

**FILED**

**March 15, 2013**

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DEPARTMENT OF REAL ESTATE

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9 BEFORE THE DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation of	)	No. H-11529 SF
13 HOME LOAN SERVICE CORPORATION	)	<u>ACCUSATION</u>
14 and KEITH CHARLES KNAPP,	)	
	)	
15 Respondents.	)	

16 The Complainant, ROBIN S. TANNER, a Deputy Real Estate Commissioner of  
17 the State of California, for cause of Accusation against HOME LOAN SERVICE  
18 CORPORATION and KEITH CHARLES KNAPP (Respondents), is informed and alleges as  
19 follows:

20 PRELIMINARY ALLEGATIONS

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22 The Complainant, ROBIN S. TANNER, a Deputy Real Estate Commissioner of  
23 the State of California, makes this Accusation in her official capacity.

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25 Respondents are presently licensed and/or have license rights under the Real  
26 Estate Law, Part 1 of Division 4 of the Business and Professions Code (Code).

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At all times mentioned, Respondent HOME LOAN SERVICE CORPORATION (HLSC) was and is licensed by the State of California Department of Real Estate (Department) as a real estate broker corporation.

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At all times mentioned, HLSC was and is licensed and/or has license rights under the Code as a mortgage loan originator.

5

At all times mentioned, Respondent KEITH CHARLES KNAPP (KNAPP) was and is licensed by the Department individually as a real estate broker, and as the designated broker officer of HLSC. As said designated officer-broker, KNAPP was responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees, and employees of HLSC for which a license is required.

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At all times mentioned, KNAPP was and is licensed and/or has license rights under the Code as a mortgage loan originator.

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Whenever reference is made in an allegation in this Accusation to an act or omission of HLSC, such allegation shall be deemed to mean that KNAPP, the officers, directors, employees, agents and real estate licensees employed by or associated with HLSC committed such acts or omissions while engaged in furtherance of the business or operation of HLSC and while acting within the course and scope of their corporate authority and employment.

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At all times mentioned, Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California within the meaning of Sections 10131(d) and 10131(e) of the Code, including the operation and conduct of a mortgage loan brokerage business with the public wherein Respondents solicited

1 lenders and borrowers for loans secured directly or collaterally by liens on real property or a  
2 business opportunity, and wherein such loans were arranged, negotiated, processed, and  
3 consummated by Respondents on behalf of others and wherein promissory notes or interests  
4 therein were sold or purchased on behalf of another or others for compensation or in expectation  
5 of a compensation.

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7 On or about December 1, 2011, and continuing intermittently through December  
8 7, 2011, an audit was conducted of the records of HLSC. The auditor herein examined the  
9 records for the period of January 1, 2010, through October 31, 2011.

10 FIRST CAUSE OF ACTION

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12 Each and every allegation in Paragraphs 1 through 9, inclusive, is incorporated by  
13 this reference as if fully set forth herein.

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15 While acting as a corporate real estate broker as described in Paragraph 8,  
16 Respondents accepted or received funds in trust (trust funds) from or on behalf of lenders,  
17 investors, borrowers, and others in connection with the mortgage loan brokerage activities, loan  
18 servicing, in-house escrow services, and resale activities described in Paragraph 8, and thereafter  
19 from time to time made disbursements of said trust funds.

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21 The trust funds accepted or received by Respondents as described in Paragraph 11  
22 were deposited or caused to be deposited by Respondents into trust accounts which were  
23 maintained by Respondents for the handling of trust funds, and thereafter from time-to-time  
24 Respondents made disbursements of said trust funds, identified as follows:

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ACCOUNT # 1	
Bank Name and Location:	Comerica Bank 333 W. Santa Clara Street San Jose, CA 95113-4350
Account No.:	XXXXXX6219
Entitled:	Home Loan Service Corporation dba California Home Loans Broker Trust Acct

ACCOUNT # 2	
Bank Name and Location:	Comerica Bank 333 W. Santa Clara Street San Jose, CA 95113-4350
Account No.:	XXXXXX0420
Entitled:	Home Loan Service Corporation dba California Home Loans Broker Trust Acct

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In the course of the activities described in Paragraph 8, Respondents caused, suffered, or permitted the balance of funds in Account #2 to be reduced to an amount which, as of September 30, 2011, was approximately \$851.76 less than the aggregate liability of Account #2 to all owners of such funds, and as of October 31, 2011, was approximately \$2,022.60 less than the aggregate liability of Account #2 to all owners of such funds, without the prior written consent of each and every owner of such funds in violation of Section 10145 of the Code and Section 2832.1 of Title 10 of the California Code of Regulations (Regulations).

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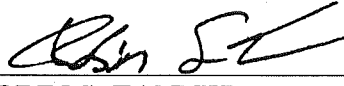
The facts alleged in the First Cause of Action are grounds for the suspension or revocation of Respondents' licenses and license rights under Sections 10177(d) and 10166.051 of the Code in conjunction with Section 10145 of the Code and Section 2832.1 of the Regulations.

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1                    WHEREFORE, Complainant prays that a hearing be conducted on the allegations  
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary  
3 action against all licenses and license rights of Respondents under the Code, for the cost of  
4 investigation and enforcement as permitted by law, and for such other and further relief as may  
5 be proper under the provisions of law.

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9                    ROBIN S. TANNER  
10                    Deputy Real Estate Commissioner

11 Dated at Oakland, California,  
12 this 7<sup>th</sup> day of March, 2013

13                    DISCOVERY DEMAND

14 Pursuant to Sections 11507.6, *et seq.* of the *Administrative Procedure Act*, the Department of  
15 Real Estate hereby makes demand for discovery pursuant to the guidelines set forth in the  
16 *Administrative Procedure Act*. Failure to provide Discovery to the Department of Real Estate  
17 may result in the exclusion of witnesses and documents at the hearing or other sanctions that the  
18 Office of Administrative Hearings deems appropriate.