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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").

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At all times mentioned, STONERIDGE FINANCIAL SERVICES, (hereinafter "STONERIDGE") was and is licensed by the State of California Department of Real Estate (hereinafter "Department") as a real estate broker corporation.

4

At all times mentioned, Respondent MARCUS TROY SAVAGE (hereinafter "SAVAGE") was and is licensed by the Department as an individual real estate broker, and as the designated broker officer of STONERIDGE. As said designated officer-broker, SAVAGE was responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees and employees of STONERIDGE for which a license is required.

5

At no times mentioned was FreedomPoint Group and/or Retail Lending Group, licensed by the Department as a real estate broker corporation or as a fictitious business name.

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At all times mentioned herein Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate licensees in the State of California within the meaning of Section 10131(d) of the Code, including the operation and conduct of a mortgage loan brokerage business with the public wherein Respondents solicited lenders and borrowers for loans secured directly or collaterally by liens on real property or a business opportunity, and wherein such loans were arranged, negotiated, processed, and consummated by Respondent on behalf of others for compensation or in expectation of a compensation.

7

Beginning in approximately December 2007, SAVAGE, acting as an agent of Burton Dix Williams, solicited and obtained a loan in the amount of \$364,800 from Washington Mutual to be secured by an encumbrance on the property located 119 Scotts Valley, Hercules, California by representing, contrary to fact, that Burton Dix Williams was employed by Stoneridge Financial Group as a financial advisor and his income was \$8,487 per month. In truth, Burton Dix Williams was retired, never employed by Stoneridge Financial Group, and his income was substantially less than \$8,487 per month.

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Beginning in approximately March 2008, SAVAGE, acting as an agent of Burton Dix Williams, solicited and obtained a loan in the amount of \$33,200 from Citimortgage to be secured by an encumbrance on the property located 119 Scotts Valley, Hercules, California by representing, contrary to fact, that Burton Dix Williams was employed by Stoneridge Financial Group as a financial advisor and his income was \$8,487 per month. In truth, Burton Dix Williams was retired, never employed by Stoneridge Financial Group, and his income was substantially less than \$8,487 per month.

Beginning in approximately January 2008, SAVAGE, acting as an agent of Avelina and Leonard Jazmin, solicited and obtained a loan in the amount of \$1,500,000 from ING Bank to be secured by an encumbrance on the property located 227 Pebble Court, Alamo, California by representing, contrary to fact, that Leonard Jazmin was employed by Stoneridge Financial Group as a financial advisor and his income was \$28,928 per month. In truth, Leonard Jazmin was retired, never employed by Stoneridge Financial Group, and his income was substantially less than \$28,928 per month.

Beginning in approximately March 2008, SAVAGE, acting as an agent of Avelina and Leonard Jazmin, solicited and obtained a loan in the amount of \$100,000 from Citimortgage to be secured by an encumbrance on the property located 227 Pebble Court, Alamo, California by representing, contrary to fact, that Leonard Jazmin was employed by Stoneridge Financial Group as a financial advisor and his income was \$28,928 per month. In truth, Leonard Jazmin was retired, never employed by Stoneridge Financial Group, and his income was substantially less than \$28,928 per month.

Beginning in approximately 2008, SAVAGE, acting as an agent of William Kershaw, solicited and attempted to obtain a loan in the amount of \$212,000 from Citimortgage to be secured by an encumbrance on the property located 459 Crestwood Lane, Walnut, California by representing, contrary to fact, that William Kershaw was employed by Castelrock Financial Advisors as a financial advisor and his income was \$10,928 per month. In truth, William Kershaw was retired, never employed by Castelrock Financial Advisors, and his income was substantially less than \$10,928 per month.

Beginning in approximately February 2008, SAVAGE, acting as an agent of Francis Arciaga Jr., solicited and attempted to obtain a loan in the amount of \$180,000 from Citimortgage to be secured by an encumbrance on the property located 9881 King Canyon Drive,

Huntington Beach, California by representing, contrary to fact, that William Kershaw was employed by Castelrock Financial Advisors as a financial advisor and his income was \$11,466 per month. In truth, William Kershaw was retired, never employed by Castelrock Financial Advisors, and his income was substantially less than \$11,466 per month.

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Beginning in approximately early 2008, SAVAGE, acting as an agent of Willard P. King, solicited and attempted to obtain a loan in the amount of \$350,000 from Citimortgage to be secured by an encumbrance on the property located at 33902 Mariana Drive, Dana Point, California by representing, contrary to fact, that Willard P. King was employed by Castelrock Financial Advisors as a financial advisor and his income was \$14,289 per month. In truth, Willard P. King was retired, never employed by Castelrock Financial Advisors, and his income was substantially less than \$14,289 per month.

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Beginning in approximately 2008, SAVAGE, acting as an agent of Elaine Keating, solicited and attempted to obtain a loan in the amount of \$250,000 from Citimortgage to be secured by an encumbrance on the property located 3952-3958 26th Street, San Francisco, California by representing, contrary to fact, that Elaine Keating was employed by Stoneridge Financial Group as a financial advisor and his income was \$14,946 per month. In truth, Elaine Keating was retired, never employed by Stoneridge Financial Group, and his income was substantially less than \$14,946 per month.

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Beginning in approximately April 2008, SAVAGE, acting as an agent of Dorothy Del Prado, solicited and attempted to obtain a loan in the amount of \$219,000 from Citimortgage to be secured by an encumbrance on the property located 494 46th Avenue, San Francisco, California by representing, contrary to fact, that Dorothy Del Prado was employed by Stoneridge Financial Group as a financial advisor and his income was \$14,296 per month. In truth, Dorothy Del Prado was retired, never employed by Stoneridge Financial Group, and his income was substantially less than \$14,296 per month.

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In acting as real estate brokers, as described in Paragraph 6, STONEBRIDGE and SAVAGE accepted or received funds in trust (hereinafter "trust funds") from or on behalf of owners in connection with the mortgage loan brokerage, as alleged herein, and thereafter from time to time made disbursements of said trust funds.

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In connection with the collection and disbursement of trust funds described in Paragraph 16, STONEBRIDGE and SAVAGE failed to deposit and maintain the trust funds in a trust account or neutral escrow depository, or to deliver them into the hands of the owners of the funds, as required by Section 10145 of the Code.

STONEBRIDGE and SAVAGE commingled and/or converted trust funds to his own use and benefit or to purposes not authorized by the rightful owners of said funds. The amount of said commingled and converted trust funds is unknown but well known to SAVAGE and is not more than \$50,000.

Beginning about late 2007 and continuing thereafter, SAVAGE willfully caused, suffered, permitted, and/or disregarded the real estate law by allowing FreedomPoint Group and/or Retail Lending Group to perform the acts and conduct the real estate activities described in Paragraph 6, above, including but not limited to the activities described in Paragraph 25, below.

Beginning about late 2007 and continuing thereafter, in the course of the employment and activities described in Paragraph 19, above, SAVAGE, on behalf of FreedomPoint Group and/or Retail Lending Group, solicited and/or performed services for borrowers, in connection with loans secured directly or collaterally by liens on real property or on a business opportunity, for or in expectation of compensation. Such activities include, but are not limited to:

<u>BORROWER</u>	<u>PROPERTY ADDRESS</u>
Willard P. King	33902 Mariana Drive, Dana Point, California
Francis Arciaga	9881 King Canyon Drive, Lon Beach, California
William Kershaw	459 Crestwood Lane, Walnut, California

In acting as described in paragraphs 19 through 20, SAVAGE willfully caused, suffered, and/or permitted, FreedomPoint Group and Retail Lending Group to willfully disregard Section 10130 of the Code.

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In the course of activities described in Paragraph 6, SAVAGE caused to be mailed to Francis Arciaga advertisements which included statements or representations with regard to rates, terms, or conditions for making or negotiating loans which are not in compliance with advertising statements, including but not limited to:

- (a) The advertisement was false, misleading, and/or deceptive, to wit;

“Most borrowers believe a normal reverse mortgage, like you have, is the only way to utilize equity to cover mortgage interest charges. This is simply not true. Considering a new balance of \$368,779.00, you will save \$737.56 per month in interest charges just by switching to a lower interest rate that is fixed. This yearly savings of \$8,850.72 will help preserve your equity position.”

This statement is false and misleading as the broker is comparing a conventional loan to a reverse mortgage and is misstating the comparison of terms, and is in violation of Section 10235 of the Code;

- (b) The advertisement was false, misleading, and/or deceptive, to wit,

“We can only make the portion you owe a fixed interest rate.”

This statement is false and misleading as it implies the home equity line will be adjustable, but does not clearly disclose the terms, and is in violation of Section 10235 of the Code;

- (c) The advertisement was false, misleading, and/or deceptive, to wit,

“Any future funds that you use would come from an equity line at 6.500%.”

This statement is false and misleading as the advertisement offers future funds but does not include the terms of the required Annual Percentage Rate (hereinafter “APR”), and is in violation of Section 10235 of the Code;

- (d) The advertisement quotes an interest rate, such as 6.500%, without an equally prominent APR in violation of Section 2848(16) of the Regulations;

- (e) The advertisement was false, misleading, and/or deceptive, to wit,

“As the balance grows on your equity line, we can move your equity line balance into the fixed rate. We can do this twice per year. Each transfer is absolutely free of charge.”

This statement is false and misleading as the advertisement states the broker will

“transfer” the home equity line of credit balance to the fixed rate traditional loan every six months. This appears to offer to refinance, and is in violation of Section 10235 of the Code;

(f) The advertisement makes representations of an installment in repayment of an adjustable rate, interest only, or payment-option loan without an equally prominent disclosures containing the requirements of Section 2848(17) of the Regulations;

(g) The advertisement was false, misleading, and/or deceptive, to wit,

“Reverse: \$368,779.00 @ 8.900% = \$2,735.11 monthly interest charges + service fee.

Fixed: \$368,779.00 @6.500% = \$1,997.55 monthly interest charges.

Savings:.....\$737.56 per month!”

This statement describes a savings amount that is illusory as it will be a monthly payment on a traditional loan taking the place of a reverse mortgage with no payment due from the homeowner, and is in violation of Section 10235 of the Code;

(h) The advertisement failed to disclose within the printed text the license under which the loan would be made or arranged in violation of Sections 10235.5, 10236.4, and 17539.4 of the Code.

(i) The advertisement was false, misleading, and/or deceptive, to wit,

“With the fixed interest rate, you would accrue approximately \$1,997.55 per month to your equity line balance. Since we can combine the balances together twice per year, every 6 months your equity line would have a balance of \$11,985.30. Each time we make a transfer, your equity line is back to a \$0.00 balance. We can give you’re an equity line up to \$210,000.00 and you can use it for anything you wish. Using an equity line for your future withdrawals afford you the luxury of only paying interest on funds when you are ready to use them.”

This statement is false and misleading as the advertisement does not adequately describe that the broker will add the amounts to the balance of a traditional loan that will build with no payments being made, and is in violation of Section 10235 of the Code;

(j) The advertisements used the names “Freedom Point Group” and/or “Retail Lending Group”, “which are not properly licensed fictitious business names of SAVAGE, in violation of Section 10159.5 of the Code and Section 2731 of the Regulations;

- (k) The required statement, "Real Estate Broker, California Department of Real Estate" is not included in the advertisements, and is in violation of Section 2847.3 of the Regulations; and
- (l) The advertisement failed to include a designation that SAVAGE was performing acts for which a real estate license is required in violation of Section 10140.6 of the Code.

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In the course of activities described in Paragraph 6, SAVAGE caused to be mailed to Willard P. King advertisements which included statements or representations with regard to rates, terms, or conditions for making or negotiating loans which are not in compliance with advertising statements, including but not limited to:

- (a) The advertisement used the names "Freedom Point Group" and/or "Retail Lending Group", "which are not properly licensed fictitious business names of SAVAGE, in violation of Section 10159.5 of the Code and Section 2731 of the Regulations;

- (b) The advertisement was false, misleading, and/or deceptive, to wit,

"Traditional Fixed Rates With All The Benefits Of A Reverse Mortgage!"

This statement is false and misleading as the broker is comparing a traditional mortgage with a reverse mortgage and making a claim that it has all of the benefits of a reverse mortgage without clarifying specifically what is claimed, or disclosing the basis on which this determination is made, and is in violation of Section 10235 of the Code;

- (c) The advertisement was false, misleading, and/or deceptive, to wit,

"By refinancing to a low fixed interest rate, our borrowers are saving from \$750 to \$1,500 per month in interest charges! This means your loan balance doesn't go up as fast and you use less of your equity. Equity on the Freedom Point Advantage program last an average of 11 years longer than a typical reverse mortgage"

This statement is false and misleading as the broker implies a traditional mortgage will "save" more than a reverse mortgage and the equity last an average of eleven years longer, but the information is not substantiated in the advertisement, and is in violation of Section 10235 of the Code;

- (d) The advertisement was false, misleading, and/or deceptive, to wit,

"Most borrowers believe a normal reverse mortgage, like you have, is the only way to utilize equity to cover mortgage interest charges. This is simply not true.

Considering a new balance of \$451,000.00, you will save \$742.00 per month in interest charges just by switching to a lower interest rate that is fixed. This yearly savings of \$8,904.00 will help preserve your equity position.”

This statement is false and misleading as the broker is comparing a conventional loan to a reverse mortgage and is misstating the comparison of terms, and is in violation of Section 10235 of the Code;

- (e) The advertisements were false, misleading, and/or deceptive, to wit,

“We can only make the portion you owe a fixed interest rate.”

This statement is false and misleading as it implies the home equity line will be adjustable, but does not clearly disclose the terms, and is in violation of Section 10235 of the Code;

- (f) The advertisement was false, misleading, and/or deceptive, to wit,

“Any future funds that you use would come from an equity line at 6.500%.”

This statement is false and misleading as the advertisement offers future funds but does not include the terms of the required APR, and is in violation of Section 10235 of the Code;

- (g) The advertisement quotes an interest rate, such as 6.500%, without an equally prominent APR in violation of Section 2848(16) of the Regulations;

- (h) The advertisement was false, misleading, and/or deceptive, to wit,

“As the balance grows on your equity line, we can move your equity line balance into the fixed rate. We can do this twice per year. Each transfer is absolutely free of charge.”

This statement is false and misleading as the advertisement states the broker will “transfer” the home equity line of credit balance to the fixed rate traditional loan every six months. This appears to offer to refinance, and is in violation of Section 10235 of the Code;

- (i) The advertisement makes representations of an installment in repayment of an adjustable rate, interest only, or payment-option loan without an equally prominent disclosure containing the requirements of Section 2848(17) of the Regulations;

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- (j) The advertisement was false, misleading, and/or deceptive, to wit,

“Reverse: \$451,000.00 @ 8.318% = \$3,186.00 monthly interest charges + service fee.

Fixed: \$451,000.00 @6.500% = \$2,444.00 monthly interest charges.

Savings:.....\$742.00 per month!”

This statement describes a savings amount that is illusory as it will be a monthly payment on a traditional loan taking the place of a reverse mortgage with no payment due from the homeowner, and is in violation of Section 10235 of the Code;

- (k) The advertisement failed to disclose within the printed text the license under which the loan would be made or arranged in violation of Sections 10235.5 and 10236.4 of the Code.

- (l) The advertisement was false, misleading, and/or deceptive, to wit,

“With the fixed interest rate, you would accrue approximately \$2,444.00 per month to your equity line balance. Since we can combine the balances together twice per year, every 6 months your equity line would have a balance of \$14,664.00. Each time we make a transfer, your equity line is back to a \$0.00 balance. We can give you’re an equity line up to \$300,000.00 and you can use it for anything you wish. Using an equity line for your future withdrawals affords you the luxury of only paying interest on funds when you are ready to use them.”

This statement is false and misleading as the advertisement does not adequately describe that the broker will add the amounts to the balance of a traditional loan that will build with no payments being made, and is in violation of Section 10235 of the Code;

- (m) The required statement, “Real Estate Broker, California Department of Real Estate” is not included in the advertisements, and is in violation of Section 2847.3 of the Regulations; and
- (n) The advertisement failed to include a designation that SAVAGE was performing acts for which a real estate license is required in violation of Section 10140.6 of the Code.

In the course of activities described in Paragraph 7, SAVAGE caused to be mailed to William Kershaw advertisements which included statements or representations with regard to rates, terms, or conditions for making or negotiating loans which are not in compliance with advertising statements, including but not limited to:

- (a) The advertisement was false, misleading, and/or deceptive, to wit,

“Most borrowers believe a normal reverse mortgage, like you have, is the only way to utilize equity to cover mortgage interest charges. This is simply not true. Considering a new balance of \$296,000.00, you will save \$463.73 per month in interest charges just by switching to a lower interest rate that is fixed. This yearly savings of \$5,564.76 will help preserve your equity position.”

This statement is false and misleading as the broker is comparing a conventional loan to a reverse mortgage and is misstating the comparison of terms, and is in violation of Section 10235 of the Code;

- (b) The advertisement was false, misleading, and/or deceptive, to wit,

“We can only make the portion you owe a fixed interest rate.”

This statement is false and misleading as it implies the home equity line will be adjustable, but does not clearly disclose the terms, and is in violation of Section 10235 of the Code;

- (c) The advertisement was false, misleading, and/or deceptive, to wit,

“Any future funds that you use would come from an equity line at 6.500%.”

This statement is false and misleading as the advertisement offers future funds but does not include the terms of the required APR, and is in violation of Section 10235 of the Code;

- (d) The advertisement quotes an interest rate, such as 6.500%, without an equally prominent APR in violation of Section 2848(16) of the Regulations;

- (e) The advertisement was false, misleading, and/or deceptive, to wit,

“As the balance grows on your equity line, we can move your equity line balance into the fixed rate. We can do this twice per year. Each transfer is absolutely free of charge.”

This statement is false and misleading as the advertisement states the broker will “transfer” the home equity line of credit balance to the fixed rate traditional loan every six months. This appears to offer to refinance, and is in violation of Section 10235 of the Code;

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(f) The advertisement makes representations of an installment in repayment of an adjustable rate, interest only, or payment-option loan without an equally prominent disclosures containing the requirements of Section 2848(17) of the Regulations;

(g) The advertisement was false, misleading, and/or deceptive, to wit,

“Reverse: \$296,000.00 @ 8.380% = \$2,067.06 monthly interest charges + service fee.

Fixed: \$296,000.00 @6.500% = \$1,603.11 monthly interest charges.

Savings:.....\$463.73 per month!”

This statement describes a savings amount that is illusory as it will be a monthly payment on a traditional loan taking place of a reverse mortgage with no payment due from the homeowner; and is in violation of Section 10235 of the Code;

(h) The advertisement failed to disclose within the printed text the license under which the loan would be made or arranged in violation of Sections 10235.5 and 10236.4 of the Code.

(i) The advertisement was false, misleading, and/or deceptive, to wit,

“With the fixed interest rate, you would accrue approximately \$1,603.33 per month to your equity line balance. Since we can combine the balances together twice per year, every 6 months, your equity line would have a balance of \$9,619.98. Each time we make a transfer, your equity line is back to a \$0.00 balance. We can give you’re an equity line up to \$300,000.00 and you can use it for anything you wish. Using an equity line for your future withdrawals affords you the luxury of only paying interest on funds when you are ready to use them.”

This statement is false and misleading as the advertisement does not adequately describe that the broker will add the amounts to the balance of a traditional loan that will build with no payments being made, and is in violation of Section 10235 of the Code;

(j) The advertisement used the names “Freedom Point Group” and/or “Retail Lending Group”, “which are not properly licensed fictitious business names of SAVAGE, in violation of Section 10159.5 of the Code and Section 2731 of the Regulations;

(k) The required statement, “Real Estate Broker, California Department of Real Estate” is not included in the advertisements, and is in violation of Section 2847.3 of the Regulations; and

- (l) The advertisement failed to include a designation that SAVAGE was performing acts for which a real estate license is required in violation of Section 10140.6 of the Code.

DETERMINATION OF ISSUES

1

Cause for disciplinary action against SAVAGE exists pursuant to Business and Professions Code Sections 10176(a), 10176(b), 10176(c), 10176(i), 10177(g) and 10177(j) of the Code.

2

Cause for disciplinary action against STONERIDGE and SAVAGE exists pursuant to Business and Professions Code Section 10145 of the Code in conjunction with Section 10177(d) of the Code.

3

Cause for disciplinary action against STONERIDGE and SAVAGE exists pursuant to Business and Professions Code Sections 10176(e), 10176(i), and 10177(g) of the Code.

4

Cause for disciplinary action against SAVAGE exists pursuant to Business and Professions Code Section 10130 of the Code in conjunction with Section 10177(d) of the Code.

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Cause for disciplinary action against SAVAGE exists pursuant to Business and Professions Code Section 10159.5 of the Code and Section 2731 of the Regulations in conjunction with Section 10177(d) of the Code.

6

Cause for disciplinary action against SAVAGE exists pursuant to Business and Professions Code Section 10235 of the Code in conjunction with Section 10177(d) of the Code.

7

Cause for disciplinary action against SAVAGE exists pursuant to Business and Professions Code Section 2848(16) of the Regulations in conjunction with Section 10177(d) of the Code.

8

Cause for disciplinary action against SAVAGE exists pursuant to Business and Professions Code Section 2847.3 of the Regulations in conjunction with Section 10177(d) of the Code.

9

Cause for disciplinary action against SAVAGE exists pursuant to Business and Professions Code Sections 10235.5, 10236.4, and 17539.4 of the Code in conjunction with Section 10177(d) of the Code.

10

Cause for disciplinary action against SAVAGE exists pursuant to Business and Professions Code Section 2848(17) of the Regulations in conjunction with Section 10177(d) of the Code.

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Cause for disciplinary action against SAVAGE exists pursuant to Business and Professions Code Section 10140.6 of the Code in conjunction with Section 10177(d) of the Code.

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The standard of proof applied was clear and convincing proof to a reasonable certainty.

ORDER

All licenses and licensing rights of Respondents MARCUS TROY SAVAGE, and STONERIDGE FINANCIAL SERVICES under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

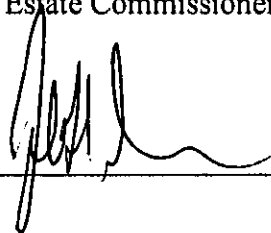
This Decision shall become effective at 12 o'clock noon on

NOV - 2 2009

DATED: _____

9-29-09

JEFF DAVI
Real Estate Commissioner



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SEP - 2 2009

DEPARTMENT OF REAL ESTATE

[Signature]

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)	No. H-10691 SF
)	
MARCUS TROY SAVAGE, and)	<u>DEFAULT ORDER</u>
STONERIDGE FINANCIAL SERVICES,)	
)	
Respondents.)	

Respondents, MARCUS TROY SAVAGE, and STONERIDGE FINANCIAL SERVICES, having failed to file a Notice of Defense within the time required by Section 11506 of the Government Code, is now in default. It is, therefore, ordered that a default be entered on the record in this matter.

IT IS SO ORDERED August 31, 2009

JEFF DAVI
Real Estate Commissioner

By: *[Signature]*
CHARLES W. KOENIG
Regional Manager

FILED

MAY 8 0 2009

DEPARTMENT OF REAL ESTATE

[Signature]

1 TRULY SUGHRUE, Counsel
2 State Bar No. 223266
3 Department of Real Estate
4 P.O. Box 187007
5 Sacramento, CA 95818-7007
6
7 Telephone: (916) 227-0781

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of

No. H-10691 SF

12 MARCUS TROY SAVAGE, and
13 STONERIDGE FINANCIAL SERVICES,

ACCUSATION

14 Respondents.
15

16 The Complainant, E.J. Haberer II, a Deputy Real Estate Commissioner of the
17 State of California, for cause of Accusation against MARCUS TROY SAVAGE and
18 STONERIDGE FINANCIAL SERVICES (hereinafter "Respondents"), are informed and alleges
19 as follows:

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21 The Complainant, E.J. Haberer II, a Deputy Real Estate Commissioner of the
22 State of California, makes this Accusation in his official capacity.

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24 Respondents are presently licensed and/or have license rights under the Real
25 Estate Law, Part 1 of Division 4 of the Business and Professions Code (hereinafter "Code").

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At all times mentioned, STONERIDGE FINANCIAL SERVICES (hereinafter "STONERIDGE") was and is licensed by the State of California Department of Real Estate (hereinafter "Department") as a real estate broker corporation.

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At all times mentioned, Respondent MARCUS TROY SAVAGE (hereinafter "SAVAGE") was and is licensed by the Department as an individual real estate broker, and as the designated broker officer of STONERIDGE. As said designated officer-broker, SAVAGE was responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees and employees of STONERIDGE for which a license is required.

5

At no times mentioned was FreedomPoint Group and/or Retail Lending Group, licensed by the Department as a real estate broker corporation or as a fictitious business name.

6

At all times mentioned herein Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate licensees in the State of California within the meaning of Section 10131(d) of the Code, including the operation and conduct of a mortgage loan brokerage business with the public wherein Respondents solicited lenders and borrowers for loans secured directly or collaterally by liens on real property or a business opportunity, and wherein such loans were arranged, negotiated, processed, and consummated by Respondent on behalf of others for compensation or in expectation of a compensation.

FIRST CAUSE OF ACTION

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Each and every allegation in Paragraphs 1 through 6, inclusive, above are incorporated by this reference as if fully set forth herein.

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Beginning on or about December, 2007, SAVAGE, acting as an agent of Burton Dix Williams, solicited and obtained a loan in the amount of \$364,800 from Washington Mutual to be secured by an encumbrance on the property located 119 Scotts Valley, Hercules, California by representing, contrary to fact, that Burton Dix Williams was employed by Stoneridge Financial Group as a financial advisor and his income was \$8,487 per month. In truth, Burton Dix Williams was retired, never employed by Stoneridge Financial Group, and his income was substantially less than \$8,487 per month.

9

Beginning on or about March, 2008, SAVAGE, acting as an agent of Burton Dix Williams, solicited and obtained a loan in the amount of \$33,200 from Citimortgage to be secured by an encumbrance on the property located 119 Scotts Valley, Hercules, California by representing, contrary to fact, that Burton Dix Williams was employed by Stoneridge Financial Group as a financial advisor and his income was \$8,487 per month. In truth, Burton Dix Williams was retired, never employed by Stoneridge Financial Group, and his income was substantially less than \$8,487 per month.

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Beginning on or about January, 2008, SAVAGE, acting as an agent of Avelina and Leonard Jazmin, solicited and obtained a loan in the amount of \$1,500,000 from ING Bank to be secured by an encumbrance on the property located 227 Pebble Court, Alamo, California by representing, contrary to fact, that Leonard Jazmin was employed by Stoneridge Financial Group as a financial advisor and his income was \$28,928 per month. In truth, Leonard Jazmin was retired, never employed by Stoneridge Financial Group, and income was substantially less than \$28,928 per month.

11

Beginning on or about March, 2008, SAVAGE, acting as an agent of Avelina and Leonard Jazmin, solicited and obtained a loan in the amount of \$100,000 from Citimortgage to

1 be secured by an encumbrance on the property located 227 Pebble Court, Alamo, California by
2 representing, contrary to fact, that Leonard Jazmin was employed by Stoneridge Financial
3 Group as a financial advisor and his income was \$28,928 per month. In truth, Leonard Jazmin
4 was retired, never employed by Stoneridge Financial Group, and income was substantially less
5 that \$28,928 per month.

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7 Beginning on or about 2008, SAVAGE, acting as an agent of William Kershaw,
8 solicited and attempted to obtained a loan in the amount of \$212,000 from Citimortgage to be
9 secured by an encumbrance on the property located 459 Crestwood Lane, Walnut, California by
10 representing, contrary to fact, that William Kershaw was employed by Castelrock Financial
11 Advisors as a financial advisor and his income was \$10,928 per month. In truth, William
12 Kershaw was retired, never employed by Castelrock Financial Advisors, and income was
13 substantially less that \$10,928 per month.

14 13

15 Beginning on or about February, 2008, SAVAGE, acting as an agent of Francis
16 Arciaga Jr., solicited and attempted to obtain a loan in the amount of \$180,000 from
17 Citimortgage to be secured by an encumbrance on the property located 9881 King Canyon
18 Drive, Huntington Beach, California by representing, contrary to fact, that William Kershaw
19 was employed by Castelrock Financial Advisors as a financial advisor and his income was
20 \$11,466 per month. In truth, William Kershaw was retired, never employed by Castelrock
21 Financial Advisors, and income was substantially less that \$11,466 per month.

22 14

23 Beginning on or about early 2008, SAVAGE, acting as an agent of Willard P.
24 King, solicited and attempted to obtained a loan in the amount of \$350,000 from Citimortgage
25 to be secured by an encumbrance on the property located at 33902 Mariana Drive, Dana Point,
26 California by representing, contrary to fact, that Willard P King was employed by Castelrock
27 Financial Advisors as a financial advisor and his income was \$14,289 per month. In truth,

1 Willard P. King was retired, never employed by Castelrock Financial Advisors, and income was
2 substantially less than \$14,289 per month.

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4 15

5 Beginning on or about 2008, SAVAGE, acting as an agent of Elaine Keating,
6 solicited and attempted to obtain a loan in the amount of \$250,000 from Citimortgage to be
7 secured by an encumbrance on the property located 3952-3958 26th Street, San Francisco,
8 California by representing, contrary to fact, that Elaine Keating was employed by Stoneridge
9 Financial Group as a financial advisor and his income was \$14,946 per month. In truth, Elaine
10 Keating was retired, never employed by Stoneridge Financial Group, and income was
11 substantially less than \$14,946 per month.

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14 Beginning on or about April 2008, SAVAGE, acting as an agent of Dorthy Del
15 Prado, solicited and attempted to obtain a loan in the amount of \$219,000 from Citimortgage
16 to be secured by an encumbrance on the property located 494 46th Avenue, San Francisco,
17 California by representing, contrary to fact, that Dorthy Del Prado was employed by Stoneridge
18 Financial Group as a financial advisor and his income was \$14,296 per month. In truth, Dorthy
19 Del Prado was retired, never employed by Stoneridge Financial Group, and income was
20 substantially less than \$14,296 per month.

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23 The acts and omissions of SAVAGE described in the First Cause of Action
24 constitute cause to suspend or revoke all licenses and license rights of Respondent pursuant to
25 the provisions of Sections 10176(a), 10176(b), 10176(c), 10176(i), 10177(g) and/or 10177(j) of
26 the Code.

27
28 SECOND CAUSE OF ACTION

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30 18

31 Each and every allegation in Paragraphs 1 through 17, inclusive, above, are
32 incorporated by this reference as if fully set forth herein.

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In acting as real estate brokers, as described in Paragraph 6, STONEBRIDGE and/or SAVAGE accepted or received funds in trust (hereinafter "trust funds") from or on behalf of owners in connection with the mortgage loan brokerage, as alleged herein, and thereafter from time to time made disbursements of said trust funds.

20

In connection with the collection and disbursement of trust funds described in Paragraph 19, STONEBRIDGE and/or SAVAGE failed to deposit and maintain the trust funds in a trust account or neutral escrow depository, or to deliver them into the hands of the owners of the funds, as required by Section 10145 of the Code.

21

STONEBRIDGE and/or SAVAGE commingled and/or converted trust funds to his own use and benefit or to purposes not authorized by the rightful owners of said funds. The amount of said commingled and converted trust funds is unknown but well known to SAVAGE and is not more than \$50,000.

22

The facts alleged in the Second Cause of Action are grounds for the suspension or revocation of STONEBRIDGE and/or SAVAGE's licenses and license rights under the following sections of the Code and Regulations:

(1) As to Paragraphs 20, under Section 10177(d) of the Code in conjunction with Section 10145 of the Code;

(2) As to Paragraph 21, under Section 10176(e), 10176(i), and/or 10177(g).

THIRD CAUSE OF ACTION

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Each and every allegation in Paragraphs 1 through 22, inclusive, above, are incorporated by this reference as if fully set forth herein.

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Beginning about late 2007 and continuing thereafter, SAVAGE willfully caused, suffered, permitted, and/or disregarded the real estate law by allowing FreedomPoint Group and/or Retail Lending Group to perform the acts and conduct the real estate activities described in Paragraph 6, above, including but not limited to the activities described in Paragraph 25, below.

25

Beginning about late 2007 and continuing thereafter, in the course of the... employment and activities described in Paragraph 24, above, SAVAGE, on behalf of FreedomPoint Group and/or Retail Lending Group, solicited and/or performed services for borrowers, in connection with loans secured directly or collaterally by liens on real property or on a business opportunity, for or in expectation of compensation. Such activities include, but are no limited to:

<u>BORROWER</u>	<u>PROPERTY ADDRESS</u>
Willard P. King	33902 Mariana Drive, Dana Point, California
Francis Arciaga	9881 King Canyon Drive, Lon Beach, California
William Kershaw	459 Crestwood Lane, Walnut, California

26

In acting as described in paragraphs 26 through 27, above, SAVAGE willfully caused, suffered, and/or permitted, FreedomPoint Group and Retail Lending Group to willfully disregard Section 10130 of the Code.

27

The facts described above as to the Third Cause of Accusation constitute cause to suspend or revoke all licenses and license rights of SAVAGE pursuant to the provisions of Section 10130 of the Code in conjunction with Section 10177(d) of the Code.

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1 FOURTH CAUSE OF ACTION

2 28

3 Each and every allegation in Paragraphs 1 through 27, inclusive, above are
4 incorporated by this reference as if fully set forth herein.

5 29

6 In the course of activities described in Paragraph 7, SAVAGE caused to be
7 mailed to Francis Arciaga advertisements which included statements or representations with
8 regard to rates, terms, or conditions for making or negotiating loans which are not in compliance
9 with advertising statements, including but not limited to:

10 (a) The advertisement was false, misleading, and/or deceptive, to wit,
11 "Most borrowers believe a normal reverse mortgage, like your have, is the only
12 way to utilize equity to cover mortgage interest charges. This is simply not true.
13 Considering a new balance of \$368,779.00, you will save \$737.56 per month in
14 interest charges just by switching to a lower interest rate that is fixed. This
15 yearly savings of \$8,850.72 will help preserve your equity position."
16 This statement is false and misleading as the broker is comparing a conventional
17 loan to a reverse mortgage and is misstating the comparison of terms, and is in
18 violation of Section 10235 of the Code;

19 (b) The advertisement was false, misleading, and/or deceptive, to wit,
20 "We can only make the portion you owe a fixed interest rate."
21 This statement is false and misleading as it implies the home equity line will be
22 adjustable, but does not clearly disclose the terms, and is in violation of Section
23 10235 of the Code;

24 (c) The advertisement was false, misleading, and/or deceptive, to wit,
25 "Any future funds that you use would come from an equity line at 6.500%."
26 This statement is false and misleading as the advertisement offers future funds
27

1 but does not include the terms of the required Annual Percentage Rate
2 (hereinafter "APR"), and is in violation of Section 10235 of the Code;

3 (d) The advertisement quotes an interest rate, such as 6.500%, without an equally
4 prominent APR in violation of Section 2848(16) of the Regulations;

5 (e) The advertisement was false, misleading, and/or deceptive, to wit,
6 "As the balance grows on your equity line, we can move your equity line balance
7 into the fixed rate. We can do this twice per year. Each transfer is absolutely
8 free of charge."

9 This statement is false and misleading as the advertisement states the broker will
10 "transfer" the home equity line of credit balance to the fixed rate traditional loan
11 every six months. This appears to offer to refinance, and is in violation of
12 Section 10235 of the Code;

13 (f) The advertisement makes representations of an installment in repayment of an
14 adjustable rate, interest only, or payment-option loan without an equally
15 prominent disclosures containing the requirements of Section 2848(17) of the
16 Regulations;

17 (g) The advertisement was false, misleading, and/or deceptive, to wit,
18 "Reverse: \$368,779.00 @ 8.900% = \$2,735.11 monthly interest charges +
19 service fee.

20 Fixed: \$368,779.00 @ 6.500% = \$1,997.55 monthly interest charges.

21 **Savings:.....\$737.56 per month!"**

22 This statement describes a savings amount that is illusory as it will be a monthly
23 payment on a traditional loan taking place of a reverse mortgage with no payment
24 due from the homeowner, and is in violation of Section 10235 of the Code;

25 (h) The advertisement failed to disclose within the printed text the license under
26 which the loan would be made or arranged in violation of Sections 10235.5,
27 10236.4, and 17539.4 of the Code.

- 1 (i) The advertisement was false, misleading, and/or deceptive, to wit,
2 "With the fixed interest rate, you would accrue approximately \$1,997.55 per
3 month to your equity line balance. Since we can combine the balances together
4 twice per year, every 6 months your equity line would one have a balance of
5 \$11,985.30. Each time we make a transfer, your equity line is back to a \$0.00
6 balance. We can give you're an equity line up to \$210,000.00 and you can use it
7 for anything you wish. Using an equity line for your future withdrawals afford
8 you the luxury of only paying interest on funds when you are ready to use them."
9 This statement is false and misleading as the advertisement does not adequately
10 describe that the broker will add the amounts to the balance of a traditional loan
11 that will build with no payments being made, and is in violation of Section 10235
12 of the Code;
- 13 (j) The advertisements used the names "Freedom Point Group" and/or "Retail
14 Lending Group" which are not properly licensed fictitious business names of
15 SAVAGE, in violation of Section 10159.5 of the Code and Section 2731 of the
16 Regulations;
- 17 (k) The required statement, "Real Estate Broker, California Department of Real
18 Estate" is not included in the advertisements, and is in violation of Section
19 2847.3 of the Regulations; and
- 20 (l) The advertisement failed to include a designation that SAVAGE was performing
21 acts for which a real estate license is required in violation of Section 10140.6 of
22 the Code.

23 30

24 In the course of activities described in Paragraph 7, SAVAGE caused to be
25 mailed to Willard P. King advertisements which included statements or representations with
26 regard to rates, terms, or conditions for making or negotiating loans which are not in compliance
27 with advertising statements, including but not limited to:

- 1 (a) The advertisement used the names "Freedom Point Group" and/or "Retail
2 Lending Group", "which are not properly licensed fictitious business names of
3 SAVAGE, in violation of Section 10159.5 of the Code and Section 2731 of the
4 Regulations;
- 5 (b) The advertisement was false, misleading, and/or deceptive, to wit,
6 "Traditional Fixed Rates With All The Benefits Of A Reverse Mortgage!"
7 This statement is false and misleading as the broker is comparing a traditional
8 mortgage with a reverse mortgage and making a claim that it has all of the
9 benefits of a reverse mortgage without clarifying specifically what is claimed, or
10 disclosing the basis on which this determination is made, and is in violation of
11 Section 10235 of the Code;
- 12 (c) The advertisement was false, misleading, and/or deceptive, to wit,
13 "By refinancing to a low fixed interest rate, our borrowers are saving from \$750
14 to \$1,500 per month in interest charges! This means your loan balance doesn't go
15 up as fast and you use less of your equity. Equity on the Freedom Point
16 Advantage program last an average of 11 years longer than a typical reverse
17 mortgage"
18 This statement is false and misleading as the broker implies a traditional
19 mortgage will "save" more than a reverse mortgage and the equity last an aver of
20 eleven years longer, but the information is not substantiated in the advertisement,
21 and is in violation of Section 10235 of the Code;
- 22 (d) The advertisement was false, misleading, and/or deceptive, to wit,
23 "Most borrowers believe a normal reverse mortgage, like your have, is the only
24 way to utilize equity to cover mortgage interest charges. This is simply not true.
25 Considering a new balance of \$451,000.00, you will save \$742.00 per month in
26 interest charges just by switching to a lower interest rate that is fixed. This
27 yearly savings of \$8,904.00 will help preserve your equity position."

1 This statement is false and misleading as the broker is comparing a conventional
2 loan to a reverse mortgage and is misstating the comparison of terms, and is in
3 violation of Section 10235 of the Code;

- 4 (e) The advertisements were false, misleading, and/or deceptive, to wit,
5 "We can only make the portion you owe a fixed interest rate."

6 This statement is false and misleading as it implies the home equity line will be
7 adjustable, but does not clearly disclose the terms, and is in violation of Section
8 10235 of the Code;

- 9 (f) The advertisement was false, misleading, and/or deceptive, to wit,

10 "Any future funds that you use would come from an equity line at 6.500%."

11 This statement is false and misleading as the advertisement offers future funds
12 but does not include the terms of the required APR, and is in violation of Section
13 10235 of the Code;

- 14 (g) The advertisement quotes an interest rate, such as 6.500%, without an equally
15 prominent APR in violation of Section 2848(16) of the Regulations;

- 16 (h) The advertisement was false, misleading, and/or deceptive, to wit,

17 "As the balance grows on your equity line, we can move your equity line balance
18 into the fixed rate. We can do this twice per year. Each transfer is absolutely
19 free of charge."

20 This statement is false and misleading as the advertisement states the broker will
21 "transfer" the home equity line of credit balance to the fixed rate traditional loan
22 every six months. This appears to offer to refinance, and is in violation of
23 Section 10235 of the Code;

- 24 (i) The advertisement makes representations of an installment in repayment of an
25 adjustable rate, interest only, or payment-option loan without an equally
26 prominent disclosures containing the requirements of Section 2848(17) of the
27 Regulations;

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(j) The advertisement was false, misleading, and/or deceptive, to wit,
“Reverse: \$451,000.00 @ 8.318% = \$3,186.00 monthly interest charges +
service fee.
Fixed: \$451,000.00 @6.500% = \$2,444.00 monthly interest charges.
Savings:.....\$742.00 per month!”

This statement describes a savings amount that is illusory as it will be a monthly payment on a traditional loan taking place of a reverse mortgage with no payment due from the homeowner, and is in violation of Section 10235 of the Code;

(k) The advertisement failed to disclose within the printed text the license under which the loan would be made or arranged in violation of Sections 10235.5 and 10236.4 of the Code.

(l) The advertisement was false, misleading, and/or deceptive, to wit,
“With the fixed interest rate, you would accrue approximately \$2,444.00 per month to your equity line balance. Since we can combine the balances together twice per year, every 6 months your equity line would one have a balance of \$14,664.00. Each time we make a transfer, your equity line is back to a \$0.00 balance. We can give you're an equity line up to \$300,000.00 and you can use it for anything you wish. Using an equity line for your future withdrawals afford you the luxury of only paying interest on funds when you are ready to use them.”

This statement is false and misleading as the advertisement does not adequately describe that the broker will add the amounts to the balance of a traditional loan that will build with no payments being made, and is in violation of Section 10235 of the Code;

(m) The required statement, “Real Estate Broker, California Department of Real Estate” is not included in the advertisements, and is in violation of Section 2847.3 of the Regulations; and

1 (n) The advertisement failed to include a designation that SAVAGE was performing
2 acts for which a real estate license is required in violation of Section 10140.6 of
3 the Code.

4 31

5 In the course of activities described in Paragraph 7, SAVAGE caused to be
6 mailed to William Kershaw advertisements which included statements or representations with
7 regard to rates, terms, or conditions for making or negotiating loans which are not in compliance
8 with advertising statements, including but not limited to:

9 (a) The advertisement was false, misleading, and/or deceptive, to wit,
10 "Most borrowers believe a normal reverse mortgage, like your have, is the only
11 way to utilize equity to cover mortgage interest charges. This is simply not true.
12 Considering a new balance of \$296,000.00, you will save \$463.73 per month in
13 interest charges just by switching to a lower interest rate that is fixed. This
14 yearly savings of \$5,564.76 will help preserve your equity position."
15 This statement is false and misleading as the broker is comparing a conventional
16 loan to a reverse mortgage and is misstating the comparison of terms, and is in
17 violation of Section 10235 of the Code;

18 (b) The advertisement was false, misleading, and/or deceptive, to wit,
19 "We can only make the portion you owe a fixed interest rate."
20 This statement is false and misleading as it implies the home equity line will be
21 adjustable, but does not clearly disclose the terms, and is in violation of Section
22 10235 of the Code;

23 (c) The advertisement was false, misleading, and/or deceptive, to wit,
24 "Any future funds that you use would come from an equity line at 6.500%."
25 This statement is false and misleading as the advertisement offers future funds
26 but does not include the terms of the required APR, and is in violation of Section
27 10235 of the Code;

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- (d) The advertisement quotes an interest rate, such as 6.500%, without an equally prominent APR in violation of Section 2848(16) of the Regulations;
- (e) The advertisement was false, misleading, and/or deceptive, to wit,
“As the balance grows on your equity line, we can move your equity line balance into the fixed rate. We can do this twice per year. Each transfer is absolutely free of charge.”
This statement is false and misleading as the advertisement states the broker will “transfer” the home equity line of credit balance to the fixed rate traditional loan every six months. This appears to offer to refinance, and is in violation of Section 10235 of the Code;
- (f) The advertisement makes representations of an installment in repayment of an adjustable rate, interest only, or payment-option loan without an equally prominent disclosures containing the requirements of Section 2848(17) of the Regulations;
- (g) The advertisement was false, misleading, and/or deceptive, to wit,
“Reverse: \$296,000.00 @ 8.380% = \$2,067.06 monthly interest charges + service fee.
Fixed: \$296,000.00 @6.500% = \$1,603.11 monthly interest charges.
Savings:.....\$463.73 per month!”
This statement describes a savings amount that is illusory as it will be a monthly payment on a traditional loan taking place of a reverse mortgage with no payment due from the homeowner, and is in violation of Section 10235 of the Code;
- (h) The advertisement failed to disclose within the printed text the license under which the loan would be made or arranged in violation of Sections 10235.5 and 10236.4 of the Code.
- (i) The advertisement was false, misleading, and/or deceptive, to wit,
“With the fixed interest rate, you would accrue approximately \$1,603.33 per

1 month to your equity line balance. Since we can combine the balances together
2 twice per year, every 6 months your equity line would one have a balance of
3 \$9,619.98. Each time we make a transfer, your equity line is back to a \$0.00
4 balance. We can give you're an equity line up to \$300,000.00 and you can use it
5 for anything you wish. Using an equity line for your future withdrawals afford
6 you the luxury of only paying interest on funds when you are ready to use them."
7 This statement is false and misleading as the advertisement does not adequately
8 describe that the broker will add the amounts to the balance of a traditional loan
9 that will build with no payments being made, and is in violation of Section 10235
10 of the Code;

- 11 (j) The advertisement used the names "Freedom Point Group" and/or "Retail
12 Lending Group", "which are not properly licensed fictitious business names of
13 SAVAGE, in violation of Section 10159.5 of the Code and Section 2731 of the
14 Regulations;
- 15 (k) The required statement, "Real Estate Broker, California Department of Real
16 Estate" is not included in the advertisements, and is in violation of Section
17 2847.3 of the Regulations; and
- 18 (l) The advertisement failed to include a designation that SAVAGE was performing
19 acts for which a real estate license is required in violation of Section 10140.6 of
20 the Code.

21 32

22 The acts and/or omissions of Respondents as alleged above constitute grounds
23 for disciplinary action under the following provisions:

- 24 (a) As to Paragraphs 29(j), 30(a), and 31(j) under Section 10159.5 of the
25 Code and Section 2731 of the Regulations in conjunction with Section 10177(d) of the Code;

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1 (b) As to Paragraphs 29(a), 29(b), 29(c), 29(e), 29(g), 29(i), 30(b), 30(c),
2 30(d), 30(e), 30(f), 30(h), 30(j), 30(l), 31(a), 31(b), 31(c), 31(e), 31(g), and 31(i) under Section
3 10235 of the Code in conjunction with Section 10177(d) of the Code;

4 (c) As to Paragraphs 29(d), 30(g), and 31(d) under Section 2848(16) of the
5 Regulations in conjunction with Section 10177(d) of the Code;

6 (d) As to Paragraphs 29(k), 30(m), and 31(k) under Section 2847.3 of the of
7 the Regulations in conjunction with Section 10177(d) of the Code;

8 (e) As to Paragraphs 29(h), 30(k), and 31(h) under Section 10235.5, 10236.4,
9 and 17539.4 of the of the Code in conjunction with Section 10177(d) of the Code;

10 (f) As to Paragraphs 29(f), 30(i), and 31(f) under Section 2848(17) of the of
11 the Regulations in conjunction with Section 10177(d) of the Code;

12 (g) As to Paragraphs 29(l), 30(n), and 31(l) under Section 10140.6 of the of
13 the Code in conjunction with Section 10177(d) of the Code.

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

24 Dated at Oakland, California,
25 this 15th day of May, 2009
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