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Archive for Wednesday, February 18, 2009

# Residential Loan Centers shuts down

By Becky Yerak

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Des Plaines-based Residential Loan Centers of America Inc. has ceased all operations, putting about 200 people out of work, partly because its lender didn't renew its existing credit line, according to a company memo to workers.

The mortgage lender's Web site has been taken down, but an archived version from last year lists nine U.S. offices, including ones in Grayslake, Mokena and Oak Brook.

It is my sad duty to inform you that due to unforeseen business circumstances, including the failure of our current warehouse lender to renew our existing warehouse facility leaving us without the necessary capital to fund future loans, Residential Loan Centers of America will be closing down all operations, which will result in the complete elimination of all employees at all facilities, President Matthew Rudnick said in his Sunday email, which was obtained by the Tribune.

Consistent with these plans, we are terminating the entire workforce, effective immediately.

The elimination of all positions will likely be permanent, he added.

Rudnick didn't explain why the lender was pulling the credit line.

RLCA, founded in 1998, ranked 4,665 of Inc. magazine's list of the 5,000 fastest-growing U.S. private companies in 2008. Revenues in 2007 were \$20.3 million, up from \$13.5 million in 2004.

Meanwhile, about a dozen RLCA workers have already been hired by Chicago Bancorp, a mortgage banker.

They have an average of 10 years experience and excellent reputations in the marketplace, Stephen Calk, chairman and chief executive of Chicago Bancorp, said. As part of our ongoing strategy to expand market share during this economic downturn, it only makes sense that we would aggressively pursue the best talent in our field.

Calk said his company attempted to initiate acquisition conversations with the company prior to its closing its doors, but talks never happened, Calk said.

According to a 2004 article in the Chicago Sun-Times, Rudnick was 27 when he and three college pals pooled their combined savings of \$100,000 to start the company.

Sources familiar with situation said RLCA's lender had been Countrywide, which last year was acquired by Bank of America.

Bank of America didn't have an immediate comment.

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