

BEFORE THE ADMINISTRATOR OF CONSUMER CREDIT
STATE OF OKLAHOMA



STATE OF OKLAHOMA *ex rel.*)
DEPARTMENT OF CONSUMER CREDIT,))
)
Petitioner)
)
v.)
)
ARCUS LENDING INC.,)
)
Respondent)

Case No. 22-0046-DIS

CONSENT ORDER

Petitioner, State of Oklahoma *ex rel.* Department of Consumer Credit ("Petitioner") and Respondent, Arcus Lending Inc., ("Respondent") voluntarily enter into this Consent Order as an informal disposition of this individual proceeding to avoid litigation. Respondent agrees to waive its right to a hearing under the Oklahoma Administrative Procedures Act and both parties agree as follows:

(1) Petitioner restates and incorporates by reference the allegations made by Petitioner in the Notice and Order of Hearing filed in this matter.

i. Respondent is a foreign for profit business corporation under the jurisdiction of the State of California, Oklahoma Secretary of State filing number 2312908308, active filing status.

ii. The licensing system of record for mortgage loan originators, mortgage lenders and mortgage brokers in the State of Oklahoma is NMLS.

iii. Respondent is licensed as a mortgage lender in the State of Oklahoma pursuant to the SAFE Act with the following licensing information indicated by NMLS:

(a) Oklahoma license numbers ML013275, ML013602;

(b) NMLS unique identifier number/company ID 1035734;

(c) Mailing address of record at 1245 S. Winchester

Blvd., Ste. 209, San Jose, CA 95128;

iv. On November 1, 2021 through November 10, 2021, Sherri Schroder, Consumer Credit Examiner, conducted an examination of Respondent. The scope of the examination relied on data provided by Respondent, review of a sample of Respondent's loan files, operating policies and procedures and information submitted by Respondent to NMLS. During the course of the examination, violations were found.

v. Respondent failed to provide a tolerance cure or sufficient tolerance cure for an increase in a settlement charge that was not originally disclosed and was not a qualifying changed circumstance. Respondent failed to refund the excess amount paid by the borrower and provide corrected disclosures reflecting the refund no later than 60 days after consummation. This occurred in 2 transactions.

vi. Respondent's websites/media listed as <https://apps.apple.com/us/app/arcus-lending/id528544074> and https://play.google.com/store/apps/details?id=com.simplenex.us.loans.client.s.56693&hl=en_US failed to include Respondent's and their Mortgage Loan Originator's NMLS unique identifier.

vii. Respondent provided direct mailer solicitation to Oklahoma consumers with the company name Arcus VA Mortgage. This entity is not licensed with Petitioner.

viii. Respondent has the address 4340 Stevens Creek Blvd., Ste. 270, San Jose, CA 95129 as the company address on loan documentation; however, this address is not licensed with Petitioner and NMLS uploaded documents indicate this was a former address with an expired lease. Respondent reported an address change in NMLS from this address to 1245 S. Winchester, Ste. 209, San Jose, CA 95128 effective 11/16/2019.

ix. Respondent failed to report all Mortgage Loan Originators that held active Oklahoma Mortgage Loan Originator licenses and were sponsored by Respondent on the NMLS mortgage call reports for 2021 quarter 1 and quarter 2.

x. Respondent failed to report Lender Fees Collected (AC610) on their 2021 Quarter 2 mortgage call report to NMLS for loans closed that quarter.

xi. Respondent failed to report the Government Entity, Department of Veterans Affairs 909049-00-00, with whom they were approved on 5/7/2020, on their NMLS MU1 Approvals and Designations filing.

xii. Respondent provided solicitations to consumers stating, "VA IRRRL Benefit", "skip up to two month's mortgage payments (Instant Savings of (\$ amount of two payments))" and "Refund your current Escrow Balance (Roughly=\$ amount of present escrow balance)". A payment cannot be skipped if a payment is not due. The loan when paid off by refinance/IRRRL includes interest accrued through the payoff date and the new loan includes prepaid interest from the loan date through first payment. This statement is misleading as it could be interpreted by the consumer that they are not going to pay the next payment even though they will still incur the cost and there is no actual savings instant or otherwise. The advertisements present the "skipped" payments and the "escrow balance refund" as a means of obtaining cash for other purposes and as a means of getting around the prohibition against receiving cash from the VA IRRRL transaction. The examination found 4 instances of these solicitations.

xiii. Respondent provided a direct mailer to Oklahoma consumers that falsely represented, directly or by implication, that Respondent was affiliated with the government or that the advertised product was endorsed, sponsored by or affiliated with the government. The mailer prominently displays that it is an "ELIGIBILITY NOTIFICATION" of "Veterans Affairs Circular 12-18-13" in the banner across the top. The text of the mailer stated, "Your loan originated by QUICKEN LOANS INC has been tagged for inclusion in the VA IRRRL Program". Although the mailer stated in a fine print disclaimer on a separate page that Respondent "is not affiliated with your current lender, nor is it an agency of the government", these characteristics imply that the mailer originated from a lender affiliated with the VA.

xiv. Respondent failed to report their web address <http://instamortgage.com> through which they solicit, accept

applications, or transact business to NMLS.

xv. Respondent failed to provide requested records related to 4 mortgage transactions.

xvi. Respondent, after notice of intent to proceed received, failed to leave blank the date and time at which estimated closing costs expire on subsequent revised disclosures. This occurred on 4 transactions.

(2) Respondent does not admit to the allegations made by the Petitioner in the Notice and Order of Hearing filed in this matter, and incorporated by reference in this Consent Order, except that Respondent admits the facts necessary to establish the Department's jurisdiction over Respondent and the subject matter of this action.

(3) Respondent agrees to pay a \$7,600.00 civil penalty, payable to the Oklahoma Department of Consumer Credit, on or before October 3, 2022.

(4) The payment shall be made payable by check or money order to the Oklahoma Department of Consumer Credit, shall indicate the payment is for Case Number 22-0046-DIS and shall be addressed to the attention of John T. Coyne, Chief Enforcement Attorney, Department of Consumer Credit, 629 NE 28th Street, Oklahoma City, Oklahoma 73105.

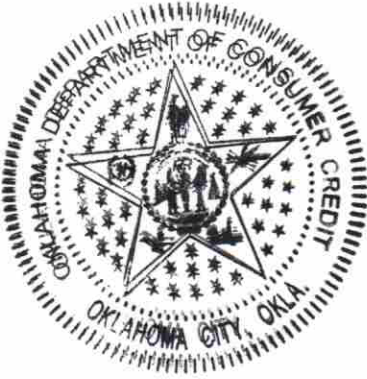
(5) A file stamped copy of this Consent Order will be returned by United States mail to Respondent upon signature of the Administrator of the Department of Consumer Credit or the Deputy Administrator of the Department Consumer Credit.

(6) If Respondent fails to comply with the terms of this Consent Order, the Administrator of the Department of Consumer Credit is authorized to file an application to enforce this Consent Order in the District Court of Oklahoma County, Oklahoma in accordance with the provisions of 59 O.S. § 2095.17(c).

APPROVED



Scott Lesher, Administrator



Scott Lesher
Administrator
State of Oklahoma
Department of Consumer Credit

Dated: 10/3/2022



Arcus Lending Inc.

Dated: 9/27/2022

SHASHANK SHEKHAR
CEO

VERIFICATION OF CONSENT ORDER, CASE NUMBER 22-0046-DIS

STATE OF California)
COUNTY OF santa clara)

Signed and sworn to (or affirmed) before me on September 27th
2022 by a representative of Arcus Lending Inc.

Arcus Lending Inc.

(Seal, if any)

Notary Public

My commission expires:

07/28/2025

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California County of Santa Clara
Subscribed and sworn to (or affirmed) before me on
this 27th day of September 2022
by Shastone Shaker
proved to me on the basis of satisfactory evidence to be
the person(s) who appeared before me



MARIA SANCHEZ-PALOMINO
NOTARY PUBLIC - CALIFORNIA
COMMISSION # 2368275
SANTA CLARA COUNTY
My Comm. Exp. July 28, 2025