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BEFORE THE DEPARTMENT OF CORPORATIONS

10

OF THE STATE OF CALIFORNIA

11

THE CALIFORNIA CORPORATIONS)
12 COMMISSIONER,)

File No.: 413-0869

13

Complainant,)

**ACCUSATION IN SUPPORT OF
REVOCATION OF CALIFORNIA
RESIDENTIAL MORTGAGE LENDER
AND MORTGAGE LOAN SERVICER
LICENSE**

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v.)

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16 OPTION ONE MORTGAGE CORPORATION,)

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Respondent.)

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21 The Complainant, California Corporations Commissioner ("Commissioner"), is informed and
22 believes, and based upon such information and belief, alleges and charges Option One Mortgage
23 Corporation ("Respondent") as follows:

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I.

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26 Respondent is a residential mortgage lender and mortgage loan servicer licensed by the
California Department of Corporations pursuant to the California Residential Mortgage Lending Act
27 ("CRMLA") (California Financial Code sections 50000 *et seq.*). Respondent has its principal place
28 of business located at 6501 Irvine Center Drive, Irvine, CA 92618.

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28**II.**

Pursuant to Financial Code section 50200, each licensee is required to submit a comprehensive audited financial report ("Audit Report") audited by an independent certified public accountant for the end of the licensee's fiscal year. On or about April 10, 2008, the Commissioner notified Respondent in writing that it was required to submit its Audit Report for its fiscal year ending on April 30, 2008 no later than August 15, 2008. Respondent was further notified that its failure to file the Audit Report may result in assessment of fines, an immediate examination by the Commissioner, and/or revocation of Respondent's license. Respondent failed to file its Audit Report in violation of Financial Code section 50200.

On or about August 15, 2008, the Commissioner again notified Respondent in writing that it had failed to file its Audit Report and it was required to file the Audit Report within ten (10) days of the date of the letter.

Pursuant to Financial Code section 50326, a licensee shall pay \$100.00 penalty for each day up to the 10th days for failure to file a report required by law or by the Commissioner. On June 10, 2009, the Commissioner notified Respondent in writing that Respondent was required to pay an administrative penalty in the amount of \$1,000.00 for failure to file its Audit Report. Respondent was also again notified that its failure to file the Audit Report would result in revocation of Respondent's license. Respondent did not file its Audit Report and did not pay the administrative penalty.

III.

On or about June 9, 2008, Respondent notified the Commissioner of its desire to surrender its license. Respondent indicated that it had sold all its assets including its mortgage servicing rights to American Home Mortgage Servicing, Inc. On or about June 18, 2008, the Commissioner provided Respondent with detailed instructions for the surrender of its license. Respondent did not respond.

IV.

Pursuant to Financial Code section 50205, a licensee is required to maintain a surety bond. On August 14, 2008, Respondent's surety bond expired and no replacement bond was ever obtained. Based on the foregoing, on August 14, 2008, the Commissioner issued an order against Respondent

1 to discontinue the residential mortgage lending and/or servicing activities pursuant to Financial Code
2 section 50319. Respondent did not renew or replace its bond; a current bond has not been filed.

3 **V.**

4 Pursuant to Financial Code sections 50307, 50401 and California Code of Regulations, title
5 10, section 1950.314.8, all licensees under the CRMLA are required to file an annual Report of
6 Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity Report") on or
7 before March 1st of each year for the preceding 12-month period ended December 31.

8 On or about January 23, 2009, an Activity Report form was sent to all CRMLA licensees with
9 a notice that its Activity Report was due on or before March 1, 2009. Respondent failed to submit the
10 Activity Report to the Commissioner in violation of Financial Code sections 50307, 50401 and
11 California Code of Regulations, title 10, section 1950.314.8.

12 On May 22, 2009, the Commissioner again notified Respondent in writing that Respondent
13 was required to file the Activity Report within ten (10) days of the date of the letter. Respondent was
14 further directed to pay an administrative penalty in the amount of \$1,000.00, pursuant to Financial
15 Code section 50326. Respondent was also notified that its failure to file the Activity Report would
16 result in revocation of Respondent's license. Respondent did not file its Activity Report and did not
17 pay the administrative penalty.

18 **VI.**

19 Financial Code section 50327 provides in pertinent part:

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

28 Financial Code section 50311 states:

Nothing in this law shall preclude a person whose license has been
suspended or revoked, summarily or otherwise, from making a
residential mortgage loan pursuant to a commitment issued by that
person prior to the suspension or revocation. A prospective borrower

