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**FILED**

OCT 8 2009

1 Department of Real Estate  
2 320 West 4th Street, Ste. 350  
3 Los Angeles, California 90013-1105  
4  
5 Telephone: (213) 576-6982 (office)  
6  
7

DEPARTMENT OF REAL ESTATE  
BY: *[Signature]*

8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of )  
12 )  
13 PATRICIA GAIL BROWN, dba )  
14 The Loan Lady, )  
15 Respondent. )  
16 )

No. H-35605 LA  
STIPULATION  
AND  
AGREEMENT

17 It is hereby stipulated by and between Respondent  
18 PATRICIA GAIL BROWN (sometimes referred to as "Respondent"),  
19 represented by Richard Ghan, Esq., Attorney At Law, and the  
20 Complainant, acting by and through Elliott Mac Lennan, Counsel  
21 for the Department of Real Estate, as follows for the purpose of  
22 settling and disposing of the Accusation ("Accusation") filed on  
23 January 13, 2009, in this matter:  
24

- 25 1. All issues which were to be contested and all  
26 evidence which was to be presented by Complainant and Respondent  
27 at a formal hearing on the Accusation, which hearing was to be

1 held in accordance with the provisions of the Administrative  
2 Procedure Act ("APA"), shall instead and in place thereof be  
3 submitted solely on the basis of the provisions of this  
4 Stipulation and Agreement ("Stipulation").

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

9           3. Respondent timely filed a Notice of Defense  
10 pursuant to Section 11506 of the Government Code for the purpose  
11 of requesting a hearing on the allegations in the Accusation.  
12 Respondent hereby freely and voluntarily withdraws said Notice of  
13 Defense. Respondent acknowledges that he understands that by  
14 withdrawing said Notice of Defense he thereby waives his right to  
15 require the Commissioner to prove the allegations in the  
16 Accusation at a contested hearing held in accordance with the  
17 provisions of the APA and that he will waive other rights  
18 afforded to him in connection with the hearing such as the right  
19 to present evidence in his defense the right to cross-examine  
20 witnesses.  
21

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

5 5. This Stipulation is made for the purpose of  
6 reaching an agreed disposition of this proceeding and is  
7 expressly limited to this proceeding and any other proceeding or  
8 case in which the Department of Real Estate ("Department"), the  
9 state or federal government, or any agency of this state, another  
10 state or federal government is involved, and otherwise shall not  
11 be admissible in any other criminal or civil proceedings.

12 6. It is understood by the parties that the Real  
13 Estate Commissioner may adopt this Stipulation as his Decision in  
14 this matter thereby imposing the penalty and sanctions on  
15 Respondent's real estate licenses and license rights as set forth  
16 in the "Order" herein below. In the event that the Commissioner  
17 in his discretion does not adopt the Stipulation, it shall be  
18 void and of no effect and Respondent shall retain the right to a  
19 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

23 7. The Order or any subsequent Order of the Real  
24 Estate Commissioner made pursuant to this Stipulation shall not  
25 constitute an estoppel, merger or bar to any further  
26 administrative or civil proceedings by the Department of Real  
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1 Estate with respect to any matters which were not specifically  
2 alleged to be causes for Accusation in this proceeding but do  
3 constitute a bar, estoppel and merger as to any allegations  
4 actually contained in the Accusations against Respondent herein.

5 8. Respondent understands that by agreeing to this  
6 Stipulation, Respondent agrees to pay, pursuant to Business and  
7 Professions Code Section 10148, the cost of audit. The total  
8 amount of said cost is \$6,462.72.

9 9. Respondent has received, read, and understands the  
10 "Notice Concerning Costs of Subsequent Audit". Respondent  
11 further understands that by agreeing to this Stipulation, the  
12 findings set forth below in the Determination of Issues become  
13 final, and the Commissioner may charge Respondent for the cost of  
14 any subsequent audit conducted pursuant to Business and  
15 Professions Code Section 10148 to determine if the violations  
16 have been corrected. The maximum cost of the subsequent audit  
17 will not exceed \$6,462.72.  
18

19 DETERMINATION OF ISSUES

20 By reason of the foregoing, it is stipulated and agreed  
21 that the following determination of issues shall be made:

22 The conduct of PATRICIA GAIL BROWN, as described in  
23 Paragraph 4, above, is in violation of Business and Professions  
24 Code Sections 10145, 10232.2(c) 10240 and Sections 2831, 2831.1  
25 and 2831.2 of Title 10, Chapter 6 of the California Code of  
26 Regulations and is a basis for discipline of Respondent's license  
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1 and license rights as violations of the Real Estate Law pursuant  
2 to Code Section 10177(d).

3 ORDER

4 WHEREFORE, THE FOLLOWING ORDER is hereby made:

5 I. All licenses and licensing rights of Respondent

6 PATRICIA GAIL BROWN under the Real Estate Law are suspended for a  
7 period of ninety (90) days from the effective date of this  
8 Decision.

9 A. Provided, however, that if Respondent requests, the  
10 initial forty-five (45) days of said suspension (or a portion  
11 thereof) shall be stayed for two (2) years upon condition that:

12 1. Respondent pays a monetary penalty pursuant to  
13 Section 10175.2 of the Business and Professions Code at the rate  
14 of \$66.66 per day for each day of the suspension for a total  
15 monetary penalty of \$3,000.

16 2. Said payment shall be in the form of a cashier's  
17 check or certified check made payable to the Recovery Account of  
18 the Real Estate Fund. Said check must be received by the  
19 Department prior to the effective date of the Decision in this  
20 matter.

21 3. No further cause for disciplinary action against  
22 the real estate license of Respondent occurs within two (2) years  
23 from the effective date of the Decision in this matter.

24 4. If Respondent fails to pay the monetary penalty in  
25 accordance with the terms of the Decision, the Commissioner may,  
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1 without a hearing, order the immediate execution of all or any  
2 part of the stayed suspension, in which event the Respondent  
3 shall not be entitled to any repayment nor credit, prorated or  
4 otherwise, for money paid to the Department under the terms of  
5 this Decision.

6 5. If Respondent pays the monetary penalty and if no  
7 further cause for disciplinary action against the real estate  
8 license of Respondent occurs within two (2) years from the  
9 effective date of the Decision, the stay hereby granted shall  
10 become permanent.

11 B. The remaining forty-five (45) days of the ninety  
12 (90) day suspension shall be stayed for two (2) years upon the  
13 following terms and conditions:

14 (a) Respondent shall obey all laws, rules and  
15 regulations governing the rights, duties and responsibilities of  
16 a real estate licensee in the State of California; and

17 (b) That no final subsequent determination be made  
18 after hearing or upon stipulation, that cause for disciplinary  
19 action occurred within two (2) years from the effective date of  
20 this Decision. Should such a determination be made, the  
21 Commissioner may, in his discretion, vacate and set aside the  
22 stay order and reimpose all or a portion of the stayed  
23 suspension. Should no such determination be made, the stay  
24 imposed herein shall become permanent.  
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1                   II. All licenses and licensing rights of Respondent  
2 PATRICIA GAIL BROWN are indefinitely suspended unless or until  
3 Respondent provides proof satisfactory to the Commissioner, of  
4 having taken and successfully completed the continuing education  
5 course on trust fund accounting and handling specified in  
6 paragraph (3) of subdivision (a) of Section 10170.5 of the  
7 Business and Professions Code. Proof of satisfaction of this  
8 requirement includes evidence that respondent has successfully  
9 completed the trust fund account and handling continuing  
10 education course within 120 days prior to the effective date of  
11 the Decision in this matter.

12                   III. Pursuant to Section 10148 of the Business and  
13 Professions Code, Respondent PATRICIA GAIL BROWN shall pay the  
14 Commissioner's reasonable cost for (a) the underlying audit (b) a  
15 subsequent audit to determine if Respondent is now in compliance  
16 with the Real Estate Law. The cost of the audit which led to  
17 this disciplinary action is \$6,462.72. In calculating the amount  
18 of the Commissioner's reasonable cost, the Commissioner may use  
19 the estimated average hourly salary for all persons performing  
20 audits of real estate brokers, and shall include an allocation  
21 for travel time to and from the auditor's place of work. Said  
22 amount for the prior and subsequent audits shall not exceed  
23 \$12,925.44.

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1 Respondent shall pay such cost within 60 days of  
2 receiving an invoice from the Commissioner detailing the  
3 activities performed during the audit and the amount of time  
4 spent performing those activities.

5 The Commissioner may suspend the license of Respondent  
6 pending a hearing held in accordance with Section 11500, et seq.,  
7 of the Government Code, if payment is not timely made as provided  
8 for herein, or as provided for in a subsequent agreement between  
9 the Respondent and the Commissioner. The suspension shall remain  
10 in effect until payment is made in full or until Respondent  
11 enters into an agreement satisfactory to the Commissioner to  
12 provide for payment, or until a decision providing otherwise is  
13 adopted following a hearing held pursuant to this condition.

14 IV. Respondent shall, within nine (9) months from the  
15 effective date of this Decision, present evidence satisfactory to  
16 the Real Estate Commissioner that Respondent has, since the most  
17 recent issuance of an original or renewal real estate license,  
18 taken and successfully completed the continuing education  
19 requirements of Article 2.5 of Chapter 3 of the Real Estate Law  
20 for renewal of a real estate license. If Respondent fails to  
21 satisfy this condition, the Commissioner may order the suspension  
22 of the restricted license until Respondent presents such  
23 evidence. The Commissioner shall afford Respondent the  
24 opportunity for a hearing pursuant to the Administrative  
25 Procedure Act to present such evidence.  
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DATED: 09-02-09

EL  
ELLIOTT MAC LENNAN, Counsel for  
the Department of Real Estate

\* \* \*

EXECUTION OF THE STIPULATION

I have read the Stipulation and discussed it with my attorney. 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.

MAILING AND FACSIMILE

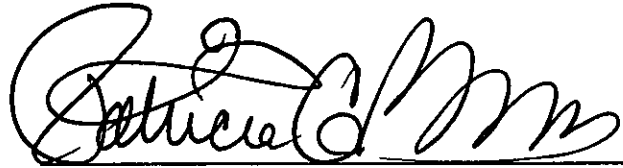
Respondent (1) shall mail the original signed signature page of the stipulation herein to Elliott Mac Lennan: Attention: Legal Section, Department of Real Estate, 320 W. Fourth St., Suite 350, Los Angeles, California 90013-1105. Additionally, Respondent shall also (2) facsimile a copy of signed signature page, to the Department at the following telephone/fax number:

1 (213) 576-6917, Attention: Elliott Mac Lennan. A facsimile  
2 constitutes acceptance and approval of the terms and conditions  
3 of this stipulation.

4 Respondent agrees, acknowledges and understands that by  
5 electronically sending to the Department a facsimile copy of  
6 Respondent's actual signature as it appears on the stipulation  
7 that receipt of the facsimile copy by the Department shall be as  
8 binding on Respondent as if the Department had received the  
9 original signed stipulation.

10  
11  
12 DATED: \_\_\_\_\_

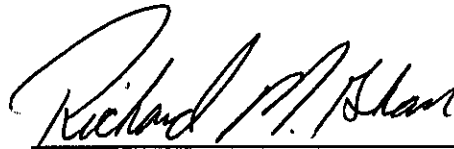
8/14/09



PATRICIA GAIL BROWN, Respondent

13  
14  
15 DATED: \_\_\_\_\_

8/18/09



RICHARD GHAN, ESQ.  
Attorney for Patricia Gail Brown,  
Respondent  
Approved as to form

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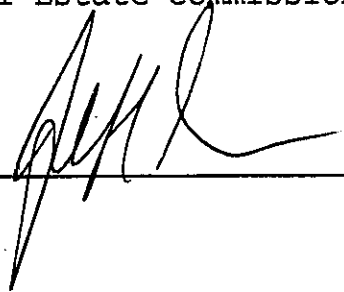
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1                   The foregoing Stipulation and Agreement is hereby  
2  
3 adopted as my Decision as to Respondent PATRICIA GAIL BROWN and  
4 shall become effective at 12 o'clock noon on  
5 November 6, 2009.

6                   IT IS SO ORDERED 9-29, 2009.

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8                   JEFF DAVI  
9                   Real Estate Commissioner

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1 ELLIOTT MAC LENNAN, SBN 66674  
2 Department of Real Estate  
3 320 West 4th Street, Ste. 350  
4 Los Angeles, California 90013-1105

5 Telephone: (213) 576-6911 (direct)  
6 -or- (213) 576-6982 (office)

**FILED**

JAN 13 2009

DEPARTMENT OF REAL ESTATE  
BY: *[Signature]*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \*

11	In the Matter of the Accusation of	)	No. H- 35605 LA
12	PATRICIA GAIL BROWN, dba	)	<u>A C C U S A T I O N</u>
13	The Loan Lady,	)	
14	Respondent.	)	
15		)	

16 The Complainant, Robin Trujillo, a Deputy Real Estate  
17 Commissioner of the State of California, acting in her official  
18 capacity, for cause of Accusation against PATRICIA GAIL BROWN dba  
19 The Loan Lady, is informed and alleges as follows:

20 1.

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

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1 LICENSE HISTORY

2 2.

3 At all times mentioned, PATRICIA GAIL BROWN  
4 ("BROWN"), was licensed or had license rights issued by the  
5 Department of Real Estate ("Department") as a real estate broker.  
6 On November 10, 1993, BROWN was originally licensed as a real  
7 estate salesperson. On May 10, 2006, BROWN was originally  
8 licensed as a real estate broker.

9 LICENSED ACTIVITIES AND BROKERAGE

10 3.

11 At all times mentioned, in the City of Yucca Valley,  
12 County of San Bernardino, BROWN acted as real estate broker and  
13 conducted licensed activities within the meaning of:

14 A. Code Section 10131(d). BROWN operated a mortgage  
15 and loan brokerage dba The Loan Lady; and

16 B. Conducted broker-controlled escrows through her  
17 escrow division, under the exemption set forth in California  
18 Financial Code Section 17006(a)(4) for real estate brokers  
19 performing escrows incidental to a real estate transaction where  
20 the broker is a party and where the broker is performing acts for  
21 which a real estate license is required.

22 AUDIT

23 4.

24 On March 28, 2008, the Department completed an audit  
25 examination of the books and records of BROWN, pertaining to the  
26 mortgage and loan brokerage and broker-controlled escrow  
27

1 activities described in Paragraph 3, that require a real estate  
2 license. The audit examination covered a period of time  
3 beginning on July 1, 2006 through December 31, 2007. The audit  
4 examination revealed violations of the Code and the Regulations  
5 as set forth below, and more fully discussed in Audit Report LA  
6 070207 and LA 070227 and the exhibits and workpapers attached to  
7 said audit reports.

8 5.

9 At all times mentioned, in connection with the  
10 activities described in Paragraph 4, BROWN accepted or received  
11 funds in trust (trust funds) from or on behalf of buyers, sellers  
12 borrowers, lenders and escrow holders. Thereafter BROWN made  
13 disposition of such funds. BROWN maintained the following trust  
14 account into which she deposited certain of these funds:  
15

16 "Brown, Patria dba The Loan Lady Mortgage Trust Account  
17 Account No. 4330427413"  
18 Union Bank of California ("trust account")  
19 Yucca Valley, California

20 VIOLATIONS OF THE REAL ESTATE LAW

21 6.

22 With respect to the licensed activities referred to in  
23 Paragraphs 3 and 5, and the audit examination including the  
24 exhibits and workpapers referred to in Paragraph 4, it is alleged  
25 that BROWN:

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1 (a) Mixed and commingled trust funds and personal funds  
2 by retaining an excess of broker funds in the trust account  
3 beyond twenty-five days, in violation of Code Section 10145(a)  
4 and Regulations 2835, 2950(d) and 2951.

5 (b) Failed to maintain an accurate and complete control  
6 record in the form of a columnar record in chronological order of  
7 all trust funds received, deposited and disbursed, in violation  
8 of Code Section 10145 and Regulations 2831, 2950(d) and 2951.

9 (c) Failed to maintain an accurate and complete  
10 separate record for each beneficiary or transaction, thereby  
11 failing to account for all trust funds received, as required by  
12 Code Section 10145 and Regulations 2831.1, 2950(d) and 2951.

13 (d) Failed to perform a monthly reconciliation of the  
14 balance of all separate beneficiary or transaction records  
15 maintained pursuant to Regulation 2831.1 with the record of all  
16 trust funds received and disbursed by the trust account, as  
17 required by Code Section 10145 and Regulations 2831.2, 2950(d)  
18 and 2951.

19 (e) Failed to place appraisal fees and credit report  
20 fees collected from borrowers into a trust account in the name of  
21 the broker as trustee at a bank or other financial institution,  
22 in violation of Code Section 10145 and Regulation 2832(a).

23 (f) (1) Failed to provide and/or maintain a statement in  
24 writing containing all the information required by Code Section  
25 10241 to various borrowers including but not limited to Lee,  
26  
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1 Hunter, Dubois, Mahany and Edwards, before these borrowers became  
2 obligated to perform under the terms of their respective loans,  
3 as required by Code Section 10240; and

4 (f)(2) Rebates from lenders for Yield Spread Premiums  
5 were not timely disclosed in the Mortgage Loan Disclosure  
6 Statements/Good Faith Estimates provided to the aforesaid  
7 borrowers.

8 (g) Failed to provide, maintain or retain a true,  
9 complete and correct copy of a Department of Real Estate approved  
10 Mortgage Loan Disclosure Statement for nontraditional products  
11 for all the nontraditional loans for borrowers Kaiserman, Perec  
12 and Miller, after September 28, 2007, in violation of Code  
13 Section 10240 and Regulations 2842 and 2848; and

14 (h) Failed to file a timely Mortgage Loan/Trust Deed  
15 Annual Report (RE 881 - Business Activity Report, with the  
16 Department, in violation of Code Section 10232.2(c) and  
17 Regulation 2846.7(b).

18  
19 DISCIPLINARY STATUTES AND REGULATIONS

20 7.

21 The conduct of Respondent BROWN, described in Paragraph  
22 6, violated the Code and the Regulations as set forth:

23 PARAGRAPH

PROVISIONS VIOLATED

24  
25 6(a)

Code Section 10145 and Regulations 2835,  
26 2950(d) and 2951  
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6(b) Code Section 10145 and Regulations 2831,  
2950(d) and 2951

6(c) Code Section 10145 and Regulations  
2831.1, 2950(d) and 2951

6(d) Code Section 10145 and Regulations  
2831.2, 2950(d) and 2951

6(e) Code Section 10145 and Regulation  
2932(a)

6(f) Code Section 10240 and Regulation 2840

6(g) Code Section 10240 and Regulations 2842  
and 2848

6(h) Code Section 10232.2(c) and Regulation  
2846.7(b)

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

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1 NEGLIGENCE

2 8.

3 The overall conduct of BROWN constitutes negligence and  
4 is cause for discipline of the real estate license and license  
5 rights of BROWN pursuant to Code Section 10177(g).

6 LACK OF SUPERVISION AND COMPLIANCE

7 10.

8 The overall conduct of BROWN constitutes a failure to  
9 exercise supervision and control over the licensed activities of  
10 his brokerage. Nor did BROWN maintain a system in place for  
11 regularly monitoring BROWN's compliance with the Real Estate Law  
12 especially in regard to establishing policies to review trust  
13 fund handling and record keeping for BROWN's client's trust  
14 funds, in violation. This conduct is cause for discipline of the  
15 real estate license and license rights of BROWN pursuant to Code  
16 Section 10177(h), 10177(d) and/or 10177(g).

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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 the license and license rights of Respondent  
5 PATRICIA GAIL BROWN, 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  
10 Dated at Los Angeles, California

11 this 12 day of January 2009.

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13 Deputy Real Estate Commissioner

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24 cc: Patricia Gail Brown  
25 Robin Trujillo  
26 Sacto  
Audits - Robert S. Brody

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