

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

IN THE MATTER OF)
)
RESIDENTIAL PLUS MORTGAGE CORPORATION) No. 2013-MBR-44
Attention: Khalid Zoudo)
License No. MB.0006264)
880 Lee Street, Suite 304)
Des Plaines, IL 60016)

ORDER REVOKING LICENSE AND ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”), having examined and reviewed the activities of Residential Plus Mortgage Corporation (“RPMC”) and documented violations of the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635], rules promulgated thereunder (“Rules”) [38 Ill. Adm. Code 1050], and Residential Real Property Disclosure Act (“RRPDA”) [765 ILCS 77] hereby issues this order REVOKING LICENSE AND ASSESSING FINE for violations of the Act and Rules.

STATUTORY PROVISIONS

1. Section 2-2(a)(6) of the Act authorizes the Department to impose necessary or appropriate written conditions on a license. The conditions continue in effect for the prescribed period.
2. Section 3-5 of the Act requires each licensee engaged solely in mortgage brokering to maintain a minimum acceptable net worth of \$50,000 at all times.
3. 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.
4. Section 4-2 of the Act provides that the business affairs of a licensee shall be examined for compliance with this Act as often as the Department deems necessary and proper. The Department shall promulgate rules with respect to the frequency and manner of examination. The expenses of any examination of a licensee shall be borne by the licensee and assessed by the Department as established by regulation.

5. Sections 4-5 (h)(1) and (h)(5) of the Act state, in part, that grounds for revocation and fine of license include: failure to comply with any Department Order or Rules, failure to timely pay any fee or fine under the Act, and failure to comply with or violation of any provision of the Act.
6. Section 5-11 of the Act requires a licensee to provide a copy of the appraisal report within the prescribed period prior to closing of the loan.
7. Section 1050.210(d) of the Rules provide that the Department shall bill a licensee for time expended in the conduct of any examination pursuant to Section 4-2 of the Act. Fees will be billed following completion of the examination and shall be paid within 30 days after receipt of billing.
8. Section 1050.425 of the Rules requires each licensee to submit to regular examination per the frequency schedule provided therein.
9. Section 1050.475 of the Act requires each licensee to provide advance written notice to the Department at least ten days prior to closing a full-service office, or discontinuing brokering, originating or servicing as defined under the Act.
10. Section 1050.1010 of the Rules states, in part, that before a mortgage loan applicant signs a completed residential mortgage loan application or gives the licensee any consideration, whichever comes first, a loan brokerage agreement shall be required and shall be in writing and signed by both the mortgage loan applicant and the licensee providing the loan brokering services under the Act.
11. Section 1050.1020 of the Rules states, in part, that before a mortgage loan applicant signs a completed residential mortgage loan application or gives the licensee any consideration, whichever comes first, the licensee shall give the borrower a written disclosure statement; and shall obtain the customer's signature acknowledging has read and understands the disclosure statement.
12. Section 1050.1110 of the Rules states, in part, that before a mortgage loan applicant signs a completed residential mortgage loan application or gives the licensee any consideration, whichever comes first, the licensee shall give the customer a Borrower Information Document.
13. Section 77/70(c) of the RRPDA requires each licensee to enter the required loan data within 10 days of application into the Anti-Predatory Lending Database ("APLD").

FACTUAL FINDINGS

14. RPMC holds Illinois residential mortgage license number MB.0006264 ("License") with its office located at 880 Lee Street, Suite 304, Des Plaines, Illinois. The Department first issued RPMC the License on September 13, 2001 and the License has been continuously renewed with last application to the Department occurring in fall 2012.

15. In its regular examinations of RPMC commencing in 2011, the Department found issues of non-compliance by RPMC with the Act, Rules, and RRPDA both for the period 7/1/2008 to 7/31/2011, and the period 8/1/2011 to 7/31/2012. This resulted in RPMC being assigned and remaining in supervision for various cited matters of non-compliance including insufficient documentation of minimum net worth, notices to consumers missing from loan files, and APLD non-compliance for loan data entry.
16. On or around December 20, 2012, the Department issued an order conditionally renewing RPMC's License for Calendar Year 2013. At or near the same date, the Department invoiced RPMC \$1,258 for its 2012 regular examination.
 - a. Under the Order, RPMC and its owner Kelly Zoudo were required to file, commencing by January 31, 2013, monthly written reports with the Department documenting changes in net worth and liabilities to hold the License. RPMC never filed the reports with the Department.
 - b. Under the Invoice, RPMC has 30 days to pay the full amount of examination fees. RPMC never submitted payment to the Department.
17. In June 2013, the Department assigned an examiner for RPMC's next regular examination for the period 8/1/2012 to 5/31/2013 and this examination was subsequently scheduled with RPMC for September 16, 2013.
18. In June 2013, the Department's Supervision Section also created an issue for RPMC for repeat exam violations from the 2011 and 2012 regular examinations as to a cited portion of the loan files reviewed for: failure to provide proof of appraisal delivery to borrowers, failure to maintain loan brokerage agreements and disclosures, failure to maintain borrower information documents, and failure to timely enter loan data into the APLD. These repeat exam violations were referred at that time for enforcement.
19. On September 16, 2013, the assigned Department examiner arrived at RPMC's office for its scheduled regular examination at 880 Lee Street, Des Plaines, Illinois and found the office door locked and RPMC's books and records unavailable for examination.
20. On September 18, 2013, the Department received a written application from RPMC for surrender of its License.

LEGAL CONCLUSIONS

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

1. RPMC has violated Sections 3-5, 4-5(i) (11), (13), (15) and (17), and 5-11 of the Act, Sections 1050.210(d), 1050.425, 1050.475, 1050.1010, 1050.1020, 1050.1110 of the Rules and Section 77/70(c) of the RRPDA.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. The License of RESIDENTIAL PLUS MORTGAGE CORPORATION is **REVOKED** pursuant to Sections 4-1(h-1) and 4-5(h)(1) of the Act.
2. The Department assesses a **FINE** against RESIDENTIAL PLUS MORTGAGE CORPORATION in the amount of \$25,000 pursuant to Section 4-5(h)(5) of the Act. The fine is payable by certified check or money order within (30) days of the effective date of this Order to the:

**Department of Financial and Professional Regulation
Division of Banking
Attention: FISCAL DIVISION
320 W. Washington, 5th Floor
Springfield, Illinois, 62786**

ORDERED THIS 16TH DAY OF OCTOBER, 2013

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

DIVISION OF BANKING

MANUEL FLORES

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, 5th 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.*].