311,
6 Oak Street Mortgage LLC has sixty (60) days within which to complete any loans for which it had
7 commitments.

8 DATED: September 27, 2007
9 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

11 By _____
12 Alan S. Weinger
13 Lead Corporations Counsel

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