1 2 3 4 5 6 7 8 9		MENT OF BUSINESS OVERSIGHT E OF CALIFORNIA
11	OF THE STATE OF CALIFORNIA	
12	In the Matter of:	CRMLA NO.: 41DBO-70668
13 14	THE COMMISSIONER OF BUSINESS OVERSIGHT,	STATEMENT OF ISSUES IN SUPPORT OF ORDER DENYING CALIFORNIA
15 16	Complainant,	RESIDENTIAL MORTGAGE LENDER LICENSE
17	v.	
18	GOOI MORTGAGE, INC., an Iowa Corporation,	
19	Respondent.	
20	тевропаент.	J
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22	The Complainant the Commissioner of F	Business Oversight (Commissioner), alleges and
23	charges Respondent Gooi Mortgage, Inc. as follows:	
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25	<b>T</b> ,	I.
26	<u>Introduction</u>	
27	1. Gooi Mortgage, Inc. (Gooi Mortgage) is an Iowa corporation formed on December 19,	
28	2014, with a registered place of business at 1901 Bell Avenue, Suite #4, Des Moines, Iowa.	

2. The Commissioner has jurisdiction over the licensing and regulation of entities engaged in the business of mortgage lending and servicing pursuant to the California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.).

II.

## Gooi Mortgage, Inc.'s Application for CRMLA License.

- 3. On April 24, 2017, Gooi Mortgage electronically filed and transmitted through the Multistate Licensing System and Registry (NMLS) a residential mortgage lender application, or Company MU1 filing, with the Commissioner pursuant to the CRMLA.
- 4. Gooi Mortgage included as an exhibit to the application the company's audited financial statements as of December 31, 2015, and December 31, 2016. Gooi Mortgage's audited financial statements reported that the company's net worth for the fiscal years of 2015 and 2016, respectively, was \$60,050.00 and \$330,550.00. Further analysis of Gooi Mortgage's 2016 audited financial statements revealed Gooi Mortgage's tangible net worth was \$74,959.00. Accordingly, Gooi Mortgage failed to satisfy the \$250,000.00 tangible net worth requirement for the fiscal years 2015 and 2016 as required under Financial Code section 50122(b)(1) and Code of Regulations section 1950.122.4(a)(4).
- 5. On March 28, 2018, a license item was created in NMLS to inform Gooi Mortgage that the company's 2016 audited financial statements did not meet the CRMLA financial requirements and Gooi Mortgage was instructed to upload its 2017 audited financial statements.
- 6. On March 30, 2018, Gooi Mortgage uploaded a letter from Community CPA & Associates (Community), along with unaudited financial statements. The letter confirmed that Gooi Mortgage retained the services of Community to conduct the 2017 financial statements audit and that the audit would be finalized by April 15, 2018.
- 7. On May 1, 2018, Gooi Mortgage uploaded its audited financial statements in NMLS, which reported that the company's net worth for the fiscal year 2017 was \$224,204.00. Further analysis of the company's 2017 audited financials revealed Gooi Mortgage's tangible net worth was \$119,449.00. Gooi failed to satisfy the \$250,000.00 tangible net worth requirements for the fiscal year of 2017 as required under Financial Code section 50122(b)(1) and Code of Regulations section

1950.122.4(a)(4).

8. In addition, the 2016 and 2017 audited financial statements' an independent certified public accountant auditor's report (IAR) found that Gooi Mortgage incurred two consecutive years of net losses and negative cash flows from operations, which raised substantial doubt about the company's ability to continue as a going concern. The 2015 audited financial statement's notes also included a disclosure that stated that Gooi Mortgage's net loss in 2015 raised substantial doubt regarding the company's ability to continue as a going concern.

## III.

## **Applicable Law**

- 9. Financial Code section 50122, subdivision (b)(1), provides that a license application for a California residential mortgage lender or servicer shall include "[a] statement of financial solvency, noting the net worth requirements and supported by an audited financial statement prepared by an independent certified public accountant, and access to the supporting credit information as required by this division." As described above, Gooi Mortgage's audited financial statements for 2015, 2016 and 2017 lacked a statement of financial solvency in violation of Financial Code section 50122(b)(1).
- 10. California Code of Regulations, title 10, section 1950.122.4, subdivision (a)(4), provides that a license applicant for a California residential mortgage lender or servicer shall submit through NMLS as an exhibit to Form MU1 audited financial statements with an unqualified opinion prepared by an independent certified public accountant in accordance with generally accepted accounting principles and acceptable to the Commissioner. The audited financial statements shall be prepared as of the applicant's most recent fiscal year end, or a more recent date, and must document a minimum tangible net worth of \$250,000. (10 C.C.R. 1950.122.4(a)(4)).
- 11. As described above, Gooi Mortgage failed to meet the \$250,000.00 tangible net worth requirement for the fiscal years 2015, 2016 and 2017 in violation of Financial Code section 50122(b)(1) and Code of Regulations section 1950.122.4(a)(4).
- 12. Financial Code section 50327 states that the Commissioner may, after notice and a reasonable opportunity to be heard, deny any license if the Commissioner finds that the license has

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2 IV. 3 **Conclusion** 4 The Commissioner finds, by reason of the foregoing, that there are grounds under Financial 5 Code section 50327, subdivision (a)(1), to deny the issuance of a California residential mortgage lender license to Respondent Gooi Mortgage, Inc., in that Gooi Mortgage, Inc. has violated Financial 6 7 Code section 50122(b)(1) and Code of Regulations section 1950.122.4(a)(4). 8 WHEREFORE, the Commissioner prays that the application filed on April 24, 2017, by Gooi 9 Mortgage, Inc. for a California residential mortgage lender license be denied. 10 Dated: March 14, 2019 JAN LYNN OWEN 11 San Diego, California Commissioner of Business Oversight 12 By 13 Robert R. Lux 14 Senior Counsel **Enforcement Division** 15 16 17 18 19 20 21 22 23 24 25 26 27 28

violated any provision of the CRMLA or any rule or order of the Commissioner.