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I

In the Decision which revoked Respondent's real estate broker license, there was a Determination of Issues made that there was cause to revoke Respondent's license for numerous violations of the Real Estate Law while Respondent was the designated officer of a licensed real estate corporation.

Respondent was found to have violated Business and Professions Code ("Code") Sections 10159.2, 10161.8(a) and Sections 2726, 2752 of Title 10, Chapter 6, California Code of Regulations ("Regulations"). It was also found that Respondent was subject to discipline pursuant to Code Sections 10176(a) and 10177(g) for making substantial misrepresentations in marketing loans to borrowers without full disclosures and for negligence or incompetence in performing acts for which a license was required.

II

At the time of said Decision Respondent held a restricted real estate broker license. Respondent's license had previously been revoked, with the right to a restricted real estate broker license, for numerous violations of the Real Estate Law found during two (2) Department audits while Respondent was the designated officer of licensed real estate corporations.

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III

The serious nature of the conduct which led to the revocation of Respondent's real estate broker license combined with the facts set forth in Paragraph II and the fact that as a licensed real estate broker, Respondent would be responsible for overseeing real estate transactions, evidence that not enough time has passed to determine that Respondent is completely rehabilitated. This is cause to deny Respondent's petition pursuant to Regulation 2911(a).

I am satisfied, however, that it will not be against the public interest to issue a restricted real estate salesperson license to Respondent.

NOW, THEREFORE, IT IS ORDERED that Respondent's petition for reinstatement of Respondent's real estate broker license is denied.

A restricted real estate salesperson license shall be issued to Respondent pursuant to Code Section 10156.5 if Respondent makes application therefor and pays the appropriate fee for said license within nine (9) months from the date hereof.

The restricted license issued to Respondent shall be subject to all of the provisions of Code Section 10156.7 and to the following limitations, conditions and restrictions imposed under authority of Code Section 10156.6:

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1                   1. The restricted license issued to Respondent  
2 may be suspended prior to hearing by Order of the Real Estate  
3 Commissioner in the event of Respondent's conviction or plea  
4 of nolo contendere to a crime which is substantially related  
5 to Respondent's fitness or capacity as a real estate licensee.

6                   2. The restricted license issued to Respondent  
7 may be suspended prior to hearing by Order of the Real Estate  
8 Commissioner on evidence satisfactory to the Commissioner that  
9 Respondent has violated provisions of the California Real Estate  
10 Law, the Subdivided Lands Law, Regulations of the Real Estate  
11 Commissioner or conditions attaching to the restricted license.

12                   3. Respondent shall not be eligible to apply for the  
13 issuance of an unrestricted real estate license nor for the  
14 removal of any of the conditions, limitations or restrictions of  
15 a restricted license until two (2) years have elapsed from the  
16 effective date of this Decision.

17                   4. Respondent shall submit with any application for  
18 license under an employing broker, or with any application for  
19 transfer to a new employing broker, a statement signed by the  
20 prospective employing real estate broker on a form approved by  
21 the Department which shall certify:

22                   (a) That the employing broker has read the Decision  
23 of the Commissioner which granted the right to a restricted  
24 license; and

25                   ///  
26                   ///  
27

1 (b) That the employing broker will exercise close  
2 supervision over the performance by the restricted licensee  
3 relating to activities for which a real estate license is  
4 required.

5 5. Respondent shall within nine (9) months from the  
6 date hereof, submit evidence satisfactory to the Real Estate  
7 Commissioner that Respondent has, since Respondent's license  
8 was revoked, taken and successfully completed the continuing  
9 education requirements of Article 2.5 of Chapter 3 of the Real  
10 Estate Law for renewal of a real estate license.

11 This Order shall become effective at 12 o'clock noon on  
12 June 5, 2001

13 DATED: \_\_\_\_\_

*May 10, 2001*

14  
15 PAULA REDDISH ZINNEMANN  
16 Real Estate Commissioner

17 *Paula Reddish Zinnemann*  
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27 cc: Jeannie F. Young  
14329 Chandler Blvd., # 4  
Sherman Oaks, CA 91401

FILED  
SEP 11 1998  
DEPARTMENT OF REAL ESTATE

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

By C.37

\* \* \*

In the Matter of the Accusation of	)	NO. H-27283 LA
	)	
NATIONAL HOME FUNDING CORPORATION,	)	L-97090179
formerly doing business as	)	
West Coast Capital; JEANNIE F.	)	
YOUNG, individually, doing	)	
business as Marla J Real Estate	)	
and M J Realty and as designated	)	
officer of National Home Funding	)	
Corporation; and TODD GERALD ZANOW,	)	
	)	
Respondents.	)	

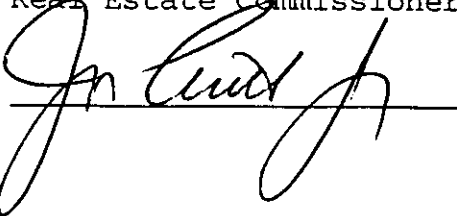
DECISION

The Proposed Decision dated August 14, 1998, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter with the following exception:

The Order as to Respondent TODD GERALD ZANOW is not adopted and shall not be a part of the Decision.

The Decision shall become effective at 12 o'clock noon on October 1, 1998

IT IS SO ORDERED

9/8/98  
JIM ANTT, JR.  
Real Estate Commissioner  


BEFORE THE  
DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

In the Matter of the Accusation of	)	No. H-27283 LA
	)	
NATIONAL HOME FUNDING CORPORATION	)	OAH No. L-97090179
formerly doing business as	)	
West Coast Capitol; JEANNIE F.	)	
YOUNG, individually, doing	)	
business as Marla J Real Estate	)	
and M J Realty and as designated	)	
officer of National Home Funding	)	
Corporation; and TODD GERALD ZANOW	)	
	)	
Respondents.	)	
<hr/>		

PROPOSED DECISION

This matter was heard by Frank Britt, Administrative Law Judge of the Office of Administrative Hearings, State of California, at Los Angeles, California, on June 9 and 10, 1998.

Darlene Averetta, Staff Counsel, appeared and represented the Department of Real Estate (Department).

Respondent, Jeannie F. Young, appeared in person and as designated officer of respondent National Home Funding Corporation. Both respondents were represented at the hearing by Willoughby & Associates, W. Anthony Willoughby, Attorney at Law.

Respondent Todd Gerald Zanow did not appear in person or by representation.<sup>1</sup>

Evidence, both oral and documentary, was received and the record was held open for the parties to submit additional documentary evidence. On August 6, 1998, the matter was deemed submitted.<sup>2</sup> The Administrative Law Judge now makes the

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<sup>1</sup> On May 5, 1998, Zanow voluntarily surrendered his real estate license pursuant to Business and Professions Code section 10100.2. The voluntary surrender of the license became effective July 2, 1998.

<sup>2</sup> A copy of the Commissioners's Order Accepting Voluntary Surrender of Todd Gerald Zanow's real estate license was received on June 17, 1998, and marked as Exhibit 12, in evidence.

following findings of fact and Proposed Decision:

FINDINGS OF FACT

I

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, made the Accusation in his official capacity.

II

National Home Funding Corporation (NATIONAL), formerly doing business as West Coast Capitol; Jeannie F. Young (YOUNG), individually, doing business as Marla J Real Estate and M J Realty and as designated officer of NATIONAL; and Todd Gerald Zanow (ZANOW), also known as Ethan Fromer, are presently licensed and/or have license rights under the Real Estate Law, Part 1, of Division 4 of the Business and Professions Code (hereinafter "Code").

III

1. At all times relevant herein, NATIONAL was licensed by the Department as a corporate real estate broker, by and through YOUNG as the designated officer and broker.

2. YOUNG has and is licensed by the Department as a real estate broker and designated officer and responsible broker of NATIONAL. At all times set forth herein, YOUNG, as the designated broker-officer was responsible, pursuant to Code Section 10159.2, for the supervision and control of all activities requiring a real estate license conducted by NATIONAL's officers, agents and employees as necessary to secure compliance with the provisions of the Real Estate Law.

3. On December 6, 1994, ZANOW was issued a real estate salesperson's license. However, neither NATIONAL nor YOUNG was ZANOW's employing broker during any time set forth herein. ZANOW's license was voluntarily surrender effective July 2, 1998, as noted at Footnote 1.

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Respondents' request was granted for additional time in which to obtain and submit documentary proof that Zanow was licensed under National Home Funding Corporation. No such evidence was received from respondents and the matter was deemed submitted on August 6, 1998. (See Exhibit 13)



#### IV

During all relevant times herein, NATIONAL, under its corporate broker's license, engaged in the mortgage loan brokerage business. In connection with that business, NATIONAL, by and through its officers, agents and employees, solicited, arranged, and negotiated loans for borrowers that were secured by liens on real property. In connection with its mortgage loan business, NATIONAL directly funded mortgage loans to borrowers which would then be packaged and sold to the Federal Home Loan Mortgage Corporation (Freddie Mac).

#### V

From June 1993, to July 26, 1996, ZANOW was employed by NATIONAL as a loan representative operating out of NATIONAL's branch offices in Orange County, California. As a loan representative, ZANOW, for and in expectation of compensation, solicited borrowers and negotiated mortgage loans that were secured by liens on the borrowers' real property.

#### VI

NATIONAL and YOUNG did not have a written agreement with ZANOW covering any material aspects of their broker-salesperson relationship as required by Section 2726 of Title 10, California Code of Regulations (Regulations). Moreover, neither NATIONAL nor YOUNG notify the Real Estate Commissioner in writing of ZANOW's employment as required by Section 2752 of the Regulations.

#### VII

From June 1993, to July 26, 1996, although not licensed as a salesperson or broker with NATIONAL or YOUNG as the employing broker, ZANOW originated mortgage loans for funding on behalf of NATIONAL. ZANOW's activities included the marketing of loans to borrowers with First Trust Deeds - Adjustable Rate Mortgages. The borrowers were informed that they were getting "no-fee-loans". In those cases where a borrower qualified, ZANOW arranged to refinance the loan with a Fixed Rate Mortgage. The loan package would then be delivered to NATIONAL for funding. ZANOW's compensation was taken from loan proceeds which were dispersed back to NATIONAL from escrow with the approval of the borrowers.<sup>3</sup> NATIONAL would then pay ZANOW. Other than ZANOW's statement that his compensation was not based on a percentage of the individual loans, there was no explanation as to how his

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<sup>3</sup> There was no evidence presented concerning what the borrowers were told to obtain approval for the disbursement of funds from escrow.

compensation was calculated.

VIII

At some point NATIONAL became slow in paying ZANOW for his work. ZANOW raised the issue with YOUNG, who approved an arrangement whereby ZANOW's compensation would be dispersed directly to him from escrow. As a result of that arrangement, ZANOW instructed escrow to disburse the below-listed amounts to the named accounts. The involved escrow companies, after receiving authorization from the borrowers, dispersed the amounts shown hereinbelow to the accounts as requested.<sup>4</sup> The below-named accounts were either owned by ZANOW or were entities where the dispersed funds were used for his benefit.

ZANOW's compensation was not disclosed by NATIONAL as an additional settlement fee, loan origination fee, or any other fee or charge, on the required Mortgage Loan Disclosure Statement/Good Faith Estimate form. The Final Settlement Statements filed by escrow in the below transactions, however, disclosed that the amounts shown hereinbelow were dispersed per demand of National and the other named accounts, as follows:

<u>BORROWER</u>	<u>DATE</u>	<u>AMOUNT DISBURSED</u>	<u>ACCOUNT NAME</u>
RUIZ	9/13/95	\$ 6,082.93	NHF
WINTER	9/27/95	\$ 12,110.08	NHF
BUCHANAN	10/5/95	\$ 2,661.19	SANWA BANK
BUCHANAN	10/5/95	\$ 4,209.65	GE CAPITAL
CASTRO	12/15/95	\$ 7,560.44	NHL CORP.
Retha BROWN	12/22/95	\$ 6,960.06	NHF CORP.
POLLERANA	3/13/96	\$ 3,000.00	GE CAPITAL
POLLERANA	3/13/96	\$ 2,000.00	WELLS FARGO
POLLERANA	3/13/96	\$ 5,249.46	NHF CORP.
Emma BROWN	5/24/96	\$ 10,677.57	NHF CORP.

After being contacted by representative of Freddie Mac, YOUNG asked ZANOW to refund the amounts he received from escrow to the named borrowers. When ZANOW refused, NATIONAL contacted the borrowers as required by Freddie Mac regulations. Ultimately, NATIONAL worked out settlements with the named borrowers.

/ / /

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<sup>4</sup> Borrowers signed releases authorizing the involved escrow companies to disburse funds to the named accounts. Some of those releases authorized the escrow company to pay "all remaining proceeds" to NHF or NHF Corp.

DISCUSSION AND CREDIBILITY

YOUNG testified that ZANOW was never authorized to have compensation paid directly to him from escrow. YOUNG claimed that she became aware of the improper disbursements when Freddie Mac investigators contacted her.

It is noted that ZANOW opened a business checking account a Wells Fargo Bank on October 13, 1994, under the name of NHF, listing ZANOW as owner and YOUNG as broker. YOUNG did not sign the signature card on that account. YOUNG claimed in her testimony that she was unaware of the NHF account. Subsequently, ZANOW opened another business checking account (#0853-015725) under National Home Funding, Corp., listing ZANOW as president, owner/principal, and YOUNG as vice president and broker. Both YOUNG and ZANOW signed the application and were listed as authorized signatories on the latter account. These two checking accounts were among the above-named accounts to which proceeds were dispersed to ZANOW from escrow.

YOUNG also testified that ZANOW was first employed in 1993 by NATIONAL to perform underwriting work for NATIONAL; that ZANOW and NATIONAL entered into a broker/salesperson contract and a branch agreement after ZANOW opened his own office in 1995; and that ZANOW was licensed to NATIONAL with the Department duly notified of ZANOW's employment. In connection with ZANOW's employment, YOUNG acknowledged that several months after the start of the Department's investigation of this matter, she asked ZANOW to sign a backdated Broker/Salesperson (Employment) Agreement. ZANOW refused to sign the document. YOUNG claimed that she had the backdated employment agreement prepared for ZANOW's signature after investigators asked for it and she was unable to locate the original employment agreement. YOUNG's testimony was confusing and inconsistent and not credible. For example, YOUNG testified that ZANOW worked off and on for NATIONAL from 1993 to July 1996. In later testimony she stated that ZANOW was not an employee of NATIONAL at the time of the above-listed disbursements. In addition, documentary evidence reveals that on March 28, 1996, NATIONAL was issued a branch license at 22471 Aspen Street, #205-G, Lake Forest, 92630, apparently the same location shown on the Department's licensing records as ZANOW's mailing address, except for the spelling of the street, "Aspan" rather than "Aspen". It is also noted that Exhibit C, a letter dated July 26, 1993 (sic) signed by YOUNG as Senior Vice President of NATIONAL, states in part:

"Because of these withdrawal of funds without approval of either National Home Funding Corporation, or the Real Estate Broker, we hereby terminate you as a loan officer of National Funding Corporation, effective

immediately and the branch office located at 22471 Aspan Street, Suite 205-G, Lake Forest CA 92630 is closed, effective immediately."

In addition, YOUNG stated the following in a December 4, 1996, letter to the Department (Exhibit 8):

"Additionally, Mr. Zanow was under the employment of National Home Funding Corporation as a licensed Real Estate Salesperson, License #01190561. Mr. Zanow was compensated as National Home Findings Loan Agent in the Lake Forest Area until the time he became a branch manager. His compensation was still that of an employee."

Further factors contributing to YOUNG's lack of credibility, include her failure to adequately explain why she joined ZANOW in opening a checking account with Wells Fargo Bank (account #0853-015725) under the name "National Home Funding, Corp." on which ZANOW was shown as president and owner/principal, and she, YOUNG, signed as "broker" and shown as vice president of the corporation.

Accordingly, YOUNG's overall testimony is hereby found to lack credibility.

X

On June 13, 1997, a Stipulation and Agreement in Settlement and Order (Stipulation) was filed in connection with a settlement of two accusations then pending before the Department (Case No. H-26600 LA and Case No. H-26680 LA). The accepted Stipulation, effective July 13, 1997, revoked the real estate licenses and license rights of NATIONAL and YOUNG and granted them the right to apply for and be issued restricted real estate licenses pursuant to Section 10156.5 of the Code. Included among numerous limitations, conditions and restrictions to be imposed on subsequent licenses issued to NATIONAL and YOUNG, were: 1) a requirement that NATIONAL pay reasonable costs, not to exceed \$3,500.00, for an audit to determine if NATIONAL and YOUNG have corrected the trust-fund violations found in the Determination of Issues; and 2) that YOUNG shall not be a designated officer of a corporate real estate broker while she holds a restricted license.

XI

STIPULATION TO PRIOR ACCUSATIONS DOES NOT PRECLUDE DISCIPLINE FOR EARLIER VIOLATIONS OF STATUTES OR RULES

In the instant matter, NATIONAL and YOUNG assert by way of argument that the above-identified Stipulation resolved all

violations that occurred prior to the Stipulation. NATIONAL and YOUNG contend that the language contained in the Stipulation at paragraph 4, supports their argument.

The Stipulation states:

"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 Commissioner that Respondents have, subsequent to the date hereof, violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attached to the restricted licenses."

Respondents' argument apparently is to the effect that their restricted licenses may be suspended only upon evidence of violations that occur "subsequent to the date hereof".

Respondents' argument is without merit. The language of the Stipulation and Order does not prevent the Department from taking disciplinary action against NATIONAL and YOUNG for statutory or rule violations that occurred before the Stipulation was accepted, with the exception, of course, for violations that were the subject of the accusations and settled by the Stipulation. There was no showing that the instant Accusation alleges any violations that were the subject of the Commissioner's Stipulation and Order.

\* \* \* \*

#### DETERMINATION OF ISSUES

##### I

At all times set forth hereinabove, YOUNG, as NATIONAL's designated broker-officer was, pursuant to Business and Professions Code section 10159.2, responsible for the supervision and control of the licensed activities conducted on behalf of the corporation by its officers and employees as necessary to secure full compliance with the provisions of the Real Estate Law.

Pursuant to Business and Professions Code section 10177(h), cause exists to suspend or revoke all licenses and license rights of JEANNIE F. YOUNG, in that it was established by clear and convincing evidence that JEANNIE F. YOUNG, the responsible broker-officer designated by, NATIONAL, failed to exercise reasonable supervision over the activities of NATIONAL for which a real estate license is required, by reason of Findings V, VI, VII and VIII.

## II

Cause exists pursuant to Business and Professions Code section 10177(d) to suspend or revoke all licenses and license rights of NATIONAL HOME FUNDING CORPORATION, formerly doing business as West Coast Capitol, and JEANNIE F. YOUNG, individually, doing business as Marla J Real Estate and M J Realty and as designated officer of National Home Funding Corporation, in that it was established by clear and convincing evidence that NATIONAL HOME FUNDING CORPORATION and JEANNIE F. YOUNG willfully disregarded and violated the rules and regulations of the commissioner, Title 10, Chapter 6, California Code of Regulations, section 2726, by failing to have a written broker-salesperson agreement, as more specifically set forth at Finding VI.

## III

Cause exists pursuant to Business and Professions Code section 10177(d) to suspend or revoke all licenses and license rights of NATIONAL HOME FUNDING CORPORATION, formerly doing business as West Coast Capitol, and JEANNIE F. YOUNG, individually, doing business as Marla J Real Estate and M J Realty and as designated officer of National Home Funding Corporation, in that it was established by clear and convincing evidence that NATIONAL HOME FUNDING CORPORATION and JEANNIE F. YOUNG willfully disregarded and violated Business and Professions Code section 10161.8(a), and the rules and regulations of the commissioner, Title 10, Chapter 6, California Code of Regulations, section 2752, by their failure to notify the Commissioner in writing of the employment of TODD GERALD ZANOW as a real estate salesman, as more specifically set forth at Finding VI.

## IV

Cause exists pursuant to Business and Professions Code section 10176(a) to suspend or revoke all licenses and license rights of NATIONAL HOME FUNDING CORPORATION, formerly doing business as West Coast Capitol; JEANNIE F. YOUNG, individually, doing business as Marla J Real Estate and M J Realty and as designated officer of National Home Funding Corporation; and TODD GERALD ZANOW, in that it was established by clear and convincing evidence that NATIONAL HOME FUNDING CORPORATION, JEANNIE F. YOUNG and TODD GERALD ZANOW, made substantial misrepresentations in marketing loans to borrowers without disclosure to the borrowers that ZANOW's compensation and fees were to be dispersed from the loan proceeds in escrow, as set forth at Findings VII and VIII.

## V

Cause exists pursuant to Business and Professions Code

section 10177(g) to suspend or revoke all licenses and license rights of NATIONAL HOME FUNDING CORPORATION, formerly doing business as West Coast Capitol; JEANNIE F. YOUNG, individually, doing business as Marla J Real Estate and M J Realty and as designated officer of National Home Funding Corporation; and TODD GERALD ZANOW, in that it was established by clear and convincing evidence that NATIONAL HOME FUNDING CORPORATION, JEANNIE F. YOUNG and TODD GERALD ZANOW, demonstrated negligence and incompetence in performing acts for which a license is required, as set forth at Findings V, VI, VII and VIII.

VI

Cause exists pursuant to Business and Professions Code section 10177(d) to suspend or revoke all licenses and license rights of TODD GERALD ZANOW, in that it was established by clear and convincing evidence that TODD GERALD ZANOW willfully violated Business and Professions Code section 10131 by unlawfully engaging in the capacity of a real estate broker without a license, in that TODD GERALD ZANOW, for and in expectation of compensation, solicited and negotiated loans secured by liens on real property, and other activities requiring a real estate broker's license without first obtaining such license, as more specifically set forth at Findings V and VII.

\* \* \* \*

ORDER

\* \*

NATIONAL HOME FUNDING CORPORATION

All real estate licenses and license rights of NATIONAL HOME FUNDING CORPORATION, formerly doing business as West Coast Capital, are hereby revoked pursuant to Determination of Issues II, III, IV and V, separately and together.

\* \*

JEANNIE F. YOUNG

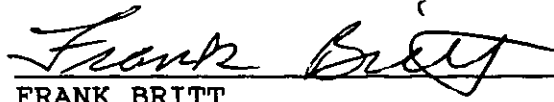
All real estate licenses and license rights of JEANNIE F. YOUNG, formerly doing business as Marla J Real Estate and M J Realty, and as designated officer of National Home Funding Corporation, are hereby revoked pursuant to Determination of Issues I, II, III, IV and V, separately and together.

\* \*

TODD GERALD ZANOW

All real estate licenses and license rights of TODD GERALD ZANOW, are hereby revoked pursuant to Determination of Issues IV, V and VI, separately and together.

Dated: August 14, 1998

  
\_\_\_\_\_  
FRANK BRITT  
Administrative Law Judge  
Office of Administrative Hearings

NOT REPORTED



FILED  
JUN 1 2 1998  
DEPARTMENT OF REAL ESTATE

By CS

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation of	)	
NATIONAL HOME FUNDING CORPORATION,	)	NO. H-27283 LA
formerly doing business as	)	
West Coast Capital; JEANNIE F.	)	L-1997090179
YOUNG, individually, doing	)	
business as Marla J Real Estate	)	
and M J Realty and as designated	)	
officer of National Home Funding	)	
Corporation; and TODD GERALD ZANOW,	)	
Respondents.	)	

ORDER ACCEPTING VOLUNTARY SURRENDER OF REAL ESTATE LICENSE

On June 30, 1997, an Accusation was filed in this matter.

On May 21, 1998, Respondent, TODD GERALD ZANOW, petitioned the Commissioner to voluntarily surrender his real estate salesperson license pursuant to Section 10100.2 of the Business and Professions Code.

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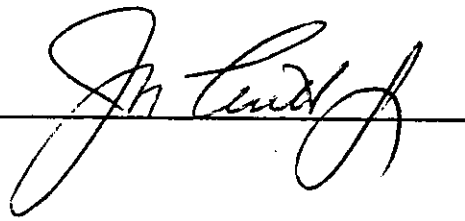
IT IS HEREBY ORDERED that Respondent TODD GERALD ZANOW's  
petition for voluntary surrender of his real estate salesperson  
license is accepted as of the effective date of this Order as set  
forth below, based upon the understanding and agreement expressed  
in Respondent's Declaration dated May 21, 1998 (attached as  
Exhibit "A" hereto).

IT IS ALSO ORDERED that Respondent's license  
certificate(s), pocket card(s) and all branch office license  
certificates be sent to the below-listed address so that they  
reach the Department on or before the effective date of the Order:

Department of Real Estate  
Attn: Licensing Flag Section  
P.O. Box 187000  
Sacramento, California 95818-7000

This order shall become effective at 12 o'clock  
noon on July 2, 1998.

DATED: 6/10/98

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,	)	NO. H-27283 LA
formerly doing business as	)	
West Coast Capital; JEANNIE F.	)	L-1997090179
YOUNG, individually, doing	)	
business as Marla J Real Estate	)	
and M J Realty and as designated	)	
officer of National Home Funding	)	
Corporation; and TODD GERALD ZANOW,	)	
Respondents.	)	

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DECLARATION

My name is TODD GERALD ZANOW.

I am a Respondent in the above-entitled case. I am represented by Marc R. Tow, Esq., in this matter.

Pursuant to Business and Professions Code Section 10100.2, I wish to voluntarily surrender my real estate license issued by the Department.

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I understand that by so voluntarily surrendering my license, I agree to the following:

The filing of my petition shall be deemed to be an understanding and agreement by me that upon acceptance by the Commissioner, as evidenced by an appropriate order, all affidavits and all relevant evidence obtained in the investigation prior to the acceptance and all allegations contained in the Accusation filed in Department of Real Estate Case No. H-27283 LA may be considered by the Department to be true and correct for the purpose of deciding whether or not to grant reinstatement of my license.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

DATED:

5/21/98  
TODD GERALD ZANOW

572

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

In the Matter of the Accusation of )  
)  
NATIONAL HOME FUNDING CORPORATION, )  
formerly doing business as )  
West Coast Capital; JEANNIE F. )  
YOUNG, individually, doing )  
business as Marla J Real Estate )  
and M J Realty and as designated )  
officer of National Home Funding )  
Corporation; and TODD GERALD ZANOW, )

Case No. H-27283 LA

OAH No. L-1997090179

FILED  
MAR 13 1998  
DEPARTMENT OF REAL ESTATE

Respondent(s)

By *[Signature]*

NOTICE OF CONTINUED HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 107 South Broadway, Second Floor, Los Angeles, CA 90012 on JUNE 9 and 10, 1998, 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: March 13, 1998

By

*[Signature]*

DARLENE AVERETTA, Counsel

cc: National Home Funding Corporation  
Jeannie F. Young  
Todd Gerald Zanow  
W. Anthony Willoughby, Esq.  
Marc R. Tow, Esq.  
Sacto.  
OAH

CEB

RE 501 (La Mac 11/92)

5/2/97

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

In the Matter of the Accusation of )  
)  
NATIONAL HOME FUNDING CORPORATION, )  
formerly doing business as )  
West Coast Capital; JEANNIE F. )  
YOUNG, individually, doing )  
business as Marla J Real Estate )  
and M J Realty and as designated )  
officer of National Home Funding )  
Corporation; and TODD GERLAD ZANOW, )

Case No. H-27283 LA  
OAH NO: L-1997090179

FILED  
OCT - 3 1997  
DEPARTMENT OF REAL ESTATE

Respondent(s)

NOTICE OF HEARING ON ACCUSATION

By CB

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 107 South Broadway, Second Floor, Los Angeles, CA 90012 on MARCH 11 and 12, 1998, 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 3, 1997

By

Darlene Averetta  
DARLENE AVERETTA, Counsel

cc: National Home Funding Corporation  
Jeannie F. Young  
Todd Gerald Zanow  
W. Anthony Willoughby, Esq.  
Marc R. Tow, Esq.  
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RE 501 (La Mac 11/92)

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Darlene Averetta, Counsel  
Department of Real Estate  
107 South Broadway, Room 8107  
Los Angeles, California 90012  
  
(213) 897-3937

**FILED**  
JUN 30 1997  
DEPARTMENT OF REAL ESTATE

By CR

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \* \* \*

In the Matter of the Accusation of )  
)  
NATIONAL HOME FUNDING CORPORATION, )  
formerly doing business as )  
West Coast Capital; JEANNIE F. )  
YOUNG, individually, doing )  
business as Marla J Real Estate )  
and M J Realty and as designated )  
officer of National Home Funding )  
Corporation; and TODD GERALD ZANOW, )  
)  
Respondents. )

NO. H-27283 LA  
ACCUSATION

The Complainant, Thomas McCrady, a Deputy Real Estate  
Commissioner of the State of California, for cause of Accusation  
against NATIONAL HOME FUNDING CORPORATION, formerly doing  
business as West Coast Capital; JEANNIE F. YOUNG, individually,  
doing business as Marla J Real Estate and M J Realty and as  
designated officer of National Home Funding Corporation; and TODD  
GERALD ZANOW, is informed and alleges as follows:

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FIRST CAUSE OF ACCUSATION

1.

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, makes this Accusation in his official capacity.

2.

NATIONAL HOME FUNDING CORPORATION, formerly doing business as West Coast Capital (hereinafter "NATIONAL"); JEANNIE F. YOUNG, individually, doing business as Marla J Real Estate and M J Realty and as designated officer of National Home Funding Corporation (hereinafter "YOUNG"); and TODD GERALD ZANOW, also known as Ethan Fromer (hereinafter "ZANOW"), sometimes collectively referred to herein as "Respondents", are presently licensed and/or have license rights under the Real Estate Law, Part 1 of Division 4 of the Business and Professions Code (hereinafter "Code").

3.

On or about June 13, 1997, a Stipulation and Agreement in Settlement and Order (hereinafter "Stipulation") was filed in Case No. H-26600 LA, a case then pending before the Department of Real Estate of the State of California (hereinafter "Department"), to be effective July 3, 1997. The Stipulation revoked the real estate licenses and license rights of NATIONAL and YOUNG, and granted them the right to apply for and be issued restricted real estate licenses.

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4.

At all times material herein, NATIONAL was and now is licensed by the Department as a corporate real estate broker, by and through YOUNG as the designated officer and broker responsible, pursuant to the provisions of Code Section 10159.2 for supervising the activities requiring a real estate license conducted on behalf of NATIONAL by NATIONAL's officers, agents and employees.

5.

From approximately January 11, 1993, to present, YOUNG was licensed by the Department as a real estate broker and as designated officer of NATIONAL. As the designated broker-officer, YOUNG is and, at all times material herein, was responsible for the supervision and control of the activities requiring a real estate license conducted on behalf of NATIONAL by NATIONAL's officers, agents and employees as necessary to secure full compliance with the provisions of the Real Estate Law as required pursuant to the provisions of Code Section 10159.2.

6.

At all times material herein, ZANOW was and now is licensed by the Department as a real estate salesperson. From approximately June, 1993 through July, 1996, ZANOW was employed by NATIONAL and/or YOUNG.

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7.

All further references herein to "Respondents", unless otherwise specified, include the parties identified in Paragraphs 1 through 5, above, and also include the officers, directors, managers, employees, agents and real estate licensees employed by or associated with said parties, who at all times herein mentioned were engaged in the furtherance of the business or operations of said parties, and who were acting within the course and scope of their authority and employment.

8.

At all times material herein, Respondents engaged in the business of real estate brokers in the State of California as defined in Section 10131(d) of the Code, on behalf of another or others, for compensation or in expectation of compensation. Said activity included the operation of and conduct of a mortgage loan brokerage business with the public wherein Respondents solicited borrowers or lenders for, or negotiated loans or collected payments or performed services for borrowers or lenders or note owners, in connection with loans secured directly or collaterally by liens on real property or a business opportunity.

9.

In or about 1995 and 1996, ZANOW arranged and/or processed loans secured by liens on real property for or on behalf of NATIONAL.

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10.

In or about 1995 and 1996, a FREDDIE MAC investigation determined that ZANOW and NATIONAL arranged and/or processed loans wherein ZANOW directed that loan proceeds due to the borrower, be disbursed through escrow, to accounts owned by ZANOW. Said disbursements were, in part, used to pay ZANOWS' personal bills.

11.

Said disbursements were made as follows:

<u>BORROWER</u>	<u>DATE</u>	<u>AMOUNT DISBURSED</u>	<u>ACCOUNT NAME</u>
RUIZ	9/13/95	\$ 6,082.93	NHF
WINTER	9/27/95	\$ 12,110.08	NHF
BUCHANAN	10/5/95	\$ 2,661.19	SANWA BANK
	10/5/95	\$ 4,209.65	GE CAPITAL
CASTRO	12/15/95	\$ 7,560.44	NHF CORP.
Retha BROWN	12/22/95	\$ 6,960.06	NHF CORP.
POLLERANA	3/13/96	\$ 3,000.00	GE CAPITAL
	03/13/96	\$ 2,000.00	WELLS FARGO
	03/13/96	\$ 5,249.46	NHF CORP.
Emma BROWN	05/14/96	\$10,677.57	NHF CORP.

12.

In or about July, 1996, the above borrowers, were contacted by FREDDIE MAC investigators. They stated that they had been unaware of the "additional settlement fees". They all thought they were getting a "No-Fee-Loan." YOUNG informed FREDDIE MAC investigators that she had not known that ZANOW was erroneously reporting his origination fees on the settlement statements. Further, YOUNG did not authorize ZANOW to have any fees or commissions paid directly to him out of escrow.

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13.

The conduct, acts and/or omissions of Respondents, as described herein above, constitutes making a substantial misrepresentation and/or negligence and/or incompetence, and are cause to suspend or revoke the licenses and license rights of Respondents under Code Section 10176(a) and/or 10177(g).

14.

The conduct, acts and/or omissions of ZANOW, as described herein above, constitutes cause to suspend or revoke the license and license rights of ZANOW under the provisions of Code Section 10137.

SECOND CAUSE OF ACCUSATION

15.

Complainant incorporates herein the allegations of Paragraphs 1 through 14, inclusive, herein above.

16.

A Department investigation of Respondents' activities determined the following:

(a) Respondents NATIONAL and YOUNG failed to notify the Real Estate Commissioner of their employment of ZANOW, in violation of Code Section 10161.8 and Regulation 2752.

(b) Respondents NATIONAL and YOUNG employed ZANOW without a written relationship agreement covering material aspects of their broker-salesperson relationship, in violation of Regulation 2726.

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