

1 Department of Real Estate  
2 107 South Broadway, Room 8107  
3 Los Angeles, California 90012

4 Telephone: (213) 897-3937

**FILED**  
JUN 13 1997  
DEPARTMENT OF REAL ESTATE

By C. B. [Signature]

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \* \* \*

11 In the Matter of the Accusation of )  
12 ) NO. H-26600 LA  
13 NATIONAL HOME FUNDING CORPORATION )  
14 a corporation, dba Top Funding, Inc. ) L-9609208  
15 and Union Mortgage Services; and )  
16 JEANNIE F. YOUNG, individually )  
and as designated officer )  
of National Home Funding Corporation, )  
Respondents. )

17 In the Matter of the Accusation of )  
18 ) NO. H-26680 LA  
19 SOUTHLAND CAPITAL MORTGAGE CORP., )  
20 a corporation; and ) L-9609093  
21 JEANNIE F. YOUNG, individually )  
and as designated officer )  
of Southland Capital Mortgage Corp., )  
Respondents. )

22 STIPULATION AND AGREEMENT IN SETTLEMENT AND ORDER

23 It is hereby stipulated by and between Respondents,  
24 NATIONAL HOME FUNDING CORPORATION, a corporation, dba Top  
25 Funding, Inc. and Union Mortgage Services (hereinafter "NHFC");  
26 JEANNIE F. YOUNG, individually and as designated officer of  
27 National Home Funding Corporation and of Southland Capital

1 Mortgage (hereinafter "YOUNG"); and SOUTHLAND CAPITAL MORTGAGE  
2 CORP., a corporation (hereinafter "SCM") (hereinafter sometimes  
3 collectively referred to as "Respondents"), represented by W.  
4 Anthony Willoughby, Esq., and the Complainant, acting by and  
5 through Chris Leong, Counsel for the Department of Real Estate,  
6 as follows for the purpose of settling and disposing of the  
7 Accusations filed on May 8, 1996, and on July 19, 1996, in this  
8 matter (hereinafter "the Accusations"):

9           A. All issues which were to be contested and all  
10 evidence which was to be presented by Complainant and  
11 Respondents at a formal hearing on the Accusations, which  
12 hearing was to be held in accordance with the provisions of the  
13 Administrative Procedure Act (APA), shall instead and in place  
14 thereof be submitted solely on the basis of the provisions of  
15 this Stipulation.

16           B. Respondents have received, read and understand the  
17 Statement to Respondent, the Discovery Provisions of the APA and  
18 the Accusation, filed by the Department of Real Estate in this  
19 proceeding.

20           C. On May 20, 1996, and on August 26, 1996,  
21 Respondents filed Notices of Defense pursuant to Section 11505  
22 of the Government Code for the purpose of requesting a hearing  
23 on the allegations in the Accusation. Respondents hereby freely  
24 and voluntarily withdraw said Notices of Defense. Respondents  
25 acknowledge that they understand that by withdrawing said  
26 Notices of Defense they will thereby waive their right to  
27 require the Commissioner to prove the allegations in the



1 Accusations at a contested hearing held in accordance with the  
2 provisions of the APA and that Respondents will waive other  
3 rights afforded to them in connection with the hearing, such as  
4 the right to present evidence in defense of the allegations in  
5 the Accusations and the right to cross-examine witnesses.

6 D. In the interest of expedience and economy,  
7 Respondents choose not to contest the factual allegations in  
8 Paragraphs 1 through 21 of Accusation, H-26600 LA, and  
9 Paragraphs I through XI of Accusation, H-26680 LA, but to remain  
10 silent and understand that, as a result thereof, these factual  
11 statements, without being admitted or denied, will serve as a  
12 prima facie basis for the disciplinary action stipulated to  
13 herein. This Stipulation and Agreement in Settlement and Order  
14 and the findings based on Respondents' decision not to contest  
15 the Accusations are hereby expressly limited to this proceeding  
16 and made for the sole purpose of reaching an agreed disposition  
17 of this proceeding. Respondents' decision not to contest the  
18 factual allegations is made solely for the purpose of  
19 effectuating this Stipulation and is intended by Respondents to  
20 be non-binding upon them in any actions against Respondents by  
21 third parties. The Real Estate Commissioner shall not be  
22 required to provide further evidence to prove such allegations.

23 E. It is understood by the parties that the Real  
24 Estate Commissioner may adopt the Stipulation and Agreement in  
25 Settlement and Order as his Order in this matter thereby  
26 imposing the penalty and sanctions on Respondents' real estate  
27 licenses and license rights as set forth in the "Order" below.



1 In the event that the Commissioner in his discretion does not  
2 adopt the Stipulation and Agreement in Settlement and Order, the  
3 Stipulation and Agreement in Settlement and Order shall be void  
4 and of no effect, and Respondents shall retain the right to a  
5 hearing and proceeding on the Accusations under all the  
6 provisions of the APA and shall not be bound by any admission or  
7 waiver made herein.

8 DETERMINATION OF ISSUES

9 By reason of the foregoing stipulations, admissions  
10 and waivers and solely for the purpose of settlement of the  
11 pending Accusations without a hearing, it is stipulated and  
12 agreed that the following Determination of Issues shall be made:

13 The acts and omissions of Respondents YOUNG and NHFC,  
14 described in Paragraph D, above, for H-26600 LA, are in  
15 violation of Sections 10145, 10159.2, 10163 and 10240 of the  
16 Code and Sections 2725, 2726, 2731, 2752, 2831, 2831.2, 2832,  
17 2833 and 2834 of the Regulations and are cause for the  
18 suspension or revocation of the licenses and license rights of  
19 Respondents pursuant to Sections 10177(d) and 10177(h) of the  
20 Code.

21 The acts and omissions of Respondents YOUNG and SMC,  
22 described in Paragraph D, above, for H-26680 LA, are in  
23 violation of Sections 10145, 10159.2 and 10240 of the Code and  
24 Sections 2830, 2831, 2831.2, 2833 and 2840 of the Regulations  
25 and are cause for the suspension or revocation of the licenses  
26 and license rights of Respondents pursuant to Sections 10177(d)  
27 and 10177(h) of the Code.

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ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

A. The licenses and license rights of Respondents NHFC, SMC and YOUNG, under the provisions of Part 1 of Division 4 of the Business and Professions Code, are hereby revoked commencing on the effective date of this Order.

1. However, Respondents NHFC and SMC shall be entitled to apply for and be issued restricted corporate real estate broker licenses, and YOUNG shall be entitled to apply for and be issued a restricted real estate broker license pursuant to Section 10156.5 of the Code, if Respondents make application therefore and pay to the Department the appropriate fee for said licenses within six months from the effective date of this Order.

2. The restricted licenses issued to Respondents shall be subject to all of the provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions, and restrictions imposed under authority of Section 10156.6 of the Code.

3. The restricted licenses may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondents' conviction or plea of nolo contendere to a crime which bears a significant relationship to Respondents' fitness or capacity as real estate licensees.

4. The restricted licenses may be suspended, after final determination after formal hearing by Order of the Real Estate Commissioner based upon evidence satisfactory to the



1 Commissioner that Respondents have, subsequent to the date  
2 hereof, violated provisions of the California Real Estate Law,  
3 the Subdivided Lands Law, Regulations of the Real Estate  
4 Commissioner or conditions attaching to the restricted licenses.

5 5. Respondents shall not be eligible to apply for the  
6 issuance of unrestricted real estate licenses nor the removal of  
7 any of the conditions, limitations or restrictions of the  
8 restricted licenses until at least one year has elapsed from the  
9 date of this Order.

10 6. Respondents shall obey all laws of the United  
11 States, the State of California and its political subdivisions,  
12 and shall further obey and comply with all rules and regulations  
13 of the Real Estate Commissioner.

14 7. Respondent YOUNG shall, within 12 months from the  
15 effective date of this Order, present evidence satisfactory to  
16 the Real Estate Commissioner that she has, since the most recent  
17 issuance of an original or renewal real estate license, taken  
18 and successfully completed the continuing education requirements  
19 of Article 2.5 of Chapter 3 of the Real Estate Law for renewal  
20 of a real estate license. If Respondent fails to satisfy this  
21 condition, the Real Estate Commissioner shall afford Respondent  
22 the opportunity for a hearing pursuant to the Administrative  
23 Procedure Act to present such evidence.

24 8. Respondent YOUNG shall, within one year from the  
25 effective date of the restricted license, take and pass the  
26 Professional Responsibility Examination administered by the  
27 Department, including the payment of the appropriate examination



1 fee. If Respondent fails to satisfy this condition, the  
2 Commissioner may order suspension of the restricted license  
3 until Respondent passes the examination.

4 9. Respondent YOUNG shall not be a designated officer  
5 of a corporate real estate broker while she has a restricted  
6 license.

7 10. Respondents NHFC and SMC shall pay, pursuant to  
8 Section 10148 of the Business and Professions Code, the  
9 Commissioner's reasonable costs for an audit to determine if  
10 Respondents have corrected the trust fund violations found in  
11 the Determination of Issues. In calculating the amount of the  
12 Commissioner's reasonable costs, the Commissioner may use the  
13 estimated average hourly salary for all persons performing  
14 audits of real estate brokers, and shall include an allocation  
15 for travel costs, including mileage, time to and from the  
16 auditor's place of work, and per diem. The Commissioner's  
17 reasonable costs shall in no event exceed a total of \$2,500.00  
18 for H-26600 LA and a total of \$1,000.00 for H-26680 LA.

19 (a) Respondents shall pay such costs within 45 days  
20 of receipt of an invoice from the Commissioner detailing the  
21 activities performed during the audit and the amount of time  
22 spent performing those activities;

23 (b) Notwithstanding the provisions of any other  
24 paragraph herein, if Respondents fail to pay, within 45 days  
25 from receipt of the invoice specified above, the Commissioner's  
26 reasonable costs for an audit to determine if Respondents have  
27 corrected the violations found in the Determination of Issues,



1 the Commissioner may order the indefinite suspension of  
2 Respondents' real estate licenses and license rights. The  
3 suspension shall remain in effect until payment is made in full,  
4 or until Respondents enter into an agreement satisfactory to the  
5 Commissioner to provide for such payment. The Commissioner may  
6 impose further reasonable disciplinary terms and conditions upon  
7 Respondents' real estate licenses and license rights as part of  
8 any such agreement.

9 EXECUTION OF STIPULATION

10 We have read the Stipulation and Agreement in  
11 Settlement and Order and its terms are understood by us and are  
12 agreeable and acceptable to us. We understand that we are  
13 waiving rights given to us by the California Administrative  
14 Procedure Act (including but not limited to Sections 11506,  
15 11508, 11509 and 11513 of the Government Code), and we willingly,  
16 intelligently and voluntarily waive those rights, including the  
17 right of requiring the Commissioner to prove the allegations in  
18 the Accusations at a hearing at which we would have the right to  
19 cross-examine witnesses against us and to present evidence in  
20 defense and mitigation of the charges.

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The foregoing Stipulation and Agreement in Settlement  
is hereby adopted as the Order of the Real Estate Commissioner  
in the above-entitled matter with respect to Respondents  
NATIONAL HOME FUNDING CORPORATION, a corporation, dba Top  
Funding, Inc. and Union Mortgage Services; JEANNIE F. YOUNG,  
individually and as designated officer of National Home Funding  
Corporation and of Southland Capital Mortgage; and SOUTHLAND  
CAPITAL MORTGAGE CORP., a corporation.

This Order shall become effective at 12 o'clock  
noon on July 3, 1997.

IT IS SO ORDERED 6/10/97.

JIM ANTT, JR.  
Real Estate Commissioner  


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BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

In the Matter of the Accusation of )  
 )  
NATIONAL HOME FUNDING CORPORATION, )  
a corporation, dba Top Funding, Inc. )  
and Union Mortgage Services; )  
and JEANNIE F. YOUNG, individually )  
and as designated officer of )  
National Home Funding Corporation, )  
\_\_\_\_\_ )  
Respondent(s)

Case No. H-26600 LA  
OAH No. L-9609208

FILED  
OCT - 9 1996  
DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

By C. Leong

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 314 W. First Street, Los Angeles, CA 90012 on MAY 14 and 15, 1997, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the Administrative Law Judge conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the Administrative Law Judge directs otherwise.

DEPARTMENT OF REAL ESTATE

Dated: October 9, 1996

By Chris Leong  
CHRIS LEONG, Counsel

cc: National Home Funding Corporation  
Jeannie F. Young  
W. Anthony Willoughby, Esq.  
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CHRIS LEONG, Counsel  
Department of Real Estate  
107 South Broadway, Room 8107  
Los Angeles, CA 90012

(213) 897-3937

**FILED**  
MAY 08 1996  
DEPARTMENT OF REAL ESTATE

By C. J.

DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \* \* \*

In the Matter of the Accusation of	)	No. H-26600 LA
NATIONAL HOME FUNDING CORPORATION	)	<u>A C C U S A T I O N</u>
a corporation, dba Top Funding, Inc.)	)	
and Union Mortgage Services;	)	
and JEANNIE F. YOUNG, individually	)	
and as designated officer of	)	
National Home Funding Corporation,	)	
	)	
Respondents.	)	

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against NATIONAL HOME FUNDING CORPORATION, a corporation, dba Top Funding, Inc. and Union Mortgage Services (hereinafter "NHFC"); and JEANNIE F. YOUNG, individually and as designated officer of National Home Funding Corporation (hereinafter "YOUNG") (hereinafter sometimes referred to as "Respondents"), is informed and alleges as follows:

1.

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, makes this Accusation

1 against Respondents in his official capacity.

2 2.

3 All Sections of Title 10, Chapter 6, California Code  
4 of Regulations, are hereinafter referred to as "Regulations".

5 3.

6 At all times herein mentioned, Respondent NHFC was  
7 and still is licensed by the Department as a corporate real  
8 estate broker.

9 4.

10 At all times herein mentioned, YOUNG was and still is  
11 licensed by the Department of Real Estate of the State of  
12 California (hereinafter "Department") as a real estate broker in  
13 his individual capacity and/or as the designated officer of  
14 NHFC.

15 5.

16 At all times material herein, Respondent YOUNG was  
17 and still is licensed by the Department as the designated  
18 officer of NHFC and was responsible for the supervision and  
19 control of the activities conducted on behalf of the corporation  
20 by its officers and employees as necessary to secure full  
21 compliance with the Real Estate Law, as set forth in Section  
22 10159.2 of the Code.

23 6.

24 All further references to NHFC shall be deemed to  
25 refer to, in addition to NHFC, the officers, directors,  
26 employees, agents and real estate licensees employed by or  
27 associated with NHFC, who at all times herein mentioned were

1 engaged in the furtherance of the business or operations of said  
2 parties and who were acting within the course and scope of their  
3 corporate authority and employment.

4 7.

5 At all times mentioned herein, in Los Angeles County,  
6 California, Respondents engaged in the business of, acted in the  
7 capacity of, advertised or assumed to act, as real estate brokers  
8 in the State of California, within the meaning of Section  
9 10131(d) of the Code, wherein they arranged, negotiated,  
10 processed, and consummated, on behalf of others, loans secured  
11 by an interest in real property, for compensation or in  
12 expectation of compensation.

13 8.

14 At all times, Armando Perez (hereinafter "Perez") was  
15 not licensed by the Department as a real estate salesperson or  
16 real estate broker.

17 9.

18 In or about September, 1995, NHFC and YOUNG employed  
19 and compensated Perez, as their agent, to solicit for and  
20 negotiate loans secured by an interest in real property for  
21 others including, but not limited to, Susan and Martin Ortiz.

22 10.

23 The activities of Perez, described above in  
24 Paragraph 9, are acts requiring a real estate license as  
25 described in Section 10131(d) of the Code. In employing and  
26 compensating PEREZ for said acts when he was not licensed by  
27

1 the Department, NHFC and YOUNG violated Section 10137 of the  
2 Code.

3 11.

4 Perez violated Section 10130 of the Code by engaging  
5 in the activities set forth in Paragraph 9, without being  
6 licensed as a real estate salesperson or broker.

7 AUDIT

8 12.

9 On or about November 22, 1995, the Department  
10 completed an audit of the activities of Respondents NHFC and  
11 YOUNG, for the period from September, 1994 through September 5,  
12 1995. The results of that audit are set forth in Paragraphs 13  
13 through 15.

14 13.

15 During 1994 and 1995, in connection with their real  
16 estate business activities, Respondents accepted or received  
17 funds in trust (hereinafter "trust funds") from or on behalf of  
18 purchasers and sellers of real property and thereafter made  
19 disbursements of such funds. These trust funds were maintained  
20 by Respondents at Wells Fargo Bank, 22815 Victory Blvd., West  
21 Hills, California, in a trust account: Account No. 0920-037652,  
22 known as National Home Funding Corporation Trust Account  
23 (hereinafter "TA#1").

24 14.

25 In connection with those trust funds described in  
26 Paragraph 13, Respondents NHFC and YOUNG:  
27

1 (a) failed to maintain complete control records for  
2 TA#1 and failed to maintain control records of trust funds not  
3 placed in the trust account for the Oxnard Branch Office for  
4 checks received from borrowers for credit report and appraisal  
5 fees, in violation of Section 2831 of the Regulations;

6 (b) failed to maintain accurate reconciliation  
7 records for TA#1, in violation of Section 2831.2 of the  
8 Regulations;

9 (c) failed to deposit all trust funds received into  
10 TA#1 by the next business day, in violation of Section 2832 of  
11 the Regulations;

12 (d) allowed Harold Turner, who was unlicensed,  
13 unbonded and who had no written authorization, and Priscilla  
14 Truner, who was licensed as a real estate salesperson but was  
15 unbonded, and had no written authorization, to be signatories on  
16 TA#1, in violation of Section 2834 of the Regulations;

17 (e) failed to obtain signed Mortgage Loan Disclosure  
18 Statements signed by borrowers, in violation of Section 10240 of  
19 the Code and Section 2842.5 of the Regulations;

20 (f) YOUNG failed to adequately supervise the real  
21 estate activities of NHFC, in violation of Section 10159.2 of  
22 the Code;

23 (g) YOUNG failed to review, initial and date all  
24 Mortgage Loan Disclosure statements, in violation of Section  
25 2725 of the Regulations;

26 (h) used the unlicensed dba's Mutual Pacific  
27 Services, Inc. and Mutual Pacific Services on documents found on

1 loan files examined, and on the front door of the Woodland Hills  
2 Branch office, in violation of Section 2731 of the Regulations;

3 (i) failed to advise the Department when agents left  
4 or joined their employment, including: Jeffrey White, Tommy  
5 Ogden, Alvin Brewer and Priscilla Turner, in violation of  
6 Section 2752 of the Regulations;

7 (j) YOUNG failed to sign all Broker-Salesman  
8 Relationship Agreements between NHFC and the salespersons, in  
9 violation of Section 2726 of the Regulations; and

10 (k) failed to obtain branch licenses for 2 Robin  
11 Hills Lane, Laguna and 22020 Clarendon #303, Woodland Hills and  
12 failed to notify the Department that there was no longer a  
13 branch office at 5757 West Century Blvd., #820, Los Angeles, in  
14 violation of Section 10163 of the Code.

15 15.

16 As of September 5, 1995, NHFC's total trust fund  
17 liability contained an unexplained overage of \$199.45. There  
18 were no separate records for this overage. This mishandling of  
19 trust funds constitutes a violation of Section 10145 of the Code  
20 and Section 2833 of the Regulations.

21 FIRST CAUSE OF ACCUSATION

22 (Violation by Respondents of Sections 10145, 10240, 10163 and  
23 10177(d) of the Code and Sections 2725, 2726, 2731, 2752, 2831,  
24 2831.2, 2832, 2833 and 2834 of the Regulations)

25 16.

26 As a First Cause of Accusation, Complainant  
27 incorporates herein by this reference the Preamble and each of

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the allegations in Paragraphs 1 through 15, herein above.

17.

The conduct of Respondents, in handling trust funds and records as alleged in Paragraphs 9 through 15, constitutes violation under Sections 10145, 10240 and 10163 of the Code and Sections 2725, 2726, 2731, 2752, 2831, 2831.2, 2832, 2833 and 2834 of the Regulations. Said conduct is cause pursuant to Section 10177(d) of the Code for the suspension or revocation of all licenses and license rights of Respondents under Real Estate Law.

SECOND CAUSE OF ACCUSATION

(Violation by Respondents NHFC and YOUNG of Section 10137 of the Code)

18.

As a Second Cause of Accusation, Complainant incorporates herein by this reference the Preamble and each of the allegations in Paragraphs 1 through 15, herein above.

19.

The conduct of Respondents NHFC and YOUNG, in allowing Perez to violate Section 10130 of the Code, constitutes unlawful employment and is in violation of Section 10137 of the Code. Said conduct is cause for the suspension or revocation of all licenses and license rights of Respondents YOUNG and NHFC under Section 10137 of Real Estate Law.

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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 licenses and license rights of Respondents NATIONAL HOME FUNDING CORPORATION, a corporation, dba Top Funding, Inc. and Union Mortgage Services; and JEANNIE F. YOUNG, individually and as designated officer of National Home Funding Corporation, under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code), and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California  
this 8th day of May, 1996.

THOMAS McCRADY  

---

Deputy Real Estate Commissioner

cc: National Home Funding Corporation  
Jeannie F. Young  
Sacto  
SB  
Los Angeles Audit Section