STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:	)	
	)	No. 2025-01
DELUXE MORTGAGE PROCESSING, LLC Attn: Laura Flores, CEO	)	

EXEMPT ENTITY PROCESSOR REGISTRATION DENIAL ORDER

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, ("Department"), having conducted a review of the application for an Exempt Entity Processor Registration by applicant **DELUXE MORTGAGE PROCESSING, LLC,** pursuant to the Residential Mortgage License Act of 1987 ("Act") [205 ILCS 635/1 et seq.] and the rules promulgated thereunder ("Rules") [38 Ill. Adm. Code 1050], hereby issues this DENIAL ORDER for failure to meet the requirements of the Act and Rules.

STATUTORY PROVISIONS

1. Section 1-3(a-1)(3) of the Act states that the Secretary may deny an exempt company registration to an exempt person or fine, suspend, or revoke an exempt company registration if the Secretary finds one of the following: (C) that the exempt person refused or failed to furnish, within a reasonable time, any information or make any report that may be required by the Secretary.

2. Subsection 1-3(a-5) of the Act states that an entity that is exempt from licensure pursuant to Section 1-4(d)(7) of the Act as an independent loan processing entity shall annually apply to the Secretary through the Nationwide Multistate Licensing System and Registry ("NMLS") for an exempt company registration for the purpose of sponsoring one or more individuals subject to the mortgage loan originator ("MLO") licensing requirements of Article VII of the Act.

3. Subsection 1-3(a-5) of the Act further provides that a loan processor who performs clerical or support duties at the direction of and subject to the supervision and instruction of a licensed MLO sponsored by an independent loan processing entity shall be exempt from his or her own licensing as an MLO. An independent loan processing entity shall not be subject to examination by the Secretary. The Secretary may adopt rules to implement any provisions necessary for the administration of subsection (a-5).
4. Section 1-4(d)(7) of the Act provides that "Exempt person or entity" shall mean, among other things, "Any entity engaged solely in providing loan processing services through

the sponsoring of individuals acting pursuant to subsection (d) of Section 7-1A of this Act."

5. Section 7-1A(d) of the Act states that a loan processor or underwriter who is an independent contractor may not engage in the activities of a loan processor or underwriter unless he or she obtains and maintains an MLO license under subsection (a) of Section 7-1A. Each independent contractor loan processor or underwriter licensed as an MLO must have and maintain a valid unique identifier issued by NMLS.

6. Section 1050.370(b)(3) states that an independent loan processor entity must employ one or more individuals licensed as an MLO to provide supervision and instruction to one or more individuals performing loan processing services. If only one loan processor is providing services for an independent loan processing entity, that individual must be licensed as an MLO to meet the supervision and instruction requirement set forth in the Act and Part 1050.

LEGAL BACKGROUND

7. Illinois implemented the federal Secure and Fair Enforcement Mortgage Licensing Act (Pub. L. No. 110-289) by amending the Act (P.A. 95-0112, effective July 31, 2009).

8. As a result of this amendment, the Act states that a loan processor or underwriter who is an independent contractor may <u>not</u> engage in the activities of a loan processor or underwriter unless he or she obtains and maintains an MLO license under subsection (a) of Section 7-1A of the Act ("MLO License").

9. In order for an MLO to be active, they must be employed or sponsored by a Residential Mortgage Licensee. Therefore, prior to August 14, 2018, to be a loan processor who is an independent contractor, two licenses were required. First, this type of loan processor needed to obtain an MLO License. Second, the same loan processor needed to obtain a Residential Mortgage License under Section 1-3(a) of the Act ("Residential Mortgage License") to sponsor their own MLO License.

10. Effective August 14, 2018, Public Act 100-851 amended the Act to create the Exempt Entity Processor ("EEP") registration. The purpose of this registration was to fulfill the requirement of having a sponsoring entity for the MLO License for a loan processor who is an independent contractor without having that entity meet all the requirements needed for a Residential Mortgage License

11. Following enactment of P.A. 100-851, the Department's Rules were amended to clarify the purpose of the MLO that must be employed by an EEP. This MLO is required to provide supervision and instruction to one or more individuals of the EEP performing loan processing services. If only one loan processor is providing services for an independent loan processing entity, that individual <u>must</u> be licensed as a Mortgage Loan Originator to meet the supervision and instruction requirement set forth in the Act. 1050.370(b)(3).

FACTUAL FINDINGS

12. DELUXE MORTGAGE PROCESSING is an applicant for an EEP registration with an application filed on May 10, 2024.

13. DELUXE MORTGAGE PROCESSING was made aware that its application for the EEP registration was deficient due to not sponsoring an MLO.

14. By not sponsoring an MLO, DELUXE MORTGAGE PROCESSING would be in violation of the Act and Rules.

15. Once DELUXE MORTGAGE PROCESSING was made aware of this requirement, it presented an MLO it intended to sponsor to the Department by amending its application on July 29, 2024. The Department determined that said MLO was already sponsored by another Residential Mortgage Licensee and had no intentions of surrendering his MLO License to work for DELUXE MORTGAGE PROCESSING.

16. Because the MLO presented to the Department would not be exclusively sponsored by DELUXE MORTGAGE PROCESSING, the MLO could not meet the supervision and instruction requirements of the Act and Rules, consequently, DELUXE MORTGAGE PROCESSING removed the sponsorship on July 30, 2024. Its registration application for the EEP was still deficient.

17. DELUXE MORTGAGE PROCESSING was given numerous opportunities to provide the requested information since July 30, 2024, but is still deficient as of the date of this Order.

LEGAL CONCLUSIONS

18. Based on DELUXE MORTGAGE PROCESSING, LLC's failure to identify an MLO for the purpose of (a) the company not being an independent contractor loan processor and (b) an MLO being eligible to satisfy the supervision and instruction requirements of Sections (1-3)(a-5) and 7-1A(d) of the Act and Section 1050.370(b)(3) of the Rules, the EEP registration application remains deficient.

NOW IT IS HEREBY ORDERED THAT,

The Department DENIES **DELUXE MORTGAGE PROCESSING, LLC** application for an Exempt Entity Processor Registration, pursuant to Section 1-3(a-1)(3) of the Act.

ORDERED THIS DAY 16 OF APRIL 2025

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING

[redacted]

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 60661, Attn: Angela Alexandrakis with an electronic copy by email to Angela.Alexandrakis@illinois.gov and fpr.doblegal@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.*].