

1 Department of Real Estate
2 320 West 4th Street, Suite 350
3 Los Angeles, California 90013
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FILED
JUN 15 2005
DEPARTMENT OF REAL ESTATE
[Signature]

8 DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-31013 LA
12)
13 HENRY MEDINA NAVARRO)
14 and EDWARD LULET,) STIPULATION AND AGREEMENT
Respondents.)

15 It is hereby stipulated by and between HENRY MEDINA
16 NAVARRO and EDWARD LULET (sometimes referred to as Respondents),
17 and their attorney, Frank M. Buda, and the Complainant, acting by
18 and through James R. Peel, Counsel for the Department of Real
19 Estate, as follows for the purpose of settling and disposing of
20 the First Amended Accusation filed on November 22, 2004, in this
21 matter.

22 1. All issues which were to be contested and all
23 evidence which was to be presented by Complainant and Respondents
24 at a formal hearing on the Accusation, which hearing was to be
25 held in accordance with the provisions of the Administrative
26 Procedure Act (APA), shall instead and in place thereof be
27 submitted solely on the basis of the provisions of this

1 Stipulation and Agreement.

2 2. Respondents have received, read and understand the
3 Statement to Respondent, the Discovery Provisions of the APA and
4 the Accusation filed by the Department of Real Estate in this
5 proceeding.

6 3. On July 30, 2004, Respondent HENRY MEDINA NAVARRO
7 filed a Notice of Defense, and on August 17, 2004 Respondent
8 EDWARD LULET filed a Notice of Defense pursuant to Section 11506
9 of the Government Code for the purpose of requesting a hearing
10 on the allegations in the Accusation. Respondents hereby freely
11 and voluntarily withdraw said Notice of Defense. Respondents
12 acknowledge that they understand that by withdrawing said Notice
13 of Defense they will thereby waive their right to require the
14 Commissioner to prove the allegations in the Accusation at a
15 contested hearing held in accordance with the provisions of the
16 APA and that they will waive other rights afforded to them in
17 connection with the hearing such as the right to present
18 evidence in defense of the allegations in the Accusation and the
19 right to cross-examine witnesses.

20 4. This Stipulation is based on the factual
21 allegations contained in the First Amended Accusation filed in
22 this proceeding. In the interest of expedience and economy,
23 Respondents choose not to contest these factual allegations, but
24 to remain silent and understand that, as a result thereof, these
25 factual statements, will serve as a prima facie basis for the
26 disciplinary action stipulated to herein. The Real Estate
27 Commissioner shall not be required to provide further evidence

1 to prove such allegations.

2 5. This Stipulation and Respondents' decision not to
3 contest the Accusation is made for the purpose of reaching an
4 agreed disposition of this proceeding and is expressly limited
5 to this proceeding and any other proceeding or case in which the
6 Department of Real Estate ("Department"), the state or federal
7 government, or an agency of this state, another state or the
8 federal government is involved.

9 6. It is understood by the parties that the Real
10 Estate Commissioner may adopt the Stipulation and Agreement as
11 his Decision in this matter, thereby imposing the penalty and
12 sanctions on Respondents' real estate licenses and license
13 rights as set forth in the below "Order". In the event that the
14 Commissioner in his discretion does not adopt the Stipulation
15 and Agreement, it shall be void and of no effect, and
16 Respondents shall retain the right to a hearing and proceeding
17 on the Accusation under all the provisions of the APA and shall
18 not be bound by any stipulation or waiver made herein.

19 7. The Order or any subsequent Order of the Real
20 Estate Commissioner made pursuant to this Stipulation and
21 Agreement shall not constitute an estoppel, merger or bar to any
22 further administrative or civil proceedings by the Department of
23 Real Estate with respect to any matters which were not
24 specifically alleged to be causes for accusation in this
25 proceeding.

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27 ///

DETERMINATION OF ISSUES

1 By reason of the foregoing stipulations and waivers
2 and solely for the purpose of settlement of the pending
3 Accusation without a hearing, it is stipulated and agreed that
4 the following determination of issues shall be made:
5

6 The conduct, acts and omissions of Respondents HENRY
7 MEDINA NAVARRO and EDWARD LULET, as described in Paragraph 4
8 above, are grounds for the suspension or revocation of all of
9 the real estate licenses and license rights of Respondents under
10 the provisions of Section 10177(d), (g) and (h) of the Business
11 and Professions Code ("Code") for violations of Code Section
12 10240, and Sections 2725 and 2731, Title 10, Chapter 6,
13 California Code of Regulations.

ORDER

14 All licenses and licensing rights of Respondents HENRY
15 MEDINA NAVARRO and EDWARD LULET under the Real Estate Law are
16 revoked, provided, however, a restricted real estate broker
17 license shall be issued to Respondents HENRY MEDINA NAVARRO and
18 EDWARD LULET pursuant to Section 10156.5 of the Business and
19 Professions Code if Respondents make application therefor and
20 pay to the Department of Real Estate the appropriate fee for the
21 restricted license within 90 days from the effective date of
22 this Decision. The restricted license issued to Respondents
23 shall be subject to all of the provisions of Section 10156.7 of
24 the Business and Professions Code and to the following
25 limitations, conditions, and restrictions imposed under
26 authority of Section 10156.6 of that Code:
27

1 1. The restricted license issued to Respondents shall
2 be suspended for a period of sixty (60) days from the date of
3 issuance of said restricted license; provided, however, that
4 thirty (30) days of said suspension shall be stayed for two (2)
5 years upon the following terms and conditions:

6 a. Respondents shall obey all laws, rules and
7 regulations governing the rights, duties and responsibilities of
8 a real estate licensee in the State of California; and

9 b. That no final subsequent determination be made,
10 after hearing or upon stipulation that cause for disciplinary
11 action occurred within two (2) years of the effective date of
12 this Decision. Should such a determination be made, the
13 Commissioner may, in his discretion, vacate and set aside the
14 stay order and reimpose all or a portion of the stayed
15 suspension. Should no such determination be made, the stay
16 imposed herein shall become permanent.

17 c. Provided, however, that if Respondents petition,
18 the remaining thirty (30) days of said sixty (60) day suspension
19 shall be stayed upon condition that:

20 (1) Respondents pay a monetary penalty pursuant
21 to Section 10175.2 of the Business and Professions Code at the
22 rate of \$75 for each day of the suspension for a total monetary
23 penalty of \$2,250 per Respondent (\$4,500 for both Respondents).

24 (2) Said payment shall be in the form of a
25 cashier's check or certified check made payable to the Recovery
26 Account of the Real Estate Fund. Said check must be received by
27 the Department prior to the issuance of the restricted license.

1 (3) No further cause for disciplinary action against
2 the real estate licenses of Respondents occurs within two (2)
3 years from the effective date of the Decision in this matter.

4 (4) If Respondents fail to pay the monetary penalty
5 in accordance with the terms and conditions of the Decision, the
6 Commissioner may, without a hearing, order the immediate
7 execution of all or any part of the stayed suspension in which
8 event the Respondents shall not be entitled to any repayment nor
9 credit, prorated or otherwise, for money paid to the Department
10 under the terms of this Decision.

11 (5) If Respondents pay the monetary penalty and if no
12 further cause for disciplinary action against the real estate
13 licenses of Respondents occurs within two (2) years from the
14 effective date of the Decision, the stay hereby granted shall
15 become permanent.

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

21 3. The restricted license issued to Respondents may
22 be suspended prior to hearing by Order of the Real Estate
23 Commissioner on evidence satisfactory to the Commissioner that
24 Respondents have violated provisions of the California Real
25 Estate Law, the Subdivided Lands Law, Regulations of the Real
26 Estate Commissioner or conditions attaching to the restricted
27 license.

1 4. Respondents shall not be eligible to apply for the
2 issuance of an unrestricted real estate license nor for the
3 removal of any of the conditions, limitations or restrictions of
4 a restricted license until two years have elapsed from the
5 effective date of this Decision.

6 5. Respondents shall, within nine months from the
7 effective date of the Decision, present evidence satisfactory to
8 the Real Estate Commissioner that they have, since the most
9 recent issuance of an original or renewal real estate license,
10 taken and successfully completed the continuing education
11 requirements of Article 2.5 of Chapter 3 of the Real Estate Law
12 for renewal of a real estate license. If Respondents fail to
13 satisfy this condition, the Commissioner may order the
14 suspension of the restricted license until the Respondents
15 present such evidence. The Commissioner shall afford
16 Respondents the opportunity for a hearing pursuant to the
17 Administrative Procedure Act to present such evidence.

18 6. Respondents shall, within six months from the
19 effective date of this Decision, take and pass the Professional
20 Responsibility Examination administered by the Department
21 including the payment of the appropriate examination fee. If
22 Respondents fail to satisfy this condition, the Commissioner may
23 order suspension of Respondent's license until Respondent passes
24 the examination.

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1 DATED: April 1, 2005

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3
4 James R. Peel
5 JAMES R. PEEL
6 Counsel for Complainant

7 * * *

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

19 Respondents can signify acceptance and approval of
20 the terms and conditions of this Stipulation and Agreement by
21 faxing a copy of the signature page, as actually signed by
22 Respondents, to the Department at the following telephone/fax
23 number: (213) 576-6917. Respondents agree, acknowledge and
24 understand that by electronically sending to the Department a
25 fax copy of their actual signature as it appears on the
26 Stipulation and Agreement that receipt of the faxed copy by the
27 Department shall be as binding on Respondents as if the

1 Department had received the original signed Stipulation and
2 Agreement.

3 Further, if the Respondents are represented in these
4 proceedings, the Respondents' legal counsel can signify his
5 agreement to the terms and conditions of the Stipulation and
6 Agreement by submitting that signature via fax. The Commissioner
7 has asked that the attorney's signature be under penalty of
8 perjury that he will concurrently or within 24 hours of
9 obtaining Respondents' signature to the agreement deposit in the
10 mail the original settlement/stipulation containing the original
11 signatures of both the Respondents and Respondents' counsel.

12
13 DATED: _____

HENRY MEDINA NAVARRO
Respondent

14
15 DATED: _____

EDWARD LULET
Respondent

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18 DATED: _____

FRANK M. BUDA
Counsel for Respondents

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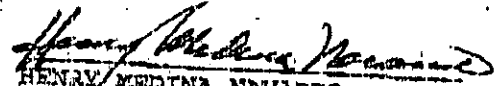
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1 Department had received the original signed stipulation and
2 Agreement.

3 Further, if the Respondents are represented in these
4 proceedings, the Respondents' legal counsel can signify his
5 agreement to the terms and conditions of the Stipulation and
6 Agreement by submitting that signature via fax. The Commissioner
7 has asked that the attorney's signature be under penalty of
8 perjury that he will concurrently or within 24 hours of
9 obtaining Respondents' signature to the agreement deposit in the
10 mail the original settlement/stipulation containing the original
11 signatures of both the Respondents and Respondents' counsel.
12


13 DATED: MARCH 30, 2005


HENRY MEDINA NAVARRO
Respondent

14 DATED: _____

EDWARD LULET
Respondent

15 DATED: 3-31-05


FRANK M. BUDA
Counsel for Respondents

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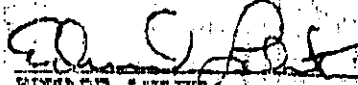
1 department had received the original signed Stipulation and
2 Agreement.

3 Further, if the Respondents are represented in these
4 proceedings, the Respondents' legal counsel can signify his
5 agreement to the terms and conditions of the stipulation and
6 agreement by submitting that signature via fax. The Commissioner
7 has asked that the attorney's signature be under penalty of
8 perjury that he will concurrently or within 24 hours of
9 obtaining Respondents' signature to the agreement deposit in the
10 mail the original settlement/stipulation containing the original
11 signatures of both the Respondents and Respondents' counsel.


12 DATED: _____

13 HENRY MEDINA NAVARRO
14 Respondent

15 DATED: 3-31-05

16 
17 EDWARD LULET
18 Respondent

19 DATED: 3-31-05

20 
21 FRANK M. BUDA
22 Counsel for Respondents

23 ///

24 ///

25 ///

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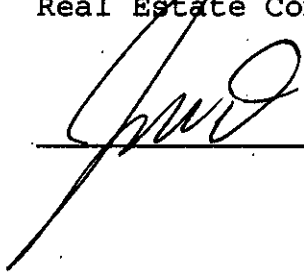
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The foregoing Stipulation and Agreement is hereby
adopted as my Decision in this matter and shall become effective
at 12 o'clock noon on July 5, 2005.

IT IS SO ORDERED 4-17-05, 2005.

JEFF DAVIS
Real Estate Commissioner



Saint
Hay

FILED
NOV 22 2004
DEPARTMENT OF REAL ESTATE
[Signature]

1 JAMES R. PEEL, Counsel (SBN 47055)
Department of Real Estate
2 320 West Fourth Street, Suite 350
Los Angeles, CA 90013-1105
3
4 Telephone: (213) 576-6982
-or- (213) 576-6913 (Direct)

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)	No. H-31013 LA
12)	FIRST AMENDED
13 HENRY MEDINA NAVARRO)	ACCUSATION
13 and EDWARD LULET,)	
14)	
15 Respondents.)	

16 The Complainant, Maria Suarez, a Deputy Real Estate
17 Commissioner of the State of California, for cause of Accusation
18 against HENRY MEDINA NAVARRO and EDWARD LULET, alleges as
19 follows:

20 I

21 The Complainant, Maria Suarez, acting in her official
22 capacity as a Deputy Real Estate Commissioner of the State of
23 California, makes this Accusation against HENRY MEDINA NAVARRO
24 and EDWARD LULET.

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II

HENRY MEDINA NAVARRO and EDWARD LULET (hereinafter referred to as Respondent or 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).

III

At all times herein mentioned, Respondents NAVARRO and LULET were licensed by the Department of Real Estate of the State of California as a real estate broker.

IV

From May 14, 2001, through January 3, 2002, Respondent NAVARRO was the broker for Home Federal Bankers (Home Federal), and from January 4, 2002, through July 31, 2003, Respondent LULET was the broker for Home Federal. As such, Home Federal acted pursuant to Code Section 10131(d) by performing acts for which a real estate license is required.

V

Respondents NAVARRO and LULET were negligent in allowing unlicensed loan agents to act on behalf of Home Federal, as discussed below.

(a) On or about August 25, 2001, a loan on real property at 16527 E. Lawnwood St., La Puente, California, for borrower Ramon Gomez by unlicensed loan agent David Vargas.

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///

1 (b) On or about November 12, 2001, a loan on real
2 property at 13249 Kismet St., Sylmar, California, for borrower
3 Maria Mestanza by unlicensed loan agent David Vargas.

4 (c) On or about July 24, 2001, a loan on real property
5 at 210 N. Pacific Ave., Santa Ana, California, for borrower
6 Willevaldo Quezada by unlicensed loan agents David Vargas and
7 Jose Vargas.

8 (d) On or about June 15, 2002, a loan on real property
9 at 16266 E. Avenida San Miguel, La Mirada, California, for
10 borrower Joseph D. Chun by unlicensed loan agents David Vargas
11 and Jose Vargas.

12 (e) On or about July 15, 2002, a loan on real property
13 at 10746 Ruoff Ave., Whittier, California, for borrowers Hector
14 S. and Claudia M. Dominguez by unlicensed loan agents David
15 Vargas and Jose Vargas.

16 (f) On or about October 15, 2002, a loan on real
17 property at 4281 Emerald Circle, Cypress, California, for
18 borrowers Marcos and Lynn Flores by unlicensed loan agents David
19 Vargas and Jose Vargas.

20 VI

21 Respondents NAVARRO and LULET violated Regulation 2831
22 by failing to maintain a record of borrowers' checks forwarded to
23 lenders.

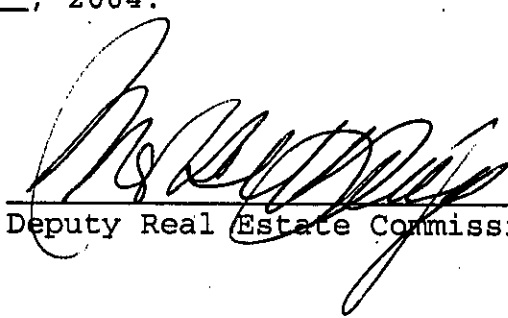
24 VII

25 Respondents NAVARRO and LULET violated Section 10240 of
26 the Code by failing to furnish each borrower with the required
27 Mortgage Loan Disclosure Statement.

1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all licenses and license rights of Respondents
5 HENRY MEDINA NAVARRO and EDWARD LULET under the Real Estate Law
6 (Part 1 of Division 4 of the Business and Professions Code) and
7 for such other and further relief as may be proper under other
8 applicable provisions of law.

9
10 Dated at Los Angeles, California

11 this 18th day of November, 2004.

12
13
14 
15 Deputy Real Estate Commissioner
16

17 cc: Henry Medina Navarro
18 Edward Lulet
19 Frank M. Buda, Esq.
20 Maria Suarez
21 Audit Section/Dorcas Chang
22 Sacto
23 LA
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SACTO
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FILED
OCT - 1 2004
DEPARTMENT OF REAL ESTATE

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DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) No. H-31013 LA
JOE L. VARGAS,)
Respondent.)

DISMISSAL

The Accusation herein filed on June 21, 2004, against Respondent JOE L. VARGAS is DISMISSED.

IT IS SO ORDERED this 27th day of September, 2004.

JOHN R. LIBERATOR
Acting Real Estate Commissioner

[Handwritten signature: John R. Liberator]

SAND
Flag

1 JAMES R. PEEL, Counsel (SBN 47055)
Department of Real Estate
2 320 West Fourth Street, Suite 350
Los Angeles, CA 90013-1105
3
4 Telephone: (213) 576-6982
-or- (213) 576-6913 (Direct)

FILED
JUN 21 2004
DEPARTMENT OF REAL ESTATE

By *[Signature]*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-31013 LA
12)
HENRY MEDINA NAVARRO,)
13 EDWARD LULET,)
and JOE L. VARGAS,)
14)
Respondents.)

16 The Complainant, Maria Suarez, a Deputy Real Estate
17 Commissioner of the State of California, for cause of Accusation
18 against HENRY MEDINA NAVARRO, EDWARD LULET, and JOE L. VARGAS,
19 alleges as follows:

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21 The Complainant, Maria Suarez, acting in her official
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24 EDWARD LULET, and JOE L. VARGAS.

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II

HENRY MEDINA NAVARRO, EDWARD LULET, and JOE L. VARGAS (hereinafter referred to as Respondent or 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).

III

At all times herein mentioned, Respondents NAVARRO and LULET were licensed by the Department of Real Estate of the State of California as a real estate broker, and Respondent VARGAS was licensed as a real estate salesperson.

IV

From May 14, 2001, through January 3, 2002, Respondent NAVARRO was the broker for Home Federal Bankers (Home Federal), and from January 4, 2002, through July 31, 2003, Respondent LULET was the broker for Home Federal. As such, Home Federal acted pursuant to Business and Professions Code (Code) Section 10131(d) by performing acts for which a real estate license is required.

V

Respondents NAVARRO and LULET were negligent in allowing unlicensed loan agents to act on behalf of Home Federal, as discussed below.

(a) On or about August 25, 2001, a loan on real property at 16527 E. Lawnwood St., La Puente, California, for borrower Ramon Gomez by unlicensed loan agent David Vargas.

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15 and Respondent VARGAS.

16 (f) On or about October 15, 2002, a loan on real
17 property at 4281 Emerald Circle, Cypress, California, for
18 borrowers Marcos and Lynn Flores by unlicensed loan agent David
19 Vargas and Respondent VARGAS.

20 VI

21 During the course of the transaction, Respondent VARGAS
22 represented to borrower Quezada that the terms of the loan would
23 include an interest rate of 3.9% for the first year, 4.9% for the
24 second year, 5.9% for the third year, 6.9% for the fourth year,
25 and 7.5% for the fifth year, when in fact, the borrower's loan
26 contained a variable interest rate that could change every month
27

1 to the maximum of 12%. The borrower obtained a loan he did not
2 want.

3 VII

4 During the course of the transaction, Respondent VARGAS
5 represented to borrower Chun that the terms of the loan would
6 include an interest rate starting at 3.5% for the first year
7 gradually increasing to 6.125% in the sixth year without any
8 point of negative amortization, when in fact, the borrower's loan
9 was in the nature of a fixed rate loan starting at around 6%.
10 The borrower could only obtain a loan he did not want.

11 VIII

12 During the course of the transaction, Respondent VARGAS
13 represented to borrowers Dominguez that the terms of the loan
14 would include an interest rate starting at 3.5% for the first
15 year, 3.75% for the second year, 4.45% for the third year, 4.75%
16 for the fourth year, 5.5% for the fifth year, 5.77% for the sixth
17 year, and 6.125% for the seventh year to remain at this level for
18 the next 23 years, when in fact, the borrowers' loan had an
19 interest rate of 3.5% for the first month of the loan and after
20 that the interest rate would change. The borrowers obtained a
21 loan they did not want or need as they were already paying 6.5%
22 interest on their previous loan. Further, the borrowers were
23 falsely informed by Respondent VARGAS that refinancing would cost
24 no more than \$2700 when in fact it cost around \$5025. Respondent
25 VARGAS also told the borrowers that with this great new loan they
26 could recover the cost of the loan in no time at all.

1 IX

2 During the course of the transaction, Respondent VARGAS
3 represented to borrowers Flores that the terms of the loan would
4 include a fixed annual percentage rate of interest with the first
5 year being around 3.5% and gradually increasing each year with
6 the sixth year and thereafter being around 6.125%, when in fact,
7 the interest rate was subject to change each month. The
8 borrowers ended up with a loan they did not want and were
9 obligated to pay costs and expenses in connection with obtaining
10 the loan.

11 X

12 Respondents NAVARRO and LULET violated Regulation 2831
13 by failing to maintain a record of borrowers checks forwarded to
14 lenders.

15 XI

16 Respondents NAVARRO and LULET violated Section 10240 of
17 the Code by failing to furnish each borrower with the required
18 Mortgage Loan Disclosure Statement.

19 XII

20 Respondents NAVARRO and LULET violated Regulation 2731
21 by using the unlicensed fictitious business name Home Federal
22 Bankers in their real estate brokerage business.

23 XIII

24 Respondents NAVARRO and LULET violated Regulation 2725
25 by failing to establish policies, rules, procedures and systems
26 to review, oversee, inspect, and manage activities relating to
27 transactions requiring a real estate license, documents which may

1 have a material effect upon the rights or obligations of a party
2 to the transactions, and the handling of trust funds.

3 XIV

4 The conduct of Respondents NAVARRO and LULET, as
5 alleged above, was in violation of Sections 2725, 2731, 2831,
6 Title 10, Chapter 6, California Code of Regulations, and Section
7 10240 of the Code, and subjects their real estate licenses to
8 suspension or revocation pursuant to Sections 10177(d), (g),
9 and/or (h) of the Code.

10 XV

11 The conduct of Respondent JOE L. VARGAS, as alleged
12 above, subjects his real estate license and license rights to
13 suspension or revocation pursuant to Sections 10176(a) and/or (i)
14 of the Code.

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1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all licenses and license rights of Respondents
5 HENRY MEDINA NAVARRO, EDWARD LULET, and JOE L. VARGAS under the
6 Real Estate Law (Part 1 of Division 4 of the Business and
7 Professions Code) and for such other and further relief as may be
8 proper under other applicable provisions of law.

9 Dated at Los Angeles, California
10 this 16th day of June, 2004.

11
12
13 
14 Deputy Real Estate Commissioner

15
16 cc: Henry Medina Navarro
17 Edward Lulet
18 Joe L. Vargas
19 AMC Inc./Frank McDowell
20 Maria Suarez
21 Audit Section/Dorcas Cheng
22 Sacto
23 LWA
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