

1 Department of Real Estate
2 320 West 4th Street, Suite 350
3 Los Angeles, California 90013-1105
4 Telephone: (213) 576-6982
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FILED
SEP 15 2000
DEPARTMENT OF REAL ESTATE

By CS

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA
10

* * *

11 In the Matter of the Accusation of) NO. H-28444 LA
12 LITT MORTGAGE, INC., doing) L-2000040051
13 business as Select Mortgage)
14 and Select Properties, and) STIPULATION AND AGREEMENT
15 DAVID AARON LITT, individually)
16 and as designated officer of)
Litt Mortgage, Inc.,)
Respondents.)

17 It is hereby stipulated by and between Respondents
18 LITT MORTGAGE, INC., doing business as Select Mortgage and
19 Select Properties, and DAVID AARON LITT, individually and as
20 designated officer of Litt Mortgage, Inc. (sometimes referred
21 to herein as "Respondents"), and their attorney of record,
22 Frank M. Buda, Esq., and the Complainant, acting by and through
23 Darlene Averetta, Counsel for the Department of Real Estate,
24 as follows for the purpose of settling and disposing of the
25 Accusation filed on March 13, 2000, in this matter.

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

8 2. Respondents have received, read and understand
9 the Statement to Respondent, the Discovery Provisions of the
10 APA and the Accusation filed by the Department of Real Estate
11 ("Department") in this proceeding.

12 3. On March 30, 2000, Respondents filed a Notice of
13 Defense Pursuant to Section 11506 of the Government Code for
14 the purpose of requesting a hearing on the allegations in the
15 Accusation. Respondents hereby freely and voluntarily withdraw
16 said Notice of Defense. Respondents acknowledge that they
17 understand that by withdrawing said Notice of Defense, they will
18 thereby waive their right to require the Commissioner to prove
19 the allegations in the Accusation at a contested hearing held
20 in accordance with the provisions of the APA and that they will
21 waive other rights afforded to them in connection with the
22 hearing, such as the right to present evidence in defense of
23 the allegations in the Accusation and the right to cross-examine
24 witnesses.

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1 4. This Stipulation and Agreement ("Stipulation") is
2 based on the factual allegations contained in the Accusation
3 filed in this proceeding. In the interest of expedience and
4 economy, Respondents choose not to contest these factual
5 allegations, but to remain silent and understand that, as a
6 result thereof, these factual statements, without being admitted
7 or denied, will serve as a prima facie basis for the
8 disciplinary action stipulated to herein. This Stipulation and
9 Respondents' decision not to contest the Accusation are hereby
10 expressly limited to this proceeding and made for the sole
11 purpose of reaching an agreed disposition of this proceeding.
12 Respondents' decision not to contest the factual allegations is
13 made solely for the purpose of effectuating this Stipulation and
14 is intended by Respondents to be non-binding upon them in any
15 actions against Respondents by third parties. The Real Estate
16 Commissioner shall not be required to provide further evidence
17 to prove such allegations.

18 5. This Stipulation and any Order made pursuant to
19 this Stipulation shall have no collateral estoppel or res
20 judicata effect in any proceedings in which the Respondents and
21 the Department (or the Department's representative) are not
22 parties. This Stipulation is made by Respondents and received
23 by the Commissioner and the Department, with the express
24 understanding and agreement that it is for the purpose of
25 settling these proceedings only, and that this Stipulation is
26 not intended as, and shall not be deemed, used, or accepted as
27 an acknowledgment or admission of fact in any other judicial,

1 administrative, or other proceeding to which the Department is
2 not a party.

3 6. It is understood by the parties that the Real
4 Estate Commissioner may adopt the Stipulation as her decision
5 in this matter thereby imposing the penalty and sanctions on
6 Respondents' real estate licenses and license rights as set
7 forth in the below "Order". In the event that the Commissioner
8 in her discretion does not adopt the Stipulation, the
9 Stipulation shall be void and of no effect, and Respondents
10 shall retain the right to a hearing on the Accusation under all
11 the provisions of the APA and shall not be bound by any
12 stipulation or waiver made herein.

13 7. The Order or any subsequent Order of the Real
14 Estate Commissioner made pursuant to this Stipulation shall
15 not constitute an estoppel, merger or bar to any further
16 administrative or civil proceedings by the Department of Real
17 Estate with respect to any matters which were not specifically
18 alleged to be causes for accusation in this proceeding.

19 8. Respondents understand that by agreeing to this
20 Stipulation, they agree to pay, pursuant to Business and
21 Professions Code Section 10148, the cost of the audit which
22 led to this disciplinary action. The amount of said cost is
23 \$5,452,25.

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1 9. Respondents have received, read, and understand
2 the "Notice Concerning Costs of Subsequent Audit". Respondents
3 further understand that by agreeing to this Stipulation, the
4 findings set forth below in the DETERMINATION OF ISSUES become
5 final, and the Commissioner may charge Respondents for the cost
6 of any subsequent audit conducted pursuant to Business and
7 Professions Code Section 10148 to determine if the violations
8 have been corrected. The maximum cost of said audit will not
9 exceed \$5,452,25.

10 DETERMINATION OF ISSUES

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

15 I

16 The conduct, acts and/or omissions of Respondent,
17 LITT MORTGAGE, INC., as set forth in the Accusation, constitute
18 cause to suspend or revoke the real estate licenses and license
19 rights of Respondent, LITT MORTGAGE, INC. under the provisions
20 of Business and Professions Code ("Code") Section 10177(d) for
21 violation of Code Sections 10145, 10229(a), 10232, 10232.25,
22 10234, 10229(e), 10229(j), and Sections 2731, 2831.1, 2950 and
23 2951 of Title 10, Chapter 6, California Code of Regulations
24 ("Regulations").

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2 The conduct, acts and/or omissions of Respondent,
3 DAVID AARON LITT, as set forth in the Accusation, constitute
4 cause to suspend or revoke the real estate licenses and license
5 rights of Respondent, DAVID AARON LITT, under the provisions of
6 Code Section 10177(h) and Code Section 10177(d) for violation of
7 Regulation 2831.1.

8 ORDER

9 WHEREFORE, THE FOLLOWING ORDER is hereby made:

10 All licenses and licensing rights of Respondents
11 LITT MORTGAGE, INC. and DAVID AARON LITT under the Real Estate
12 Law are suspended for a period of ninety (90) days from the
13 effective date of this Decision; provided, however, that sixty
14 (60) days of said suspension shall be stayed for two (2) years
15 upon the following terms and conditions:

16 1. Respondents shall obey all laws, rules and
17 regulations governing the rights, duties and responsibilities
18 of a real estate licensee in the State of California.

19 2. That no final subsequent determination be made,
20 after hearing or upon stipulation, that cause for disciplinary
21 action occurred within two (2) years of the effective date of
22 this Decision. Should such determination be made, the
23 Commissioner may, in her discretion, vacate and set aside the
24 stay order and reimpose all or a portion of the stayed
25 suspension. Should no such determination be made, the stay
26 imposed herein shall become permanent.

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1 3. The initial thirty (30) day portion of said ninety
2 (90) day suspension shall commence on the effective date of this
3 Decision; provided, however, that if Respondents petition, said
4 suspension shall be stayed upon condition that:

5 (a) Each Respondent pays a monetary penalty
6 pursuant to Section 10175.2 of the Business and Professions
7 at the rate of \$100 for each day of the suspension for a total
8 monetary penalty of \$3,000.

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

14 (c) No further cause for disciplinary action
15 against the real estate license of Respondents occur within
16 two (2) years from the effective date of the Decision in this
17 matter.

18 (d) If Respondents fail to pay the monetary
19 penalty in accordance with the terms and conditions of the
20 Decision, the Commissioner may, without a hearing, order the
21 immediate execution of all or any part of the stayed suspension
22 in which event Respondents shall not be entitled to any
23 repayment nor credit, prorated or otherwise, for money paid to
24 the Department under the terms of this Decision.

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1 (e) If Respondents pay the monetary penalty and
2 if no further cause for disciplinary action against the real
3 estate licenses of Respondents occur within two (2) years from
4 the effective date of the Decision, the stay hereby granted
5 shall become permanent.

6 3. Respondents shall, prior to the effective date
7 of this Decision, submit any delinquent threshold reports. If
8 Respondents fail to satisfy this condition, the Commissioner
9 may order the suspension of Respondents' licenses until
10 Respondents present such evidence. The Commissioner shall
11 afford Respondents the opportunity for a hearing pursuant to
12 the Administrative Procedure Act to present such evidence.

13 4. Pursuant to Section 10148 of the Business and
14 Professions Code, Respondents shall jointly or severally, pay
15 the Commissioner's reasonable cost for (a) the audit which
16 led to this disciplinary action, and (b) a subsequent audit
17 to determine if Respondents are now in compliance with the
18 Real Estate Law. The cost of the audit which led to this
19 disciplinary action is \$5,452.25. In calculating the amount
20 of the Commissioner's reasonable cost for the subsequent audit,
21 the Commissioner may use the estimated average hourly salary for
22 all persons performing audits of real estate brokers, and shall
23 include an allocation for travel costs including mileage, time
24 to and from the auditor's place of work and per diem. Said
25 amount for the subsequent audit shall not exceed \$5,452.25.

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1 Respondents shall pay the cost of both audits within
2 sixty (60) days of receiving an invoice from the Commissioner
3 detailing the activities performed during the audit and the
4 amount of time spent performing those activities. The
5 Commissioner may in her discretion, vacate and set aside any
6 stay order, if payment is not timely made as provided for
7 herein, or as provided for in a subsequent agreement between
8 the Respondents and the Commissioner. The vacation and the
9 set aside of the stay shall remain in effect until payment
10 is made in full, or until Respondents enter into an agreement
11 satisfactory to the Commissioner to provide for payment.
12 Should no order vacating the stay be issued, the stay imposed
13 herein shall become permanent.

14 DATED: August 24, 2000

Darlene Averetta
DARLENE AVERETTA, Counsel for
the Department of Real Estate

16 * * *

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18 We have read the Stipulation and Agreement, and have
19 discussed it with our attorney. Its terms are understood by us
20 and are agreeable and acceptable to us. We understand that we
21 are waiving rights given to us by the California Administrative
22 Procedure Act (including but not limited to Sections 11506,
23 11508, 11509 and 11513 of the Government Code), and we
24 willingly, intelligently and voluntarily waive those rights,
25 including the right of requiring the Commissioner to prove the
26 allegations in the Accusation at a hearing at which we would
27 have the right to cross-examine witnesses against us and to
present evidence in defense and mitigation of the charges.

1 Respondents can signify acceptance and approval of the
2 terms and conditions of this Stipulation and Agreement by faxing
3 a copy of its signature page, as actually signed by Respondents,
4 to the Department at the following telephone/fax number: (213)
5 576-6917. Respondents agree, acknowledge and understand that by
6 electronically sending to the Department a fax copy of his or
7 her actual signature as it appears on the Stipulation and
8 Agreement, that receipt of the faxed copy by the Department
9 shall be as binding on Respondents as if the Department had
10 received the original signed Stipulation and Agreement.

11 DATED: 8/1/00

David Aaron Litt
LITT MORTGAGE, INC., Respondent
by David Aaron Litt, designated
officer of Litt Mortgage Inc.

14 DATED: 8/1/00

David Aaron Litt
DAVID AARON LITT, Respondent
individually and as designated
officer of Litt Mortgage, Inc.

16 DATED: 7-13-00

Frank M. Buda
FRANK M. BUDA, ESQ., Attorney for
Respondents, Approved as to Form

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* * *

The foregoing Stipulation and Agreement is hereby
adopted as my Decision as to Respondents LITT MORTGAGE, INC.,
doing business as Select Mortgage and Select Properties, and
DAVID AARON LITT, individually and as designated officer of
Litt Mortgage, Inc., and shall become effective at 12 o'clock
noon on October 30, 2000.

IT IS SO ORDERED

September 13, 2000.

PAULA REDDISH ZINNEBANN
Real Estate Commissioner

Paula Reddish Zinnemann

SAC

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of) Case No. H-28444 LA
)
LITT MORTGAGE, INC., dba Select) OAH No. L-2000040051
Mortgage and Select Properties,)
and DAVID AARON LITT, individually)
and as designated officer of)
Litt Mortgage, Inc.,)

Respondent(s)

FILED
AUG 31 2000
DEPARTMENT OF REAL ESTATE

NOTICE OF CONTINUED HEARING ON ACCUSATION *cy*

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on WEDNESDAY, SEPTEMBER 20, 2000, 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: August 31, 2000

By

Darlene Averetta
DARLENE AVERETTA, Counsel

cc: Litt Mortgage, Inc.
David Aaron Litt
Frank M. Buda, Esq.
Sacto.
OAH

SAC

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of) Case No. H-28444 LA
)
LITT MORTGAGE, INC., dba Select) OAH No. L-2000040051
Mortgage and Select Properties,)
and DAVID AARON LITT, individually)
and as designated officer of)
Litt Mortgage, Inc.,)
Respondent(s)

FILED
APR 20 2000
DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON ACCUSATION

By CZ

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on WEDNESDAY and THURSDAY, JUNE 28 and 29, 2000, 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: April 20, 2000

By

Darlene Averetta
DARLENE AVERETTA, Counsel

cc: Litt Mortgage, Inc.
David Aaron Litt
Frank M. Buda, Esq.
Sacto.
OAH

5K
1 DARLENE AVERETTA, Counsel
(SBN 159969)
2 Department of Real Estate
320 West 4th Street, Suite 350
3 Los Angeles, California 90013-1105
4 Telephone: (213) 576-6982
(Direct) (213) 576-6904
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FILED
MAR 13 2000
DEPARTMENT OF REAL ESTATE

By Czy

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	NO. H-28444 LA
LITT MORTGAGE, INC., doing)	
business as Select Mortgage)	
and Select Properties, and)	<u>A C C U S A T I O N</u>
DAVID AARON LITT, individually)	
and as designated officer of)	
Litt Mortgage, Inc.,)	
Respondents.)	

17
18 The Complainant, Thomas McCrady a Deputy Real Estate
19 Commissioner of the State of California, for cause of Accusation
20 against Respondents LITT MORTGAGE, INC., doing business as
21 Select Mortgage and Select Properties, and DAVID AARON LITT,
22 individually and as designated officer of Litt Mortgage, Inc.,
23 is informed and alleges as follows:

24 1.

25 The Complainant, Thomas McCrady, a Deputy Real Estate
26 Commissioner of the State of California, makes this Accusation
27 in his official capacity.

2.

LITT MORTGAGE, INC., doing business as Select Mortgage and Select Properties ("LITT MORTGAGE") and DAVID AARON LITT ("D. LITT"), individually and as designated officer of Litt Mortgage Inc. (sometimes collectively referred to herein 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 ("Code").

3.

At all times material herein, LITT MORTGAGE was, and currently is, licensed by the Department of Real Estate of the State of California ("Department") as a corporate real estate broker by and through D. LITT as the designated officer and broker, pursuant to the provisions of Code Section 10159.2.

4.

At all times material herein, D. LITT was licensed by the Department, individually as a real estate broker, and as the designated broker-officer of LITT MORTGAGE. As the designated broker-officer, D. LITT is and was responsible, pursuant to the provisions of Code Section 10159.2, for the supervision and control of the activities requiring a real estate license conducted on behalf of LITT MORTGAGE by its officers, agents and employees as necessary to secure full compliance with the provisions of the Real Estate Law.

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All further references to "Respondents", unless otherwise specified, include the parties identified in Paragraphs 2 through 4, above, and also include the officers, directors, managers, employees, agents and real estate licensees employed by or associated with said parties, who at all times herein mentioned were engaged in the furtherance of the business or operations of said parties and who were acting within the course and scope of their authority, agency or employment.

FIRST CAUSE OF ACCUSATION

6.

On or about December 13, 1999, the Department completed an examination of Respondents LITT MORTGAGE and D. LITT's books and records pertaining to the real estate and trust fund handling activities described herein below. Said examination covered a period from approximately January 1, 1999 through September 30, 1999. Said examination revealed violations of the Code and Title 10, Chapter 6, California Code of Regulations ("Regulations") as set forth below.

7.

At all times material herein, Respondents LITT MORTGAGE and D. LITT 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 the meaning of Code Section 10131(d). Said activity included the operation and conduct of a mortgage loan brokerage with the public wherein Respondents solicited borrowers or lenders for, or negotiated loans, or collected payments or



1 performed services for borrowers or lenders or note holders, in
2 connection with loans secured directly or collaterally by a lien
3 on real property or a business opportunity.

4 8.

5 In connection with the above-described real estate
6 sale business, Respondents LITT MORTGAGE and D. LITT engaged in
7 the business of, acted in the capacity of, advertised, or assumed
8 to act as escrow holder, servicer and/or agent and thereby acted
9 or assumed to act under the exemption from the provisions of the
10 Escrow Law as provided by Section 17006(a)(4) of the California
11 Financial Code.

12 9.

13 At all times material herein, in connection with the
14 activities described in Paragraphs 7 and 8, above, Respondents
15 LITT MORTGAGE and D. LITT accepted or received funds, including
16 funds in trust ("trust funds") from or on behalf of parties to
17 transactions handled by Respondents. Thereafter, Respondents
18 made deposits and/or disbursements of such funds. From time to
19 time herein mentioned, said trust funds were deposited and/or
20 maintained by Respondents in bank account(s) including, but not
21 necessarily limited to, Account Number 0904-314093, "Litt
22 Mortgage Inc. DBA Select Mortgage and Select Properties Client
23 Trust Account" ("Trust Account"), at Wells Fargo Bank located at
24 15760 Ventura Blvd., First Floor, Encino, California 91436.

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2 In the course of activities described in Paragraphs 7,
3 8 and 9, above, and during the examination period described in
4 Paragraph 6, Respondents LITT MORTGAGE and D. LITT acted in
5 violation of the Code and the Regulations as follows:

6 (a) As of September 30, 1999, there was a shortage in
7 the Trust Account in the amount of approximately One Hundred and
8 Forty-Four Dollars and Fifty-Nine Cents (\$144.59). Respondents
9 caused, permitted and/or allowed the withdrawal or disbursement
10 of trust funds from the Trust Account, which reduced the balance
11 of funds in the said account to an amount less than the existing
12 aggregate trust fund liability of the broker to all owners of the
13 trust funds, without the prior written consent of every principal
14 who then was an owner of funds in the account, in violation of
15 Code Section 10145 and Regulation 2832.1.

16 (b) Respondents failed to maintain complete control
17 records for the Trust Account, in that the control record was
18 missing from whom the funds were received and the date the funds
19 were received, in violation of Regulation 2831.

20 (c) Respondents failed to maintain separate records
21 for the Trust Account escrow/loan funding, the loan payoffs or
22 the credit report and appraisal fee activities, and the separate
23 records for the loan payments were not complete, in violation of
24 Code Section 10145 Regulation 2831.1.

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1 (d) Respondents failed to maintain a monthly
2 reconciliation of the control record to the separate records
3 for the Trust Account, in violation of Code Section 10145 and
4 Regulation 2831.2.

5 (e) Respondents did not file the required notice
6 of a multi-lender transaction (i.e. sales of series of notes
7 or undivided interests in a note) with the Commissioner within
8 thirty (30) days after the transaction, which occurred on or
9 about October 29, 1998, in violation of Code Section 10229(a).

10 (f) Respondents met the "threshold criteria" during
11 the audit period, by negotiating twelve (12) loans totaling
12 approximately Two Million Four Hundred Fifty-Three Thousand Eight
13 Hundred Seventy-Four Dollars and Twenty-One Cents
14 (\$2,453,874.21), and by collecting payments in the amount of
15 approximately Two Hundred Ninety-Three Thousand Six Hundred
16 Seventy-Four Dollars and Sixty-Four Cents (\$293,674.64), and
17 thereafter Respondents failed to so notify the Department, in
18 violation of Code Section 10232.

19 (g) Respondents failed to file with the Department
20 quarterly trust fund status reports for the quarters ending
21 March 31, 1999, June 30, 1999 and September 30, 1999, in
22 violation of Code Section 10232.25.

23 (h) Respondents failed to provide lenders with a
24 Lender Disclosure Statement, prior to the lender becoming
25 obligated to make the loan, in violation of Code Sections 10232.4
26 and 10232.5.

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1 (i) Respondents failed to provide lenders with a
2 Lender Disclosure Statement in a multi-lender loan, in violation
3 of Code Section 10229(k) and 10232.5.

4 (j) Respondents recorded Trust Deeds in the name of
5 LITT MORTGAGE as beneficiary, when LITT MORTGAGE did not fund the
6 loan, and Trust Deeds were not recorded in the name of Ruth Litt
7 when Ruth Litt did fund the loan, in violation of Code Section
8 10234.

9 (k) Respondents failed to provide lenders with a
10 Lender Disclosure Statement in a multi-lender loan, in violation
11 of Code Section 10229(e).

12 (l) Respondents failed to provide all
13 lenders/borrowers with a servicing Agreement with LITT MORTGAGE,
14 in violation of Code Section 10229(j).

15 (m) Respondents failed to deliver to all borrowers, a
16 statement, in writing, containing all the information required by
17 Code Section 10241, in that the Mortgage Loan Disclosure
18 Statement did not always disclose that it was anticipated that
19 the loan may be made wholly or in part from broker-controlled
20 funds; and the Mortgage Loan Disclosure Statement was not always
21 signed by the borrower, in violation of Code Sections 10240,
22 10240(j) and/or Regulation 2840.

23 (n) Respondents used the unlicensed fictitious
24 business name Select Mortgage Co/Company in violation of
25 Regulation 2731.

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1 (o) Respondents failed to provide borrowers/lenders
2 with escrow instructions on private investor loans where LITT
3 MORTGAGE broker escrowed the loan transaction, and Respondents
4 failed to maintain all the required trust account records for
5 their escrow activity, in violation of Regulations 2950 and 2951.

6 11.

7 The conduct, acts and/or omissions of Respondents
8 D. LITT and LITT MORTGAGE, as described in Paragraph 10, above,
9 violated the Code and the Regulations as set forth below:

10	<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
11	10(a)	Code Section 10145
12		and Regulation 2832.1
13	10(b)	Regulation 2831
14	10(c)	Code Section 10145
15		Regulation 2831.1
16	10(d)	Code Section 10145
17		and Regulation 2831.2
18	10(e)	Code Section 10229(a)
19	10(f)	Code Section 10232
20	10(g)	Code Section 10232.25
21	10(h)	Code Sections 10232.4
22		and 10232.5
23	10(i)	Code Section 10229(k)
24		and 10232.5
25	10(j)	Code Section 10234
26	10(k)	Code Section 10229(e)
27	10(l)	Code Section 10229(j)
	10(m)	Code Sections
		10240, 10240(j)
		and Regulation 2840
	10(n)	Regulation 2731



Each of the foregoing violations constitute cause for the suspension or revocation of all real estate licenses and license rights of Respondents under the provisions of Code Sections 10177(g) and/or 10177(d).

SECOND CAUSE OF ACCUSATION

(Violation of Code Section 10159.2)

11.

Complainant incorporates herein by reference the Preamble and the allegations of Paragraphs 1 through 10, inclusive, herein above.

12.

The conduct, acts and/or omissions, of Respondent D. LITT in allowing LITT MORTGAGE to violate the Real Estate Law as described herein above, constitutes a failure by Respondent D. LITT, as the officer designated by a corporate broker licensee, to exercise the supervision and control over the activities of LITT MORTGAGE, as required by Code Section 10159.2. Said conduct is cause to suspend or revoke the real estate licenses and license rights of Respondent D. LITT under Code Sections 10177(d), 10177(g) and/or 10177(h).

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1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all licenses and license rights of Respondents
5 LITT MORTGAGE, INC., doing business as Select Mortgage and Select
6 Properties, and DAVID AARON LITT, individually and as designated
7 officer of Litt Mortgage, Inc., under the Real Estate Law (Part 1
8 of Division 4 of the Business and Professions Code), and for such
9 other and further relief as may be proper under other applicable
10 provisions of law.

11 Dated at Los Angeles, California
12 this 13th day of March, 2000.

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14 THOMAS MCCRADY
15 Deputy Real Estate Commissioner
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23 cc: Litt Mortgage, Inc.
24 David Aaron Litt
25 Thomas McCrady
26 Weaver/LA Audits
27 SACTO
CW