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Department of Real Estate  
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Los Angeles, California 90013-1105

Telephone: (213) 576-6982

**FILED**

OCT -9 2012

DEPARTMENT OF REAL ESTATE  
BY: [Signature]

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \* \*

To:	)	No. H-38460 LA
	)	
PATRIOT FINANCIAL SERVICING	)	<u>ORDER TO DESIST</u>
GROUP, INC.; ZACH CHRISTOPHER	)	<u>AND REFRAIN</u>
SOUTHALL; CLINTON W. PHIPPS;	)	(B&P Code Section 10086)
US LOAN ASSISTANCE CORP.;	)	
DEANNA MARTIN; and	)	
OMAR ADWAR.	)	

The Commissioner ("Commissioner") of the Department of Real Estate ("Department") of the State of California caused an investigation to be made of the activities of PATRIOT FINANCIAL SERVICING GROUP, INC., ZACH CHRISTOPHER SOUTHALL, CLINTON W. PHIPPS, US LOAN ASSISTANCE CORP., DEANNA MARTIN, and OMAR ADWAR. Based on that investigation the Commissioner has determined that PATRIOT FINANCIAL SERVICING GROUP, INC., ZACH CHRISTOPHER SOUTHALL, CLINTON W. PHIPPS, US LOAN ASSISTANCE CORP., DEANNA MARTIN, and OMAR ADWAR have engaged in, are engaging in acts or attempting to engage in the business of, acting in the capacity of, and/or advertising or assuming to act as real estate brokers in the State of California within the meaning of Business and Professions Code Sections 10131(d) (advertising, soliciting

1 borrowers for, and offering to negotiate loans or perform loan modification services for  
2 borrowers in connection with loans secured by liens on real property) and 10131.2 (collecting  
3 advance fees in connection with those services).

4 In addition, based on that investigation, the Commissioner has determined that  
5 PATRIOT FINANCIAL SERVICING GROUP, INC., ZACH CHRISTOPHER SOUTHALL,  
6 CLINTON W. PHIPPS, US LOAN ASSISTANCE CORP., DEANNA MARTIN, and OMAR  
7 ADWAR have engaged in or are engaging in acts or are attempting to engage practices  
8 constituting violations of the California Business and Professions Code ("Code"). Based on the  
9 findings of that investigation, set forth below, the Commissioner hereby issues the following  
10 Findings of Fact, Conclusions of Law, and Desist and Refrain Order under the authority of  
11 Section 10086 of the Code.

#### 12 FINDINGS OF FACT

13 1. From August 11, 2008, through the present, PATRIOT FINANCIAL  
14 SERVICING GROUP, INC. ("PATRIOT") has been licensed by the Department as a corporate  
15 real estate broker, Department license no. 01850412. From August 17, 2009, through December  
16 16, 2009, PATRIOT was licensed to do business as US LOAN ASSISTANCE CENTER.  
17 PATRIOT was formerly licensed as PFS Financial Corp.

18 2. From October 15, 2004, through the present, ZACH CHRISTOPHER  
19 SOUTHALL ("SOUTHALL") has been licensed by the Department as a real estate broker,  
20 Department license no. 01254722.

21 3. From August 11, 2008 through January 28, 2010, PATRIOT was acting by and  
22 through SOUTHALL as its officer pursuant to Code Section 10159.2 to be responsible for  
23 ensuring compliance with the Real Estate Law.

24 4. From April 25, 2003, through April 24, 2011, CLINTON W. PHIPPS, aka  
25 Clint Phipps ("PHIPPS") was licensed by the Department as a real estate salesperson,  
26 Department license no. 01352267. PHIPPS' license expired on April 24, 2011.

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1                   5. PATRIOT is a California corporation formed on or about May 30, 2008.  
2 PHIPPS is the president and a director of PATRIOT.

3                   6. US LOAN ASSISTANCE CORP., DEANNA MARTIN (“MARTIN”) and  
4 OMAR ADWAR (“ADWAR”) have never been licensed in any capacity by the Department.

5                   7. On or about February 13, 2009, on behalf of PATRIOT, SOUTHALL  
6 submitted an advance fee agreement and accounting format to the Department for approval. On  
7 March 5, 2009, the Department issued a “no objection” letter of approval of the advance fee  
8 agreement and accounting format submitted by PATRIOT. Said advance fee agreement included  
9 a provision that the advance fee paid was fully refundable until earned by the broker.  
10 Furthermore, if any of the agreed upon services were not completed by the broker by the agreed  
11 upon completion dates, the unearned portion of the advance fee would be refunded to the  
12 principal within 5 business days.

13                   8. On October 11, 2009, then Governor Arnold Schwarzenegger signed Senate  
14 Bill 94 (Calderon), and the legislation took effect immediately upon his signature. Thus,  
15 California law prohibited any person, including real estate licensees and attorneys, from  
16 demanding or collecting an advance fee from a consumer for loan modification or mortgage loan  
17 forbearance services affecting 1 – 4 unit residential dwellings.

18                   9. The following notice was prominently featured on the Department’s website as  
19 of October 11, 2009:

20                   “IF YOU ARE A REAL ESTATE BROKER, OR THE DESIGNATED  
21 OFFICER OF A LICENSED CORPORATION, WHO HAS BEEN ISSUED A “NO  
22 OBJECTION” LETTER BY THE DEPARTMENT OF REAL ESTATE FOR LOAN  
23 MODIFICATION OR OTHER MORTGAGE LOAN FORBEARANCE SERVICES, YOU  
24 CAN NO LONGER ENTER INTO THESE AGREEMENTS EFFECTIVE AS OF OCTOBER  
25 11, 2009, NOR CAN YOU COLLECT ANY ADVANCE FEES FOR SUCH SERVICES.  
26 Agreements entered into and advance fees collected prior to October 11, 2009 are not affected.  
27 Advance fees inadvertently collected after October 11, 2009 must be fully refunded. All real

1 estate licensees should become familiar with the provisions of SB94 as there are substantial  
2 administrative and criminal penalties for violations.”

3           10. For an unknown period of time beginning no later than October 15, 2009,  
4 PATRIOT, SOUTHALL, PHIPPS, MARTIN, and ADWAR, while doing business as US LOAN  
5 ASSISTANCE CORP. or USLAC, solicited and offered loan services to consumers, including  
6 services to assist them in negotiating with lenders, foreclosure forbearance, or obtaining a loan  
7 modification through national advertisements on television, radio or the internet. PATRIOT,  
8 while licensed to do business in California, engaged in the business of claiming, demanding,  
9 charging receiving, collecting or contracting for the collection of advance fees, within the  
10 meaning of Code Section 10026 including, but not limited to, the following loan activities with  
11 respect to loans which were secured by liens on real property.

12           11. On or about October 15, 2009, MARTIN, an unlicensed person working on  
13 behalf of USLAC, solicited and offered to assist borrower Larry S. with loan modification and  
14 negotiation services. Larry S. entered into a written advance fee agreement with USLAC for  
15 loan modification and negotiation services in connection with a loan secured by a lien on real  
16 property. Larry S. paid an advance fee of \$1,725 to USLAC for loan modification and  
17 negotiation services. MARTIN and ADWAR made misrepresentations to Larry S. in order to  
18 induce Larry S. to enter into the advance fee agreement including, among others, that USLAC  
19 could obtain a loan modification for Larry S. and possibly obtain a lower fixed interest rate on  
20 Larry S.'s mortgage. USLAC failed to perform the loan modification and negotiation services  
21 that had been promised to Larry S. USLAC failed to provide an accounting of any services done  
22 for Larry S. or an accounting of the advance fees collected from Larry S.

23           12. The written advance fee agreement provided to Larry S. was not the  
24 agreement reviewed by the Department described in Paragraph 7, above. Larry S. was given a  
25 different written agreement in an effort to circumvent existing laws prohibiting the collection of  
26 advance fees for loan modification and foreclosure forbearance services.

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1                   13. PATRIOT, SOUTHALL, PHIPPS, MARTIN, and ADWAR, while doing  
2 business as US LOAN ASSISTANCE CORP. or USLAC, collected the advance fees described  
3 in Paragraph 11, above, pursuant to the provisions of a written agreement which constitutes an  
4 advance fee agreement within the meaning of Code Section 10085.

5                   14. PATRIOT, SOUTHALL, PHIPPS, MARTIN, and ADWAR, while doing  
6 business as US LOAN ASSISTANCE CORP. or USLAC, failed to comply with the  
7 requirements for handling of advance fees, in violation of Code Section 10146.

8   CONCLUSIONS OF LAW

9                   15. Based on the information contained in Paragraphs 1 through 13, above, US  
10 LOAN ASSISTANCE CORP., MARTIN and ADWAR violated Code Section 10130 by  
11 engaging in activities requiring a real estate license without first obtaining a broker license from  
12 the Department or acting as a salesperson under the employment of a licensed real estate broker.

13                   16. Based on the information contained in Paragraphs 1 through 13, above,  
14 PATRIOT, SOUTHALL, and PHIPPS, while doing business as US LOAN ASSISTANCE  
15 CORP. or USLAC, engaged in the business of claiming, demanding, charging, receiving,  
16 collecting or contracting for the collection of advance fees, within the meaning of Code Sections  
17 10026 and 10131.2, including, but not limited to, loan modification and foreclosure forbearance  
18 services in connection with loans secured by liens on real property or business opportunities.  
19 Said advance fees were collected pursuant to written agreements which constituted advance fee  
20 agreements within the meaning of Code Section 10085. Following October 11, 2009,  
21 PATRIOT, SOUTHALL, PHIPPS, MARTIN, and ADWAR, while doing business as US LOAN  
22 ASSISTANCE CORP. or USLAC, claimed, demanded, charged, received, collected or  
23 contracted for the collection of advance fees, within the meaning of Code Sections 10026, for  
24 loan modification and foreclosure forbearance services in connection with loans secured by liens  
25 on real property or business opportunities, in violation of Code Sections 10085.5 and 10085.6.  
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1 DESIST AND REFRAIN ORDER

2 Based upon the FINDINGS OF FACT and CONCLUSIONS OF LAW stated  
3 herein, IT IS HEREBY ORDERED THAT US LOAN ASSISTANCE CORP., MARTIN and  
4 ADWAR immediately desist and refrain from: performing any acts within the State of California  
5 for which a real estate broker license is required, including:

6 (i) soliciting borrowers and/or performing services for borrowers or lenders in  
7 connection with loans secured directly or collaterally by one or more liens on real property, and

8 (ii) charging, demanding, or collecting a fee for any of the services you offer to  
9 others, unless and until you obtain a real estate broker license issued by the Department, and  
10 until you demonstrate and provide evidence satisfactory to the Commissioner that you are in full  
11 compliance with all of the requirements of the Code and Commissioner's Regulations relating to  
12 charging, collecting, and accounting for fees.

13 IT IS FURTHER ORDERED THAT PATRIOT, SOUTHALL, and PHIPPS,  
14 whether doing business under their own names or any other fictitious business name,  
15 immediately desist and refrain from:

16 1. charging, demanding, claiming, collecting and/or receiving advance fees, as  
17 that term is defined in Section 10026 of the Code, in any form, and under any conditions, with  
18 respect to the performance of loan modifications or any other form of mortgage loan  
19 forbearance service in connection with loans on residential property containing four or fewer  
20 dwelling units (Code Section 10085.6); and

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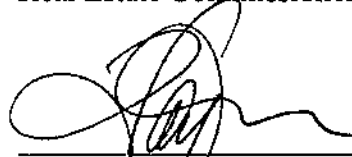
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1                   2. charging, demanding, claiming, collecting and/or receiving advance fees, as  
2 that term is defined in Section 10026 of the Code, for any other real estate related services  
3 offered by them to others.

4                   DATED: August 10, 2012.

5  
6                   Real Estate Commissioner

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8                   

9                   By WAYNE S. BELL  
                    Chief Counsel

10                  **Notice:** Business and Professions Code Section 10139 provides that "Any person acting as a  
11 real estate broker or real estate salesperson without a license or who advertises using words  
12 indicating that he or she is a real estate broker without being so licensed shall be guilty of a  
13 public offense punishable by a fine not exceeding twenty thousand dollars (\$20,000), or by  
14 imprisonment in the county jail for a term not to exceed six months, or by both fine and  
15 imprisonment; or if a corporation, be punished by a fine not exceeding sixty thousand dollars  
16 (\$60,000)."

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20                  cc:    Patriot Financial Servicing Group, Inc. / Clinton W. Phipps / US Loan Assistance Corp./  
21                    Deanna Martin / Omar Adwar  
22                    3972 Barranca Pkwy., Suite J-151  
                    Irvine, CA 92606

23                    Zach Christopher Southall  
24                    548 Market Street, Suite 97256  
25                    San Francisco, CA 94104