

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)
) No. 2012-MBR-22
NETMORE AMERICA, INC.)
License No. MB.6760624)
Attention: Mark A. Freedle)
109 E. Main Street, Suite 301)
Walla Walla, WA 99362)

ORDER REVOKING LICENSE & ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (“Department”), having reviewed the activities of NetMore America, Inc. (“NetMore”) pursuant to the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and the rules promulgated under the Act (“Rules”) [38 Ill. Adm. Code 1050], hereby issues this Order for violations of the Act and Rules.

STATUTORY PROVISIONS

1. Section 2-4(c) of the Act provides that each application for a license or renewal of a license shall be accompanied by an averment that the applicant will keep and maintain for 36 months the same written records as required by the federal Equal Credit Opportunity Act, and any other information required by regulations of the Director of the Division of Banking (“Director”) regarding any home mortgage in the course of the conduct of its residential mortgage business
2. Section 2-4(t) of the Act provides that each application for a license or renewal of a license shall be accompanied by an averment that the applicant will comply with the provisions of this Act, or with any lawful order, rule or regulation made or issued under the provisions of this Act.
3. Section 2-6(e) of the Act provides that a licensee ceasing an activity or activities regulated by this Act and desiring to no longer be licensed shall inform the Department in writing and, at the same time convey the license and all other symbols or indicia of licensure. The licensee shall include a plan for withdrawal from regulated business, including a timetable for the disposition of the business, and comply with the Department’s surrender guidelines or requirements.
4. Section 3-2(d) of the Act provides that the most recent audit report shall be filed with the Director within 90 days after the end of the licensee’s fiscal year. The report filed with the Director shall be certified by the certified public accountant conducting the audit. The Director may promulgate rules regarding late audit reports.

5. Section 3-4(b) of the Act provides that in lieu of maintaining a full service office in the State of Illinois, a license whose principal place of business is located outside the State of Illinois must submit a certified audit as required by Section 3-2 of this Act evidencing a minimum net worth of \$150,000 which must be maintained at all times, and shall submit and maintain a fidelity bond in the amount of \$100,000.
6. Section 4-2 of the Act provides that the business affairs of a licensee under the Act shall be examined for compliance with the Act as often as the Director deems necessary and proper. The Director shall promulgate rules with respect to the frequency and manner of examination.
7. Section 4-5(h)(1) 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 the penalty of revocation of license.
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 the penalty of imposing a fine not to exceed \$25,000 for each count of separate offense, or not exceed \$75,000 for each separate count of fraud, misrepresentation, deceit, or negligence in any mortgage financing transaction.
9. Section 4-5(i)(11) of the Act provides that failure to comply with any order of the Director or rule made or issued under the provisions of this Act shall constitute grounds for disciplinary actions specified in Section 4-5(h) of the Act.
10. Section 4-5(i)(13) of the Act provides that failure to pay in a timely manner any fee, charge or fine under this Act shall constitute grounds for disciplinary actions specified in Section 4-5(h) of the Act.
11. Section 4-5(i)(14) of the Act provides that failure to maintain, preserve, and keep available for examination, all books, accounts or other documents required by the provisions of this Act and the rules of the Director shall constitute grounds for disciplinary actions specified in Section 4-5(h) of the Act.
12. Section 4-5(i)(17) of the Act provides that failure to comply with or violation of any provision of this Act shall constitute grounds for disciplinary actions specified in Section 4-5(h) of the Act.
13. Section 1050.425 of the Rules provides, in relevant part, that as part of each regularly scheduled examination, the Director shall evaluate and rate licensees for purposes of scheduling the next regular examination in accordance with uniform rating factors. All licensees shall be subject to examination by the Director. The Director is further authorized to conduct an examination at any time at the Director's sole discretion. The Director may consider evidence of unsafe, unsound, or unlawful activities and failure to demonstrate net worth in determining whether to conduct an examination.
14. Section 1050.430 of the Rules provides, in relevant part, that audit reports which are not delivered within 90 days after the date specified in Section 3-2 of the Act, unless extended

for cause by the Director, shall cause the licensee to pay a fee at the rate of \$50 per calendar day for up to three months.

15. Section 1050.475 of the Rules provides that each licensee shall be required to provide advance written notice to the Director at least ten (10) business days advance notice of action to: a) close a Full-Service Office, or b) discontinue brokering, originating, or servicing, as defined under the Act.
16. Section 1050.480 of the Rules provides, in relevant part, that at least ten (10) days before a proposed effective date of change of address, a licensee shall file with the Director a completed Application for Change of Address on a form prescribed by the Director and accompanied the Change of Address Fee as set forth in Subpart B of this Part.
17. Section 1050.1176(a) 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.
18. Section 1050.1177 of the RMLA Rules provides that each licensee engaged in loan brokering or originating shall maintain a loan application file for each loan application. Each loan application file shall include: 1) the Loan Brokerage Agreement and Loan Brokerage Disclosure Statement, if any mortgage loan brokerage services were utilized by the borrower; 2) the Borrower Information Document; 3) all documents signed by the borrower, including, but not limited to, the initial loan application, disclosure documents, and closing documents; 4) the appraisal and credit report, as well as other third-party documents relating to the loan; and 5) all other documents in or related to the loan file.

FACTUAL FINDINGS

19. NetMore, with its licensed and principal place of business of record located at 109 E. Main Street, Suite 301, Walla Walla, Washington 99362, is a residential mortgage broker holding inactive Illinois residential mortgage license number MB.6760624 ("License") with an expiration date of December 31, 2011.
20. On October 19, 2011, the Department issued to NetMore Order No. 2011-MBR-40 ("First Order") fining NetMore therein in the amount of \$4,500 for failure to pay a late audit report fee.
21. On or around October 2011, the Department's Examination Section created an additional enforcement issue for NetMore due to NetMore's failure to permit examination, failure to maintain records, failure to maintain financial adequacy, and failure to notify of change in business activities. Evidence was also provided that NetMore had failed to complete its License surrender application and comply with Department notice and license surrender requirements.
22. The Department in conducting its legal review of this enforcement issue has confirmed failure by NetMore or its surety bond provider to pay the fine assessed in the First Order and NetMore's failure to provide the Department with any additional documentation of compliance with the Act and Rules.

LEGAL CONCLUSIONS

23. NetMore has violated Sections 2-4(c) & (t), 2-6(e), 3-4(b), 4-2, and 4-5(i)(11),(13),(14), & (17) of the Act, and Sections 1050.425, 1050.475, 1050.480, and 1050.1176(a) of the Rules.

NOW IT IS HEREBY ORDERED THAT:

1. The Department **REVOKES** NetMore's Illinois residential mortgage license number MB.6760624 pursuant to Section 4-5(h)(1) of the Act.
2. The Department assesses a **FINE** against NetMore in the amount of \$10,000 pursuant to Section 4-5(h)(5) of the Act. The fine is payable by certified check or money order within thirty (30) days of the effective date of this Order to the:

**Department of Financial and Professional Regulation
Division of Banking
ATTN: FISCAL DEPARTMENT
320 W. Washington, 5th Floor
Springfield, Illinois, 62786**

ORDERED THIS 23RD DAY OF AUGUST, 2012

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
SUSAN J. GOLD, ACTING SECRETARY

DIVISION OF BANKING

MANUEL FLORES, DIRECTOR