

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)
)
NOVA HOME LOANS) No. 2014-MBR-04
)
License No. MB.6760764)
Attention: Raymond Michael Desmond)
6245 E. Broadway Blvd., Suite 400)
Tucson, AZ 85711)

ORDER ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (“Department”), having conducted an investigation of Nova Home Loans (“Nova”) and having documented violations of 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 Act and the Rules. The Department has further documented violations of the Residential Real Property Disclosure Act (“RRPDA”) [765 ILCS 77].

STATUTORY PROVISIONS

1. Section 2-4 of Act, in part, provides that the licensee aver to 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 the regulations of the Department regarding any home mortgage in the course of the conduct of its residential mortgage business, and to not knowingly hire or employ a mortgage loan originator (“MLO”) who is not licensed with the Department as required under Section 7-1A of the Act.
2. Section 4-1(h-1) 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 of the Act states, in part, the following acts shall constitute grounds for disciplinary action which include: violating any provision of this Act or rule promulgated under this Act, or failure to comply with or any violation of any provision of Article III of the RRPDA.
4. Section 4-5(h)(5) of the Act provides for the imposition of a fine not to exceed \$25,000 for each count of separate offense.

5. Section 7-1A of the Act prohibits an individual from acting or assuming to act as a mortgage loan originator without a license.
6. 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 for any mortgage on property within the program area. Information must be entered within 10 days after taking a mortgage loan application.
7. Section 72 of the RRPDA specifies the required information to be entered into the APLD, including the name of the mortgage loan originator taking the loan application.
8. Section 1050.1175 of the Rules requires a licensee engaged in loan brokerage or loan origination to maintain a Loan Log with required information for each residential mortgage loan application, including the name of the mortgage loan originator taking the loan application.

FACTUAL FINDINGS

9. Nova, with its principal place of business at 6245 E. Broadway Blvd., Suite 400, Tucson, Arizona 85711 holds Illinois residential mortgage license number MB.6760764 (“License”). According to Department licensing records, Nova is 100% engaged in the activity of brokering Illinois residential mortgage loans. Nova sponsors and employs Illinois-licensed MLOs for its loan brokering services. According to Department records, Linda Sachs-Gimbel (“Sachs-Gimbel”) previously possessed an Illinois MLO License number 031.0033210 (“MLO License”) and was employed by Nova from July 23, 2012 to March 11, 2013, but did not receive her MLO License until September 6, 2012. Scott Gimbel (“Gimbel”) was employed as an MLO and sponsored by Nova from March 1, 2012 to March 11, 2013.
10. The Department was advised on September 3, 2013 that The Gimbel Group, Inc. (“Gimbel Group”) and Gimbel, as its President, were conducting types of financing business connected to an office located at 25 E. Superior, Unit 1302, Chicago, Illinois 60611.
11. The Department found the Gimbel Group and Gimbel advertising Illinois residential mortgage broker and MLO services on Internet websites including at www.Thegimbelgroup.com to Illinois borrowers. Gimbel listed his MLO License on said website without reference to Destiny Mortgage or any sponsoring Illinois Residential Mortgage Licensee.
12. Through a review of records and interviews of borrowers, the Department found that Sachs-Gimbel”), during an unlicensed period, had originated a Nova loan for borrower K.C.; Ariel Reyes (“Reyes”), an unlicensed MLO, had originated a Nova loan for borrower H.R.; Reyes or another unlicensed MLO had originated a Nova loan for borrower J.C.
13. Through a review of the Illinois Anti-Predatory Lending Database (“APLD”), the Department further found that Nova had failed to enter 2 Illinois loans into the APLD, entered 1 loan after ten days, and entered an MLO name differing from information provided by interviewed borrowers K.C., J.C., J.B. and H.R. for 4 loans.

14. The Department found that Nova had entered Gimbel as the name of the MLO in its Loan Log contrary to the information provided by interviewed borrowers K.C., J.C., J.B. and H.R. that Gimbel did not perform the MLO activities for these 4 loans.

LEGAL CONCLUSIONS

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

15. Nova has violated Sections 2-4(c) (4 violations) & (z) (3 violations) of the Act, Sections 1050.1175 (4 violations) of the Rules, and Sections 77/70(c) (3 violations) and 77/72(4) (4 violations) of the RRPDA. These are further violations of Sections 4-5(i)(11), (17) & (18) of the Act.

NOW IT IS HEREBY ORDERED THAT,

1. The Department assesses a **FINE** against Nova pursuant to Sections 4-1(h-1) and 4-5(h)(5) in the amount of \$21,000 (21 violations at \$1,000 per violation). 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
Attention: FISCAL DIVISION
320 W. Washington, 5th Floor
Springfield, Illinois 62786.**

ORDERED THIS 4TH DAY OF FEBRUARY, 2014

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
MANUEL FLORES, ACTING SECRETARY

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 and \$500 hearing fee by certified check or money order shall be filed with the Department at 320 West Washington Street, 5th Floor, Springfield, IL 62786 within 10 days after the receipt of an administrative decision. The request for hearing must include an explicit admission, denial, or appropriate response to each allegation or issue contained in the administrative decision pursuant to 38 Ill. Adm. Code 1050.1570. 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].