

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Acting Deputy Commissioner
3 MARISA I. URTEAGA-WATKINS (SBN236398)
Corporations Counsel
4 1515 K Street, Suite 200
5 Sacramento, California 95814
6 Telephone: (916) 445-9626
7 Fax: (916) 445-6985
Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 THE CALIFORNIA CORPORATIONS) File No.: 413-0140
COMMISSIONER,)
11 Complainant,) **ACCUSATION**
12)
13 v.)
14 NOVASTAR MORTGAGE, INC.)
Respondent.)

16 The Complainant, California Corporations Commissioner ("Commissioner"), is informed and
17 believes, and based upon such information and belief, alleges and charges Respondent as follows:

18 **I.**

19 Respondent NOVASTAR MORTGAGE, INC. ("Novastar") is a residential mortgage lender
20 and mortgage loan servicer licensed by the Commissioner pursuant to the California Residential
21 Mortgage Lending Act (California Financial Code, § 50000 *et seq.*) ("CRMLA"). Novastar has its
22 principal place of business located at 8140 Ward Parkway, Kansas City, MO 64114.

23 **II.**

24 Pursuant to California Financial Code section 50200, all licensees under the CRMLA are
25 required to file audited financial statements ("Audited Report") with the Commissioner. Novastar
26 was required to submit its Audited Report for its fiscal year ending December 31, 2007 to the
27 Commissioner.
28

1 On or about December 17, 2007 and June 4, 2008, a reminder notice was issued to Novastar
2 reminding Novastar that its Audited Report was due to be filed with the Commissioner on or before
3 April 15, 2008. Novastar did not submit the Audited Report to the Commissioner, despite this
4 reminder notice. On or about August 1, 2008, the Commissioner assessed a penalty of \$1000.00 for
5 failure to submit the Audited Report pursuant to California Financial Code section 50326. To date,
6 Novastar has not submitted the Audited Report to the Commissioner and paid the assessed penalty.

7 **III.**

8 California Financial Code section 50327 provides in pertinent part:

9 (a) The commissioner may, after notice and a reasonable opportunity to
10 be heard, suspend or revoke any license if the commissioner finds that:
11 (1) the licensee has violated any provision of this division or any rule or
12 order of the commissioner thereunder; or (2) any fact or condition
13 exists that, if it had existed at the time of the original application for the
license, reasonably would have warranted the commissioner in refusing
to issue the license originally.

14 The Commissioner finds that, by reason of the foregoing, NOVASTAR MORTGAGE, INC.
15 has violated California Financial Code sections 50200, and 50326, and based thereon, grounds exist
16 to revoke NOVASTAR MORTGAGE, INC.'s license as a residential mortgage lender and mortgage
17 loan servicer.

18 WHEREFORE, IT IS PRAYED that the residential mortgage lender and mortgage loan
19 servicer license of NOVASTAR MORTGAGE, INC.'s be revoked and, pursuant to Financial Code
20 section 50311, NOVASTAR MORTGAGE INC. be given a transition period of sixty (60) days
21 within which to complete any loans for which it had prior commitments.

22 DATED: May 6, 2009 PRESTON DuFAUCHARD
23 Sacramento, CA California Corporations Commissioner

24
25
26 By _____
27 Marisa I. Urteaga-Watkins
28 Corporations Counsel