

1 MARY ANN SMITH  
Deputy Commissioner  
2 SEAN M. ROONEY  
Assistant Chief Counsel  
3 JUDY L. HARTLEY (State Bar No. 110628)  
Senior Counsel  
4 Department of Business Oversight  
320 West 4<sup>th</sup> Street, Ste. 750  
5 Los Angeles, California 90013-2344  
Telephone: (213) 576-7604  
6 Facsimile: (213) 576-7181

7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
9 OF THE STATE OF CALIFORNIA

11 In the Matter of:	)	CRMLA LICENSE No.: 413-0843
	)	
12 THE COMMISSIONER OF BUSINESS	)	STATEMENT OF FACTS IN SUPPORT OF
13 OVERSIGHT,	)	ORDER TO DISCONTINUE VIOLATIONS
	)	PURSUANT TO FINANCIAL CODE
14 Complainant,	)	SECTION 50321 AND NOTICE OF INTENT
	)	TO MAKE ORDER FINAL
15 v.	)	
	)	
16 CORNERSTONE HOME LENDING, INC.,	)	
	)	
17 Respondent.	)	
	)	

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20 The Complainant is informed and believes and based upon such information and belief,  
21 alleges and charges as follows:

22 1. Cornerstone Home Lending, Inc. (Cornerstone) is a residential mortgage lender and  
23 loan servicer licensed by the Commissioner of Business Oversight (Commissioner) pursuant to the  
24 California Residential Mortgage Lending Act (CRMLA) (Fin. Code §50000 et seq.). Cornerstone  
25 has its principal place of business located at 1177 West Loop South, Suite 200, Houston, Texas  
26 77027. Stearns currently has 26 branch office locations under its CRMLA license located in  
27 California, and other states. Cornerstone employs mortgage loan originators in its CRMLA  
28 business.

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2. On or about February 1, 2016, the Commissioner commenced a regulatory examination of the books and records of Cornerstone under the CRMLA (2016 regulatory examination). The 2016 regulatory examination disclosed, among other issues, that Cornerstone had failed to provide at least 6 borrowers with a proper loan brokerage agreement in violation of Financial Code sections 50701 and 50314. The loan brokerage agreements provided failed to include (i) the signature of the licensed mortgage loan originator; (ii) the unique identifier of the mortgage loan originator; (iii) a detailed description of the services Cornerstone would provide to the borrower and/or a good faith estimate of fees; (iv) a clear and conspicuous statement of the conditions under which the borrower is obligated to pay the licensee for brokerage services rendered under the agreement; (v) additional rights and remedies of the borrower if Cornerstone made a materially false or misleading statement or omission in the inducement or implementation of the agreement; and/or (vi) incorrectly stated the law under which the loan was being originated.

3. The 2016 regulatory examination further disclosed that Cornerstone had violated Financial Code section 50204, subdivision (i), Health and Safety Code section 35830 and California Code of Regulations, title 21, section 7114 in all of the loans by providing two Fair Lending Notices to the borrowers with one Fair Lending Notice referring the borrowers to multiple agencies and the second Fair Lending Notice referring the borrowers to the Federal Trade Commission.

4. By reason of the foregoing, Cornerstone has violated Financial Code sections 50204, subdivision (i) and 50701, and Health and Safety Code section 35830 and California Code of Regulations, title 21, section 7114.

5. Financial Code section 50321 provides in pertinent part:

If, after investigation, the commissioner has reasonable grounds to believe that any licensee has violated its articles of incorporation or any law or rule binding upon it, the commissioner shall, by written order addressed to the licensee, direct the discontinuance of the violation. The order shall be effective immediately, but shall not become final except in accordance with the provisions of Section 50323.

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6. Financial Code section 50323 provides:

(a) No order issued pursuant to Section 50321 or 50322 may become final except after notice to the affected licensee of the commissioner's intention to make the order final and of the reasons for the finding. The commissioner shall also notify the licensee that upon receiving a request the matter will be set for hearing to commence within 15 business days after receipt. The licensee may consent to have the hearing commenced at a later date. If no hearing is requested within 30 days after the mailing or service of the required notice, and none is ordered by the commissioner, the order may become final without hearing and the licensee shall immediately discontinue the practices named in the order. If a hearing is requested or ordered, it shall be held in accordance with the provisions of the administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and the commissioner shall have all the powers granted under that act. If, upon the hearing, it appears to the commissioner that the licensee is conducting business in an unsafe and injurious manner or is violating its articles of incorporation or any law of this state, or any rule binding upon it, the commissioner shall make the order of discontinuance final and the licensee shall immediately discontinue the practices named in the order.

(b) The licensee has 10 days after an order is made final to commence an action to restrain enforcement of the order. If enforcement of the order is not enjoined within 10 days by the court in which the action is brought, the licensee shall comply with the order.

WHEREFORE, good cause showing, the Commissioner is issuing an Order to Discontinue Violations Pursuant to Financial Code Section 50321 and notifying Cornerstone of her intention to make the order final.

Dated: September 18, 2017  
Los Angeles, CA

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
Judy L. Hartley  
Senior Counsel  
Enforcement Division