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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of:)
)
12 THE COMMISSIONER OF BUSINESS) CRMLA LICENSE NO.: 413-0571
13 OVERSIGHT,)
) ACCUSATION
14 Complainant,)
)
15 v.)
)
16 UNITED MORTGAGE CORP. authorized to do)
17 business in California as UMC MORTGAGE)
18 COMPANY,)
)
19 Respondent.)

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

22 I.

23 **Introduction**

24 1. United Mortgage Corp. authorized to do business in California as UMC Mortgage
25 Company (UMC) is licensed by the Commissioner of Business Oversight (Commissioner) as a
26 residential mortgage lender and servicer pursuant to the California Residential Mortgage Lending
27 Act ("CRMLA") (Fin. Code § 50000 et seq.). UMC has its principal place of business located at 25
28 Melville Park Road, Suite 100, Melville, New York 11747. UMC currently has 7 branch office

ACCUSATION

1 locations under its CRMLA license located in California and elsewhere. UMC employs mortgage
2 loan originators in its CRMLA business.

3 **II.**

4 **Trust Accounting Violations**

5 2. On or about February 22, 2018, the Commissioner commenced a regulatory
6 examination of the books and records of UMC under the CRMLA (2018 regulatory examination).
7 The 2018 regulatory examination disclosed that UMC (i) was failing to properly reconcile certain of
8 its trust accounts in violation of Financial Code section 50314 and California Code of Regulations,
9 title 10, section 1950.314.1; (ii) had caused a debit balance (shortage) to exist in a borrower impound
10 account in violation of California Code of Regulations, title 10, section 1950.314.6; and (iii) had a
11 shortage in three of its trust accounts violation of California Code of Regulations, title 10, section
12 1950.314.6.

13 3. In 2018, UMC maintained the relevant trust accounts at JP Morgan Chase Bank. The
14 trust account ending in 6860 was the trust account for California taxes and insurance (CA Escrow)
15 trust funds. However, UMC was also depositing California borrower tax and insurance funds into
16 the trust account ending in 6246 (CA Escrow 2). The trust account ending in 3993 was the trust
17 account for mortgage insurance premium (MIP) trust funds, but UMC was also depositing VA
18 Funding Fees into trust account ending in 3993. The trust funds held in the JP Morgan Chase Trust
19 Accounts are to be held until time for disbursement to the tax authority and/or insurance company.

20 4. UMC maintains only one liability subsidiary ledger for CA Escrow and CA Escrow 2
21 trust monies (General Ledger - GL # 2560) even though UMC deposits the trust funds into two
22 separate bank accounts and maintains two separate asset ledgers (GL #0991 for CA Escrow and GL
23 #1007 for CA Escrow 2) for these trust funds.

24 5. UMC maintains only one asset general ledger for MIP and VA trust funds (GL #
25 1005) even though it maintains two separate liability subsidiary ledgers for MIP and VA trust funds
26 (GL #2570 and GL #2580). As stated above, UMC deposits both MIP and VA trust funds into the
27 trust account ending in 3993.

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1 of the commissioner thereunder; or (2) any fact or condition exists that, if
2 it had existed at the time of the original application for license, reasonably
3 would have warranted the commissioner in refusing to issue the license originally.

4 11. Financial Code section 50513 provides in pertinent part:

5 (a) The commissioner may do one or more of the following:

6 (4) Impose fines on a mortgage loan originator or any residential mortgage
7 lender or servicer licensee employing a mortgage loan originator pursuant
8 to subdivisions (b), (c), and (d).

9 (b) The commissioner may impose a civil penalty on a mortgage loan originator
10 or any residential mortgage lender or servicer licensee employing a mortgage
11 loan originator, if the commissioner finds, on the record after notice and
12 opportunity for hearing, that the mortgage loan originator or any residential
13 mortgage lender or servicer licensee employing a mortgage loan originator
14 has violated or failed to comply with any requirement of this division or any
15 regulation prescribed by the commissioner under this division or order issued
16 under authority of this division.

17 (c) The maximum amount of penalty for each act or omission described in
18 subdivision (b) shall be twenty-five thousand dollars (\$25,000).

19 (d) Each violation or failure to comply with any directive or
20 order of the commissioner is a separate and distinct violation or
21 failure.

22 **V.**

23 **Conclusion**

24 12. The Commissioner finds that, by reason of the foregoing, United Mortgage Corp.
25 authorized to do business in California as UMC Mortgage Company has violated Financial Code
26 section 50314 and California Code of Regulations, title 10, sections 1950.314.1 and 1950.314.6, and
27 based thereon, grounds exist to (i) suspend the residential mortgage lender and servicer license of
28 United Mortgage Corp. authorized to do business in California as UMC Mortgage Company, and (ii)
assess penalties against United Mortgage Corp. authorized to do business in California as UMC
Mortgage Company pursuant to Financial Code section 50513, subdivision (b).

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VI.

Prayer

WHEREFORE, IT IS PRAYED that:

1. Pursuant to Financial Code section 50327, the residential mortgage lender and servicer licenses of United Mortgage Corp. authorized to do business in California as UMC Mortgage Company be suspended for a period of up to 12 months;

2. Pursuant to Financial Code section 50513, subdivision (b), a penalty be levied against United Mortgage Corp. authorized to do business in California as UMC Mortgage Company for failure to properly reconcile its trust accounts on a monthly basis, in violation of Financial Code section 50314 and California Code of Regulations, title 10, section 1950.314.1 according to proof, but in an amount of at least \$15,000.00; and

3. Pursuant to the Financial Code section 50513, subdivision (b), a penalty be levied against United Mortgage Corp. authorized to do business in California as UMC Mortgage Company for causing a shortage to exist in two of its trust accounts in violation of California Code of Regulations, title 10, section 1950.314.6 according to proof, but in an amount of at least \$50,000.00.

Dated: October 29, 2018
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Counsel
Enforcement Division