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IN THE MATTER OF: *
*
HOMETOWN LENDERS, INC. *
NMLS # 65084 *

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(“Respondent”) *
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NOTICE OF AUTOMATIC SUSPENSION

**NOTICE OF INTENT TO REVOKE
MORTGAGE LENDER LICENSE**

**NOTICE OF INTENT TO ISSUE
ORDER TO CEASE AND DESIST**

**NOTICE OF INTENT TO IMPOSE
CIVIL PENALTY**

AND

NOTICE OF RIGHT TO HEARING

I. PRELIMINARY STATEMENT

1. The Banking Commissioner (“Commissioner”) is charged with the administration of Part I of Chapter 668, Sections 36a-485 to 36a-534b, inclusive, of the Connecticut General Statutes, “Mortgage Lenders, Correspondent Lenders, Brokers and Loan Originators”.
2. Pursuant to the authority granted by Section 36a-17 of the Connecticut General Statutes, the Commissioner, through the Consumer Credit Division (“Division”) of the Department of Banking (“Department”), has investigated the activities of Respondent to determine if it meets the minimum standards for licensure.
3. As a result of the investigation, the Commissioner has reason to believe that as of at least January 1, 2023, Respondent failed to maintain the minimum tangible net worth required pursuant to Section 36a-488(a)(1)(A) of the Connecticut General Statutes.
4. As a result of the investigation, the Commissioner has reason to believe that Respondent has violated subdivisions (3) and (9) of Section 36a-490(c) of the Connecticut General Statutes.
5. As a result of the investigation, the Commissioner has reason to believe that Respondent failed to designate a qualified individual for its main office within thirty (30) days of a vacancy in the position

as required by Sections 36a-488(a)(1)(B) and 36a-490(b)(3) of the Connecticut General Statutes. As a result, the Commissioner finds that sufficient grounds exist for the automatic suspension of Respondent's license to engage in the business of a mortgage lender in Connecticut effective November 15, 2023.

6. As a result of the investigation, the Commissioner has reason to believe that such conduct constitutes sufficient grounds to revoke Respondent's license to engage in the business of a mortgage lender in Connecticut pursuant to Sections 36a-490(b)(3), 36a-494(a)(1) and 36a-494(a)(1)(C) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes.

7. As a result of the investigation, the violations alleged by the Commissioner form a basis to issue an order to cease and desist against Respondent pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes.

8. As a result of the investigation, the violations alleged by the Commissioner form a basis to impose a civil penalty upon Respondent pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes.

9. On January 1, 2024, Respondent's license to engage in the business of a mortgage lender in Connecticut expired. Pursuant to Section 36a-51(c)(2) of the Connecticut General Statutes, the Commissioner is authorized to initiate a revocation proceeding within one year from the expiration date of the license.

II. MATTERS ASSERTED

10. Respondent is an Alabama corporation with an office at 350 The Bridge Street, Suites 116, 200 and 202, Huntsville, Alabama ("Main Office"), which had been licensed to engage in the business of a mortgage lender in Connecticut from December 20, 2019, until its license expired on January 1, 2024.

11. The Division conducted a review of the financial statements submitted by Respondent on the Nationwide Multistate Licensing System and Registry ("NMLS"), covering Quarters 1 and 2 of 2023, for compliance with the minimum tangible net worth requirement of Two Hundred Fifty Thousand Dollars (\$250,000) pursuant to Section 36a-488(a)(1)(A) of the Connecticut General Statutes. The Division

determined that Respondent did not meet such requirement in either quarter, and that Respondent failed to file on NMLS or otherwise notify the Commissioner in writing of the decrease in its net worth required pursuant to Section 36a-488(a)(1)(A) of the Connecticut General Statutes.

12. On October 4, 2023, the Division notified Respondent on NMLS of its failure to maintain the required minimum tangible net worth.

13. On October 10, 2023, Respondent removed the qualified individual designated for its Main Office on NMLS.

14. On October 13, 2023, the Division notified Respondent on NMLS of its obligation to replace its qualified individual within thirty (30) days of a vacancy in the position pursuant to Section 36a-488(a)(1)(B) of the Connecticut General Statutes, and that failure to comply would result in the suspension of its license.

15. On November 2, 2023, the Division sent a letter by electronic mail and certified mail, return receipt requested, pursuant to Section 4-182(c) of the Connecticut General Statutes, to Respondent concerning its failure to meet the tangible net worth requirement and failure to timely replace its qualified individual, and providing Respondent an opportunity to show compliance with all lawful requirements for the retention of its mortgage lender license in Connecticut. To date, Respondent has not responded to the Division.

16. Respondent failed to designate a qualified individual within thirty (30) days of a vacancy in the position. As a result, the Commissioner automatically suspended Respondent's license to engage in the business of a mortgage lender in Connecticut from its Main Office effective November 15, 2023, pending proceedings for revocation. To date, Respondent has not updated its MU1 (Company) Form on NMLS to designate a new qualified individual for the Main Office.

17. In addition, Respondent has recently had the following licenses revoked: (1) California-DFPI residential mortgage lending act license on October 30, 2023; (2) Alabama consumer credit license on November 15, 2023; (3) Montana mortgage broker license on December 28, 2023; and (4) Montana

mortgage lender license on December 28, 2023. To date, Respondent has failed to disclose any of these revocations in its MU1 (Company) Form on NMLS.

III. STATUTORY BASIS FOR REVOCATION OF MORTGAGE LENDER LICENSE, ORDER TO CEASE AND DESIST AND IMPOSITION OF CIVIL PENALTY

18. Respondent's failure to maintain the minimum tangible net worth of Two Hundred Fifty Thousand Dollars (\$250,000) required pursuant to Section 36a-488(a)(1)(A) of the Connecticut General Statutes, as more fully described in paragraphs 10 through 12, inclusive, and 15, constitutes sufficient grounds for the Commissioner to deny an application for such license under Section 36a-489(a)(1) of the Connecticut General Statutes and constitutes sufficient grounds for the Commissioner to revoke its license to engage in the business of a mortgage lender in this state pursuant to Section 36a-494(a)(1) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes.

19. Respondent's failure to file with NMLS or otherwise notify the Commissioner of the decrease in its tangible net worth from the minimum amount required pursuant to Section 36a-488(a)(1)(A) of the Connecticut General Statutes not later than the requisite fifteen (15) days of its occurrence, as more fully described in paragraphs 10 through 12, inclusive, and 15, constitutes a violation of Section 36a-490(c)(9) of the Connecticut General Statutes. Such violation constitutes sufficient grounds for the Commissioner to revoke its license to engage in the business of a mortgage lender in Connecticut pursuant to Section 36a-494(a)(1)(C) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes, and forms the basis to issue an order to cease and desist against Respondent pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon Respondent pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Respondent in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation.

20. Respondent's failure to designate a qualified individual who meets the requirements set forth in Section 36a-488(a)(1)(B) of the Connecticut General Statutes within thirty (30) days of a vacancy in the position, as more fully described in paragraphs 10, and 13 through 16, inclusive, constitutes sufficient grounds for the Commissioner to revoke Respondent's license to engage in the business of a mortgage lender in Connecticut from its main office pursuant to Sections 36a-490(b)(3) and 36a-494(a)(1) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes.

21. Respondent's failure to file with NMLS or otherwise notify the Commissioner of the revocations of its licenses not later than the requisite fifteen (15) days of their occurrence, as more fully described in paragraph 17, constitutes violations of Section 36a-490(c)(3) of the Connecticut General Statutes. Such violations form the basis to issue an order to cease and desist against Respondent pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon Respondent pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Respondent in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation.

**IV. NOTICE OF AUTOMATIC SUSPENSION, NOTICE OF INTENT TO REVOKE
MORTGAGE LENDER LICENSE, NOTICE OF INTENT TO ISSUE ORDER TO
CEASE AND DESIST, NOTICE OF INTENT TO IMPOSE CIVIL PENALTY
AND NOTICE OF RIGHT TO HEARING**

WHEREAS, the Commissioner has reason to believe that Respondent has engaged in acts or conduct which constitutes sufficient grounds for the Commissioner to issue an order to revoke Respondent's license to engage in the business of mortgage lender in Connecticut from its Main Office pursuant to Sections 36a-490(b)(3), 36a-494(a)(1) and 36a-494(a)(1)(C) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes, and forms a basis to issue an order to cease and desist against Respondent pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon Respondent pursuant to

Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation;

NOW THEREFORE, pursuant to the authority granted in Section 36a-490(b)(3) of the Connecticut General Statutes, the Commissioner gives **NOTICE** that on November 15, 2023, the license of HOMETOWN LENDERS, INC. to engage in the business of a mortgage lender in Connecticut from 350 The Bridge Street, Suites 116, 200 and 202, Huntsville, Alabama, was **AUTOMATICALLY SUSPENDED**, pending proceedings for revocation.

FURTHER, notice is hereby given to Respondent that the Commissioner intends to **REVOKE** Respondent's license to engage in the business of a mortgage lender in Connecticut from the Main Office, to issue an order requiring Respondent to **CEASE AND DESIST** from violating subdivisions (3) and (9) of Section 36a-490(c) of the Connecticut General Statutes, and to impose a **CIVIL PENALTY** upon Respondent as set forth herein, subject to Respondent's right to a hearing on the allegations set forth above.

A hearing will be granted to Respondent if a written request for a hearing is received by the Department of Banking, Consumer Credit Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 or submitted by e-mail to DOB.hearingsupport@ct.gov within fourteen (14) days following Respondent's receipt of this Notice of Automatic Suspension, Notice of Intent to Revoke Mortgage Lender License, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing as set forth in subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes and Sections 36a-52(a) and 36a-50(a) of the Connecticut General Statutes. This Notice of Automatic Suspension, Notice of Intent to Revoke Mortgage Lender License, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing shall be deemed received on the earlier of the date of actual receipt, or seven (7) days after mailing or sending. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to one of the above-referenced addresses. If Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se".

If a hearing is requested, the hearing will be held in person at the Department's offices. Once a written request for hearing is received, the Commissioner may issue a notification of hearing and designation of hearing officer that acknowledges receipt of the request for hearing, designates a hearing officer and sets the date of the hearing in accordance with Section 4-177 of the Connecticut General Statutes and Section 36a-1-21 of the Regulations of Connecticut State Agencies. At the discretion of the Hearing Officer, for good cause shown, the Hearing Officer may approve requests for remote participation in the hearing by a Respondent, witness, or attorney. If such requests are approved by the Hearing Officer, such remote participation will be conducted via videoconference. If a hearing is requested, the hearing will be held on May 8, 2024, at 10 a.m.

If a hearing is requested, it will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, unless Respondent fails to appear at the requested hearing. At such hearing, Respondent will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner. Remote participation in a hearing will be held in accordance with Section 1-225a of the Connecticut General Statutes, and the Remote Hearing Guidelines available on the Department's website at <https://portal.ct.gov/dob>.

If Respondent does not request a hearing within the time prescribed or fails to appear at any such hearing, the allegations herein will be deemed admitted. Accordingly, the Commissioner will issue an order revoking Respondent's license to engage in the business of a mortgage lender in Connecticut from 350 The Bridge Street, Suites 116, 200 and 202, Huntsville, Alabama, issue an order that Respondent cease and desist from violating subdivisions (3) and (9) of Section 36a-490(c) of the Connecticut General Statutes, and may order a civil penalty in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation be imposed upon Respondent.

Dated at Hartford, Connecticut,
this 26th day of February 2024.

/s/ _____
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 27th day of February 2024, the foregoing Notice of Automatic Suspension, Notice of Intent to Revoke Mortgage Lender License, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing was sent via electronic mail to HOMETOWN LENDERS, INC., Attention: William Taylor, Jr., who is designated as the primary contact in the contact employee fields on the Nationwide Multistate Licensing System and Registry, at the electronic mail address provided therein, and mailed by certified mail, return receipt requested, to HOMETOWN LENDERS, INC., Attention: William Taylor, Jr., 350 The Bridge Street, Suites 116, 200 and 202, Huntsville, AL 35806, Certified Mail No. 70191640000015847726.

/s/_____

Janay Carter
Paralegal