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BUREAU OF REAL ESTATE

By Norma Simms

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of	)	No. H-38744 LA
	)	
FIRST REAL ESTATE GROUP	)	
INC; and VICTOR MANUEL	)	
BARAJAS JR., individually	)	
and as former designated	)	
officer of First Real	)	
Estate Group Inc,	)	
	)	
Respondents.	)	
	)	

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 May 9, 2013, and the findings of fact set forth herein are based on one or more of the following: (1) Respondents FIRST REAL ESTATE GROUP INC's ("FREGI") and VICTOR MANUEL BARAJAS JR's (BARAJAS) express admissions; (2) affidavits; and (3) Department Audit Report LA100030 and (4) other evidence.

FACTUAL FINDINGS

1.

On February 5, 2013, Maria Suarez 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 and regular mail, to FREGI's and BARAJAS' last known mailing addresses on file with the Department of Real Estate ("Department") on February 27, 2013. These documents were sent by certified and regular mail to another known address of BARAJAS on April 9, 2013.

2.

On May 9, 2013, no Notice of Defense having been filed by Respondents within the time prescribed by Section 11506 of the Government Code, Respondents' default was entered herein.

LICENSE HISTORY

3.

A. At all times mentioned, FREGI was licensed and/or has license rights issued by the Department as a corporate real estate broker. FREGI was originally licensed as a corporate real estate broker on August 1, 2003.

B. At all times mentioned, BARAJAS was licensed and/or had license rights issued by the Department as a real estate broker. BARAJAS was originally licensed as a real estate broker on August 2, 2007.

C. From August 16, 2007 through August 18, 2010, FREGI was licensed by the Department as a corporate real estate broker by and through BARAJAS, as the designated officer and broker responsible, pursuant to Code Section 10159.2, for supervising the activities requiring a real estate license conducted on behalf of FREGI, or by FREGI's officers, agents and employees.

BROKERAGE

4.

At all times mentioned, in the cities of Santa Ana and Anaheim, County of Orange, FREGI and BARAJAS acted as real estate brokers, conducting licensed activities within the meaning of Code Section 10131(d): soliciting borrowers or lenders,

negotiating loans, collecting payments or performing services for borrowers, in connections with loans secured by real property.

AUDIT

5.

On March 25, 2011, the Department completed an audit examination of the books and records of FREGI pertaining to the activities described in Paragraph 4 which require a real estate license. The audit examination covered a period of time from August 1, 2007 to July 31, 2010. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and as more fully discussed in Audit Report LA100030 and the exhibits and workpapers attached to said audit report.

VIOLATIONS

6.

In the course of activities described in Finding 4 above and during the examination period described in Finding 5, FREGI and BARAJAS acted in violation of the Code and the Regulations in that:

(a) FREGI received credit report fees through the close of escrow but failed to maintain a record of trust funds received and disbursed, in violation of Code Section 10145 and Regulation 2831.

(b) FREGI received credit report fees through the close of escrow, but failed to maintain separate records of trust funds received and disbursed, in violation of Code Section 10145 and Regulation 2831.1.

(c) FREGI commingled credit report and appraisal fees in its general bank account and did not deposit these fees in a trust account, in violation of Code Sections 10176(e) and 10145 and Regulation 2832.

(d) The Mortgage Loan Disclosure Statements (MLDS) found in FREGI's loan files were not complete. FREGI did not disclose to borrowers in writing that they received yield spread premiums from lenders as additional compensation. Also, approved MLDS were not found in three (3) of the seven (7) loan files examined. Finally, the Good Faith Estimates used by FREGI did not satisfy the requirements of Code Section 10240(c). These constituted violations of Code Sections 10240(a) and 10240(c) and Regulation 2840.

(e) The license numbers of FREGI and its loan agents were not included, or a wrong license number was disclosed, on the MLDS, in violation of Code Section 10236.4.

(f) FREGI did not retain the license certificates for salespersons Lindy Michelle Laurin, Araceli Padilla, Linda H. Gonzalez, Eloisa Rodriguez Mena and Eva P. Lara, in violation of Code Section 10160 and Regulation 2753.

(g) FREGI conducted real estate activities using the names "1st Mortgage Group", "First Mortgage" and "Golden Empire Mortgage" when FREGI was not the holder of licenses bearing these fictitious business names, in violation of Code Section 10159.5 and Regulation 2731.

(h) FREGI did not notify the Department of a change in its main office address within the next business day following the change, in violation of Code Section 10162 and Regulation 2715.

(i) FREGI failed to maintain records, which included bank statements, reliable copies of invoices and cancelled checks related to credit report and appraisal fees, in violation of Code Section 10148.

DETERMINATION OF ISSUES

1.

The foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of FREGI and BARAJAS, under the provisions of Code Sections 10165, 10176(e), 10177(d) and/or 10177(g).

2.

The overall conduct of BARAJAS constituted a failure on his part, as an officer designated by a corporate broker licensee, to exercise reasonable supervision and control over the licensed activities of FREGI as required by Code Section 10159.2, and to keep FREGI in compliance with the Real Estate Law, and is cause for the suspension or revocation of the real estate license and license rights of BARAJAS pursuant to the provisions of Code Sections 10177(d), 10177(g) and 10177(h).

3.

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

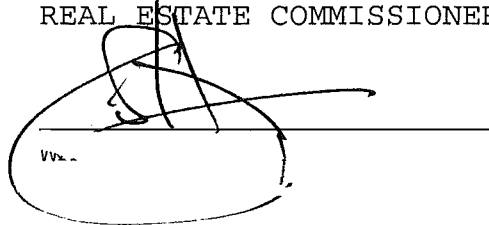
ORDER

The real estate license and license rights of Respondents FIRST REAL ESTATE GROUP INC and VICTOR MANUEL BARAJAS JR. under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

This Decision shall become effective at 12 o'clock noon on AUG 21 2013, 2013

DATED: July 17, 2013

REAL ESTATE COMMISSIONER

A handwritten signature in black ink, appearing to read "J. Mason", is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

By: JEFFREY MASON
Chief Deputy Commissioner

FILED

Department of Real Estate
320 West Fourth Street, Suite 350
Los Angeles, CA 90013

MAY - 9 2013

(213) 576-6982

DEPARTMENT OF REAL ESTATE

BY: James B. Chan

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of) NO. H-38744 LA
FIRST REAL ESTATE GROUP INC)
and VICTOR MANUEL BARAJAS JR.,) DEFAULT ORDER
individually and as former)
designated officer of)
First Real Estate Group Inc.,)
Respondents.)

Respondents FIRST REAL ESTATE GROUP INC and VICTOR
MANUEL BARAJAS, having failed to file a Notice of Defense
within the time required by Section 11506 of the Government
Code, are now in default. It is, therefore, ordered that a
default be entered on the record in this matter.

IT IS SO ORDERED May 8, 2013.

Wayne S. Bell
Real Estate Commissioner

By: Dolores Weeks
DOLORES WEEKS
Regional Manager