STATE OF ALASKA DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION OF BANKING AND SECURITIES

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In the matter of:)	ORDER NO: 17-8-C
CMG Mortgage, Inc. d/b/a)	ORDER IMPOSING CIVIL PENALTIES
CMG Financial)	AND
NMLS #1820)	CONSENT TO ORDER
)	
	,)	
)	
	Respondent.)	

The Department of Commerce, Community, and Economic Development, Division of Banking and Securities ("Department") has conducted an examination of the business operations of CMG Mortgage, Inc. d/b/a CMG Financial ("Respondent") and has determined that Respondent violated certain provisions of AS 06.60 *et seq.* ("the Alaska Secure and Fair Enforcement for Mortgage Licensing Act of 2010 – the Alaska SAFE Act").

Respondent agrees that the Department has jurisdiction over it and this matter pursuant to the Alaska SAFE Act.

Respondent wishes to resolve and settle this matter with the Department. As evidenced by the authorized signature on this Order, Respondent consents to the entry of this Order imposing civil penalties based on the Conclusions of Law and Order. Respondent waives its right to hearing under AS 44.62 *et seq.* (the Alaska Administrative Procedure Act) and the Alaska SAFE Act.

I. FINDINGS OF FACT

1. Respondent is a corporation organized under the laws of the State of California, and has a physical address of 3160 Crow Canyon Road, #400, San Ramon, California 94583.

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- 3. Respondent employed Rodrigo Ballon (NMLS #272011)("Ballon") as a mortgage loan originator from March 2012 to November 2015. CMG compensated Respondent for originating mortgage loans.
- 4. On January 31, 2014, California resident J.B. completed a Purchase and Sale Agreement (Agreement) for the purchase of a dwelling in Wasilla, Alaska. The Agreement required J.B. to "make a good faith loan application with CMG Financial (Rodrigo Ballon)(Lender) [sic]." Also that same day, Respondent, through Ballon, issued a Notification of Approval (Notification) to J.B. The Notification informed J.B. that he had been preapproved for a Department of Veteran Affairs (VA) loan based on a review of his income, assets, and credit scores. Ballon did not pull a credit report for J.B. before issuing the Notification.
- 5. On February 10, 2014, J.B completed a Uniform Residential Loan Application (Application) in which J.B. applied for a VA loan to purchase the Wasilla dwelling. The same day, Respondent, through Ballon, pulled a credit report for J.B. The credit report revealed that J.B.'s credit score was too low to qualify for the VA loan for which he had applied. As a result, Ballon canceled J.B.'s loan application.
 - 6. Ballon did not have a license to conduct mortgage origination activities in Alaska.
- 7. Neither Respondent nor Ballon provided written notice to J.B. that J.B.'s loan had been denied.

II. CONCLUSIONS OF LAW

1. Taking a mortgage loan application for a dwelling located in Alaska with the expectation of compensation is work as a "mortgage loan originator" as that term is defined

in AS 06.60.990(23).

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- 2. Respondent violated AS 06.60.159(a) by employing Ballon as a mortgage loan originator when Ballon originated a loan in Alaska without holding an Alaska mortgage loan originator license.
- 3. Respondent violated AS 06.60.340(8) by assisting Ballon in conducting business in Alaska when he did not have a license to originate loans in Alaska.
- 4. Respondent violated 3 AAC 14.415 by failing to supervise Mr. Ballon when he originated a loan in Alaska without a license.
- 5. Respondent is subject to a civil penalty under AS 06.60.100(b) and AS 06.60.420 for violating AS 06.60.159(a), AS 06.60.340(8), and 3 AAC 14.415.

III. **ORDER**

Pursuant to the Alaska SAFE Act and on the basis of the Findings of Fact, Conclusions of Law and Respondent's consent to the entry of this Order, the Department ORDERS Respondent to:

- 1. CEASE and DESIST from allowing employees to originate mortgage loans without an originator license in Alaska;
 - 2. Comply with the Alaska SAFE Act and associated regulations; and
 - 3. Pay a civil penalty in the amount of \$4,000,1 due immediately.

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¹ The civil penalty is calculated as follows: \$1,000 for violation of AS 06.60.159(a), \$500 for violation of AS 06.60.340(8), and \$2,500 for violation of AS 3 AAC 14.415.

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1 2 4. This Order is a publicly disclosable document and is reportable to the NMLS. 3 IT IS SO ORDERED. 4 Chris Hladick, Commissioner Department of Commerce, Community 5 and Economic Development 6 March 3, 2017 /s/ Kevin Anselm Kevin Anselm, Director Date 8 Division of Banking and Securities 9 10 11 12 **Consent to Entry of Order** J Kim Callas ____, state that I am the Executive V.P. 13 CMG Mortgage, Inc. ("Respondent"); that I am authorized to act on its behalf; that I have 15 read the foregoing Order; and that I am aware of the right to a hearing and appeal in this matter, and have waived the same. 17 Respondent admits to the jurisdiction of the Department of Commerce, Community 18 and Economic Development, Division of Banking and Securities ("Department") and further 19 consents to entry of this Order by the Department as settlement of the issues contained in this 20 Order. Respondent admits violation of the Alaska SAFE Act.

Respondent understands that the Department reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Alaska SAFE Act, and that Respondent will fully comply with the terms and conditions of this Order, the Alaska SAFE Act and associated regulations.

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	1	Respondent enters into this Ord	der voluntarily and understands that this Order is a publ	lic		
850 850	2	document and is reportable to the NMI	LS.			
	3					
	4	2/24/17	/s/ Kim Callas			
	5	Date	CMG Mortgage, Inc.			
			By: Kim Callas			
	6		Title: Executive Vice President			
	7	SUBSCRIBED AND SWORN TO before me this 24th day of February, 2017 at				
	8	San Ramon , CA	-·			
	9		//C I D 1			
	10		/s/ Sara L. Reed Notary Public in and for California			
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ECURITIES SUITE 1850 99501 40	11		Sara L. Reed Notary Printed Name			
DIVISION OF BANKING and SECL 550 WEST SEVENTH AVENUE, SU ANCHORAGE, ALASKA 995 PHONE: (907) 269-8140	12		My commission expires: 11/13/20			
	13					
	14					
	15	Contact Person: Tracy Reno				
	16	Financial Examiner III				
	17	(907) 269-8112				
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