

1 Department of Real Estate  
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**FILED**

MAY 11 2012

DEPARTMENT OF REAL ESTATE

BY: 

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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To:

AUTHORITY LENDING  
CORPORATION; DERRICK ANTHONY  
JONES, individually, and as  
designated officer for  
Authority Lending  
Corporation; STEVEN G.  
RIVERA; KURT S. BROOM; and  
CARL ALLEN IV

No. H-38133 LA

ORDER TO DESIST  
AND REFRAIN  
(B&P Code Section 10086)

The Commissioner ("Commissioner") of the California Department of Real Estate ("Department") caused an investigation to be made of the activities of AUTHORITY LENDING CORPORATION ("AUTHORITY"), DERRICK ANTHONY JONES ("JONES"), individually, and as designated officer for AUTHORITY, STEVEN G. RIVERA ("RIVERA"), KURT S. BROOM ("BROOM") and CARL ALLEN IV ("ALLEN"), and has determined that each of them engaged in or is engaging in acts or practices constituting violations of the California Business and Professions Code ("Code") and/or Title 10, California Code of

1 Regulations ("Regulations"). Said parties are engaging in the  
2 business of, acting in the capacity of, advertising, or assuming  
3 to act, as a real estate broker in the State of California within  
4 the meaning of Section 10131(d) (soliciting borrowers or lenders  
5 or negotiating loans) and Section 10131.2 (advance fee handling).  
6 Based on the findings of that investigation, as set forth below,  
7 the Commissioner hereby issues the following Findings of Fact and  
8 Desist and Refrain Order pursuant to Section 10086 of the Code.

9 FINDINGS OF FACT

10 1. AUTHORITY is presently licensed and/or has license  
11 rights under the Real Estate Law (Part 1 of Division 4 of the  
12 Business and Professions Code, hereinafter "Code"), as a real  
13 estate corporation.

14 2. JONES is presently licensed and/or has license  
15 rights under the Real Estate Law as a real estate broker. At all  
16 times relevant herein JONES was the designated broker-officer of  
17 AUTHORITY.

18 3. At no time have STEVEN G. RIVERA ("RIVERA"), KURT S.  
19 BROOM ("BROOM"), OR CARL ALLEN IV ("ALLEN") been licensed by the  
20 Department in any capacity.

21 4. Whenever acts referred to below are attributed to  
22 AUTHORITY, those acts are alleged to have been done by  
23 AUTHORITY, acting by and/or through one or more agents,  
24 associates, affiliates, and/or co-conspirators, including but  
25 not limited to each of those named herein, and using the name  
26 "Authority Lending", or any fictitious name unknown at this  
27

1 time.

2 5. AUTHORITY employed and/or compensated individuals,  
3 including those named herein, who were not licensed as real  
4 estate salespersons or as real estate brokers to perform some or  
5 all of the services alleged in Paragraphs 11 and 13, below.

6 6. AUTHORITY engaged in the business of claiming,  
7 demanding, charging, receiving, collecting or contracting for the  
8 collection of an advance fee, as defined by Code Section 10026,  
9 including but not limited to the activities described in  
10 Paragraphs 11 and 13, below.

11 7. In or around January, 2009, AUTHORITY and JONES  
12 proposed to engage in the business of advance fee brokerage  
13 within the definition of Code Section 10131.2 by claiming,  
14 demanding, charging, receiving, collecting or contracting for the  
15 collection of an advance fee, within the meaning of Code Section  
16 10026, in connection with any employment undertaken to obtain or  
17 to modify a loan or loans.

18 8. On or about April 3, 2009, pursuant to the  
19 provisions of Code Section 10085 and Section 2970, Title 10,  
20 Chapter 6, Code of Regulations ("Regulations"), the Department  
21 issued a "No Objection" letter to AUTHORITY authorizing the use  
22 of specified materials AUTHORITY proposed to use in obtaining the  
23 advance fee agreements described in Paragraph 11, below.

24 9. At all times mentioned herein AUTHORITY, JONES,  
25 RIVERA, BROOM and ALLEN engaged in the business of soliciting  
26 borrowers and lenders and negotiating the terms of loans secured  
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1 by real property between borrowers and third party lenders for or  
2 in expectation of compensation, within the meaning of Code  
3 Section 10131(d).

4 10. At all times mentioned herein AUTHORITY, JONES,  
5 RIVERA, BROOM and ALLEN engaged in the business of advance fee  
6 brokerage within the definition of Code Section 10131.2 by  
7 claiming, demanding, charging, receiving, collecting or  
8 contracting for the collection of an advance fee, within the  
9 meaning of Code Section 10026, in connection with any employment  
10 undertaken to obtain a loan or loans.

11 11. AUTHORITY, JONES, RIVERA, BROOM and ALLEN engaged  
12 in advance fee activities including, but not limited to, the  
13 following activities with respect to loans which were secured by  
14 liens on real property:

15 a. On or about September 9, 2009, Sandra Jeanette R.  
16 was solicited by ALLEN, who was acting as an unlicensed  
17 representative of AUTHORITY, to obtain a loan modification of  
18 the loan on her real property. On or about September 9, 2009,  
19 Sandra Jeanette R. paid an advance fee of \$2,876 to AUTHORITY.  
20 The advance fee was collected pursuant to the provisions of an  
21 agreement pertaining to loan solicitation, negotiation, and  
22 modification services to be provided by AUTHORITY with respect  
23 to the real property at 32145 Cedar Crest Court, Temecula,  
24 California 92592. At no time did AUTHORITY obtain a loan  
25 modification of the real estate loan.  
26

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12. On October 11, 2009, Code Section 10085.6 went into effect. By its terms Section 10085.6 prohibits any real estate licensee who negotiates, attempts to negotiate, arranges, attempts to arrange, or otherwise offers to perform a loan modification with respect to residential property to "claim, demand, charge, collect, or receive any compensation until after the licensee has fully performed each and every service the licensee contracted to perform or represented that he, she, or it would perform."

13. After October 11, 2009, AUTHORITY, JONES, RIVERA, BROOM and ALLEN engaged in advance fee activities including, but not limited to, the following activities with respect to loans which were secured by liens on real property:

(a) On or about November 17, 2010, James Newton F. was solicited by BROOM, who was acting as an unlicensed representative of AUTHORITY, to obtain a loan modification of the loan on his real property. On or about November 17, 2010, James Newton F. paid an advance fee of \$925 to AUTHORITY. The advance fee was collected pursuant to the provisions of an agreement providing for payment in the amount of \$1,950 and pertaining to loan solicitation, negotiation, and modification services to be provided by AUTHORITY with respect to the real property at 32145 Cedar Crest Court, Temecula, California 92592. At no time did AUTHORITY obtain the loan modification or refund any portion of the payment made.

1 (b) On or about December 3, 2010, Luis G. was solicited  
2 by RIVERA, who was acting as an unlicensed representative of  
3 AUTHORITY, to obtain a loan modification of the loan on his real  
4 property. On or about December 3, 2010, Luis G. paid an advance  
5 fee of \$1,850 to AUTHORITY. The advance fee was collected  
6 pursuant to the provisions of an agreement pertaining to loan  
7 solicitation, negotiation, and modification services to be  
8 provided by AUTHORITY with respect to the real property at 16255  
9 Blossom Time Court, Riverside, California 92503. At no time did  
10 AUTHORITY obtain the loan modification or refund any portion of  
11 the payment made.

12 (c) On or about December 4, 2010, Jolyn and Jeffrey H.  
13 were solicited by mail to obtain a loan modification of the loan  
14 on their real property. On or about December 4, 2010, Jolyn and  
15 Jeffrey H. paid an advance fee of \$1,850 to AUTHORITY. The  
16 advance fee was collected pursuant to the provisions of an  
17 agreement pertaining to loan solicitation, negotiation, and  
18 modification services to be provided by AUTHORITY with respect to  
19 the real property at 12214 Jamestown Place, Chino, California  
20 91710. At no time did AUTHORITY obtain the loan modification or  
21 refund any portion of the payment made.

#### 22 CONCLUSIONS OF LAW

23  
24 14. The activities described in Paragraphs 11 and 13,  
25 above, require a real estate license under Section 10131(d) and  
26 Section 10131.2 of the Code.

27 15. Based on the information contained in Paragraphs

1 11 and 13, above, RIVERA, BROOM and ALLEN performed and/or  
2 participated in loan solicitation, negotiation and modification  
3 activities which require a real estate broker license under the  
4 provisions of Code Sections 10131(d) and 10131.2 during a period  
5 of time when they were not licensed by the Department as a real  
6 estate broker nor employed as a real estate salesperson by the  
7 broker on whose behalf the activities were performed in  
8 violation of Section 10130 of the Code.

9 16. Based on the information contained in Paragraphs  
10 11 and 13, above, AUTHORITY and JONES violated Section 10137 of  
11 the Code by employing and/or compensating individuals who were  
12 not licensed as a real estate salesperson or as a broker to  
13 perform activities requiring a real estate license.

14 17. Based on the information contained in Paragraphs  
15 11 and 13, above, AUTHORITY collected fees pursuant to an  
16 agreement which constitutes an advance fee agreement within the  
17 meaning of Code Section 10085.  
18

19 18. Based on the information contained in Paragraph  
20 11, above, the failure by AUTHORITY and JONES to submit all  
21 portions of the advance fee agreement to the Commissioner ten  
22 days before using it constitutes a violation of Code Section  
23 10085 and Section 2970 of the Regulations.

24 19. By virtue of the application of newly enacted Code  
25 Section 10085.6 to the advance fee transactions described in  
26 Paragraph 13, above, AUTHORITY violated the statute's provisions  
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1 when it collected advance fees after such fees were prohibited by  
2 Code Section 10085.6.

3 DESIST AND REFRAIN ORDER

4 Based on the Findings of Fact and Conclusions of Law  
5 stated herein:

6 1. IT IS HEREBY ORDERED that AUTHORITY and JONES,  
7 whether doing business under the name "Authority Lending," or any  
8 other name(s), or any fictitious name:

9 (i) Immediately desist and refrain from charging,  
10 demanding, claiming, collecting and/or receiving advance fees,  
11 as that term is defined in Section 10026 of the Code, in any  
12 form, and under any conditions, with respect to the performance  
13 of loan modification or any other form of mortgage loan  
14 forbearance services in connection with loans on residential  
15 property containing four or fewer dwelling units (Code Section  
16 10085.6).

17 (ii) Immediately desist and refrain from charging,  
18 demanding, claiming, collecting and/or receiving advance fees, as  
19 that term is defined in Section 10026 of the Code, for any of the  
20 other real estate related services offered to others, unless and  
21 until AUTHORITY and JONES demonstrate and provide evidence  
22 satisfactory to the Commissioner that they:  
23

24 (a) have an advance fee agreement which has been  
25 submitted to the Department and which is in compliance with  
26 Section 10085 of the Code and Section 2970 of the Regulations;  
27



1 (b) have placed all previously collected advance fees  
2 into a trust account for that purpose and is in compliance with  
3 Section 10146 of the Code; and

4 (c) have provided an accounting to trust fund owner-  
5 beneficiaries from whom advance fees have previously been  
6 collected in compliance with Code Section 10146 and Section 2972  
7 of the Regulations.

8 2. AUTHORITY and JONES immediately desist and refrain  
9 from employing or compensating any person for performing any act  
10 for which a real estate license is required unless that person is  
11 licensed as a real estate broker, or as a real estate salesperson  
12 licensed under the broker employing or compensating him. In  
13 particular, AUTHORITY and JONES are ordered to desist and refrain  
14 from:

15 (i) employing or compensating any person who does not  
16 hold a real estate license from soliciting borrowers and/or  
17 performing services for borrowers or lenders in connection with  
18 loans secured directly or collaterally by one or more liens on  
19 real property.  
20

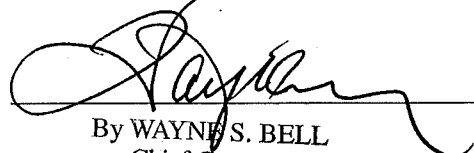
21 3. IT IS HEREBY ORDERED that RIVERA, BROOM and  
22 ALLEN, whether doing business under their own names, or any  
23 other names, or any fictitious name, ARE HEREBY ORDERED to  
24 immediately desist and refrain from performing any acts within  
25 the State of California for which a real estate broker license  
26 is required. In particular each of them is ORDERED TO DESIST  
27 AND REFRAIN from:

1 (i) charging, demanding, claiming, collecting and/or  
2 receiving advance fees, as that term is defined in Section 10026  
3 of the Code, in any form, and under any conditions, with respect  
4 to the performance of loan modifications or any other form of  
5 mortgage loan forbearance service in connection with loans on  
6 residential property containing four or fewer dwelling units  
7 (Code Section 10085.6); and

8 (ii) charging, demanding, claiming, collecting and/or  
9 receiving advance fees, as that term is defined in Section 10026  
10 of the Code, for any other real estate related services offered  
11 by them to others.

12  
13  
14 DATED: May 6, 2012.

15  
16 REAL ESTATE COMMISSIONER

17   
18 By WAYNE S. BELL  
19 Chief Counsel

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21  
22 **Notice:** Business and Professions Code Section 10139 provides  
23 that "Any person acting as a real estate broker or real estate  
24 salesperson without a license or who advertises using words  
25 indicating that he or she is a real estate broker without being  
26 so licensed shall be guilty of a public offense punishable by a  
27 fine not exceeding twenty thousand dollars (\$20,000), or by  
imprisonment in the county jail for a term not to exceed six  
months, or by both fine and imprisonment; or if a corporation, be  
punished by a fine not exceeding sixty thousand dollars  
(\$60,000)."

1 cc: Authority Lending Corporation  
2 4790 Riverside Drive  
3 Chino, California 91710

4 Derrick Anthony Jones  
5 4391 Jasmine Hill Court  
6 Chino Hills, California 91709

7 Steven G. Rivera  
8 850 East Cedar Street, Apt. C  
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10 Kurt S. Broom  
11 11324 Amigo Avenue  
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13 Carl Allen IV  
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