

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

IN THE MATTER OF)
)
RICHLAND MORTGAGE COMPANY) No. 2013-MBR-45
Attention: Francis Yip & Perry Lau)
License No. MB.0002038)
2002 S. Wentworth Ave., 2nd Floor)
Chicago, IL 60616)

ORDER REVOKING LICENSE AND ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”), having examined and reviewed the activities of Richland Mortgage Company (“Richland Mortgage”) 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 2-4 of the Act requires licensees and applicants to make certain averments to the Department, of which failure to fulfill the obligations of an averment shall subject the license to penalty under Section 4-5, including the requirement in subsection (a) that licensee maintain at least one full service office in Illinois, (p) that licensee has not become insolvent, (s) that licensee will advise the Department in writing within 30 days of any changes submitted on its most recent renewal application, (v) that licensee will advise the Department in writing of judgments entered against it and bankruptcy petitions by it within 5 days of occurrence, and (x) will advise the Department in writing within 30 days when the licensee is requested by another entity to repurchase a loan.
2. 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.
3. Section 3-5 of the Act requires each licensee engaged solely in originating residential mortgage loans to maintain a minimum acceptable net worth of \$150,000 at all times.

4. 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.
5. Sections 4-5 (h)(1) and (h)(5) of the Act state, in part, that grounds for revocation and fine of license include: insolvency or filing under any provision of the Bankruptcy Code [11 U.S.C. Sec. 101 et seq.] as a debtor, failure to comply with or violation of any provision of the Act, Rules, or Article 3 of the RRPDA.
6. 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.
7. 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

8. Richland Mortgage holds Illinois residential mortgage license number MB.0002038 (“License”) with its corporate office located at 2002 S. Wentworth Ave., 2nd Floor, Chicago, Illinois. The Department first issued Richland Mortgage its License on June 14, 1990 and the License has been continuously renewed through December 31, 2013. According to Department records, Richland Mortgage is engaged in the activities of brokering and originating Illinois residential mortgage loans.
9. On January 10-11, 2013, the Department examined Richland Mortgage for the period October 1, 2010 to October 31, 2012 and found compliance violations which were not being addressed or resolved by Richland Mortgage and requiring urgent and decisive corrective measures. The Department cited Richland Mortgage in its Report of Examination (“ROE”) for violations of the Act, Rules, and RRPDA, including failure to maintain the required minimum net worth. The Department assigned Richland Mortgage to Supervision.
10. The Department Supervision Section communicated steps for Richland Mortgage to take address its violations, including mandatory attendance on September 25, 2013 at a supervision meeting with the Department. On or around August 30, 2013, Richland Mortgage incompletely applied for surrender of its two additional full service office licenses MB.0002038-004 & MB.0002038-102. The Department also opened on September 19, 2013 Richland Mortgage’s next examination for early 2014 due to the violations cited in the ROE.

11. Shortly before the September 25, 2013 mandatory supervision meeting, a former office manager and a bankruptcy attorney separately contacted the Department and stated conditions at Richland Mortgage, including its corporate office was closed, both principals had serious medical conditions preventing them from operating a business, that a bankruptcy petition was to be filed, and that Richland Mortgage was subject to a summons in a civil complaint filed on December 20, 2012 and involving claims made by an investor of one of its loans funded in 2007. The Department had not been previously or fully informed by Richland Mortgage of these conditions. A request was made for a delay in the meeting, the Department did not approve this request and no representatives of Richland Mortgage appeared at the September 25, 2013 mandatory meeting. The matter was referred for enforcement.

LEGAL CONCLUSIONS

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

1. RPMC has violated Sections 2-4(a), (p),(s), & (x), 2-6(e), 3-5, 4-5(i) (5), (11), (17) and (18) of the Act, Section 1050.475 of the Rules and Section 77/70(c) of the RRPDA.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. The License of RICHLAND MORTGAGE COMPANY is **REVOKED** pursuant to Sections 4-1(h-1) and 4-5(h)(1) of the Act.
2. The Department assesses a **FINE** against RICHLAND MORTGAGE COMPANY in the amount of \$10,000 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.*].