



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6163-N-02]

Mortgagee Review Board: Administrative Actions

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development (“HUD”).

ACTION: Notice.

SUMMARY: In compliance with Section 202(c)(5) of the National Housing Act, this notice advises of the cause and description of administrative actions taken by HUD’s Mortgagee Review Board against HUD-approved mortgagees.

FOR FURTHER INFORMATION CONTACT: Nancy A. Murray, Secretary to the Mortgagee Review Board, 451 Seventh Street SW, Room B-133/3150, Washington, DC, 20410-8000; telephone (202) 708-2224 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Information Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION: Section 202(c)(5) of the National Housing Act (12 U.S.C. 1708(c)(5)) requires that HUD “publish a description of and the cause for administrative action against a HUD-approved mortgagee” by HUD’s Mortgagee Review Board (“Board”). In compliance with the requirements of Section 202(c)(5), this notice advises of actions that have been taken by the Board in its meetings from the beginning of the FY 19 fiscal year, October 1, 2018, through September 30, 2019 where settlement agreements have been reached.

I. Civil Money Penalties, Withdrawals of FHA Approval, Suspensions, Probations, and Reprimands.

1. *Acceptance Capital Mortgage Corporation, Spokane, WA [Docket No. 17-1723-MR]*

Action: On June 26, 2019, the Board voted to withdraw for three years the FHA approval of Acceptance Capital Mortgage Corp. (“Acceptance”).

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Acceptance (a) failed to timely notify HUD/FHA of a September 2014 state sanction; (b) failed to timely notify HUD/FHA of a November 2014 state sanction; (c) submitted a false certification to HUD/FHA for fiscal year ended December 31, 2014; (d) failed to timely notify HUD of a February 2015 state sanction; (e) submitted a false certification to HUD/FHA for fiscal year ended December 31, 2015; (f) failed to maintain the minimum adjusted net worth for the fiscal year ended December 31, 2015; (g) failed to timely notify HUD/FHA of its net worth deficiency during fiscal year ended December 31, 2015; (h) failed to timely submit an acceptable audited or unaudited financial statement to the Secretary of Housing and Urban Development (“the Secretary”) for fiscal year ended December 31, 2015; and (i) failed to timely notify HUD/FHA of a February 2016 state sanction.

Previously, the Board had voted to agree to resolve the above allegations and additional allegations through a negotiated settlement to which Acceptance Capital had agreed; however, Acceptance Capital asserted that it had insufficient funds to make the agreed-to civil money penalty payment of \$85,000. In addition to the three-year, the Board voted to impose civil money penalties of \$68,000 for the above allegations.

2. *AmCap Mortgage, Ltd. Houston, TX [Docket No. 20-0021-FC]*

Action: On September 19, 2019 the Board voted to accept the terms of a settlement agreement with AmCap Mortgage (“AmCap”) pursuant to which AmCap provided the United States \$590,098.17, of which \$469,862.27 was designated as restitution. The settlement does not constitute an admission of liability or fault.

Cause: The Board took this action in conjunction with the Department of Justice, which negotiated a settlement with AmCap and which resolved, amongst other things, False Claims Act liability. Allegations concerned AmCap's failure to meet HUD requirements with respect to certain FHA-insured mortgages in connection with its origination and underwriting of FHA-insured mortgages that resulted in claims submitted to FHA.

3. *American Ken, Inc., Diamond Bar, CA [Docket No. 19-1944-MR]*

Action: On September 19, 2019 the Board voted to accept a settlement agreement with American Ken, Inc ("American Ken") that required American Ken to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: American Ken failed to notify HUD timely of a change in its business structure.

4. *American Pacific Mortgage, Roseville, CA [Docket No. 18-1942-MR]*

Action: On September 19, 2019, the Board voted to accept a settlement agreement with American Pacific Mortgage ("American Pacific") that required American Pacific to (a) pay a civil money penalty in the amount of \$9,468; and (b) refrain from making any claim for insurance benefits and/or indemnify HUD/FHA for the life of the loan for all losses associated with one FHA-insured loan. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: American Pacific endorsed or caused to be endorsed a cash out refinance mortgage without ensuring that the borrower had made all payments for all mortgages within the month due for the prior twelve-month period.

5. *American Preferred Lending, San Diego, CA [Docket No. 16-1862-MR]*

Action: On March 20, 2019, the Board voted to withdraw American Preferred Lending's

("American Preferred") FHA approval for a period of one year.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: American Preferred (a) failed to timely notify HUD/FHA of sanctions; (b) failed to maintain the minimum liquid asset requirement for fiscal year ended December 31, 2016; (c) failed to timely notify HUD/FHA of a liquid asset deficiency and (d) submitted a false certification to HUD/FHA. American Preferred acknowledged all violations and notified HUD/FHA that it ceased all business operations and had no employees or remaining assets.

6. *American Southwest Mortgage Corp., Oklahoma City, OK [Docket No. 19-1923-MRT]*

Action: On June 26, 2019, the Board voted to accept the terms of a settlement agreement with American Southwest Mortgage Corp. ("American Southwest") that required American Southwest to pay a civil money penalty in the amount of \$9,000. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: American Southwest (a) failed to timely submit the required annual certification; (b) failed to timely remit the annual recertification fee; (c) failed to timely submit an acceptable audited or unaudited financial statement to the Secretary of Housing and Urban Development ("the Secretary") for fiscal year 2017; (d) failed to timely notify HUD/FHA of an operating loss exceeding 20 percent of its adjusted net worth in any quarter; and (e) failed to file the quarterly financial statements required when operating losses exceed 20 percent of adjusted net worth in any quarter.

7. *AMS Healthcare, Jacksonville, FL [Docket No. 19-1915-MR]*

Action: On March 20, 2019, the Board voted to accept the terms of a settlement agreement with AMS Healthcare ("AMS") that required AMS to pay a civil money penalty in the amount of

\$28,869 and to provide a capital contribution to in the amount of \$28,869. The settlement did not constitute admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: AMS (a) failed to notify HUD/FHA of operating losses exceeding 20 percent of adjusted net worth during fiscal year ended December 31, 2017; (b) failed to file the quarterly financial statements required when operating losses exceed 20 percent of adjusted net worth in any quarter; and (c) submitted a false certification to HUD/FHA.

8. *Avex Funding Corporation d/b/a Better Mortgage Corp. New York, NY. [Docket No. 17-1999-MR]*

Action: On March 31, 2018, the Board voted to accept the terms of a settlement agreement with Avex Funding Corporation (“Avex”) that required Avex to pay a civil money penalty in the amount of \$48,000. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Avex Mortgage (a) failed to timely notify HUD/FHA of an acquisition; (b) failed to timely notify HUD/FHA of aliases and/or DBA names; (c) failed to timely notify HUD/FHA of a corporate office address change; (d) failed to timely notify HUD/FHA of a state sanction; (e) submitted a false annual certification to HUD/FHA; (f) failed to comply with HUD/FHA annual recertification requirements; (g) failed to maintain an active license in the state where its home office is located; (h) submitted an Audited Financial statement for fiscal year ended December 31, 2017 that revealed additional violations of HUD regulations and requirements; (i) failed to notify HUD/FHA of an operating loss greater than twenty percent of its adjusted net worth; and (j) failed to submit quarterly financial reports following the loss.

9. *Bridgelock Capital Woodland Hills, CA [Docket No.197-1916-MR]*

Action: On June 26, 2019, the Board voted to accept a settlement agreement with Bridgelock

Capital (“Bridgelock”) that required Bridgelock to pay a civil money penalty in the amount of \$14,123. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Bridgelock (a) failed to maintain the minimum adjusted net worth during fiscal year ended December 31, 2017; (b) failed to timely notify HUD/FHA of its net worth deficiency; and (c) submitted a false certification to HUD/FHA.

10. *Broker Solutions Inc., Tustin, CA [Docket No. 17-2015-MR]*

Action: On August 15, 2018, the Board voted to accept a settlement agreement with Broker Solutions, Inc (“Broker Solutions”) that required Broker Solutions to pay a civil money penalty in the amount of \$4,500. Broker Solutions also agreed to refrain from making any claim for insurance benefits and/or indemnify HUD/FHA for the life of the loan for all losses associated with one FHA insured loan. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD. Broker Solutions failed to follow FHA underwriting guidelines by failing to document and verify borrower’s receipt of gift funds.

11. *Carrington Mortgage Services, Anaheim, CA [Docket No. 16-1859 MR]*

Action: On October 31, 2018, the Board voted to accept the terms of a settlement agreement with Carrington Mortgage Services (“Carrington”) that required Carrington to pay a civil money penalty in the amount of \$311,800. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following alleged violation of HUD/FHA requirements: Carrington (a) failed to accurately report the status of defaulted mortgages in HUD’s Single Family Default Monitoring System (“SFDMS”) for a number of months; (b)

failed to timely report loans previously in default had been resolved through reinstatement; and
(c) failed to timely report on loans in default throughout fiscal year 2016.

12. *Compu-Link Corporation d/b/a Celink, Lansing, MI [Docket No. 19-0016-FC]*

Action: On December 20, 2018, the Board voted to accept the terms of a settlement agreement with Compu-Link d/b/a Celink (“Celink”) pursuant to which Celink provided the United States \$4,250,000, of which \$2,644,602.32 was identified as restitution. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the allegation that Celink violated HUD/FHA requirements for Home Equity Conversion Mortgages by seeking insurance claims from HUD/FHA after failing to properly curtail debenture interest. As a result, the United States alleged Celink obtained debenture interest payments that it was not entitled to receive on certain claims filed from November 1, 2011 to May 1, 2016.

13. *Eagle Mortgage and Funding, Memphis, TN [Docket No. 18-1803-MR]*

Action: On March 20, 2019, the Board voted to accept a settlement agreement with Eagle Mortgage and Funding (“Eagle”) that required Eagle to pay a civil money penalty in the amount of \$18,468 and for its owners to provide a capital contribution to Eagle in the amount of \$18,468. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: Eagle Mortgage (a) failed to maintain the minimum adjusted net worth during the fiscal year ending on December 31, 2016; (b) failed to maintain the minimum required liquid assets during fiscal year ended December 31, 2016; and (c) submitted a false certification to HUD/FHA.

14. *First Hallmark Mortgage Corporation, Somerset, NJ [Docket No. 16-1637-MR]*

Action: On September 19, 2019, the Board voted to withdraw First Hallmark Mortgage Corporation (“First Hallmark”). As First Hallmark had ceased operations in 2016, HUD withdrew approval for an indefinite period.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: First Hallmark (a) failed to implement a quality control plan in accordance with HUD/FHA requirements; (b) failed to report material findings to HUD/FHA; (c) failed to comply with HUD/FHA’s Tiered Pricing guidelines; (d) failed to identify and resolve discrepancies and/or conflicting information contained in documentation used to originate and underwrite FHA-insured loans; (e) failed to properly document a borrower’s stability of income; and (f) failed to comply with HUD/FHA’s requirements regarding faxed documentation.

15. *HFC Funding Corporation, Ridgeland, MS [Docket No. 17-2027-MR]*

Action: On December 11, 2018 the Board voted to accept the terms of a settlement agreement with HFC Funding Corporation (“HFC”) that required HFC to pay a civil money penalty in the amount of \$9,000 and voluntarily withdraw from HUD/FHA. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: HFC (a) failed to timely notify HUD/FHA that it had an operating loss exceeding 20 percent of its adjusted net worth in a quarter; (b) failed to file the quarterly financial statements required when operating losses exceed 20 percent of adjusted net worth in any quarter; and (c) submitted a false certification to HUD/FHA.

16. *Home America Lending Corp., Patchogue, NY [Docket No. 18-1814-MR]*

Action: On March 20, 2019 the Board voted to withdraw Home America Lending Corp’s (“Home America Lending”) FHA approval for a period of one year.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Home America (a) failed to file the quarterly financial statements required when operating losses exceed 20 percent of adjusted net worth in any quarter; and (b) failed to timely notify HUD/FHA of a state sanction. Home America notified HUD that it had ceased operations and was no longer originating FHA-insured loans.

17. *Home Approvals Direct a/k/a Home First Mortgage Bankers, Irvine, CA [Docket No. 19-2020-MR]*

Action: On September 19, 2019, the Board voted to accept the terms of a settlement agreement between the United States and Home Approvals Direct (“Home Approvals”) which required Home Approvals to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following alleged violation of HUD/FHA requirements: Home Approvals failed to timely notify HUD/FHA of a change in principal ownership.

18. *Horizon Bank, Michigan City, IN [Docket No. 19-1939-MR]*

Action: On September 19, 2019, the Board voted to accept a settlement agreement with Horizon Bank (“Horizon”) that required Horizon to pay a civil money penalty in the amount of \$9,000. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: Horizon (a) failed to timely notify HUD/FHA of a June 1, 2017 merger; and (b) failed to timely notify HUD/FHA of a March 2019 merger.

19. *Huntington National Bank, Cincinnati, OH [Docket No. 17-2012-MR]*

Action: On June 18, 2018, the Board voted to accept the terms of a settlement agreement with Huntington National Bank (“Huntington”) that required Huntington to pay a civil money penalty

in the amount of \$13,968. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Huntington (a) failed to timely notify HUD within ten business days of a merger with and acquisition of another entity; and (b) submitted a false certification to HUD/FHA.

20. *Interstate Home Loan Center, Inc., Melville, NY [Docket No. 17-2017-MR]*

Action: On June 26, 2019, the Board voted to accept a settlement agreement with Interstate Home Loan Center (“Interstate”) that required Interstate to pay a civil money penalty in the amount of \$23,591. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Interstate (a) failed to maintain the minimum required net worth and liquid assets in fiscal year ending in 2016; (b) failed to notify HUD/FHA of the deficiencies; (c) submitted a false certification to HUD/FHA; (d) submitted an annual financial statement for 2017 which revealed additional violations of HUD regulations and requirements; and (e) failed to maintain the minimum required adjusted net worth and liquid assets during fiscal year 2017.

21. *Longbridge Financial LLC, Mahwah, NJ [Docket No. 18-1811-MR]*

Action: On June 26, 2019, the Board voted to accept a settlement agreement with Longbridge Financial, LLC (“Longbridge”) that required Longbridge to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: Longbridge failed to file the quarterly financial statements required when operating losses exceed 20 percent of adjusted net worth.

22. *Mann Mortgage, LLC, Kalispell, MT [Docket No. 18-1949-MR]*

Action: On March 20, 2019, the Board voted to accept the terms of a settlement agreement with Mann Mortgage, LLC (“Mann”) that required Mann to pay a civil money penalty in the amount of \$14,123. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Mann (a) failed to timely notify HUD/FHA of a state sanction; and (b) submitted a false certification to HUD/FHA.

23. Mariners Atlantic Portfolio, LLC., Newport Beach, CA [Docket No. 18-1807-MR]

Action: On March 20, 2019, the Board voted to accept the terms of a settlement agreement with Mariners Atlantic Portfolio, LLC (“Mariners”) that required Mariners to pay a civil money penalty in the amount of \$13,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Mariners (a) failed to timely submit audited annual financial statements for fiscal year 2016; (b) failed to maintain the minimum required liquid assets during fiscal years 2016 and 2017; (c) failed to notify HUD of a liquid asset deficiency; and (d) submitted a false certification to HUD/FHA.

24. MLB Sub I, LLC, Newport Beach, CA [Docket No. 18-1800-MR]

Action: On March 20, 2019, the Board voted to accept a settlement agreement with MLB Sub I, LLC (“MLB”) that required MLB to pay a civil money penalty in the amount of \$13,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: MLB (a) failed to timely submit audited annual financial statements for fiscal year 2016; (b) failed to maintain the minimum required liquid assets during fiscal years 2016 and 2017; and (c) failed to timely notify HUD/FHA of a liquid asset deficiency.

25. *MLD Mortgage, Inc. d/b/a The Money Store, Florham Park, NJ [Docket No. 17-2007-MR]*

Action: On October 31, 2018, the Board voted to accept a settlement agreement with MLD Mortgage, Inc. (“MLD”) that required MLD to pay a civil money penalty in the amount of \$8,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: MLD violated the underwriting guidelines for an FHA-insured mortgage by failing (a) to document that the mortgagor had an acceptable payment history for eligibility on the cash-out refinance transaction; and (b) to obtain the payoff statement for the cash-out refinance.

26. *Mortgage Suppliers, Inc., Winchester, KY [Docket No. 17-2014-MR]*

Action: On October 31, 2018, the Board voted to accept the terms of a settlement agreement with Mortgage Suppliers, Inc. (“Mortgage Suppliers”) that required Mortgage Suppliers to pay a civil money penalty in the amount of \$13,968. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: Mortgage Suppliers (a) failed to timely notify HUD/FHA of a state sanction; and (b) submitted a false annual certification to HUD/FHA.

27. *Nationstar Mortgage, LLC, Irving, TX [Docket No. 16-1682-MR]*

Action: On December 11, 2018, the Board voted to accept a settlement agreement with Nationstar Mortgage, LLC (“Nationstar”) that required Nationstar to pay a civil money penalty in the amount of \$2,000,000. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Nationstar (a) had employed an ineligible manager; (b) failed to timely notify

HUD of a state sanction; and (3) failed to timely remit monthly mortgage insurance premiums on numerous occasions from October 2014 through January 2017.

28. *Navy Federal Credit Union, Vienna, VA [Docket No. 17-1834-MR]*

Action: On March 20, 2019, the Board voted to accept the terms of a settlement agreement with Navy Federal Credit Union (“Navy Federal”) that required Navy Federal to pay an administrative payment in the amount of \$500,000 and to refrain from making any claim for insurance benefits and/or indemnify HUD/FHA for the life of the loan for all losses associated with six FHA-insured loans. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Navy Federal failed to follow HUD requirements relating to its FHA quality control plan; failed to perform loss mitigation in accordance with HUD requirements within its FHA servicing portfolio; and failed to perform its reporting obligations to HUD’s Single Family Default Monitoring System.

29. *Newcastle Home Loans, LLC, Chicago, IL [Docket No. 17-2020-MR]*

Action: On June 26, 2019 the Board voted to accept the terms of a settlement agreement with Newcastle Home Loans, L.L.C. (“Newcastle”) that required Newcastle to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Newcastle failed to file the quarterly financial statements required when operating losses exceed 20 percent of adjusted net worth.

30. *Pacific Horizon Bancorp, Inc., La Crescenta, CA [Docket No. 19-0023-PF]*

Action: On June 26, 2019 the Board voted to accept a proposed settlement agreement with

Pacific Horizon Bancorp (“Pacific Horizon”) that required Pacific Horizon to pay HUD \$325,000. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD pursuant to the Program Fraud Civil Remedies Act (“PFCRA”) against Pacific Horizon and former loan officer James Lee and underwriter Vicki Wong: for causing false claims to be submitted to HUD in connection with underwriting violations and falsified income found in four FHA loans that closed between 2005 and 2008. HUD had sought civil penalties and assessments in the amounts of \$371, 910.54 against Pacific Horizon, \$559,662.98 jointly and severally against Lee and Pacific Horizon, and a further \$17,000 against all Respondents.

31. *Pinnacle Lending Group, Inc., Las Vegas, NV [Docket No. 18-1808-MR]*

Action: On October 31, 2018 the Board voted to accept a settlement agreement with Pinnacle Lending Group, Inc (“Pinnacle”) that required Pinnacle to pay a civil money penalty in the amount of \$26,623, for its owners to provide a capital contribution to Pinnacle in the amount of \$26,623 and submit five consecutive monthly unaudited financial statements demonstrating that Pinnacle met HUD/FHA’s minimum adjusted net worth. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD. Pinnacle (a) failed to notify HUD/FHA of an unresolved finding when applying for HUD/FHA approval; (b) failed to timely notify HUD/FHA of a state sanctions; and (c) submitted a false certification to HUD/FHA.

32. *Quicken Loans Inc., Detroit, MI [Docket No. 16-cv-1405]*

Action: On May 31, 2019 the Board voted to approve the proposed resolution and release Quicken Loans Inc. from civil money penalties and administrative actions in connection with the

resolution of *United States v. Quicken Loans Inc.*

Cause: The Board took this action as part of a resolution of *United States v. Quicken Loans Inc.* and related disputes.

33. *ReNew Lending, Inc. Reno, NV [Docket No. 17-1883-MRT]*

Action: On June 26, 2019 the Board voted to accept a settlement agreement with ReNew Lending, Inc. (“ReNew”) that required ReNew to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action in recognition of mitigating factors, and based on the following violations of HUD/FHA requirements alleged by HUD: ReNew (a) failed to timely submit acceptable audited financial statements for fiscal year ending 2016; (b) failed to pay the annual recertification fee for the fiscal year ending in 2016; and (c) failed to timely notify HUD/FHA of a state sanction.

34. *ResMac, Inc., Boca Raton, FL [Docket Nos. 18-1944-MR and 19-2004-MRT]*

Action: On September 19, 2019 the Board voted to accept a settlement agreement with ResMac Inc. (“ResMac”) that required ResMac to pay a civil money penalty in the amount of \$22,075. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: ResMac (a) violated HUD's requirements by failing to timely remit periodic monthly mortgage insurance premiums due to HUD/FHA for billing periods up to and including December 2017 for three FHA-insured mortgages for a total of 60 payments missed; (b) failed to complete the required annual certification requirements for the fiscal year ended 2017; (c) failed to notify HUD of a change in ownership; and (d) failed to meet minimum adjusted net worth and minimum liquid asset requirements.

35. *Reverse Mortgage Solutions, Inc., Houston, TX [Docket No. 18-1817-MR]*

Action: On December 11, 2018 the Board voted to accept the terms of a settlement agreement with Reverse Mortgage Solutions, Inc. (“Reverse”) that required Reverse to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: Reverse failed to file quarterly financial statements required when operating losses exceed 20 percent of adjusted net worth.

36. *Seckel Capital, LLC Newtown, PA [Docket No. 19-008-CSF]*

Action: On August 8, 2019, the Board voted to accept a settlement agreement with Seckel Capital (“Seckel”) that requires Seckel to pay an amount of \$120,000. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Seckel Capital (a) submitted fraudulent audited financial statements for fiscal years ended December 31, 2012; December 31, 2013; December 31, 2014; and December 31, 2015; (b) submitted false certifications to HUD/FHA for fiscal years ended December 31, 2013; December 31, 2014; and December 31, 2015; and (c) submitted 607 FHA loans for insurance that were not eligible for FHA insurance.

37. *Sierra Pacific Mortgage Company, Inc., Folsom, CA [Docket No. 18-1817]*

Action: On December 20, 2018 the Board voted to accept a settlement agreement with Sierra Pacific Mortgage Company, Inc. (“Sierra Pacific”) that required Sierra Pacific to pay an amount of \$3,669,095, of which \$1,924,406 was identified as restitution. The settlement did not constitute an admission of liability or wrongdoing.

Cause: The Board took this action based on the allegations that Sierra Pacific violated HUD/FHA requirements by knowingly causing to be submitted false claims to payment to the

FHA loan insurance program by, in part, failing to ensure that the loans qualified for FHA insurance when originated.

38. *Skyline Financial Corporation, Calabasas, CA [Docket No. 19-1936-MR]*

Action: On September 19, 2019 the Board voted to issue a Notice of Administrative Action through which it involuntarily withdrew for one-year the FHA approval of Skyline Financial Corporation (“Skyline Financial”).

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Skyline Financial failed to (a) maintain the minimum adjusted net worth during fiscal year ended December 31, 2017; and (b) timely notify HUD/FHA of its net worth deficiency.

39. *SN Servicing Corporation, Baton Rouge, LA [Docket No. 17-2021-MR]*

Action: On December 11, 2018 the Board voted to accept a settlement agreement with SN Servicing Corporation (“SN”) that required SN to pay a civil money penalty in the amount of \$46,714. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: SN (a) failed to maintain the minimum required adjusted net worth for fiscal year ended December 31, 2017; (b) failed to timely notify HUD/FHA of its net worth deficiency; (c) failed to maintain the minimum required liquid assets during fiscal year ended December 31, 2016; (d) failed to timely notify HUD/FHA of a liquid asset deficiency; (e) failed to timely notify HUD/FHA of operating losses exceeding twenty percent of its adjusted net worth during fiscal year ended December 31, 2016; (f) failed to file quarterly financial statements as required following an operating loss exceeding twenty percent of its adjusted net worth; and (g) submitted a false certification to HUD/FHA.

40. *Southern Fidelity Mortgage LLC, Las Vegas, NV [Docket No. 17-2031-MR]*

Action: On June 26, 2019 the Board voted to accept the terms of a settlement agreement with Southern Fidelity Mortgage, LLC (“Southern Fidelity”) that required Southern Fidelity to pay a civil money penalty in the amount of \$13,968. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Southern Fidelity (a) failed to maintain the minimum required adjusted net worth for fiscal year ended 2016; (b) failed to timely notify HUD/FHA of its net worth deficiency; and (c) submitted a false certification to HUD/FHA.

41. *Spirit Bank, Tulsa, OK [Docket No.19-1922-MRT]*

Action: On June 26, 2019 the Board voted to accept a settlement agreement with Spirit Bank (“Spirit Bank”) that required Spirit Bank to pay a civil money penalty in the amount of \$14,123. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Spirit Bank failed to (a) timely submit its required annual recertification for fiscal year ended 2017; (b) timely remit the recertification fee for fiscal year ended 2017; (c) submit timely an acceptable financial statement for fiscal year 2017; (d) timely notify HUD/FHA of an operating loss exceeding 20 percent of its adjusted net worth in a quarter; and (e) failed to file the quarterly financial statements required when operating losses exceed 20 percent of adjusted net worth in a quarter.

42. *State Bank, Fenton, MI [Docket No. 17-2013-MR]*

Action: On December 11, 2018 the Board voted to accept a settlement agreement with State Bank (“State”) that required State to pay a civil money penalty in the amount of \$9,000. The

settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: State (a) failed to timely notify HUD within ten business days of a merger ; and (b) submitted a false certification to HUD/FHA.

43. *Stearns Bank, N.A. Saint Cloud, MN [Docket No.: 18-1819-MR]*

Action: On October 31, 2018 the Board voted to accept a settlement agreement with Stearns Bank, N.A (“Stearns Bank”) that required Stearns Bank to pay a civil money penalty in the amount of \$13,968. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Stearns Bank (a) failed to timely notify HUD/FHA of a sanction; and (b) submitted a false certification to HUD/FHA.

44. *Sun West Mortgage Company, Buena Park, CA [Docket No.: 17-1835-MR]*

Action: On September 19, 2019 the Board voted to accept the terms of a settlement agreement with Sun West Mortgage Company (“Sun West”) that required Sun West to pay a civil money penalty in the amount of \$149,400, reimburse HUD/FHA in the amount of \$83,721.33 for losses HUD/FHA incurred on two FHA-insured loans, and refrain from making any claim for insurance benefits and/or indemnify HUD/FHA for the life of the loan for all losses associated with two FHA-insured loans. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on violations of HUD/FHA requirements alleged by HUD including the following: Sun West (a) failed to verify occupancy or perform the property inspections required by HUD/FHA with respect to 14 loans on 22 separate occasions; (b) failed to provide loss mitigation information to a mortgagor’s bankruptcy counsel or bankruptcy trustee; (c) failed to evaluate loans for all loss mitigation options and document that all loss

mitigation servicing requirements were followed; (d) approved a borrower for a pre-foreclosure sale without completing the required financial analysis; (e) failed to independently verify a borrower's income before entering into forbearance plans; (f) entered into a Special Forbearance-Unemployment Agreement that included incorrect terms and failed to include all elements required by HUD/FHA; (g) improperly charged borrowers inspection fees for property inspections not required by HUD/FHA; (h) failed to report or accurately report in SFDMS the occupancy status, default status, and default reason; (i) failed to implement a quality control plan in compliance with HUD/FHA requirements; (j) failed to timely remit up front mortgage insurance premiums; (k) failed to timely notify HUD/FHA of a September 30, 2016 state sanction; and (l) failed to timely notify HUD/FHA of a October 11, 2016 sanction.

45. The Home Loan Expert, L.L.C., Saint Louis, MO [Docket No. 18-1809-MR]

Action: On October 31, 2018, the Board voted to accept a settlement agreement with The Home Loan Expert, LLC that required The Home Loan Expert to pay a civil money penalty in the amount of \$37,872. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: The Home Loan Expert (a) failed to maintain the minimum adjusted net worth during fiscal year ended December 31, 2016; (b) submitted a false certification to HUD/FHA; (c) failed to report operating losses exceeding 20 percent of its adjusted net worth; and (d) failed to maintain the minimum adjusted net worth during fiscal year ended December 31, 2017.

46. Universal Mortgage and Finance, Inc., Edgewater, MD [Docket No. 19-2011-MR]

Action: On September 19, 2019, the Board voted to accept the terms of a settlement agreement with Universal Mortgage and Finance, Inc. ("Universal") that required Universal to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Universal failed to (a) maintain the minimum required adjusted net worth; and (b) failed to timely notify HUD/FHA of its net worth deficiency.

47. *Western Express Lending, Irvine, Ca. [Docket No. 18-1815-MR]*

Action: On March 20, 2019, the Board voted to accept a settlement agreement with Western Express Lending (“Western Express”) that required Western Express to pay a civil money penalty in the amount of \$23,904. The settlement did not constitute an admission of liability or fault.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Western Express (a) failed to maintain the minimum required adjusted net worth in its fiscal year ended December 31, 2016; (b) failed to timely notify HUD/FHA of its net worth deficiency; and (c) submitted a false certification to HUD/FHA.

II. Lenders that Failed to Timely Meet Requirements for Annual Recertification of HUD/FHA Approval but Came into Compliance.

Action: The Board entered into settlement agreements with the following lenders, which required the lender to pay a civil money penalty without admitting fault or liability.

Cause: The Board took these actions based upon allegations that the listed lenders failed to comply with HUD’s annual recertification requirements in a timely manner.

1. Bedford Lending Corp, Bedford, NH (\$9,623) [Docket No. 18-1864-MRT]
2. Cabo Rojo Coop, Cabo Rojo, PR (\$4,500) [Docket No. 19-1981-MRT]
3. Citizens First Wholesale Mortgage Company, The Villages, FL (\$4,500) [Docket No. 18-1921-MRT]
4. Consumers National Bank, Minerva, OH (\$9,468) [Docket No. 17-1716 MRT]
5. Corum Financial Services, Inc., Ontario, CA (\$4,500) [Docket No. 18-1877-MRT]

6. Fidelity Bank, Wichita, KS (\$4,500) [Docket No. 18-1850-MRT]
7. Florida Parishes Bank, Hammond, LA (\$4,500) [Docket No. 18-1915-MRT]
8. Global Bank, New York, NY (\$4,500) [Docket No. 19-1970-MRT]
9. Gold Coast Bank, Chicago, IL (\$4,500) [Docket No. 19-1962-MRT]
10. Great Lakes Credit Union, Sylvania, OH (\$4,500) [Docket No. 18-1885-MRT]
11. Highlands Union Bank, Abingdon, VA (\$4,500) [Docket No. 18-1914-MRT]
12. Mainstreet Bank, Fairfax, VA (\$4,500) [Docket No. 18-1883-MRT]
13. Mutual Federal Bank, Chicago, IL (\$4,500) [Docket No. 19-1965-MRT]
14. Quontic Bank FSB, Astoria, NY (\$4,500) [Docket No. 19-1968-MRT]
15. Sentinel Federal Credit Union, Rapid City, SD (\$4,500) [Docket No. 18-1867-MRT]
16. Signal Financial Federal Credit Union, Kensington, MD (\$9,623) [Docket No. 19-1976-MRT]
17. WNB Financial, N.A. d/b/a Winona National Bank, Winona, MN (\$9,623) [Docket No. 18-1904-MRT]

III. Lenders that Failed to Meet Requirements for Annual Recertification of HUD/FHA Approval.

Action: The Board voted to withdraw the FHA approval of each of the lenders listed below for a period of one (1) year.

Cause: The Board took this action based upon allegations that the lenders listed below were not in compliance with HUD's annual recertification requirements.

1. 1st Reliant Home Loans, Inc., Costa Mesa, CA [Docket No. 17-1981-MRT]
2. AAKO, Inc., Bensalem, PA [Docket No. 20-2048-MRT]
3. ADK Bancorp, Inc., Westminster, CA [Docket No. 18-1822-MR]
4. All Home Lending, Inc., Orange, CA [Docket No. 20-2049-MRT]

5. Alliance Financial Resources, LLC, Scottsdale, AZ [Docket No. 20-2050-MRT]
6. American Equity Mortgage, Inc., Saint Louis, MO [Docket No. 18-1920-MRT]
7. American Housing Capital, LLC, Vienna, VA [Docket No. 20-2051-MRT]
8. Approved Funding Corporation, Brooklyn, NY [Docket No. 17-2002-MRT]
9. CalAtlantic Mortgage, Inc., Scottsdale, AZ [Docket No. 20-2052-MRT]
10. Cambridge Mortgage Group L.L.C., Weymouth, MA [Docket No. 18-1861-MRT]
11. Catalyst Lending, Inc., Greenwood Village, CO [Docket No. 18-1903-MRT]
12. Chicago Mortgage Solutions Corporation, Lincolnshire, IL [Docket No. 20-2053-MRT]
13. CityLights Financial Express, Inc., Agoura Hills, CA [Docket No. 20-2054-MRT]
14. Columbus First Bank, Worthington, OH [Docket No. 19-1975-MRT]
15. Directors Financial Group, Costa Mesa, CA [Docket No. 17-1913-MRT]
16. EMC Holdings, L.L.C., Greenwood Village, CO [Docket No. 18-1910-MRT]
17. First California Mortgage Company, Petaluma, CA [Docket No. 20-2055-MRT]
18. First Mortgage Company, LLC, Oklahoma City, OK [Docket No. 18-1909-MRT]
19. First South Bank, Jackson, TN [Docket No. 18-1928-MRT]
20. First Utah Bank, Sandy, UT [Docket No 20-2056-MRT]
21. Gateway Bank Mortgage, Inc., Raleigh, NC [Docket No. 17-1919-MRT]
22. Georgetown Bank, Georgetown, MA [Docket No. 20-2057-MRT]
23. Hartford Financial Services, Schaumburg, IL [Docket No. 20-2058-MRT]
24. Heartland Credit Union, Hutchinson, KS [Docket No. 18-1866-MRT]
25. Hello Mortgage, Inc., Austin, TX [Docket No. 20-2059-MRT]
26. Home Mortgage Corporation, Atlanta, GA [Docket No. 20-2060-MRT]
27. Hometown Bank of the Hudson Valley, Walden, NY [Docket No. 16-1799-MRT]

28. Krkabob Incorporated d/b/a Argus Lending Pleasant Hill, CA [Docket No. 16-1728-MRT]
29. Landmark Mortgage, LLC, Dallas, TX [Docket No 18-1926-MRT]
30. Lenda, Inc., San Francisco, CA [Docket No. 18-1895-MRT]
31. Liberty Mortgage Company, Columbus, OH [Docket No.20-2061-MRT]
32. Morton Community Bank, Morton, IL [Docket No. 19-2003-MRT]
33. Peoples State Bank, Lake City, FL [Docket No. 19-1958-MRT]
34. Peoples State Bank of Commerce, Nolensville, TN [Docket No. 18-1900 MRT]
35. Prime Source Mortgage Inc., Murietta, CA [Docket No. 17-2000-MR]
36. Richland State Bank, Rayville, LA [Docket No. 19-1973-MRT]
37. Rubicon Financial Advisors, L.L.C. Minnetonka, MN [Docket No. 20-2062-MRT]
38. Sagamore Home Mortgage, LLC, Indianapolis, IN [Docket No. 18-1805-MRT]
39. Sindeo Inc, San Francisco, CA [Docket No. 18-1825-MRT]

40. Soy Capital Bank and Trust Co, Decatur, IL [Docket No. 19-1983-MRT]
41. The Mortgage Company, Inc., West Fargo, ND [Docket No. 18-1907-MRT]
42. Wholesale Capital Corporation, Moreno Valley, CA [Docket No. 20-2063-MRT]

The Assistant Secretary for Housing – Federal Housing Commissioner, Chairman, Mortgage Review Board, Brian D. Montgomery, having reviewed and approved this document, is delegating the authority to electronically sign this document to Aaron Santa Anna, who is the Federal Register Liaison for HUD, for purposes of publication in the Federal Register.

Dated: April 7, 2020.

Aaron Santa Anna,

Federal Register Liaison,

U.S. Department of Housing and Urban Development.

[BILLING CODE: 4210-67]

[FR Doc. 2020-07640 Filed: 4/10/2020 8:45 am; Publication Date: 4/13/2020]