

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

IN THE MATTER OF: )  
 )  
**LAMB FINANCIAL, LLC dba LAMB FINANCIAL** ) Order No. 2021-MBR-CD-02  
License No. MB. 6760662; NMLS ID 227278 )  
6815 N. Lincoln Avenue )  
Lincolnwood, IL 60712 )

**CONSENT ORDER**

The ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”) and LAMB FINANCIAL, LLC dba LAMB FINANCIAL (“Lamb”) hereby enter into this Consent Order pursuant to the Residential Mortgage License Act of 1987 (“Act”) [205 ILCS 635] and the rules promulgated under the Residential Mortgage License Act of 1987 (“Rules”) [38 Ill. Adm. Code 1050] and stipulate and agree as follows:

**STIPULATIONS & AGREEMENT**

The Department and Lamb stipulate that the Department, pursuant to its authority under the Act and Rules, conducted an investigation of Lamb’s compliance with the Residential Real Property Disclosure Act, 765 ILCS 77 *et seq.* (“RRPDA”), specifically including Lamb’s (1) entry of loans into the Anti-Predatory Lending Database, and (2) providing housing counseling when indicated under the RRPDA.

**STATUTORY PROVISIONS**

1. Section 4-1(h-1) of the Act 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.
2. Section 4-5(i) 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, failure to comply with or any violation of any provision of Article III of the RRPDA, or fraud, misrepresentation, deceit, or negligence in any mortgage financing transaction.
3. 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.

4. 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 under RRPDA Section 72 for any mortgage on property within the program area of Cook, Kane, Peoria, and Will counties. Information must be entered within 10 days after taking a mortgage loan application.
5. Section 70 of the RRPDA provides that, if the Department recommends counseling for a borrower, the borrower must schedule a counseling interview with a HUD-approved counselor within 10 days. The broker or originator may not take any legally binding action concerning a loan transaction until the borrower and counselor submit all the required information to the APLD.
6. Section 72 of the RRPDA requires that all information entered into the APLD must be true and correct to the best of the broker’s knowledge and updated prior to closing.
7. Section 73 of the RRPDA provides that a borrower shall be recommended for counseling where the borrower is a first-time homebuyer or refinancing a primary residence and one of the following exists: 1) the loan permits interest only payments; 2) the loan may result in negative amortization; 3) the total points and fees payable by the borrower at or before closing will exceed 5%; 4) the loan includes a prepayment penalty; or 5) the loan is an ARM.

### **FACTUAL FINDINGS**

8. On or around December 7, 2020, the Department received information that one or more loans brokered by Lamb triggered housing counseling before an improper APLD exemption certificate was generated. The Department commenced an investigation of said information and found the following:

#### Interest-Only Loans Improperly Entered Into APLD

9. On or about October 1, 2019, Lamb brokered a home refinance loan for borrowers CH and SK, which loan contained an 18-month initial period during which interest-only payments were due. Although this loan was interest-only for purposes of the RRPDA, Lamb incorrectly answered “No” to the APLD’s question of whether there were interest-only payments, causing the loan to be improperly entered in APLD, in violation of Section 72 of the RRPDA.
10. On or about April 7, 2020, Lamb brokered a home refinance loan for borrowers ET and JT, which loan contained an 18-month initial period during which interest-only payments were due. Although this loan was interest-only for purposes of the RRPDA, Lamb incorrectly answered “No” to the APLD’s question of whether there were interest-only payments, causing the loan to be improperly entered in APLD, in violation of Section 72 of the RRPDA.

#### Failure to Provide Housing Counseling

11. On or about October 1, 2019, Lamb brokered the home refinance loan described in paragraph 9, which loan Lamb failed to enter as interest-only in the APLD. As a result, although housing counseling would have been recommended pursuant to the RRPDA, the Department was not notified, and as a result, the borrowers did not receive counseling before the loan closed, in violation of Section 70(e) of the RRPDA.

12. On or about April 7, 2020, Lamb brokered the home refinance loan described in paragraph 10, which loan Lamb failed to enter as interest-only in the APLD. As a result, although housing counseling would have been recommended pursuant to the RRPDA, the Department was not notified, and as a result, the borrowers did not receive counseling before the loan closed, in violation of Section 70(e) of the RRPDA.

### **TERMS AND CONDITIONS**

WHEREFORE, the Department and Lamb agree as follows:

- I. Lamb's Residential Mortgage License No. 6760662 is placed upon Probation pursuant to Section 4-5(h)(3) of the Act for a period of 24 months (the "Term"). During this probationary period, the Department may conduct periodic examinations and Lamb shall enhance its compliance policies and procedures and training as described in paragraphs II-V, below, and self-report its progress to the Department. If after a period of 16 months from the Effective Date of this Consent Order, the Department determines, in its sole discretion, that Lamb is operating in a safe, sound, and lawful manner, the Department may terminate the probationary period.
- II. During the Term, for each quarter (*i.e.*, the three-month period ending January 31, April 30, July 31, and October 31), Lamb shall test 4 randomly selected transactions from Cook, Kane, Peoria, and Will counties to analyze compliance with the RRPDA. Lamb shall provide to the Department the following information using the form and format provided by the Department within two weeks of the end of each quarter:

For all transactions:

- a. The APLD loan ID
  - b. If no APLD entry, basis for any exemptions
  - c. In Lamb's opinion was the APLD entry accurate and proper?
  - d. PIN
  - e. Date of application
  - f. Date of original entry in APLD
  - g. Whether the borrower or borrowers were all first-time homebuyers or refinancing a primary residence
  - h. The principal balance of the loan at closing
  - i. The principal loan balance entered by originator/broker
  - j. The interest rate of the loan at closing
  - k. The interest rate entered by originator/broker
  - l. The total % points and fees at closing
  - m. The % points and fees entered by originator/broker
  - n. Were the loan terms updated in APLD? (y, n, or n/a)
  - o. Whether there were interest only payments
  - p. Whether there was negative amortization
  - q. Whether there was a prepayment penalty
  - r. Whether there was an adjustable rate within 3 years
- III. Lamb shall provide a methodology acceptable to the Department by which it will randomly select the transactions before it conducts its first quarterly review, but in no event later than thirty (30) days after the Effective Date of this Consent Order.

- IV. Lamb shall demonstrate to the Department that it has (1) enhanced its policies and procedures regarding RRPDA compliance and (2) provided, at least annually, and within 90 days for new hires, a training to its employees, agents, representatives, and any mortgage loan originators or brokers who have or intend to have a financial relationship with Lamb. These policies and procedures and training must include, but not be limited to: compliance with the Act and its implementing regulations; ethics in the residential mortgage loan industry; and understanding mortgage loans. The training shall also include compliance with RRPDA, requirements to input APLD information within 10 days, update any changes, and ensure that interest-only loans are identified. The first annual training and verification of adequate policies and procedures with the Department must occur by October 31, 2021.
- V. During the Term, Lamb shall notify the Department in writing of all training courses it intends to offer pursuant to Paragraph IV at least thirty (30) days prior to the date of the training. Lamb shall provide a copy of all training materials it intends to use at any trainings conducted pursuant to Paragraph IV at least fourteen (14) days before the scheduled training. The Department, in its sole discretion, may attend or participate in the trainings.
- VI. Lamb will submit all requested documents via email, unless stated otherwise, to the email address that will be provided by the Department.
- VII. Lamb, within 10 days of the Effective Date of this Consent Order, shall pay the sum of \$10,000 to the Department by check pursuant to Section 4-5(h)(5) of the Act for the violations of the Act and the RRPDA. The check shall be payable to the “Illinois Department of Financial and Professional Regulation” and mailed by UPS or FedEx with tracking to the below address:
- Illinois Department of Financial and Professional Regulation  
Attn: Cash Unit/Christina Smith  
320 W. Washington St., Rm. 338  
Springfield, Illinois 62786
- VIII. Lamb agrees to comply with all of the corrective action measures in paragraphs I through V of the Consent Order during the Term. In the event Lamb fails to comply with these corrective action measures, the Department reserves the right to assess and enforce any of its disciplinary authority under the Act and Rules, up to and including fines and license revocation.
- IX. By executing this Consent Order, Lamb agrees to not file any petition for administrative hearing or judicial review of, or in connection with, this Consent Order, except in any proceeding by the Department to enforce compliance with the terms of this Consent Order. Lamb acknowledges that it has had the opportunity to be represented by legal counsel in this matter, and that it willingly enters into this Consent Order after full review, evaluation, and consideration with full knowledge of its rights under the Act, Rules, and Illinois Administrative Procedure Act [5 ILCS 100].
- X. The Department enters into this Consent Order for the purpose of imposing measures that are fair and equitable under the circumstances and that are consistent with the best interests of the people of the State of Illinois.

XI. This Consent Order shall become effective (the “Effective Date”) upon all of those hereinafter designated signing and dating the Consent Order, and on the date that the last of those designated for the Department sign and date the Consent Order.

The foregoing Consent Order is approved in full.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING

[Redacted Signature]

Date: 06/09/2021

CHASSE REHWINKEL  
ACTING DIRECTOR

\_\_\_\_\_  
Tony Simatos, President  
Lamb Financial, LLC dba Lamb Financial


Date: \_\_\_\_\_

The foregoing Consent Order is approved in full.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING

\_\_\_\_\_  
CHASSE REHWINKEL  
ACTING DIRECTOR

Date: \_\_\_\_\_

  
\_\_\_\_\_  
Tony Simatos, President  
Lamb Financial, LLC dba Lamb Financial

Date: 6/8/21