

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:)
) **No. 2020-MBR-02**
MORTGAGE PROCESSING, LLC)
License No. MB 6761212; NMLS ID 1504468)
Attention: Steven Luehring)
246 E Janata Blvd, Suite 245)
Lombard, IL 60148)

ORDER REVOKING LICENSE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (“Department”), having conducted an examination of **MORTGAGE PROCESSING, LLC**, (“**MORTGAGE PROCESSING**”) 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 the Act and Rules.

STATUTORY PROVISIONS

1. Section 2-4 of the Act lists prohibited acts and practices for licensees. It is a violation of the Act for a licensee subject to the Act to: (d) fail to file with the Secretary or Nationwide Multistate Licensing System and Registry (“NMLS”) as applicable, when due, any report the licensee is required to file under any provisions of the Act; and (t) fail to comply with the provisions of the Act, or with any lawful order, rule, or regulation made or issued under the provisions of the Act.
2. Section 3-1 of the Act requires that: (c) All licensees shall maintain a bond in accordance with this subsection. Each bond shall be for the recovery of expenses, fines, or fees due to or levied by the Commissioner in accordance with this Act. The bond shall be payable when the licensee fails to comply with any provisions of this Act and shall be in the form of a surety or licensure bond in the amount and form as prescribed by the Commissioner pursuant to rules and regulations. The bond shall be payable to the Office of Banks and Real Estate and shall be issued by some insurance company authorized to do business in this State. A copy of the bond, including any and all riders and endorsements executed subsequent to the effective date of the bond, shall be placed on file with the Office of Banks and Real Estate within 10 days of the execution thereof.
3. Section 3-4 of the Act provides: (a) A licensee whose principal place of business is located in the State of Illinois shall maintain at least one full service office with staff reasonably adequate to handle efficiently communications, questions, and all other matters relating to any application for a home mortgage or an existing home mortgage with respect to which such licensee is performing services, regardless of kind, for any borrower or lender, note owner or holder, or for himself or herself while engaged in the residential mortgage business. Offices shall not be located in any real estate, retail, or financial business establishment, unless separated from the other business by a separate and distinct area within the establishment. The location and operation of a full service office shall be in

compliance with any applicable zoning laws or ordinances and home office or business regulations. The Director may require a licensee operating from a home or residentially zoned office to provide another approved location that is suitable to conduct an examination under Sections 4-2 and 4-7 of the Act. This subsection (a) does not limit the Director's authority to examine at any other office, facility or location of the licensee as permitted by the Act.

4. Section 3-5 of the Act provides, in part, that each licensee shall maintain a minimum net worth of \$150,000 unless solely brokering in which case the minimum net worth is \$50,000, and further provides the acceptable method for reporting and authorizes the promulgation of rules.
5. Section 4-5(h) of the Act provides, upon a finding by the Director that any person is in violation of the grounds set forth in subsection (i), that the Department may enter an order imposing one or more penalties, including a license revocation pursuant to subsection (h), paragraph (1).
6. Section 4-5(i) of the Act provides a list of acts that constitute grounds for which disciplinary action specified in subsection (h) may be taken, including among others: (11) failure to comply with any order of the Commissioner or rule made or issued under the provisions of this Act; (13) failure to pay in a timely manner any fee, charge or fine under this Act; (14) 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 Commissioner; (15) refusing, obstructing, evading, or unreasonably delaying an investigation, information request, or examination authorized under this Act, or refusing, obstructing, evading, or unreasonably delaying compliance with the Director's subpoena or subpoena duces tecum; and (17) failure to comply with or violation of any provision of this Act.
7. Section 1050.410 of the Rules provides, in part, that each licensee shall maintain a minimum net worth of \$150,000 unless solely brokering in which case the minimum net worth is \$50,000, and further provides for the calculation of net worth.
8. 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.
9. Section 1050.480 of the Rules requires, in part: (a) each licensee and prospective purchaser to file a completed change of ownership or control application with the Department at least 10 days prior to the proposed date of change; and (b) at least 10 days before the proposed effective date of the change, a licensee shall file with the Director a completed Application for Change of Name or Address on a form prescribed by the Director and accompanied by the fee set forth in Section 1050.210 of the Rules.

FACTUAL FINDINGS

10. MORTGAGE PROCESSING was first issued its Illinois Residential Mortgage License on December 6, 2016.
11. MORTGAGE PROCESSING failed to submit to the Department its Annual Financial Statement for 2018, as required by the Act. As a result of this failure to submit the 2018 Annual Financial

Statement, the Department could not determine if MORTGAGE PROCESSING met the minimum net worth requirement for 2018.

12. On April 1, 2019, MORTGAGE PROCESSING received an automated notification through NMLS that its Annual Financial Statement for 2018 had not been received.
13. On April 22, 2019, the Department's Supervision Manager sent a deficiency through NMLS to MORTGAGE PROCESSING that its Annual Financial Statement for 2018 had not been received and a late audit fee was accruing. A follow-up deficiency was sent through NMLS on May 10, 2019.
14. The Supervision Manager followed up with a phone call to MORTGAGE PROCESSING'S contact person and owner of record, Sean Armbruster ("Armbruster"), on June 7, 2019 to discuss MORTGAGE PROCESSING'S outstanding Annual Financial Statement for 2018. Armbruster informed the Supervision Manager that he had sold MORTGAGE PROCESSING. The Supervision Manager requested that Armbruster produce to the Department a copy of the sale documentation.
15. Additionally, the Supervision Manager notified Armbruster that, since MORTGAGE PROCESSING is still an active Illinois residential mortgage licensee, it must comply with all annual reporting requirements, and that a request for Change of Ownership and/or Control needs to be first approved by the Department, and the requisite \$500 fee paid.
16. On August 15, 2019, the Supervision Manager sent an email to Armbruster including an attached letter and invoice for a \$4,500 late fee for failing to timely submit the Annual Financial Statement for 2018.
17. During the same time period that the Supervision Manager was in contact with MORTGAGE PROCESSING regarding its failure to comply with the Act and the Rules, on September 17, 2019, consistent with Department examination procedures, the Department examiner assigned to examine MORTGAGE PROCESSING (the "Examiner") sent a Pre-Examination Alert Requirements Letter ("PEARL") to MORTGAGE PROCESSING. The PEARL was sent via email to Armbruster, who was still the contact person of record for MORTGAGE PROCESSING, to notify him of the company's upcoming mandatory compliance examination, which, pursuant to the Act, was set for three years after the date of first licensure for December 6, 2019.
18. On October 10, 2019, the Department's Legal Assistant notified the Supervision Manager and Mortgage Banking Licensing Director, as part of her routine follow-up of unpaid mortgage banking invoices, that she tried to file a bond claim to collect the \$4,500 late audit fee and was advised, through NMLS, that MORTGAGE PROCESSING's surety bond was cancelled effective March 1, 2019, for non-payment of premium.
19. No response was received from MORTGAGE PROCESSING regarding the PEARL even after the Department sent numerous follow-up emails to Armbruster and made phone calls to MORTGAGE PROCESSING's office phone number of record.
20. After continuous non-response from MORTGAGE PROCESSING, the Department's Examination Manager emailed MORTGAGE PROCESSING numerous times explaining the importance of responding to the PEARL and attempted to contact MORTGAGE PROCESSING by telephone.

21. On November 15, 2019, Armbruster sent an email to the Examiner and the Examination Manager that included documents requested in the PEARL. The attachments to this email included sale documents for MORTGAGE PROCESSING, which had been previously requested by the Supervision Manager on the June 7, 2019 phone call referenced above. However, the attached sale documents were incomplete, including missing signatures for the purported buyer, Steven Luehring (“Luehring”). In addition, copies of the checks that Armbruster produced evidencing the purchasing of MORTGAGE PROCESSING were written from a checking account registered to another Licensee (“Licensee 2”), not Luehring, and signed by a contact person for Licensee 2 (“TG”). Licensee 2 holds a mortgage broker license with the Department.
22. The Examination Manager then contacted TG by phone on November 21, 2019. TG stated the checks were to cover marketing and consulting costs owed to Armbruster for services provided to Licensee 2.
23. The Department determined Luehring was an Illinois Mortgage Loan Originator (“MLO”) sponsored by Licensee 2. The Department tried to locate Luehring based on his contact info as an MLO registered with the Department. The Department was not able to reach him by phone or email. Finally, the Department requested a meeting with Armbruster, TG, and Luehring. On November 15, 2019, an attorney representing Luehring contacted the Department.
24. On November 19, 2019, the Examination Manager received an email from TG. In this email, TG retracted her previous explanation for the purpose of the checks written by Licensee 2 and provided a new explanation. According to TG, the checks written by Licensee 2 were to assist Luehring in purchasing MORTGAGE PROCESSING due to his lack of funds. However, there were never documents produced to the Department to show any loan between TG and Luehring or that Luehring was obligated to repay any such loan.
25. A conference call was held on November 21, 2019 with TG, Luehring, Luehring’s attorney and representatives of the Department in attendance (“Conference Call”).
26. During the Conference Call, Luehring acknowledged that MORTGAGE PROCESSING did not have a current surety bond.
27. Luehring also admitted that MORTGAGE PROCESSING’S office in Lombard had been closed since May 23, 2019, the date of the Assignment of Interest, and that MORTGAGE PROCESSING had no open offices while the company held an active license, a requirement of the Act.
28. During the Conference Call, the Department made two additional requests of Luehring: first, to produce the Assignment of Interest with his signature, and, second, to provide the 2018 and 2019 State and Federal tax returns for MORTGAGE PROCESSING.
29. Luehring ultimately produced the Assignment of Interest with his signature, but not the tax returns to the Department.
30. The Assignment of Interest provided that the seller, Armbruster, had provided to the purchaser, Luehring, all pertinent financial information. However, when asked, Luehring claimed he was unaware of the outstanding Annual Financial Statement for 2018 and the \$4,500 late audit fee owed by MORTGAGE PROCESSING.

31. When Luehring informed the Department the office in Lombard had been closed, he provided no information to the Department about storage or maintenance of MORTGAGE PROCESSING'S business records.
32. On November 25, 2019, Luehring emailed a response to the PEARL. Luehring stated that the company did not handle any processing since May 23, 2019, the date of the Assignment of Interest; however, he did not report on the activity of MORTGAGE PROCESSING for the examination period, as requested, which spanned from December 16, 2016 through said date of the Assignment of Interest. Therefore, this response lacked requested information concerning the examination and was deficient.
33. Armbruster provided a spreadsheet to the Department on November 15, 2019. This spreadsheet showed that MORTGAGE PROCESSING was processing almost four hundred loan files, generating over two hundred thousand dollars of revenue within the stated examination period.

LEGAL CONCLUSIONS

34. MORTGAGE PROCESSING failed to deliver Audit Reports within 90 days and pay the \$4,500 late fee, failed to maintain a current surety bond, failed to produce or maintain records, failed to maintain minimum net worth, failed to have an office and staff within the State, failed to comply with change of ownership and control, change of address, and change of officers or directors, and caused an unreasonable delay of the Department's examination. Therefore, MORTGAGE PROCESSING was in violation of Sections 2-4, 3-1(c), 3-4, 3-5, and 4-5(i)(11), (13), (14), (15) & (17) of the Act and Sections 1050.410, 1050.430, and 1050.480(a)&(b), of the Rules.

NOW IT IS HEREBY ORDERED THAT,

The Department **REVOKES** the license of **MORTGAGE PROCESSING, LLC, License No. MB. 6761212** pursuant to Section 4-5(h)(1) of the Act.

ORDERED THIS ____ DAY OF _____, 2020

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING

CHASSE REHWINKEL
ACTING 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 and \$500 hearing fee payable by certified check or money order must be filed with the Department at 320 West Washington Street, 5th Floor, and Springfield, IL 62786 within 10 days after the appealing party's receipt of this Order. 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].