

6. The Department's Investigation, as well as its review of the information supplied to the Licensee by the borrower regarding the loan file for ORP Unit 918, revealed that the borrower had falsified employment and income information, stating monthly income of \$9,800 when, in reality, it was \$1,406. Angarone verified the employment only but did not verify the income information. Licensee asserts that the loan type was "Stated Income" and that the guidelines employed by the Licensee and published by the underwriter required no verification of income;
7. Licensee was unaware that the income information was falsified by the borrower;
8. On or about May 30, 2007, Angarone received a completed loan application for the purchase of ORP Unit 900 from the same real estate salesperson who referred the borrower for Unit 918. The seller of Unit 900 was the same person for whom Angarone had originated the prior loan on Unit 918. Angarone stated that he was unaware of this fact although a review of the real estate sale contract would have revealed this information;
9. Angarone interviewed the real estate sales person by telephone but never spoke with the borrower regarding the loan for ORP Unit 900. However, he signed the Form 1003 application which stated that he had conducted a telephone interview with the borrower;
10. The borrower for the loan on ORP Unit 900 falsified income information on the Form 1003. Licensee verified the employment but took no action to verify the income information that had been provided by the real estate salesperson. Licensee asserts that the loan type was a "Stated Income," that no verification of income was required, and that the Licensee verified that the income stated by the borrower was consistent with the employment of the borrower;
11. Further, due diligence should have revealed that ORP Unit 900 had been remodeled prior to its most recent sale, in which the sale price was substantially less than the sale price of the sale in question. Angarone did not question the appraisal, submitted on a Uniform Residential Appraisal Report by a licensed Illinois appraiser, which stated that the remodeling took place after the prior sale. The correct information would have affected the value of the unit for underwriting purposes;
12. Angarone did not attend the closing for ORP Unit 900;
13. Licensee was negligent in that it was unaware that the borrowers had falsified information and that Angarone failed to accurately complete the loan application, which could have prevented the fraud.
14. Licensee has demonstrated, by this course of conduct, negligence in performing certain acts for which it is required to hold a license, in violation of Sec. 2-4(r);
15. Licensee has failed to exercise supervision and control over at least one of its loan originators, with the result that Licensee has engaged in negligent home mortgage underwriting practices in violation of Sec. 2-4(f) of the Act;
16. Licensee has engaged in negligence in a mortgage financing transaction as set forth in Sec. 4-5(i)(2) of the Act;

17. NewCastle Home Loans, LLC, License No. MB.0006897, agrees to pay the Department a fine of \$5,000 for all violations;
18. The total fine in the amount of \$5,000 shall be due thirty (30) days after the effective date of this Order upon NewCastle Home Loans, LLC
19. The fine in the amount of \$5,000 shall be paid by means of a certified check or money order made payable to the:

Department of Financial and Professional Regulation
Division of Banking
ATTN: FISCAL DIVISION, 2ND FLOOR
320 W. Washington Street
Springfield, IL 62786

20. The Department agrees to accept \$5,000 as payment in full of the fines issued in the above-referenced matter;
21. In order to promote communication between the Department and the Licensee, and to prevent future misunderstanding by either party, Licensee agrees to a meeting with the Compliance Manager of the Division of Banking on a mutually convenient date and time within sixty days of the execution of this agreement; and
22. The Agreement contains the entire agreement and understanding between the Department and NewCastle Home Loans, LLC concerning the matters described herein. It supersedes all prior agreements, discussions, negotiations, understandings and proposals of the parties. The terms of the Agreement cannot be changed except in a subsequent document signed by both parties.

SIGNED THIS 22nd DAY OF APRIL, 2008

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DEAN MARTINEZ, SECRETARY

DIVISION OF BANKING
JORGE A. SOLIS, DIRECTOR

REYNOLD M. BENJAMIN
Assistant Director, Division of Banking

NEWCASTLE HOME LOANS LLC
