PRESTON DUFAUCHARD
CALIFORNIA CORPORATIONS COMMISSIONER
ALAN S. WEINGER (CA BAR NO. 86717)
DEPUTY COMMISSIONER
320 WEST 4th Street, Ste. 750
LOS ANGELES, CALIFORNIA 90013-1105

Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, Complainant, vs. FIDELITY CAPITAL FUNDING INC., Respondent.	File No. 415 0045

ORDER TO DISCONTINUE RESIDENTIAL MORTGAGE LENDING AND/OR SERVICING ACTIVITIES PURSUANT TO SECTION 50319, CALIFORNIA FINANCIAL CODE

TO: FIDELITY CAPITAL FUNDING INC.
2694 BISHOP DRIVE, SUITE 203
SAN RAMON, CA 94583

THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA FINDS THAT:

FIDELITY CAPITAL FUNDING INC. has failed to comply with the bonding requirements of the California Residential Mortgage Lending Act (California Financial Code Section 50000 et seq.) in that effective June 3, 2010 Bond No. 9024106 issued by WASHINGTON

INTERNATIONAL INSURANCE COMPANY in favor of FIDELITY CAPITAL FUNDING INC. expired and no replacement bond has been obtained.

Based on the foregoing, Respondent is conducting residential mortgage lending and/or servicing business in violation of Section 50205 of the Financial Code and is conducting business in such an unsafe and injurious manner as to render further operations hazardous to the public or to customers.

NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING THEREFORE, it is hereby ORDERED, under the provisions of Section 50319 of the California Financial Code, FIDELITY CAPITAL FUNDING INC. immediately discontinue the disbursement, in whole or in part, of trust funds held by the licensee and establish a separate trust account for all subsequent trust funds received by the licensee.

THIS ORDER is to remain in full force and effect until further order of the Commissioner.

Section 50319 of the Financial Code provides as follows:

> (a) If the commissioner, as a result of any examination or from any report made to him or her, shall find that any person subject to this division is in an insolvent condition, is conducting business in an unsafe or injurious manner that renders further operations hazardous to the public or to customers, has failed to comply with the provision of Section 50317, has permitted its tangible net worth to be lower than the minimum required by law, or has failed to comply with the bonding requirements of Section 50205, the commissioner may, by an order addressed to and served by registered or certified mail, or by personal service on that person, and on any other person having in his or her possession or control any trust funds or other property deposited in escrow with that person, direct discontinuance of the disbursement, in whole or in part, of trust funds held by the licensee and order the establishment of a separate trust account for all subsequent trust funds received by the licensee. No person having in his or her possession any of these funds or documents shall be liable for failure to comply with the order unless he or she has received written notice of the order. Subject to subdivision (b), the order shall remain in effect until set aside by the commissioner, or the person has been adjudged bankrupt.
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> (b) Within 15 days from the date of an order pursuant to subdivision (a), the person may request a hearing under the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 2 of Division 3 of Title 2 of the Government Code). Upon receiving a request, the matter shall be set for hearing to commence within 30 days after the receipt unless the person subject to this division consents to a later date. If no hearing is requested within 15 days after the mailing or

service of the notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right to a hearing. Neither the request for a hearing nor the hearing itself shall stay the order issued by the commissioner under subdivision (a).

DATED: June 3, 2010
Los Angeles, California

Preston DuFauchard
California Corporations Commissioner

By_____
DiAun M. Burns
Special Administrator
California Residential Mortgage Lending Act