PRESTON DuFAUCHARD
California Corporations Commissioner
ALAN S. WEINGER
Deputy Commissioner
JENNIFER A. GRANAT (CA BAR NO. 199868)
Senior Corporations Counsel
Department of Corporations
320 West 4th Street, Ste. 750
Los Angeles, California 90013-2344
Telephone: (213) 576-7518 Fax: (213) 576-7181

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. NFI, INC., Respondent.	File No.: 413-1013 ACCUSATION

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

I

NFI, Inc. ("Respondent") is a residential mortgage lender licensed by the Commissioner of Corporations of the State of California ("Commissioner" or "Complainant") pursuant to the California Residential Mortgage Lending Act ("CRMLA"), California Financial Code section 50000 *et seq*. Respondent's main office is located at 8910 N. Dale Mabry Highway, Suite 18, Tampa, Florida 33614.

State of California – Department of Corporations

II

Pursuant to California Financial Code sections 50307 and 50401,[1] and California Code of Regulations, Title 10 ("Regulation") 1950.314.8, all licensees under the CRMLA are required to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Principal Report"), Report on Non-traditional Adjustable Rate and Mortgage Loan Products ("Non-traditional Report") and Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey") (collectively, the "Reports") on or before March 1 of each year for the preceding 12-month period ended December 31. To date, Respondent has failed to submit the Reports for the years ended December 31, 2009 and December 31, 2010, despite repeated, written demand.

On or about January 29, 2010, the Principal Report, Non-traditional Report, and Survey form for the year ended December 31, 2009 was sent to all CRMLA licensees with a notice that the Reports were due on or before March 1, 2010.

On or about August 12, 2010, the Commissioner sent a letter to Respondent notifying Respondent of its failure to file the Reports, assessing a $1,000 penalty pursuant to section 50326 and demanding that the Reports be filed no later than ten days from the date of the letter. The letter notified Respondent that failure to file the Reports or pay the penalty by such date would result in an action to suspend or revoke its license pursuant to section 50327.

On or about January 27, 2011, the Principal Report, Non-traditional Report, and Survey form for the year ended December 31, 2010 was sent to all CRMLA licensees with a notice that the Reports were due on or before March 1, 2011.

On or about and June 17, 2011, the Commissioner sent a letter to Respondent notifying Respondent of its failure to file the Reports, assessing a $1,000 penalty pursuant to section 50326 and demanding that the Reports be filed no later than ten days from the date of the letter. The letter notified Respondent that failure to file the Reports or pay the penalty by such date would result in an action to suspend or revoke its license pursuant to section 50327.

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[1] All statutory references are to the California Financial Code unless otherwise noted.

To date, Respondent has failed to file the Reports or pay the associated penalties.

III

Pursuant to section 50200, Respondent is required to submit its audited financial statements ("Audit Report") on or before April 15 of each year for the preceding fiscal year ended December 31, including a reconciliation of trust accounts, Uniform Single Attestation Program for Mortgage Brokers, and Independent Auditor's Report on Internal Controls pursuant to Regulation 1950.200. To date, Respondent has failed to file its 2009 and 2010 Audit Reports despite repeated, written demand.

On or about December 21, 2009, Complainant notified Respondent by letter that its 2009 Audit Report was due on or before April 15, 2010, and that failure to do so may result in administrative action under section 50326, including penalties. Respondent failed to submit the Audit Report by such date.

On or about June 17, 2010, a second letter was sent to Respondent demanding that Respondent file its Audit Report on or before June 27, 2010 and again notifying Respondent that the failure to do so may result in administrative action under section 50326, including penalties. Respondent failed to submit the Audit Report by such date.

On or about December 9, 2010, Complainant notified Respondent by letter that its Audit Report for fiscal year ended December 31, 2010 was due on or before April 15, 2011. The letter stated that failure to do so may result in administrative action under 50326, including penalties. Respondent failed to submit the Audit Report by such date.

On or about May 27, 2011, a second letter was sent to Respondent demanding that Respondent file its 2010 Audit Report on or before June 6, 2011 and again notifying Respondent that the failure to do so may result in administrative action under section 50326, including penalties. Respondent failed to submit the 2010 Audit Report by such date.

To date, Respondent has failed to file its Audit Report for the fiscal years ended December 31, 2009 and December 31, 2010.

State of California – Department of Corporations

IV

Section 50205 requires all CRMLA licensees to maintain a surety bond in the minimum amount of $50,000.00. Respondent's surety bond was cancelled effective October 15, 2010, and no replacement bond has been obtained.

On or about October 18, 2010, the Commissioner issued an Order to Discontinue Residential Mortgage Lending and/or Servicing Activities Pursuant to Section 50319, California Financial Code based on Respondent's failure to maintain the required surety bond. This Order was served on Respondent on or about October 18, 2010. To date, Respondent has failed to obtain a surety bond and the Order remains in effect.

V

Section 50002.5 requires all licensees to transition their licenses to the Nationwide Mortgage Licensing System ("NMLS"). To date, Respondent has failed to file a transition request through NMLS for its CRMLA license.

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, Respondent NFI, Inc. has violated California Financial Code sections 50200, 50205, 50307, 50326, 50002.5 and 50401, and California Code of Regulations, Title 10, section 1950.314.8, and based thereon, grounds exist to revoke Respondent's residential mortgage lender license.

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

Dated: September 12, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
Jennifer A. Granat
Senior Corporations Counsel

State of California – Department of Corporations