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

11	In the Matter of:)	CRMLA LICENSE NO.: 413-0571
12)	
13	THE COMMISSIONER OF BUSINESS)	
14	OVERSIGHT,)	STATEMENT OF FACTS IN SUPPORT OF
15)	ORDER TO DISCONTINUE VIOLATIONS
16	Complainant,)	PURSUANT TO FINANCIAL CODE
17)	SECTION 50321 AND NOTICE OF INTENT
18	v.)	TO MAKE ORDER FINAL
19)	
20	UNITED MORTGAGE CORP. authorized to do)	
21	business in California as UMC MORTGAGE)	
22	COMPANY,)	
23)	
24	Respondent.)	

20 The Complainant, the Commissioner of Business Oversight (Commissioner) is informed and
21 believes and based upon such information and belief, alleges and charges 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
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1 Melville Park Road, Suite 100, Melville, New York 11747. UMC currently has 7 branch office
2 locations under its CRMLA license located in California and elsewhere. UMC employs mortgage
3 loan originators in its CRMLA business.

4 **II.**

5 **Trust Accounting Violations**

6 2. On or about February 22, 2018, the Commissioner commenced a regulatory
7 examination of the books and records of UMC under the CRMLA (2018 regulatory examination).
8 The 2018 regulatory examination disclosed that UMC (i) was failing to properly reconcile certain of
9 its trust accounts in violation of Financial Code section 50314 and California Code of Regulations,
10 title 10, section 1950.314.1; (ii) had caused a debit balance (shortage) to exist in a borrower impound
11 account in violation of California Code of Regulations, title 10, section 1950.314.6; and (iii) had a
12 shortage in three of its trust accounts violation of California Code of Regulations, title 10, section
13 1950.314.6.

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

21 4. UMC maintains only one liability subsidiary ledger for CA Escrow and CA Escrow 2
22 trust monies (General Ledger - GL # 2560) even though UMC deposits the trust funds into two
23 separate bank accounts and maintains two separate asset ledgers (GL #0991 for CA Escrow and GL
24 #1007 for CA Escrow 2) for these trust funds.

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

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11. Financial Code section 50321 provides in pertinent part:

If, after investigation, the commissioner has reasonable grounds to believe that any licensee has violated its articles of incorporation or any law or rule binding upon it, the commissioner shall, by written order addressed to the licensee, direct the discontinuance of the violation. The order shall be effective immediately, but shall not become final except in accordance with the provisions of Section 50323.

12. Financial Code section 50323 provides:

(a) No order issued pursuant to Section 50321 or 50322 may become final except after notice to the affected licensee of the commissioner's intention to make the order final and of the reasons for the finding. The commissioner shall also notify the licensee that upon receiving a request the matter will be set for hearing to commence within 15 business days after receipt. The licensee may consent to have the hearing commenced at a later date. If no hearing is requested within 30 days after the mailing or service of the required notice, and none is ordered by the commissioner, the order may become final without hearing and the licensee shall immediately discontinue the practices named in the order. If a hearing is requested or ordered, it shall be held in accordance with the provisions of the administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and the commissioner shall have all the powers granted under that act. If, upon the hearing, it appears to the commissioner that the licensee is conducting business in an unsafe and injurious manner or is violating its articles of incorporation or any law of this state, or any rule binding upon it, the commissioner shall make the order of discontinuance final and the licensee shall immediately discontinue the practices named in the order.

(b) The licensee has 10 days after an order is made final to commence an action to restrain enforcement of the order. If enforcement of the order is not enjoined within 10 days by the court in which the action is brought, the licensee shall comply with the order.

WHEREFORE, good cause showing, the Commissioner is issuing an Order to Discontinue Violations Pursuant to Financial Code Section 50321 and notifying United Mortgage Corp.

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authorized to do business in California as UMC Mortgage Company of the Commissioner’s
intention to make the order final.

Dated: October 29, 2018
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Counsel
Enforcement Division