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BEFORE THE DEPARTMENT OF CORPORATIONS

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OF THE STATE OF CALIFORNIA

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In the Matter of the Accusation of THE
12 CALIFORNIA CORPORATIONS
COMMISSIONER,

) File No.: 413-0810

13

Complainant,

) **ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER LICENSE**

14

15

v.

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SOUTH LAKE MORTGAGE CAPITAL, INC.,

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Respondent.

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The California Corporations Commissioner finds:

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1. Respondent South Lake Mortgage Capital, Inc. ("South Lake") is a residential
22 mortgage lender licensed by the California Corporations Commissioner ("Commissioner") pursuant
23 to the California Residential Mortgage Lending Act (California Financial Code, § 50000 et seq.)
24 ("CRMLA"). South Lake has its principal place of business located at 24422 Avenida de La Carlota,
25 Suite 120, Laguna Hills, California 92653.

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2. Pursuant to California Financial Code sections 50307 and 50401, South Lake is
27 required to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans
28 Serviced ("Activity Report") on or before March 1st of each year for the preceding 12-month period

1 ended December 31st.

2 3. On January 19, 2007, an Activity Report form was sent to South Lake with a notice
3 that the Report was due on or before March 1, 2007. South Lake failed to submit the Activity Report
4 by March 1, 2007.

5 4. On May 7, 2007, a letter was sent to South Lake demanding the Activity Report be
6 filed no later than May 17, 2007, and assessing South Lake a penalty of \$1,000.00, pursuant to
7 California Financial Code section 50326. South Lake was notified in the letter that failure to file the
8 Activity Report and/or pay the penalty by May 17, 2007 would result in an action to either suspend or
9 revoke its license.

10 5. On June 27, 2007, a further letter was sent to South Lake demanding that it submit its
11 Activity Report and pay the penalty assessed on May 7, 2007 no later than July 7, 2007 and again
12 notifying South Lake that failure to file the Activity Report and/or pay the penalty by July 7, 2007
13 would result in an action to either suspend or revoke its license.

14 6. South Lake has yet to submit the Activity Report or pay the penalty as required by
15 California Financial Code sections 50307, 50326, and 50401.

16 7. Pursuant to California Financial Code section 50205, South Lake was required to
17 maintain a surety bond in the minimum amount of \$50,000.00. South Lake's surety bond was
18 cancelled on April 12, 2007, and no replacement was obtained.

19 8. On April 12, 2007, the Commissioner issued an Order to Discontinue Residential
20 Mortgage Lending and/or Servicing Activities to South Lake pursuant to California Financial Code
21 section 50319 for its failure to maintain the required surety bond. This Order was served on South
22 Lake on April 12, 2007.

23 9. South Lake has yet to obtain a replacement surety bond in violation of California
24 Financial Code section 50205.

25 10. California Financial Code section 50123 requires that prior to surrendering a license, a
26 licensee must file a plan for approval by the Commissioner. The plan must contain the licensee's
27 detailed proposal for orderly closing out of the residential mortgage lending business. In addition, the
28 Commissioner must make a determination that there has been no violation of the CRMLA.

1 11. On May 24, 2007, South Lake notified the Commissioner by letter that it intended to
2 surrender its residential mortgage lender license. On June 5, 2007, the Commissioner sent South
3 Lake instructions concerning the manner in which it is required to surrender its license under the
4 CRMLA.

5 12. South Lake has yet to file its plan for approval by the Commissioner pursuant to
6 California Financial Code section 50123 and it is not considered to have surrendered its residential
7 mortgage lender license for purposes of the CRMLA.

8 13. Failure to file an activity report, maintain a surety bond, and/or pay assessed penalties
9 are grounds under California Financial Code section 50327 for the revocation of a license issued
10 under the CRMLA.

11 14. On September 7, 2007, the Commissioner issued a Notice of Intention to Issue Order
12 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against
13 South Lake based upon the above, and South Lake was served with those documents on September
14 10, 2007 via certified mail, return receipt requested, at its licensed location on file with the California
15 Department of Corporations. The Department has received no request for a hearing from South Lake
16 and the time to request a hearing has expired.

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

22 DATED: September 27, 2007
23 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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