

FILED
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DEPARTMENT OF REAL ESTATE

James B. Dixon

Department of Real Estate
320 West Fourth Street, Ste. 350
Los Angeles, California 90013

(213) 576-6982

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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To: No. H-34804 LA

STATEWIDE BANCORP INC.; and)	<u>ORDER TO DESIST</u> <u>AND REFRAIN</u>
ALEJANDRO ISRAEL DIAZ,)	
Individually and as)	
designated officer of)	
Statewide Bancorp Inc.)	

The Real Estate Commissioner of the State of California has caused an investigation to be made of your activities as a real estate broker, and based on the findings of that investigation is of the opinion that STATEWIDE BANCORP INC., and ALEJANDRO ISRAEL DIAZ, individually, and as designated officer of Statewide Bancorp Inc., have violated Sections 10235, 14701, and 14702 of the Business and Professions Code (hereinafter "Code") as well as Regulation 2848 of Chapter 6, Title 10, California Code of Regulations (hereinafter "Regulations").

1.

At all times mentioned herein, you, STATEWIDE BANCORP INC., were licensed by the Department of Real Estate of the State

1 of California (hereinafter "Department") as a corporate real
2 estate broker with Respondent ALEJANDRO ISRAEL DIAZ as the
3 designated officer.

4 2.

5 At all times mentioned herein, you, ALEJANDRO ISRAEL
6 DIAZ, individually, and as designated officer of Statewide
7 Bancorp Inc., were licensed by the Department as a real estate
8 broker.

9 3.

10 You, STATEWIDE BANCORP INC., and you, ALEJANDRO ISRAEL
11 DIAZ, knowingly advertised, printed, displayed, published,
12 distributed, or caused or permitted to be advertised, printed,
13 displayed, published, distributed, statements or representations
14 with regard to the rates, terms, or conditions for making,
15 purchasing, or negotiating loans on real property which were
16 false, misleading, or deceptive.

17 4.

18 Specifically, beginning on or before June of 2005, and
19 continuing to the present time, you mailed advertisements and/or
20 solicitations to potential borrowers pertaining to loans on real
21 property which contained the following false, misleading or
22 deceptive representations, and/or which were otherwise in
23 violation of the Code and Regulations:

24 a. Violations of Code Section 14701 and 14702
25 included using lenders' names in solicitations for financial
26 services and using consumers' loan numbers without the consent of
27 the lenders or the consumers, without disclosures indicating that

1 the solicitations were not sponsored by, affiliated with or
2 authorized by the lender, and that the loan information was not
3 provided by the lenders. Disclosures were not made in close
4 proximity to the loan information and in an equal font size.

5 b. Violations of Code Section 10235 included the
6 following false, misleading and/or deceptive representations
7 regarding the rates, terms or conditions of mortgage loans:

8 1. Payment rates were represented without equally
9 prominent disclosures of the note rate or length of
10 time the payment rates would be in effect;

11 2. Ads imply that the soliciting lender has detailed
12 information about the recipients' existing loans and
13 has determined eligibility for a better rate, which
14 appear to be illusory statements as Statewide did not
15 have sufficient information about the recipients'
16 existing mortgages to make that determination.

17 3. Ads made misleading representations about monthly
18 payment rates on the offered loans. Claims of lower
19 payments or payment savings can be misleading if the
20 interest rate and payments increase resulting in
21 payments that are higher than the borrower's current
22 loan. Also, negative amortization can wipe out any
23 initial payment savings.

24 4. Ads represent that funds can be available in as
25 little as 7-10 days, without including a statement of
26 any conditions or limitations to this claim.

27 5. Ads make representations that are misleading, such

1 as "we are different," which implies the broker will
2 approve loans other lenders do not, that Statewide
3 offers "unique" programs that utilize the equity in the
4 recipients' homes in ways that other lenders do not,
5 and that the recipients' original loans "can be
6 reduced," when in fact the original loan amounts and
7 terms will not be reduced.

8 c. Violations of Regulation 2848 include:

9 1. Ads did not disclose the principal loan amount,
10 note interest rate, APR, number of payments, amount of
11 payments, period of payments scheduled to the date of
12 maturity, and balloon payment due if not fully
13 amortized when displaying a specific installment
14 payment. For adjustable rate loans, the ads did not
15 include the frequency of rate and payment adjustments
16 and include the monthly and yearly caps as well as the
17 change in payment amounts. When an introductory rate
18 was advertised, the ads did not properly disclose how
19 long the initial rate would be in effect. [Regulations
20 2848(5) and (6).]

21 2. Representations were made of the percentage of
22 value that would be loaned (eg: 125%) without
23 disclosure of how the market value will be determined
24 [Regulation 2848(9)].

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1 NOW, THEREFORE, YOU, STATEWIDE BANCORP INC., and YOU,
2 ALEJANDRO ISRAEL DIAZ ARE ORDERED TO DESIST AND REFRAIN from
3 performing any and all activities for which a real estate broker
4 license is required until you comply with all provisions of the
5 Real Estate Law as discussed in this Order.

6 DATED: 4-9, 2008.

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8 JEFF DAVI
Real Estate Commissioner
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22 cc: STATEWIDE BANCORP INC.
23 18300 Von Karman, Suite 900
Irvine, CA 92612

24 ALEJANDRO ISRAEL DIAZ
25 2683 N. Dell St.
26 Orange, CA 92865
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