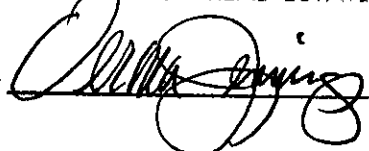


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FILED  
MAY 28 2002  
DEPARTMENT OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation of ) NO. H-27221 LA  
WALTER MILTON REYNOLDS, )  
Respondent. )

ORDER DENYING REINSTATEMENT OF LICENSE

On April 14, 1998, a Decision was rendered herein  
revoking the real estate broker license of Respondent, but  
granting Respondent the right to the issuance of a restricted  
real estate broker license. A restricted real estate broker  
license was issued to Respondent or about May 7, 1998.

On April 26, 2001, Respondent petitioned for  
reinstatement of said license and the Attorney General of the  
State of California has been given notice of the filing of the  
petition.

///

///

1 I have considered Respondent's petition and the  
2 evidence and arguments in support thereof. Respondent has failed  
3 to demonstrate to my satisfaction that Respondent has undergone  
4 sufficient rehabilitation to warrant the reinstatement of  
5 Respondent's real estate broker license, in that:

6 I

7 In the 1998 Decision which revoked Respondent's real  
8 estate broker license, there was a Determination of Issues made  
9 that Respondent violated Business and Professions Code ("Code")  
10 Sections 10159.2 and 10161.8 and Section 2752 of Title 10,  
11 Chapter 6, California Code of Regulations ("Regulations"), which  
12 was cause to revoke Respondent's license pursuant to Code  
13 Sections 10177(d) and 10177(h).

14 Said violations were found during a Department audit  
15 examination. Respondent was the designated officer of a licensed  
16 real estate corporation (Columbia Home Mortgage, Inc.), at the  
17 time of the audit.  
18

19 There was a separate Decision in 1998, which revoked  
20 the corporation's license outright. A Determination of Issues  
21 was made that the corporation had violated Code Sections 10145,  
22 10148, 10161.8 and 10240, and Regulations 2752 and 2834, which  
23 was cause to revoke the corporation's license pursuant to Code  
24 Sections 10177(d) and 10177(g).

25 ///

26 ///

II

1 As part of a background inquiry after receipt of  
2 Respondent's Petition, the Department conducted an audit  
3 examination of Respondent's books and records. The audit, which  
4 covered the period from June 1, 2000, through June 1 2001, again  
5 found a number of violations of the Real Estate Law. The audit  
6 found violations of Code Sections 10145 and 10240 and Regulations  
7 2731, 2832 and 2840. This evidences lack of rehabilitation and  
8 is cause to deny Respondent's application pursuant to Regulation  
9 2911(j).  
10

11 III

12 On March 27, 2002, Respondent was interviewed by  
13 a Deputy Real Estate Commissioner ("Deputy"). During the  
14 interview, the Deputy asked Respondent about the circumstances  
15 that led to the discipline of his real estate broker license.  
16

17 Respondent failed to take full responsibility for the  
18 violations that had occurred and informed the Deputy that he had  
19 only gone to the office once a week to review files and that he  
20 did not really work for the corporation as it had been run by the  
21 Chief Executive Officer.

22 Respondent's statements to the Deputy, evidence a  
23 lack of change in attitude and further evidence a lack of  
24 rehabilitation. This is cause to deny Respondent's application  
25 pursuant to Regulation 2911(m)(1).  
26

27 ///

IV

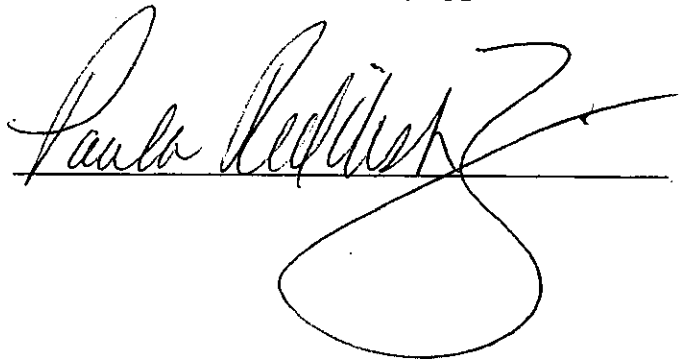
Due to the serious nature of the conduct which led to the revocation of Respondent's real estate broker license, the fact that the 2001 audit found some of the same violations that were found in the audit which led to the discipline of Respondent's license, and the fact that as a licensed real estate broker, Respondent would be responsible for supervising and overseeing real estate transactions and compliance with the law by others, additional time is needed to measure rehabilitation. This is cause to deny Respondent's petition pursuant to Regulation 2911(a).

NOW, THEREFORE, IT IS ORDERED that Respondent's  
petition for reinstatement of Respondent's real estate broker  
license is denied.

This Order shall become effective at 12 o'clock noon on  
June 17, 2002.

DATED: May 22, 2002.

PAULA REDDISH ZINNEMANN  
Real Estate Commissioner



cc: Walter Milton Reynolds  
1557 Middleton Road  
San Dimas, CA 91773

1 Department of Real Estate  
2 107 South Broadway, Room 8107  
3 Los Angeles, California 90012

4 (213) 897-3937

FILED  
APR 17 1998

DEPARTMENT OF REAL ESTATE

By *K. Mederly*

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \* \*

11 In the Matter of the Accusation of )  
12 COLUMBIA HOME MORTGAGE, INC.; )  
13 and WALTER MILTON REYNOLDS, )  
14 individually and formerly )  
15 as designated officer of )  
16 Columbia Home Mortgage, Inc., )  
Respondents. )

NO. H-27221 LA

STIPULATION AND AGREEMENT

17 It is hereby stipulated by and between Daniel G.  
18 McMeekin, Counsel for WALTER MILTON REYNOLDS, (sometimes referred  
19 to as Respondent), and the Complainant, acting by and through  
20 Elliott Mac Lennan, Counsel for the Department of Real Estate, as  
21 follows for the purpose of settling and disposing of the  
22 Accusation filed on June 30, 1997, in this matter:

23 1. All issues which were to be contested and all  
24 evidence which was to be presented by Complainant and Respondent  
25 at a formal hearing on the Accusation, which hearing was to be  
26 held in accordance with the provisions of the Administrative  
27 Procedure Act (APA), shall instead and in place thereof be



1 submitted solely on the basis of the provisions of this  
2 Stipulation and Agreement (Stipulation).

3 2. Respondent has received, read and understands the  
4 Statement to Respondent, the Discovery Provisions of the APA and  
5 the Accusation filed by the Department of Real Estate in this  
6 proceeding.

7 3. Respondent timely filed a Notice of Defense pursuant  
8 to Section 11506 of the Government Code for the purpose of  
9 requesting a hearing on the allegations in the Accusation.  
10 Respondent hereby freely and voluntarily withdraws said Notice of  
11 Defense. Respondent acknowledges that he understands that by  
12 withdrawing said Notice of Defense he thereby waives his right to  
13 require the Commissioner to prove the allegations in the  
14 Accusation at a contested hearing held in accordance with the  
15 provisions of the APA and that he will waive other rights afforded  
16 to him in connection with the hearing such as the right to present  
17 evidence in his defense and the right to cross-examine witnesses.

18 4. This Stipulation is based on the factual allegations  
19 contained in the Accusation. In the interest of expedience and  
20 economy, Respondent chooses not to contest these allegations, but  
21 to remain silent and understand that, as a result thereof, these  
22 factual allegations, without being admitted or denied, will serve  
23 as a prima facie basis for the disciplinary action stipulated to  
24 herein. The Real Estate Commissioner shall not be required to  
25 provide further evidence to prove said factual allegations.

26 5. This Stipulation is based on Respondent's decision  
27 not to contest the allegations set forth in the Accusation as a



1 result of the agreement negotiated between the parties. This  
2 Stipulation is expressly limited to this proceeding and any  
3 further proceeding initiated by or brought before the Department  
4 of Real Estate based upon the facts and circumstances alleged in  
5 the Accusation for the sole purpose of reaching an agreed  
6 disposition of this proceeding. The decision of Respondent not to  
7 contest the factual statements alleged is made solely for the  
8 purpose of effectuating this Stipulation. It is the intent and  
9 understanding of the parties that this Stipulation shall not be  
10 binding or admissible against Respondent in any actions against  
11 Respondent by third parties.

12 6. It is understood by the parties that the Real Estate  
13 Commissioner may adopt the Stipulation as his decision in this  
14 matter thereby imposing the penalty and sanctions on Respondent's  
15 real estate license and license rights as set forth in the "Order"  
16 herein below. In the event that the Commissioner in his  
17 discretion does not adopt the Stipulation, the Stipulation shall  
18 be void and of no effect, and Respondent shall retain the right to  
19 a hearing and proceeding on the Accusation under the provisions of  
20 the APA and shall not be bound by any stipulation or waiver made  
21 herein.

22 7. The Order or any subsequent Order of the Real Estate  
23 Commissioner made pursuant to this Stipulation shall not  
24 constitute an estoppel, merger or bar to any further  
25 administrative or civil proceedings by the Department of Real  
26 Estate with respect to any matters which were not specifically  
27 alleged to be causes for accusation in this proceeding.



DETERMINATION OF ISSUES

By reason of the foregoing stipulations and solely for the purpose of settlement of the pending Accusation without a hearing, it is stipulated and agreed that the following determination of issues shall be made:

I

The conduct of Respondent WALTER MILTON REYNOLDS, as described in Paragraph 4, above, is in violation of Section 10161.8 of the Business and Professions Code and Section 2752 of Title 10, Chapter 6 of the California Code of Regulations. This conduct consists of a failure to supervise the activities of Columbia Home Mortgage, Inc. that require a license, and is a basis for the suspension or revocation of Respondent's license and license rights pursuant to Sections 10159.2, 10177(d), and 10177(h) of the Business and Professions Code.

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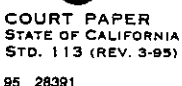
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1 effective date of the Order herein, violated provisions of the  
2 California Real Estate Law, the Subdivided Lands Law, Regulations  
3 of the Real Estate Commissioner or conditions attaching to said  
4 restricted license.

5 C. Respondent WALTER MILTON REYNOLDS shall obey all  
6 laws of the United States, the State of California and its  
7 political subdivisions, and shall further obey and comply with all  
8 rules and regulations of the Real Estate Commissioner.

9 D. Respondent WALTER MILTON REYNOLDS shall, within six  
10 months from the effective date of this Stipulation, present  
11 evidence satisfactory to the Real Estate Commissioner that  
12 Respondent has, since the most recent issuance of an original or  
13 renewal real estate license, taken and successfully completed the  
14 continuing education requirements of Article 2.5 of Chapter 3 of  
15 the Real Estate Law for renewal of a real estate license. If  
16 Respondent fails to satisfy this condition, the Commissioner may  
17 order the suspension of the restricted license until the  
18 Respondent presents such evidence. The Commissioner shall afford  
19 Respondent the opportunity for a hearing pursuant to the  
20 Administrative Procedure Act to present such evidence.

21 E. Respondent WALTER MILTON REYNOLDS shall within six  
22 months from the effective date of this decision, take and pass the  
23 Professional Responsibility Examination administered by the  
24 Department including the payment of the appropriate examination  
25 fee. If Respondent fails to satisfy this condition, the  
26 Commissioner may order suspension of the restricted license until  
27 respondent passes the examination.



1           F. Respondent WALTER MILTON REYNOLDS shall not be  
2 eligible for the issuance of an unrestricted real estate license  
3 nor the removal of any of the conditions, limitations or  
4 restrictions of the restricted license until at least two years  
5 has elapsed from the issuance of any restricted real estate  
6 license.

7           G. During the time Respondent WALTER MILTON REYNOLDS is  
8 licensed as a restricted real estate broker, Respondent shall not  
9 serve as the designated broker at any corporate real estate broker.  
10

11 DATED: 19 February 1998

Elliott Mac Lennan  
ELLIOTT MAC LENNAN  
Counsel for Complainant

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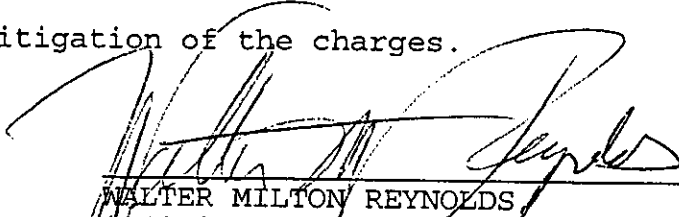


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\* \* \* \*

I have read the Stipulation and Agreement 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 (including but not limited to Sections 11506, 11508, 11509 and 11513 of the Government Code), 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.

DATED: 3-24-98

  
WALTER MILTON REYNOLDS,  
individually and formerly as  
Designated officer of Columbia Home  
Mortgage, Inc., Respondent

DATED: 3/24/98

  
DANIEL G. MCMEEKIN,,  
Counsel for Respondent

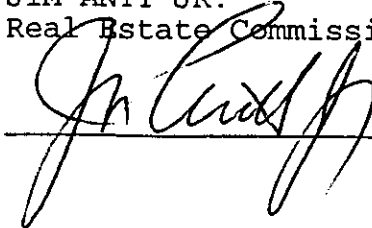
\* \* \* \*

The foregoing Stipulation and Agreement is hereby adopted as my decision and shall become effective at 12 o' clock noon on May 7, 1998.

IT IS SO ORDERED

4/14, 1998.

JIM ANTT JR.  
Real Estate Commissioner





1 Department of Real Estate  
2 107 South Broadway, Room 8107  
3 Los Angeles, California 90012

4 (213) 897-3937

**FILED**  
MAR - 9 1998  
DEPARTMENT OF REAL ESTATE

By K. M. M. M.

7  
8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \* \*

11 In the Matter of the Accusation of )  
12 COLUMBIA HOME MORTGAGE, INC.; )  
13 and WALTER MILTON REYNOLDS, )  
14 individually and formerly )  
15 as designated officer of )  
16 Columbia Home Mortgage, Inc., )  
Respondents. )

NO. H-27221 LA

STIPULATION AND AGREEMENT

17 It is hereby stipulated by and between COLUMBIA HOME  
18 MORTGAGE, INC. (sometimes referred to as Respondent), and the  
19 Complainant, acting by and through Elliott Mac Lennan, Counsel for  
20 the Department of Real Estate, as follows for the purpose of  
21 settling and disposing of the Accusation filed on June 30, 1997,  
22 in this matter:

23 1. All issues which were to be contested and all  
24 evidence which was to be presented by Complainant and Respondent  
25 at a formal hearing on the Accusation, which hearing was to be  
26 held in accordance with the provisions of the Administrative  
27 Procedure Act (APA), shall instead and in place thereof be



1 submitted solely on the basis of the provisions of this  
2 Stipulation and Agreement (Stipulation).

3 2. Respondent has received, read and understands the  
4 Statement to Respondent, the Discovery Provisions of the APA and  
5 the Accusation filed by the Department of Real Estate in this  
6 proceeding.

7 3. Respondent timely filed a Notice of Defense pursuant  
8 to Section 11506 of the Government Code for the purpose of  
9 requesting a hearing on the allegations in the Accusation.  
10 Respondent hereby freely and voluntarily withdraws said Notice of  
11 Defense. Respondent acknowledges that it understands that by  
12 withdrawing said Notice of Defense it thereby waives its right to  
13 require the Commissioner to prove the allegations in the  
14 Accusation at a contested hearing held in accordance with the  
15 provisions of the APA and that it will waive other rights afforded  
16 to it in connection with the hearing such as the right to present  
17 evidence in its defense and the right to cross-examine witnesses.

18 4. This Stipulation is based on the factual allegations  
19 contained in the Accusation. In the interest of expedience and  
20 economy, Respondent chooses not to contest these allegations, but  
21 to remain silent and understand<sup>s</sup> that, as a result thereof, these  
22 factual allegations, without being admitted or denied, will serve  
23 as a prima facie basis for the disciplinary action stipulated to  
24 herein. The Real Estate Commissioner shall not be required to  
25 provide further evidence to prove said factual allegations.

26 5. This Stipulation is based on Respondent's decision  
27 not to contest the allegations set forth in the Accusation as a



1 result of the agreement negotiated between the parties. This  
2 Stipulation is expressly limited to this proceeding and any  
3 further proceeding initiated by or brought before the Department  
4 of Real Estate based upon the facts and circumstances alleged in  
5 the Accusation for the sole purpose of reaching an agreed  
6 disposition of this proceeding. The decision of Respondent not to  
7 contest the allegations is made solely for the purpose of  
8 effectuating this Stipulation. It is the intent and understanding  
9 of the parties that this Stipulation shall not be binding or  
10 admissible against Respondent in any actions against Respondent by  
11 third parties.

12 6. It is understood by the parties that the Real Estate  
13 Commissioner may adopt the Stipulation as his decision in this  
14 matter thereby imposing the penalty and sanctions on Respondent's  
15 real estate license and license rights as set forth in the "Order"  
16 herein below. In the event that the Commissioner in his  
17 discretion does not adopt the Stipulation, the Stipulation shall  
18 be void and of no effect, and Respondent shall retain the right to  
19 a hearing and proceeding on the Accusation under the provisions of  
20 the APA and shall not be bound by any stipulation or waiver made  
21 herein.

22 7. The Order or any subsequent Order of the Real Estate  
23 Commissioner made pursuant to this Stipulation shall not  
24 constitute an estoppel, merger or bar to any further  
25 administrative or civil proceedings by the Department of Real  
26 Estate with respect to any matters which were not specifically  
27 alleged to be causes for accusation in this proceeding.



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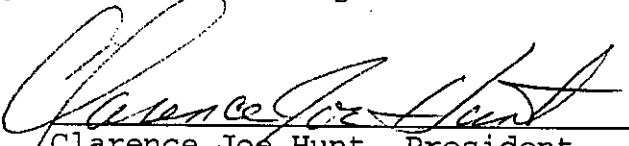
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\* \* \* \*

I have read the Stipulation and Agreement and its terms are understood by me and are agreeable and acceptable to me after consultation with my attorney of record, Heber Meeks, Esq. I understand that I am waiving rights given to me by the California Administrative Procedure Act (including but not limited to Sections 11506, 11508, 11509 and 11513 of the Government Code), 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.

DATED: 2-23-98

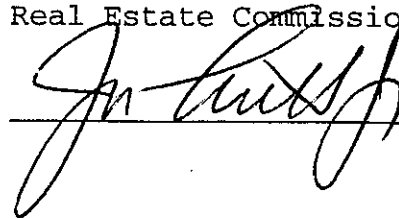
  
Clarence Joe Hunt, President  
individually and formerly as  
designated officer of COLUMBIA HOME  
MORTGAGE, INC., Respondent

\* \* \* \*

The foregoing Stipulation and Agreement is hereby  
adopted as my decision and shall become effective at 12 o' clock  
noon on March 31, 1998.

IT IS SO ORDERED 3/4/98, 1998.

JIM ANTT JR.  
Real Estate Commissioner





Met for

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

FILED  
FEB 19 1998  
DEPARTMENT OF REAL ESTATE

By K. H. Redick

In the Matter of the Accusation of

COLUMBIA HOME MORTGAGE, ET AL.,

Case No. H-27221 LA

OAH No. L-1997070455

Respondent

NOTICE OF HEARING ON ACCUSATION

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at  
Office of Administrative Hearings, 107 South Broadway, Second Floor  
Los Angeles, CA 90012

on February 23, 1998, at the hour of 9:00 a.m.  
or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: February 19, 1998

By e. r. u.

Counsel

cc: Columbia Home Mortgage  
Walter Milton Reynolds  
Heber Meeks, Esq.  
Sacto OAH CL

RE 501 (Rev. 8/97)

kw

1 ELLIOTT MAC LENNAN, Counsel  
2 Department of Real Estate  
3 107 South Broadway, Room 8107  
4 Los Angeles, California 90012

5 (213) 897-3937

FILED  
JUN 30 1997  
DEPARTMENT OF REAL ESTATE

By [Signature]

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \* \* \*

11 In the Matter of the Accusation of )

12 )  
13 COLUMBIA HOME MORTGAGE, INC.; )  
14 and WALTER MILTON REYNOLDS, )  
15 individually and as )  
16 designated officer of )  
17 Columbia Home Mortgage, Inc., )  
18 )

No. H-27221 LA

ACCUSATION

18 Respondents. )  
19 )  
20 )  
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25 )  
26 )  
27 )

20 The Complainant, Thomas McCrady, a Deputy Real Estate  
21 Commissioner of the State of California, for cause of Accusation  
22 against COLUMBIA HOME MORTGAGE, INC., and WALTER MILTON REYNOLDS,  
23 individually and as designated officer of Columbia Home Mortgage,  
24 Inc., is informed and alleges in his official capacity as follows:

25 /

26 /

27 /

*Back  
file*

I

COLUMBIA HOME MORTGAGE, INC. (CHMI) and WALTER MILTON REYNOLDS (REYNOLDS), individually and as designated officer of Columbia Home Mortgage, Inc., sometimes collectively referred to as respondents, are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code).

II

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

III

At all mentioned times, CHMI was licensed by the Department of Real Estate of the State of California (Department) as a corporate real estate broker by and through REYNOLDS as designated officer.

IV

At all mentioned times, REYNOLDS was licensed by the Department as designated officer of CHMI to qualify CHMI and to act for CHMI as a real estate broker and, as provided by Section 10159.2 of the Code, was responsible for the supervision and control of the activities conducted on behalf of CHMI by its officers, managers and employees as necessary to secure full compliance with the provisions of the Real Estate Law including the supervision of the salespersons licensed to the corporation in the performance of acts for which a real estate license is required by Section 10159.2 of the Code.



V

Whenever reference is made in an allegation in the accusation to an act or omission of CHMI such allegation shall be deemed to mean that the officers, directors, managers, employees, agents and real estate licensees employed by or associated with CHMI and REYNOLDS, committed such act or omission while engaged in the furtherance of the business or operation of CHMI and while acting within the course and scope of its corporate authority, agency and employment.

VI

At all times mentioned, CHMI and REYNOLDS were acting as the agent or employee of the other and within the course and scope of such agency or employment.

VII

At all times mentioned, in the city of Covina, Los Angeles County, respondent CHMI and respondent REYNOLDS engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers in the State of California within this meaning of Section 10131(d) of the Code, including the operation of a mortgage loan brokerage business with the public wherein lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated, processed, and consummated on behalf of others for compensation or in expectation of compensation and for fees often collected in advance. In addition, respondent CHMI conducted broker controlled escrows



1 under the exemption set forth in Section 17006 of the California  
2 Financial Code.

3 VIII

4 (Audit No. LA 960092)

5 On January 16, 1997, the Department completed a field  
6 audit examination of the books and records of CHMI pertaining to  
7 its mortgage loan and broker-controlled escrow activities  
8 described in Paragraph VII, above, for a period of time beginning  
9 on October 1, 1995 and ending on October 31, 1996, which revealed  
10 violations of the Code and the Regulations as set forth in the  
11 following paragraphs.

12 IX

13 At all times mentioned, in connection with the  
14 activities described in Paragraph VII, above, respondents CHMI and  
15 REYNOLDS accepted or received funds in trust (trust funds) from or  
16 on behalf of actual or prospective borrowers and lenders, and  
17 thereafter made disposition of such funds. Respondents CHMI and  
18 REYNOLDS maintained the following trust account into which they  
19 deposited certain of these funds:

20 "Columbia Home Mortgage, Inc. Trust Account  
21 No. 089-892-519102"  
22 California State Bank  
23 West Covina Office  
24 100 North Barranca Street  
25 West Covina, California 91791  
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With respect to the mortgage loan and broker-controlled escrow activity trust funds referred to in Paragraph VII, it is alleged that CHMI and REYNOLDS:

(a) Permitted salespersons Clarence Joe Hunt and Cynthia Leach to be signatories on the trust account without specific written authority from REYNOLDS whereas REYNOLDS was not a signatory on the trust account, in violation of Section 2834 of the Regulations.

XI

The conduct of Respondents CHMI and REYNOLDS, described in Paragraph X, above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
X(a)	Section 10145 & 10159.2 of the Code, and Section 2834 of the Regulations

Each of the foregoing violations separately constitutes cause for the suspension or revocation of the real estate licenses and license rights of respondents CHMI and REYNOLDS under the provisions of Section 10177(d) of the Code.

XII

In connection with the activities described above in Paragraph VII, respondents CHMI and REYNOLDS, failed to provide a statement in writing containing all the information required by Section 10241 of the Code to various borrowers including but not limited to the Colleen Silva, Denise Franklin and Kim Evans before



1 said borrowers became obligated to perform under the terms of  
2 their respective loans. This omission constitutes a violation of  
3 Section 10240 of the Code and Regulation 2842.5 of the Regulations  
4 also is also cause to suspend or revoke CHMI's and REYNOLDS  
5 license and license rights under Section 10177(d) of the Code.

6 XIII

7 The audit examination further revealed that CHMI failed  
8 to notify the Department of the employment of Clarence Joe Hunt,  
9 Ida Lancaster and Cynthia Leach, real estate salespersons licensed  
10 to CHMI, as required by Section 10161.8 of the Code and Regulation  
11 2752. Said conduct is cause to suspend or revoke the license and  
12 license rights of the respondent CHMI under Section 10177(d) of  
13 the Code.

14 XIV

15 The investigative audit also revealed that CHMI failed  
16 to initiate and maintain written Broker-Salesperson agreements  
17 with salespersons Clarence Joe Hunt, Ida Lancaster, Cynthia Leach  
18 and Jess Camacho, in violation of Regulation 2726. This conduct  
19 and violation are also cause to suspend or revoke CHMI's license  
20 and license rights under Section 10177(d) of the Code.

21 XV

22 The Department attempted to complete a field audit  
23 examination of the books and records of CHMI pertaining to the  
24 activities described in Paragraph VII, above. Specifically, the  
25 Department sought to obtain loan, escrow, bank account and  
26 corresponding books and records related to the Marco Chazaro loan.  
27 Despite requests to do so, by a representative of the Department,

1 CHMI failed to produce the said documentation, in violation of  
2 Section 10148 of the Code and is cause to suspend or revoke CHMI's  
3 license and license rights under Section 10177(d) of the Code.

4 XVI

5 The conduct of CHMI in performing activities requiring a  
6 real estate license from April 16, 1996 to August 5, 1996, without  
7 first obtaining a real estate broker to act in the capacity as a  
8 designated officer, is in violation of Section 10130 of the Code  
9 and is cause to suspend or revoke CHMI's license and license  
10 rights under Section 10177(d) of the Code.

11 XVII

12 The overall conduct of respondent REYNOLDS in violating  
13 Sections 10145, 10161.8 and 10240 of the Code and Regulations  
14 Sections 2726, 2834 and 2752, as described in Paragraphs VII  
15 through XIV above, constitutes a failure to exercise reasonable  
16 supervision over the acts of CHMI and its salespersons. This  
17 conduct and violation are cause for the suspension or revocation  
18 of the real estate license and license rights of respondent  
19 REYNOLDS under the provisions of Sections 10177(d) and 10177(h) of  
20 the Code.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations made by the accusation and, that upon proof thereof, a decision be rendered imposing disciplinary action against the license and license rights of COLUMBIA HOME MORTGAGE, INC., and WALTER MILTON REYNOLDS, individually and as designated officer of Columbia Home Mortgage, Inc., under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California

this 30th day of June, 1997..

THOMAS MC CRADY

Deputy Real Estate Commissioner

cc: Columbia Home Mortgage, Inc.  
c/o Walter Milton Reynolds, D.O.  
Sacto.  
CL