

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

| | | |
|--|---|------------|
| IN THE MATTER OF: |) | |
| |) | 2024-MB-14 |
| STATEWIDE LENDING, INC. |) | |
| License No. MB. 6760598; NMLS No. 280493 |) | |
| 2182 Gladstone Court, Suite C |) | |
| Glendale Heights, IL 60139 |) | |

CONSENT ORDER

The ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”) and **STATEWIDE LENDING, INC.** (“**STATEWIDE**”) hereby enter into this Consent Order pursuant to the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and the Rules promulgated thereunder (“Rules”) [38 Ill. Adm. Code 1050] and stipulate and agree as follows:

STIPULATION & AGREEMENT

The Department and STATEWIDE stipulate that the Department, pursuant to its authority under the Act and Rules, conducted a review of STATEWIDE’S compliance with the Residential Real Property Disclosure Act, 765 ILCS 77 *et seq.* (“RRPDA”), the Act and Rules, including STATEWIDE’S entry of loans into the Anti-Predatory Lending Database (“APLD”).

STATUTORY PROVISIONS

1. Section 4-1(h-1) of the Act grants the Department the authority 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 purpose of administering the provisions of the Act and any rule adopted in accordance with the Act.
2. Section 4-5(i) of the Act states, in part, that certain acts shall constitute grounds for disciplinary action as specified in Section (h), which acts include: (2) fraud, misrepresentation, deceit or negligence in any mortgage loan transaction; (17) violating any provision of the Act or rule promulgated under the Act; and (18) failure to comply with or any violation of any provision of Article III of the RRPDA.

3. Section 4-5(h)(5) of the Act provides for the imposition of a fine not to exceed \$25,000 for each count or separate offense.
4. Section 70 of the RRPDA requires mortgage brokers or loan originators to submit to the APLD all of the information required under RRPDA Section 72 for any mortgage on property located within the program area of Cook, Kane, Peoria, and Will counties. Information must be entered within 10 business days after taking a mortgage loan application.
5. Section 72 of the RRPDA requires that all information entered into the APLD must be true and correct to the best of the originator's knowledge and updated prior to closing.
6. 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 contains 16 required fields of information. All information provided must be accurate and updated to remain current.

FACTUAL FINDINGS

7. The Department found through review of the 2022 Report of Examination ("2022 Examination") that STATEWIDE entered 3 loans late in violation of RRPDA Section 70(c). STATEWIDE began the APLD data entry for 1 of these loans on the date of the closing. A total of 5 loans were examined. This was a repeat violation cited in a previous examination.
8. A review of STATEWIDE APLD entries was conducted based on the violations found in the 2022 Examination Report. The review confirmed the repeat violations and also found the following:
 - a. Failure to Timely make Entries into APLD. The review revealed twenty-three (23) total violations of RRPDA Section 70(c).
 - b. APLD Loan Entries at or after Closing. The review revealed twenty-two (22) loans entered into APLD on the date of closing or a date after closing, violations of RRPDA Sections 70(c) and 70(e).
 - c. Loan Log Discrepancy. The review also revealed seventy-five (75) loans entered into APLD that were not listed in the loan log, a violation of Section 1050.1175 of the Rules.

TERMS AND CONDITIONS

WHEREFORE, the Department and STATEWIDE agree as follows:

- I. STATEWIDE'S Residential Mortgage License No. MB.6760598 is placed on Probation

pursuant to Section 4-5(h)(3) of the Act for a period of 24 months from the Effective Date (the “Term”).

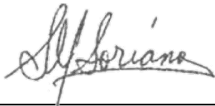
- II. During the Term, the Department may conduct periodic examinations and STATEWIDE shall enhance its compliance policies and procedures and training as described in Paragraphs VI-VIII, below, and self-report its progress to the Department.
- III. After a period of 12 months from the Effective Date, if the Department determines, in its sole discretion, that STATEWIDE is operating in a safe, sound, and lawful manner, the Department may terminate the Term.
- IV. For the Term, or so long as STATEWIDE takes loan applications subject to the Act: (1) for each quarter (*i.e.*, the three-month periods ending March 31st, June 30th, September 30th, and December 31st) STATEWIDE shall submit to the Department 25 randomly selected transactions from Cook, Kane, Peoria, and Will counties to analyze compliance with the RRPDA, and (2) STATEWIDE shall provide to the Department the following information for each randomly selected transaction using the form and format provided by the Department within two weeks of the end of each quarter.
 - a. The Anti-Predatory Lending Database (“APLD”) loan ID
 - b. If no APLD entry, basis for any exemptions
 - c. In Licensee’s opinion was the APLD entry accurate and proper?
 - d. PIN
 - e. Date of application
 - f. Date of original entry in APLD
 - g. Whether the borrower or borrowers were all first-time homebuyers or refinancing a primary residence
 - h. The principal balance of the loan at closing
 - i. The principal loan balance entered by originator/broker
 - j. The interest rate of the loan at closing
 - k. The interest rate entered by originator/broker
 - l. The total % points and fees at closing
 - m. The % points and fees entered by originator/broker
 - n. Were the loan terms updated in APLD? (y, n, or n/a)
 - o. Whether there were interest only payments
 - p. The % points and fees entered by originator/broker
 - q. Were the loan terms updated in APLD? (y, n, or n/a)
 - r. Whether there was negative amortization
 - s. Whether there was a prepayment penalty
 - t. Whether there was an adjustable rate within three (3) years.
- V. STATEWIDE shall provide a methodology acceptable to the Department by which it will randomly select the transactions before it conducts its first quarterly review, and in no event later than 30 days after the Effective Date.

- VI. STATEWIDE shall demonstrate to the Department that it has (1) enhanced its policies and procedures regarding oversight of RRPDA and loan documentation compliance and (2) provided, at least annually, and within 90 days of hiring for new hires, a training to its employees and agents who submit or intend to submit, either directly or indirectly, information to the APLD on behalf of STATEWIDE.
- VII. STATEWIDE shall provide the training and oversight to persons engaged to perform loan origination or processing services on behalf of STATEWIDE, but not third parties such as closing attorneys and title agents who have independent obligations under the RRPDA. These policies and procedures and training must include, but not be limited to: compliance with the Act and its implementing regulations; ethics in the residential mortgage loan industry; and understanding mortgage loans.
- VIII. STATEWIDE'S training shall also include compliance with RRPDA, requirements to input APLD information within 10 days of loan application, updating any changes, and ensuring that loans requiring counseling pursuant to the RRPDA are identified. The verification of adequate training and policies and procedures with the Department must occur within 60 days after the Effective Date.
- IX. During the Term, STATEWIDE shall notify the Department in writing of all training it intends to offer pursuant to Paragraphs VI-VIII at least 30 days prior to the date of the training.
- X. STATEWIDE shall provide a copy of all training materials it intends to use at any trainings conducted pursuant to Paragraphs VI-VIII least 14 days before the scheduled training. The Department, in its sole discretion and with prior notice to STATEWIDE may attend or participate in the trainings.
- XI. STATEWIDE will submit all requested documents via email, unless stated otherwise, to the email address that will be provided by the Department.
- XII. STATEWIDE agrees to pay a fine to the Department pursuant to Section 4-5(h)(5) of the Act, in the amount of \$15,000. The Fine shall be paid through NMLS according to the following payment schedule: (a) a payment of \$7,500 within 14 days of the Effective Date of this Consent Order and (b) a payment of \$7,500 within 75 days of the Effective Date of this Consent Order. If the Department does not receive any payment described in this Paragraph on its due date, the amount of \$15,000 less prior payments made by Petitioners shall become immediately due and payable.
- XIII. In the event any STATEWIDE fails to comply with any of the corrective action measures in Paragraphs I - X, or fails to make any payment of the Fine according to the schedule specified in Paragraph XII, STATEWIDE'S license will be immediately suspended, without a hearing, until the Department determines STATEWIDE is again in compliance. Notice of any noncompliance and suspension will be issued by the Department in writing, and may be made by electronic mail. If compliance is still not met within six months of the Department's notice, the Department will promptly Revoke STATEWIDE's license.

- XIV. By executing this Consent Order, STATEWIDE agrees to not file any petition for administrative hearing or judicial review of, or in connection with, this Consent Order, except in any proceeding by the Department to enforce compliance with the terms of this Consent Order. The Department has the right to prosecute any matter that is not addressed in this Consent Order, except for the type of violation cited in paragraphs 7 and 8 of this Consent Order prior to the Effective Date. STATEWIDE acknowledges that it was represented by legal counsel in negotiating this Consent Order, and that it willingly enters into this Consent Order after full review, evaluation, and consideration and with full knowledge of its rights under the Act, the Rules, the rules on Hearings Before the Division of Banking and Division of Financial Institutions [38 Ill. Adm. Code 100], and the Illinois Administrative Procedure Act [5 ILCS 100].
- XV. The Department enters into this Consent Order for the purpose of imposing measures that are fair and equitable under the circumstances and that are consistent with the best interests of the people of the State of Illinois.
- XVI. This Consent Order shall become effective (the “Effective Date”) after all of those hereinafter designated sign and date the Consent Order, as of the date that the last of those designated for the Department sign and date the Consent Order.

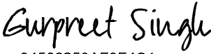
The foregoing Consent Order is approved in full.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING



SUSANA SORIANO
ACTING DIRECTOR

Date: 12/9/2024

DocuSigned by:


Gurpreet Singh, President
Statewide Lending, Inc.

Date: 12/6/2024