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2 At all times herein mentioned, Respondent engaged in the business of, acted in
3 The capacity of, advertised, or assumed to act as a real estate broker within the State of
4 California, within the meaning of Section 10131(a) of the Code, including the operation and
5 conduct of a residential resale brokerage wherein Respondent bought, sold or offered to buy or
6 sell, solicited prospective sellers or purchasers of, solicited or obtained listings of, or negotiated
7 the purchase, sale or exchange of real property or a business opportunity, in expectation of
8 compensation.

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10 On or about September 23, 2019, Belwood Investments LLC, by and through
11 Realty One Group Complete and its real estate salesperson, Respondent, entered into a
12 Residential Purchase Agreement for the real property known as 9363 Ottomon Way,
13 Orangevale, CA 95662 (Subject Property) with Timothy J. (Seller).

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15 On or about September 27, 2019, Lorraine M. (Seller's Agent) provided to
16 Respondent the Agent Visual Inspection Disclosure (AVID). The AVID indicated Seller's Agent
17 had inspected the Subject Property and stated the following: "roof – unable to inspect – has had
18 past leak, evidenced by water stain on ceiling near fireplace insert – repaired by owner apx 3
19 years ago. Dryrot noted around eaves/facia."

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21 On or about September 27, 2019, Seller's Agent provided to Respondent the Real
22 Estate Transfer Disclosure Statement (TDS). The TDS indicated Seller was disclosing
23 information concerning the condition of the Subject Property. In response to Question A of the
24 TDS, to wit "ARE THERE, TO THE BEST OF YOUR (SELLER'S) KNOWLEDGE, ANY OF
25 THE ABOVE THAT ARE NOT IN OPERATING CONDITION", Seller answered yes. Seller
26 further explained, "central heat and air. Air cond working – heating element is not working.
27 Inspection of unit evidenced crack in heat exchanger – unsafe to use per inspector until repaired.

1 duct work required/recommended. Roof over addition in need of repair / entire roof replace/or
2 repair...” In response to Question B of the TDS, to wit “ARE YOU (SELLER) AWARE OF
3 ANY SIGNIFICANT DEFECTS/MALFUCTIONS IN ANY OF THE FOLLOWING”, Seller
4 answered yes and check marked the box next to “Roof(s)”. Seller further explained, “roof in
5 need of repair/replace, past roof leak in 2016 – repaired, no leaks since repair,...”

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7 On or about September 27, 2019, Seller’s Agent provided to Respondent the
8 Seller Property Questionnaire (SPQ). The SPQ indicated Seller was providing additional
9 information about known material or significant items affecting the value or desirability of the
10 property. In response to Question C of the SPQ, to wit “ARE YOU (SELLER) AWARE OF
11 DEFECTS IN ANY OF THE FOLLOWING, (INCLUDING PAST DEFECTS THAT HAVE
12 BEEN REPAIRED): HEATING, AIR CONDITIONING, ... ROOF...”, Seller answered yes.
13 Seller further explained, “central heat and air. central air works – heating element not working
14 correctly. Seller had unit inspected in 2018, air conditioning works, however, heat not working
15 correctly. inspector noted crack in heat exchanger, noted duct work required. Heating element
16 not safe to use until further inspection or repaired.” In response to Question E of the SPQ, to wit
17 “ARE YOU (SELLER) AWARE OF WATER INTRUSION INTO ANY PART OF ANY
18 PHYSICAL STRUCTURE ON THE PROPERTY; LEAKS FROM OR IN ANY APPLIANCE,
19 PIPE, SLAB OR ROOF...” Seller answered yes. Seller further explained, “past roof leak –
20 repaired in 2016 – no leaks since repair – see AVID.”

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22 On or about October 10, 2019, Respondent acknowledged and signed the AVID
23 and TDS.

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25 On or about October 15, 2019, escrow closed on the Subject Property.

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On or about January 23, 2020, Belwood Investments LLC entered into a Residential Listing Agreement with Realty One Group Complete and Respondent to list and sell Subject Property.

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On or about January 25, 2020, Devin C.S. (Buyer), entered into a Residential Purchase Agreement for Subject Property with Belwood Investments LLC.

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Subsequently, Respondent provided to Buyer the AVID. The AVID indicated Respondent had inspected the Subject Property and stated the following with regards to other observed or known conditions: "Agent is aware the property is flip. Agent recommends the buyer have the home inspected by a professional prior to close of escrow."

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At no time did Respondent disclose to Buyer the material facts and information obtained and disclosed from the previous owner, as described in Paragraphs 4, 5, and 6, during the 2019 purchase of Subject Property.

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On or about February 15, 2020, escrow closed on the Subject Property.

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Respondent's representations, actions and/or omissions, as identified in Paragraphs 11 and 12, above, were substantially fraudulent, misleading, dishonest and deceitful, and were known by Respondent to be substantially fraudulent, misleading, dishonest and deceitful during the subject transaction.

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By engaging in the representations, acts and/or omissions identified in Paragraphs 11 and 12, above, Respondent breached the duties owed to Buyer, a third party, including, but

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1 not limited to: duty to act honestly and fairly, duty of care, duty to give full information, duty to
2 make truthful representations, and duty of disclosure.

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4 The above acts and/or omissions described above constitute violations of Sections
5 10176 (a) (Substantial Misrepresentation), 10176 (i) (Fraud or Dishonest Dealing), 10177 (d)
6 (Willful Disregard of Real Estate Laws), 10177 (g) (Negligence/Incompetence of Licensee) and
7 10177 (j) (Fraud or Dishonest Dealing) of the Code and constitute grounds for disciplinary action
8 under the provisions of Sections of the Code.

9 COST RECOVERY

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11 Section 10106 of the Code provides, in pertinent part, that in any order issued in
12 resolution of a disciplinary proceeding before the Department, the Commissioner may request
13 the Administrative Law Judge to direct a licensee found to have committed a violation of this
14 part to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the
15 case.

16 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
17 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
18 action against all licenses and license rights of Respondent under the Code, for the reasonable
19 cost of investigation and agency attorney's fees in this matter, and for such other and further
20 relief as may be proper under other provisions of law.

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23 TRICIA D. PARKHURST
24 Supervising Special Investigator

25 Dated at Sacramento, California,
26 this 7th day of January 2024.

DISCOVERY DEMAND

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

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