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DEC 11 2012

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

3 (213) 576-6982

DEPARTMENT OF REAL ESTATE  
BY: *[Signature]*

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \* \* \*

11 To:	)	No. H-38608 LA
	)	
12 COLONIAL REALTY GROUP, INC.,	)	<u>ORDER TO DESIST</u>
	)	
	)	<u>AND REFRAIN</u>
	)	

15 The Commissioner (Commissioner) of the California  
16 Department of Real Estate (Department) caused an investigation to  
17 be made of the activities of COLONIAL REALTY GROUP, INC.  
18 ("COLONIAL"). Based on that investigation, the Commissioner has  
19 determined that COLONIAL has violated the exemption for real  
20 estate brokers performing in house escrows for their own brokered  
21 sales and loans pursuant to California Financial Code Section  
22 17006(a)(4) (Financial Code). Furthermore, based on the  
23 investigation, the Commissioner hereby issues the following  
24 Findings of Fact, Conclusions of Law, and Desist and Refrain  
25 Order under the authority of Business and Professions Code (Code)  
26 Section 10086.

1           Whenever acts referred to below are attributed to  
2 COLONIAL, those acts are alleged to have been done by COLONIAL,  
3 acting by itself, or by and/or through one or more agents,  
4 associates, or affiliates.

5   FINDINGS OF FACT

6           1. At all time herein mentioned COLONIAL was licensed  
7 by the Department as a real estate broker.

8           2. During 2010, COLONIAL engaged in the business of a  
9 real estate broker conducting licensed activities within the  
10 meaning of Code Sections 10131(a), 10131(d) and Financial Code  
11 Section 17006(a)(4) engaging in a residential resale, mortgage  
12 loan, and in-house escrow respectively.

13           3. On January 14, 2011, the Department completed an  
14 audit examination of the books and records of COLONIAL,  
15 pertaining to the broker-controlled escrow activities described  
16 in Paragraph 2, that require a real estate license. The audit  
17 examination covered a period of time beginning on March 16, 2010  
18 to October 31, 2010. The audit examination revealed violations  
19 of the Financial Code as set forth below, and more fully  
20 discussed in Audit Report SD 100025/26 and 27 and the exhibits  
21 and work papers attached to said audit report, in particular:

22                           (a) COLONIAL conducted third party sales and escrows  
23 for the borrowers in the escrows listed below where COLONIAL was  
24 not performing acts in the course of or incidental to a real  
25 estate transaction, in which COLONIAL was an agent or party to  
26 the transaction and in which COLONIAL was performing acts for  
27 which a real estate license is required:

1                   Escrow Numbers: GK 10003, 10017, 10018, 10021, 10022,  
2 10033, 10040, 10016, 10027, 10019 10029, and 10042.

3                   CONCLUSIONS OF LAW

4                   4. Based on the information contained in Paragraphs 1  
5 through 3, above, COLONIAL conducted broker controlled escrows.  
6 Said escrow services were not conducted incidental to a real  
7 estate transaction where the broker was a party or agent and  
8 where the broker was performing acts for which a real estate  
9 license is required, in violation of Financial Code Section  
10 17006(a)(1)

11                   DESIST AND REFRAIN ORDER

12                   Based on the FINDINGS OF FACT and CONCLUSIONS OF LAW  
13 stated herein, it is hereby ordered that:

14                   (A) COLONIAL immediately desist and refrain from:  
15 performing broker controlled escrows, unless and until you are in  
16 compliance with California Financial Code Section 17006(a)(4).

17                   DATED: 9/21/2012

18                   Real Estate Commissioner

19  
20   
21 By WAYNE S. BELL  
22 Chief Counsel

23  
24 cc: Colonial Realty Group, Inc.  
25 98 E. Grand Blvd. 2<sup>nd</sup> Floor  
26 Corona, CA 92879

27 JRP:JAH