

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

IN THE MATTER OF)	
)	
)	No. 2009-MBR-292-b
WATERSTONE MORTGAGE CORP.)	2009-MBR-79-b
License No. MB.6760383)	
Attention: Eric J. Egenhoefer)	
1133 Quail Court)	
Pewaukee, WI 53072)	
)	
JANAN MORTGAGE CORPORATION)	
License No. MB.6759586)	
Attention: Terry Bloom)	
4001 N. Perryville Road)	
Loves Park, IL 61111)	

CONSENT ORDER &
SETTLEMENT OF RELATED MATTERS

The DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking (the “Department”), and Waterstone Mortgage Corp. (“Waterstone”), and Janan Mortgage Corporation (“Janan”) and Mortgage Managers, Inc. (“Mortgage Managers”) as additional named parties (the “Additional Named Parties”), hereby enter into this Consent Order & Settlement of Related Matters (the “Consent Order”) to resolve all issues involving the conduct of licensable activities and in connection with common office locations as hereinafter identified. This Consent Order is made pursuant to 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]. The Department, Waterstone, and Additional Named Parties stipulate as follows:

STIPULATIONS

The Department, Waterstone, and Additional Named Parties stipulate that the Department has investigated the license status and/or conduct of licensable activities from office locations as follows: 1) 4001 N. Perryville Road, Loves Park, Illinois 61111 (“Office One”), and 2) 250 Center Drive, Suite 102, Vernon Hills, Illinois 60061 (“Office Two”). Office One is the former corporate office operationally of Janan and Waterstone has applied for an additional full service (branch) office at Office One. Office Two is the former corporate office operationally of Mortgage Managers and Waterstone has applied for an additional full service office at Office Two. The Department has previously issued disciplinary orders against Janan and Waterstone (2009-MBR-79, 2009-MBR-CD5, and 2009-MBR-292 in relation to this Consent Order; hereinafter the “Department’s Orders”) and/or created enforcement issues relating in significant parts to the license status and/or conduct of licensable activities from Office One and Office Two relating to Waterstone, Janan, and Mortgage Managers. The Department’s Orders are currently under administrative appeal and there has been no final determination of facts in these cases and the licensees do not admit any wrongdoing. The Department, Waterstone, and additional named parties now desire to resolve all matters pertaining to the license status and conduct of licensable activities from Office One and Office Two and any other matters of the Department’s Orders. The Department and Waterstone further stipulate that the findings of violations of the Act and Rules in the regular examination of Waterstone, and as cited in Order 2009-MBR-292, are not at a level requiring referral for Department supervision, and that Waterstone has documented corrective actions to the Department subsequent to this examination. Waterstone will be fully accountable under its Illinois residential mortgage license number MB.6760683 for the proper licensing and conduct of licensable activities from Office One and Office Two per the terms and conditions of this Consent Order.

TERMS AND CONDITIONS

WHEREFORE, the Department, Waterstone, and Additional Named Parties, agree as follows:

- I. The Department reduces Waterstone's fine in Order 2009-MBR-292 to \$75,000, rescinds Order 2009-MBR-CD5, removes the fine assessed against Janan in Order 2009-MBR-79, and closes the enforcement issue for Mortgage Managers in Case No. 2009-1563.
- II. The Department agrees to process and approve Waterstone's additional full service office applications for Office One and Office Two, when complete in the Department's determination, and issue the additional full service office licenses for Office One and Office Two upon the Department's receipt of payment by Waterstone pursuant to Item I above. The Department agrees to have the licensing completed no later than December 30, 2009. The Parties agree that time is of the essence in relation to this Consent Order.
- III. The Department shall permit issuance to Waterstone of additional full service office licenses for Office One and Office Two per Item II above while Janan's current application for surrender of its Illinois residential mortgage license is processed by the Department and upon Mortgage Managers agreeing herein to submit an application for surrender of its residential mortgage license. All surrender applications must be completed pursuant to Section 2-6(e) of the Act and the Department's surrender guideline procedures.
- IV. Waterstone agrees to conduct its licensable activities, including, but not limited to the operation of Office One and Office Two, in compliance with the Act and Rules. Waterstone agrees to employ only registered loan originators or licensed mortgage loan originators, as applicable, for all loan originator or mortgage loan originator activities as defined in the Act and Rules, and to maintain loan logs and loan files in full compliance with the Act and Rules. Waterstone shall submit monthly reports on the fifteenth (15th) of the following month for a period of twelve (12) months from the effective date of this

Consent Order of its loan log and loan originators for Office One and Office Two as well as each office location licensed by the Department. The Department may conduct other investigations and examinations of Waterstone and its office locations under the Department's regulatory authority to verify compliance with the Act and Rules from time to time, including conducting a regular examination of Waterstone within twelve (12) months of the effective date of this Consent Order and Waterstone agrees to cooperate with the Department in any such undertakings by the Department.

- V. Waterstone acknowledges that in the event it materially violates this Consent Order, the Department may take any enforcement action against Waterstone's Illinois residential mortgage license authorized by the Act.
- VI. Waterstone and the Additional Named Parties agree to withdraw their administrative hearing requests of the Department Orders and to not file any petition for hearing and administrative review, or judicial review, of this Consent Order. Waterstone and Janan acknowledge that they have been represented by legal counsel in negotiating this Consent Order pertaining to the Department Orders, and Waterstone and the Additional Named Parties willingly enter into this Consent Order after full review, evaluation, and consideration and with full knowledge of their rights under the Act, and Illinois Administrative Procedure Act.
- VII. The Department enters into the Consent Order for the purpose of imposing measures that are fair and equitable in the circumstances and that are consistent with the best interests of the people of the State of Illinois. This Consent Order shall be published on the Department's website.
- VIII. The Consent Order shall become effective upon all the parties 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.

