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Department of Real Estate
320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105
Telephone: (213) 576-6982

FILED

SEP 16 2009

DEPARTMENT OF REAL ESTATE
BY: _____

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CAPITAL DIRECT LENDING CORPORATION, doing business as Preferred; and MICHAEL HULBERT, individually and as designated officer of Capital Direct Lending Corporation, Respondents.	No. H-35819 LA STIPULATION AND AGREEMENT

It is hereby stipulated by and between Respondents CAPITAL DIRECT LENDING CORPORATION and MICHAEL HULBERT, individually and as designated officer of Capital Direct Lending Corporation, (sometimes collectively referred to as "Respondents"), and the Complainant, acting by and through Elliott Mac Lennan, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the Accusation ("Accusation") filed on March 26, 2009, 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 ("Stipulation").

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. Respondents timely 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 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 their defense and the right to cross-examine witnesses.

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4. This Stipulation is based on the factual allegations contained in the Accusation. In the interest of expedience and economy, Respondents choose not to contest these allegations, but to remain silent and understand that, as a result thereof, these factual allegations, without being admitted or denied, 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 said factual allegations.

5. This Stipulation 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 any agency of this state, another state or federal government is involved.

6. It is understood by the parties that the Real Estate Commissioner may adopt this Stipulation 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 "Order" herein below. In the event that the Commissioner in his discretion does not adopt the Stipulation, it shall be void and of no effect and Respondents shall retain the right to a hearing and proceeding on the Accusation under 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 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 but do constitute a bar, estoppel and merger as to any allegations actually contained in the Accusations against Respondent herein.

DETERMINATION OF ISSUES

By reason of the foregoing, it is stipulated and agreed that the following determination of issues shall be made:

The conduct, acts or omissions of CAPITAL DIRECT LENDING CORPORATION. and MICHAEL HULBERT, as described in Paragraph 4, above, are in violation of Sections 10159.5, 10236.4 and 10240 of the Business and Professions Code ("Code") and Sections 2731 and 2840 of Title 10, Chapter 6 of the California Code of Regulations ("Regulations") and is a basis for discipline of Respondents' license and license rights as violation of the Real Estate Law pursuant to Code Sections 10177(d) and 10177(g).

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ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

I.

The license and licensing rights of Respondents CAPITAL DIRECT LENDING CORPORATION and MICHAEL HULBERT, under the Real Estate Law, are suspended for a period of sixty (60) days from the effective date of this Decision.

A. Provided, however, that if Respondents request, the initial thirty (30) days of said suspension (or a portion thereof) shall be stayed for two (2) years upon condition that:

1. Each Respondent pays a monetary penalty pursuant to Section 10175.2 of the Business and Professions Code at the rate of $33.33 per day for each day of the suspension for a monetary penalty of $1,000 each, or $2,000 total.

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 effective date of the Decision in this matter.

3. No further cause for disciplinary action against the real estate license of Respondents occur 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 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 Respondent 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 license of Respondent occurs within two (2) years from the effective date of the Decision, the stay hereby granted shall become permanent.

B 1. The remaining thirty (30) days of the sixty (60) day suspension shall be stayed for two (2) years upon the following terms and conditions:

2. 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

3. That no final subsequent determination be made after hearing or upon stipulation, that cause for disciplinary action occurred within two (2) years from 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.

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II.

All licenses and licensing rights of Respondent MICHAEL HULBERT are indefinitely suspended unless or until Respondent provides proof satisfactory to the Commissioner, of having taken and successfully completed the continuing education course on trust fund accounting and handling specified in paragraph (3) of subdivision (a) of Section 10170.5 of the Business and Professions Code. Proof of satisfaction of this requirement includes evidence that Respondent has successfully completed the trust fund account and handling continuing education course within 120 days prior to the effective date of the Decision.

III.

Respondent MICHAEL HULBERT shall, within nine (9) months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commissioner that Respondent has, 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 Respondent fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until Respondent presents such evidence. The Commissioner shall afford Respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

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DATED: 8-12-09

ELLIOTT MAC LENNAN, Counsel for the Department of Real Estate

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EXECUTION OF THE STIPULATION

We have read the Stipulation. 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.

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MAILING AND FACSIMILE

Respondents (1) shall mail the original signed signature page of the stipulation herein to Elliott Mac Lennan: Attention: Legal Section, Department of Real Estate, 320 W. Fourth St., Suite 350, Los Angeles, California 90013-1105. Respondents shall also (2) facsimile a copy of signed signature page, to the Department at the following telephone/fax number: (213) 576-6917, Attention: Elliott Mac Lennan.

A facsimile constitutes acceptance and approval of the terms and conditions of this stipulation. Respondents agree, acknowledge and understand that by electronically sending to the Department a facsimile copy of Respondents' actual signature as it appears on the stipulation that receipt of the facsimile copy by the Department shall be as binding on Respondents as if the Department had received the original signed stipulation.

DATED: May 26, 2009

CAPITAL DIRECT LENDING CORPORATION., a corporate real estate broker,
BY: MICHAEL HULBERT D.O.,
Respondent

DATED: May 26, 2009

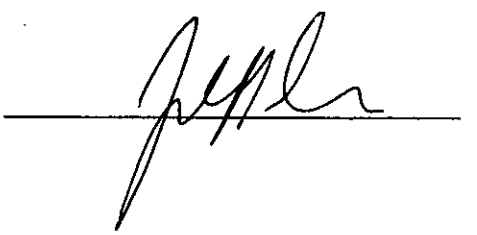
MICHAEL HULBERT, individually and as designated officer of Capital Direct Lending Corporation,
Respondent

* * *

The foregoing Stipulation and Agreement is hereby adopted as my Decision as to Respondents CAPITAL DIRECT LENDING CORPORATION. and MICHAEL HULBERT, individually and as designated officer of Capital Direct Lending Corporation Inc. and shall become effective at 12 o'clock noon on October 16, 2009, 2009.

IT IS SO ORDERED 9-2, 2009.

JEFF DAVI
Real Estate Commissioner



ELLIOTT MAC LENNAN, SBN 66674
Department of Real Estate
320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105

Telephone: (213) 576-6911 (direct)
-or- (213) 576-6982 (office)

FILED

MAR 26 2009

DEPARTMENT OF REAL ESTATE
BY: _____

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of CAPITAL DIRECT LENDING CORPORATION doing business as Preferred; and MICHAEL HULBERT, individually and as designated officer of Capital Direct Lending Corporation, Respondents.	No. H-35819 LA A C C U S A T I O N

The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against CAPITAL DIRECT LENDING CORPORATION aka Preferred, and MICHAEL HULBERT, individually and as designated officer of Capital Direct Lending Corporation, alleges as follows:

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1.

The Complainant, Robin Trujillo, acting in her official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against CAPITAL DIRECT LENDING CORPORATION (CDLC) and MICHAEL HULBERT (HULBERT).

2.

All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

LICENSE HISTORY

3.

A. At all times mentioned, CDLC and HULBERT were licensed or had license rights issued by the Department of Real Estate (Department) as real estate brokers.

B. At all times material herein, CDLC was licensed by the Department as a corporate real estate broker by and through HULBERT, pursuant to Code Sections 10211 and 10159.2 for supervising the activities requiring a real estate license conducted on behalf CDLC.

BROKERAGE

CAPITAL DIRECT LENDING CORPORATION

4.

At all times mentioned, in the City of Newport Beach, County of Orange, CDLC and HULBERT acted as real estate brokers and conducted licensed activities within the meaning of Code Section 10131(d). CDLC operated a mortgage and loan brokerage

engaging in activities with the public wherein lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated, processed and consummated on behalf of others for compensation or in expectation of compensation and for fees often collected in advance as well as at the conclusion of transactions.

AUDIT EXAMINATION

5.

On February 27, 2009, the Department completed an audit examination of the books and records of CDLC pertaining to the resale and mortgage loan activities described in Paragraph 4 that require a real estate license. The audit examination covered a period of time beginning on July 1, 2008 to December 31, 2008. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 080152 and the exhibits and work papers attached to said audit report.

TRUST ACCOUNT

6.

No trust account was maintained during the audit period.

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VIOLATIONS OF THE REAL ESTATE LAW

7.

In the course of activities described in Paragraphs 4 and 6, above, and during the examination period described in Paragraph 5, Respondents CDLC and HULBERT, acted in violation of the Code and the Regulations in that they:

(a)(1) Failed to provide and/or maintain an approved Mortgage Loan Disclosure Statement containing all the information required by Code Section 10241(c) before borrowers Murray and Deborah Rotbert, Hung An and Olivia Lan Hung Nguyen, Christopher Viegas and Angela Lawrence became obligated to perform under the terms of their respective loans, as required by Code Section 10240 and Regulations 2840 and 2840.1; and

(a)(2) Failed to provide or retain a true and correct copy of a Good Faith Estimate that satisfies the requirements of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C.A 2601 et seq.), that (1) sets forth the broker's real estate license number; and (2) a clear and conspicuous statement on the face of the document stating that the Good Faith Estimate does not constitute a loan commitment; and, further sets forth all applicable disclosures including for borrowers Kalman Kiss and Jorge and Priscilla Ramirez, in violation of Code Section 10240(c).

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(b) Failed to display the Department's license number on CDLC's Mortgage Loan Disclosure Statements to Rotbert and Lawrence, in violation of Code Section 10236.4.

(c) Used the fictitious name of "Capital Direct Lending" to conduct licensed activities including brokering mortgage loans without holding a license bearing said fictitious business name, in violation of Code Section 10159.5 and Regulation 2731; and

(d) After notice and subpoena on December 19, 2008, failed to retain all records of CDLC's activity during the audit period requiring a real estate broker license, as required by Code Section 10148.

DISCIPLINARY STATUES AND REGULATIONS

8.

The conduct of Respondents CDLC and HULBERT described in Paragraph 7, above, violated the Code and the Regulations as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
7(a)	Code Section 10240 Regulation 2840
7(b)	Code Section 10236.4

7(c)	Code Section 10159.5 and Regulation 2731
7(d)	Code Sections 10148

The foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of CDLC and HULBERT, under the provisions of Code Sections 10177(d) and/or 10177(g).

9.

The overall conduct of Respondents CDLC and HULBERT constitutes negligence. This conduct and violation are cause for the suspension or revocation of the real estate license and license rights of Respondents CDLC and HULBERT pursuant to Code Section 10177(g).

10.

The overall conduct of Respondent HULBERT constitutes a failure on Respondent's part, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of CDLC as required by Code Section 10159.2, and to keep CDLC in compliance with the Real Estate Law, and is cause for the suspension or revocation of the real estate license and license rights of HULBERT pursuant to the provisions of Code Section 10177(h).

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 the license and license rights of Respondents CAPITAL DIRECT LENDING CORPORATION and MICHAEL HULBERT, 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 18 day of March 2009.

R. Trujillo
Deputy Real Estate Commissioner

cc: Capital Direct Lending Corporation
c/o Michael Hulbert D.O.
Robin Trujillo
Sacto
Audits - Dorcas Cheng