

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 MICHAEL L. PINKERTON
3 Deputy Commissioner
ALAN S. WEINGER (CA BAR NO. 86717)
4 Lead Corporations Counsel
JOANNE J. ROSS (CA BAR NO. 202338)
5 Corporations Counsel
6 Department of Corporations
1515 K Street, Ste. 200
7 Sacramento, California 95814
8 Telephone: (916) 324-9687
9 Facsimile: (916) 445-6985
Attorneys for Complainant

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11 BEFORE THE DEPARTMENT OF CORPORATIONS
12 OF THE STATE OF CALIFORNIA

13 In the Matter of the Accusation of THE) File No.: 413-0657
CALIFORNIA CORPORATIONS)
14 COMMISSIONER,)
15 Complainant,) **ORDER REVOKING RESIDENTIAL**
16 v.) **MORTGAGE LENDER LICENSE AND**
17 Sallie Mae Home Loans, Inc.,) **MORTGAGE SERVICER LICENSE**
18 Respondent.)
19)
20)

21 The California Corporations Commissioner finds:

- 22 1. Respondent Sallie Mae Home Loans, Inc., ("Sallie Mae") is a residential mortgage
23 lender and mortgage loan servicer licensed by the Commissioner pursuant to the California
24 Residential Mortgage Lending Act (California Financial Code, § 50000 *et seq.*) ("CRMLA"). Sallie
25 Mae has its principal place of business located at 28175 Cabot Drive, Suite 100, Novi, Michigan
26 48377.
27 2. Pursuant to California Financial Code sections 50307 and 50401, all licensees under
28 the CRMLA are required to file the Report of Principal Amount of Loans and Aggregate Amount of

1 Loans Serviced ("Activity Report"), Report on Non-traditional, Adjustable Rate and Mortgage Loan
2 Products ("Non-traditional Report"), and Non-traditional, Adjustable Rate and Mortgage Loan
3 Survey ("Survey") with the Commissioner on or before March 1st of each year for the preceding
4 twelve (12) month period ending December 31.

5 3. On or about February 1, 2008, an Activity Report form, Non-traditional Report form
6 and Survey were sent to all CRMLA licensees, including Sallie Mae, with a notice stating that these
7 reports were due on or before March 1, 2008.

8 4. The Commissioner assessed a penalty of one thousand dollars (\$1,000.00), pursuant to
9 California Financial Code section 50326, for the failure to submit these reports on or about May 15,
10 2008.

11 5. Sallie Mae has not submitted the Activity Report, the Non-traditional Report or the
12 Survey to the Commissioner or paid the assessed penalty as required by California Financial Code
13 sections 50307, 50326, and 50401.

14 6. Pursuant to California Financial Code section 50200, all licensees under the CRMLA
15 are required to file audited financial statements ("Audited Report"), an Independent Auditor's Report
16 on Internal Controls ("Report on Internal Controls"), and its Uniform Single Attestation Program for
17 Mortgage Bankers ("USAP"), or its reconciliation of trust accounts, annually with the Commissioner.

18 7. Sallie Mae was required to submit its Audited Report, Report of Internal Controls, and
19 USAP for its fiscal year ending December 31, 2007 to the Commissioner on or before April 15, 2008.
20 Sallie Mae did not file these reports.

21 8. On or about August 1, 2008, the Department assessed a penalty against Sallie Mae of
22 one thousand dollars (\$1,000.00) pursuant to California Financial Code section 50326 for failure to
23 file these reports.

24 9. Sallie Mae was notified that failure to pay the fine might result revocation of Sallie
25 Mae's license pursuant to Financial Code section 50326 and 50327.

26 10. Sallie Mae has yet to file these reports or pay any of the assessed penalties as required
27 by California Financial Code sections 50200, 50326, and California Code of Regulations, title 10,
28 section 1950.200.

1 11. The Department was notified that Sallie Mae’s bond with Washington International
2 Insurance Company had expired, effective October 11, 2008, and no replacement bond has been
3 obtained.

4 12. Section 50205 of the California Financial Code requires all CRMLA licensees to
5 maintain a surety bond.

6 13. On October 14, 2008, an Order to Discontinue Residential Mortgage Lending and/or
7 Servicing Activities Pursuant to Section 50319, California Financial Code was issued to Sallie Mae.

8 14. Sallie Mae has not reinstated or replaced the bond, and the order remains in effect.

9 15. On or about October 16, 2007, Sallie Mae sent a letter to the Department, which stated
10 that it intended to surrender its lending license.

11 16. Section 50123 of the California Financial Code requires a plan of surrender to be filed
12 the Department, with specific information provided to the Department.

13 17. On or about October 23, 2007, the Department sent a letter to Sallie Mae that provided
14 instructions for the information necessary to complete surrender of Sallie Mae’s license.

15 18. Sallie Mae has not submitted the required information. Pursuant to section 50123 of
16 the CRMLA, a license remains in effect until it has been surrendered, suspended or revoked.

17 19. On October 17, 2008, the Commissioner issued a Notice of Intention to Issue Order
18 Revoking Residential Mortgage Lender License and Mortgage Servicer License, Accusation and
19 accompanying documents against Sallie Mae based upon the above, and Sallie Mae was served with
20 those documents on October 23, 2008 via certified mail, return receipt requested, at its licensed
21 location on file with the California Department of Corporations. The Department has received no
22 request for a hearing from Sallie Mae and the time to request a hearing has expired.

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1 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
2 mortgage lender license and the mortgage servicer license issued by the Commissioner to Sallie Mae
3 Home Loans, Inc., is hereby revoked. This order is effective as of the date hereof. Pursuant to
4 California Financial Code section 50311, Sallie Mae Home Loans, Inc., has sixty (60) days within
5 which to complete any loans for which it had commitments.

6 DATED: November 24, 2008
7 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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9 By _____
10 Alan S. Weinger
11 Lead Corporations Counsel
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