

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)
)
) No. 2019-MBR-01-b
FIRST CHOICE FINANCIAL CORP.)
License No. MB. 6761308; NMLS 1693793)
Snehal Mehta)
1375 E. Central Road)
Arlington Heights, IL 60005-2803)

ORDER REFUSE TO RENEW

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (“Department”), having reviewed the activities of **FIRST CHOICE FINANCIAL CORP.** (“**FIRST CHOICE FINANCIAL**”), 1375 E. Central Road, Arlington Heights, IL 60005-2803 and having documented violations under 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 2-2 of the Act requires the Department to issue positive findings of financial responsibility, experience, character and general fitness of a licensee in order to renew its Illinois residential mortgage license.
2. Section 2-4 of the Act, lists prohibited acts and practices for licensees. It is a violation of the Act for a licensee subject to the Act to: (d) fail to file with the Secretary or Nationwide Multistate Licensing System and Registry (“NMLS”) as applicable, when due, any report the licensee is required to file under any provisions of this Act; and (t) fail to comply with the provisions of this Act, or with any lawful order, rule, or regulation made or issued under the provisions of this Act.
3. Section 2-5 of the Act provides that the Director of the Division of Banking of the Department of Financial and Professional Regulation (“Director”) may refuse to renew a license if it is determined that the licensee is not in compliance with the Act and the Director cannot make the findings specified in Section 2-2 of the Act.
4. Section 2-6 of the Act states that it is the responsibility of each licensee to accomplish renewal of its license.
5. Section 3-1 of the Act requires, (a) every licensee, with respect to any person appointed or elected to any position requiring the receipt of payment, management, or use of money belonging to a residential mortgage licensee engaged in the activities of originating, servicing, or purchasing mortgage loans or whose duties permit him or her to have access to or custody of any of its money or securities or custody of any money or securities belonging to third parties or

whose duties permit him or her regularly to make entries in the books or other records of a licensee, shall, before assuming his or her duties, maintain a fidelity bond in the amount of \$100,000 by some fidelity insurance company licensed to do business in this State, and (c) all licensees shall maintain a bond in accordance with this subsection. Each bond shall be for the recovery of expenses, fines, or fees due to or levied by the Commissioner in accordance with this Act. The bond shall be payable when the licensee fails to comply with any provisions of this Act and shall be in the form of a surety or licensure bond in the amount and form as prescribed by the Commissioner pursuant to rules and regulations. The bond shall be payable to the Office of Banks and Real Estate and shall be issued by some insurance company authorized to do business in this State. A copy of the bond, including any and all riders and endorsements executed subsequent to the effective date of the bond, shall be placed on file with the Office of Banks and Real Estate within 10 days of the execution thereof.

6. Section 3-2 of the Act requires a broker licensee to file its most recent annual audited or compilation financial statement with the Department or NMLS within 90 days after the end of the licensee's fiscal year.
7. Section 3-5 of the Act requires a licensee to maintain net worth of not less than \$150,000.
8. Section 4-4(a) of the Act provides that every licensee shall file such other reports as the Department requests.
9. Section 4-5(h)(6) of the Act provides that when the Director finds any person in violation of the grounds set forth in subsection (i), the Director may deny the license.
10. Section 4-5(i) of the Act sets forth a list of acts that constitute grounds for which the disciplinary action specified in subsection (h) above may be taken, including among others: (11) failure to comply with any order of the Director or rule made or issued under the provisions of this Act, (13) failure to pay in a timely manner any fee, charge or fine under this Act, and (17) failure to comply with or violation of any provision of this Act.
11. Section 4-8.3 of the Act requires that on or before March 1 of each year or the date selected for Mortgage Call Reports under Section 4-9.1 of this Act, each licensee shall file a report with the Secretary that discloses such information as the Secretary requires. A licensee filing a Mortgage Call Report is not required to file an annual report.
12. Section 1050.410 of the Rules requires, in pertinent part, that each licensee shall maintain net worth of not less than \$150,000.
13. Section 1050.430 of the Rules states that audit reports not delivered within 90 days after the date specified in Section 3-2 of the Act, unless extended for cause by the Director, shall cause the licensee to pay a fee at the rate of \$50 per calendar day for up to three months.
14. Section 1050.490 of the Rules requires each licensee to submit to the Department a current surety bond in the required amount for the term of the license.

FACTUAL FINDINGS

15. FIRST CHOICE FINANCIAL is a residential mortgage broker holding Illinois Residential Mortgage License No. MB. 6761308 (“License”) with an expiration date of December 31, 2019.
16. The Department was made aware on January 29, 2019 of a Notice of Cancellation Date of the surety bond for FIRST CHOICE FINANCIAL as of March 1, 2019.
17. Through further review, the Department found that although FIRST CHOICE FINANCIAL holds itself out to be a lender, their fidelity bond expired on December 5, 2018.
18. FIRST CHOICE FINANCIAL failed to timely submit their audited financials for December 31, 2018 by the due date of March 31, 2019. FIRST CHOICE FINANCIAL waited until September 13, 2019 to submit them. The Department could not determine during this timeperiod if FIRST CHOICE FINANCIAL was in compliance with Net Worth requirements. FIRST CHOICE FINANCIAL was assessed the maximum late audit fee on August 15, 2019 in the amount of \$4,500. This late audit fee remains unpaid.
19. FIRST CHOICE FINANCIAL failed to timely file all the required quarterly Mortgage Call Reports (“MCR”) for 2018. It also failed to timely file the MCR for the first and second quarter for 2019. FIRST CHOICE FINANCIAL failed to file the MCR Standard Financial Condition 2018 Report (“MCR SFC Report”).
20. On October 16, 2019, the Department issued a suspension order against FIRST CHOICE FINANCIAL, suspending FIRST CHOICE FINANCIAL’S license (“Suspension Order”) until it complied with the Act and Rules by updating its surety bond in NMLS, paying the late audit fees to the Department, and submitting its MCR SFC Report for 2018.
21. As of today’s date, FIRST CHOICE FINANCIAL has not come into compliance with the Act and Rules as outlined within the Suspension Order.

LEGAL CONCLUSION

22. FIRST CHOICE FINANCIAL has violated Sections 2-2, 2-4(d) & (t), 2-6, 3-1(a) & (c), 3-2, 3-5, 4-4(a), and 4-5(i)(11),(13) & (17), and 4-8.3 of the Act and Sections 1050.410, 1050.430, and 1050.490 of the Rules.

NOW IT IS HEREBY ORDERED THAT,

The Department REFUSES TO RENEW and denies FIRST CHOICE FINANCIAL its LICENSE pursuant to Section 2-5 and 4-5(h) (6) of the Act.

ORDERED THIS ____ DAY OF _____, 2020

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING

CHASSE REHWINKEL
ACTING 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].