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8 BEFORE THE DEPARTMENT OF CORPORATIONS

9 OF THE STATE OF CALIFORNIA

10 THE CALIFORNIA CORPORATIONS
11 COMMISSIONER,

) File No.: 4130952

12 Complainant,

) **ACCUSATION**

13 v.

) California Financial Code §50327

14 1st REPUBLIC MORTGAGE BANKERS, INC.
15

16 Respondent.
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19 The Complainant, California Corporations Commissioner ("Commissioner"), is informed and
20 believes, and based upon such information and belief, alleges and charges Respondent as follows:

21 **I.**

22 Respondent 1st REPUBLIC MORTGAGE BANKERS, INC. ("REPUBLIC") is a residential
23 mortgage lender and mortgage loan servicer licensed by the Commissioner pursuant to the California
24 Residential Mortgage Lending Act (California Financial Code, § 50000 *et seq.*) ("CRMLA").
25 REPUBLIC has its principal place of business located at 110 Jericho Turnpike, 2nd Floor Suite 200
26 Floral Park, New York, 11001.
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II.

Pursuant to California Financial Code sections 50307 and 50401 and California Code of Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file the following annual reports with the Commissioner: (1) Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity Report"); (2) Report on Non-traditional, Adjustable Rate and Mortgage Loan Products ("Non-traditional Report"); and (3) Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey"). The Activity Report, Non-traditional Report, and Survey must be filed with the Commissioner on or before March 1st of each year for the preceding twelve (12) month period ending December 31.

On or about January 23, 2009, an Activity Report form, Non-traditional Report form and Survey were sent to all CRMLA licensees, including REPUBLIC, with a notice stating that these reports were due on or before March 1, 2009. The Commissioner assessed a penalty of \$1000.00 for the failure to submit these reports on or about May 22, 2009. To date, REPUBLIC has not submitted the Activity Report, the Non-traditional Report or the Survey to the Commissioner and paid the assessed penalty.

III.

Pursuant to California Financial Code section 50200, all licensees under the CRMLA are required to file audited financial statements ("Audited Report") with the Commissioner. REPUBLIC was required to submit its Audited Report for its fiscal year ending December 31, 2008 to the Commissioner.

On or about December 23, 2008 and April 16, 2009, a reminder notice was issued to REPUBLIC reminding REPUBLIC that these reports were due to be filed with the Commissioner on or before April 15, 2009. REPUBLIC did not submit the Audited Report to the Commissioner, despite this reminder notice.

On or about June 10, 2009, the Commissioner assessed a penalty of \$1000.00 for failure to submit the Audited Report pursuant to California Financial Code section 50326. To date, REPUBLIC has not submitted the Audited Report to the Commissioner and paid the assessed penalty.

1 IV.

2 California Financial Code section 50205(a) states “[a] licensee shall maintain a surety bond in
3 accordance with this subdivision.” REPUBLIC has failed to maintain its surety bond as required by
4 that section. On or about January 27, 2009, the Commissioner received a Notice of Cancellation
5 Non-Renewal of REPUBLIC’s surety bond from Hartford Fire Insurance Company. The date of
6 cancellation of the surety bond was February 25, 2009.

7 On or about March 2, 2009, the Commissioner issued an Order To Discontinue Residential
8 Mortgage Lending And/Or Servicing Activities Pursuant California Financial Code section 50319¹ to
9 REPUBLIC. To date, the surety bond has not been reinstated or replaced, and the Order To
10 Discontinue Residential Mortgage Lending And/Or Servicing Activities Pursuant California
11 Financial Code section 50319 remains in effect.

12 V.

13 California Financial Code section 50327 provides in pertinent part:

- 14 (a) The commissioner may, after notice and a reasonable opportunity to
15 be heard, suspend or revoke any license if the commissioner finds that:
16 (1) the licensee has violated any provision of this division or any rule or
17 order of the commissioner thereunder; or (2) any fact or condition
18 exists that, if it had existed at the time of the original application for the
19 license, reasonably would have warranted the commissioner in refusing
20 to issue the license originally.

21 The Commissioner finds that, by reason of the foregoing, 1st REPUBLIC MORTGAGE
22 BANKERS, INC. has violated California Financial Code sections 50200, 50205, 50307, 50326,
23 50401 and California Code of Regulations, title 10, section 1950.314.8, and based thereon, grounds
24 exist to revoke 1st REPUBLIC MORTGAGE BANKERS, INC. license as a residential mortgage
25 lender and mortgage loan servicer.

26 ¹ California Financial Code section 50319 provides in pertinent part: (a) If the commissioner, as a result of any
27 examination or from any report made to him or her, shall find that any person subject to this division.... has
28 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...., 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.

