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California Corporations Commissioner
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Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, v. LEND-MOR MORTGAGE BANKERS CORP., Respondent.	File No.: 413-0962 **ACCUSATION**

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

I.

Respondent Lend-Mor Mortgage Bankers Corp. ("Lend-Mor") is a residential mortgage lender licensed by the California Corporations Commissioner (“Commissioner” or “Complainant”) pursuant to the California Residential Mortgage Lending Act (Fin. Code, § 50000 et seq.) ("CRMLA"). Lend-Mor has its principal place of business located at 30 West Merrick Road, Valley Stream, New York.

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II.

Pursuant to Financial Code sections 50307, 50401, and California Code of Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file an annual Report of Principal Amount of Loans Originated and Aggregate Amount of Loans Serviced for the 12 Month Period Ended December 31, 2010 ("Report"), an annual Non-traditional Adjustable Rate and Mortgage Loan Survey (“Survey”), and an annual Report on Non-traditional, Adjustable Rate and Mortgage Loan Products (“Non-traditional Report”) on or before March 1st of each year for the preceding twelve month period ended December 31st.

On or about January 27, 2011, Report forms, Surveys, and Non-traditional Report forms were sent to all CRMLA licensees, including Lend-Mor, with a notice that their reports were due on or before March 1, 2011. Lend-Mor has yet to submit its Report, Survey, or Non-traditional Report to the Commissioner in violation of Financial Code sections 50307, 50401, and California Code of Regulations, title 10, section 1950.314.8.

On June 17, 2011, Lend-Mor was notified in writing that a penalty in the amount of one thousand dollars ($1,000.00) was assessed pursuant to Financial Code section 50326 due to its failure to file the Report, Survey, and Non-traditional Report. To date the penalty has not been paid.

III.

Pursuant to Financial Code sections 50200, subdivision (a), Lend-Mor was required to submit its audited financial statements for its fiscal year ended December 31, 2010 ("Audit Report") to the Commissioner on or before April 15, 2011, including a reconciliation of its trust accounts. In addition, pursuant to the California Code of Regulations, title 10, section 1950.200, Lend-Mor was required to submit an Independent Auditor's Report on Internal Controls ("Report on Internal Controls") to the Commissioner on or before August 15, 2011. Lend-Mor has yet to file its Audit Report, trust account reconciliation, or Report on Internal Controls with the Commissioner.

On or about December 9, 2010, and again on May 27, 2011, the Complainant notified Lend-Mor in writing that its Audit Report, trust account reconciliation, and Report on Internal Controls were due on or before April 15, 2011. Lend-Mor failed to submit the Audit Report, trust account reconciliation, Report on Internal Controls by the April 15, 2011 deadline.

Lend-Mor has yet to file its Audit Report, trust account reconciliation, Report on Internal Controls as required by Financial Code section 50200, subdivision (a) and title 10, section 1950.200 of the California Code of Regulations.

IV.

Pursuant to Financial Code section 50205, all licensees under the CRMLA are required to maintain a surety bond. On or about January 10, 2011, the Complainant received a Notice of Cancellation from Liberty Mutual Insurance Company notifying the Commissioner that the surety bond of Lend-Mor would be cancelled effective February 9, 2011. On or about January 14, 2011, the Commissioner sent Lend-Mor a certified letter reminding it that its surety bond needed to be replaced or reinstated before the cancellation date. No replacement bond was obtained or reinstated within the time provided, such that the Commissioner issued an Order to Discontinue Residential Mortgage Lending and/or Servicing Activities Pursuant to Financial Code section 50319 on February 15, 2011. To date the bond has not been reinstated or replaced and the Order has not been set aside.

V.

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

On or about January 21, 2011, Lend-Mor, by an undated letter sent to the attention of the Department, notified the Commissioner that it intended to surrender its residential mortgage lender license. On or about February 17, 2011, the Commissioner sent Lend-Mor instructions concerning the manner in which it is required to surrender its license under the CRMLA.

Lend-Mor has yet to file its plan for approval by the Commissioner pursuant to Financial Code section 50123 and it is not considered to have surrendered its residential mortgage lender and mortgage loan servicer license for purposes of the CRMLA.

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VI.

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 any 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.

VII.

The Commissioner finds that, by reason of the foregoing, Lend-Mor Mortgage Bankers Corp. has violated Code sections 50200, subdivision (a), 50205, 50307, 50401 and California Code of Regulations, title 10, sections 1950.200 and 1950.314.8, and based thereon, grounds exist to revoke the residential mortgage lender and servicer license of Lend-Mor Mortgage Bankers Corp.

WHEREFORE, IT IS PRAYED that the residential mortgage lender license of Lend-Mor Mortgage Bankers Corp. be revoked and pursuant to Financial Code section 50311, Lend-Mor Mortgage Bankers Corp. be given a transition period of sixty (60) days within which to complete any loans for which it had prior commitments.

DATED: September 13, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
Blaine A. Noblett
Corporations Counsel
Enforcement Division