

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

IN THE MATTER OF: )  
 ) No. 2024-MBR-04  
**NEXA MORTGAGE, LLC** )  
License No. MB.6761446; NMLS ID 1660690 )  
Attention: Michael Kortas )  
3100 W Ray Road Suite 201, Office # 209 )  
Chandler, AZ 85226 )  
 )  
 )

**ORDER SUSPENDING LICENSE AND ASSESSING FINE**

THE DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”), having conducted an examination and investigation of **NEXA MORTGAGE, LLC** (“**NEXA MORTGAGE**” or “**NEXA**”), 3100 W Ray Road, Suite 201, Office 209, Chandler, Arizona 85226 and having found violations of the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635], the Residential Real Property Disclosure Act [765 ILCS 77], the High Risk Home Loan Act [815 ILCS 137/95], and the rules promulgated under the Act (the “Rules”) [38 Ill. Adm. Code 1050] hereby issues this **ORDER SUSPENDING LICENSE AND ASSESSING FINE**.

**STATUTORY PROVISIONS**

1. 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.
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: (b) fail to maintain staff reasonably adequate to meet the requirements of Section 3-4 of this Act; (c) fail to keep and maintain for 36 months written records regarding any home mortgage in the course of the conduct of its residential mortgage business; (h) fail to file tax returns for the past 3 years or provide statement as to why no return was filed; (r) demonstrate by course of conduct, negligence or incompetence in performing any act for which it is required to hold a license; (t) fail to comply with the Act and Rules; and (u) fail to submit to periodic examination by the Secretary as required.
3. 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 rule.

4. Section 3-3 of the Act provides in pertinent part that mortgage loan advertisements by a licensee must reference the Nationwide Multistate Licensing System and Registry's Consumer Access website.
5. Section 3-4 of the Act provides that a licensee establishing an office in Illinois shall maintain a full service office as defined in Section 1-4(r) of the Act, with staff reasonably adequate to handle efficiently communications, questions, and all other matters relating to any application for a home mortgage or an existing home mortgage for which it is providing services for any borrower, lender, or other specified party. Subsection (a) states that offices shall not be located in any real estate, retail, or financial business establishment, unless separated from the other business by a separate and distinct area within the establishment.
6. Section 4-1(h-1) of the Act provides that the 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.
7. 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 (17) failure to comply with or violation of any provision of the Act; and (18) failure to comply with or violation of any provision of Article 3 of the Residential Real Property Disclosure Act (RRPDA).
8. Section 4-5(h)(5) of the Act provides that when the Director finds any person in violation of the grounds set forth in subsection (i), the Director may enter an order imposing a fine of up to \$25,000 for each count of a separate offense.
9. Section 5-11 of the Act requires licensees to provide to the borrower a complete copy of any appraisal, including any appraisal generated using the Automated Valuation Model, obtained by the lender for use in underwriting the residential mortgage loan within 3 business days of receipt by the licensee, but in no event less than 24 hours prior to the day of closing. The appraisal may be sent via first class mail, commercial carrier, by facsimile or by e-mail, if the borrower has supplied an e-mail address.
10. 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.
11. 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.

12. Section 1050.1020(b) of the Rules provides that the Loan Brokerage Disclosure Statement shall prominently display the name under which the entity is licensed under the Act, any other names under which the licensee has engaged in activities regulated by the Act, even if not licensed under the current or predecessor Act, during the preceding 10 years and, if applicable, the name of the parent or affiliated company.
13. 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.
14. Section 1050.1176(a)(1) of the Rules provides, pursuant to Section 2-4(c) of the Act, that each licensee shall retain all records prepared or received in the course of its residential mortgage business for 36 months.
15. Section 1050.1350 of the Rules states that commitment and closing procedures of a licensee shall comply with applicable Federal and State statutes and regulations.
16. 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”).
17. Section 95 of the High Risk Home Loan Act [815 ILCS 137/95] prohibits licensees from making a high risk home loan unless the lender has given the prescribed notice.

### **FACTUAL FINDINGS**

18. NEXA MORTGAGE is a residential mortgage licensee holding Illinois Residential Mortgage License Number MB.6761446 since October 25, 2019.

### **COUNT I**

19. The Department commenced a regular examination of NEXA for the examination period covering October 25, 2019 to June 30, 2022 (“Examination”). The Department’s Pre-Examination Alert Requirements Letter (“PEARL”) was sent to licensee on July 15, 2022.
20. The PEARL set a deadline of August 15, 2022 for NEXA to submit all required examination materials, including but limited to loan logs, a narrative of the company’s business functions, all legal matters pending, a repurchase log and consumer complaints.
21. On July 18, 2022, the Department sent a follow up email to NEXA requesting additional loan logs. The Department did not receive a response.
22. On July 25, 2022, Department sent a follow-up email to inquire on the status of the loan logs. NEXA did not respond.
23. On August 8, 2022, the Department contacted NEXA again to check on the status of the loan logs. NEXA’s Compliance Director finally submitted loan logs on August 10, 2022.
24. After reviewing the loan logs, the Department issued a written request for loan files to NEXA. On August 23, 2022, NEXA submitted the requested loan files.

25. NEXA did not submit the other examination materials requested in the PEARL.
26. The Department granted NEXA additional time, until September 16, 2022, to submit the outstanding examination materials.
27. On September 14, 2022, NEXA MORTGAGE requested additional time to submit the outstanding examination materials. The Department granted a two-week extension until September 29, 2022.
28. NEXA failed to submit the remaining examination materials by the September 29, 2022 deadline.
29. On October 6, 2022, NEXA submitted additional exam materials, which included marketing and advertising materials and the loan origination log, but did not submit the other documents requested in the PEARL.
30. To date, NEXA has failed to submit numerous other examination materials.
31. In addition to failing to submit the required exam materials, upon review of the loan files provided by NEXA, the Department found several violations contained therein:
  - a. In the loan file for E.W., the Department found that NEXA misrepresented the total monthly payment due. NEXA initially represented that the monthly loan payment would be \$1486.09 when in fact the monthly loan payment was \$2445.28.
  - b. In the Notice to Borrower provision, NEXA failed to disclose a high-cost loan. In the loan file for E.W., the borrower received a high-cost loan where NEXA's loan origination charges and VA funding fees increased from \$10,591 to \$20,472. As a result, NEXA was required to provide a high-cost loan disclosure and credit counseling approved by the State of Illinois. NEXA failed to provide an explanation why the borrower was overcharged for the origination and VA funding fees and failed to provide the disclosure.
  - c. In September 2022, an Examiner visited the Plainfield branch, and observed the Plainfield branch is a residential home with no signage. While at the office, EIC inquired of additional staff to assist with the exam process, and no other staff was identified or present to assist with the exam process.
  - d. In loan file. Z.M. the initial loan estimate was not provided.
  - e. NEXA's revised loan estimate and Notice of Change of Circumstances were missing from loan files for E.W. and J.X.
  - f. Loan files Z.M., C.R., J.S., J.X., and E.W. failed to contain proof of income.
  - g. Loan file J.S. failed to contain the borrower's income. Additionally, in loan file J.X., there was no income or employment information for the borrower.
  - h. Seven loans should have been entered into the anti-predatory lending database but were not: loan files LA., R.C., Z.M., C.R., J.S., J.X., and E.W.

32. Additionally, NEXA failed to provide numerous disclosures and retain required documents in several loan files, including but not limited to: the First Payment Letter, Payoff Letter, photo ID, Right to Choose Title Insurance Co., a missing real estate contract, Loan Brokerage Agreement, Loan Brokerage Disclosure Statement, Borrower Information Document, Appraisal Report, Proof of Income, Homeownership Counseling List and Acknowledgement.

## COUNT II

33. On May 19, 2022, the Department opened an investigation into alleged misconduct in connection with NEXA's business practices and activities.
34. As the holder of a residential mortgage license, NEXA utilizes the Nationwide Multistate Licensing System and Registry ("NMLS") to submit all applications for licensure to various states, including Illinois. Through its investigation, the Department reviewed NMLS records of NEXA's applications for licensure. The investigation found the following:
- a) Palatine branch: NEXA submitted a Branch Form (MU3) Filing for the Palatine Branch without previously requesting an Illinois license for this location. NEXA belatedly requested an additional full service office license in Illinois, which it later withdrew. During the intervening 2 years and 3 months, NEXA processed 162 loan applications at the Palatine Branch, without ever obtaining an Illinois license.
  - b) Naperville branch: NEXA submitted a Branch Form (MU3) Filing for the Naperville Branch without previously requesting an Illinois license for this location. NEXA belatedly requested an additional full service office license in Illinois, which it later withdrew. During the intervening 9 months, NEXA processed 31 loan applications at the Naperville Branch, without ever obtaining an Illinois license.
  - c) Homer Glen branch: NEXA submitted a Branch Form (MU3) Filing for the Homer Glen Branch without previously requesting an Illinois license for this location. NEXA belatedly requested an additional full service office license in Illinois, which it later withdrew. During the intervening 9 months, NEXA processed 4 loan applications at the Homer Glen Branch, without ever obtaining an Illinois license.
  - d) Chicago branch: NEXA submitted a Branch Form (MU3) Filing for the Chicago Branch without previously requesting an Illinois license for this location. NEXA belatedly requested an additional full service office license in Illinois, which it later withdrew. During the intervening 9 months, NEXA processed 7 loan applications at the Chicago Branch, without ever obtaining an Illinois license.
  - e) Oak Brook branch: NEXA submitted a Branch Form (MU3) Filing for the Oak Brook Branch without previously requesting an Illinois license for this location. NEXA belatedly requested an additional full service office license in Illinois. During the intervening 3

months, NEXA processed 150 loan applications at the Oak Brook Branch, without ever obtaining an Illinois license.

- f) Plainfield branch: NEXA submitted a Branch Form (MU3) Filing for the Plainfield Branch without previously requesting an Illinois license for this location. NEXA belatedly requested an additional full service office license in Illinois, which it later withdrew. During the intervening 10 months, NEXA processed 20 loan applications at the Plainfield Branch, without ever obtaining an Illinois license. A Department examiner visited the Plainfield branch and observed that the Plainfield Branch was a residence. Additionally, there was no signage at the location stating that it was a NEXA office.
- g) Addison branch: NEXA submitted a Branch Form (MU3) Filing for the Addison Branch. The Department approved the Addison Branch application. NEXA subleased the office space for the Addison Branch from a real estate company, Luxara Real Estate, LLC, and they shared the same suite in the building. No mortgage loan originators were assigned to this location in NMLS. The Department visited the Addison Branch and there was a sign for a company called PreferredCo Realty & Investments. There was no sign on or around the building or suite for NEXA.

### LEGAL CONCLUSION

35. NEXA MORTGAGE is in violation of Sections 1-3(f), 1-4(r), 2-4(b), (c), (h), (r), (t), and (u), 2-8, 3-3(b), 3-4, 4-1(h-1), 4-5(i)(17) and (18), and 5-11 of the Act; Sections 1050.210(e), 1050.350, 1050.1020(b), 1050.1175, 1050.1176(a)(1), and 1050.1350 of the Rules.
36. NEXA MORTGAGE is in violation of Section 77/70(c) of the Residential Real Property Disclosure Act.
37. NEXA MORTGAGE is in violation of Section 95 of the High Risk Home Loan Act.

### NOW IT IS HEREBY ORDERED THAT,

1. The Department **SUSPENDS** NEXA MORTGAGE LLC'S Illinois Residential Mortgage License No. MB.6761446 for a period of 30 days from the Effective Date of this Order pursuant to Section 4-5(h)(2) of the Act.
2. The Department assesses a **FINE** against NEXA MORTGAGE, LLC in the amount of \$100,000 pursuant to Section 4-5(h)(5) of the Act for violation of the aforementioned Act and Rules sections. Licensee must submit payment to the Department through NMLS in the amount of \$100,000. Payment shall be submitted within 30 days of the Effective Date of this Order.

ORDERED THIS \_\_16\_\_ DAY OF \_\_JULY\_\_, 2024

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING

A black rectangular redaction box covers the signature of Susana Soriano. A handwritten number '9' is visible below the redaction.

---

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](mailto: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). An MB that requests a hearing shall pay a \$500 nonrefundable fee to the Department in accordance with 38 Ill. Adm. Code 1050.210(f). 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.*].**