

IN THE MATTER OF:

**WASHINGTON HOME
MORTGAGE CORPORATION,**

DIEGO CALDERON, and

ALICIA CALDERON,

Respondents.

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

AGREEMENT AND CONSENT ORDER

This Agreement and Consent Order (the “Agreement”) is entered into this _____ day of _____, 2020, by and between the Maryland Commissioner of Financial Regulation (the “Commissioner” or the “Agency”), Washington Home Mortgage Corporation (the “Licensee”), and Diego Calderon and Alicia Calderon (collectively, the “Calderons”). The Commissioner, the Licensee, and the Calderons (together, the “Parties”) consent to the entry of the Agreement as a final resolution of the matters discussed below. The terms of the Agreement are contractual and not mere recitals.

1. Pursuant to the Maryland Mortgage Lender Law (“MMLL”), Md. Code Ann., Fin. Inst. (“FI”) § 11-501 *et seq.*, the Commissioner is responsible for licensing and regulating, *inter alia*, mortgage lenders who make or broker consumer loans secured by residential real property located in the State of Maryland (the “State”).

2. At all times relevant hereto, Licensee has been duly licensed under the MMLL as a Maryland mortgage lender engaged in the mortgage lending business as those

terms are defined in FI § 11-501(j) and (k), respectively, holding license numbers 06-23255 and 26-18861, and maintaining a NMLS (a/k/a the Nationwide Mortgage Licensing System, a/k/a the Nationwide Multistate Licensing System) identification numbers of 1726368, 329726, and 1729600.

3. The Calderons are the directors, officers, managers, employees and/or agents of Licensee. While Alicia Calderon is the titular owner of the Licensee, the company is managed and directed by her spouse, Diego Calderon. Diego Calderon directs and exercises control over the day-to-day activities and finances of the Licensee, including those business activities in Maryland.

4. The Agency commenced a compliance examination of the Licensee pursuant to FI § 11-515(a) of the MMLL on July 9, 2020 (the “Examination”).

5. Pursuant to the Agency’s Examination of the Licensee, the Agency identified deficiencies, unsatisfactory conditions, and/or violations of federal and/or State mortgage-related laws and regulations in the records and business activities of the Licensee (the “Examiner’s Findings”). Specifically, the following conduct was the basis for the Examiner’s Findings:

a. The Licensee and the Calderons regularly failed during the course of the Examination to timely respond to requests from Agency staff for information and documentation regarding the Examination;

b. During the course of the Examination, the Agency was informed by the District of Columbia Department of Insurance, Securities and Banking that it was experiencing similar failures to respond to its regulatory requests;

c. This conduct of failing to timely and adequately respond to

regulatory requests represents a pattern and practice by the Licensee and the Calderons. Specifically, under a previously licensed company owned by Diego Calderon named Washington Home Mortgage, LLC., Maryland license number 06-9659, failed to timely and adequately respond to a prior examination commenced by the Agency. It was only after that matter had been referred to the Enforcement Unit for further administrative action, did Diego Calderon and Washington Home Mortgage, LLC finally respond to the regulatory request. A new examination was commenced on October 20, 2017, which supplanted the incomplete examination commenced in 2016. During that examination, a similar pattern and practice of non-responsiveness resulted in a derogatory examination rating resulting in this Examination being conducted on an accelerated time frame;

d. Based on similar conduct, the Virginia Bureau of Financial Institutions issued a final order and revoked the mortgage license of Washington Home Mortgage, LLC on or about April 18, 2018. The reason for the revocation was the lack of timely responses to its primary regulator for the State of Virginia;

e. Diego Calderon caused Washington Home Mortgage, LLC to cease all mortgage origination operations and commenced mortgage origination operations under Washington Home Mortgage Corporation. While ownership of Washington Home Mortgage Corporation is in the name of Alicia Calderon, the day-to-day control of the new corporation is still under the supervision and direction of Diego Calderon. Mr. Calderon is still the primary contact for all origination and compliance matters, is individually licensed as a mortgage loan originator and, contrary to his title, functions as the president and chief executive officer of the Licensee;

f. While the original application filed with NMLS identified Diego

Calderon as a “control” person and the Secretary of the Corporation, it did not, however, in Diego Calderon’s NMLS account (which the Commissioner considers part and parcel of the Licensee’s company application) disclose that Mr. Calderon’s control of Washington Home Mortgage, LLC resulted in the revocation of that entities license in the State of Virginia. Also, Diego Calderon purports to have subsequently relinquished his ownership to Mrs. Calderon and fictitiously withdrew his status as a control person. Thus the Licensee and the Calderons made material misstatements in their application and renewal application for licensure , including, but not limited to, failing to disclose the accurate governance structure of Licensee, failing to accurately represent the Calderons’ roles and responsibilities regarding the operations and control of the Licensee, and failing to disclose the Virginia revocation action, all of which are relevant to evaluating the qualifications of the Licensee for licensure in the State;

g. Violations of Md. Code Ann., Com. Law (“CL”) § 12-805(d).

Specifically, mortgage loan files did not contain the required copy of a legally sufficient mortgage broker agreement, fully executed by the Licensee, and provided to the borrower within 10 business days after the date the loan application was completed. The examined mortgage loan files either contained broker agreements that were not fully executed by the broker, contained multiple copies of broker agreements or were missing the required wording in order to fully comply with CL § 12-805(d)(2)(iii);

h. Violation of COMAR 09.03.06.20.B(2) where mortgage loan files contained a net tangible benefit worksheet that were incomplete; and

i. Violations of FI § 11-513 and COMAR 09.03.06.05 where mortgage loan files contained loan documents from separate borrowers in the same file;

6. Licensee and the Calderons admit to the factual findings described in the Examiner's Findings set forth above, but not the legal conclusions thereof, and, nevertheless, wish to resolve this matter in the most expedient and cost effective manner possible. Therefore, Licensee and the Calderons accept the Examiner's Findings fully and completely, without conditions or exceptions, and agree to abide by each and every term set forth in this Agreement.

7. The Commissioner desires to ensure that the Licensee and the Calderons will comply with all applicable statutes, regulations, and other laws governing Maryland mortgage lending, brokering, servicing, origination, and other mortgage-related activities, and further wishes to avoid the costs to Maryland taxpayers of an administrative hearing and any potential appeals.

8. The Licensee and the Calderons have agreed to take each and every one of the following actions in exchange for a final resolution of this matter:

a. The Licensee and the Calderons will pay a monetary penalty of \$7,000 through the NMLS immediately upon the Agreement being fully executed;

b. Within (30) thirty days upon its execution of the Agreement, Licensee will retain an independent quality control firm or outside regulatory counsel (the "Auditor") to provide residential mortgage loan compliance services for Licensee. The Auditor will provide at a minimum, the following services: 1) a review of internal and/or external protocols and procedures to ensure that Licensee is, and will continue to be, in compliance with all its obligations and duties arising under all applicable federal and state law;

c. Immediately upon its execution of this Agreement, the Licensee, and the Calderons will update all applicable NMLS accounts to accurately reflect all control persons and ownership interests, provide an updated organizational chart, and reflect, where appropriate, that a company owned and controlled by Diego Calderon had a license revoked, and provide correct information on the MU2's for the Calderons as described in this Agreement.

d. The Licensee and the Calderons agree to cooperate fully with all future requests for documentation, information, and records requested by the Agency to determine compliance with the terms of the Agreement; and

e. The Licensee agrees that Agency personnel may visit the Licensee's place of business without advance notice during normal business hours to inspect and examine the Licensee's business records and practices in connection with the Agreement. In lieu of an onsite examination, the Agency may, in its sole discretion, require Licensee to submit a report, in a form satisfactory to the Agency, confirming compliance with the terms of the Agreement. The Licensee shall cooperate with the scheduling and execution of such examinations or reporting requirements in lieu of onsite examinations. The Licensee's failure to fully cooperate with this paragraph shall constitute a violation of the terms of the Agreement. Further, the examination authority stipulated herein shall not be construed to affect in any way the Commissioner's authority and obligations to examine the Licensee, and its shareholders, partners, directors, officers, principals, employees and representatives, under the provisions of the MMLL and/or the MMOL, or any other applicable statute or regulation; and

m. The Licensee and the Calderons represent that they have taken all corrective actions recommended in the report of Examination issued by the Agency.

9. The Licensee and the Calderons acknowledge that they have voluntarily entered into this Agreement with full knowledge of their right to a hearing pursuant to FI § 2-115(a) and pursuant to the Maryland Administrative Procedures Act – Contested Cases, Md. Code Ann., State Gov't. (“SG”) § 10-201 *et seq.*, and that Licensee and the Calderons hereby waive their right to a hearing. The Licensee and the Calderons further acknowledge that they have had an opportunity to consult with independent legal counsel in connection with their waiver of rights and with the negotiation and execution of this Agreement, and that Licensee and the Calderons have either consulted with independent legal counsel or have knowingly elected not to do so.

10. The Licensee and the Calderons represent and warrant that they will comply with all applicable statutes, regulations and other laws governing Maryland mortgage lending, brokering, servicing, and origination, and that it will continue to act in compliance at all future times.

11. The Parties agree that the Agreement shall be binding upon the Parties and enforceable in a court of competent jurisdiction by the Commissioner. The Agreement shall be admissible in court, and shall be binding upon any of the Licensee’s present and future owners, principals, directors, officers, members, partners, managers, agents, successors, and assigns.

12. The Parties acknowledge that the Agreement does not in any way relate to, impact, or otherwise affect the legal rights of, or preclude the Commissioner from bringing or continuing to pursue actions against persons not Parties to the Agreement. Further, the

Agreement is by and between the Commissioner and the Licensee, and the Calderons, and shall not inure to the benefit of any person not a party.

13. The Parties agree that any notices hereunder shall be effectively “delivered” when sent via overnight delivery or certified mail as follows:

- a. To the Commissioner:
Commissioner of Financial Regulation
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202-3651
Attn: Christine Brooks, Director of Mortgage Supervision

- b. To Licensee:
Washington Home Mortgage Corporation
6500 Rock Spring Drive, Suite 204
Bethesda, MD 20817
Attn: Diego Calderon, Operations Manager

NOW, THEREFORE, it is, by the Maryland Commissioner of Financial Regulation, hereby

ORDERED that Licensee and the Calderons shall adhere to all terms of the Agreement, the violation of which shall constitute a violation of a Final Order of the Commissioner; it is further

ORDERED that Licensee the Calderons shall conduct their business in full compliance with all statutes, regulations, and other laws governing mortgage lending, brokering, servicing, and origination in the State of Maryland, and shall continue to act in full compliance at all future times; and it is further

ORDERED that, in the event the Licensee and/or the Calderons violate any provision of the Agreement, or otherwise engages in the activities which formed the basis for the Examiner's Findings described above, the Commissioner may, at the Commissioner's discretion, take any enforcement actions available under FI § 2-115, under the Maryland Mortgage Lender Law, as well as take any other enforcement actions as permitted by, and in accordance with, applicable State or Federal law; and that such enforcement actions could include an order to cease and desist, civil money penalties of up to \$5,000 for each violation of the law, an order to provide restitution of money or property to any aggrieved persons, and/or referral for possible criminal prosecution; and it is further

ORDERED that this matter shall be resolved in accordance with the terms of this Agreement and Consent Order and that the same shall be reflected among the records of the Office of the Commissioner of Financial Regulation; and it is further

ORDERED that this document shall constitute a Final Order of the Maryland Commissioner of Financial Regulation, and that the Commissioner may consider this Agreement and Consent Order and the facts set forth herein in connection with, and in deciding, any examination, action, or proceeding before the Commissioner; and that this Agreement and Consent Order may, if relevant, be admitted into evidence in any matter before the Commissioner.

It is so **ORDERED**.

IN WITNESS WHEREOF, this Agreement and Consent Order is executed on the day and year first above written.

**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION**

By: _____
Jedd Bellman
Assistant Commissioner

**WASHINGTON HOME MORTGAGE
CORPORATION**

By: _____
Alicia Calderon
Owner

DIEGO CALDERON

By: _____
Individually

ALICIA CALDERON

By: _____
Individually