

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

IN THE MATTER OF: )  
 )  
 ) No. 2012-MBR-CD1  
**FIDELITY MORTGAGE INC., OF ILLINOIS** )  
**DBA/AKA BLUE LINE MORTGAGE INC. &** )  
**FIDELITY BLUE LINE MORTGAGE** )  
Attention: Patrick A. Bautz )  
11415 Main Street )  
Roscoe, IL 61073 )

**ORDER TO CEASE AND DESIST**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (“Department”), having reviewed the activities of Fidelity Mortgage Inc., of Illinois and also doing business as or known as Blue Line Mortgage Inc. and Fidelity Blue Line Mortgage (“FMP”), pursuant to the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and the rules promulgated under the Act (“Rules”) [38 Ill. Adm. Code 1050], hereby issues this Order for violations of the Act and Rules.

**STATUTORY PROVISIONS**

1. Section 1-3(a) of the Act states in relevant part:

No person, partnership, association, corporation or other entity shall engage in the business of brokering, funding, originating, servicing or purchasing of residential mortgage loans without first obtaining a license from the Secretary in accordance with the licensing procedure provided in this Article I and such regulations as may be promulgated by the Secretary.

2. Section 1-3(b) of the Act states:

No person, partnership, association, corporation or other entity except a licensee under this Act or an entity exempt from licensing pursuant to Section 1-4, subsection (d) of this Act shall do any business under any name or title, or circulate or use any advertising or make any representation or give any information to any person, which indicates or reasonably implies activity within the scope of this Act.

3. Section 1-3(d-1) of the Act provides that the Secretary of Financial and Professional Regulation, or his or her designee, including the Director of the Division of Banking of the Department of Financial and Professional Regulation (“Secretary”) may 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 purposes of administering the provisions of this Act and any rule adopted in accordance with this Act.

4. Section 1-4(d) of the Act defines an “exempt person or entity” and in relevant subsections defines banks and banking entities that are exempt from obtaining an Illinois residential mortgage license under the Act. Subsection 1-4(d)(1)(i) exempts any banking organization or foreign banking corporation licensed by the Department or the United States Comptroller of the Currency to transact business in this State. Subsection 1-4(d)(1)(iv) exempts any bank, savings and loan association, savings bank, or credit union organized under the laws of this or any other state. Subsection 1-4(d) (1) (ix) exempts any first tier subsidiary of a bank, the charter of which is issued under the Illinois Banking Act by the Department, or the first tier subsidiary of a bank chartered by the United States Comptroller of the Currency and that its principal place of business in this State, provided the first tier subsidiary is regularly examined by the Department or the Comptroller of the Currency, or a consumer compliance examination is conducted by the Federal Reserve Board.
5. Section 2-6(e) of the Act provides that a licensee ceasing an activity or activities regulated by this Act and desiring to no longer be licensed shall inform the Department in writing and, at the same time convey the license and all other symbols or indicia of licensure. The licensee shall include a plan for withdrawal from regulated business, including a timetable for the disposition of the business, and comply with the Department’s surrender guidelines or requirements.
6. Section 4-1(h-1) of the Act provides that the Secretary may 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 purposes of administering the provisions of this Act and any rule adopted in accordance with this Act.
7. Section 1050.910 of the Rules provides no person, partnership, association, corporation or other entity except a licensee or an entity exempt from licensing pursuant to Section 1-4(d) of the Act shall cause to be circulated or use any advertising appearing in the State of Illinois or make any representation or give any information to any person, which indicates or reasonably implies activity involving making, servicing, or brokering of loans secured by residential real estate in Illinois.

#### **FACTUAL FINDINGS**

8. FMI, with its principal place of business located at 11415 Main Street, Roscoe, Illinois 60173, was originally issued by the Department an Illinois residential mortgage license (number MB.0004791; “License”) on February 14, 1997. FMI engaged in brokering

and/or originating mortgage loans for Illinois residential properties under the License. FMI's License lapsed and expired on February 13, 2010 due to failure of FMI to apply for renewal of the License.

9. In or around fall 2011, FMI applied to the Department for a new Illinois residential mortgage license ("License Application"). The Department's Licensing Section identified deficiencies with FMI's License Application, including, but not limited to, that FMI had not properly surrendered its License in February 2010 pursuant to Section 2-6(e) of the Act.
10. In or around July 2012, the Department's Legal Section was contacted by FMI and its owner Patrick A. Bautz ("Bautz") and making inquiry into the License Application. Bautz was also previously licensed as an individual loan originator and employed by FMI for the periods from September 27, 2005 to June 30, 2008 and from December 15, 2009 to June 30, 2010 (Certificates of Registration No. 031.0010410 and 031.0027624).
11. The Department on information and belief found FMI advertising Illinois residential mortgage loan services under the names of FMI, Blue Line Mortgage, Inc., and Fidelity Blue Line Mortgage on the Internet at the webpage <http://www.bluelineloans.com> and <http://www.fidelitymortgages.com>.
12. The Department on information and belief found that FMI, as an unlicensed entity, brokered and/or originated and resold 133 Illinois residential mortgage loans to an Illinois state-chartered bank during an unlicensed period from February 17, 2010 to August 21, 2012.

### LEGAL CONCLUSIONS

13. FMI violated Sections 1-3(a) & (b) of the Act and Section 1050.910 of the Rules.

### NOW IT IS HEREBY ORDERED THAT,

1. FMI shall **CEASE AND DESIST** from engaging in residential mortgage loan originating activities, including, but not limited to advertising, brokering, and funding residential mortgage loans in the State of Illinois pursuant to Sections 1-3(d-1) and 4-1(h-1) of the Act.
2. FMI shall cooperate in the Department's ongoing investigation and examination.

ORDERED THIS 30<sup>TH</sup> DAY OF AUGUST, 2012

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SUSAN J. GOLD, 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 (certified check/money order) shall be filed at 320 W. Washington Street, 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.*].**