

**STATE OF ILLINOIS**

**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**DIVISION OF BANKING**

IN THE MATTER OF: )  
)  
MORTGAGE CLEARING CORPORATION ) No. 2010-MBR-108  
**ATTN: Faith Crenshaw** )  
5612 S. Lewis Avenue )  
Tulsa, OK 74105 )  
License No. MB.0005189 )

**ORDER ASSESSING FINE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the "Department"), having investigated the activities of Mortgage Clearing Corporation ("MCC"), and found violations of the Residential Real Property Disclosure Act ("RRPDA") [765 ILCS 77], Residential Mortgage License Act of 1987 ("RMLA") [205 ILCS 635], and the Rules of the Residential Mortgage License Act of 1987 ("RMLA Rules") [38 Ill. Adm. Code 1050], hereby issues this ORDER pursuant to the authority provided under Section 4-5(h)(5) of the Act. The Department makes the following:

**FINDINGS**

1. That Mortgage Clearing Corporation is an Illinois residential mortgage licensee holding license number MB.0005189 (the "License") and located at 5612 S. Lewis Avenue, Tulsa, Oklahoma, 74105;
2. That on or around March 8, 2010, the Department first became aware the MCC may have been conducting unreported activities through MCC's application to the Illinois Anti-Predatory Lending Database ("IAPLD"), a database administered by the Department, as a "mortgage banking lender" for a Certificate of Exemption for two refinance real estate transactions it originated in calendar year 2009 on properties located in Cook County, Illinois (the "Illinois Loans"). This application was inconsistent with MCC's reporting to the Department that it was engaged exclusively in 100% servicer activities with its License. MCC had also not filed with the Department annual reports of mortgage (lending) activity and mortgage brokerage activity due March 1, 2010 for calendar year 2009 loans. The application further raised a separate licensing issue as MCC had no registered loan originator employees on file with the Department;
3. That the Department's IAPLD Unit opened an inquiry into whether MCC was conducting unreported activities with the License, failing to enter required loan data into the IAPLD, and employing unlicensed loan originators in violation of provisions cited hereinafter of the RRPDA, RMLA, and RMLA Rules. The IAPLD Unit reviewed MCC's application, including copies of settlement statements and mortgages for the Illinois Loans, and found

these documents provided evidence of MCC having conducted mortgage lending and brokering activities. On March 11, 2010, the Department requested information from MCC including the name of the loan originator for the Illinois Loans. On March 12, 2010, MCC responded to the inquiry, but failed to identify the loan originator;

4. That the IAPLD Unit further reviewed MCC's website ([www.mcc.web-loans.com](http://www.mcc.web-loans.com)) on March 12, 2010 and found advertising to consumers that MCC was available to make loans in other states (than its Oklahoma headquarters state) and to receive loan applications and have MCC's loan officers contact consumers about loan types and terms best suiting the consumer's needs. The IAPLD Unit noted the discrepancy between MCC's licensing records on file with the Department and the advertising on MCC's website;
5. That the IAPLD Unit further found evidence that the Department had sent a notice to MCC on May 16, 2008 (prior to the IAPLD becoming operational on 7/1/2008) advising MCC of the requirements and procedures for use of the IAPLD;
6. That thereafter the IAPLD Unit forwarded its evidence of violations to the Department's Investigation Section. A formal investigation was opened resulting in the matter being referred to the Department's Legal Section for enforcement;
7. That on July 27, 2010, the Department's Legal Section mailed a Potential Disciplinary Letter to MCC and MCC acknowledged receipt and responded via a letter dated August 6, 2010. The Department has reviewed MCC's response; however, views the facts presented herein as a substantial disregard by MCC to comply with reporting and other requirements of the RRPDA, RMLA, and RMLA Rules; MCC's violations undermine the Department's efforts to combat predatory lending in Illinois and ensure consumers only work with qualified, registered loan originators for the financing of Illinois residential mortgage loans. The Department finds MCC violated the following provisions:
  - a. RRPDA Section 70(c) – Broker/originator required to submit to the IAPLD all information required by RRPDA Section 72 within 10 days of application. No information was submitted to the IAPLD for the Illinois Loans;
  - b. RRPDA Section 70(e) – Broker/originator may take no legally binding action concerning a loan transaction until a counseling determination has been made. This takes place after all the required information has been submitted to the IAPLD. If counseling is required, it must be completed. No information was submitted to the IAPLD for the Illinois Loans, so no counseling determination was ever made;
  - c. RRPDA Section 72 – Broker/originator must submit 18 fields of information for inclusion in the IAPLD for each loan for which the originator takes an application. None of the 18 fields of information were submitted to the IAPLD for the Illinois loans;
  - d. RMLA Sections 2-4(z) & 7-1, and RMLA Rules Section 1050.2125 – Licensee must hire or employ only loan originators registered with the Department. The Department reviews criminal backgrounds of applicants and applicants must pass proficiency tests and meet other standards prior to the Department approving a loan originator's certificate of registration. Licensee employed one or more unregistered loan originators for the Illinois Loans without any of the aforementioned consumer protection steps;

- e. RMLA Sections 2-3 & 2-4(s) – Licensee must report type and percentage of activity on its license application and must report changes to these activities to the Department within 30 days. MCC did not report to the Department the additional brokering and originating (lending) activities it conducted for the Illinois Loans;
- f. RMLA Section 4-8.3 and RMLA Rules Sections 1050.610 through 1050.640 – Licensee must file Annual Reports of Mortgage (Lending) Activities and Brokerage Activities with the Department by March 1 of each year for the preceding year’s activities. MCC failed to file both reports as required due to the Illinois Loans; and
- g. RMLA Section 3-3 and RMLA Rules Section 1050.950 – Licensee must not be misleading in their advertising. MCC advertised brokering and lending services generally to consumers (including Illinois consumers) on its website as found by the Department in March 2010. These were misleading in that MCC had not reported these activities with its License to the Department and had not hired or employed Loan Originators or Loan Officers registered with the Department which would allow this type of advertising.

**CONCLUSIONS**

BASED UPON THE ABOVE FINDINGS, THE DEPARTMENT IS OF THE OPINION AND CONCLUDES:

That notwithstanding notices and other efforts by the Department, Licensee is in violation of Sections 70 (e) & (c) and 72 of the RRPDA, and Sections 2-3, 2-4 (s) & (z), 3-3, 4-8.3, & 7-1 of the Act and Sections 1050.610, 1050.620, 1050.630, 1050.640, 1050.950, and 1050.2125 of the Rules, and is in further violation Sections 4-5 (11) & (17) of the Act.

**ORDER**

NOW THEREFORE IT IS ORDERED:

1. That MORTGAGE CLEARING CORPORATION, License No. MB.0005189, shall be and hereby is assessed a fine in the amount of \$50,000 for the violations cited herein;
2. The fine in the amount of \$50,000 shall be due thirty (30) days after the effective date of this Order upon MORTGAGE CLEARING CORPORATION; and
3. The fine in the amount of \$50,000 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: MORTGAGE BANKING  
320 West Washington, 6<sup>th</sup> Floor  
Springfield, IL 62786**

ORDERED THIS 26<sup>th</sup> DAY OF SEPTEMBER, 2010

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
BRENT E. ADAMS, SECRETARY

DIVISION OF BANKING

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JORGE A. SOLIS, DIRECTOR

**You are hereby notified that this Order is an administrative decision. Pursuant to 205 ILCS 635/4-12 and 38 Ill. Adm. Code, 1050.1510 *et seq.* any party may file a request for a hearing on an administrative decision. The request for a hearing, and hearing fee pursuant to 38 Ill. Adm. Code 1050.210(f), shall be filed within 10 days after the receipt of an administrative decision and, if so requested, a hearing shall be held on the administrative decision, by the Department of Financial and Professional Regulation, Division of Banking. Absent a request for a hearing, this Order shall constitute a final administrative Order subject to the Administrative Review Law [735 ILCS 5/3-101 *et seq.*].**