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9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA
11

12 In the Matter of THE CALIFORNIA) File No.: 413-0686
CORPORATIONS COMMISSIONER,)
13)
14 Complainant,) ORDER TO DISCONTINUE VIOLATIONS
AND UNSAFE AND INJURIOUS
15 vs.) PRACTICES PURSUANT TO CALIFORNIA
FINANCIAL CODE SECTIONS 50321 AND
16) 50322 AND STATEMENT OF FACTS IN
OLYMPIAWEST MORTGAGE GROUP,) SUPPORT THEREOF
17 LLC,)
18 Respondent.)
19

20 TO: OLYMPIAWEST MORTGAGE GROUP, LLC
21 1950 Old Gallows Road, 8th Floor
22 Vienna, Virginia 22182

23 The California Corporations Commissioner (“Commissioner”) having determined that
24 OlympiaWest Mortgage Group, LLC (“OlympiaWest” or “Company”) has engaged in, or is
25 engaging in, or is about to engage in, acts or practices constituting violations of the California
26 Residential Mortgage Lending Act (Financial Code sections 50000 et seq.) and applicable
27 regulations (“CRMLA”) and is conducting business in an unsafe and injurious manner, hereby issues
28 the following Findings of Fact and Order To Discontinue Violations and Unsafe and Injurious
Practices Pursuant to Financial Code Sections 50321 and 50322 (“Order To Discontinue”).

FINDINGS OF FACT

1
2 1. The Department of Corporations (“Department”), through the Commissioner, has
3 jurisdiction over the licensing and regulation of persons and entities engaged in the business of
4 residential mortgage lending and residential mortgage loan servicing pursuant the CRMLA.

5 2. OlympiaWest is licensed by the Commissioner as a residential mortgage lender under
6 Chapter 2 of the CRMLA. According to records maintained on file with the Department, the
7 Commissioner initially issued a residential mortgage lender license to OlympiaWest to engage in the
8 business of residential mortgage lending in California on or about October 13, 2005. OlympiaWest
9 is, and at all relevant times, has been a corporation conducting business in California.

10 OlympiaWest’s main office is located at 1950 Old Gallows Road, 8th Floor, Vienna, Virginia 22182.

11 3. OlympiaWest maintains an additional branch office location in California at 8383
12 Wilshire Boulevard, Suite 412, Beverly Hills from which it conducts residential mortgage lending
13 business. According to records maintained on file with the Department, OlympiaWest has never
14 notified the Commissioner of this branch location as required by Financial Code section
15 50124(a)(10).

16 4. On or about February 20, 2008, the Department received information from the
17 Massachusetts Division of Banks that OlympiaWest had ceased operations effective that day. The
18 information received was that OlympiaWest was unable to fund closed loans effective immediately.

19 5. On or about February 25, 2008, the Department received a nationwide pipeline report
20 for OlympiaWest reflecting 28 pending loan applications for California borrowers in various stages
21 of the loan application process.

22 6. On or about February 26, 2008, a representative for the Department, joined
23 representatives of other state banking and mortgage lending regulators, in a telephone conference
24 with OlympiaWest to discuss concerns regarding the Company’s inability to fund mortgage loans.

25 7. During the conference call, OlympiaWest stated that it had discontinued making
26 wholesale loans (received from brokers) because their warehouse lender cut off their warehouse line.
27 OlympiaWest was unable to fund the loans in the pipeline. OlympiaWest had no plans for the
28 disposition of the loans in the pipeline. OlympiaWest stated that it had another limited warehouse

1 line that it could use to fund loans that could be subsequently sold to that lender, and that it intended
2 to continue to make those loans and receive applications, notwithstanding the abandonment of all
3 other aspects of its lending business.

4 8. A line of credit used by a residential mortgage lender enables the entity to fund
5 residential mortgage loans prior to selling them to an investor. Without access to its lines of credit,
6 and in the absence of the residential mortgage lender independently maintaining sufficient reserves
7 and liquidity positions within the institution to fund such loans, the residential mortgage lender
8 would be unable to meet its funding commitments, negating its ability to meet contractual
9 obligations to fund residential mortgage loans.

10 9. Financial Code section 50124(a)(4) requires all residential mortgage lenders to
11 disburse funds in accordance with its agreements and to make a good faith and reasonable effort to
12 effect closing in a timely manner.

13 10. Financial Code section 50204(b) requires all residential mortgage lenders to disburse
14 funds in accordance with a commitment to make that a mortgage loan that is accepted by the
15 applicant.

16 11. As recently as March 27, 2008, OlympiaWest's website offers business as usual with
17 no disclosure regarding its inability to fund loans. The website further discloses an unlicensed
18 branch office located in Beverly Hills, California.

19 **CONCLUSIONS OF LAW**

20 12. Based upon the information contained in Paragraphs 1 through 11, OlympiaWest has
21 failed to disburse funds in accordance with its agreements with its borrowers and to make a good
22 faith and reasonable effort to effect closing in a timely manner in violation of Financial Code section
23 50124(a)(4) and an unsafe and injurious practice.

24 13. Based upon the information contained in Paragraphs 1 through 11, OlympiaWest's
25 acts or practices of contracting with consumers for a purchase or refinance mortgage loan, through
26 the underwriting and subsequent execution of residential mortgage loan closing documents relating
27 to California residential property, and thereafter failing to fund the residential mortgage loan(s),
28 constitutes a violation of Financial Code section 50204(b) and an unsafe and injurious practice.

1 residential mortgage loan under such terms and conditions or buy down the residential mortgage
2 loan offered by the lender so that the applicant does not incur a loss as a result of such placement.
3 OlympiaWest shall obtain the prior approval of the Commissioner before placing such applications
4 with qualified lender(s).

5 3. For those loan applications currently in the pipeline that have not been approved
6 and/or closed as of the effective date of this Order to Discontinue, OlympiaWest shall, within three
7 business days of the effective date of this Order to Discontinue, either (i) obtain funding for and
8 close the loans, (ii) place with other qualified broker(s) or lender(s) with applicants' consent, or (iii)
9 deny the applications for cause. The term "deny for cause" shall mean that the underwriting
10 guidelines of OlympiaWest in effect at the time of the application(s) would have provided grounds
11 for OlympiaWest to deny the application(s) in the normal course of business.

12 4. No later than one (1) business day after the effective date of this Order to
13 Discontinue, OlympiaWest shall submit to the Commissioner a detailed report, prepared as of the
14 date of submission, of all of their residential mortgage loans that were closed on property located in
15 California prior to the effective date of this Order, but remain as yet unfunded, including but not
16 limited to: The names of all individuals from whom they processed an application and closed the
17 residential mortgage loan, but failed to fund; the applicants' addresses and telephone numbers; the
18 loan number; the amount of all prepaid loan fees submitted by the customer; the amount of each
19 loan; the loan terms; the current funding status; the actual closing dates; the purpose of the loan (i.e.
20 purchase or refinance); and identification of the applicable broker(s) or lender(s) with who each
21 application will be placed. The report should include telephone numbers of contact persons at each
22 broker or lender.

23 5. No later than five (5) days after the effective date of this Order to Discontinue,
24 OlympiaWest shall submit to the Commissioner a detailed report, prepared as of the date of
25 submission, of all of their pending mortgage loan applications on property located in California,
26 including but not limited to: The names of all individuals from whom they have accepted an
27 application for a residential mortgage loan; the applicants' addresses and telephone numbers; the
28 loan number; the amount of all prepaid loan fees submitted by the customer; rate lock status; the

1 amount of each loan; application status (i.e. filed, cleared to close, etc.); loan terms, if approved;
2 scheduled closing dates; the loan purpose (i.e. purchase or refinance) and identification of the
3 applicable broker(s) or lender(s) with who each application will be placed. The report should
4 include telephone numbers of contact persons at each broker or lender.

5 6. On the last business day of each subsequent week after the effective date of this Order
6 to Discontinue, OlympiaWest shall provide the Commissioner with an updated, written status report
7 of the mortgage loan applications identified above in paragraphs 4 and 5. The form of the status
8 report shall follow the format of the initial submission under paragraphs 4 and 5 and shall indicate
9 the final disposition of the loan application and include the final terms under which each approved
10 loan is closed. The reporting requirement shall continue until each of the approved applications is
11 funded by OlympiaWest, or withdrawn by the applicant(s) or is placed and funded by another lender.

12 7. OlympiaWest shall immediately discontinue any and all advertising in California to
13 include an update on its website reflecting that it is no longer operating in California.

14 8. No later than five (5) days after the effective date of this Order to Discontinue,
15 OlympiaWest shall submit to the Commissioner a balance sheet and year-to-date income statement,
16 prepared as of the date of submission, and attested to by a duly authorized officer of the company.
17 The balance sheet should indicate the cash position of the company at each of its depository banks as
18 well the company's bank account numbers.

19 9. The Department reserves all of its rights, duties and authority to enforce the CRMLA
20 against OlympiaWest in the future regarding all matters, including but not limited to, those matters
21 covered by this Order to Discontinue.

22 This Order to Discontinue shall become effective immediately and shall remain in effect
23 unless set aside by the Commissioner or by a court as provided in Financial Code section 50323.

24 It is the Commissioner's intention to make this Order to Discontinue final. A hearing will be
25 scheduled on this matter to determine whether or not this Order To Discontinue shall become final
26 only upon receipt of a written request for such a hearing from OlympiaWest within thirty (30) days
27 of the effective date of this Order To Discontinue. If no hearing is requested within this thirty (30)
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1 day period, this Order To Discontinue shall become final unless and until it is modified or vacated
2 by the Commissioner.

3 Dated: April 1, 2008
4 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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6 By _____
7 Alan S. Weinger
8 Lead Corporations Counsel

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