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California Corporations Commissioner
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10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA

12 THE CALIFORNIA CORPORATIONS)
13 COMMISSIONER,)

File No.: 413-0746

14 Complainant,)

**ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER AND MORTGAGE
SERVICER LICENSE**

15 v.)

16 KH FINANCIAL, L.P.)
17)

18 Respondent.)
19)
20)

21 The California Corporations Commissioner finds:

22 1. Respondent KH FINANCIAL, L.P. ("KH") is a residential mortgage lender and
23 mortgage loan servicer licensed by the Commissioner pursuant to the California Residential
24 Mortgage Lending Act (California Financial Code, § 50000 *et seq.*) ("CRMLA"). KH has its
25 principal place of business located at 5999 New Wilke Road, Suite 203, Rolling Meadows, IL 60008.

26 2. Pursuant to California Financial Code sections 50307 and 50401 and California Code
27 of Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file the
28

1 following annual reports with the Commissioner: (1) Report of Principal Amount of Loans and
2 Aggregate Amount of Loans Serviced ("Activity Report"); (2) Report on Non-traditional, Adjustable
3 Rate and Mortgage Loan Products ("Non-traditional Report"); and (3) Non-traditional, Adjustable
4 Rate and Mortgage Loan Survey ("Survey"). The Activity Report, Non-traditional Report, and
5 Survey must be filed with the Commissioner on or before March 1st of each year for the preceding
6 twelve (12) month period ending December 31.

7 3. On or about February 1, 2008, an Activity Report form, Non-traditional Report form
8 and Survey were sent to all CRMLA licensees, including KH, with a notice stating that these reports
9 were due on or before March 1, 2008. The Commissioner assessed a penalty of \$1000.00 for the
10 failure to submit these reports on or about May 15, 2008.

11 4. To date, KH has failed to submit the Activity Report, the Non-traditional Report or the
12 Survey to the Commissioner and paid the assessed penalty.

13 5. Pursuant to California Financial Code section 50200, all licensees under the CRMLA
14 are required to file audited financial statements ("Audited Report") with the Commissioner. KH was
15 required to submit its Audited Report for its fiscal year ending September 30, 2007 to the
16 Commissioner.

17 6. On or about September 12, 2007 and January 16, 2008, a reminder notice was issued
18 to KH reminding KH that the Audited Report was due to be filed with the Commissioner on or before
19 January 15, 2008. KH did not submit the Audited Report to the Commissioner, despite this reminder
20 notice.

21 7. On or about July 17, 2008, the Commissioner assessed a penalty of \$1000.00 for
22 failure to submit the Audited Report pursuant to California Financial Code section 50326.

23 8. To date, KH has not submitted the Audited Report to the Commissioner or paid the
24 assessed penalty.

25 9. Pursuant to California Financial Code section 50205(a), KH must maintain a surety
26 bond. On or about February 6, 2008, the Commissioner received a Notice of Cancellation Non-
27 Renewal of KH's surety bond from Arch Insurance Company. The date of cancellation of the surety
28 bond was March 7, 2008.

1 10. On or about March 7, 2008, the Commissioner issued an Order To Discontinue
2 Residential Mortgage Lending And/Or Servicing Activities Pursuant California Financial Code
3 section 50319 to KH.

4 11. To date, the surety bond has not been reinstated or replaced, and the Order To
5 Discontinue Residential Mortgage Lending And/Or Servicing Activities Pursuant California
6 Financial Code section 50319 remains in effect.

7 12. Failure to file the Activity Report, Non-traditional Report, Survey, Audit Report,
8 failure to maintain a valid surety bond and/or pay assessed penalties are grounds under California
9 Financial Code section 50327 for the revocation of a license issued under the CRMLA.

10 13. On or about November 19, 2008, the Commissioner issued a Notice of Intention to
11 Issue Order Revoking Residential Mortgage Lender/Servicer License, Accusation and accompanying
12 documents against KH based upon the above, and KH was served with those documents on
13 November 19, 2008 via certified mail, return receipt requested, at its licensed location on file with the
14 California Department of Corporations. The Department has not received a request for hearing from
15 KH and the time to request a hearing has expired.

16 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
17 mortgage lender and mortgage servicer license issued by the Commissioner to KH FINANCIAL,
18 L.P., is hereby revoked. This order is effective as of the date hereof. Pursuant to California Financial
19 Code section 50311, KH FINANCIAL, L.P., has sixty (60) days within which to complete any loans
20 for which it had commitments.

21
22 DATED: January 6, 2009
23 Sacramento, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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25
26 By _____
27 Alan S. Weinger
28 Lead Corporations Counsel