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10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of THE COMMISSIONER OF) File Nos.: 413-0266 and 603-E734
13 BUSINESS OVERSIGHT OF THE STATE OF)
14 CALIFORNIA,) ORDER TO DISCONTINUE VIOLATIONS
15 Complainant,) PURSUANT TO CALIFORNIA FINANCIAL
16 vs.) CODE SECTION 50321
17 PROSPECT MORTGAGE, LLC,)
18 Respondent.)
19)

20 TO: PROSPECT MORTGAGE, LLC
21 15301 Ventura Boulevard, Suite D300
22 Sherman Oaks, California 91403

23 The Commissioner of Business Oversight (“Commissioner”),¹ finds that Prospect Mortgage,
24 LLC has engaged in the following:

25 (1) Charged borrowers interest on loans for a period in excess of one day prior to the date
26 that the loan proceeds are disbursed from escrow in *at least* nine of 67 loans, or 13% of loans

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28 ¹ As of July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the Department of Business Oversight.

1 examined, in violation of California Financial Code section 50204, subdivision (o);

2 (2) Failed to timely reconcile the escrow liability ledgers to its trust account in violation
3 of California Code of Regulations, title 10, section 1950.314.1;

4 (3) Caused debit balances to exist in trust bank accounts in violation of California Code
5 of Regulations, title 10, section 1950.314.6;

6 (4) Failed to keep documents and records that would properly enable the Commissioner
7 to determine whether Prospect complied with the California Residential Mortgage Lending Act by
8 failing to locate documentation necessary to accurately recalculate the per diem interest on 2,214
9 loans in connection with a self-audit report, in a violation of California Financial Code section
10 50314, subdivision (a); and

11 (5) Failed to make a special report to the Commissioner, specifically, a self-audit report
12 regarding per diem interest overcharges by the extended deadline of September 10, 2013, in
13 violation of California Financial Code section 50314, subdivision (b).

14 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING, it is hereby
15 ORDERED under the provisions of California Financial Code section 50321, that Prospect
16 Mortgage, LLC immediately discontinue the violations set forth above.

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18 Dated: November 26, 2013
19 Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

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By _____

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MARY ANN SMITH
Deputy Commissioner

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