

FILED
JAN 25 2008

1 Department of Real Estate
2 P.O. Box 187007
3 Sacramento, CA 95818-7007
4 Telephone: (916) 227-0781
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7

DEPARTMENT OF REAL ESTATE

By Anne Shauer

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)

No. H-9222 SF

12 SELECTIVE LOAN SERVICING, INC.,)
13 ROLF BAADE HOFSTAD, and MICHELE)
BELL,)

14 Respondents.)

15 In the Matter of the Accusation of)

No. H-9223 SF

16 ROLF BAADE HOFSTAD,)

STIPULATION AND
AGREEMENT

17 Respondent.)

18 It is hereby stipulated by and between SELECTIVE LOAN
19 SERVICING, INC., ROLF BAADE HOFSTAD, and MICHELE BELL

20 (hereafter "Respondents") and their attorney, Frank M. Buda,
21 and the Complainant, acting by and through Truly Sughrue,
22 Counsel for the Department of Real Estate, as follows for the
23 purpose of settling and disposing the Accusations H-9222 SF and
24 H-9223 SF filed on April 29, 2005 in these matters:

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

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

9 3. On May 16, 2005, Respondents filed a Notice of
10 Defense on Accusations H-9222 SF and H-9223 SF pursuant to
11 Section 11505 of the Government Code for the purpose of
12 requesting a hearing on the allegations in the Accusations.
13 Respondents hereby freely and voluntarily withdraw said Notice of
14 Defenses. Respondents acknowledge that they understand that by
15 withdrawing said Notice of Defense they will thereby waive their
16 rights to require the Commissioner to prove the allegations in
17 the Accusations at a contested hearing held in accordance with
18 the provisions of the APA, and that they will waive other rights
19 afforded to them in connection with the hearing such as the right
20 to present evidence in defense of the allegations in the
21 Accusation and the right to cross-examine witnesses.

22 4. This stipulation is based on the factual
23 allegations contained in the Accusations H-9222 SF and H-9223 SF.
24 In the interest of expediency and economy, Respondents choose not
25 to contest these factual allegations, but to remain silent and
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27

1 understands that, as a result thereof, these factual statements
2 will serve as a prima facie basis for the "Determination of
3 Issues" and "Order" set forth below. The Real Estate Commissioner
4 shall not be required to provide further evidence to prove such
5 allegations.

6 5. This Stipulation and Respondents decision not to
7 contest the Accusations are made for the purpose of reaching an
8 agreed disposition of this proceeding and are expressly limited
9 to this proceeding and any other proceeding or case in which the
10 Department of Real Estate (herein "the Department"), the state or
11 federal government, an agency of this state, or an agency of
12 another state is involved.

13 6. Respondent SELECTIVE LOAN SERVICING (hereinafter
14 "SLS"), and Respondent ROLDF BAADE HOFSTAD (hereinafter
15 "HOFSTAD") understand that by agreeing to this Stipulation and
16 Agreement for Accusation H-9222 SF, they agree to pay, pursuant
17 to Section 10148 of the California Business and Professions
18 Code, the cost of the audit, Audit No. OK030042, which resulted
19 in the determination that Respondent committed the trust fund
20 violation(s) found in Paragraph I and II, below, of the
21 Determination of Issues. The amount of said costs is \$2,528.40.

22 7. SLS and HOFSTAD further understand that by
23 agreeing to this Stipulation and Agreement in Settlement of
24 Accusation H-9222 SF, the findings set forth below in the
25 Determination Of Issues become final, and that the Commissioner
26 may charge said Respondents for the costs of any audit conducted
27

1 pursuant to Section 10148 of the California Business and
2 Professions Code to determine if the violations have been
3 corrected. The maximum costs of said audit shall not exceed
4 \$2,528.40.

5 8. Respondent HOFSTAD understands that by agreeing to
6 this Stipulation and Agreement for Accusation H-9223 SF, he
7 agrees to pay, the cost of the audit, Audit No. OK030069, which
8 resulted in the determination that Respondent committed the
9 violation(s) found in Paragraph IV, below, of the Determination
10 of Issues. The amount of said costs is \$2,157.40.

11 9. HOFSTAD further understands that by agreeing to
12 this Stipulation and Agreement in Settlement of Accusation H-
13 9223 SF, the findings set forth below in the Determination Of
14 Issues become final, and that the Commissioner may charge said
15 Respondents for the costs of any audit conducted to determine if
16 the violations have been corrected. The maximum costs of said
17 audit shall not exceed \$2,157.40.

18 8. It is understood by the parties that the Real
19 Estate Commissioner may adopt the Stipulation and Agreement as
20 his decision in this matter thereby imposing the penalty and
21 sanctions on the real estate licenses and license rights of
22 Respondent as set forth in the below "Order". In the event that
23 the Commissioner in his discretion does not adopt the Stipulation
24 and Agreement, it shall be void and of no effect, and Respondents
25 shall retain the right to a hearing and proceeding on the
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1 Accusations under all the provisions of the APA and shall not be
2 bound by any admission or waiver made herein.

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

10 * * *

11 DETERMINATION OF ISSUES

12 By reason of the foregoing stipulations and waivers and
13 solely for the purpose of settlement of the pending Accusations
14 H-9222 SF and H-9223 SF without a hearing, it is stipulated and
15 agreed that the following determination of issues shall be made:
16

17 I

18 The acts and omissions of SLS as described in the
19 Accusation H-9222 SF are grounds for the suspension or
20 revocation of SLS license and license rights under the following
21 sections of the Code and Regulations:

22 (a) As to Paragraph VIII and IX under Section 10145 of
23 the Code, and Section 2832 of the Regulations in conjunction with
24 Section 10177(d) of the Code;

25 (b) As to Paragraph X under Section 2832.1 of the
26 Regulations in conjunction with Section 10177(d) of the Code;

27 (c) As to Paragraph XI under Section 2834 of the

1 Regulations in conjunction with Section 10177(d) of the Code;

2 II

3 The acts and omissions of HOFSTAD as described in the
4 Accusation H-9222 SF are grounds for the suspension or
5 revocation of HOFSTAD's license and license rights under the
6 following sections of the Code and Regulations:

7 (a) As to Paragraph XI under Section 2834 of the Code
8 in conjunction with Section 10177(d) of the Code.

9 (b) As to Paragraph XIII under Section 10177(h) of the
10 Code.

11 III

12 The acts and omissions of Respondent MICHELE BELL
13 (hereinafter "BELL") as described in the Accusation H-9222 SF
14 are grounds for the suspension or revocation of BELL's license
15 and license rights under Section 10130 of the Code.

16 IV

17 The acts and omissions of HOFSTAD as described in the
18 Accusation H-9223 SF are grounds for the suspension or
19 revocation of HOFSTAD's license and license rights under the
20 following sections of the Code and Regulations:

21 (a) As to Paragraph VI under Section 10240 and 10241
22 of the Code, and Section 2840 of the Regulations in conjunction
23 with Section 10177(d) of the Code;

24 (b) As to Paragraph VIII under Section 10229(a) of the
25 Code in conjunction with Section 10177(d) of the Code;

26 (c) As to Paragraph IX(a) under Section 10232(e) of
27 the Code in conjunction with Section 10177(d) of the Code;

1 (d) As to Paragraph IX(b) and (c) under Section
2 10232.5 of the Code in conjunction with Section 10177(d) of the
3 Code;

4 * * *

5 ORDER

6 I

7 All licenses and licensing rights of SLS under the Real
8 Estate Law are suspended for a period of thirty (30) days from
9 the effective date of this Order; provided, however, that:

10 1) Thirty (30) days of said suspension shall be stayed, upon the
11 condition that SLS petition pursuant to Section 10175.2 of the
12 Business and Professions Code and pays a monetary penalty
13 pursuant to Section 10175.2 of the Business and Professions
14 Code at a rate of \$100 for each day of the suspension for a
15 total monetary penalty of \$3,000.

16 a) Said payment shall be in the form of a cashier's check or
17 certified check made payable to the Recovery Account of the
18 Real Estate Fund. Said check must be delivered to the
19 Department prior to the effective date of the Order in this
20 matter.

21 b) No further cause for disciplinary action against the Real
22 Estate licenses of SLS occurs within two (2) years from the
23 effective date of the decision in this matter.

24 c) If SLS fails to pay the monetary penalty as provided above
25 prior to the effective date of this Order, the stay of the
26 suspension shall be vacated as to that Respondent and the
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1 order of suspension shall be immediately executed, under
2 this Paragraph I of this Order, in which event the said
3 Respondent shall not be entitled to any repayment nor
4 credit, prorated or otherwise, for the money paid to the
5 Department under the terms of this Order.

6 d) If said Respondent pays the monetary penalty and any other
7 moneys due under this Stipulation and Agreement and if no
8 further cause for disciplinary action against the real
9 estate license of said Respondent occurs within two (2)
10 years from the effective date of this Order, the entire stay
11 hereby granted under Paragraph I of this Order, as to said
12 Respondent only, shall become permanent.

13 2) Pursuant to Section 10148 of the Business and Professions
14 Code, SLS shall jointly and severally with HOFSTAD pay the sum
15 of \$2,528.40 for the Commissioner's cost of the audit, Audit
16 No. OK030042, which led to Accusation H-9222 SF. Respondents
17 shall pay such cost within forty-five (45) days of receiving
18 an invoice therefor from the Commissioner. The Commissioner
19 may suspend the SLS's license pending a hearing held in
20 accordance with Section 11500, et seq., of the Government
21 Code, if payment is not timely made as provided for herein, or
22 as provided for in a subsequent agreement between the
23 Respondent and the Commissioner. The suspension shall remain
24 in effect until payment is made in full or until Respondent
25 enters into an agreement satisfactory to the Commissioner to
26 provide for payment, or until a decision providing otherwise
27 is adopted following a hearing held pursuant to this

condition.

1
2 3) Pursuant to Section 10148 of the Business and Professions
3 Code, SLS shall jointly and severally with HOFSTAD pay the
4 Commissioner's reasonable cost, not to exceed \$2,528.40, for
5 an audit to determine if Respondents have corrected the trust
6 fund violation(s) found in Paragraph I and II of the
7 Determination of Issues. In calculating the amount of the
8 Commissioner's reasonable cost, the Commissioner may use the
9 estimated average hourly salary for all persons performing
10 audits of real estate brokers, and shall include an allocation
11 for travel time to and from the auditor's place of work.
12 Respondent shall pay such cost within forty-five (45) days of
13 receiving an invoice therefor from the Commissioner detailing
14 the activities performed during the audit and the amount of
15 time spent performing those activities. The Commissioner may
16 suspend SLS's license pending a hearing held in accordance
17 with Section 11500, et seq., of the Government Code, if
18 payment is not timely made as provided for herein, or as
19 provided for in a subsequent agreement between Respondent and
20 the Commissioner. The suspension shall remain in effect until
21 payment is made in full or until Respondent enters into an
22 agreement satisfactory to the Commissioner to provide for
23 payment, or until a decision providing otherwise is adopted
24 following a hearing held pursuant to this condition.

25 II

26 All licenses and licensing rights of HOFSTAD under the Real
27 Estate Law are suspended for a period of thirty (30) days from

the effective date of this Order; provided, however, that:

1
2 1) Thirty (30) days of said suspension shall be stayed, upon the
3 condition that HOFSTAD petition pursuant to Section 10175.2 of
4 the Business and Professions Code and pays a monetary penalty
5 pursuant to Section 10175.2 of the Business and Professions
6 Code at a rate of \$100 for each day of the suspension for a
7 total monetary penalty of \$3,000.

8 a) Said payment shall be in the form of a cashier's check or
9 certified check made payable to the Recovery Account of the
10 Real Estate Fund. Said check must be delivered to the
11 Department prior to the effective date of the Order in this
12 matter.

13 b) No further cause for disciplinary action against the Real
14 Estate licenses of said Respondent occurs within two (2)
15 years from the effective date of the decision in this
16 matter.

17 c) If HOFSTAD fails to pay the monetary penalty as provided
18 above prior to the effective date of this Order, the stay of
19 the suspension shall be vacated as to that Respondent and
20 the order of suspension shall be immediately executed, under
21 this Paragraph II of this Order, in which event the said
22 Respondent shall not be entitled to any repayment nor
23 credit, prorated or otherwise, for the money paid to the
24 Department under the terms of this Order.

25 d) If HOFSTAD pays the monetary penalty and any other moneys
26 due under this Stipulation and Agreement and if no further
27

1 cause for disciplinary action against the real estate
2 license of said Respondent occurs within two (2) years from
3 the effective date of this Order, the entire stay hereby
4 granted under Paragraph II of this Order, as to said
5 Respondent only, shall become permanent.

6 2) HOFSTAD shall, within six (6) months from the effective date
7 of this Decision, take and pass the Professional
8 Responsibility Examination administered by the Department
9 including the payment of the appropriate examination fee. If
10 HOFSTAD fails to satisfy this condition, the Commissioner may
11 order suspension of the license until Respondent passes the
12 examination.

13 3) HOFSTAD shall, prior to the effective date of this Decision,
14 submit proof satisfactory to the Commissioner of having taken
15 and successfully completed the continuing education course on
16 trust fund accounting and handling specified in subdivision
17 (a) of Section 10170.5 of the Business and Professions Code.
18 Proof of satisfaction of this requirement includes evidence
19 that HOFSTAD has successfully completed the trust fund account
20 and handling continuing education course within 120 days prior
21 to the effective date of the Decision in this matter. If
22 HOFSTAD fails to satisfy this condition, the Commissioner may
23 order the suspension of HOFSTAD's license until HOFSTAD
24 presents proof that she has successfully completed the trust
25 fund course.

26 4) Pursuant to Section 10148 of the Business and Professions
27 Code, HOFSTAD shall jointly and severally with SLS pay the sum

1 of \$2,528.40 for the Commissioner's cost of the audit, Audit
2 No. OK030042, which led to Accusation H-9222 SF. Respondents
3 shall pay such cost within forty-five (45) days of receiving
4 an invoice therefor from the Commissioner. The Commissioner
5 may suspend HOFSTAD's license pending a hearing held in
6 accordance with Section 11500, et seq., of the Government
7 Code, if payment is not timely made as provided for herein, or
8 as provided for in a subsequent agreement between the
9 Respondent and the Commissioner. The suspension shall remain
10 in effect until payment is made in full or until Respondent
11 enters into an agreement satisfactory to the Commissioner to
12 provide for payment, or until a decision providing otherwise
13 is adopted following a hearing held pursuant to this
14 condition.

15 5) Pursuant to Section 10148 of the Business and Professions
16 Code, HOFSTAD shall jointly and severally with SLS pay the
17 Commissioner's reasonable cost, not to exceed \$2,528.40, for
18 an audit to determine if Respondents have corrected the trust
19 fund violation(s) found in Paragraph I and II of the
20 Determination of Issues. In calculating the amount of the
21 Commissioner's reasonable cost, the Commissioner may use the
22 estimated average hourly salary for all persons performing
23 audits of real estate brokers, and shall include an allocation
24 for travel time to and from the auditor's place of work.
25 Respondent shall pay such cost within forty-five (45) days of
26 receiving an invoice therefor from the Commissioner detailing
27 the activities performed during the audit and the amount of

1 time spent performing those activities. The Commissioner may
2 suspend HOFSTAD's license pending a hearing held in accordance
3 with Section 11500, et seq., of the Government Code, if
4 payment is not timely made as provided for herein, or as
5 provided for in a subsequent agreement between Respondent and
6 the Commissioner. The suspension shall remain in effect until
7 payment is made in full or until Respondent enters into an
8 agreement satisfactory to the Commissioner to provide for
9 payment, or until a decision providing otherwise is adopted
10 following a hearing held pursuant to this condition.

11 6) HOFSTAD shall pay the sum of \$2,528.40 for the Commissioner's
12 cost of the audit, Audit No. OK030069, which accusation
13 H-9223 SF. Respondent shall pay such cost within forty-five
14 (45) days of receiving an invoice therefor from the
15 Commissioner. The Commissioner may suspend HOFSTAD's license
16 pending a hearing held in accordance with Section 11500, et
17 seq., of the Government Code, if payment is not timely made as
18 provided for herein, or as provided for in a subsequent
19 agreement between the Respondent and the Commissioner. The
20 suspension shall remain in effect until payment is made in
21 full or until Respondent enters into an agreement satisfactory
22 to the Commissioner to provide for payment, or until a
23 decision providing otherwise is adopted following a hearing
24 held pursuant to this condition.

25 7) HOFSTAD shall pay the Commissioner's reasonable cost, not to
26 exceed \$2,157.40, for an audit to determine if Respondents
27 have corrected the violation(s) found in Paragraph IV of the

1 Determination of Issues. In calculating the amount of the
2 Commissioner's reasonable cost, the Commissioner may use the
3 estimated average hourly salary for all persons performing
4 audits of real estate brokers, and shall include an allocation
5 for travel time to and from the auditor's place of work.
6 Respondent shall pay such cost within forty-five (45) days of
7 receiving an invoice therefor from the Commissioner detailing
8 the activities performed during the audit and the amount of
9 time spent performing those activities. The Commissioner may
10 suspend HOFSTAD's license pending a hearing held in accordance
11 with Section 11500, et seq., of the Government Code, if
12 payment is not timely made as provided for herein, or as
13 provided for in a subsequent agreement between Respondent and
14 the Commissioner. The suspension shall remain in effect until
15 payment is made in full or until Respondent enters into an
16 agreement satisfactory to the Commissioner to provide for
17 payment, or until a decision providing otherwise is adopted
18 following a hearing held pursuant to this condition.

19 III

20 All licenses and licensing rights of BELL under the Real
21 Estate Law are publicly reprovod.

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810-999-9869

FRANK BUDA ESQ

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9-Jan-06
DATED

Truly Sughrue
TRULY SUGHRUE
Counsel for Complainant

I have read the Stipulation and Agreement, discussed it with my counsel, and its terms are understood by me and are agreeable and acceptable to me. I understand that I am waiving rights given to me by the California Administrative Procedure Act, and I 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 I would have the right to cross-examine witnesses against me and to present evidence in defense and mitigation of the charges.

1-3-06
DATED

Rolf N. Hoptad
SELECTIVE LOAN SERVICING, INC.
Respondent

1-3-06
DATED

Rolf N. Hoptad
ROLF HARDE HOFSTAD
Respondent

1/3/06
DATED

Michele Bell
MICHELE BELL
Respondent

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I have reviewed the Stipulation and Agreement as to form and content and have advised my client accordingly.

1-3-06
DATED

Frank M. Buda
FRANK M. BUDA
Attorney for Respondents

* * *

The foregoing Stipulation and Agreement is hereby adopted as my Decision and shall become effective at 12 o'clock noon on February 14, 2006.

IT IS SO ORDERED 1-20-6, 2006.

JEFF DAVIS
Real estate Commissioner
[Signature]

1 DEIDRE L. JOHNSON, Counsel
SBN 66322
2 Department of Real Estate
P. O. Box 187007
3 Sacramento, CA 95818-7007
4 Telephone: (916) 227-0789
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6
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FILED
APR 29 2005
DEPARTMENT OF REAL ESTATE
By K. Contreras

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 SELECTIVE LOAN SERVICING, INC.,) NO. H-9222 SF
ROLF BAADÉ HOFSTAD, and)
MICHELE BELL,) ACCUSATION
13 Respondents.)

14 The Complainant, E. J. HABERER II, a Deputy Real Estate
15 Commissioner of the State of California, for causes of Accusation
16 against SELECTIVE LOAN SERVICING, INC., ROLF BAADÉ HOFSTAD, and
17 MICHELE BELL, is informed and alleges as follows:

18 PRELIMINARY ALLEGATIONS

19 I

20 Respondents SELECTIVE LOAN SERVICING, INC., ROLF BAADÉ
21 HOFSTAD, and MICHELE BELL are presently licensed and/or have
22 license rights under the Real Estate Law, Part 1 of Division 4 of
23 the California Business and Professions Code (hereafter the Code).

24 II

25 The Complainant, E. J. HABERER II, a Deputy Real Estate
26 Commissioner of the State of California, makes this Accusation
27 against Respondents in his official capacity and not otherwise.

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III

At all times herein mentioned, Respondent SELECTIVE LOAN SERVICING, INC. (hereafter SLS) was licensed by the State of California Department of Real Estate (hereafter the Department) as a real estate broker corporation.

IV

At all times herein mentioned, Respondent ROLF BAADE HOFSTAD (hereafter HOFSTAD) was licensed by the Department as an individual real estate broker, and as the designated broker officer of SLS.

V

At all times herein mentioned, Respondent MICHELE BELL (hereafter BELL) was and is licensed by the Department as an individual real estate salesperson, was employed by or associated with Respondent HOFSTAD as her employing broker of record, and was the sole stockholder of SLS. At no time herein was BELL licensed in the employ of Respondent SLS.

VI

Within the last three years, Respondent SLS engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker within the State of California, including the operation and conduct of a mortgage loan brokerage business with the public wherein SLS primarily serviced secured loans on behalf of borrowers and lenders/investors.

FIRST CAUSE OF ACTION

VII

Beginning in or about December of 2003, the Department conducted an audit of the books and records of Respondent SLS

1 for the time period of January 1, 2003 to December 31, 2003
2 (hereafter the audit period), as set forth in more detail in
3 Department Audit Report No. OK 03-0042, dated February 18, 2004,
4 and all accompanying working papers and exhibits.

5 VIII

6 In acting as a mortgage loan broker as alleged above,
7 Respondent SLS maintained a trust account at Bank of the West in
8 San Jose, California, in the name of "Selective Loan Servicing
9 Trust Account," number 015-007674. Respondent SLS failed to
10 deposit and maintain trust funds in a trust account, or in a
11 neutral escrow depository, or to deliver them into the hands of
12 the owners of the funds as required by Section 10145 of the Code,
13 in such a manner that as of September 30, 2003, there was a
14 trust fund shortage in the approximate amount of \$12,773.00.

15 IX

16 Respondent SLS failed to deposit and maintain trust
17 funds in a trust account, or in a neutral escrow depository, or
18 to deliver them into the hands of the owners of the funds as
19 required by Section 10145 of the Code, in such a manner that as
20 of December 31, 2003, there was a trust fund shortage in the
21 approximate amount of \$5,978.56.

22 X

23 In connection with the receipt and disbursement of
24 trust funds as above alleged, Respondent SLS failed to obtain the
25 prior written consent of the principals for the reduction of the
26 aggregate balance of trust funds in the trust account to an amount
27 less than the existing aggregate trust fund liability to the

1 owners of said funds, in conformance with Section 2832.1 of Title
2 10, California Code of Regulations (hereafter the Regulations).

3 XI

4 In connection with the receipt and disbursement of trust
5 funds as above alleged, Respondents SLS and HOFSTAD authorized
6 or permitted withdrawals to be made from the trust account on
7 the signature of Michele Bell when she was not licensed by the
8 Department in the employ of SLS, and when she did not have
9 specific written authorization from HOFSTAD pursuant to Section
10 2834 of the Regulations.

11 XII

12 Within the last three years, when Respondent BELL was
13 employed by HOFSTAD, Respondent BELL performed activities for
14 which a real estate license is required on behalf of Respondent
15 SLS in various secured loan transactions, for or in expectation
16 of compensation, including but not limited to the execution of
17 loan servicing agreements with clients Robert and Lizanne Manseau,
18 and John and Hyzy Hornyak, in or about November of 2002.

19 XIII

20 The acts and/or omissions of Respondent BELL as alleged
21 above violate Section 10130 of the Code, and constitute grounds
22 for disciplinary action against BELL pursuant to Sections 10137
23 and 10177(d) of the Code.

24 XIV

25 The above acts and/or omissions of Respondent SLS, in
26 employing and/or compensating BELL when BELL was not duly licensed
27 in the employ of SLS by the Department, constitute grounds for

1 disciplinary action against SLS pursuant to Section 10137 of the
2 Code.

3 XV

4 The acts and/or omissions of Respondent SLS as alleged
5 above constitute grounds for disciplinary action under the
6 following provisions:

7 (a) As to Paragraphs VIII and IX, under Section
8 10145 of the Code, and Section 2832 of the
9 Regulations in conjunction with Section
10 10177(d) of the Code;

11 (b) As to Paragraph X, under Section 2832.1 of the
12 Regulations in conjunction with Section
13 10177(d) of the Code;

14 (c) As to Paragraph XI, under Section 2834 of the
15 Regulations in conjunction with Section
16 10177(d) of the Code.

17 XVI

18 The acts and/or omissions of Respondent HOFSTAD as
19 alleged in Paragraph XI above constitute grounds for disciplinary
20 action under Section 2834 of the Regulations in conjunction with
21 Section 10177(d) of the Code.

22 SECOND CAUSE OF ACTION

23 XIII

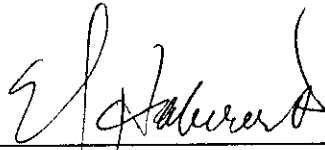
24 At all times mentioned herein, Respondent HOFSTAD
25 failed to exercise reasonable supervision and control of the
26 activities of SLS for which a real estate license is required.
27 In particular, HOFSTAD caused, permitted, and/or ratified the

1 conduct described above, and/or failed to take reasonable steps
2 to implement effective supervision that would have prevented it,
3 including but not limited to: (a) the establishment of policies,
4 rules, procedures, and systems to review, oversee, inspect, and
5 manage the business including but not limited to the handling of
6 trust funds and licensed activity, and (b) the establishment of
7 systems for monitoring compliance with such policies, rules,
8 procedures, and systems, to ensure compliance by the company with
9 the Real Estate Law.

10 XIV

11 The acts and/or omissions of HOFSTAD as alleged above
12 constitute grounds for disciplinary action under the provisions
13 of Section 10177(h) of the Code and Section 2725 of the
14 Regulations.

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

22
23 
24 _____
25 E. J. HABERER II
26 Deputy Real Estate Commissioner

26 Dated at Oakland, California,
27 this 21 day of April, 2005.