

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF BANKING

IN THE MATTER OF

NORTHSTAR MORTGAGE, LLC.

STATEMENT OF ALLEGATIONS AND
PETITION FOR ORDER

RESPONDENT

WHEREAS the staff of the Mortgage Banking Section of the Division of Banking of the Department of Financial Institutions, State of Wisconsin, has conducted an investigation in the at ove-captioned matter and as a result thereof alleges as follows:

1. NorthStar Mortgage, LLC. ("NorthStar") is a domestic business entity with the last known business address of 2525 Milton Avenue, Suite H, Janesville, Wisconsin 53545.
2. NorthStar is licensed as a mortgage broker in the state of Wisconsin, license number 99-8991.
3. Erik Potter ("Potter") is licensed as a loan originator in the state of Wisconsin, license number 98-12323.
4. On February 20, 2001, Michael Raymond Glass ("Glass") filed a complaint with the Division, complaint #103518 ("Exhibit A"), against NorthStar.
5. On or about April 27, 2000, Potter, acting as an agent for NorthStar, completed a loan application for Glass. On section VI of the application entitled "Assets and Liabilities," Potter listed GMAC as a creditor and a monthly payment of \$370.00 ("Exhibit B").
6. Upon information and belief, on or about May 16, 2000, NorthStar obtained a credit bureau report ("Exhibit C") on Glass which included the following debts:

<u>Creditor</u>	<u>Term</u>	<u>Payment</u>	<u>Balance</u>	<u>Rating</u>
GMAC	60 Months	\$372	\$19,200	II
SALMAE (student loan)		\$50	\$3,163	II

7. Upon information and belief, on June 5, 2000, Glass and Meredith Ann Glass entered into a loan ("Glass transaction") with USA Funding Corp, 17035 Wisconsin Avenue #135, Brookfield, WI 53005.
8. Upon information and belief, on or about April 27, 2000, Glass signed a Mortgage Loan Origination Agreement ("Exhibit D") with NorthStar. NorthStar's Mortgage Loan Origination

Agreement does not comply with DFI-BKG 43.04(5m)(a), Wisconsin Administrative Code. Such conduct is in violation of s. 224.77(1)(i), Stats.

9. Upon information and belief, the debts mentioned in #6 above were not disclosed on the June 5, 2000, loan application ("Exhibit E") signed at closing. Such conduct would violate s. 224.77(1)(m), Stats.

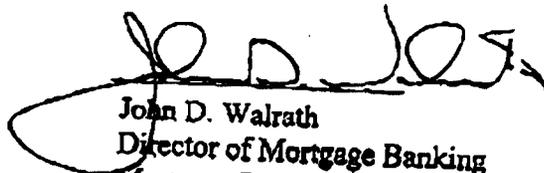
10. Upon information and belief, NorthStar informed Mr. Glass that he could refinance his loan after six months. The Glass transaction actually included a one-year prepayment penalty. Such conduct would violate s. 224.77(1)(b), Stats.

11. Upon information and belief, NorthStar failed to set up an escrow account after advising Glass that such an account would be set up after closing. Such conduct would violate s. 224.77(1)(c), Stats.

THEREFORE, I petition the Administrator for the Division of Banking, Department of Financial Institutions, or his designee, for the issuance of attached Order pursuant to s. 224.77(3), Stats.

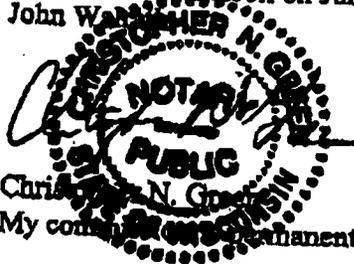
6-7-01

Date


John D. Walrath
Director of Mortgage Banking
Mortgage Banking Section

State of Wisconsin
County of Dane

This instrument was signed and sworn to before me at Madison on June 7, 2001 by John W...


Christopher N. Green
My commission expires permanent