

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**DIVISION OF BANKING**

IN THE MATTER OF )  
 ) No. 2012-MBR-23  
**THE FIRST MORTGAGE CORPORATION** )  
License No. MB.0000302 )  
19831 Governors Highway )  
Flossmoor, IL 60422 )

**ORDER SUSPENDING LICENSE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”), having reviewed the activities of The First Mortgage Corporation and documented violations of the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and rules promulgated thereunder (“Rules”) [38 Ill. Adm. Code 1050], hereby issues this order for violations of the Act and Rules.

**STATUTORY PROVISIONS**

1. Section 2-4 of the Act requires applicants to make certain averments to the Department, of which failure to fulfill the obligations of an averment shall subject the application to penalty, including the requirement to not knowingly misrepresent the material particulars of a loan transaction to the injury of parties, and to timely notify the Department of any changes in license application information and comply with regulations requiring advance notice and approval of changes in company ownership or control, pursuant to Section 4-5 of the Act.
2. Section 4-1(h-1) of the Act grants the Department the authority to issue orders against any person, if the Secretary has reasonable cause to believe that an unsafe, unsound, or unlawful practice has occurred, is occurring, or is about to occur, if any person has violated, is violating, or is about to violate any law, rule, or written agreement with the Secretary, or for the purpose of administering the provisions of this Act and any rule adopted in accordance with the Act;
3. Section 4-5 (h)(2) of the Act states, in part, the following acts shall constitute grounds for suspension of license which include failure to comply with any order of the Secretary or rule made or issue under provision of the Act; or failure to comply with or violation of any provision.
4. Section 1050.480 of the Rules requires each licensee and prospective purchaser to complete and file a completed application for change of ownership or control at least ten (10) days prior to the proposed date of change. The Secretary shall either issue a

new license, or a finding that the proposed change of ownership or control does not require a new license. The filing of the change of ownership or control application allows the Secretary to determine whether such a change would alter the findings for of a new license as set forth in Section 2-2(a) of the Act or would change materially any of the licensee's new license application or renewal license application.

### **FACTUAL FINDINGS**

5. The First Mortgage Corporation is located at 19831 Governors Highway, Flossmoor, Illinois 60422, and holds Illinois residential mortgage license number MB.0000302. The First Mortgage Corporation also has licensed additional full service offices located at 55 Shuman Boulevard, Suite 400, Naperville, Illinois 60563, 2100 Clearwater Drive, Suite 140, Oak Brook, Illinois 60523, and 257 Springfield Avenue, Joliet, Illinois 60435. The First Mortgage Corporation is variously engaged in taking loan applications from prospective borrowers, issuing funding commitments, and closing and funding residential mortgage loans using its lines of credit provided by financial institutions.
6. On or around June 28, 2012, The First Mortgage Corporation filed an amendment application with the Department for a change of ownership or control. The application attested that individual PL was purchasing 100% of The First Mortgage Corporation.
7. The application was incomplete and without sufficient documentation of the change. The Department created three deficiency issues in the Nationwide Mortgage Licensing System ("NMLS") including that The First Mortgage Corporation must provide a signed (by both purchaser and seller) and dated purchase, sales or stock agreement. The Department has never received the requested and required documentation from The First Mortgage Corporation documenting that individual PL was the actual purchaser as attested to in the NMLS, and furthermore, has received information that other unreported or not fully reported entities and/or individuals have been involved in the transfer of ownership and/or control of The First Mortgage Corporation during calendar year 2012.
8. On November 5, 2012, the Department received a formal written complaint against The First Mortgage Corporation submitted by a law firm representing prospective borrowers for a property located in Frankfort, Illinois ("Complaint"). The Complaint in part states that The First Mortgage Corporation never approved the loan for the prospective borrowers, but refused to provide them with a Notice of Denial. Despite assurance that a notice of denial would be sent to the law firm and the seller's attorney, when no notice was provided, the law firm made repeated calls to The First Mortgage Corporation requesting the Notice. The First Mortgage Corporation failed to return any of these telephone calls. As a result of the complete refusal by The First Mortgage Corporation to provide a Notice of Denial, the prospective borrowers are unable to document the contingency in the real estate purchase contract of not being able to obtain a loan and to have their earnest money returned.

9. On November 13, 2012, three representatives of The First Mortgage Corporation, in response to further inquiry by the Department, admitted in a telephone call that there have been loans that did not fund due to a frozen line of credit.

### LEGAL CONCLUSIONS

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

1. The First Mortgage Corporation has failed to fully and completely respond to Department requests to document its ownership or control in connection with its application for change of ownership or control originally submitted in June 2012, and has continued to operate with undocumented ownership or control and without receiving the required approval by Secretary. This is in violation of Sections 2-4, 4-1(h-1), and 4-5 of the Act and Section 1050.480 of the Rules.
2. The First Mortgage Corporation has failed to respond to consumers, and through their legal counsel, complaining about the handling of their residential mortgage loan with resulting financial harm to the consumers. The First Mortgage Corporation is also placing consumers in current or potential harm due to failure to maintain funding for loans committed and/or scheduled to close. This is in violation of Sections 2-4, 4-1(h-1), and 4-5 of the Act.

### NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. The License of The First Mortgage Corporation is **SUSPENDED** pursuant to Section 4-5(h)(2) of the Act until such time that The First Mortgage Corporation documents, to the Department's satisfaction, the legal ownership and control of The First Mortgage Corporation, and documents to the Department's satisfaction, that it has policies, procedures, finances, and personnel in place to properly conduct all licensable activities with consumers, including approving, denying, and funding loan applications and properly responding to consumer complaints. The First Mortgage Corporation shall fully cooperate with the Department in any investigation, examination, or review of The First Mortgage Corporation and its licensable activities, including, but not limited to, compelling the attendance of witnesses and production of books, papers, or other materials relevant to this Order and any inquiry authorized by the Act.

ORDERED THIS 15<sup>TH</sup> DAY OF NOVEMBER, 2012

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
MANUEL FLORES, ACTING SECRETARY

DIVISION OF BANKING

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MANUEL FLORES, 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 \$500 hearing fee by certified check or money order shall be filed with the Department at 320 West Washington Street, 5<sup>th</sup> Floor, Springfield, IL 62786 within 10 days after the receipt of an administrative decision. The request for hearing must include an explicit admission, denial, or appropriate response to each allegation or issue contained in the administrative decision pursuant to 38 Ill. Adm. Code 1050.1570. 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.*].**