

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF)	
)	
)	No. 2009-MBR-292
WATERSTONE MORTGAGE CORP.)	
License No. MB.6760383)	
Attention: Eric J. Egenhoefer)	
1133 Quail Court)	
Pewaukee, WI 53072)	

ORDER ASSESSING FINE

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the “Department”), having investigated the activities of Waterstone Mortgage Corp. (the “Licensee”) and documented violations of the Residential Mortgage License Act of 1987 (the “Act”) [205 ILCS 635] and the rules promulgated under the Act (the “Rules”) [38 Ill. Adm. Code 1050], hereby issues this ORDER pursuant to the authority provided under Section 4-5(h)(5) of the Act. The Department makes the following:

FINDINGS

1. That Waterstone Mortgage Corp. is an Illinois residential mortgage licensee holding license number MB.6760383 (the “License”) and located at 1133 Quail Court, Pewaukee, Wisconsin 53072;
2. That in mid-September 2009 and pursuant to continuing investigation and enforcement in case 2008-1648, the Department became advised, including via letter from owner Terry Bloom dated 9/17/2009, that Janan Mortgage Corporation (“Janan Mortgage”) had ceased doing business at its corporate office located at 4001 Perryville Road, Loves Park, Illinois (“Janan Mortgage’s Corporate Office”) and was no longer operating; however, a review of website advertising for Licensee showed that Licensee was operating an additional full service office at Janan Mortgage’s Corporate Office, as well as at Mortgage Managers, Inc.’s (“Mortgage Managers”) corporate office located at 250 Center Drive, Vernon Hills, Illinois (“Mortgage Managers’ Corporate Office”) A further review of Department’s licensing records revealed that Licensee had applied for, but not been granted, additional full service office licenses for both Janan Mortgage’s Corporate Office (note: Janan Mortgage’s corporate license MB.6759586 was active at that time, lapsed without renewal on 10/6/2009 and is currently inactive) and for Mortgage Managers’ Corporate Office (note: Mortgage Managers’ corporate license MB.0000882 lapsed without renewal on 4/30/2009 and currently is inactive);

3. That on September 22, 2009, the assigned Department investigator conducted on-site visits to Janan Mortgage's Corporate Office and Mortgage Managers' Corporate Office and observed signage in the names of these two companies; however, the investigator confirmed through interviews that both of these offices were being operated as Licensee's additional full service offices (branches) since around July 1, 2009 and March 2009, respectively. The Department investigator requested copies of loans originated for licensee from both of these office locations and on information available at that time determined that Licensee had taken and closed approximately one hundred forty-four (144) Illinois residential mortgage loans from those offices;
4. That on September 23, 2009, the Department investigator filed the Report of investigation in the case citing Licensee for violations of two counts of Necessity for License (Act Section 1-3(f)), two counts of Additional Full Service Office License (Rules Section 1050.350), Averments (Act Sections 2-4(d)(r), & (t) and Advertising (Act Sections 3-3(a) & (c) and Rules Sections 1050.940(b) and 1050.950) requirements of the Act and Rules;
5. That on September 23, 2009, the Department issued a Cease and Desist Order No. 2009-MBR-CD5 to Licensee ordering Licensee to immediately cease and desist from originating any Illinois residential mortgage business from Janan Mortgage's Corporate Office and Mortgage Managers' Corporate Office, or any offices not properly licensed with the Department;
6. That on October 5, 2009, the Department opened a regular examination of Licensee and filed its Report of Examination (the "ROE") on October 21, 2009. In the ROE, the Department cited Licensee for violations of Necessity for License (Act Section 1-3(f)), Additional Full Service Office License (Rules Section 1050.350), Advertising (Act Sections 3-3(a) & (c) and Rules Sections 1050.940(b) and 1050.950), Registration of Loan Originators (Act Section 2-4(z) & 7-1, and Rules Section 1050.2125 (b)(5) & (6)), Continuing Education of Loan Originators (Rules Section 1050.2120(a)), Appraisal Copy to Borrower (Act Section 5-11), Loan Brokerage Agreement (Rules Section 1050.1010), Loan Brokerage Disclosure Statement (Rules Section 1050.1020(b)), Borrower Information Document (Rules Section 1050.1110), Maintenance of Records/Loan Log (Rules Section 1050.1175(a)) and Verification of Borrower's Ability to Repay pertaining to two FHA streamline loans (Act Section 5-6);
7. That the Department examiner further determined based upon available loan log information that Licensee had originated one hundred sixty-three (163) loans at the Mortgage Managers' Corporate Office without having an additional full service office license and three hundred fifty (350) loans at Janan Mortgage's Corporate Office without having an additional full service office license;
8. That the ROE was closed without referral to supervision, but provided to Legal Section for enforcement in conjunction with the findings of the ROI; and
9. That the Department has communicated the issues raised herein with the Licensee, including, but not limited to, transmittal of a copy of the ROE and has reviewed Licensee's responses thereto.

CONCLUSIONS

BASED UPON THE ABOVE FINDINGS, THE DEPARTMENT IS OF THE OPINION AND CONCLUDES:

That notwithstanding notices and other efforts by the Department, Licensee is in violation for separate counts of offense of Act Sections 1-3(f), 2-4(z), 3-3(a) & (c), 5-6, 5-11, and 7-1, and Rules Sections 1050.350, 1050.940(b), 1050.950, 1050.1010, 1050.1020(b), 1050.1110, 1050.1175(a), 1050.2120(a), 1050.2125 (b)(5) & (6), and is in further violation of Sections 4-5(i) (11), and (17) of the Act.

ORDER

NOW THEREFORE IT IS ORDERED:

1. That WATERSTONE MORTGAGE CORP., License No. MB.6760383, shall be and hereby is assessed a fine in the amount of one hundred thousand dollars (\$100,000) for the violations and separate offenses cited herein;
2. The fine in the amount of one hundred thousand dollars (\$100,000) shall be due thirty (30) days after the effective date of this Order upon WATERSTONE MORTGAGE CORP.; and
3. The fine in the amount of one hundred thousand dollars (\$100,000) shall be paid by means of a certified check or money order made payable to the:

**Department of Financial and Professional Regulation
Division of Banking
ATTN: MORTGAGE BANKING
320 West Washington, 6th Floor
Springfield, IL 62786**

ORDERED THIS ____ DAY OF _____, 2009

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
BRENT E. ADAMS, SECRETARY

DIVISION OF BANKING

JORGE A. SOLIS, 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 party may file a request for a hearing on an administrative decision. The request for a hearing shall be filed within 10 days after the receipt of an administrative decision and, if so requested, 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 *et seq.*].