

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

IN THE MATTER OF:)
)
)
NEWCASTLE HOME LOANS LLC)
2349 N. Elston Ave) No. 2007-MBR- 33
Chicago, Illinois 60614)
)
)
License No. MB.0006897)

ORDER ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the "Department"), having conducted an investigation related to activities conducted by NewCastle Home Loans, LLC, (the "Licensee") and having documented violations of the Residential Mortgage License Act of 1987 (the "Act") [205 ILCS 635] and the rules promulgated under the Act (the "Rules") [38 Ill. Adm. Code 1050], hereby issues this ORDER pursuant to the authority provided under Section 4-5 (h)(5) of the Act. The Department makes the following:

FINDINGS

1. That NewCastle Home Loans, LLC is an Illinois residential mortgage licensee holding license No. MB.0006897 and located at 2349 N. Elston Ave., Chicago, Illinois 60614;
2. That on June 14, 2007 the Department commenced an investigation of Licensee and observed and/or found documentation and other evidence that Licensee has failed to properly supervise its loan originators or, in the alternative, has taken part in a flipping scheme involving various units of a condominium property known as One Renaissance Place, Palatine, Illinois ("ORP");
3. That, Licensee employed, and was responsible for the supervision of, a loan originator named Brian Angarone ("Angarone"), 031.0015916.
4. That, on or about May 18, 2007, Angarone originated a mortgage loan for the purchase of ORP Unit 918. The borrower was referred to Angarone by a real estate salesperson;

5. That investigation and review of the loan file for ORP Unit 918 revealed that the borrower had falsified employment and income information, stating monthly income of \$9,800 when, in reality, it was \$1,406. Angarone took no action to verify the employment and income information;
6. That Licensee was either negligent in that it was unaware of the falsified information or, in the alternative, allowed the loan application to proceed in spite of it;
7. That, on or about May 30, 2007, Angarone received a completed loan application for the purchase of ORP Unit 900 from the same real estate salesperson who referred the borrower for Unit 918. The seller of Unit 900 was the same person for whom Angarone had originated the prior loan on Unit 918. Angarone stated that he was unaware of this fact although a review of the real estate sale contract would have revealed this information;
8. That Angarone never spoke with the borrower regarding the loan for ORP Unit 900 although he signed the Form 1003 application which stated that he had conducted a telephone interview with the borrower;
9. That the investigation later revealed that the borrower for the loan on ORP Unit 900 falsified employment and income information on the Form 1003, and that Angarone took no action to verify any of the information that had been provided to him by the real estate salesperson;
10. That, due diligence would have revealed that ORP Unit 900 had been remodeled prior to its most recent sale, in which the sale price was substantially less than the sale price of the sale in question. Angarone did not question the appraisal which stated that the remodeling took place after the prior sale. The correct information would have affected the value of the unit for underwriting purposes;
11. That Angarone did not attend the closing for ORP Unit 900; and
12. That Licensee was either negligent in that it was unaware of the falsified information and the practices of its loan originator or, in the alternative, allowed the loan application to proceed in any event, effectively approving such practices.

CONCLUSIONS

BASED UPON THE ABOVE FINDINGS, THE DEPARTMENT IS OF THE OPINION AND CONCLUDES:

1. That Licensee has demonstrated, by its course of conduct, negligence or incompetence in performing acts for which it is required to hold a license under the Act, in violation of Sec. 2-4(r);
2. That Licensee has failed to exercise supervision and control over one or more of its loan originators, with the result that Licensee has engaged in fraudulent home mortgage underwriting practices in violation of Sec. 2-4(f) of the Act; and

3. That Licensee has engaged in fraud, misrepresentation, deceit or negligence in a mortgage financing transaction as set forth in Sec. 4-5(i)(2) of the Act.

ORDER

NOW THEREFORE IT IS HEREBY ORDERED:

1. That NewCastle Home Loans, LLC, License No. MB.0006897, shall be and hereby is assessed a fine of \$10,000 for all violations.
2. The total fine in the amount of \$10,000 shall be due thirty (30) days after the effective date of this Order upon NewCastle Home Loans, LLC.
3. The fine in the amount of \$10,000 shall be paid by means of a certified check or money order made payable to the:

**Department of Financial and Professional Regulation
Division of Banking
ATTN: FISCAL DIVISION, 2ND FLOOR
320 W. Washington Street
Springfield, IL 62786**

ORDERED THIS 7TH DAY OF AUGUST, 2007

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DEAN MARTINEZ, SECRETARY

DIVISION OF BANKING
JORGE A. SOLIS, DIRECTOR

REYNOLD M. BENJAMIN
Assistant Director, Division of Banking

You are hereby notified that this Order is an administrative decision. Pursuant to 205 ILCS 635/4-12 and 38 Ill. Adm. Code, 1050.1510 *et seq.* any party may file a request for a hearing on an administrative decision. The request for a hearing shall be filed within 10 days after the receipt of an administrative decision and, if so requested, a hearing shall be held on the administrative decision, by the Department of Financial and Professional Regulation, Division of Banking. Absent a request for a hearing, this Order shall constitute a final administrative Order subject to the Administrative Review Law [735 ILCS 5/3-101 *et seq.*].

