

**STATE OF ILLINOIS**

**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**DIVISION OF BANKING**

**IN THE MATTER OF:** )  
 )  
 ) **No. 2018-MBR-04**  
**GREAT RATE MORTGAGE, LLC** )  
License No. MB.6761044; NMLS ID 1102619 )  
Attention: Nicholas Lambrinatos )  
6600 N. Lincoln Avenue, Suite 314 )  
Lincolnwood, IL 60712 )

**ORDER REVOKING LICENSE & ASSESSING FINE**

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (“Department”), having conducted an examination and investigation of Great Rate Mortgage, LLC (“GRM”) 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.

**STATUTORY PROVISIONS**

1. Section 1-3(d-1) of the Act authorizes the Secretary 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 purposes of administering the provisions of this Act and any rule adopted in accordance with this Act.
2. Section 2-4(k) of the Act requires a licensee to aver that it will not knowingly misrepresent, circumvent or conceal, through whatever subterfuge or device, any of the material particulars regarding a transaction to which it is a party to the injury of another party.
3. Section 3-5 of the Act provides, in part, that each licensee shall maintain a minimum net worth of \$150,000 unless solely brokering in which case the minimum net worth is \$50,000, and further provides the acceptable method for reporting and authorizes the promulgation of rules.
4. Section 4-5 (h) of the Act provides, upon a finding by the Director that any person is in violation of the grounds set forth in subsection (i), the Department may enter an order imposing one or more penalties including in subsection (h), paragraph (1) revocation of license, and in subsection (h), paragraph (5), imposition of a fine not to exceed \$25,000 for each count of separate offense, provided that a fine may be imposed not to exceed \$75,000 for each separate count of offense or paragraph (2) of subsection (i) of this Section.

5. Section 4-5(i) of the Act provides a list of acts that constitute grounds for which disciplinary action specified in subsection (h) may be taken, including among others: (2) fraud, misrepresentation, deceit or negligence in any mortgage financing transaction, (11) failure to comply with any order of the Director or rule made or issued under the provisions of this Act, and (17) failure to comply with or violation of any provision of this Act.
6. Section 4-5(j) of the Act provides that a licensee shall be subject to the disciplinary actions specified in this Act for violations of subsection (i) by any officer, director, shareholder, joint venture, partner, ultimate equitable owner, or employee of the licensee.
7. Section 5-6 of the Act provides, in part, that no license may make, provide or arrange for a residential mortgage loan without verifying the borrower's reasonable ability to pay principal and interest on the loan, real estate taxes, homeowner's insurance, assessments, and mortgage insurance premiums, if applicable. The licensee must verify the borrower's income and financial resources by tax returns, payroll receipts, bank records, or other reasonably reliable methods, based upon the circumstances of the proposed loan.
8. Section 1050.410 of the Rules provides, in part, that each licensee shall maintain a minimum net worth of \$150,000 unless solely brokering in which case the minimum net worth is \$50,000, and further provides for the calculation of net worth.
9. Section 1050.1010(h) of the Rules requires that the loan brokerage agreement contain the name and Unique Identifier in the NMLS of any licensee and the Mortgage Loan Originator assisting the licensee in performing services for the borrower.
10. Section 1050.1335(a)(2) of the Rules requires, in part, that a Rate-Lock Fee Agreement shall be in writing and signed by both the licensee and prospective borrower and provided to prospective borrowers regardless of whether the fee is collected or the interest rate is locked or floating.

### **FACTUAL FINDINGS**

11. On or around May 14, 2018, the Department commenced a regular examination of GRM for the period of March 1, 2017 to February 28, 2018 ("Examination").
12. The Department found one or more misrepresentations of borrowers' assets, income, employment, home occupancy and education in eight (8) mortgage loan files submitted by GRM to another Illinois Residential Mortgage Licensee ("Lender") and others for underwriting and/or closing and funding.
13. Loan 1 for borrower PN misrepresented assets by falsifying a bank statement. The statement in the loan file showed a June 30, 2016 balance of \$276,414.76; however, the bank produced a separate confirmation for the same account showing that the June 30, 2016 balance was only \$66,210.43.
14. Loan 2 for borrower SS misrepresented assets by falsifying a bank statement. The statement in the loan file showed a July 26, 2016 balance of \$49,700; however, the bank produced a separate confirmation for the same account showing the July 26, 2016 balance was only \$39,700.00.
15. Loan 3 for borrower MR contained a fraudulent degree from a university in Chicago to circumvent the loan guidelines requiring a two-year work history. During the underwriting

process, it was confirmed that the degree had been fabricated and the university had no record of the borrower attending the school.

16. Loan 4 for borrower AA misrepresented on the loan application that the borrower would use the subject property of the loan as the borrower's primary residence. Shortly thereafter, GRM brokered another loan for borrower AA to purchase a residential property at another location, again as borrower's primary residence.
17. Loan 5 for borrower GS misrepresented on the loan application that the borrower would use the subject property of the loan as the borrower's primary residence. Shortly after closing, the borrower changed his mailing address to his departing residence. In addition, an online real estate listing confirmed that a few months after the closing the subject property was renovated and listed for a sale.
18. Loan 6 for borrower NM contained a fabricated employment letter from employer HH reflecting income of \$6,000 per month. The Lender learned during its underwriting process that the HH letter was provided by the borrower's sister, that the borrower was not employed at HH, but instead employed at another company.
19. Loan 7 for borrower SU contained a fraudulent pay stub showing income of \$8,750 per month from AMT. The Lender confirmed that the borrower was employed by another company earning the lesser amount of \$6,060 per month.
20. Loan 8 for borrower BR misrepresented employment by providing inaccurate pay stubs. The borrower's loan application dated October 2016 and the pay stubs indicated employment at BA with a monthly income of \$4,904.00. The Lender reviewed a prior loan application from the borrower dated, December 3, 2015, which indicated the borrower was employed at another company, made no mention of employment at BA, and identified the borrower as a university student. The Lender further found that the borrower had the same address as provided for BA's registered agent in Illinois Secretary of State corporate records.
21. The Department also found missing documentation by GRM in four (4) additional loan files identified in the Examination as specified in paragraphs 23 through 26.
22. Loan 9 for borrower EG did not contain a tax return or W-2 from the borrower in GRM's loan file.
23. Loan 10 for borrower OM did not contain a tax return or W-2 from the borrower in GRM's loan file.
24. Loan 11 for borrower VS did not contain a tax return from the borrower in GRM's loan file.
25. Loan 12 for borrower SS contained an expired business license from the borrower in GRM's loan file.
26. GRM provided a compiled financial statement as of December 31, 2017 that appeared to comply with the minimum net worth requirement, containing a bank balance of \$86,734.45. However, the examiner conducted a review of specific monthly company registers for months in 2017 and 2018. This review showed GRM's bank balances below minimum net worth for the months of

April 2017, balance of \$13,394.12; May 2017 balance of \$28,282.12; January 2018, balance of \$29,075.95; and February 2018, balance of \$29,960.00.

27. The Examination found further that the NMLS number for the loan originator was missing from the Loan Brokerage Agreement for two loans, and the licensee's signature missing on the Rate Lock Agreement contained in all the loan files reviewed.
28. Nicholas Lambrinatos, owner of GRM, was the MLO for Loans 1 through 8, except for Loan 5. Lambrinatos holds Illinois MLO License Number 031.0026961; NMLS ID 232295.
29. Separate from the Examination, on or about April 12, 2018, the Department received an anonymous complaint of irregularities at Great Rate and undertook an investigation, including consultation with the Lender as to a number of loans in the Department's examination. The Investigation substantiated that GRM had provided false documentation to the Lender in violation of the Act and Rules.

### LEGAL CONCLUSIONS

30. GRM failed to comply with and violated Sections 1-3(d-1), 2-4(k), 3-5, 4-5(i) (2), (11), and (17), and 5-6 of the Act and Sections 1050.410, 1050.1010(h), and 1050.1335(a)(2) of the Rules.

### NOW IT IS HEREBY ORDERED THAT,

1. The Department **REVOKES** the license of **GREAT RATE MORTGAGE, LLC, License No. MB.6761044** pursuant to Section 4-5(h)(1) of the Act. The Secretary has reasonable cause to believe as cited herein that GRM engaged in unsafe, unsound, and unlawful practice and violated the Act and Rules in connection with GRM's negligent handling of the misrepresentations found in 8 loans identified in this Order and further failure by GRM to maintain the minimum net worth required at all times to conduct activities with the License.
2. The Department assesses a **FINE** against **GREAT RATE MORTGAGE, LLC License No. MB.6761044** in the amount of \$100,000 pursuant to Section 4-5(h)(5) of the Act for violation of the aforementioned ten Act and Rules sections at \$10,000 per violation. 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, 5<sup>th</sup> Floor**  
**Springfield, Illinois, 62786**

ORDERED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2018

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
BRYAN A. SCHNEIDER, SECRETARY

DIVISION OF BANKING

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KERRI A. DOLL, 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 affected party may file a request for a hearing on a decision by the Director. The request for a hearing and \$500 hearing fee payable by certified check or money order must be filed with the Department at 320 West Washington Street, 5th Floor, and Springfield, IL 62786 within 10 days after the appealing party's receipt of this Order. The request for hearing must include an explicit admission, denial, or appropriate response to each allegation or issue contained in this Order pursuant to 38 Ill. Adm. Code 1050.1570. After receipt of a proper and timely request for hearing, 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].**