

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)
)
) No. 2013-MBR-73
EASTLAND FINANCIAL CORPORATION)
License No. MB.6760724)
Attention: Hamid Hamadanchy)
106 Discovery)
Irvine, CA 92618)

ORDER ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (“Department”), having reviewed and investigated the activities of Eastland Financial Corporation, and having documented violations of 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. The Department has further documented violations of the Residential Real Property Disclosure Act (“RRPDA”) [765 ILCS 77].

STATUTORY PROVISIONS

1. Section 4-1(h-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 the Act and Rules.
2. Sections 4-5(h) (5) of the Act provides that when the Secretary finds any person in violation of the grounds set forth in subsection (i), the Secretary may enter an order imposing the penalty of revocation of license and imposing the penalty of a fine not to exceed \$25,000 for each separate offense.
3. Section 4-5(i) of the Act sets forth acts by a licensee that shall constitute grounds for disciplinary action specified in Section 4-5(h) of the Act. Subsection (i) (11) is for failure to comply with any order of the Secretary or rule made or issued under provisions of the Act. Subsection (i)(17) is for failure to comply with or violation of any provision of the Act. Subsection (i)(18) is for failure to comply with or violation of any provision of Article 3 of the RRPDA.
4. Section 1-3(f) of the Act provides, in part, that each office, place of business or location at which a residential mortgage licensee conducts any part of his or her business must be recorded with the Department pursuant to Section 2-8 of the Act.

5. Section 2-4 of the Act requires a licensee to aver in the following subsections: (c) to keep and maintain for 36 months the same written records as required by the federal Equal Credit Opportunity Act, and any other information required by the regulations of the Department regarding any home mortgage in the course of the conduct of its residential mortgage business, and (t) to comply with the provisions of the Act, or with any lawful order, rule or regulation made or issued under the provisions of the Act.
6. Section 2-8 of the Act provides, in part, that a licensee may apply for authority to open and maintain additional full service offices by giving the Department prior notice of its intention in such form as prescribed by the Department and payment of a fee as established by regulation.
7. Section 3-3 of the Act provides in pertinent part in subsection (a) that advertising for loans transacted under the Act may not be false, misleading or deceptive, and in subsection (b) that all advertisements by a licensee shall contain the name and office address of such entity, which shall conform to a name and address on record with the Department.
8. RRPDA Section 70(c) requires a mortgage broker or loan originator to submit to the Anti-Predatory Lending Database (“APLD”) all of the information required in RRPDA Section 72 for any mortgage on property within the program area. APLD entries are required within 10 days after taking a mortgage loan application. RRPDA Section 72 requires a mortgage broker or loan originator to submit information about each loan into the APLD, including in subsection (4) the name of the loan originator for the transaction.
9. Section 1050.210(e) of the Rules requires a licensee to pay a non-refundable \$250 initial and annual fee for each Additional Full Service Office.
10. Section 1050.350 of the Rules provides that each licensee that intends to operate and maintain an additional full-service office shall file a Notice of Intent to Establish an Additional Full Service Office, on a form prescribed by the Department, 30 days prior to the proposed operation of the additional office. The notice shall be accompanied by the fee set forth in Section 1050.210 of this Part. Additionally, an annual fee shall be paid upon approval of the Application for Renewal of an Illinois Residential Mortgage License pursuant to Section 1050.320 of this Subpart.
11. Section 1050.1175 of the Rules requires a licensee engaged in loan brokerage or loan origination to maintain a Loan Log for each residential mortgage loan application. The loan log shall contain the loan originator name for each loan.

FACTUAL FINDINGS

12. Eastland Financial Corporation, with its corporate office located at 106 Discovery, Irvine, California 92618, holds active Illinois residential mortgage license number MB.6760724 (“License”). The License was first issued on January 15, 2010. Department records show that Eastland Mortgage Corporation primarily engages in originating activities for Illinois residential mortgage loans.

13. The Department became aware that Eastland Financial Corporation was attempting to close an additional full service office or branch office at 2409 S. Oakley, Chicago, Illinois (“Branch Office”). However, the Department’s licensing records revealed that Eastland Financial Corporation did not hold a license for the Branch Office, and that address was listed in the Department’s records as being the location of another licensee. The Department did find documentation in the Nationwide Mortgage Licensing System (“NMLS”) that Eastland Financial Corporation had taken some incomplete and incorrect steps to enter the Branch Office into the NMLS, but at no time was a Branch Office license properly applied for and issued by the Department.
14. The Department’s investigation confirmed that Eastland Financial Corporation operated the unlicensed Branch Office; employing Illinois-based loan originators and originating Illinois residential mortgage loans with borrowers from that location. The Department further found an Eastland Financial Corporation Internet listing advertising the Branch Office as well as listing on its website the name of a Chicago area loan officer and Illinois contact number. In addition, Eastland Financial Corporation had external signage at the Branch Office advertising its presence there and other documentation was collected by the Department during the course of the investigation of Eastland Financial Corporation having conducted licensable activities at the Branch Office.
15. The Department’s investigation was later expanded beyond the unlicensed Branch Office. It was found that Eastland Financial Corporation, assisted by an Illinois-based loan originator employee, had operated a second unlicensed branch office at 875 N. Michigan Avenue, Chicago, Illinois (“Second Branch Office”).
16. The Department further found that Eastland Financial Corporation had not properly maintained its records of employees performing loan originator activities with Illinois consumers. This included the name of Eastland Financial Corporation’s owner improperly appearing as the loan originator (when other individuals employed by Eastland Financial Corporation performed the loan originator activities) for 15 loan entries in its Illinois loan log and on 27 loan applications in its loan files.
17. The Department additionally found in a review of APLD records that Eastland Financial Corporation had failed to make proper APLD entries in 62 instances. This included failing to enter 33 loans in their entirety into the APLD, entering 23 loans after 10 days, and substituting another name for the actual loan originator for 6 of its loan entries.

LEGAL CONCLUSIONS

1. Eastland Financial Corporation has violated Sections 1-3(f), 2-4(c)& (t), , 2-8, 3-3, and 4-5 (i) (11), (17), & (18) of the Act, violated Sections 70(c) and 72(4) of the RRPDA, and violated Sections 1050.210, 1050.350, and , 1050.1175 of the Rules.

NOW IT IS HEREBY ORDERED THAT,

1. The Department assesses a **FINE** against Eastland Financial Corporation pursuant to Sections 4-1(h-1) and 4-5(h) (5) of the Act in the total amount of \$50,000, including \$25,000 for operating

two unlicensed additional full service offices (Branch Office and Second Branch Office), \$15,000 for committing APLD violations, and \$10,000 for improper recording of loan originator information in loan logs and files. The Department further orders Eastland Financial Corporation to correct its practices to conform to the requirements of the Act, Rules, and RRPDA. The fine is payable by certified check or money order within thirty (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 13TH DAY OF DECEMBER, 2013

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

DIVISION OF BANKING

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].