

**STATE OF OHIO**  
**DEPARTMENT OF COMMERCE**  
**Division of Financial Institutions**  
**Consumer Finance**

In the matter of:	)	Case No. M2006-9992752
	)	<b>Notice of Intent to Deny Mortgage Broker Certificate</b>
<b>NOVASTAR MORTGAGE, INC.</b>	)	<b>of Registration Renewal Application</b>
8140 Ward Parkway	)	&
Kansas City, Missouri 64114	)	<b>Notice of Opportunity for a Hearing</b>
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**JURISDICTION**

The Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions ("Division"), is charged with the responsibility of administering and enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322, and the rules adopted thereunder.

**RESPONDENT**

**NOVASTAR MORTGAGE, INC.** ("Respondent") is a corporation that held a certificate of registration issued by the Division to engage in business as a mortgage broker pursuant to R.C. Chapter 1322. Respondent's certificate of registration expired on April 30, 2005, and Respondent filed an application to renew its certificate of registration and that renewal application remains pending. Respondent's business address is 8140 Ward Parkway, Kansas City, Missouri 64114.

**NOTICE OF PROPOSED ACTION**

In accordance with sections 1322.04(B) and 1322.10(A)(1)(a) of the Revised Code, and R.C. Chapter 119, the Division intends to DENY Respondent's renewal application for its mortgage broker certificate of registration.

**BASIS FOR PROPOSED ACTION**

The Division has conducted an investigation of Respondent, pursuant to R.C. 1322.10(B), and has found the following:

- A. In order for the Division to renew Respondent's mortgage broker certificate of registration, the Division must find pursuant to R.C. 1322.04(B)(2) that Respondent's operations manager, as designated under 1322.03 "has completed, during the immediately preceding calendar year, at least six hours of continuing education as required under section 1322.052 of the Revised Code."
- B. Respondent's operations manager failed to comply with R.C. 1322.052 by not completing at least six hours of continuing education during the 2004 calendar year.
- C. As a result of Respondent's failure to meet the condition for renewal as outlined in R.C. 1322.04(B)(2), the Division, under the authority granted it in R.C. 1322.10(A)(1)(a) and in the Division's compliance with R.C. 1322.04(B)(2), refuses to renew Respondent's mortgage broker certificate of registration.

**NOTICE OF OPPORTUNITY FOR A HEARING ON PROPOSED ACTION**

Therefore, pursuant to R.C. Chapters 1322 and 119, Respondent is hereby notified that thirty-one (31) days from the date of the mailing of this Notice, the Superintendent intends to issue an order denying the application for renewal of Respondent's mortgage broker certificate of registration.

Respondent is further notified, pursuant to R.C. Chapter 119, that Respondent is entitled to a hearing on this matter. If Respondent desires to request a hearing, the request must be made in writing, and must be received in the offices of the Ohio Division of Financial Institutions within thirty (30) days of the time of the mailing of this Notice. Hearing requests should be addressed: Ohio Division of Financial Institutions, Attn: Mark L. Rhea—Consumer Finance Licensing Attorney, 77 South High Street, 21<sup>st</sup> Floor, Columbus, Ohio 43215-6120.

At the hearing, Respondent may appear in person, by Respondent's attorney, or by such other representative as is permitted to practice before the Agency, or Respondent may present its position, arguments, or contentions in writing, and, at the hearing, may present evidence and examine witnesses appearing for and against Respondent. Note: Corporations must be represented by a person authorized by law to appear before the Agency, such as an attorney.

If the Ohio Division of Financial Institutions does not receive a written request for a hearing in its offices within thirty (30) days of the time of the mailing of this Notice, the Superintendent will issue an order denying Respondent's mortgage broker certificate of registration.

Signed and sealed this 27<sup>th</sup> day of April 2006

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**ROBERT M. GRIESER**

Deputy Superintendent for Consumer Finance  
Division of Financial Institutions  
Ohio Department of Commerce