

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)
)
MORTGAGE FINANCIAL ADVISORS, LTD.) No. 2015-MBR-09
)
License No. MB.0005685)
Attention: Tamera Macahon & Daniel A. Macahon)
115 E. Commercial Street)
Wood Dale, IL 60191)

ORDER REVOKING LICENSE AND ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”), having examined and reviewed the activities of **MORTGAGE FINANCIAL ADVISORS, LTD.** (“MFA”), 115 E. Commercial Street, Wood Dale, Illinois 60191, and making findings under the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635], the rules promulgated thereunder (“Rules”) [38 Ill. Adm. Code 1050], and the Residential Real Property Disclosure Act (“RRPDA”) [765 ILCS 77], hereby issues this **ORDER REVOKING LICENSE AND ASSESSING FINE**.

STATUTORY PROVISIONS

1. Section 2-6 of the Act provides that an Illinois Residential Mortgage License shall be renewed on the common renewal date of the Nationwide Mortgage Licensing System (“NMLS”) upon a licensee submitting a properly completed renewal application form. It is the responsibility of each licensee to timely accomplish renewal of its license. A licensee ceasing activities regulated by the Act and desiring to no longer be licensed must inform the Department in writing, convey the license, provide a plan for withdrawal from the regulated business, and comply with the Department’s surrender guidelines.
2. Section 3-2 of the Act requires a mortgage broker licensee with an Illinois office to file annual financial statements with the Department or NMLS within 90 days after the end of the licensee’s fiscal year.
3. Section 3-5 of the Act requires a mortgage broker licensee with an Illinois office to maintain net worth of not less than \$50,000.

4. Section 4-5 of the Act provides that when the Department finds any person in violation of the grounds set forth in subsection (i), the Department may enter an order revoking a license as authorized by subsection (h)(1) and fining a license up to \$25,000 for each count of separate offense as authorized by subsection (h)(5). A licensee violates Section 4-5(i) of the Act due to: (11) failure to comply with any order of the Department or rule made or issued under provisions of the Act; (13) failure to pay in a timely manner any fee, charge, or fine under the Act; (17) failure to comply with or violation of any provision of the Act; and (18) failure to comply with or violation of any provision of Article 3 of the RRPDA.
5. Section 1050.430 of the Rules provides that the failure to deliver audit reports within 90 days after the date specified in Section 3-2 of the Act, unless extended for cause by the Department, shall subject the licensee to payment of a fee at the rate of \$50 per calendar day for each day that such failure is continuing for up to three months.
6. Section 1050.480 of the Rules requires each licensee and prospective purchaser to file a completed change of ownership or control application with the Department at least ten (10) days prior to the proposed date of change. The Department shall either issue a new license or find that the proposed change of ownership or control does not require a new license. The filing of the change of ownership or control application allows the Department to determine whether such a change would alter findings for a new license as set forth in Section 2-2(a) of the Act or would change materially any of the information in the licensee's new license application or renewal license application.
7. Section 1050.1175 of the Rules requires a licensee to maintain a broker/origination loan log containing sixteen required fields of information.
8. Section 1050.1176 of the Rules requires each licensee to retain all records prepared or received in the course of its residential mortgage business for 36 months.
9. Section 1050.1177 of the Rules requires licensees engaged in loan brokering or originating to maintain a loan application file for each loan application. Each loan application file shall include the Loan Brokerage Agreement and Loan Brokerage Disclosure Statement, the Borrower Information Document, all borrower-signed documents, the appraisal and credit report, and all other documents related to the loan file.
10. Section 70 of the RRPDA requires that within 10 business days after taking a loan application, the broker or originator shall submit to the Anti-Predatory Lending Database ("APLD") all of the required information for any mortgage on residential property within the program area.

FACTUAL FINDINGS

11. On May 2, 2012, the Department conducted a regular examination of MFA for the period March 31, 2010 to January 31, 2012 ("2012 Examination") and found violations committed by MFA, including failure to properly maintain minimum net worth, loan logs and records. The Department assigned MFA to a supervisory review process due to the 2012 Examination findings.
12. On February 8, 2013 and while the supervisory process for the 2012 Examination was continuing, the Department commenced another regular examination of MFA for the period

February 1, 2012 to January 31, 2013 (“2013 Examination”). The Department again found that MFA failed to properly maintain minimum net worth, loan logs and records.

13. During the 2013 Examination, the examiner also noted a discrepancy in MFA’s ownership between the ownership MFA had supplied to the Department for the Department’s licensing records, and the ownership MFA was now reporting during the 2013 Examination. The Department further questioned this ownership discrepancy in its ongoing supervisory process.
14. On January 17, 2014, MFA made entry into the NMLS of a change of ownership with individual FN having 90% ownership of MFA. MFA separately submitted to the Department the change of ownership fee without completing the process for change of ownership with the Department. On February 3, 2014, MFA produced to the Department’s Supervision Section a stock purchase agreement with individual FN dated May 1, 2013.
15. On July 10, 2014, the Department’s Supervision Section opened a separate case due to MFA’s failure to file its financial statements for its fiscal year ending December 31, 2013 (“2013 Financials”) resulting in MFA accruing the maximum \$4,500 late audit fee as of June 30, 2014.
16. On October 23, 2014, the Department conducted another regular examination of MFA for the period February 1, 2013 to June 30, 2014 (“2014 Examination”) and found violations committed by MFA, including failure to properly maintain minimum net worth, loan logs and records, late loan entries into the APLD, and not having properly informed the Department of its change of ownership.
17. On December 31, 2014, MFA uploaded its 2013 Financials to the NMLS.
18. On January 16, 2015, MFA hand-delivered renewal documents to the Department in support of its application for 2015 renewal of its License. MFA provided no payment to the Department for its License renewal fee and late audit fee and the Department did not process a License renewal.
19. On April 8, 2015, the Department mailed a Potential Disciplinary Letter (“PDL”) to MFA via U.S. Postal Service certified mail providing notice that MFA had failed to comply with net worth and properly respond to matters under supervision by the Department. MFA was requested to provide a written response to the Department on or before April 18, 2015. The Department received verification of MFA’s receipt of the PDL, but has received no response.

LEGAL CONCLUSION

20. MFA is in violation of Sections 2-6, 3-2, 3-5 and 4-5(i)(11), (13), (17), & (18) of the Act, Sections 1050.430, 1050.480, 1050.1175, 1050.1176, and 1050.1177 of the Rules, and Section 70 of the RRPDA.

NOW IT IS HEREBY ORDERED THAT,

1. The Department **REVOKES** MORTGAGE FINANCIAL ADVISORS, LTD.’s Illinois Residential Mortgage License No. MB.0005685 pursuant to Section 4-5(h)(1) of the Act.

2. The Department assesses a **FINE** against MORTGAGE FINANCIAL ADVISORS, LTD. pursuant to Section 4-5(h)(5) of the Act in the amount of \$4,500 for its unpaid late audit fee for its filing of the 2013 Financials. 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 ____ DAY OF _____, 2015

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING

MICHAEL J. MANNION
DIRECTOR

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 affected party may file a request for a hearing on a decision by the Director. The request for a hearing must be filed with the Department at 320 West Washington Street, 5th Floor, Springfield, IL 62786 within 10 days after the appealing party's receipt of this Order; a \$500 hearing fee payable to the Department by cashier's check or money order must be filed with the hearing request. The request for hearing must include an explicit admission, denial, or appropriate response to each allegation or issue contained in this Order pursuant to 38 Ill. Adm. Code 1050.1570. After receipt of a proper and timely request for hearing, 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].