

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)	
)	No. 2023-MBR-06
HOMETOWN LENDERS, INC.)	
License No. MB. 6761153; NMLS 65084)	
Attention: Joe Wilson, NMLS Primary Company Contact)	
350 The Bridge Street)	
Suites 116, 200 & 202)	
Huntsville, AL 35806)	

ORDER REVOKING LICENSE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”), having reviewed the activities of **HOMETOWN LENDERS, INC. (“HOMETOWN LENDERS”)**, 350 The Bridge Street, Suites 116, 200 & 202, Huntsville, AL 35806, and making findings under the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635], and the rules promulgated thereunder (“Rules”) [38 Ill. Adm. Code 1050], hereby issues this **ORDER REVOKING LICENSE**.

STATUTORY PROVISIONS

1. 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 (l) fail to disburse funds in accordance with its agreements; (r) demonstrate by course of conduct, negligence or incompetence in performing any act for which it is required to hold a license, and (t) fail comply with the Act and Rules.
2. Section 4-5 of the Act provides that when the Department finds any person in violation of the grounds set forth in subsection (i), the Department may enter an order revoking a license as authorized by subsection (h)(1). A licensee violates Section 4-5(i) of the Act due to (7) failure to disburse funds in accordance with agreements; (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.
3. Section 4-1(h-1) of the Act provides that the Department may issue orders against any person if the Department has reason 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 Department, or for the purpose of administering the provisions of the Act and any rule adopted in accordance with the Act.
4. Section 4-1(h-2) of the Act provides that the Director of the Division of Banking’s (“Director”) functions, powers, and duties shall include the following: to address any inquiries to any licensee, or the officers thereof, in relation to its activities and conditions, or any other matter connected with its affairs, and it shall be the duty of any licensee or person so addressed, to promptly reply

in writing to such inquiries. The Director may also require reports from any licensee at any time the Director may deem desirable.

FACTUAL FINDINGS

5. HOMETOWN LENDERS is a residential mortgage broker holding Illinois Residential Mortgage License No. MB. 6761153 with an expiration date of December 31, 2023 (“License”).
6. On October 5, 2023, representatives of mortgage licensing authorities for several states in which HOMETOWN LENDERS is licensed, convened over a virtual meeting to discuss troubling matters related to the company. These matters included several hundred unpaid mortgage insurance premiums, unpaid employee wages, its general counsel’s resignation, and, in some states, the cancellation of surety bonds.
7. Following this meeting, the Department commenced an investigation of HOMETOWN LENDERS to identify potential impacts on Illinois consumers.
8. On October 12, 2023, the investigations unit sent a Request For Information (“RFI”). The RFI was an opportunity for HOMETOWN LENDERS to answer questions and explain its current situation.
9. The response was due on or before October 19, 2023.
10. HOMETOWN LENDERS failed to respond to the RFI on or before the October 19, 2023 due date.
11. Subsequently, the Department was forwarded an email from a former MLO of HOMETOWN LENDERS (“Former MLO”). The email included a Notice of Sale of Delinquent Taxes for an Illinois consumer (“Delinquent Tax Letter”). This prompted further conversation with the Former MLO and more Illinois consumer complaints were reported. The complaints are as follows:
 - a. Borrower MD had a loan originated and then serviced by HOMETOWN LENDERS approximately 5 months ago. The loan was an FHA loan. Borrower MD always paid his mortgage online through HOMETOWN LENDERS’ website. When Borrower MD attempted to make his November payment, he experienced problems using HOMETOWN LENDERS’ website. MD had to contact HOMETOWN LENDERS’ customer service, which provided him with a link to make an online payment. He was provided documentation that his next payment due date is December 1, 2023. Furthermore, Borrower MD has an escrow account with HOMETOWN LENDERS for taxes and insurance that had a balance of \$1,747.77 as of October 19, 2023. Borrower MD assumed that HOMETOWN LENDERS would use his escrowed money to pay the tax bill due on October 1, 2023. Subsequently, he received the Delinquent Tax Letter. When he confronted HOMETOWN LENDERS, he was told that it was aware of the unpaid taxes and was hoping to sell the loan and for the next servicer to pay the taxes.
 - b. Borrower KN had a loan closed on July 11, 2023, with an escrow account with approximately \$963 deposited. Borrower KN pays \$1,100 per month toward the escrow and had made the September and October mortgage payments to HOMETOWN LENDERS. Subsequently, on September 28, 2023, she received information that her loan’s servicing was being transferred to another Licensee (“New Licensee”). Borrower KN made the November monthly payment to the New Licensee and noticed in the New Licensee’s portal that there were no funds in

escrow. KN has a tax bill for approximately \$5,000 coming up in December. When she questioned the New Licensee about this, they let her know that it would pay the tax bill, but she would be responsible for the shortage. When KN reached out to HOMETOWN LENDERS, she discovered that her MLO no longer worked there, and no one was answering the phone.

- c. Borrower RM-C had a loan originated by HOMETOWN LENDERS on June 27, 2023. RM-C would at times have trouble reaching someone at HOMETOWN LENDERS to make a payment. When attempting to make her October payment, she eventually reached a representative from HOMETOWN LENDERS who took the payment by phone, but told her it will probably not be taking payments anymore and that they would contact her. RM-C has heard nothing from HOMETOWN LENDERS since that conversation. RM-C called HOMETOWN LENDERS to make her November payment. The phone number she previously used was disconnected, and other number she tried would ring with no answer. After the investigation unit spoke with RM-C, HOMETOWN LENDERS reached out to her about the payment. However, the issue was not adequately dealt with and concerned the Department further.

12. As of December 6, 2023, the Department still has not received a response from HOMETOWN LENDERS regarding the RFI or been made aware of a resolution with any of the consumers who complained to the Department. However, a deficient request to surrender was received on November 30, 2023.

LEGAL CONCLUSION

13. The Department finds that HOMETOWN LENDERS is in violation of Sections 2-4(1), (r), & (t), 4-5(i)(7), (11), & (17), and 4-1(h-2).

NOW IT IS HEREBY ORDERED THAT,

The Department **REVOKES** HOMETOWN LENDERS' Illinois Residential Mortgage License No. MB.6761153 pursuant to Section 4-5(h)(1) of the Act.

ORDERED THIS 28TH DAY OF DECEMBER

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING



SUSANA SORIANO
ACTING DIRECTOR

You are hereby notified that this Order is an administrative decision. Pursuant to Section 4-12 of the Illinois Residential Mortgage License Act [205 ILCS 635/4-12] and the rules promulgated thereunder on Hearings Before the Division of Banking and Division of Financial Institutions [38 Ill. Adm. Code 100.5 *et seq.*], an affected party may file a petition for a hearing on an administrative decision by the Director. The petition for a hearing must be filed within 10 days after service of this Order by mail to the Department at 555 W. Monroe St., Suite 500, Chicago, IL 60201, Attn: Angela Alexandrakis with an electronic copy by email to Angela.Alexandrakis@illinois.gov. The petition for hearing must be in writing and set forth the petitioner's license number, docket number of the administrative decision that resulted in discipline, and date of the administrative decision, pursuant to 38 Ill. Adm. Code 100.30(c). Each party that requests a hearing shall pay a \$500 nonrefundable fee to the Department in accordance with 38 Ill. Adm. Code 100.20. After receipt of a properly completed and timely petition for hearing, a case will be docketed and notice sent to the petitioner setting forth the date, time, and place of the hearing. Absent a petition for a hearing, this Order shall constitute a final administrative decision subject to the Administrative Review Law [735 ILCS 5/3-101 *et seq.*].