FILED

SEP 25 2026

DEPT OF REAL ESTATE

By [redacted]

JUDITH A. BURANDAY, Counsel (SBN 278115)
Department of Real Estate
320 West 4th Street, Suite 350
Los Angeles, California 90013-1105
Phone: (213) 559-5990
Direct: (213) 443-9263
Fax: (213) 576-6917
Email: Judith.Buranday@dre.ca.gov
Attorney for Complainant

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation Against JOE L. VANNI, doing business as HRF Mortgage and HRF Servicing, Respondent.	No. H-43304 LA ACCUSATION

The Complainant, Veronica Kilpatrick, a Supervising Special Investigator for the Department of Real Estate ("Department") of the State of California, for cause of Accusation against JOE L. VANNI, doing business as HRF Mortgage and HRF Servicing, ("Respondent") alleges as follows:

1.

The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California, makes this Accusation in her official capacity.

2.

All references to the "Code" are to the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6 of the California Code of Regulations.

///

LICENSE HISTORY

3.

Respondent is presently licensed and/or has license rights under the Code as a real estate broker (License ID 00680141). Respondent maintains the fictitious business names "HRF Mortgage" and "HRF Servicing" with the Department. Respondent holds a mortgage loan originator ("MLO") license endorsement with the Department (NMLS ID 303229).

PREVIOUS DISCIPLINARY ACTIONS

4.

On or about November 20, 2013, in Department Case No. H-11536 SF, Respondent's real estate broker license was suspended for twenty (20) days, with a stay of execution for one (1) year upon terms and conditions, pursuant to Code section 10177(d) (willful disregard or violation of the Real Estate Law), for the following violations while acting as a mortgage loan originator:

a. Failed to maintain separate records, in violation of Regulations section 2831.1;

b. Failed to provide lenders with monthly reconciliations of the outstanding loan balance on each loan, in violation of Regulations section 2831.2;

c. Failed to properly designate Respondent's bank account as a trust account despite using the account to handle client trust funds, in violation of Code sections 10145 and Regulations section 2832;

d. Allowed Respondent's wife and an unlicensed individual, to withdraw trust funds form the trust account without a fidelity bond covering at least the maximum amount of the trust funds to which Respondent's wife had access, in violation of Regulations section 2834;

e. Failed to provide to the Department with the signed Lender/Purchase Disclosure Statements, in violation of Code section 10231.2(a);

f. Failed to file with the Department a Multi-lender Transaction Notice, in violation of Code section 10238; and

g. Failed to file quarterly and annual trust fund status reports with the Department, in violation of Code sections 10232.2(a) and (c) and 10232.25.

5.

On or about June 22, 2016, in Department Case No. H-11901 SF, Respondent's real estate broker license was suspended for sixty (60) days, with a stay of execution for one (1) year upon terms and conditions, pursuant to Code sections 10177(d) (willful disregard or violation of the Real Estate Law) and 10177(g) (demonstrated negligence in performing an act for which a license is required), for the following violations while acting as a mortgage loan originator:

a. Allowed trust funds to be deposited into an operating account and not the trust account, in violation of Code section 10145 and Regulations section 2832;

b. Commingled trust funds by depositing trust funds in general bank account, in violation of Code section 10176(e);

c. Failed to maintain separate records, in violation of Code section 10145 and Regulation 2831.1;

d. Allowed Respondent's wife and an unlicensed individual, to appear as a signatory on an operating account that had trust funds without a fidelity bond covering at least the maximum amount of the trust funds to which Respondent's wife had access, in violation of Regulations section 2834; and

e. Used personal funds to advance investors payments, in violation of Code section 10233.1.

6.

On or about October 2, 2024, in Case No. H-12688 SF, Respondent's real estate broker license was suspended for one hundred and twenty (120) days with a stay of execution for two (2) years, upon terms and conditions, pursuant to Code sections 10177(d) (willful disregard or violation of the Real Estate Law) and 10177(g) (demonstrated negligence in

performing an act for which a license is required), for the following violations while acting as a mortgage loan originator:

a. Allowed trust funds to be disbursed when there were insufficient funds to do so without consent from the owners, in violation of Code section 10145 and Regulations section 2832.1;

b. Commingled trust funds by depositing trust funds into Respondent's general bank account, in violation of Code sections 10145 and 10176(e);

a. Converted trust funds when Respondent used trust funds in general bank account to pay for personal and financial obligations without the consent of the owners, in violation of Code sections 10145 and 10176(i), and Regulations 2832;

b. Commingled broker funds and commissions with trust funds by depositing broker funds into Respondent's trust account, in violation of Code sections 10145 and 10176(e);

c. Failed to maintain complete and accurate trust fund records, in violation of Code section 10145 and Regulations section 2831;

d. Failed to maintain complete and accurate separate records, in violation of Code sections 10145 and Regulations section 2831.1;

e. Failed to perform monthly reconciliations, in violation of Regulations section 2831.2;

f. Failed to obtain and retain lender's signed statement indicating percentage of investment, in violation of Code sections 10232.3 and 10238(f);

g. Failed to record trust deeds, in violation of Code section 10234(c);

h. Failed to deliver copies of recorded assignment of the deed of trust to investors, in violation of Code section 10234.5;

i. Advanced other than borrower's funds, in violation of Code section 10233.1 and 10238(k)(2);

j. Failed to timely file with the Department the Quarterly Multi-Lender servicing reports, in violation of Code sections 10238(j)(4), 10238(j)(5), 10238(j)(6), and 10238(k)(3);

k. Failed to timely file with the Department a Multi-Lender Transaction notice (RE860), in violation of Code sections 10238(a) and 10238(b) and Regulations section 2846.1;

l. Failed to identify the loan transaction or claim of exemption from securities qualifications, in violation of Code sections 10236.7(a) and 10236.7(b);

m. Loan servicing agreements maintained by Respondent did not satisfy the requirements of Code section 10233(a), 10238(k)(1)(b)(2), and 10238(k)(1)(b)(5);

n. Failed to retain a complete copy of the Department-approved Mortgage Loan Disclosure Statement (RE882) as signed by the borrowers, in violation of Code section 10240(a) and Regulations section 2840;

o. Failed to obtain and retain the fair lending notice (RE867) as signed by the borrowers, in violation of California Health and Safety Code sections 35800 through 35833;

p. Failed to disclose earnings credit from trust funds in trust account, in violation of Code section 10176(g) and Regulations section 2830); and

q. Made substantial misrepresentations when Respondent failed to notify investors of title name changes, in violation of Code section 10176(a).

REAL ESTATE ACTIVITY

7.

At all times relevant herein Respondent engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California, within the meaning of Code section 10131(d) , when Respondent engaged, for compensation or in expectation of a compensation, in soliciting borrowers or lenders for or negotiating loans or collecting payments of performing services for borrowers or lenders or note owners in

connection with loans secured directly or collaterally by liens on real property or on a business opportunity.

CAUSE FOR ACCUSATION

(AUDIT NO. SD250025)

8.

On or about July 10, 2026, the Department completed an audit examination of the books and records of Respondent pertaining to Respondent's mortgage loans and loan servicing activities described in Paragraph 7 above, to determine whether Respondent is in compliance with the Code and Regulations and whether Respondent corrected the violations found in the prior audit, Audit Report No. SD220005, in Case No. H-12688 SD. The audit examination covered the time period from November 1, 2024, to February 28, 2026 ("audit period").

9.

During the audit period, according to Respondent and the records examined, Respondent performed collection services for borrowers and lenders. Respondent maintained the following two bank accounts in connection with his mortgage loan services:

Trust Account 1 ("T/A 1")

Bank:	California Bank of Commerce
Account Name:	Joe L. Vanni
	DBA HRF Servicing Trust Account
Account Number:	xxxxx98
Signatories:	Joe Vanni
Purpose:	handling the receipts and disbursements of trust funds for one-to-four residential properties in connection with Respondent's mortgage loan servicing activity

Trust Account 2 ("T/A 2")

Bank:	California Bank of Commerce
Account Name:	Joe L. Vanni
	DBA HRF Servicing Trust Account

Account Number: xxxxx67

Signatories: Joe Vanni

Purpose: handling the receipts and disbursements of trust funds for commercial properties in connection with Respondent's mortgage loan servicing activity

10.

According to Respondent, during the audit period, Respondent collected monthly payments for two (2) loans for three (3) investors and collected principal payoffs for two (2) loans through T/A 1. Respondent collected monthly payments for eleven (11) loans for seven (7) investors through T/A 2. Respondent, however, did not collect principal payoffs through T/A 2. Respondent also arranged and negotiated two (2) hard money non-institutional loans for borrowers and private investors for compensation during the audit period. These hard money loans were for business and investment purposes.

11.

The audit examination revealed violations of the Code and the Regulations, as set forth in the following paragraphs, and more fully discussed in Audit Report No. SD250025 exhibits and work papers attached to the audit reports:

(a) Trust Fund Handling for Multiple Beneficiaries (Code section 10145; Regulations section 2832.1).

T/A 1

The Department auditor prepared the bank reconciliation for T/A 1. It was determined that T/A 1 had a trust fund shortage of $604.50, as of December 31, 2025, the cause of which could not be identified. T/A 1 also had broker funds and fees totaling $321.32 as of December 31, 2025.

T/A 2

The Department auditor prepared the bank reconciliation for T/A 2. It was determined that T/A 2 had a trust fund shortage of $642.39 as of February 28, 2026, the cause of which could not be identified. T/A 2 also had broker funds and fees totaling $206.43 and commingled broker fees totaling $2,447.03 as of February 28, 2026.

Respondent did not provide any evidence that all the owners of the trust funds had given their written consent to allow Respondent to reduce the balance of the funds in T/A 1 and T/A 2 to an amount less than the existing aggregate trust fund liabilities.

(b) Commingling / Broker Funds Held Longer Than Twenty-Five (25) Days / Mishandling of Trust Funds (Code sections 10145, 10176(e) and Regulations section 2835(b).

During the audit period, loan servicing fees earned by Respondent were in T/A 2 for more than twenty-five (25) days after their deposit. Respondent's loan servicing fees in T/A 2 totaled $2,447.03 and commingled with trust funds in T/A 2 as of February 28, 2026.

(c) Separate Record for Each Beneficiary or Transaction (Code section 10145 and Regulations section 2831.1).

a. T/A 1 Separate Records

The separate records for T/A 1 were inaccurate and incomplete. Some receipts were deposited into T/A 1 but were not recorded on the separate records of T/A 1. For example:

Date	Amount	Received From
11/12/2024	$298.53	Unknown
11/15/2024	$1,053.00	J.H.[1]
11/15/2024	$1,082.00	J.H.
11/26/2024	$1,531.41	F.B.
12/5/2024	$225,687.33	WFG N.T.I.
3/25/2025	$100,000.00	L.B.
5/19/2025	$835.00	J.H.
12/22/2025	$260,131.00	F.B.

Furthermore, some disbursements from T/A 1 were not recorded on the separate records of T/A 1. For example:

///

///

[1] Initials are used in place of individual's full name to protect their privacy.

Date	Check No.	Amount	Payee	Borrower
11/30/2024	11802	$947.69	A.C.	J.H.
11/30/2024	11804	$973.92	J.H.	J.H.
12/5/2024	11795	$175,000.00	D.D.	O
3/28/2025	Wire	$100,000.00	WFG N.T.I.	J.H.
5/30/2025	11842	$750.00	L.B.	J.H.
12/30/2025	11880	$230,000.00	J.B.	F.B.

b. T/A 2 Separate Records

The separate records for T/A 2 were inaccurate and incomplete. Some receipts were deposited into T/A 2 but were not recorded on the separate records. For example:

Date	Amount	Received From
11/12/2024	$1,950.00	H.O.P.
11/12/2024	$4,995.00	K.A. and A.A.
12/3/2025	$200,000.00	J.B.
12/3/2025	$50,000.00	J.B.

Some disbursements from T/A 2 were not recorded on the separate records. For Example:

Date	Check No.	Amount	Payee	Borrower
11/30/2024	558	$1,755.00	T.E.	H.O.P.
11/30/2024	546[2]	$195.00	HRF Servicing	H.O.P.
11/30/2024	561	$4,495.00	T.E.	K.A. and A.A.
11/30/2024	546	$500.00	HRF Servicing	K.A. and A.A.
12/5/2025	Wire	$243,756.25	WFG National Title Ins.	F.B.

///

///

///

[2] Check No. 546, dated 11/30/2024, was for a total amount of $1,880.82. Respondent's servicing fees disbursement of $195.00 and $500.00 were part of this check.

c. T/A 1 Broker Fees

The separate record for broker's fees earned and disbursed for T/A 1 was inaccurate and incomplete. The separate record was missing the date of deposit, check number, check date, and was not in chronological sequence by date. For example:

Check Date	Check No.	Amount
11/30/2024	11788	$546.72
12/31/2024	11808	$494.22
1/31/2025	11818	$738.75
2/28/2025	11824	$638.99
3/31/2025	11825	$644.70
4/30/2025	11830	$624.87

d. T/A 2 Broker Fees

The separate record for broker's fees earned and disbursed for T/A 2 was inaccurate and incomplete. The separate record was missing the date of deposit, check number, check date, and was not in chronological sequence by date. For example:

Check Date	Check No.	Amount
11/30/2024	546	$1,880.82
1/31/2025	579	$2,109.15
2/28/2025	580	$1,880.82
3/31/2025	595	$1,880.82
4/30/2025	613	$1,880.82

d. Trust Account Reconciliation (Code section 10145 and Regulations section 2831.2).

Based on the separate records and the control record provided for the audit, Respondent failed to perform the monthly reconciliation comparing the balance of all the separate beneficiaries' records to the balance of the control record for T/A 1 and T/A 2.

///

///

///

e. Secret Profit or Undisclosed Compensation / Broker Placement of Trust Funds with Financial Institutions (Code section 10176(g) and Regulations section 2830).

Respondent received earnings credit from trust funds available in T/A 1 and T/A 2 in connection with loan servicing activity during the audit period. The earnings credit was used to offset bank service charges incurred in T/A 1 and T/A 2, and was not disclosed in writing in all the loan servicing agreements sampled for examination.

For example:

T/A 1		T/A 2	
Month/Year	Amount	Month/Year	Amount
December 2024	$30.49	November 2024	$15.75
December 2025	$44.05	December 2025	$14.92
March 2025	$6.76	January 2026	$10.37
January 2026	$18.41	February 2026	$9.95

f. Loan to Value and Other Requirements / Lender's Signed Statement Indicating Percentage of Investment (Code section 10232.3(b)).

Respondent failed to provide the lenders with a copy of the appraisal report or broker's evaluation of the estimated fair market value for the property securing the note in the following two (2) hard money loan files examined:

Date Funded	Loan Amount	Borrower	Lender
12/8/2025	$500,000.00	J.B./M.N.	J.B. and L.B.
3/28/2025	$100,000.00	J.H.	L.B.

g. Loan to Value and Other Requirements / Lender's Signed Statement Indicating Percentage of Investment (Code section 10232.3(b)).

Respondent failed to obtain and retain the lender's signed statement indicating that their investment in the transaction does not exceed either 10% of their net worth or 10% of their adjusted gross income.

///

///

h. Disclosure Statement (Code sections 10232.4(a) and 10232.5(a) and Regulations section 2846).

Respondent failed to provide the lenders with the Lender/Purchase Disclosure Statement: "Loan Origination" (Form RE 851A) as required for hard money loans.

i. Investor Questionnaire / Suitability (Code sections 10232.45(c) and 10232.45(d)).

Repsondent failed to obtain and retain the investor questionnaire or determine investor suitability (RE 870) from the investors as required for hard money loans.

j. Recordation of Trust Deeds, Assignments (Code section 10234(a)).

Respondent arranged and negotiated two (2) loans secured by a deed of trust on real property and failed to record the deed of trust with the county recorder, identifying the lenders as the beneficiaries. Instead, Respondent caused the deed of trust to be recorded with his licensed fictitious business name "HRF Mortgage" as the beneficiary.

k. Written Disclosure Statement / Approved Borrower Disclosure Statement for Nontraditional and Subprime Mortgage Products (Code section 10240(a) and Regulations section 2842).

Respondent failed to retain a complete copy of the DRE-approved Mortgage Loan Disclosure Statements ("MLDS") (Form RE 885) as signed by the borrowers in the two (2) hard money loans Respondent arranged and negotiated.

l. Fair Lending Notice / The Housing Financial Discrimination Act of 1977 (Health and Safety Code section 35800 et seq. (35800 through 35833).

Respondent failed to obtain and retain the fair lending notice (RE 867) as signed by the borrowers in the two (2) hard money loans Respondent arranged and negotiated.

m. Authorization Required to Service Promissory Note / Written Servicing Agreements (Code sections 10233(a), 10238(k)(1)(b), 10238(k)(2), and 10238(k)(5)).

All the loan servicing agreements maintained by Respondent and examined did not satisfy the requirements of Code sections 10238(k)(1), 10238(k)(2), and 10238(k)(5).

///

///

n. Use of False or Fictitious Name (Code section 10159.5 and Regulations section 2731).

During the audit period, Respondent used the unlicensed fictitious business names "HRF Mortgage" and "HRF Servicing" in connection with Respondent's mortgage loan brokerage and loan servicing activities. The fictitious business names "HRF Mortgage" and "HRF Servicing," however, were registered with the Department as fictitious business names for Respondent on or around March 2, 2026, and December 30, 2025, respectively. The unlicensed fictitious business name "HRF Servicing" appeared on the bank signature card, bank statements, and cancelled checks of T/A 1 and T/A 2. The unlicensed fictitious business name "HRF Mortgage" appeared on loan servicing agreements and on all of the investors' statements that were maintained and dated during the audit period. For example:

Lender Name	Borrower Name	Property Street Name	Servicing Agreement Date
L.B.	J.B.	Sunnybrook Ln.	11/11/2025 (T/A 2)
J.B.	J.B.	Sunnybrook Ln.	11/11/2025 (T/A 2)
L.B.	J.H.	Fitzgerald St.	3/25/2025 (T/A 1)

o. Incomplete Fiscal Year Reports / Annual Trust Account Review (TAR) (Code section 10232.2(a) and Regulations sections 2846.5 and 2846.7).

The Annual Report of a Review of Trust Fund Financial Statements (TAR) submitted by Repsondent for Respondent's fiscal year ending on December 31, 2024, was incomplete in that it was missing the trust fund balances and liabilities of the trust funds in T/A 2.

p. Incomplete Annual Business Activity Reports (BAR) (Code section 10232.2(c) and Regulations section 2849.01).

The Annual Business Activity Reports ("BAR") and Mortgage Loan/Trust Deed Annual Report submitted by Respondent for Respondent's fiscal years ending on December 31, 2024, and December 31, 2025, were incomplete in that the annual reports were missing the loan servicing volume and information of the trust funds in T/A 2. For example, the missing information included the total number of notes serviced during the reporting period, the number of fractionalized noted serviced, total dollar amount of payments collected from the borrowers

during the reporting period, including payoffs, total dollar amount of payments collected from the borrowers on fractionalized loans during the reporting period, including payoff, total dollar amount of loans serviced, and total dollar amount of fractionalized loans serviced.

Furthermore, the BAR filed by Respondent for the fiscal year ending on December 31, 2025, did not include any information. Respondent reported zero in each category on the 2025 BAR. Respondent closed two (2) hard money loans which should have been reported on the 2025 BAR.

q. Incomplete Quarterly Trust Fund Status Reports (Code sections 10232.25(a) and 10232.25(b) and Regulations section 2846.8).

The Quarterly Trust Fund Status Reports (RE 855 and RE 856) submitted by Respondent for the first, second and third fiscal quarters for the fiscal year ending December 2024, were incomplete in that the reports were missing the loan servicing information and the bank account reconciliations of T/A 2 during the reporting quarterly periods.

r. License Required / Performing Licensed Acts with a Suspended License / Unlawful Retention or Payment of Compensation (Code sections 10130 and 10137).

Respondent was compensated for collecting loan payments and performing loan servicing for borrowers and lenders while his license was suspended from October 2, 2024, through November 14, 2024, and from May 25, 2025, through September 14, 2025.

Examples of monthly payments received from borrowers:

Borrower	Deposit Date	Amount	Bank Account
J.H.	7/15/2025	$6,300.00	T/A 1
A.N.	6/2/2025	$2,583.33	T/A 2
A.N.	7/2/2025	$2,583.33	T/A 2
A.N.	8/4/2025	$2,583.33	T/A 2
K.A.	6/13/2025	$4,995.00	T/A 2
K.A.	7/15/2025	$4,995.00	T/A 2
K.A.	8/19/2025	$4,995.00	T/A 2

///

Examples of monthly loan proceeds sent to lenders/investors:

Lender	Check Date	Check No.	Amount	Bank Account
J.B.	7/30/2025	11851	$2,996.67	T/A 1
A.C.	7/30/2025	11853	$947.69	T/A 1
J.H.	7/30/2025	11852	$973.92	T/A 1
L.B.	7/30/2025	11854	$750.00	T/A 1
J.B.	5/30/2025	650	$2,325.00	T/A 2
J.B.	6/30/2025	662	$2,325.00	T/A 2
J.B.	7/30/2025	677	$2,325.00	T/A 2
T.E.	6/30/2025	661	$4,495.00	T/A 2
T.E.	7/30/2025	676	$4,495.00	T/A 2
T.E.	8/30/2025	688	$4,495.00	T/A 2

Examples of compensation or loan servicing fees paid to Respondent:

Check Date	Check No.	Amount	Bank Account
7/31/2025	11855	$736.32	T/A 1
8/30/2025	11861	$735.21	T/A 1
6/26/2025	665	$1,800.00	T/A 2
7/31/2025	666	$1,961.63	T/A 2
8/30/2025	667	$1,880.82	T/A 2

12.

Each of the foregoing violations in Paragraph 11(a)-(r) above constitutes cause for the suspension or revocation of the real estate license and/or license rights of Respondents under the provisions of Sections 10177(d) and/or 10177(g).

///

///

///

///

///

COSTS

(AUDIT COSTS)

13.

Section 10148(b) of the Code, provides, in pertinent part, that the Real Estate Commissioner shall charge a real estate broker for the costs of any audit if the Commissioner has found in a final decision, following a disciplinary hearing, that the broker has violated Section 10145 of the Code or a regulation or rule of the Commissioner interpreting said Code section.

(INVESTIGATION AND ENFORCEMENT COSTS)

14.

Section 10106 of the Code, provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Department, the Commissioner may request the administrative law judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the case.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all the licenses, endorsements, and/or license rights of Respondent JOE L. VANNI under the Real Estate Law, for the costs of investigation and enforcement as permitted by law, for the cost of the audit, and for such other and further relief as may be proper under other applicable provisions of law.

Dated at San Diego, California this 24 day of September, 2026.

[redacted]
Veronica Kilpatrick
Supervising Special Investigator

cc: JOE L. VANNI
Veronica Kilpatrick
Sacto.
Audits – Zaky Wanis