

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

IN THE MATTER OF:)
) 2025-MBR-01
CLS MORTGAGE INC.)
License No. MB.6761807; NMLS ID 2043652)
917 Plum Grove Road, Suite C)
Schaumburg, IL 60173)

ORDER ASSESSING FINE AND PROBATION

The ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”), having investigated the activities of CLS MORTGAGE INC. (“CLS” or “Licensee”) and having documented violations under the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and the Rules promulgated thereunder (“Rules”) [38 Ill. Adm. Code 1050], and the Residential Real Property Disclosure Act (“RRPDA”) [765 ILCS 77] finds as follows:

STATUTORY PROVISIONS

1. Section 2-4 of the Act makes it a violation of the Act to (r) demonstrate by course of conduct, negligence or incompetence in performing any act for which it is required to hold a license a license under this Act; or (t) fail to comply with the provisions of this Act, or any rule or regulation made or issued under the provisions of this Act.
2. 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 this Act and any rule adopted in accordance with the Act.
3. Section 4-5(i) of the Act states, in part, that the following acts shall constitute grounds for disciplinary action: (2) fraud, misrepresentation, deceit or negligence in any mortgage transaction, (17) violating any provision of this Act or rule promulgated under this Act, and (18) failure to comply with or any violation of any provision of Article 3 of the RRPDA.
4. Section 4-5(h) of the Act provides for one or more of the following penalties for a violation

of subsection 4-5(i): under subsection 4-5(h)(3), placement of the licensee on probation; under subsection 4-5(h)(5), the imposition of a fine not to exceed \$25,000 for each count or separate offense.

5. Article 3, Section 70 of the RRPDA, requires mortgage brokers or loan originators to submit to the Anti-Predatory Lending Database (“APLD”) all of the information required under RRPDA Section 77/72 for any mortgage on residential property 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.
6. 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.

FACTUAL FINDINGS

7. In 2021, Department staff reviewed CLS’s compliance with the Anti-Predatory Lending Database (“APLD”) and discovered that CLS had not timely entered any of its 152 refinance loans generated in 2021 into APLD, in violation of the RRPDA.
8. The Department informed CLS of this improper activity in 2022, but further review uncovered additional violations of the RRPDA in 2022 and 2023, including:
 - a. Late entries of loan data into APLD totaling 11 entries, including 7 entries commenced on the day of closing, in violation of RRPDA Section 70; and
 - b. Inaccurate reporting of points and fees in the APLD totaling 3 entries in violation of RRPDA Section 72.
9. Furthermore, a review of CLS’s 2024 data showed the following violations of the RRPDA:
 - a. Late entries of loan data into APLD totaling 45 late entries, including 8 entries commenced on the day of closing or after closing; and
 - b. Failure to enter any loan data for 1 loan into the APLD.

LEGAL CONCLUSIONS

10. The Department finds that CLS MORTGAGE INC. has violated Sections 2-4 (r) and (t) and Sections 4-5(i)(2), (17) and (18) of the Act.

NOW IT IS HEREBY ORDERED THAT,

11. The Department assesses a **FINE** against CLS MORTGAGE INC. in the amount of \$30,000 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 \$30,000. Payment shall be submitted within 30 days of the Effective Date of this Order.

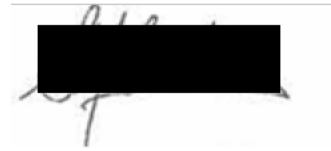
12. The Department places CLS MORTGAGE INC.'s Illinois Residential Mortgage License No. MB. 6761807 on Probation for a period of 24 months from the Date of this Order (the "Term") pursuant to Section 4-5(h)(2) of the Act as follows:
 - a. During the Term, the Department may conduct periodic examinations and CLS shall enhance its compliance policies and procedures and training as described in Paragraphs 12(d)-(e), below, and self-report its progress to the Department.
 - b. During the Term: (1) each quarter, CLS shall submit to the Department 20 randomly selected transactions from Cook, Kane, Peoria, and Will counties to analyze compliance with the RRPDA, and (2) CLS 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:
 - 1) The Anti-Predatory Lending Database ("APLD") loan ID
 - 2) If no APLD entry, basis for any exemptions
 - 3) In Licensee's opinion was the APLD entry accurate and proper?
 - 4) PIN
 - 5) Date of application
 - 6) Date of original entry in APLD
 - 7) Whether the borrower or borrowers were all first-time homebuyers or refinancing a primary residence
 - 8) The principal balance of the loan at closing
 - 9) The principal loan balance entered by originator/broker
 - 10) The interest rate of the loan at closing
 - 11) The interest rate entered by originator/broker
 - 12) The total % points and fees at closing
 - 13) The % points and fees entered by originator/broker
 - 14) Were the loan terms updated in APLD? (y, n, or n/a)
 - 15) Whether there were interest only payments
 - 16) The % points and fees entered by originator/broker
 - 17) Were the loan terms updated in APLD? (y, n, or n/a)
 - 18) Whether there was negative amortization
 - 19) Whether there was a prepayment penalty
 - 20) Whether there was an adjustable rate within three (3) years.
 - c. CLS 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 Date of this Order.

- d. CLS 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 Licensee.
- e. CLS shall provide the training and oversight to persons engaged to perform loan origination or processing services on behalf of Licensee, 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.
- f. CLS'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 Date of this Order.
- g. During the Term, CLS shall notify the Department in writing of all training courses it intends to offer pursuant to Paragraphs 12(e)-(f) at least 30 days prior to the date of the training.
- h. CLS shall provide a copy of all training materials it intends to use at any trainings conducted pursuant to Paragraphs 12(e)-(f) at least 14 days before the scheduled training. The Department, in its sole discretion and with prior notice to CLS may attend or participate in the trainings.
- i. CLS will submit all requested documents via email, unless stated otherwise, to the email address that will be provided by the Department.

ORDERED THIS 10th DAY OF FEBRUARY 2025.

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 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). 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.*].