

FILED
DEC 11 2008
DEPARTMENT OF REAL ESTATE

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) NO. H-35297 LA
)
PREFERRED MORTGAGE, INC.,)
)
Respondent.)

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on October 23, 2008, and the findings of fact set forth herein are based on one or more of the following:
(1) Respondent's express admissions; (2) affidavits; and
(3) other evidence.

FINDINGS OF FACT

1.

On September 9, 2008, Robin L. Trujillo made the Accusation in her official capacity as a Deputy Real Estate Commissioner of the State of California. The Accusation, Statement to Respondent, and Notice of Defense were mailed, by certified mail, to Respondent's last known mailing address on file with the Department on September 10, 2008.

On October 23, 2008, no Notice of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code, Respondent PREFERRED MORTGAGE, INC.'s default was entered herein.

2.

PREFERRED MORTGAGE, INC. (hereinafter referred to as ("Respondent")) is presently licensed and/or has license rights under the Real Estate Law (Part I of Division 4 of the Business and Professions Code, hereinafter Code).

10.

Cobian represented to the lenders that both properties would be his primary residence.

11.

The Loan Application for the 1321 West 55th Street property did not disclose the purchase of the 349 East 52nd Street property despite the fact that Respondent brokered both loans. Therefore, Respondent failed to disclose a known liability..

12.

Based on the above, it can reasonably be determined that Respondent knew Cobian closed on two loans under the premise that each property would be his primary residence.

13.

Due to the higher risk related to investment properties, it is unlikely that either lender would have approved these loans for the granted terms had Respondent disclosed that the subject properties were investment properties.

SECOND CAUSE OF ACCUSATION

14.

Complainant incorporates by reference Paragraphs 1 through 5 of her First Cause of Accusation.

15.

HSBC Mortgage Services purchases closed/funded loans from banking clients on the secondary market. Respondent originated two loans on two properties for borrower, Juan Valenzuela ("Valenzuela").

16.

Valenzuela purchased a property located at 16506 East Main Street, La Puente, California for \$445,000. The loan closed on August 19, 2005 with Mylor Financial financing the full \$445,000 debt in the form of a first mortgage for \$365,000 and a second for \$89,000. HSBC purchased the second mortgage only.

17.

Valenzuela purchased another property located at 9632 & 9632 ½ San Juan Avenue, South Gate, California for \$455,000. The loan closed on October 7, 2005 with Fieldstone Mortgage Company financing the full \$455,000 debt in the form of a first mortgage for \$364,000 and a second for \$91,000. HSBC purchased the first mortgage only.

18.

Respondent acted as the mortgage broker and received a commission at closing for both loans.

19.

Valenzuela represented to the lenders that both properties would be his primary residence.

20.

The Loan Application for the San Juan Avenue property did not disclose the purchase of the La Puente property made two months prior despite the fact that Respondent brokered both loans. Therefore, Respondent failed to disclose a known liability.

21.

Based on the above, it can reasonably be determined that Respondent knew Valenzuela closed on two loans under the premise that each property would be his primary residence.

22.

Due to the higher risk related to investment properties, it is unlikely that either lender would have approved these loans for the granted terms had Respondent disclosed that the subject properties were investment properties.

DETERMINATION OF ISSUES

1.

Cause for disciplinary action against Respondent exists under Business and Professions Code Sections 10177(f) and (j), and Business and Professions Code Section 10177(d) for violation of Section 10130 of the Business and Professions Code.

2.

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

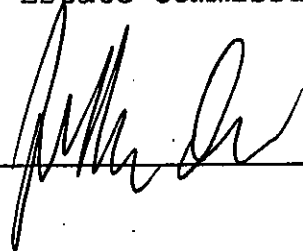
ORDER

The license and license rights of Respondent
PREFERRED MORTGAGE, INC. under the provisions of Part 1
of Division 4 of the Business and Professions Code are
revoked.

This Decision shall become effective at
12 o'clock noon on December 31, 2008.

DATED: 4-25-08

JEFF DAVI
Real Estate Commissioner



SACTO.
Flag

FILED
SEP 10 2008
DEPARTMENT OF REAL ESTATE

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2 Department of Real Estate
3 320 West Fourth Street, Suite 350
4 Los Angeles, CA 90013-1105
5
6
7
8 Telephone: (213) 576-6982
9 -or- (213) 576-6913 (Direct)

By 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

11	In the Matter of the Accusation of)	No. H-35297 LA
12)	<u>A C C U S A T I O N</u>
13	PREFERRED MORTGAGE, INC.,)	
14)	
15	Respondent.)	

16 The Complainant, Robin L. Trujillo, a Deputy Real
17 Estate Commissioner of the State of California, for cause of
18 accusation against PREFERRED MORTGAGE, INC., alleges as follows:
19

I

20 The Complainant, Robin L. Trujillo, acting in her
21 official capacity as a Deputy Real Estate Commissioner of the
22 State of California, makes this Accusation against PREFERRED
23 MORTGAGE, INC.

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II

PREFERRED MORTGAGE, INC. (hereinafter referred to as "Respondent") is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter Code).

III

Respondent PREFERRED MORTGAGE, INC. was originally licensed as a real estate broker on November 3, 2000. The corporate license will expire on November 2, 2008.

IV

At all times material herein, Respondent engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California, within the meaning of Section 10131(d) of the Code, including soliciting borrowers and lenders and negotiating loans on real property.

V

At all times herein mentioned, Respondent did not have a designated broker officer.

FIRST CAUSE OF ACCUSATION

VI

HSBC Mortgage Services purchases closed/funded loans from banking clients on the secondary market. Respondent originated two loans for borrower, Pablo Leon Cobian.

VII

Cobian purchased a property at 349 East 52nd Street, Los Angeles, California for \$385,000. The loan closed on August 10, 2005 with Harbourton Mortgage Investment financing the full

1 \$385,000 debt in the form of a first mortgage for \$308,000 and a
2 second for \$77,000. HSBC purchased the second mortgage only.

3
4 VIII.

5 Cobian purchased another property located at 1321 West
6 55th Street, Los Angeles, California for \$365,000. The loan
7 closed on September 12, 2005 with Resmae Mortgage Corporation.
8 financing the full \$365,000 debt in the form of a first mortgage
9 for \$292,000 and a second for \$73,000. HSBC purchased the second
10 mortgage only.

11 IX

12 Respondent acted as the mortgage broker and received a
13 commission at closing for both loans.

14 X

15 Cobian represented to the lenders that both properties
16 would be his primary residences.

17 XI

18 The Loan Application for the 1321 West 55th Street
19 property did not disclose the purchase of the 349 East 52nd Street
20 property despite the fact that Respondent brokered both loans.
21 Therefore, Respondent failed to disclose a known liability.

22 XII

23 Based on the above, it can reasonably be determined
24 that Respondent knew Cobian closed on two loans under the premise
25 that each property would be his primary residence.

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XIII

Due to the higher risk related to investment properties, it is unlikely that either lender would have approved these loans for the granted terms had Respondent disclosed that the subject properties were investment properties.

XIV

The conduct, acts and/or omissions of Respondent PREFERRED MORTGAGE, INC., as alleged above, subjects its real estate license and license rights to suspension or revocation pursuant to Code Sections 10177(f) and (j), and Code Section 10177(d) for violation of Section 10130 of the Code.

SECOND CAUSE OF ACCUSATION

XV

Complainant incorporates by references Paragraphs I through V of her First Cause of Accusation.

XVI

HSBC Mortgage Services purchases closed/funded loans from banking clients on the secondary market. Respondent originated two loans on two properties for borrower, Juan Valenzuela.

XVII

Valenzuela purchased a property located at 16505 East Main Street, La Puente, California for \$445,000. The loan closed on August 19, 2005 with Mylor Financial financing the full \$445,000 debt in the form of a first mortgage for \$356,000 and a second for \$89,000. HSBC purchased the second mortgage only.

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XVIII

Valenzuela purchased another property located at 9632 & 9632 1/2 San Juan Avenue, South Gate, California for \$455,000. The loan closed on October 7, 2005 with Fieldstone Mortgage Company financing the full \$455,000 debt in the form of a first mortgage for \$364,000 and a second for \$91,000. HSBC purchased the first mortgage only.

XIX

Respondent acted as the mortgage broker and received a commission at closing for both loans.

XX

Valenzuela represented to the lenders that both properties would be his primary residence.

XXI

The Loan Application for the San Juan Avenue property did not disclose the purchase of the La Puente property made two months prior despite the fact that Respondent brokered both loans. Therefore, Respondent failed to disclose a known liability.

XXII

Based on the above, it can reasonably be determined that Respondent knew Valenzuela closed on two loans under the premise that each property would be his primary residence.

XXIII

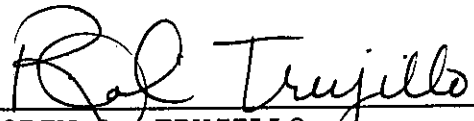
Complainant incorporates by reference Paragraphs XII, XIII, and XIV of her First Cause of Accusation.

///

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 Respondent
5 PREFERRED MORTGAGE, INC. under the Real Estate Law (Part 1 of
6 Division 4 of the Business and Professions Code) and for such
7 other and further relief as may be proper under other applicable
8 provisions of law.

9 Dated at Los Angeles, California

10 this 9 day of September, 2008.

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13 
14 ROBIN L. TRUJILLO
15 Deputy Real Estate Commissioner
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23 cc: Preferred Mortgage, Inc.
24 Robin L. Trujillo
25 Sacto.
26 Phillip Ihde
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