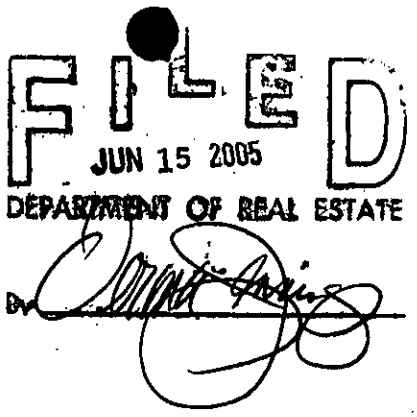
Department of Real Estate
320 West 4th Street, Suite 350
Los Angeles, California 90013

(213) 576-6913



DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of HENRY MEDINA NAVARRO and EDWARD LULET, Respondents.	No. H-31013 LA STIPULATION AND AGREEMENT

It is hereby stipulated by and between HENRY MEDINA NAVARRO and EDWARD LULET (sometimes referred to as Respondents), and their attorney, Frank M. Buda, and the Complainant, acting by and through James R. Peel, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the First Amended Accusation filed on November 22, 2004, in this matter.

1. All issues which were to be contested and all evidence which was to be presented by Complainant and Respondents at a formal hearing on the Accusation, which hearing was to be held in accordance with the provisions of the Administrative Procedure Act (APA), shall instead and in place thereof be submitted solely on the basis of the provisions of this

Stipulation and Agreement.

2. Respondents have received, read and understand the Statement to Respondent, the Discovery Provisions of the APA and the Accusation filed by the Department of Real Estate in this proceeding.

3. On July 30, 2004, Respondent HENRY MEDINA NAVARRO filed a Notice of Defense, and on August 17, 2004 Respondent EDWARD LULET filed a Notice of Defense pursuant to Section 11506 of the Government Code for the purpose of requesting a hearing on the allegations in the Accusation. Respondents hereby freely and voluntarily withdraw said Notice of Defense. Respondents acknowledge that they understand that by withdrawing said Notice of Defense they will thereby waive their right to require the Commissioner to prove the allegations in the Accusation at a contested hearing held in accordance with the provisions of the APA and that they will waive other rights afforded to them in connection with the hearing such as the right to present evidence in defense of the allegations in the Accusation and the right to cross-examine witnesses.

4. This Stipulation is based on the factual allegations contained in the First Amended Accusation filed in this proceeding. In the interest of expedience and economy, Respondents choose not to contest these factual allegations, but to remain silent and understand that, as a result thereof, these factual statements, will serve as a prima facie basis for the disciplinary action stipulated to herein. The Real Estate Commissioner shall not be required to provide further evidence

to prove such allegations.

5. This Stipulation and Respondents' decision not to contest the Accusation is made for the purpose of reaching an agreed disposition of this proceeding and is expressly limited to this proceeding and any other proceeding or case in which the Department of Real Estate ("Department"), the state or federal government, or an agency of this state, another state or the federal government is involved.

6. It is understood by the parties that the Real Estate Commissioner may adopt the Stipulation and Agreement as his Decision in this matter, thereby imposing the penalty and sanctions on Respondents" real estate licenses and license rights as set forth in the below "Order". In the event that the Commissioner in his discretion does not adopt the Stipulation and Agreement, it shall be void and of no effect, and Respondents shall retain the right to a hearing and proceeding on the Accusation under all the provisions of the APA and shall not be bound by any stipulation or waiver made herein.

7. The Order or any subsequent Order of the Real Estate Commissioner made pursuant to this Stipulation and Agreement shall not constitute an estoppel, merger or bar to any further administrative or civil proceedings by the Department of Real Estate with respect to any matters which were not specifically alleged to be causes for accusation in this proceeding.

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DETERMINATION OF ISSUES

By reason of the foregoing stipulations and waivers and solely for the purpose of settlement of the pending Accusation without a hearing, it is stipulated and agreed that the following determination of issues shall be made:

The conduct, acts and omissions of Respondents HENRY MEDINA NAVARRO and EDWARD LULET, as described in Paragraph 4 above, are grounds for the suspension or revocation of all of the real estate licenses and license rights of Respondents under the provisions of Section 10177(d), (g) and (h) of the Business and Professions Code ("Code") for violations of Code Section 10240, and Sections 2725 and 2731, Title 10, Chapter 6, California Code of Regulations.

ORDER

All licenses and licensing rights of Respondents HENRY MEDINA NAVARRO and EDWARD LULET under the Real Estate Law are revoked, provided, however, a restricted real estate broker license shall be issued to Respondents HENRY MEDINA NAVARRO and EDWARD LULET pursuant to Section 10156.5 of the Business and Professions Code if Respondents make application therefor and pay to the Department of Real Estate the appropriate fee for the restricted license within 90 days from the effective date of this Decision. The restricted license issued to Respondents shall be subject to all of the provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions, and restrictions imposed under authority of Section 10156.6 of that Code:

1. The restricted license issued to Respondents shall be suspended for a period of sixty (60) days from the date of issuance of said restricted license; provided, however, that thirty (30) days of said suspension shall be stayed for two (2) years upon the following terms and conditions:

a. Respondents shall obey all laws, rules and regulations governing the rights, duties and responsibilities of a real estate licensee in the State of California; and

b. That no final subsequent determination be made, after hearing or upon stipulation that cause for disciplinary action occurred within two (2) years of the effective date of this Decision. Should such a determination be made, the Commissioner may, in his discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed suspension. Should no such determination be made, the stay imposed herein shall become permanent.

c. Provided, however, that if Respondents petition, the remaining thirty (30) days of said sixty (60) day suspension shall be stayed upon condition that:

(1) Respondents pay a monetary penalty pursuant to Section 10175.2 of the Business and Professions Code at the rate of $75 for each day of the suspension for a total monetary penalty of $2,250 per Respondent ($4,500 for both Respondents).

(2) Said payment shall be in the form of a cashier's check or certified check made payable to the Recovery Account of the Real Estate Fund. Said check must be received by the Department prior to the issuance of the restricted license.

(3) No further cause for disciplinary action against the real estate licenses of Respondents occurs within two (2) years from the effective date of the Decision in this matter.

(4) If Respondents fail to pay the monetary penalty in accordance with the terms and conditions of the Decision, the Commissioner may, without a hearing, order the immediate execution of all or any part of the stayed suspension in which event the Respondents shall not be entitled to any repayment nor credit, prorated or otherwise, for money paid to the Department under the terms of this Decision.

(5) If Respondents pay the monetary penalty and if no further cause for disciplinary action against the real estate licenses of Respondents occurs within two (2) years from the effective date of the Decision, the stay hereby granted shall become permanent.

2. The restricted license issued to Respondents may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent's conviction or plea of nolo contendere to a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee.

3. The restricted license issued to Respondents may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that Respondents have violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

4. Respondents shall not be eligible to apply for the issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations or restrictions of a restricted license until two years have elapsed from the effective date of this Decision.

5. Respondents shall, within nine months from the effective date of the Decision, present evidence satisfactory to the Real Estate Commissioner that they have, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license. If Respondents fail to satisfy this condition, the Commissioner may order the suspension of the restricted license until the Respondents present such evidence. The Commissioner shall afford Respondents the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

6. Respondents shall, within six months from the effective date of this Decision, take and pass the Professional Responsibility Examination administered by the Department including the payment of the appropriate examination fee. If Respondents fail to satisfy this condition, the Commissioner may order suspension of Respondent's license until Respondent passes the examination.

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DATED: April 1, 2005

James R. Peel

JAMES R. PEEL
Counsel for Complainant

* * *

We have read the Stipulation and Agreement, have discussed it with our attorney, and its terms are understood by us and are agreeable and acceptable to us. We understand that we are waiving rights given to us by the California Administrative Procedure Act (including but not limited to Sections 11506, 11508, 11509 and 11513 of the Government Code), and we willingly, intelligently and voluntarily waive those rights, including the right of requiring the Commissioner to prove the allegations in the Accusation at a hearing at which we would have the right to cross-examine witnesses against us and to present evidence in defense and mitigation of the charges.

Respondents can signify acceptance and approval of the terms and conditions of this Stipulation and Agreement by faxing a copy of the signature page, as actually signed by Respondents, to the Department at the following telephone/fax number: (213) 576-6917. Respondents agree, acknowledge and understand that by electronically sending to the Department a fax copy of their actual signature as it appears on the Stipulation and Agreement that receipt of the faxed copy by the Department shall be as binding on Respondents as if the

Department had received the original signed Stipulation and Agreement.

Further, if the Respondents are represented in these proceedings, the Respondents' legal counsel can signify his agreement to the terms and conditions of the Stipulation and Agreement by submitting that signature via fax. The Commissioner has asked that the attorney's signature be under penalty of perjury that he will concurrently or within 24 hours of obtaining Respondents' signature to the agreement deposit in the mail the original settlement/stipulation containing the original signatures of both the Respondents and Respondents' counsel.

DATED: _____ _____
HENRY MEDINA NAVARRO
Respondent

DATED: _____ _____
EDWARD LULET
Respondent

DATED: _____ _____
FRANK M. BUDA
Counsel for Respondents

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Department had received the original signed Stipulation and Agreement.

Further, if the Respondents are represented in these proceedings, the Respondents' legal counsel can signify his agreement to the terms and conditions of the Stipulation and Agreement by submitting that signature via fax. The Commissioner has asked that the attorney's signature be under penalty of perjury that he will concurrently or within 24 hours of obtaining Respondents' signature to the agreement deposit in the mail the original settlement/stipulation containing the original signatures of both the Respondents and Respondents' counsel.

DATED: March 30, 2005

HENRY MEDINA NAVARRO
Respondent

DATED: _____

EDWARD LULET
Respondent

DATED: 3-31-05

FRANK M. BUDA
Counsel for Respondents

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Department had received the original signed Stipulation and Agreement.

Further, if the Respondents are represented in these proceedings, the Respondents' legal counsel can signify his agreement to the terms and conditions of the Stipulation and Agreement by submitting that signature via fax. The Commissioner has asked that the attorney's signature be under penalty of perjury that he will concurrently or within 24 hours of obtaining Respondents' signature to the agreement deposit in the mail the original settlement/stipulation containing the original signatures of both the Respondents and Respondents' counsel.

DATED: _____

HENRY MEDINA NAVARRO
Respondent

DATED: 3-31-05

EDWARD LULET
Respondent

DATED: 3-31-05

FRANK M. BUDA
Counsel for Respondents

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The foregoing Stipulation and Agreement is hereby adopted as my Decision in this matter and shall become effective at 12 o'clock noon on July 5, 2005.

IT IS SO ORDERED 4-19-05, 2005.

JEFF DAVI
Real Estate Commissioner

JAMES R. PEEL, Counsel (SBN 47055)
Department of Real Estate
320 West Fourth Street, Suite 350
Los Angeles, CA 90013-1105

Telephone: (213) 576-6982
-or- (213) 576-6913 (Direct)

FILED
NOV 22 2004
DEPARTMENT OF REAL ESTATE

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of HENRY MEDINA NAVARRO and EDWARD LULET, Respondents.	No. H-31013 LA FIRST AMENDED ACCUSATION

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against HENRY MEDINA NAVARRO and EDWARD LULET, alleges as follows:

I

The Complainant, Maria Suarez, acting in her official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against HENRY MEDINA NAVARRO and EDWARD LULET.

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II

HENRY MEDINA NAVARRO and EDWARD LULET (hereinafter referred to as Respondent or Respondents) are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) (hereinafter Code).

III

At all times herein mentioned, Respondents NAVARRO and LULET were licensed by the Department of Real Estate of the State of California as a real estate broker.

IV

From May 14, 2001, through January 3, 2002, Respondent NAVARRO was the broker for Home Federal Bankers (Home Federal), and from January 4, 2002, through July 31, 2003, Respondent LULET was the broker for Home Federal. As such, Home Federal acted pursuant to Code Section 10131(d) by performing acts for which a real estate license is required.

V

Respondents NAVARRO and LULET were negligent in allowing unlicensed loan agents to act on behalf of Home Federal, as discussed below.

(a) On or about August 25, 2001, a loan on real property at 16527 E. Lawnwood St., La Puente, California, for borrower Ramon Gomez by unlicensed loan agent David Vargas.

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(b) On or about November 12, 2001, a loan on real property at 13249 Kismet St., Sylmar, California, for borrower Maria Mestanza by unlicensed loan agent David Vargas.

(c) On or about July 24, 2001, a loan on real property at 210 N. Pacific Ave., Santa Ana, California, for borrower Willevaldo Quezada by unlicensed loan agents David Vargas and Jose Vargas.

(d) On or about June 15, 2002, a loan on real property at 16266 E. Avenida San Miguel, La Mirada, California, for borrower Joseph D. Chun by unlicensed loan agents David Vargas and Jose Vargas.

(e) On or about July 15, 2002, a loan on real property at 10746 Ruoff Ave., Whittier, California, for borrowers Hector S. and Claudia M. Dominguez by unlicensed loan agents David Vargas and Jose Vargas.

(f) On or about October 15, 2002, a loan on real property at 4281 Emerald Circle, Cypress, California, for borrowers Marcos and Lynn Flores by unlicensed loan agents David Vargas and Jose Vargas.

VI

Respondents NAVARRO and LULET violated Regulation 2831 by failing to maintain a record of borrowers' checks forwarded to lenders.

VII

Respondents NAVARRO and LULET violated Section 10240 of the Code by failing to furnish each borrower with the required Mortgage Loan Disclosure Statement.

VIII

Respondents NAVARRO and LULET violated Regulation 2731 by using the unlicensed fictitious business name Home Federal Bankers in their real estate brokerage business.

IX

Respondents NAVARRO and LULET violated Regulation 2725 by failing to establish policies, rules, procedures and systems to review, oversee, inspect, and manage activities relating to transactions requiring a real estate license, documents which may have a material effect upon the rights or obligations of a party to the transactions, and the handling of trust funds.

X

The conduct of Respondents NAVARRO and LULET, as alleged above, was in violation of Sections 2725, 2731, 2831, Title 10, Chapter 6, California Code of Regulations, and Section 10240 of the Code, and subjects their real estate licenses to suspension or revocation pursuant to Sections 10177(d), (g), and/or (h) of the Code.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and license rights of Respondents HENRY MEDINA NAVARRO and EDWARD LULET under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California
this 18th day of November, 2004.

Deputy Real Estate Commissioner

cc: Henry Medina Navarro
Edward Lulet
Frank M. Buda, Esq.
Maria Suarez
Audit Section/Dorcas Chang
Sacto
LA

SACTO. File

FILED
OCT - 1 2004
DEPARTMENT OF REAL ESTATE
By

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of JOE L. VARGAS, Respondent.	No. H-31013 LA

DISMISSAL

The Accusation herein filed on June 21, 2004, against Respondent JOE L. VARGAS is DISMISSED.

IT IS SO ORDERED this 27th day of September, 2004.

JOHN R. LIBERATOR
Acting Real Estate Commissioner

John R Liberator

JAMES R. PEEL, Counsel (SBN 47055)
Department of Real Estate
320 West Fourth Street, Suite 350
Los Angeles, CA 90013-1105

Telephone: (213) 576-6982
-or- (213) 576-6913 (Direct)

FILED
JUN 21 2004
DEPARTMENT OF REAL ESTATE
By

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of HENRY MEDINA NAVARRO, EDWARD LULET, and JOE L. VARGAS, Respondents.	No. H-31013 LA A C C U S A T I O N

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against HENRY MEDINA NAVARRO, EDWARD LULET, and JOE L. VARGAS, alleges as follows:

I

The Complainant, Maria Suarez, acting in her official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against HENRY MEDINA NAVARRO, EDWARD LULET, and JOE L. VARGAS.

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II

HENRY MEDINA NAVARRO, EDWARD LULET, and JOE L. VARGAS (hereinafter referred to as Respondent or Respondents) are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) (hereinafter Code).

III

At all times herein mentioned, Respondents NAVARRO and LULET were licensed by the Department of Real Estate of the State of California as a real estate broker, and Respondent VARGAS was licensed as a real estate salesperson.

IV

From May 14, 2001, through January 3, 2002, Respondent NAVARRO was the broker for Home Federal Bankers (Home Federal), and from January 4, 2002, through July 31, 2003, Respondent LULET was the broker for Home Federal. As such, Home Federal acted pursuant to Business and Professions Code (Code) Section 10131(d) by performing acts for which a real estate license is required.

V

Respondents NAVARRO and LULET were negligent in allowing unlicensed loan agents to act on behalf of Home Federal, as discussed below.

(a) On or about August 25, 2001, a loan on real property at 16527 E. Lawnwood St., La Puente, California, for borrower Ramon Gomez by unlicensed loan agent David Vargas.

(b) On or about November 12, 2001, a loan on real property at 13249 Kismet St., Sylmar, California, for borrower Maria Mestanza by unlicensed loan agent David Vargas.

(c) On or about July 24, 2001, a loan on real property at 210 N. Pacific Ave., Santa Ana, California, for borrower Willevaldo Quezada by unlicensed loan agent David Vargas and Respondent VARGAS.

(d) On or about June 15, 2002, a loan on real property at 16266 E. Avenida San Miguel, La Mirada, California, for borrower Joseph D. Chun by unlicensed loan agent David Vargas and Respondent VARGAS.

(e) On or about July 15, 2002, a loan on real property at 10746 Ruoff Ave., Whittier, California, for borrowers Hector S. and Claudia M. Dominguez by unlicensed loan agent David Vargas and Respondent VARGAS.

(f) On or about October 15, 2002, a loan on real property at 4281 Emerald Circle, Cypress, California, for borrowers Marcos and Lynn Flores by unlicensed loan agent David Vargas and Respondent VARGAS.

VI

During the course of the transaction, Respondent VARGAS represented to borrower Quezada that the terms of the loan would include an interest rate of 3.9% for the first year, 4.9% for the second year, 5.9% for the third year, 6.9% for the fourth year, and 7.5% for the fifth year, when in fact, the borrower's loan contained a variable interest rate that could change every month

to the maximum of 12%. The borrower obtained a loan he did not want.

VII

During the course of the transaction, Respondent VARGAS represented to borrower Chun that the terms of the loan would include an interest rate starting at 3.5% for the first year gradually increasing to 6.125% in the sixth year without any point of negative amortization, when in fact, the borrower's loan was in the nature of a fixed rate loan starting at around 6%. The borrower could only obtain a loan he did not want.

VIII

During the course of the transaction, Respondent VARGAS represented to borrowers Dominguez that the terms of the loan would include an interest rate starting at 3.5% for the first year, 3.75% for the second year, 4.45% for the third year, 4.75% for the fourth year, 5.5% for the fifth year, 5.77% for the sixth year, and 6.125% for the seventh year to remain at this level for the next 23 years, when in fact, the borrowers' loan had an interest rate of 3.5% for the first month of the loan and after that the interest rate would change. The borrowers obtained a loan they did not want or need as they were already paying 6.5% interest on their previous loan. Further, the borrowers were falsely informed by Respondent VARGAS that refinancing would cost no more than $2700 when in fact it cost around $5025. Respondent VARGAS also told the borrowers that with this great new loan they could recover the cost of the loan in no time at all.

IX

During the course of the transaction, Respondent VARGAS represented to borrowers Flores that the terms of the loan would include a fixed annual percentage rate of interest with the first year being around 3.5% and gradually increasing each year with the sixth year and thereafter being around 6.125%, when in fact, the interest rate was subject to change each month. The borrowers ended up with a loan they did not want and were obligated to pay costs and expenses in connection with obtaining the loan.

X

Respondents NAVARRO and LULET violated Regulation 2831 by failing to maintain a record of borrowers checks forwarded to lenders.

XI

Respondents NAVARRO and LULET violated Section 10240 of the Code by failing to furnish each borrower with the required Mortgage Loan Disclosure Statement.

XII

Respondents NAVARRO and LULET violated Regulation 2731 by using the unlicensed fictitious business name Home Federal Bankers in their real estate brokerage business.

XIII

Respondents NAVARRO and LULET violated Regulation 2725 by failing to establish policies, rules, procedures and systems to review, oversee, inspect, and manage activities relating to transactions requiring a real estate license, documents which may

have a material effect upon the rights or obligations of a party to the transactions, and the handling of trust funds.

XIV

The conduct of Respondents NAVARRO and LULET, as alleged above, was in violation of Sections 2725, 2731, 2831, Title 10, Chapter 6, California Code of Regulations, and Section 10240 of the Code, and subjects their real estate licenses to suspension or revocation pursuant to Sections 10177(d), (g), and/or (h) of the Code.

XV

The conduct of Respondent JOE L. VARGAS, as alleged above, subjects his real estate license and license rights to suspension or revocation pursuant to Sections 10176(a) and/or (i) of the Code.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and license rights of Respondents HENRY MEDINA NAVARRO, EDWARD LULET, and JOE L. VARGAS under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California
this 16th day of June, 2004.

Deputy Real Estate Commissioner

cc: Henry Medina Navarro
Edward Lulet
Joe L. Vargas
AMC Inc./Frank McDowell
Maria Suarez
Audit Section/Dorcas Cheng
Sacto
LWA