Commissioner's Message

Saying goodbye to an old friend and long time civil servant, John Liberator.

When I first came to the Department of Real Estate in 2004, I was not sure what to expect. I had spent my whole career in the private sector and working for the government was a completely new experience. Like most, I had preconceived notions about government and its employees. Especially long term employees. Certainly, there would be impediments and improved efficiencies to be had.

While working in government has lived up to its reputation in some ways (the budget process certainly is intriguing!), the people behind the morass have proven to be dedicated, hardworking civil servants. One man in particular exemplified what every citizen should expect from a government official, a humble man of integrity, intelligence and honor; a bureaucrat in the truest sense of the word, one with the ability and skill to take the vision of leaders and make them a reality. I speak of John Liberator.

After 37 plus years in civil service, John Liberator, the DRE’s Chief Deputy Commissioner, has retired. During his tenure as Chief Deputy, John has worked through four different gubernatorial administrations and served five Real Estate Commissioners.

As Chief Deputy, John was responsible for the day to day management and oversight of the Department. But his legacy is cemented in the many projects and moves he oversaw, most often completing projects on schedule and on budget. These projects included the creation and launch of the DRE’s web site, allowing secured access to the DRE licensing database, the creation and implementation of eLicensing that allows for online exam scheduling and license renewals, and implementation of a state of the art Enterprise Information System that will serve the DRE for years to come. All of these accomplishments have led to greater efficiencies, negating the need for large fee adjustments; in fact, license fees are at 1982 levels.

DRE has been fortunate to have the leadership and skill set of John Liberator in this key managerial spot for over two decades and we all will be forever grateful.

The tangled web

There is an old adage that warns of the tangled web we weave, when first we practice to deceive. In a recent enforcement case, a licensee learned this lesson the hard way and her actions resulted in license revocation, as well as a criminal conviction.

In this case, the licensee was involved as the agent in a transaction for a married couple with two young children who wanted to purchase a home for their family. The couple told the licensee that they could not qualify for a loan, however the husband’s aunt had agreed to assist them by purchasing the desired property for them, allowing them to live in the property and make the payments. They insisted the aunt was out of the country at the time, and therefore was unable to appear in person to sign the documents herself. The couple gave the licensee all of the aunt’s personal and financial information necessary to prepare the documents required for the purchase.

To assist the couple in securing a loan, the licensee agreed to notarize documents required for the aunt to purchase of the property, even though this involved the wife signing the aunt’s name to all of the documents necessary to complete the transaction. The escrow

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Mortgage brokering in California

Mortgage brokers act as conduits and the principal points of contact between mortgage consumers and those who loan mortgage monies. Is a Department of Real Estate (DRE) license required in order to broker residential mortgage loans in California? The answer is maybe. There are two common licensing options available to those wishing to operate as a mortgage broker: a real estate broker license under the jurisdiction of DRE, or a California Finance Lender (CFL) license under the jurisdiction of the Department of Corporations (DOC), with limitations.

The purpose of this article is to provide an overview of the licensing differences between DRE’s real estate broker licenses and CFL licenses relative to mortgage brokering, and some special considerations for persons choosing to operate under a real estate broker and CFL

Continued on page 3
Continuing education requirements for renewals

Effective October 1, 2007, applicants applying for an original real estate salesperson license must submit evidence of completing three college level courses in Real Estate Principles, Real Estate Practice and one additional course from the list of broker qualification courses excluding the advance courses. The legislation, Assembly Bill 2429, that created this change in the original licensing requirements for a real estate salesperson license, also changed the continuing education requirements for a salesperson’s first time license renewal. A broker’s continuing education requirements for license renewal have not been impacted and remain the same.

Prior to October 1, 2007 – Salesperson First Renewal

Real estate salespersons who passed the examination and applied for their license before October 1, 2007, or who were licensed prior to October 1, 2007, and are renewing an original license for the first time, must complete five separate three-hour DRE-approved continuing education courses in Ethics, Agency, Trust Fund Handling, Fair Housing and Risk Management.

On or after October 1, 2007 – Salesperson First Renewal

Those licensees who qualified for the real estate salesperson license on or after October 1, 2007, and were required to submit evidence of successful completion of the three statutory/pre-license courses before receiving their license (Real Estate Principles, Real Estate Practice and one additional course), will be required to meet the same continuing education requirement as a first-time real estate broker renewal. They must complete 45 clock hours of DRE-approved continuing education consisting of:

- Five separate three-hour courses in the following subjects: Ethics, Agency, Trust Fund Handling, Fair Housing, and Risk Management;
- A minimum of 18 clock hours of consumer protection courses; and
- The remaining clock hours required to complete the 45 hours of continuing education may be related to either consumer service or consumer protection courses.

Broker Renewals and Salesperson Second and Subsequent Renewals

A real estate broker’s and salesperson’s second and subsequent license renewal requirements were not changed. For subsequent renewals, all real estate brokers and salespersons must complete 45 clock hours of DRE-approved continuing education consisting of:

- Either 12 hours of continuing education courses in the following subjects: Ethics, Agency, Trust Fund Handling, and Fair Housing) OR one six-hour survey course that covers the four mandatory subjects (Ethics, Agency, Trust Fund Handling, and Fair Housing);
- One three-hour course in Risk Management; and
- At least 18 clock hours of consumer protection courses; and
- The remaining clock hours required to complete the 45 hours of continuing education may be related to either consumer service or consumer protection courses.

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Mortgage Brokering
Continued from page 1

license simultaneously. It is important to note there are other alternatives for a person to broker mortgage loans in California. For example, a licensed California Residential Mortgage Lending Act lender is authorized to provide brokerage services to a borrower by attempting to obtain a mortgage loan on behalf of the borrower from another lender.

California Business and Professions (B&P) Code Section 10131(d) permits any real estate broker licensee to operate as a mortgage loan broker, and sets forth a wide range of mortgage loan brokerage functions that may be performed:

- Solicitation of borrowers or lenders
- Negotiation of loans
- Collection of payments or performance of services for borrowers or lenders in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.

B&P Code Section 10131.3 defines a specific statutory exemption from the real estate licensing requirement for any person licensed as a CFL when acting under the authority of the CFL license.

The CFL law is codified under Division 9 (commencing with Section 22000) of the California Financial Code. CFL licensees are regulated by the DOC.

A number of factors differentiate real estate brokers from CFL licensees. Some examples of these differences are discussed below.

1. Real estate brokers, including when they are acting as mortgage loan brokers, are fiduciaries of their clients. A fiduciary relationship is a relationship involving a high degree of trust, fidelity, integrity and confidence, and the exercise of professional expertise or special knowledge. Being a fiduciary imposes the highest standard of care on the broker and imposes duties including, but not limited to: the obligation to exercise diligence and skill in representing a client, to fully and truthfully disclose to a client all material facts, and to exercise the utmost honesty, candor, and unselfishness toward the client. A real estate broker must work in the best interests of his or her principal. For more information on the fiduciary duties of real estate licensees, see the summer 2007 edition of the Real Estate Bulletin.

A CFL licensee’s duties in connection with the making of loans are specified by statute and administrative regulations. Unlike the case with real estate licensed mortgage brokers, no court has held CFL brokers have a fiduciary duty to the borrower.

2. A real estate broker has the ability to arrange mortgage loans for consumers through a wide variety of lenders. The lenders can be real estate brokers, banks, credit unions, licensed residential mortgage lenders, private individuals, and other sources of mortgage loans.

CFL licenses are issued to both brokers and lenders. A CFL broker engages in the business of negotiating or performing actions in connection with loans made by finance lenders. CFL brokers are limited to arranging loans through CFL licensed lenders.

3. The CFL license is an umbrella license. This means an employee of a CFL licensee is not required to be licensed when working in the scope of the person’s employment. CFL licensees can hire employees to work under their CFL license and the employees do not need to hold a license. However, a CFL licensee cannot allow an independent contractor or other non-employee to use or operate under the CFL license. This is considered a transfer or assignment of the CFL license, which is not permitted under the law. Therefore, an employee arranging loans under a CFL license must be a W-2 employee.

A real estate broker may employ licensed salespersons to work under the broker’s license. While a salesperson is considered an employee for licensing purposes, the person may work as an independent contractor, and compensation may be based entirely on commissions. A salesperson properly licensed to a broker may solicit and negotiate mortgage loans under the broker’s supervision. A real estate broker may also employ unlicensed individuals. The Real Estate Law allows employees of a broker to assist the broker as long as the employee does not participate in negotiation and is supervised. Section 2841 of the Regulations of the Real Estate Commissioner details activities which are not considered to be a negotiation. The term employee refers to a W-2 employee.

4. All persons engaged in the business of a finance lender must obtain a license from the Commissioner of Corporations. In order to obtain a CFL license an individual or organization shall:

- Submit an application and appropriate fee to the Commissioner of Corporations
- Include with the application financial statements indicating a net worth of at least $25,000
- Maintain a surety bond payable to the Commissioner in the amount of $25,000; and
- Furnish a full set of fingerprints for the purpose of the Commissioner to conduct a criminal history record check. Upon an opportunity to be heard, the Commissioner may deny the application if the applicant has been convicted of a crime or committed an act involving dishonesty.

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Disciplinary Action: Sept 07 - Nov 07

✓ A list of actions is not published in this Bulletin until the 30-day period allowed for court appeal has expired, or if an appeal is filed and the disciplinary action is stayed, until the stay is dissolved. Names of persons to whom licenses are denied on application are not published.

✓ Licensees are listed alphabetically by the District Office region of responsibility.

✓ The license type is listed in parentheses after the licensee’s name. [REB – Real estate broker; RREB – Restricted real estate broker; RES – Real estate salesperson; RRES – Restricted real estate salesperson; PRLS – Prepaid rental listing service; RPRLS – Restricted prepaid rental listing service; REO – Real estate officer; REC – Real estate corporation]

✓ Below are brief summaries of various regulations and code sections. The full text of the sections is available on the DRE Web site www.dre.ca.gov under Real Estate Law and/or Regulations.

✓ Disciplinary actions that are “stayed” means there is “a delay in carrying out” all or part of the recommended discipline.

Commissioner’s Regulations
2715 Licensee’s failure to maintain current business or mailing address with DRE
2725 Failure of broker to exercise reasonable supervision over the activities of his or her salespersons
2731 Unauthorized use of fictitious business name
2831 Failure to keep proper trust fund records
2831.1 Inadequate separate trust fund beneficiary records
2831.2 Failure to reconcile trust account
2832 Failure to comply with trust fund handling provisions
2832(d) Failure of broker holding trust funds contingent on offer of acceptance to properly place funds within 3 days of acceptance
2832.1 Failure to obtain permission to reduce trust fund balance in a multiple beneficiary account
2834 Trust account withdrawals by unauthorized or unbonded person
2835 Retention of broker funds in trust account
2835(b) Retention of broker funds in trust account
2840 Failure to give approved borrower disclosure
2846.7 Delayed filing of annual trust account report
2950(d) Failure of broker handling escrows to maintain records and accounts
2950(f) Failure to deposit escrow trust funds
2951 Improper record keeping for broker handled escrows

Business and Professions Code
475(a)(1) Making a false statement in license application
480(a) Denial of real estate license on grounds of conviction of crime, dishonest or fraudulent act, or act which would warrant suspension or revocation of license
480(c) Denial of license on grounds of false statement in license application
490 Substantially related criminal conviction
498 License obtained by fraud or misrepresentation
10130 Acting without license
10137 Unlawful employment or payment of compensation
10142 Failure to deliver copy of agreement to signatory
10145 Trust fund handling
10145(a) Trust fund handling
10145(c) Failure by salesperson to deliver trust funds to broker
10145(d) Violation of interest bearing trust account requirements
10148 Failure to retain records and make available for inspection
10159.2 Failure by designated officer to supervise licensed acts of corporation
10159.5 Failure to obtain license with fictitious business name
10162 Failure to maintain a place of business
10165 Failure to comply with specified B&P code sections
10176(a) Making any substantial misrepresentation
10176(b) Making false promise
10176(c) Continued & flagrant course of misrepresentation through salespersons
10176(d) Failure to disclose dual agency
10176(e) Commissioning trust funds with brokers funds
10176(f) Fraud or dishonest dealing in licensed capacity

Financial Code
4975 et seq. Violation of covered loan requirements

REVOKED LICENSES

FRESNO REGION

Barraza, Ricardo A. (RES)
1641 8th Ave., Delano
Effective: 9/4/07
Violation: 490, 10177(b)

Geronis, Leslie (RES)
1168 Arroyo Grande
Effective: 9/10/07
Violation: 490, 10177(b)

Glover, James Dexter (RES)
3621 Rosanne Ln., Modesto
Effective: 9/4/07
Violation: 490, 10177(b)

Hand, Steven (RES)
218 Red River Dr., Paso Robles
Effective: 9/5/07
Violation: 490, 10177(b)

Hansen, Michele (RES)
PO Box 2071, Mammoth Lakes
Effective: 9/5/07
Violation: 10176(i), 10177(d)(i)

Los ANGELES REGION

Abravanel, Russell (RES)
5805 Oak Bend Lane #201, Oak Park
Effective: 10/18/07
Violation: 490, 10177(b)

Maas, Clifford Lindsay (REB)
875 Summit Rd., Watsonville
Effective: 9/21/07
Violation: 490, 10177(b)

Minner, Gregory Gene (RES)
2926 Skyline Blvd., Bakersfield
Effective: 11/30/07
Violation: 490, 10177(b)

Stanton, Ellen E. (REB)
145 Heimlen, Lemoore
Effective: 9/5/07
Violation: 2831, 2831.1, 2831.2, 2832, 2832.1, 2835, 10145, 10176(e), 10176(f), 10177(d)

Zopolos, Peter Jon (RES)
4738 N. Callisch St., Fresno
Effective: 10/23/07
Violation: 490, 10177(b)
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**OAKLAND REGION**

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NGO, Brenda Bao Ngan (RES) 4446 Silverberry Dr., San Jose Effective: 11/14/07 Violation: 490, 10177(b)

NGUYEN, Quynhvi T. (RES) 3213 Michelangelo Dr., San Jose Effective: 9/10/07 Violation: 490, 10177(b)

NGUYEN, Thien (RES) 2405 Patricia Dr. #2, Santa Clara Effective: 9/10/07 Violation: 490, 10177(b)

PARKER, Cody Lane (RES) 909 Ripley St., Santa Rosa Effective: 11/20/07 Violation: 490, 10177(b)

QI, Weiguo (REB) 2730 Laureen Ct., Pleasanton Effective: 11/6/07 Violation: 2715, 10176(i), 10177(d)(j)

RAINERI, Joseph Charles III (REB) 19500 Montevina Road, Los Gatos Effective: 9/12/07 Violation: 490, 10177(f)

ROUSTAMOV, Djamal B. (RES) 1422 Eddy St., San Francisco Effective: 9/17/07 Violation: 490, 10177(b)

SHU, John (RES) 15 Persimmon Court, Hillsborough Effective: 11/20/07 Violation: 490, 10177(b)

SOARES, Randy Anthony (RES) 6964 Corte Verde, Pleasanton Effective: 9/6/07 Violation: 490, 10177(b)

STRAIGHT LENDING CORP. (REC) 910 Campsi Way, Ste. 1E, Campbell Effective: 10/24/07 Violation: 2831.1, 10176(c), 10177(d)

VASSALLO, Frank Gregory (RES) 39120 Argonaut Way, #445, Fremont Effective: 9/17/07 Violation: 490, 10177(b)

SACRAMENTO REGION

ADENWALA, Muhammad Azhar (RES) 5777 Madison Ave. #590, Sacramento Effective: 9/14/07 Violation: 490, 10177(b)

ALONSO, Manuel (RES) PO Box 532, Kelseyville Effective: 11/20/07 Violation: 490, 10177(b)

BEC, Steven William (RES) 2419 Butte St., Redding Effective: 9/4/07 Violation: 490, 10177(b)

BROOKS, Tamara Jane (RES) PO Box 368, Madison Effective: 9/14/07 Violation: 490, 10177(b)

CARRILLO, Glen Edward (RES) 1880 Broadford, Folsom Effective: 9/4/07 Violation: 490, 10177(b)

Cruz, Gerard Floro (RES) 921 Marietta Court, Fairfield Effective: 9/4/07 Violation: 490, 10177(b)

Davis, Lawrence S. (RES) 7178 Torrazzo Way, El Dorado Hills Effective: 10/23/07 Violation: 10176(a)(b)(c)(i), 10177(j)

Dumont, Anthony Charles (RES) 10680 Horton St., Penn Valley Effective: 9/12/07 Violation: 490, 10177(b)

FREEDOM CAPITAL MORTGAGE, INC. (REC) 4740 Northgate Blvd., Ste. 135, Sacramento Effective: 9/25/07 Violation: 10130, 10137, 10177(d)

Gallo, Joseph Salvatore (RES) 4740 Northgate Blvd., Ste. 135, Sacramento Effective: 9/25/07 Violation: 10130, 10137, 10159.2, 10177(d)(g)(h)

Hembel, Ariel Robin (RES) 32280 Ellison Way, Fort Bragg Effective: 9/17/07 Violation: 490, 10177(b)

Humes, Sean Michael (RES) 5361 M Street, Sacramento Effective: 11/30/07 Violation: 490, 10177(b)

Hunter, Joyce Rive (RES) PO Box 1253, Murphys Effective: 9/6/07 Violation: 490, 10177(b)

JORDAN, Floyd Joseph John III (RES) 5028 Venuto Way, Sacramento Effective: 11/20/07 Violation: 490, 10177(b)

Key, LaDaniel Cardell (RES) 516 Blue Wing Dr., Suisun City Effective: 9/12/07 Violation: 490, 10177(b)

King, Geovona Da’Rell (RES) 8224 Moohraven Way, Sacramento Effective: 9/4/07 Violation: 490, 10177(b)

Lee, Pang Yun (RES) 2858 Coy Dr., Yuba City Effective: 9/4/07 Violation: 490, 10177(b)

Lukas, Floyd M. (RES) PO Box 2266, Elk Grove Effective: 9/17/07 Violation: 10176(a)(i), 10177(j)

Massucco, Gabriel John (RES) 5901 Rightwood Way, Sacramento Effective: 9/4/07 Violation: 490, 10177(b)

McCaughern, Robert E. (REB) 1781 Malcolm Dixon Rd., El Dorado Hills Effective: 10/18/07 Violation: 490, 10177(b)

Miller, Raylene (RES) 5327 Foppiano Ave., Stockton Effective: 10/31/07 Violation: 10177(b)

Mortensen, Eric Robert (RES) 837 Carro Dr. #9, Sacramento Effective: 10/23/07 Violation: 10176(a)(b)(c)(i), 10177(j)

MOVING ON UP, Inc. (REC) 5380 S. Watt Ave., Ste. 200, Sacramento Effective: 9/17/07 Violation: 10176(a)(i), 10177(j)

Pepper, Steve Glenn (RES) 2442 Parkwood Dr., Sacramento Effective: 9/4/07 Violation: 490, 10177(b)

PICKLEMSER, Matthew Neal (REB) 525 Rio Street, Red Bluff Effective: 9/4/07 Violation: 490, 10177(b)

Quintero, Jose Rojas (RES) 3300 53rd St., Sacramento Effective: 9/4/07 Violation: 490, 10177(b)

Sanchez, Jose Alfredo (RES) 2701 Hammer Ln., Ste. 106, Stockton Effective: 9/4/07 Violation: 490, 10177(b)

Sevilla, Arturo (RES) PO Box 922, Alturas Effective: 11/20/07 Violation: 490, 10177(b)

WASHINGTON, Michael (RES) 9704 Deepwater Ln., Stockton Effective: 9/10/07 Violation: 490, 10177(b)

WIKOFF, Shawn Ray (RES) 5232 Woodwell Ct., Antelope Effective: 11/6/07 Violation: 490, 10145(c), 10176(e)(i), 10177(d)(j)

SAN diego region

Desert-Pacific Management Services, Inc. (REC) 2725 Jefferson St., #8-B, Carlisbad Effective: 11/6/07 Violation: 2831.1, 2831.2, 10148, 10177(d)

EAGLE UNO MORTGAGE CORP. (REC) 12981 Perris Blvd. #103, Moreno Valley 92553 Effective: 10/1/07 Violation: 10176(a)(i), 10177(g) Right to RRES license on terms and conditions

LOS ANGELES REGION

Aguilar, Olegario Cielo (REB) 12581 Westminster Ave., Santa Ana Effective: 10/15/07 Violation: 490, 10177(b) Right to RREB license on terms and conditions

CHojnkacki, Wayne Stephen (RES) 27935 Highgate, Mission Vejo Effective: 10/1/07 Violation: 490, 10177(b) Right to RRES license on terms and conditions

Cook, Don Randall (RES) 9070 Lost Valley Ranch Rd., Leona Valley Effective: 10/24/07 Violation: 490, 10177(b) Right to RRES license on terms and conditions

REVOKE WITH A RIGHT TO A RESTRICTED LICENSE

Fresno region

Campbell, Michael Corey (RES) 1441 Braham St., Patterson Effective: 10/18/07 Violation: 490, 10177(b) Right to RRES license on terms and conditions

Sill, Andrea Dee (RES) 1460 Hazel Dean Rd., Waterford Effective: 10/17/07 Violation: 10176(a)(i), 10177(g) Right to RRES license on terms and conditions
Dahler, Roger Eric (RES)  
14130 Crescenta Way, Rancho Cucamonga  
Effective: 10/29/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Emond, Cassandra Rose (RES)  
20571 Reflejo, Mission Viejo  
Effective: 11/7/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Forester, Casey Allen (RES)  
13772 Rushmore Ln., Santa Ana  
Effective: 11/19/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Goldblatt, Stephen (RES)  
7323 Sausalito Ave., West Hills  
Effective: 9/5/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Gustavson, Robert Eric II (RES)  
1365 S. Walnut St. #5625, Anaheim  
Effective: 10/3/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Hernandez, Sergio (RES)  
2900 E. Foothill blvd., ste. 210, Pasadena  
Effective: 10/22/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Montoya, Alma A. (RES)  
13046 Bellflower Blvd., Downey  
Effective: 10/30/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Salyers, Brad Clark (RES)  
3800 N. Bradford St. #171, Unit C, La Verne  
Effective: 9/19/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Serrino, Erendira (RES)  
9227 Guatemala Ave., Downey  
Effective: 11/15/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Shaun, Christopher (RES)  
163 N. La Peer Dr, Beverly Hills  
Effective: 10/3/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Carlson, Felicia Jade (RES)  
709 Healdsburg Ave., Healdsburg  
Effective: 11/5/07  
Violation: 490, 10177(d)  
Right to RRES license on terms and conditions

Chiu, Miranda Y. (RES)  
1290 Bayshore Hwy. #218, Burlingame  
Effective: 9/6/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

De La Merced, Ochie R. (REB)  
188 Ben Lomond, Hercules  
Effective: 10/1/07  
Violation: 2831, 2831.1, 2832, 2834, 10145, 10145(b), 10177(d)  
Right to RRES license on terms and conditions

Dunlap, Mark Anthony (RES)  
3003 Badger Dr., Pleasanton  
Effective: 9/5/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

James, Odis D III (RES)  
327 Piercy Rd., San Jose  
Effective: 9/17/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Milano, Lisa Marie (RES)  
3302 Ensenada Dr., San Ramon  
Effective: 9/5/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Roberts, Rodney Demond (RES)  
5876 Hillbrook Pl., Dublin  
Effective: 10/17/07  
Violation: 490, 498, 10177(a)  
(b)  
Right to RRES license on terms and conditions

Taylor, James North (REB)  
13 Newport Way, San Rafael  
Effective: 9/17/07  
Violation: 490, 10177(d)  
Right to RREB license on terms and conditions

Wexelman, Eric (RES)  
1393 Arrowhead Ave., Livermore  
Effective: 11/28/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

FRESNO REGION

Hanson, Wade Alan (REB)  
7086 N. Maple Ave. #104, Fresno  
Effective: 10/22/07  
Violation: 10159.2, 10177(b)  
Suspended for 90 days—stayed for 2 years on terms and conditions

Lewis, Craig Carter (REB)  
1101 Sylvan Ave., Ste. A-7, Modesto  
Effective: 10/17/07  
Violation: 10159.2, 10177(d)  
Suspended for 90 days—stayed for 2 years on terms and conditions

SUSPENDED WITH STAY

Emerald Home Loan, Inc. (REC)  
7502 N. Colonial Ave., Fresno  
Effective: 10/22/07  
Violation: 10130, 10137, 10177(d), 10240  
Suspended for 50 days—stayed for 2 years on terms and conditions

Stone Real Estate, Inc. (REC)  
1101 Sylvan Ave., Ste. A-7, Modesto  
Effective: 10/17/07  
Violation: 10176(a)(i), 10177(g)  
Suspended for 60 days—stayed for 2 years on terms and conditions

LOS ANGELES REGION

Adhami, Alex (REB, REO)  
18822 Paseo Nuevo Dr., Tarzana  
Effective: 10/9/07  
Officer of: Mi Agente Mortgage, Inc.  
Violation: 10137, 10177(d), 10240  
Suspended for 45 days—stayed for 2 years on terms and conditions

Bringham, Jayson Grose (REB, REO)  
1200 Quail St., Ste. 160, Newport Beach  
Effective: 10/29/07  
Officer of: Emerald Home Loan, Inc.; American Guardian Financial Group, Inc.; Newport Coast Funding, Inc.; Tandis Homes, Inc.; Tandis Homes Real Estate, Inc., First Funding Plus  
Violation: 10159.2, 10177(d)  
Suspended for 90 days—stayed for 2 years on terms and conditions

Downing, Peter Michael (REB, REO)  
5561 Lockhavn Dr., Buena Park  
Effective: 11/13/07  
Officer of: Home Loan Lending, Inc.  
Violation: 2831, 2831.1, 2832.1, 10137, 10145(a), 10177(d)  
Suspended for 60 days—stayed for 2 years on terms and conditions

Ehsan, Ali R. (REB, REO)  
8965 Research Dr., Irvine  
Effective: 10/9/07  
Officer of: Mi Agente Mortgage, Inc.
Violation: 2831.1, 2834, 10137, 10177(d), 10240
Suspended for 60 days—stayed for 2 years on terms and conditions

Home Loan Lending, Inc. (REC)
135 W. Magnolia Blvd., 4th Floor, Burbank
Effective: 11/13/07
Violation: 2831, 2831.1, 2831.2, 2832.1, 10137, 10145(a), 10177(d)
Suspended for 60 days—stayed for 2 years on terms and conditions

KMC Mortgage Corporation (REC)
3345 Newport Blvd., Ste 200, Newport Beach
Effective: 9/26/07
Violation: 10177(g)
Suspended for 60 days—stayed for 2 years on terms and conditions

Quintero, Ruben Moreno (REB)
Pridemark Mortgage & Investment, Inc.
1656 E. Fourth St., Ste. 210, Santa Ana
Effective: 10/15/07
Violation: 2834, 2950(d), 10145, 10177(d)
Suspended for 30 days—stayed for 2 years on terms and conditions

Nuestra Casa Mortgage, Inc. (REC)
1665 N. Via Miramar, Ste 101, Laguna Niguel
Effective: 10/24/07
Violation: 2831, 2834, 10145, 10177(d)
Suspended for 100 days—stayed for 2 years on terms and conditions

SACRAMENTO REGION

Holt, & Company, Inc. (REC)
1101 Fulton Ave., Ste. 205, Sacramento
Effective: 9/10/07
Violation: 2831.1, 2832, 2834, 10145, 10177(d), 10238(k)
Suspended for 60 days—stayed for 2 years on terms and conditions

Holt, Donald Lee (REB)
1101 Fulton Ave., Ste. 205, Sacramento
Effective: 10/17/07
Violation: 2831.1, 2832, 2834, 10145, 10177(d)
Suspended for 5 days—stayed for 2 years on terms and conditions

Titan Realty Services Inc. (REC)
2775 Cottage Way, Ste. 17, Sacramento
Effective: 10/16/07
Violation: 2731, 2831, 2831.1, 10145, 10177(d), 10240
Suspended for 60 days—stayed for 2 years on terms and conditions

San Diego Region

Alaniz, Luis Cesar (REB, REO)
3596 Heartland Ct., Perris
Effective: 10/17/07
Violation: 2831, 2831.1, 2832, 2831.2, 10145, 10148, 10177(d)
Suspended for 60 days—stayed for 2 years on terms and conditions

Canyon Crest Mortgage, Inc. (REC)
5750 Division St. #101, Riverside
Effective: 9/10/07
Violation: 2831, 2831.1, 2832, 10145(a), 10177(d), 10240
Suspended for 90 days—stayed for 2 years on terms and conditions

Feinstein, Barbara Ann (REB, REO)
6927 Magnolia Ave., Riverside
Effective: 10/22/07
Violation: 2831, 2834, 2950(d), 10137, 10145, 10177(d)
Suspended for 90 days—stayed for 2 years on terms and conditions

McIntyre, Mark J. (REB)
3186 Vista Way #300, Oceanside
Effective: 9/19/07
Violation: 10159.2, 10177(d)(b)
Suspended for 90 days—stayed for 45 days stayed for 2 years on terms and conditions

Milligan, Robert Dewayne (REB, REO)
5750 Division St., Ste. 109, Riverside
Effective: 10/9/07
Officer of: Canyon Crest Mortgage, Inc.
Violation: 2831, 2831.1, 2832, 10145(a), 10177(d), 10240
Suspended for 90 days—stayed for 2 years on terms and conditions

Shams, Niloo (RES)
74199 El Paseo, Ste. 101, Palm Desert
Effective: 11/15/07
Violation: 10176(a)
Suspended for 90 days—stayed for 2 years on terms and conditions

LICENSE SURRENDERED
(Licenses voluntarily surrendered per B&P Code §10100.2 during an administrative action/investigation)

FRESNO REGION

Lambeth, Maureen (RES)
15225 W. El Mar Ln., Kerman
Effective: 9/21/07
Violation: 2831, 2831.1, 2832, 10177(d), 10240
Suspended for 60 days—stayed for 2 years on terms and conditions

Rogers, Linda Sue (RES)
929 Kevin Court, Modesto
Effective: 9/17/07
Violation: 2831, 2831.1, 2832, 10145(a), 10177(d), 10240
Suspended for 60 days—stayed for 2 years on terms and conditions

LOS ANGELES REGION

Abiql, Ali (RES)
20102 S. W. Birch St., Apt. 37, Newport Beach
Effective: 9/10/07
Violation: 2831, 2831.1, 2832, 10145(a), 10177(d), 10240
Suspended for 60 days—stayed for 2 years on terms and conditions

Segway Financial, Inc. (REC)
16500 Bake Parkway, Irvine
Effective: 9/26/07
Violation: 10177(g)
Suspended for 60 days—stayed for 2 years on terms and conditions

Schultz, Robert William (REB, REO)
22972 Via Miramar, Laguna Niguel
Effective: 9/26/07
Officer of: KMC Mortgage Corporation; Segway Financial, Inc.
Violation: 10177(g)
Suspended for 60 days—stayed for 2 years on terms and conditions

Segway Financial, Inc. (REC)
16500 Bake Parkway, Irvine
Effective: 9/26/07
Violation: 10177(g)
Suspended for 60 days—stayed for 2 years on terms and conditions

Stein, Clement Joseph Jr. (REB)
10 Commodore Dr., Emeryville
Effective: 10/31/07
Violation: 2731, 2831, 2831.2, 2832.1, 10145, 10148, 10159.5, 10177(d)
Suspended for 30 days—stayed for 2 years on terms and conditions

Titan Management, Inc. (REC)
6621 E. Pacific Coast Hwy. #150, Long Beach
Effective: 10/10/07
Violation: 10337, 10177(d)
Suspended for 90 days—stayed for 2 years on terms and conditions

Stambaugh, Michael (RES)
8328 Edmaru, Whittier
Effective: 9/13/07
Violation: 10310, 10177(d)
Suspended for 90 days—60 days stayed for 2 years on terms and conditions

Trinh, Son Khanh (REB, REO)
10161 Bolsa Ave., Ste. 204-A, Westminster
Effective: 10/18/07
Officer of: Pridemark Mortgage & Investment, Inc.
Violation: 10159.2, 10177(h)
Suspended for 60 days—stayed for 2 years on terms and conditions

Trin, John Michael (REB)
656 Piezi Rd., Santa Rosa
Effective: 11/5/07
Violation: 2831, 2831.1, 2831.2, 2832.1, 10145, 10177(d), 10233, 10238(k)
Suspended for 60 days—stayed for 2 years on terms and conditions

VII, William (REB)
2775 Cottage Way, Ste. 17, Sacramento
Effective: 10/16/07
Violation: 2731, 2831, 2831.1, 10145, 10177(d), 10240
Suspended for 60 days—stayed for 2 years on terms and conditions

VIII, William (REB)
2775 Cottage Way, Ste. 17, Sacramento
Effective: 10/16/07
Violation: 2731, 2831, 2831.1, 10145, 10177(d), 10240
Suspended for 60 days—stayed for 2 years on terms and conditions

VIII, William (REB)
2775 Cottage Way, Ste. 17, Sacramento
Effective: 10/16/07
Violation: 2731, 2831, 2831.1, 10145, 10177(d), 10240
Suspended for 60 days—stayed for 2 years on terms and conditions
Tangled Web
Continued from page 1

closed and the licensee received a commission for the real estate transaction.

After the transaction closed, the licensee learned that the aunt knew nothing about the property purchase. In fact, she also learned that the aunt was not even an aunt. In reality, the husband in the transaction had obtained the woman’s personal identification information through his tax preparation business. The licensee had participated in a transaction involving identity theft.

Around the time that the licensee learned that the woman was unaware that the property had been purchased in her name, the couple was divorcing. The wife wanted to refinance the property and asked the licensee to notarize documents necessary to obtain the loan, again using the personal information of the “aunt”. The wife wanted to use part of the new loan to enlarge the small house, as her two children were growing and needed more space. She could not personally qualify for the loan, and ultimately, the licensee agreed to notarize the signatures on the loan documents once again in the name of the unsuspecting woman who she now knew was a victim of identity theft.

After investigation, the Department filed an accusation seeking disciplinary action against the licensee and the matter proceeded to hearing. At the administrative hearing, the licensee explained that she notarized these documents because she was already embroiled in an unlawful transaction and she was trapped. The licensee also testified that she felt sorry for the wife in the transaction and that the wife wore her down with her repeated requests.

Some time after completing the second loan transaction in the name of the woman whose identity had been stolen, the licensee agreed to perform yet another transaction, this time more legitimate. In this case, she handled a transaction to transfer the property to the wife and two other bonafide purchasers. At the administrative hearing, the licensee testified that she did this in order to have the loan made to the victim of the identity theft paid off, and to “clean up the mess” that was created when the property was unlawfully purchased in that woman’s name.

The licensee testified at her hearing that she regretted her involvement in the unlawful transaction. She testified that she only wanted to help the couple and their family. She believed that, because the family would be living in the house, they would not default on the payments and that “nobody would be hurt.”

Following the administrative hearing, the Respondent’s license was outright revoked. Furthermore, she was prosecuted criminally and was convicted of forgery and the unlawful use of personal identification, both felonies.

Real estate licensees should remain mindful of the old adage mentioned above and hold firm to the principles of honesty and truthfulness when conducting transactions.
Mortgage Brokering
Continued from page 3

Unlike real estate brokers, no experience, examination, or particular education is necessary for a CFL license; there are no continuing education requirements, and a CFL licensee does not need to maintain a physical office in California. Senate Bill 998, effective January 1, 2008, expands the DOC authority to bar persons from working with CFL licensees, including employees from a company, if they have been subject to disciplinary action by the DRE.

Operating as a CFL and a Real Estate Broker

Some real estate brokers obtain a CFL license and simultaneously broker loans under both licenses. There is nothing in the law prohibiting this practice, and there may be reasons for a person to organize their business this way. However, when a broker opts to arrange loans through both licenses, it is important the broker ensure the brokerage is operating in compliance with both regulatory schemes. Failure of a real estate broker to ensure compliance may result in disciplinary action against one or both of the licenses.

As noted above, with respect to mortgage loan activity, the Real Estate Law provides an exemption from the real estate licensing requirement for any person licensed as a CFL when acting under the authority of the CFL license. Because the CFL license is an umbrella license, any employee of the CFL licensee arranging mortgage loans under the CFL license would be covered by this exemption. However, it is the responsibility of the broker to establish a loan was arranged under the authority of the CFL license and falls under the exemption.

DRE has filed disciplinary actions against real estate brokers alleging violation(s) of B&P Code Section 10137, Unlawful Employment or Payment of Compensation, when the broker has been unable to establish the loan was arranged under the authority of the CFL license. To establish a violation of Section 10137, the DRE must show: (1) the person was not licensed as a real estate broker or salesperson licensed to the broker, (2) the person engaged in activity requiring a real estate license, and (3) the broker compensated the unlicensed person.

The typical facts are a broker has hired and/or compensated one or more independent contractors to solicit, negotiate, and arrange mortgage loans on behalf of the broker. The independent contractor is not licensed by DRE as either a real estate broker or salesperson. Upon an investigation by DRE, the broker claims the loans were arranged under the CFL license. However, because the person is an independent contractor the person is not, and cannot be, working under the authority of the broker’s CFL license. The broker’s activities do not fall under an exemption provided under B&P Code Section 10133.1(a)(6). The broker is liable for a violation of B&P Code Section 10137 for each loan arranged in this fashion. Discipline of the real estate broker’s license can range from a suspension to outright revocation.

In addition to discipline against a real estate broker’s license, a CFL licensee operating in this fashion may be disciplined by the DOC. CFL licensees are prohibited from sharing the commission with someone not covered by the CFL license or an exemption. The payment of compensation to independent contractors may constitute a violation of the Finance Lender Law.

Finally, DRE may file and issue a Desist and Refrain (D&R) Order against the unlicensed person for violation of the Real Estate Law. This D&R may prohibit the person from being able to obtain a real estate license upon their application. As of January 1, 2008, the DOC may also prohibit a person from working as an employee of a CFL licensee if they have been subject to a D&R by the DRE.

A real estate broker arranging loans under both licenses should consider the separation of licensing functions. This may include an actual physical separation. When a customer walks into a broker’s office it should be determined if the loan will be arranged under the broker’s real estate or CFL license. A broker might consider using separate business offices as well as business names for each license.

In addition, brokers should have separate employment agreements for persons working under each license. DRE has discovered, during investigating complaints, brokers using the same employment agreement for an individual working under either a real estate license or a CFL license. This is often the first sign there may be additional violations in the broker’s day-to-day operations. Employment agreements should specifically set forth what license the individual is being hired to work under, how they will be employed, and how they will be compensated.

Please note this article is intended to provide only a general overview of the CFL law. For more detailed information you should contact the DOC, and/or visit their Web site at www.corp.ca.gov.

Help for First-Time Homebuyers
from the California Housing Finance Agency

One of the toughest challenges facing first-time homebuyers these days is coming up with a down payment. Most homebuyers do not have tens of thousands of dollars in their savings accounts, and as lending standards continue to tighten, these buyers may be unable to enter the market. Fortunately, there are means of making a down payment other than raiding the nest egg.

A great resource is public funds, such as the California Housing Finance Agency. CalHFA has received an additional $100 million to continue funding one of their flagship loans, the California Homebuyer’s Downpayment Assistance Program (CHDAP). The funds are the result of the passage of Proposition 1C by California voters last fall. Previously, Proposition 46, which was passed in 2002, funded over $145 million to continue funding the Homebuyer’s Downpayment Assistance Program.
Real estate publications

Ordering information
DRE publications are available:

On the Internet — All DRE publications are available free of charge on the DRE Web site at www.dre.ca.gov.

In person from District Offices — Complete Parts A, B, and C (if appropriate). Offices are located in Sacramento, Los Angeles, Oakland, Fresno, and San Diego.

By mail — Photocopy or remove this page from your Bulletin. Complete Parts A, B, and C (if appropriate). Mail it with the proper fee to:
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CA SALES TAX* $________
(Tax rate used* ______ %)
TOTAL ENCLOSED $________

* See tax information above.

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AMOUNT AUTHORIZED

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Homebuyer Assistance

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million in these down payment assistance loans, which included about $30 million in recycled funds and interest payments.

“That’s the unique benefit of this program,” says Theresa Parker, Executive Director of the California Housing Finance Agency. “The funds continue to be recycled – they come in as payments and go back out as new loans, so it’s a little bit like the gift that keeps on giving.”

More than 18,000 California families were able to achieve first-time homeownership with assistance from Proposition 46-funded CHDAP loans. And through Proposition 1C, CalHFA has already used about $4 million of the $100 million available, helping 434 Californians purchase their first home.

“CHDAP has helped make it possible for thousands of California families to overcome one of the toughest challenges to first-time homebuyers – the down payment,” says Parker.

CHDAP provides down payment assistance to first-time homebuyers, enabling them to take advantage of 100 percent financing. Payments on this subordinate loan are deferred, meaning the borrower does not need to repay it until the home is sold, refinanced or paid in full. Borrowers can even use CHDAP with a non-CalHFA loan, as long as they meet the income and sales price requirements.

In addition to the California Homebuyer’s Downpayment Assistance Program, CalHFA also offers six other down payment assistance programs and a variety of first mortgages, including 30, 35 and 40-year fixed rate mortgages to help Californians realize the dream of homeownership. CalHFA serves only the prime market for mortgages and continues to be a safe, responsible option for first-time homebuyers.

Along with the first-time homebuyer requirement, CalHFA has a limit on the sales price of the home being purchased and a cap on the income the borrower can earn. These limits vary according to county and can be quite generous in most areas.

Created in 1975 as the state’s affordable housing bank, the California Housing Finance Agency has invested over $14 billion in non-taxpayer funds to help more than 146,000 California families live in a home of their own with a mortgage they can afford. For more information and a complete description of CalHFA’s Homeownership and Mortgage Insurance programs, visit www.calhfa.ca.gov or call toll free CalHFA (877) 922-5432.