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9  
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of: ) CRMLA License No: 413-1031  
)  
13 THE COMMISSIONER OF BUSINESS ) ACCUSATION TO REVOKE LICENSE  
OVERSIGHT, ) PURSUANT TO FINANCIAL CODE  
14 ) SECTION 50327  
)  
15 Complainant, )  
)  
16 v. )  
)  
17 CHICAGO MORTGAGE SOLUTIONS )  
CORPORATION, )  
18 )  
)  
19 Respondent. )  
)  
20

21 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), alleges and charges  
22 as follows:

23 I.  
24 INTRODUCTION

25 1. Chicago Mortgage Solutions Corporation (CMS) is a residential mortgage lender licensed on or  
26 about May 10, 2010 by the Commissioner (License No. 413-1031), pursuant to the  
27 ///  
28 ///

1 California Residential Mortgage Lending Act (CRMLA), as set forth in Financial Code section 50000  
2 et seq.<sup>1</sup>

3 2. CMS has its principal place of business at 333 Knightsbridge Parkway, Suite 210,  
4 Lincolnshire, Illinois 60069.

5 3. The Commissioner is authorized to administer and enforce the provisions of the CRMLA.

6 4. The Commissioner now brings this action to order CMS to revoke its license pursuant to  
7 section 50327.

8 **II.**

9 **VIOLATIONS OF CRMLA**

10 5. As of June 1, 2018, the Department of Business Oversight (Department) detected six violations  
11 of law by CMS, as specified below.

12 **A. Failing to pay the annual assessment for the fiscal year 2017/2018 in violation of Financial**  
13 **Code section 50401**

14 6. Section 50401 requires each residential mortgage lender or servicer licensee to pay to the  
15 Commissioner an assessment. On or before September 30<sup>th</sup> of each year, the Commissioner notifies  
16 each licensee of the amount assessed; that amount must be paid within 20 days.

17 7. On or about September 29, 2017, the Commissioner notified CMS by mail of the assessment  
18 due. On September 29, 2017, a Nationwide Multistate Licensing System (NMLS) invoice for \$5,000  
19 was posted to CMS's NMLS account for the assessment for fiscal year 207/2018. To date, CMS has  
20 not paid the assessment.

21 8. Section 50401, subdivision (d), allows the Commissioner to summarily suspend or revoke the  
22 license if a licensee fails to pay the assessment within 30 days of the due date.

23 **B. Failing to maintain an active surety bond in violation of Financial Code section 50205,**  
24 **subdivision (a)**

25 9. Section 50205, subdivision (a) requires that a residential mortgage lender or service licensee  
26 shall maintain a surety bond.

27 \_\_\_\_\_  
28 <sup>1</sup> All further section references are to the California Financial Code, unless otherwise  
noted.

1 10. On December 4, 2017, a license item was posted on CMS's NMLS account that the  
2 Department received a surety bond cancellation from bond company Great American Alliance  
3 Insurance Company, with a cancellation effective date December 31, 2017. The license item directed  
4 CMS to file a replacement bond immediately. To date, a replacement surety bond has not been  
5 submitted to the Department.

6 11. Pursuant to Financial Code section 50319, the Commissioner may order the licensee to  
7 discontinue the disbursement, in whole or in part, of trust funds held by the licensee, and order the  
8 establishment of a separate trust account for all subsequent trust funds received by the licensee.

9 **C. Failing to file three quarterly Mortgage Call Reports in violation of California Code of**  
10 **Regulations, title 10, section 1950.307, subdivision (a) and Financial Code section 50307.2**

11 12. California Code of Regulations, title 10, section 1950.37, subdivision (a) requires a licensee to  
12 file the Mortgage Call Report (MCR) pursuant to Financial Code section 50307.2. NMLS requires  
13 that companies submit quarterly reports within 45 days of the end of every calendar quarter.

14 13. The 2017 third quarter MCR was due on November 14, 2017. On November 15, 2017, a  
15 license item was posted on CMS's NMLS account for its failure to submit its 2017 third quarter MCR.

16 14. The 2017 fourth quarter MCR was due on February 14, 2018. On February 15, 2018 a license  
17 item was posted on CMS's NMLS account for its failure to submit its 2017 fourth quarter MCR.

18 15. The 2018 first quarter MCR was due on May 15, 2018. On May 16, 2018 a license item was  
19 posted on CMS's NMLS account for its failure to submit its 2018 first quarter MCR.

20 16. To date, CMS has not filed these 2017 or 2018 MCRs.

21 **D. Failing to file audited financial statements for year ending December 31, 2017 in violation**  
22 **of Financial Code section 50200, subdivision (d)**

23 17. Section 50200, subdivision (d) requires that the audited report shall be filed with the  
24 Commissioner within 105 days of the end of the licensee's fiscal year. Licensees are required to  
25 upload audited financial statements in NMLS.

26 18. CMS's fiscal year end is December 31. Its audit report for fiscal year ending December 31,  
27 2017 was due on April 15, 2018.

28 19. On April 1, 2018, a license item was posted on CMS's NMLS account with regards to its 2017

1 financial statements. On May 30, 2018, a license item was posted in CMS's NMLS account, stating  
2 that 2017 financial statements had not been submitted. To date, CMS has not uploaded its 2017  
3 audited financial statements in NMLS.

4 20. Section 50200, subdivision (e) allows the Commissioner to summarily revoke the license of a  
5 licensee who fails to submit its audit report.

6 **E. Failing to file the 2017 CRMLA Annual Report in violation of Financial Code section**  
7 **50307**

8 21. Section 50307, subdivision (a) requires each residential mortgage lender or servicer licensee to  
9 file a report with the Commissioner annually, on or before the first day of March, giving the relevant  
10 information that the Commissioner reasonably requires to make the calculation required by  
11 subdivision (a) of section 50401.

12 22. On January 11, 2018, the Commissioner posted a notice on the Department's website regarding  
13 the 2017 Annual Report. The notice dated January 10, 2018 informed all licensees that 2017 CRMLA  
14 Annual Report forms were available on the Department's website portal and must be filed no later  
15 than March 1, 2018. The notice further explained that no extension of the due date would be granted,  
16 missing the filing deadline might result in penalty assessments, and failure to file the annual report  
17 constituted grounds for license revocation.

18 23. On March 19, 2018, an NMLS license item was posted to CMS's NMLS account stating that  
19 the 2017 CRMLA Annual Report had not been received, and that failure to submit a report within 10  
20 days of due date would constitute grounds for suspension or revocation of CMS's license. To date,  
21 CMS has not submitted its 2017 CRMLA Annual Report.

22 24. Section 50326 states that failure to make any report required by law or by the Commissioner  
23 within ten days of the due date shall constitute grounds for the suspension or revocation of the license.

24 **F. Failing to pay the \$1,000 forfeiture fee in violation of Financial Code section 50326**

25 25. Section 50326 requires a CRMLA licensee to forfeit up to \$1,000 to the Department if the  
26 licensee fails to make any report required by law or by the Commissioner within ten days from the day  
27 designated for the making of the report, or within any extension of time granted by the Commissioner.

28 26. On March 19, 2018, an NMLS invoice for \$1,000 was posted to CMS's NMLS account for its

1 failure to submit its 2017 CRMLA Annual Report within ten days from the report’s due date of March  
2 1, 2018. To date CMS has not paid the \$1,000 forfeiture fee.  
3 27. Section 50326 states that failure to pay forfeiture fee shall constitute grounds for the suspension  
4 or revocation of the license.

5 **III.**

6 **ORDER TO REVOKE LICENSE**

7 Financial Code section 50327 provides that the Commissioner may, after notice and a  
8 reasonable opportunity to be heard, revoke any license if the Commissioner finds that the licensee has  
9 violated any provision of the CRMLA or any order of the Commissioner under the CRMLA.

10 WHEREFORE, good cause showing, and pursuant to section 50327, the Commissioner prays  
11 for an order revoking the residential mortgage lending license of Chicago Mortgage Solutions  
12 Corporation.

13 Dated: September 25, 2018  
14 Sacramento, CA

JAN LYNN OWEN  
Commissioner of Business Oversight

15  
16 By \_\_\_\_\_  
17 JOANNE ROSS  
18 Senior Counsel  
19 Enforcement Division  
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