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**FILED**

**OCT 08 2019**

**DEPT. OF REAL ESTATE**

By *John* *John*

9 BEFORE THE DEPARTMENT OF REAL ESTATE  
10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Application of ) No. H-41517 LA  
13 OSVALDO A. FAVELA, )  
14 ) STATEMENT OF ISSUES  
15 Respondent. ) Mortgage Loan Originator  
16 ) License Endorsement

17 The Complainant, Chika Sunquist, a Supervising Special Investigator of the  
18 State of California, for cause of Statement of Issues against OSVALDO A. FAVELA  
19 ("Respondent"), alleges as follows:

20 1.

21 The Complainant, Chika Sunquist, Supervising Special Investigator of the State  
22 of California, makes this Statement of Issues against Respondent in her official capacity.

23 2.

24 Respondent is presently licensed and/or has license rights under the Real Estate  
25 Law, Part 1 of Division 4 of the California Business and Professions Code ("Code"), as a real  
26 estate salesperson (License ID 01247468). Respondent's license expires on April 30, 2021,  
27 unless renewed.

STATEMENT OF ISSUES

1 3.

2 On or about May 1, 2018, Respondent made application to the Department of  
3 Real Estate ("Department") of the State of California for an individual mortgage loan originator  
4 ("MLO") license endorsement.

5 GROUND FOR DENIAL OF MLO LICENSE ENDORSEMENT

6 4.

7 Section 10166.05(c) of the Code provides, in pertinent part, that the  
8 Commissioner shall not issue a MLO license endorsement to an applicant unless said applicant  
9 has demonstrated such financial responsibility, character, and general fitness as to command the  
10 confidence of the community and warrant a determination that the mortgage loan originator will  
11 operate honestly, fairly, and efficiently within the purposes of the article.

12 5.

13 Section 10166.051(b) of the Code provides that the Commissioner may deny,  
14 suspend, revoke, condition, or decline to renew a mortgage loan originator license endorsement,  
15 if an applicant or endorsement holder fails at any time to meet the requirements of Section  
16 10166.05 or 10166.09, or withholds information or makes a material misstatement in an  
17 application for a license endorsement or license endorsement renewal.

18 6.

19 Section 2758.3 of Title 10, Chapter 6 of the California Code of Regulations  
20 ("Regulations") provides that an applicant may be precluded from obtaining a mortgage loan  
21 originator license endorsement where his personal history includes (1) any liens or judgments  
22 for fraud, misrepresentation, dishonest dealing, and/or mishandling of trust funds; or (2) other  
23 liens, judgments, or financial or professional conditions that indicate a pattern of dishonesty on  
24 the part of the applicant.

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(CIVIL JUDGMENTS)

Maria Dolores Alvarez, et al. v. Grace Umana, et al.

7.

On or about November 3, 2011, in the Superior Court of California, County of San Diego, Case No. 37-2011-00079509-CU-OR-SC, *Maria Dolores Alvarez, et al. v. Grace Umana, et al.*, a Complaint was filed against Respondent and co-defendants alleging, in part, fraud and intentional misrepresentation, false promise, negligent misrepresentation, and conversion relating to a real estate transaction.

8.

On or about May 8, 2013, Case No. 37-2011-00079509-CU-OR-SC, *Maria Dolores Alvarez, et al. v. Grace Umana, et al.*, the court entered a default judgment against Respondent and co-defendants for \$250,731.04. On or about May 13, 2013, the court amended the amount awarded to plaintiff to \$242,917.50.

Interinsurance Exchange of the Automobile Club v. Osvaldo A. Favela, et al.

9.

On or about July 30, 2009, in the Superior Court of California, County of San Diego, Case No. 37-2009-00095125-CL-PA-CTL, *Interinsurance Exchange of the Automobile Club v. Osvaldo A. Favela, et al.*, a Complaint for personal injury and property damage was filed against Respondent and co-defendants.

10.

On or about February 22, 2011, in Case No. 37-2009-00095125-CL-PA-CTL, *Interinsurance Exchange of the Automobile Club v. Osvaldo A. Favela, et al.*, the court entered a default judgment against Respondent and co-defendants for \$10,024.99.

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(TAX LIEN)

11.

For tax periods December 31, 2003 and December 31, 2004, Respondent owes the Department of the Treasury, Internal Revenue Service, the unpaid balance of \$184,136.74, which includes penalties and interest.

(WITHHELD INFORMATION OR MADE MATERIAL MISSTATEMENTS)

12.

In response to Question (A) in the section entitled "Financial Disclosure" under "Disclosure Questions" of Respondent's MLO license endorsement application submitted on May 1, 2018, to wit: "Do you have any unsatisfied judgments or liens against you?" Respondent answered "Yes," but only disclosed the IRS tax lien described in Paragraph 11 above. Respondent failed to disclose the civil judgments described in Paragraphs 7 through 10 above, which constitutes the withholding of information or the making of a material misstatement as to the unsatisfied judgments against him.

13.

The facts alleged in Paragraphs 7 through 12 above, constitute cause for the denial of Respondent's application for a MLO license endorsement under Code sections 10166.05(c) and 10166.051(b) and Regulations section 2758.3.

14.

These proceedings are brought under the provisions of Section 10100, Division 4 of the Business and Professions Code of the State of California and Sections 11500 through 11528 of the California Government Code.

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2 WHEREFORE, the Complainant prays that the above-entitled matter be set for  
3 hearing and, upon proof of the charges contained herein, that the Commissioner refuse to  
4 authorize the issuance of, and deny the issuance of, a MLO license endorsement to Respondent  
5 OSVALDO A. FAVELA and for such other and further relief as may be proper under other  
6 applicable provisions of law.

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8 Dated at Sacramento, California this 2nd day of October, 2018.

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12 Chika Sunquist  
13 Supervising Special Investigator  
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25 cc: OSVALDO A. FAVELA  
26 Chika Sunquist  
27 Sacto.