DEPARTMENT OF REAL ESTATE
320 West Fourth Street, Ste. 350
Los Angeles, California 90013

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FILED

MAY 02 2011

DEPARTMENT OF REAL ESTATE
BY: _____

STATE OF CALIFORNIA

DEPARTMENT OF REAL ESTATE

To:	
FEDERAL MORTGAGE SOLUTIONS, LLC, or any other fictitious names used by Federal Mortgage Solutions, LLC; and PAUL MAXFIELD HERMAN	NO. H- 37239 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 FEDERAL MORTGAGE SOLUTIONS, LLC ("FMS") and PAUL MAXFIELD HERMAN ("HERMAN"). Based on that investigation, the Commissioner has determined that FMS and HERMAN have engaged in, are engaging in, or are attempting to engage in, acts or practices constituting violations of the California Business and Professions Code ("Code") and/or Title 10, California Code of Regulations ("Regulations"), including the business of, acting in the capacity of, and/or advertising or assuming to act as, a real estate broker in the State of California within the meaning of Code Section 10131(d) (performing services for borrowers in connection with loans

secured by real property) and 10131.2 (advance fee handling) of the Code. Based on the findings of that investigation, set forth below, the Commissioner hereby issues the following Findings of Fact, Conclusions of Law, and Desist and Refrain Order under the authority of Section 10086 of the Code.

Whenever acts referred to below are attributed to FMS, those acts are alleged to have been done by FMS, acting by itself or by and/or through one or more agents, associates, affiliates, and/or co-conspirators, including, but not limited to HERMAN and using the names "Federal Mortgage Solutions," "National Mortgage Solutions," or other names or fictitious names unknown at this time.

FINDINGS OF FACT

1. FMS is not now, and has never been, licensed by the Department in any capacity. FMS is a registered corporation incorporated under the laws of the State of California. FMS filed Articles of Organization with the Secretary of State on January 16, 2009 with Paul Herman listed as the Agent for Service of Process. FMS filed a Certificate of Amendment with the Secretary of State on June 26, 2009 to change its name to "National Mortgage Solutions, LLC" ("NMS"). Neither FMS nor NMS have Fictitious Business Name Statements filed with the County of Los Angeles. At the times set forth below, FMS solicited borrowers to negotiate loans secured by real property for compensation or in expectation of compensation to FMS.

2. NMS is not now, and has never been, licensed by the Department in any capacity. NMS is a registered corporation incorporated under the laws of the State of California with Articles of Organization filed with the Secretary of State (see Paragraph 1). NMS has no Fictitious Business Name Statements filed with the County of Los Angeles. At the times set forth below, NMS

solicited borrowers to negotiate loans secured by real property for compensation or in expectation of compensation to NMS.

3. HERMAN has been licensed by the Department as a real estate salesperson since March 6, 2002. E-RealtyHomes.com Inc. in Tarzana, California is presently listed as HERMAN's employing broker.

4. On or about February 27, 2009, March 27, 2009, and April 27, 2009, Jeff K. and Susan K. made three payments by credit card totaling $6,500.00 to FMS/NMS as advance fees, pursuant to an agreement pertaining to loan solicitation, negotiation, and modification services to be provided by FMS with respect to a loan secured by real property located at 2155 Ward Way, Woodside, California 94062. After six months, Jeff K. and Susan K. received no results on their loan and learned that FMS/NMS had not worked on negotiating or modifying the terms of his loan on their Woodside property and requested a refund. When FMS/NMS did not respond to Jeff and Susan K.'s refund demand, Jeff and Susan engaged the services of an attorney to file a Complaint with the San Mateo County District Attorney's Office.

5. On or about March 1, 2009, NMS and FMS distributed advertising materials regarding loan modification and negotiation services and solicited consumer Steve L.

6. On or about June 17, 2009 Chesley R. paid to FMS/NMS an advance fee of $2,720.00 by credit card, pursuant to an agreement pertaining to loan solicitation, negotiation, and modification services to be provided by FMS with respect to a loan secured by real property located at 3055 Quail Road in Escondido, California 92026. After four months, Chesley R. learned that FMS had not worked on negotiating or modifying the terms of the loan on the Escondido property and requested a refund. FMS did not respond to Chesley R.'s refund

demand. On or about November 5, 2009, Chesley R. engaged the services of an attorney for assistance.

7. On or about May 22, 2009, Edward M. paid to FMS/NMS an advance fee of $2,720.00 by check, pursuant to an agreement pertaining to loan solicitation, negotiation, and modification services to be provided by FMS with respect to a loan secured by real property located at 519 Sycamore Street, Fairfield, California 94533. After six months, Edward M. learned that FMS had not worked on negotiating or modifying the terms of the loan on the Fairfield property and requested a refund. FMS did not respond to Edward M. and it did not return his money.

CONCLUSIONS OF LAW

8. Based on the findings of fact contained in paragraphs 1 through 7, FMS, acting by itself, or by and/or through one or more agents, associates, affiliates, and/or co-conspirators, including, but not limited to HERMAN, and using the name "FEDERAL MORTGAGE SOLUTIONS, LLC," or other names or fictitious names unknown at this time, solicited borrowers to negotiate loans or perform services, in connection with loans secured directly or collaterally by one or more liens on real property. These acts, which require a real estate broker license under Section 10131(d) of the Code, were performed during a period of time when FMS was not licensed by the Department as a real estate broker, a violation of Code Section 10130.

9. Based on the findings of fact contained in paragraphs 1 through 7, HERMAN, acting by himself, or by and/or through one or more agents, associates, affiliates, and/or co-conspirators, including, but not limited to FMS, and using the name "FEDERAL MORTGAGE SOLUTIONS, LLC,"or other names or fictitious names unknown at this time, solicited borrowers to negotiate loans or perform services, in connection with loans secured directly or collaterally by one or more liens on real property. These acts, which require a real estate broker license under Section 10131(d) of the Code, were performed during a period of time when

HERMAN and FMS were not licensed by the Department as a real estate broker, a violation of Code Section 10130.

DESIST AND REFRAIN ORDER

Based upon the Findings of Fact and Conclusions of Law stated herein, it is hereby ordered that FEDERAL MORTGAGE SOLUTIONS, LLC, whether doing business under your own name or as National Mortgage Solutions, LLC, or any other name(s) or fictitious name(s), and PAUL MAXFIELD HERMAN, whether doing business under his own name(s) or any other fictitious name(s), ARE HEREBYORDRED to immediately desist and refrain from performing any acts within the State of California for which a real estate broker license is required, unless you are so licensed. In particular each of them is ORDERED TO DESIST AND REFRAIN from:

1. charging, demanding, claiming, collecting and/or receiving advance fees, as that term is defined in Section 10026 of the Code, in any form, and under any conditions, with respect to the performance of loan modifications or any other form of mortgage loan forbearance service in connection with loans on residential property containing four or fewer dwelling units; and
2. charging, demanding, claiming, collecting and/or receiving advance fees, as that term is defined in Section 10026 of the Code, for any other real estate related services offered by them to others.

DATED: 4-25 2011

JEFF DAVI
Real Estate Commissioner

By _____

Notice: Business and Professions Code Section 10139 provides that "Any person acting as a real estate broker or real estate salesperson without a license or who advertises using words indicating that he or she is a real estate broker without being so licensed shall be guilty of a public offense punishable by a 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)."

cc: FEDERAL MORTGAGE SOLUTIONS LLC
700 South Flower Street, Suite 1400
Los Angeles, CA 90017

NATIONAL MORTGAGE SOLUTIONS LLC
700 Flower Street, Suite 1400
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