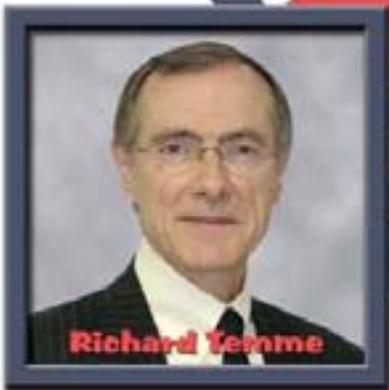
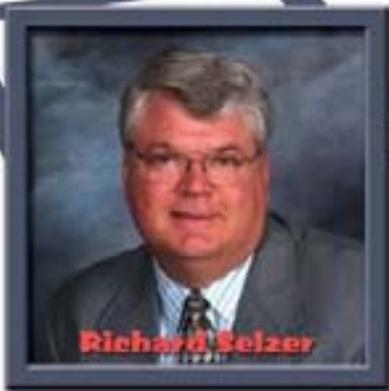
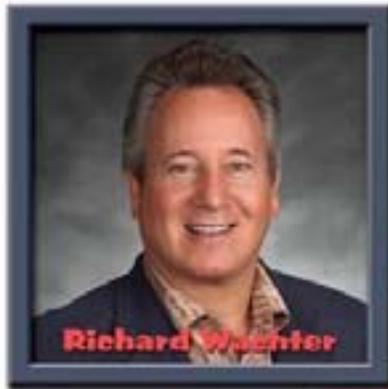




Points of Interest

A Publication of the California Mortgage Association

Spring 2014



We Have Great Terms!

Commercial Real Estate Loans

\$50,000 to \$10,000,000



We base our loan
on the *property equity*,
not on the borrower's credit

- Non-Conforming Properties
- Non-Owner Occupied
- Mixed-Use / Single Use
- Churches / Temples
- Automotive Centers
- Office Buildings
- Non-Profits
- Warehouses
- Industrial
- Factories
- Strip Centers
- Apartments
- Retail

- Fixed Rates
- Up to 20 years fully amortized
- No Prepayment Penalty
- Interest only to 5 years*
*has balloon payment
- Fast funding – less than 10 days*
*subject to verified title report

Credit Problem? No Problem!

- ✓ No Financial Statements
- ✓ No Tax Returns
- ✓ No P&Ls

Call Chuck Hershson: 1-800-752-9533

FIDELITY 
MORTGAGE LENDERS, INC.
COMMERCIAL • RESIDENTIAL
www.fidelityca.com

Real Estate Broker-License No. 00388229-California Department of Real Estate

Points of Interest is published by the **California Mortgage Association**, a voluntary trade association serving California mortgage and trust deed brokers and lenders.



2013-2014 BOARD OF DIRECTORS

Odell Murry – President
MAI Financial Services, Inc.

Stephen Pollack – Vice President
Anchor Loans, Inc.

Mark Forbes – Secretary
F.E. Forbes Company, Inc.

Steve Belleville – Treasurer
Real Estate Lending Group, Inc.

John Graziano – Past President
BaySierra Financial, Inc.

Steve Anderson – DFI Funding, Inc.
George Eckert – The Money Brokers

Noah Furie – Budget Mortgage Corporation

Glenn Goldan – ReProp Investments, Inc.

Charles Hershson – Fidelity Mortgage Lenders, Inc.

David Herzer – Herzer Financial Services, Inc.

Elizabeth Knight – PLM Lender Services

Stephen Leidner – Lantern Financial Corporation

Joffrey Long – Southwestern Mortgage

Lori Randich – Redwood Mortgage Corporation

Pam Sosa – Standard Mortgage Financial Services, Inc.

Richard Temme – R.C. Temme Corporation

Richard Wachter – Wachter Investments, Inc.

2520 Venture Oaks Way, Suite 150
Sacramento, CA 95833
(916) 239-4080 – phone • (916) 924-7323 – fax
cma@camgmt.com
www.californiamortgageassociation.com

CMA HEADQUARTERS STAFF

Lexi Howard
Executive Director

Michael Cochran
Webmaster / IT Manager

John Berkowitz
Publications Director

Isis Humphrey
Membership / Advertising / Exhibits

Jen Gross, CMP
Meeting Planner

Tricia Schrum, CPA
Accounting

Michael Arnold & Michael Belote, Esq.
Legislative Advocates

Phillip Adleson, Esq.
Legal Counsel

Inside This Issue

From the President	2
Notice of Annual Meeting	2
From the Editor.....	3
Sacramento Summary	5
Ability to Repay – Not the Problem, Not the Solution	7
Candidate Close-Up.....	10
2014 Spring Seminar	12
Winter Seminar Photos	16
Winter Seminar Vendors.....	18
Winter Seminar Sponsors.....	20
PAC Contributors.....	21
Seller Carry-Back Rule and Dodd-Frank.....	23
SB 391: Wrong Solution to a Real Problem.....	29
Technology Q&A.....	30
Stricktly Strickland	31
Welcome New Members	35
Membership Application	36
Advertise with CMA.....	37





From the President

By Odell Murry • 2013-2014 CMA President

Why CMA?

This issue of *Points of Interest* is the first issue to be distributed beyond our general membership. I would like to take this opportunity to thank our new readers, and welcome them to our eMagazine, which is a mini version of CMA's *Points of Interest*. The full version of *Points of Interest* will continue to be distributed to CMA members.

Since this is the first eMagazine issue that will be extended to the professional community at large, I would like to focus on our organization and on what benefits CMA can provide.

Who is CMA?

Since its inception, the California Mortgage Association's mission has been the ongoing education of California licensed private money lenders as well as the preservation of the industry through legislative review and advocacy. CMA continues to be the voice of trust deed lenders and investors throughout the state, representing the industry's best interests at all times.

CMA is the largest and oldest private money mortgage trade association in the nation. When you include the previous organizations that formed CMA, we represent over sixty

years of service to our members who are engaged in the practice of originating and servicing private money mortgages.

CMA is a combination of small, midsize, and large companies that come together to receive education and training for business owners, executives and employees on the various regulations and compliance issues relating to our industry.

CMA also conducts legislative reviews on various proposed bills and existing laws to ensure that these pieces of legislation are in the best interests of our members, investors of private mortgage notes, borrowers, and our industry as a whole.

The legislative work is a critical part of what CMA does. The work that CMA performs in this area is vital to all parties, from legislators to consumers. CMA is the only organization that evaluates and vets these laws and regulations to help our legislators understand the impact that certain laws can have on our industry and business in California.

Our mission is to represent our members and work hand-in-hand with legislators and our industry's regulators to arrive at the

best solution for all parties involved. Our industry is a very large and important part of California's economy. It is therefore important to keep this industry strong and protect its ability to provide needed financing to the citizens of California and other states, and to offer private money mortgage investment opportunities to the marketplace.

continued on page 33

California Mortgage Association Notice of Annual Meeting

PLACE:

The Grand Hyatt San Francisco
345 Stockton Street
San Francisco, CA 94108

DATE:

April 25, 2014

TIME:

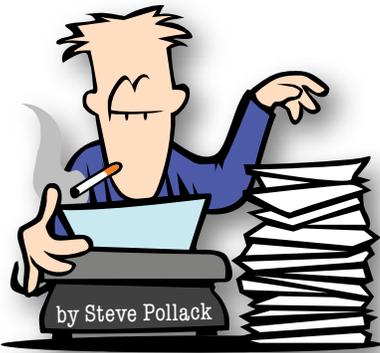
11:30 am

At this meeting the results of the Board of Directors election will be announced.

Ballots have been mailed to Regular Members.

Ballots are due back to CMA Headquarters by April 21, 2014.





From the Editor

“One of the virtues of being very young is that you don’t let the facts get in the way of your imagination.”

— Sam Levinson

Spring is the season of renewal – it stands as a symbol in nearly every culture and society on Earth of rejuvenation, resurgence and regrowth – which makes this spring issue of *Points of Interest* the perfect vehicle for a conversation about our newer and younger CMA members and their importance to our organization.

Though humorist Sam Levinson may have had his tongue firmly planted in his cheek when he suggested that a virtue of the young is that they are likely to place creativity ahead of fact-finding, in an organization like ours that virtue can actually be quite valuable.

One of the great benefits of belonging to the CMA is the access we as members have to the incredible knowledge base represented within our collective experience and success. In our industry, the “facts” are well established in the form of laws, rulings, data sets and court precedents, and we spend a significant amount of time and resources both gathering and sharing that knowledge amongst ourselves.

Newer members to the CMA, many of you who are also younger, will find that “the wheel” of best practice has already been invented, and many unforeseen mistakes and mishaps can be avoided simply through having conversations with fellow members who have been down a road you are venturing out on, or via an article here in *Points of Interest* that provides insights into a new policy, or describes the rulings in a court case illustrating the need to stay on top of industry regulations.

Although we older members can take great pride in the wheel we have all helped to invent, we also recognize that innovation and imagination are critical ingredients in our industry – and they are ingredients that will most likely be infused through you – the younger generation. Your imagination, your energy and your willingness to push boundaries can be just what is needed in certain situations where “tested and true” methods have become stale.

To the newer and younger members of the CMA, please accept my invitation to use this organization to form relationships with some of the smartest and most successful

people in our industry, to network with other young people and new entrants into the industry, to influence the CMA with your younger perspective, and to bring what you’ve learned about newer technologies we have been slow to implement.

This year, in the spirit of renewal and rejuvenation, CMA will make an effort to reach out to our newer and younger members via digital advances, website updates and other technologies – including a conference app for smart phones, wifi sponsorships and other 21st century ideas that we’re hoping will come from you. 🌱



Need an IRA Custodian who can fund a deal within 24 hours?



With our EXPEDITED PROCESSING option, send us your funding docs & we'll fund the deal within 1 business day*!

*As long as the IRA account has been funded, and all funding documents are received in good order, we can release the IRA funds to a private lender in one business day. Call us for more info!

OPEN AN ACCOUNT FOR FREE!**

Go to www.IRAServices.com and open an IRA account using our online application system.

To be eligible for the account setup fee waiver, enter Registration Code **CMA01 when prompted during the online application process.

Take control of your retirement with a Self-Directed IRA Custodian that provides you with over 30 years of experience, superior customer service, and the most competitive fees in the industry.



SACRAMENTO SUMMARY



By Michael J. Arnold & Michael Belote, Esq.
Legislative Advocates

2014 promises to be a wild year in Sacramento. Politically, Democrats will be attempting to retain their narrow two-thirds "supermajorities" in the Assembly and Senate, in a year when Republicans hope to make significant gains at both the state and federal levels. Both the Assembly Speaker and Senate President pro Tem will be forced from office due to term limits. Resignations of long-time members of Congress from California are causing state legislators to announce campaigns for national office. And one state senator was recently convicted on eight felony counts with another recently indicted on federal corruption charges!

From a policy perspective, the big issues are likely to be the state budget, the drought, and privacy. The first two issues are not of direct interest to CMA members as private money lenders and brokers, but are important to us all as citizens. On the budget front, the years of deficits are over, and it appears that California may enter the new fiscal year with a surplus of as much as \$16 billion. Governor Brown will preach fiscal restraint and attempt to increase the rainy day fund against legislative attempts to spend portions of the surplus. This will be a continuing theme throughout the legislative year.

The drought obviously threatens to depress economic activity in many sectors of business, and since they cannot make it rain, the governor and legislators are looking for ways to address conservation issues and others which they can impact. Again, unless the coming weeks include lots of rain, this will be a major focus of the legislature this year.

The third issue, privacy, might well implicate CMA members. Questions of

data security, sharing of information, and online privacy will all be discussed this year in Sacramento. The legislative leadership seems convinced that more work on this subject is appropriate for 2014, and the goal of CMA and basically every other area of commerce is to avoid unintended consequences in privacy-related legislation.

Friday, February 21 was the last day to introduce new bills in Sacramento for 2014. In all, nearly 2000 new bills were introduced. Your advocates are presently combing through this mountain of legislation to identify those bills important to CMA, but at the present time it does not appear that lending or foreclosure issues will be a major feature of the legislative year. Bills have been introduced relating to liens, title insurance, notaries, unlawful detainer, BRE

regulation and other issues, however, and these will be reported in future issues of Points of Interest.

Then too, SB 391, the bill proposing a \$75 surcharge on the recording or real estate documents, will remain alive throughout 2014. While the bill is not presently moving, it could still be passed anytime before the legislature adjourns for the year on August 31. A column articulating the concerns over SB 391 appears elsewhere in this issue.

The bills introduced prior to the February 21 deadline will be evaluated by CMA legislative committee under the able leadership of Chair George Eckert. Reviewing the bills is a time-consuming and laborious process, and George deserves lots of credit for his diligence!

DAVID ALLEN DUNER
Certified Public Accountant

DRE COMPLIANCE SERVICES

- Annual Trust Fund Financial Statements
- Quarterly Multi-Lender Audits
- DRE Audit Assistance
- Trust Account Reconciliation

MORTGAGE POOL / LLC ACCOUNTING SERVICES

EFFICIENT SERVICE
Over 20 Years Experience

18952 MacArthur Blvd., Ste. 400, Irvine, CA 92612
(949) 263-0030 • David@DunerCPA.com





Ability to Repay – Not the Problem, Not the Solution



by
Sean O'Toole
PropertyRadar.com



We have had a spirited recovery in California over the last few years, which has clearly benefitted from government intervention in the form of lower interest rates, massive mortgage backed securities purchases, and perhaps even reduced supply through foreclosure intervention. I'm afraid that we have yet to feel the true cost of those interventions, but more importantly I believe the regulatory intervention we've seen is misguided, failing to reflect the right lessons.

In 2000, the median household income in CA was \$46,816. Using popular loan terms of the time, that household qualified to buy a \$245,000 home. The median price was \$241,350.

Fast forward to 2005, and with a median annual income of \$51,755, a CA household should have been able to spend \$315,000 on a home, but thanks to pay option ARMs

with low teaser rates, they could actually qualify for \$525,000. The median price was \$522,670 that year.

I sold my investment properties at the end of 2005, based on the simple reality that qualifying homebuyers based on temporary terms had pushed prices well beyond sustainable levels, and it was clearly going to end badly.

The beliefs that home prices are tied primarily to things like lack of inventory, or desire to be in California are nonsense. CA buyers, like most U.S. homebuyers behave extremely consistently ... they buy as much house as their banker says they can afford.

This was true even in 2009, at the bottom of the market. The median household income in CA that year was \$58,931, which qualified

continued on page 8



for a \$275,000 home. Median price that year was \$274,640. Prices weren't driven lower by foreclosures, they were driven lower by simple affordability based on tightening of loan terms.

I estimate last year's median household income will be slightly under \$70,000, which qualifies for a \$375,000 home, and we had a median price of \$360,000 (note that is the median of public record sales, C.A.R. reports a higher median based on MLS data).

A crazy few years for sure, but regardless of the market, people live in the consistent reality of what they can afford, or at least what their lender thinks they can afford. And, these simple data points are critical, because if you peel back the onion, you get to a simple conclusion ... ability to repay doesn't matter at all.

Richard Cordray, head of the Consumer Financial Protection Bureau summed up the government's position like this, "You

had many loans where consumers were set up to fail. There wasn't careful attention to whether a borrower could repay a loan. That got us into trouble. It sank the economy. And we want to make sure that that doesn't happen again."

But ability to repay wasn't the problem; price and terms were the problem. Ask yourself this – if home prices were at a point where an investor could buy the home and get a 10% return on rents after expenses, is there ANY risk of loss on 100% financing in most parts of the state? What about if the borrower has a terrible credit score, and no job? Nope. There is no risk of loss, no risk of financial meltdown, no sinking the economy. So ability to repay doesn't matter. And in many desirable areas that is still true at a 7% return, or even a 5% return.

What if instead of basing government backed loan amounts on sales comps, we based them on rents? The income approach to appraisal is already used in commercial lending. And lenders recently

used it in REO disposition as many found they could get better recoveries selling to landlords than through market sales ... which by the way, led to a rapid rise in prices as hedge funds and others swooped in to take advantage of the great returns on rents.

Might the government still want to put some requirements on ability to repay in order to protect borrowers from losing their homes? Perhaps. But make no mistake; ability to repay is not the reason prices dropped in 2008. And it's not the primary risk to the real estate markets going forward.

We've seen a significant price increase in California over the last few years. Affordability has decreased as prices have risen. Investment returns are lower too – likely now too low to be attractive in many parts of the state. Homeownership rates have fallen, as investors picked up the slack for sidelined buyers. That's ending and sales are slowing.

Everyone is focused on higher prices, but aren't we better off with affordable, sustainable prices and greater volume? A stable market where loans are easy to obtain, having little risk of ending up under water for either lenders or homeowners, and where home values protect against inflation, not drive speculation.

I believe looking to the income approach to appraisal, in lieu of the sales approach, would go a long way towards getting us there. And more importantly, it would allow us to roll back the massive amount of unnecessary regulation that was put in place over the last few years, clearing the path for private capital to return to the home mortgage market. 🍷

Sean O'Toole is Founder and CEO of PropertyRadar.com, formerly ForeclosureRadar.com. PropertyRadar is a real estate data, research and analytics firm that helps real estate professionals find opportunities and reduce risk by leveraging public records data in new ways.

ADLESON, HESS & KELLY
Attorneys at Law A Professional Law Corporation

Providing Legal Services
in all California and Federal Courts

Emphasizing legal services, consulting and expert
witness testimony in trustee, lender, mortgage broker,
real estate, bankruptcy, and policyholder insurance matters.

- Corporate Counsel for the United Trustees Association and the California Mortgage Association
- AV Rated by Martindale-Hubbell Law Directory

Telephone (408) 341-0234
Fax (408) 341-0250

Webpage: www.ahk-law.com E-mail: padleson@ahk-law.com
577 Salmar Avenue, Second Floor, Campbell, California 95008





THE
**Mortgage
Office**

Powerful Lending Solutions

Private Money Lending Software

**Powerful, Flexible,
and Easy to Use**

- Used by most CMA Members
- DRE and RESPA Compliant
- Service multi-lender loans or pools with ease
- Automate budget and draw process for rehab loans
- Handle ARM, Construction, and Commercial loans
- Built in Trust Accounting
- Enhanced reporting and forecasting
- Online investor access 24/7
- Increase productivity and accuracy



800.833.3343 | www.TheMortgageOffice.com



CMA Board of Directors elections are under way. Ballots have been mailed to regular (voting) members, and are due back to CMA Headquarters no later than April 21, 2014.



Name: George Eckert
Company: The Money Brokers, Inc. – Sacramento, CA
Years in Business: 27 **Years CMA Member:** 26
Why do you want to serve on the Board of Directors?
I believe my experience and dedication to CMA are valuable additions to the Board.



Name: Glenn Goldan
Company: ReProp Financial – Eureka CA; Soon to be Scottsdale AZ
Years in Business: 28 **Years CMA Member:** 19
Why do you want to serve on the Board of Directors?
I have served on the Board since its inception as well as becoming CMA's first elected president. That said, I wholeheartedly believe we should continue to bring new fresh leadership to the Association, which is why I refused a second term as president. There are some of us "old-timers" that can lend perspective and support to new leadership and that's why I want to serve again.



Name: Elizabeth Knight
Company: PLM Lender Services, Inc. – Campbell, CA
Years in Business: 36 **Years CMA Member:** 29
Why do you want to serve on the Board of Directors?
I would like to serve on the CMA Board of Directors because I bring a different point of view to the table. Because my firm is a non-originating company, we work with many different types of brokers, lenders, borrowers and vendors. I hear and see the many wants and needs of the brokers. In addition, I understand the demands and expectations of the regulators so I can assist in transmitting this information.



Name: Steve Leidner
Company: Lanter Financial – Sherman Oaks, CA
Years in Business: 34 **Years CMA Member:** 32
Why do you want to serve on the Board of Directors?
It is an honor to serve on the Board of Directors. The Board is a group of dedicated, hard working men and women who genuinely care for our business and for our members.





Name: Michelle R. Rodriguez

Company: R.C. Temme Corp. & Woodland Hills Mortgage – Woodland Hills, CA

Years in Business: 9 **Years CMA Member:** 9

Why do you want to serve on the Board of Directors?

The continued success of CMA is critical in order for our industry to thrive. It is important for CMA to have board members that are willing to put in the work to understand the issues and challenges, and that have the courage to propose and support ideas that may not be popular. I would like to continue to serve as the chair of the Dodd-Frank committee as long as necessary, and help CMA decipher new regulations and cases that affect our industry, as well as add a fresh perspective as CMA addresses challenges, and makes strategic decisions for the future of the organization.



Name: Phillip L. Ruble

Company: Olympia Mortgage and Investment Company, Inc. – Nevada County, CA

Years in Business: 12 **Years CMA Member:** 12

Why do you want to serve on the Board of Directors?

I would like to “give back” to an industry that has treated me so well over many years. I find, in interacting with existing Board Members, that these are some of the most knowledgeable people in our industry. I would like to share my experience with them and, in turn, learn more from them.



Name: Richard Selzer

Company: Realty World Selzer Home Loans – Ukiah and Willits in Mendocino County, CA

Years in Business: 38 **Years CMA Member:** At least 25

Why do you want to serve on the Board of Directors?

I am interested in serving on the Board of Directors for three reasons. 1) I have been a member for many years and gained a great deal from my membership, especially the seminars, and feel somewhat compelled to give some energy back. 2) I feel I can add value to the decision making process of the board. 3) In the meetings of the board that I have attended I have gained a better understanding of some of the important issues than I would in the general membership meetings and have gotten the information just a little faster and deeper.



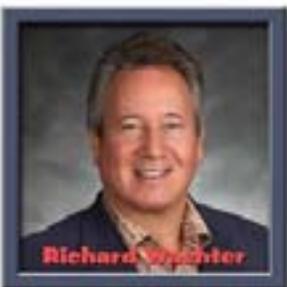
Name: Richard C. Temme

Company: Woodland Hills Mortgage Corp & R.C. Temme Corp. – Woodland Hills CA (State Wide)

Years in Business: 38 **Years CMA Member:** 37

Why do you want to serve on the Board of Directors?

Having been a member of MAC, CIMBA, MI & CTDBA before the merger that formed CMA, CMA became one of my children. I was involved in the merger that founded CMA and have used my Board membership to try and guide CMA to further develop and be the best it can be for future generations of mortgage brokers and lenders. I possess a huge amount of institutional memory, at least until dementia sets in someday; I hope to use this experience & institutional memory to help CMA avoid committing mistakes of the past and help CMA benefit with decisions of the future.



Name: Rich Wachter

Company: Wachter Investments, Inc. – Burlingame, CA

Years in Business: 34 **Years CMA Member:** 30

Why do you want to serve on the Board of Directors?

CMA is already a terrific and essential organization. Volunteers who serve on CMA's Board deserve praise for all they have accomplished, and for the time and energy they so graciously donate nurturing our association. Nonetheless, to survive and flourish in our forever changing business climate we cannot be complacent. We must continually strive to do better, accepting there will always be room for improvement. My desire to continue to serve you as a Board Director is so I may assist and support building a better trade organization. Small mortgage brokers like myself who continue to operate under the BRE need to maintain a strong voice on CMA's Board.



California Mortgage Association

Your Business Plan / Model
Mortgage Fund, BRE, Whole Loans or Multi-Lender
The Critical Questions to Ask – and the Answers

Agency Agreements and Broker Service Agreements
— *Sample Forms Provided* —

Making Business Purpose Loans, the Updated Form, and Staying OUT of Dodd-Frank
— *Sample Forms Provided* —

Hazard Insurance, Liability Insurance, and Coverage, Part II
(Follow-up to the Oct/Las Vegas Program)

Dodd-Frank Focus Group

Loan Servicing: Complying and Profiting – Getting It Right!

Legislative Update

Pool Manager's Focus Group + Lunch

Thursday Cocktail Hour / Networking Event • Friday Lunch Buffet • Friday Wine & Cheese Networking Hour

Join Us In San Francisco April 24-25, 2014



Spring Seminar

San Francisco



California Mortgage Association
www.californiamortgageassociation.com

General Information

LOCATION:

The CMA Spring Seminar will be held April 24-25, 2014, at the Grand Hyatt San Francisco, located at 345 Stockton Street in San Francisco, CA. For room reservations call the hotel at 888-421-1442 and ask for the **California Mortgage Association** room rate. Room rate is \$249 Single/Double. Valet parking is \$54 per day. Cut-off date for reservations is April 2, 2014 at 5:00 pm. Online Hotel Registration at: <https://resweb.passkey.com/go/CAMA2014>.

SEMINAR FEES:

Full registration includes all seminar events*, materials, Thursday cocktail/networking reception, Friday lunch, and Friday wine and cheese networking event. *Except Thursday Pool Manager's Focus Group Lunch, which requires separate ADVANCE registration. See program description.

	Registration received on or before April 17, 2014	Registration received from April 18, 2014 to date of seminar
CMA Regular Member	\$350	\$400
Additional Attendee Same Company*	\$300	\$350
Educational Member	\$350	\$400
Non-Member	\$550	\$600
Pool Manager's Focus Group + Lunch	\$65	Must register by April 17, 2014

*applies only to regular member companies

REFUND POLICY:

Cancellations received in writing on or before April 10, 2014 will receive a conditional credit toward a future seminar. No credit or refund for cancellations not received in writing by April 10, 2014.

CMA DISCLAIMER STATEMENT:

Views, statements, information, and materials provided at CMA seminars do not necessarily reflect the views of the California Mortgage Association, its Officers, Directors, or Members. When considering any document, opinion, publication, or other material obtained at or from CMA or from any CMA event, attendees and recipients of the information are advised to seek qualified counsel as to the suitability of that material or information for their own business operation or use.

MISCELLANEOUS:

Please wear name badges to all functions. Tickets are required for various events. Please be courteous of others and place mobile phones on silent mode. Program and speakers are subject to change without notice.

“The contacts you make, the conversations you have, are a huge part of the value.

I'd attend just for that!”

Thursday, April 24, 2014

7:30 am - 5:00 pm **Seminar Registration**
7:30 am - 8:30 am **Continental Breakfast in Registration Area**
10:00 am - 6:00 pm **Exhibitor Fair Open (8:00 am - 10:00 am Exhibitor Set-Up)**

Special Members-Only Sessions: Focus Group Sessions

CMA Focus Group Sessions are open exclusively to CMA members. Please register to attend one or both sessions by using the seminar registration form.

8:00 am - 9:50 am Consumer Lending / Loan Servicing / Dodd-Frank Focus Group
Michelle R. Rodriguez, CMA Dodd-Frank Chair; Richard Temme, President, Woodland Hills Mortgage; and Selected Panelists

Consumer lending / loan servicing AND Dodd-Frank issues: Your Dodd-Frank Committee brings you practical concepts and strategies from their hours and hours of research. This session will focus on the practical aspects of originating loans under Dodd-Frank, ability-to-repay issues, and decoding the different types of qualified mortgages. Bring your questions.

9:50 am - 10:10 am 20 Minute Networking Break

10:10 am - 12:00 noon Basics of Loan Servicing: Complying and Profiting Under New Rules
Michelle R. Rodriguez, CMA Dodd-Frank Chair; Elizabeth Knight, President, PLM Lender Services, Inc.; Moderated by Joffrey Long, CMA Education Chair

You need to know. Whether you service loans or have them serviced by others, this panel will give you basic, yet comprehensive information to work with. Based largely on the most frequent questions WE GET, you'll find out about:

- Periodic (monthly) billing statements and related requirements
- Forced-placed insurance, notification requirements, and challenges
- Delinquent borrowers, including early intervention requirements, obligations/procedures to contact borrowers, loss mitigation efforts, foreclosure procedures and challenges

The last 30 minutes of the session is reserved just for your questions. You can e-mail them in advance to isis@camgmt.com or just ask them at the session.

10:30 am - 12:45 pm Pool Manager's Focus Group
Glenn Goldan, President, ReProp Financial; and Selected Panelists

(Separate Registration Required) Lunch is included. Meeting open only to qualified members of the Pool Manager's Focus Group – advance registration must be made on or before April 17, 2014. If you are unsure of your status, please contact isis@camgmt.com.

- Updates on current issues and changes for fund managers
- The state of the industry through the eyes of the auditors, David Duner, David A. Duner, CPA & Josh Nevarez, Armanino.
- Open discussion of topics of interest to our members and future programs.

1:00 pm - 6:00 pm Thursday and All Day Friday are Open to All Attendees

1:00 pm - 2:50 pm REALLY Making Business Purpose Loans (staying out of Consumer issues and Dodd-Frank)
Phil Adleson, CMA General Counsel; Moderated by Joffrey Long, CMA Education Chair

Your business model is making ONLY business purpose loans, and avoiding all the consumer issues. Plaintiffs and their counsel stand to gain hundreds of thousands of dollars if the loan is consumer purpose. They checked the box for "business purpose" and filled out your form. What if they now claim it was for CONSUMER purposes? There are continuing challenges with this one issue. Find out:

- What challenges have occurred since our last "Business Purpose" program
- How the form has been modified, and why
- How plaintiff's counsel might try to challenge your business "purpose"
- Problems with "the rest of your file" – ways to "insulate" your transaction

2:50 pm - 3:20 pm 30 Minute Networking Break

3:20 pm - **Agency and Broker Service Agreements: (Forms Provided) (Part Two of "Third Party Originations, continued from CMA Universal, January, 2014)**
5:00 pm *David Medlin, Attorney, Medlin and Hargrave; and Lori Randich, Vice President, Redwood Mortgage Corp.*
BACK BY POPULAR DEMAND! With so much interest in this topic at January's conference, this follow up will provide you with more depth on key issues in originating loans through outside brokers. More on "daisy-chain" loans, out of state brokers, disclosures, and more. An additional bonus: You'll get sample forms – an Agency Disclosure and a Broker Services Agreement. This alone is worth well more than the cost of the entire seminar. And we'll take time to answer your unanswered questions from January – Don't miss it!

5:00 pm - 6:00 pm **Cocktail/Networking Hour, Sponsored by SBS Trust Deed Network**

Friday, April 25, 2014

— Open to All Attendees —

7:30 am - 8:30 am **Continental Breakfast in Exhibitor Area**

7:30 am - 4:30 pm **Registration**

7:30 am - 5:00 pm **Exhibitor Fair Open**

8:30 am - **Insurance: Ordering, Understanding and Upgrading Coverage**

10:00 am *Randy Hess, Shareholder, Adleson, Hess and Kelly a P.C.; and Stephen Pollack, CMA Vice President*
Whether it's liability coverage on your business or rentals, hazard coverage on properties you service or manage, or REO's you handle, or if it's your E and O coverage, there are a lot of "missing pieces" to the insurance puzzle. At part one of the well-received insurance presentation in Las Vegas/October of last year, we began to see how many challenges there can be to our insurance coverage. This session will answer more questions, and cover the remainder of this critical presentation.

10:00 am - 10:30 am **30 Minute Networking Break**

10:30 am - **Legislative Review**

11:30 am *Mike Belote and Mike Arnold, CMA Legislative Advocates; and George Eckert, CMA Legislative Chair*
New laws affecting your business? Find out what's being considered and what CMA is doing about it. Your legislative advocates and legislative chair will update you on legislative changes, what's being done, and what's likely to affect you. Benefit from being ahead of the curve and knowing which direction the changes may take us.

11:30 am - 1:00 pm **Luncheon and General Business Meeting**

1:00 pm - **Choosing the Right Business Model Mortgage Fund, BRE, Whole Loans, Multi Lender, Or...?**
2:30 pm **The Questions You Need to Ask – AND the Answers**

Glenn Goldan, President, ReProp Financial; Brad Rogerson, Attorney, Stein & Lubin LLP; Josh Nevarez, CPA, Armanino; David Duner, David A. Duner, CPA; and 6 to 8 additional panelists including practitioners, software providers, and other experts.
You can decide which business model to choose – if you have the right facts. Do you know all the questions to ask? Are you getting the right answers? Transitioning from BRE to Mortgage Fund? Starting out with a fund? Or funding with your own money for later resale to investors – all have advantages and disadvantages – and greatly varying costs. For some, starting a fund has been their road to the top – for others, complete disaster. In this session, ACTUAL COSTS will be disclosed, along with comparisons in the workload, skill and staff needs, and liability. Join two "super-panels," with attorneys, accountants, software providers, fellow practitioners, and others who will give ACTUAL DOLLAR COSTS of items, along with what you need to know. Get it right. This "profit and operations oriented" session will provide you with critical tools to help your business operation. (Note: Session runs from 1:00 pm to 2:30 pm then resumes from 3:00 pm to 4:00 pm, after the 2:30 pm break.)

2:30 pm - 3:00 pm **30 Minute Networking Break**

3:00 pm - 4:00 pm **Choosing the Right Business Model – (continued)**

4:00 pm - 5:00 pm **Wine and Cheese Networking Hour**

5:00 pm **Seminar Concludes**

Pictures From the Winter Seminar – January 30-31 in Universal City, CA



Pictures From the Winter Seminar – January 30-31 in Universal City, CA



DONATE TO THE CMA PAC TODAY!

CMA's positive influence is crucial for our survival. Send your contribution today!

It's easy to donate:

Online at www.californiamortgageassociation.com

— or —

Send the additional amount with your monthly CMA dues

— or —

Write a check to "CMA PAC" and send it today to:
2520 Venture Oaks Way, Suite 150 • Sacramento, CA 95833

PROTECT YOUR INDUSTRY – CONTRIBUTE TODAY!

For more information contact:

Richard Wachter, Chairperson, CMA PAC Fundraising Committee
1-800-308-4961

Our PAC and our advocates in Sacramento always operate in full compliance with all laws and regulations relating to efforts to influence the public policy process. We would never engage in any type of quid-pro-quo on public policy issues or entertain contributions in return for access. We support legislators who are philosophically aligned with the interests of our membership and who work to ensure a business environment which allows our members to flourish.

\$100,000
Goal

\$44,652
raised
so far

*(fiscal year
2013-2014)*



Thank You to Our Winter Seminar Exhibitors



Applied Business Software, Inc.
 2847 Gundry Avenue
 Signal Hill, CA 90755
 800.833.3343 – p / 562.426.5535 – f
 Contact: AJ Poulin
 E-mail: aj@absnetwork.com
 Website: www.themortgageoffice.com
 Product/Service: Servicing Software



BuildZig
 1211 Embarcadero Way, Suite D
 Oakland, CA 94606
 800.380.0180 – p / 866.703.5150 – f
 Contact: John Bohannon
 E-mail: jbohannon@buildzig.com
 Website: www.buildzig.com
 Product/Service: Real Estate Development Services



Del Toro Loan Servicing
 2434 Southport Way, Suite F
 National City, CA 91950
 619.474.5400 – p / 877.826.7834 – f
 Contact: Drew Louis
 E-mail: drew@deltoromail.com
 Website: www.deltoroloanservicing.com
 Product/Service: Loan Servicing



FCI Lender Services
 8180 East Kaiser Boulevard
 Anaheim Hills, CA 92808
 800.931.2424 – p / 714.282.2425 – f
 Contact: Gordon Albrecht
 E-mail: galbrecht@trustfci.com
 Website: www.trustfci.com
 Product/Service: Loan Servicing Note Trading Platform



Genesis Capital Mortgage
 6100 Center Drive West, Suite 650
 Los Angeles, CA 90045
 818.661.1778 – p / 818.337.2225 – f
 Contact: Brittney Fairweather
 E-mail: brittney@genesisauctions.com
 Website: www.genesisauctions.com
 Product/Service: Lending



IRA Services Trust Company
 1160 Industrial Road, Suite 1
 San Carlos, CA 94070
 800.248.8447 – p / 650.745.0925 – f
 Contact: Michael McNair
 E-mail: michael.mcnair@iraservices.com
 Website: www.iraservices.com
 Product/Service: IRA Custodian



Lone Oak Fund
 11611 San Vicente Boulevard, Suite 640
 Los Angeles, CA 90049
 310.826.2888 – p / 310.820.9145 – f
 Contact: Alexa Mizrahi
 E-mail: alexa@loneoakfund.com
 Website: www.loneoakfund.com
 Product/Service: Bridge Loans / Finance



Mortgage Care
 29222 Rancho Viejo Road, Suite 209
 San Juan Capistrano, CA 92675
 800.481.2708 – p / 650.745.7088 – f
 Contact: Bob Spier
 E-mail: bob@mortcare.com
 Website: www.mortcare.com
 Product/Service: Loan Software



Mortgage Lender Services, Inc.
 81 Blue Ravine Road, Suite 100
 Folsom, CA 95630
 916.962.3453 – p / 916.962.1334 – f
 Contact: Lori Bradford
 E-mail: lbradford@mtglenderservices.com
 Website: www.mtglenderservices.com
 Product/Service: Trustee / Foreclosure



Thank You to Our Winter Seminar Exhibitors



Peak Corporate Network

5900 Canoga Avenue, Suite 400
Woodland Hills, CA 91367
818.591.3300 – p / 818.591.2990 – f
Contact: Mike Urban
E-mail: mikeu@peakcorp.com
Website: www.peakcorp.com
Product/Service: Foreclosure/Servicing



PENSCO Trust Company

555 Mission Street, 8th Floor
San Francisco, CA 94105
415.274.5600 – p / 415.956.3016 – f
Contact: Michael Howe
E-mail: michael.howe@pensco.com
Website: www.pensco.com
Product/Service: IRA Custodian



PLM Lender Services, Inc.

46 North Second Street
Campbell, CA 95008
408.370.4030 – p / 408.370.5484 – f
Contact: Kevin Hubbard
E-mail: kevin@plmweb.com
Website: www.plmweb.com
Product/Service: Loan Servicing Foreclosure Doc Drawing



Private Mortgage Fund

23586 Calabasas Road, Suite 100
Calabasas, CA 91302
818.702.2551 – p / 818.222.1793 – f
Contact: Randy Van Dueck
E-mail: randy@hmbankers.com
Website: www.pmfundllc.com
Product/Service: Direct Mortgage Fund



Ross Diversified Insurance Services

2922 East Chapman Avenue, Suite 203
Orange, CA 92868
714.633.7677 – p / 714.633.7788 – f
Contact: Mel Babtakis
E-mail: mbabtakis@ross2.com
Website: www.rossdiv.com
Product/Service: Insurance Services REO



SBS Trust Deed Network

31194 La Baya Drive, Suite 106
Westlake Village, CA 91362
818.991.4600 – p / 818.874.9500 – f
Contact: Mitch Willet
E-mail: mwillet@sbstrustdeed.com
Website: www.sbstrustdeed.com
Product/Service: Foreclosure/REO Asset Management Services



Superior Loan Servicing

29800 Agoura Road, Suite 209
Agoura Hills, CA 91301
818.483.0027 – p / 818.735.0468 – f
Contact: Barry Harari
E-mail: barry@superiorloanservicing.com
Website: www.superiorloanservicing.com
Product/Service: Loan Servicing



Total Lender Solutions, Inc.

3525 Del Mar Heighs Road, Suite 601
San Diego, CA 92130
866.535.3736 – p / 760.278.9805 – f
Contact: Randy Newman
E-mail: mewman@totalendersolutions.com
Website: www.totalendersolutions.com
Product/Service: Default Servicing

Did You Know ...?

You can locate exhibitors and vendors who supply services to CMA Members.

Visit the CMA website at www.californiamortgageassociation.com and click on the Vendor Directory. You can search by city and type of service.



Thank You to Our Winter Seminar Sponsors



— Thursday Evening Cocktail Hour —
SBS Trust Deed Network



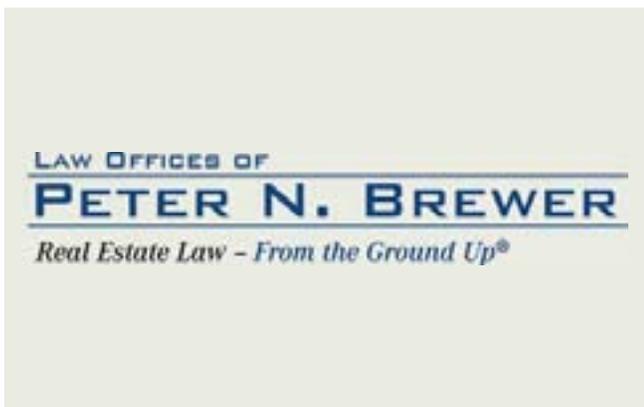
— Friday Breakfast —
Total Lender Solutions & IRA Services



— Seminar Tote Bags —
Spiegel Accountancy Group



— Friday Wine & Cheese Networking —
Total Lender Solutions & IRA Services



— Back of Binder —
Law Offices of Peter N. Brewer



— Thursday Breakfast —
Lone Oak Fund

Thank You 2014 PAC Contributors!

\$2,000 – \$2,999

Anchor Loans, Inc.
Calabasas

\$1,000 – \$1,999

Fidelity Mortgage Lenders, Inc.
Los Angeles

\$500 – \$999

PLM Lender Services, Inc.
Campbell

Stonecrest Financial
San Jose

\$200 – \$499

Adleson, Hess & Kelly, a P.C.
Campbell

BaySierra Financial, Inc.
Santa Rosa

Budget Mortgage Corp.
Los Angeles

California Western Financial Investments, Inc.
Los Alamitos

Del Toro Loan Servicing, Inc.
National City

E.F. Foley & Co., Inc.
San Jose

FJM Capital, Inc.
San Rafael

Herzer Financial Services, Inc.
Redwood City

Lantern Financial Corp.
Sherman Oaks

\$200 – \$499 continued

Standard Mortgage Financial Services Inc.
Riverside

The Norris Group
Riverside

Wachter Investments, Inc.
Burlingame

Windvest Corporation
San Diego

\$20 – \$199

A.C.M. Investor Services, Inc.
Larkspur

A.S.K. Investments, Inc.
Stanton

Agricultural Finance
Hayward

Allstar Financial Services, Inc.
Woodland Hills

Available Home Loans, Inc.
San Bernardino

BayMark Financial Inc.
San Mateo
Blackburne & Brown
Sacramento

California Home Loans
San Jose

California Private Lenders
Agoura Hills

Calpac Management, Inc.
Newport Beach

Cirius Capital
San Jose

Cournale & Co.
San Francisco

Creative Realty Marketing & Mortgage
Bakersfield

Custom Financial Services Inc.
Torrance

DCU
Vacaville

Devlin Financial
Sherman Oaks

\$20 – \$199 continued

Elmer F. Karpe, Inc.
Bakersfield

Equity Bridge Capital
San Francisco

Equity Funding Resource, Inc.
Sherman Oaks

Equity Wave Lending
Irvine

F.E. Forbes Company Inc.
Berkeley

Gasbarro Investments, Inc.
Woodland Hills

Geraci Law Firm
Irvine

Hamilton Ridge Asset Management
San Jose

Hanover Mortgage Company
Tustin

Investors Capital Corporation
Van Nuys

JMJ Financial Group
Garden Grove

Kirby & McGuinn, A P.C.
San Diego

Lone Oak Fund, LLC
Los Angeles

MAI Financial Services, Inc.
Toluca Lake

MCapital Funding, LLC
Novato

McCormick & Co.
Santa Rosa

MHL Financial, Inc.
Pasadena

Mortgage Lender Services, Inc.
Folsom

Mortgage Securities Inc.
Encinitas

Mortgage Vintage, Inc.
Corona Del Mar

National Equity Funding, Inc.
Irvine

Nationwide Realty Capital, Inc.
Mission Viejo

continued on page 22



Thank You 2014 PAC Contributors!

\$20 – \$199 continued

Continued from page 21

Note Servicing Center
Chowchilla

Olympia Mortgage & Investment Co., Inc.
Grass Valley

OnPoint Services, Inc.
San Diego

Pacific Capital Loans, LLC
Calabasas

Pacific Private Money
Novato

PMB Capital, Inc.
Calabasas

Private Capital Group
Aptos

Real Estate Lending Group, Inc.
San Jose

Redwood Mortgage Corp.
San Mateo

Redwood Trust Deed Services, Inc.
Santa Rosa

ReProp Financial
Eureka

Ross Diversified Insurance Services, Inc.
Orange

S.B.S. Trust Deed Network
Westlake Village

Salas Financial
San Diego

San Luis Financial
San Luis Obispo

SDC Capital Funding
Tarzana

Selzer Home Loans
Ukiah

Sonoma Equity Lending, Inc.
Petaluma

PLEASE SEND PAC CONTRIBUTIONS TO ...

CMA PAC

2520 Venture Oaks Way, Suite 150
Sacramento, CA 95833

— 916-239-4080 —

\$20 – \$199 continued

Spiegel Accountancy Corp.
Walnut Creek

Standard Mortgage Financial Services Inc.
Riverside

Streit Lending
Van Nuys

Sunset Mortgage
Mission Viejo

Superior Loan Servicing
Agoura Hills

Tahoe Lending Group
Incline Village

The Argus Group
Woodland Hills

The Helvetica Group
Carlsbad

The Three Wisemen
El Segundo

\$20 – \$199 continued

Total Lender Solutions, Inc.
San Diego

United Security Investors
Beverly Hills

Unitrust Mortgage, Inc.
San Diego

Val-Chris Investments, Inc.
Irvine

Watsonville Mortgage
Watsonville

Wilshire Finance Partners, Inc.
Los Angeles

Woodland Hills Mortgage Corp.
Woodland Hills

Woody Financial Realty Corp.
Long Beach

Yale Street Mortgage
Pasadena

PAC Announcements:

- Winner of the iPad Mini with mobile service: **A.J. Poulin**
- Winner of the iPad 3 retina display: **Steve Pollack**
- Winner \$200 Apple Gift Card: **Liz Knight**





Seller Carry-Back Rule and Dodd-Frank



by
Michelle R. Rodriguez
Woodland Hills Mortgage

After the Consumer Financial Protection Bureau (“CFPB”) released the final Loan Originator Compensation Rule in early 2013, there has been a lot of confusion surrounding the Seller Financer Rule or Seller Carry-Back Rule. It is important for brokers and lenders to understand these rules. Seller financing will become more important as interest rates rise, and it becomes increasingly difficult for borrowers to obtain conventional financing due to the new ability-to-repay guidelines. Also, with FHA lowering its loan limits, more sellers will need to carry paper in order to sell their properties because FHA borrowers will not be able to get financing for expensive properties. If you are a mortgage broker or a lender, chances are that Realtors make up some portion of your customer base. They will likely have questions about seller carry-back loans, and it would certainly help your reputation and standing with Realtors to have the answers to the questions they have regarding those loans. Lastly, some lenders may have REO properties that they will sell in the future, and those lenders should understand the implications of the Seller Financer Rule.

I. Roadmap to the Rule and Related Issues

Here is a summary of the basic determinations that a seller financier must make in light of the Seller Financer Rule.

1. Seller financiers first need to determine if they will be considered a loan originator (“LO”) under the Loan Originator Compensation Rule (“LO Comp Rule”).¹
2. If the seller financier will be an LO, then they need to decide if they want to be exempt from being an LO under the LO Comp Rule.
3. If they want to be exempt, then they will have to fulfill the requirements under either the one of the seller financier exemptions: the one-property exemption or the three-property exemption (explained in more detail below).²
4. If the seller financier only qualifies for, or otherwise chooses the three-property exemption, the seller financier

must determine in good faith that the borrower can reasonably repay the loan.³

5. In making the ability-to-repay determination, the official interpretations state that the seller financier has two choices: 1) the full §433 ability-to-repay rules, or 2) abbreviated ability-to-repay rules under comment 36(a)(4)-1, set forth later in this article.
6. If the seller financier decides not to be exempt, or for whatever reason is not exempt from the LO Comp Rule, then he or she must take into consideration the LO Comp Rule when making the seller carry-back loan.
7. Whether or not the seller financier is a mortgage loan originator under the SAFE Act is a separate question, with a separate definition, and different exemptions, none of which specifically mention seller financiers. The seller financier must look at the SAFE Act rules and determine whether they are performing acts for which an NMLS license is required, and if

continued on page 24



so, see if they qualify for one of the SAFE Act exemptions or get an NMLS license, or arrange the loan through someone who is properly licensed.

The rest of this article will go into more detail regarding each determination on the list above.

II. The Rule

The CFPB published regulations which relax and slightly change the seller carry-back rules as passed under Dodd-Frank.⁴ The CFPB rules are located as part of the LO Comp Rule⁵ Therefore, the Seller Financer Rule only applies to seller carry-back loans that are consumer loans secured by 1-4 unit residential properties.⁶ Business purpose loans are not affected by the Seller Financer Rule. The Seller Financer Rule is an exemption from the definition of an LO for purposes of the LO Comp Rule.⁷ If a seller financer fulfills the Seller Financer

Rule, then he/she is not an LO under the LO Comp Rule. If a seller financer does not fulfill the Seller Financer Rule, then the seller financer is an LO, and must follow the LO Comp Rule, and is subject to its liability.

The Seller Financer Rule has two different exemptions: the three-property exclusion and the one-property exclusion.

a. Three-Property Exemption

Under the three-property exemption, "A person ... that meets all of the following criteria is not a loan originator [under the LO Comp Rule]...:

(i) The person provides seller financing for the sale of three or fewer properties in any 12-month period to purchasers of such properties, each of which is owned by the person and serves as security for the financing.

(ii) The person has not constructed, or acted as a contractor for the construction of, a residence on the property in the ordinary course of business of the person.

(iii) The person provides seller financing that meets the following requirements:

(A) The financing is fully amortizing.

(B) The financing is one that the person determines in good faith the consumer has a reasonable ability to repay.

(C) The financing has a fixed rate or an adjustable rate that is adjustable after five or more years, subject to reasonable annual and lifetime limitations on interest rate increases. If the financing

continued on page 25

Most Loans

Loan Sub Servicing \$15 mo/inv.



FCI LENDER SERVICES

Also Available: FORECLOSURE PROCESSING & COORDINATION

SPECIALTY LOAN SERVICING FOR DELINQUENT LOANS

REO MANAGEMENT SERVICES

Call us: (800) 931-2424 x203

www.trustfci.com

FCI NMLS # 4920

FCI DRE # 01022780



agreement has an adjustable rate, the rate is determined by the addition of a margin to an index rate and is subject to reasonable rate adjustment limitations. The index the adjustable rate is based on is a widely available index such as indices for U.S. Treasury securities or LIBOR.⁸

b. One-Property Exemption

Under the one-property exemption, “[a] natural person, estate, or trust that meets all of the following criteria is not a loan originator under [the LO Comp Rule]:

(i) The natural person, estate, or trust provides seller financing for the sale of only one-property in any 12-month period to purchasers of such property, which is owned by the natural person, estate, or trust and serves as security for the financing.

(ii) The natural person, estate, or trust has not constructed, or acted as a contractor for the construction of, a residence on the property in the ordinary course of business of the person.

(iii) The natural person, estate, or trust provides seller financing that meets the following requirements:

(A) The financing has a repayment schedule that does not result in negative amortization.

(B) The financing has a fixed rate or an adjustable rate that is adjustable after five or more years, subject to reasonable annual and lifetime limitations on interest rate increases. If the financing agreement has an adjustable rate, the rate is determined by the addition of a margin to an index rate and is subject to reasonable rate adjustment limitations. The

index the adjustable rate is based on is a widely available index such as indices for U.S. Treasury securities or LIBOR.”⁹

c. Analysis & Commentary

If the seller financier meets one of the two exemptions, they are exempt from the definition of loan originator under the LO Comp Rules. Also note that sellers that are entities (limited liability companies, corporations, etc.) can only qualify for the three-property exemption. Only natural persons, estates & trusts can avail themselves of the one-property exemption. In California, it is unusual for a seller financier to receive or pay compensation for the seller carry-back loan. Therefore the question arises – if no compensation is being received by or paid by the seller financier, who cares if a seller financier is exempt from the LO Comp Rules? Even if

continued on page 26

Joffrey Long

Mortgage Litigation Consultation and Expert Testimony

Real estate lending matters, including broker duties, standard of care, broker exemption from usury, lending practices, investor issues, loan servicing, default and modification

- CMA Education Chair
- Member, CMA Board of Directors
- CMA Past-President
- 35 years experience in real estate lending
- Active in private money lending, brokerage, loan servicing and institutional loan brokerage
- Retained as expert in more than 25 cases in California and Nevada
- Testified in depositions more than ten times
- Testified in court four times
- Extensive writing, training and speaking experience

Clients include major law firms, major lenders and loan servicers, the California Department of Justice, and CMA Members

(818) 366-5200

www.MortgageExpertWitness.net



compensation is received or paid, as long as the payments comply with the LO Comp rules (i.e. no dual comp, no comp based on the terms of the loan, and no steering) there has been no violation of the LO Comp rules due to the compensation. It is easy to fall into the trap of believing that the seller financier must find an exemption from the LO Comp rules. That is not necessarily the case – in fact, in California, it would appear that most seller financiers would not run afoul of the LO Comp Rules, because normally no compensation is received by or paid to the seller financier. Therefore, seller financiers should question the need to fit themselves under one of the seller financier exemptions – it might not be worth it. It might be better to operate outside of the exemption, and just comply with the LO Comp Rule when necessary (i.e. when paying or receiving compensation for the seller carry-back loan.)

III. Creditors

The LO Comp Rule generally excludes creditors who meet the definition of a creditor under the Truth in Lending Act (“TILA”), otherwise known as being a “Reg. Z Creditor,” except for those that table fund.¹⁰ TILA’s definition of creditor excludes a person that extended credit secured by a dwelling (other than high-cost mortgages) five or fewer times in the preceding calendar year; and (2) does not include a person who extends no more than one high-cost mortgage (subject to § 1026.32) in any 12-month period.¹¹ Therefore many seller financiers would not be considered a Reg. Z Creditor, and would not be exempt from the definition of an LO under the LO Comp Rules, unless they meet one of the seller financier exemptions (or other exemptions outside of the scope of this article). Some seller financiers will be Reg. Z Creditors – a lender who makes consumer loans (more than 5 per year) and sells REO’s using seller financing is likely a Reg. Z Creditor. They are already exempt from most of the LO Comp Rule – so the seller financier exemption is irrelevant to them. However, a Reg. Z Creditor is still subject to the rest of Reg. Z – including

the disclosure and timing requirements, and the ability-to-repay rules.

IV. SAFE Act issues

The Seller Financer Rule is particularly confusing because it refers to the definition of a loan originator, which is a term used both in TILA and the SAFE Act. Remember, that the Seller Financer Rule is an exclusion from the LO Comp Rule under TILA – the Seller Financer Rule has nothing to do with being a loan originator for purposes of the SAFE Act. A person could be exempt from being a loan originator under the LO Comp Rule, but still be a loan originator under the SAFE Act, and still need a SAFE Act license to make the seller carry-back loan.

a. TILA Definition of Loan Originator

The LO Comp Rule defines a loan originator as, “a person who, in expectation of direct or indirect compensation or other monetary gain or for direct or indirect compensation or other monetary gain, performs any of the following activities: takes an application, offers, arranges, assists a consumer in obtaining or applying to obtain, negotiates, or otherwise obtains or makes an extension of consumer credit for another person; or through advertising or other means of communication represents to the public that such person can or will perform any of these activities.”¹²

b. SAFE Act Definition of Loan Originator

The SAFE Act defines a loan originator as: an individual who—

- (i) takes a residential mortgage loan application; and
- (ii) offers or negotiates terms of a residential mortgage loan for compensation or gain.¹³

As you can see, the definition under TILA is a lot more broad and all-encompassing compared to the SAFE Act definition. The seller financier should consider these issues separately.

V. Ability-to-Repay Issues

Another source of confusion with the Seller Financer Rule is how this rule interacts with the Ability-to-Repay Rule under TILA.¹⁴ Bear in mind that the Seller Financer Rule is an exemption to the LO Comp Rule, not an exemption to the Ability-to-Repay Rule. If a seller financier does not fulfill the requirements of one of the seller financier exemptions, then the seller financier may be an LO under the LO Comp Rules, and have to follow all the requirements of the LO Comp Rule. The Seller Financer Rule does not mandate that the seller financier prove ability to repay. However, under the new Ability-to-Repay Rules, Reg. Z Creditors must prove ability-to-repay for consumer loans secured by single family, 1-4 unit dwellings. A seller financier must determine 1.) if they are a Reg. Z Creditor, in which case they will be subject to the Ability-to-Repay Rule for some loans, or 2.) if they are not a Reg. Z Creditor, in which case they are not subject to the Ability-to-Repay Rule. But if a seller financier wishes to avail him/herself of the three-property exemption, they will have to determine in good faith that the consumer has a reasonable ability to repay the seller carry-back loan. The preamble and official comments to the rule give some guidance as to how a seller financier can go about making this determination. Basically, the seller financier can comply with the full Ability-to-Repay Rule in 1026.43(c), or do the following:

If the consumer intends to make payments from income, the person considers evidence of the consumer’s current or reasonably expected income. If the consumer intends to make payments with income from employment, the person considers the consumer’s earnings, which may be reflected in payroll statements or earnings statements, IRS Form W-2s or similar IRS forms used for reporting wages or tax withholding, or military Leave and Earnings Statements. If the consumer intends to make payments from other income, the person

continued on page 27



considers the consumer’s income from sources such as a Federal, State, or local government agency providing benefits and entitlements. If the consumer intends to make payments from income earned from assets, the person considers the relevant assets, such as funds held in accounts with financial institutions, equity ownership interests, or rental property. However, the value of the dwelling that secures the financing does not constitute evidence of the consumer’s ability to repay. In considering these and other potential sources of income to determine in good faith that the consumer has a reasonable ability to repay the obligation, the person making that determination may rely on copies of tax returns the consumer filed with the Internal Revenue Service or a State taxing authority.¹⁵

Again, the seller financier must ask themselves why they are trying to be exempt from the LO Comp Rule, and it is worth the trouble of complying with the seller financing exemptions.

VI. Conclusion

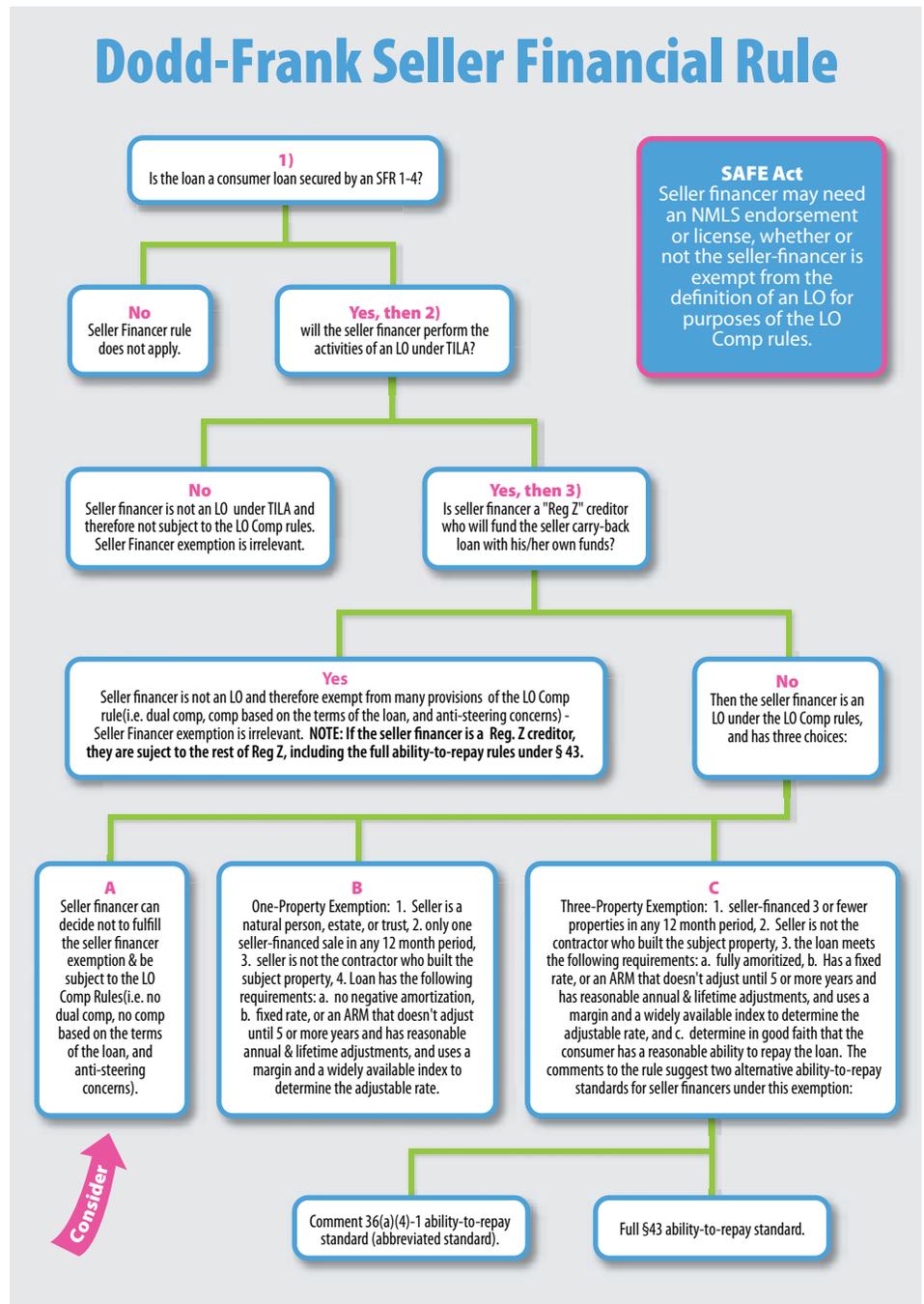
In closing, remember that 1) the Seller Financier Rule is part of the LO Comp Rule under Reg. Z, and only applies when the seller carry back loan will be a consumer loan secured by a 1-4 unit dwelling, and 2) nothing mandates that a seller financier has to follow the Seller Financier Rule. Seller Financiers should understand the rule so they can choose whether or not they want to follow an exemption under the rule, and if so, decide which exemption to follow under the Seller Financier Rule. 🗣️

Endnotes

- 1 12 CFR 1026.36(a).
- 2 12 CFR 1026.36(a)(4) & (5) (2013).
- 3 12 CFR 1026.36(a)(4)(iii)(B) (2013).
- 4 The Dodd-Frank Seller Financier rule is located at section 1401 of the DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT and codified at 15 USC 1602 (2013). If you wonder how the CFPB can change a law passed by Congress without

- going back to Congress and getting an amendment, the CFPB asserts that Congress themselves gave the CFPB the authority to “prescribe additional criteria ... aside from those enumerated in the statute.” (78 Fed. Reg. 11280-01 (2013) at p.45).
- 5 12 CFR 1026.36(a).
- 6 12 CFR 1026.36(b) (2013).
- 7 12 CFR 1026.36(a)(1)(i)(D) (2013).
- 8 12 CFR 1026.36(a)(4) (2013).

- 9 12 CFR 1026.36(a)(5)
- 10 12 CFR 1026.36(a)(1)
- 11 12 CFR 1026.2(a)(17) – the full definition of a creditor is much longer than the summary in this article.
- 12 12 CFR 1026.36(a)(1) (2013).
- 13 12 U.S.C.A. 5102(4) (2013).
- 14 12 CFR 1026.43 (2013).
- 15 12 CFR Part 1026, Supp. 1, Part 3, Official Interpretations 36(a)(4)-1 (2013).





LAW OFFICES OF
PETER N. BREWER

Real Estate Law - From the Ground Up®



Peter N. Brewer, Esq.

Serving the Legal Needs of Real Estate Professionals, Loan Servicers, and Their Clients

“Working with attorneys doesn’t have to be frustrating and unpleasant. Give us the opportunity to show you and your clients what it can be like working with attorneys that are friendly and down-to-earth while still being knowledgeable and professional.”

CMA Members, we can assist you and your clients with:

- Defending Against Borrower Claims
- Boundary and Easement Disputes
- Leasing Disputes
- Quiet Title Actions
- Appointment of Receiver
- Collection of Judgments
- Creditor’s Rights in Bankruptcy

The attorneys at the Law Offices of Peter N. Brewer are experts in real estate law. Every attorney holds the highest level of expertise and provides exceptional representation.



LAW OFFICES OF
PETER N. BREWER
Real Estate Law - From the Ground Up®




ATTENTION: BROKERS AND REALTORS!

LET US GIVE YOU THE KEYS TO SUCCESS.

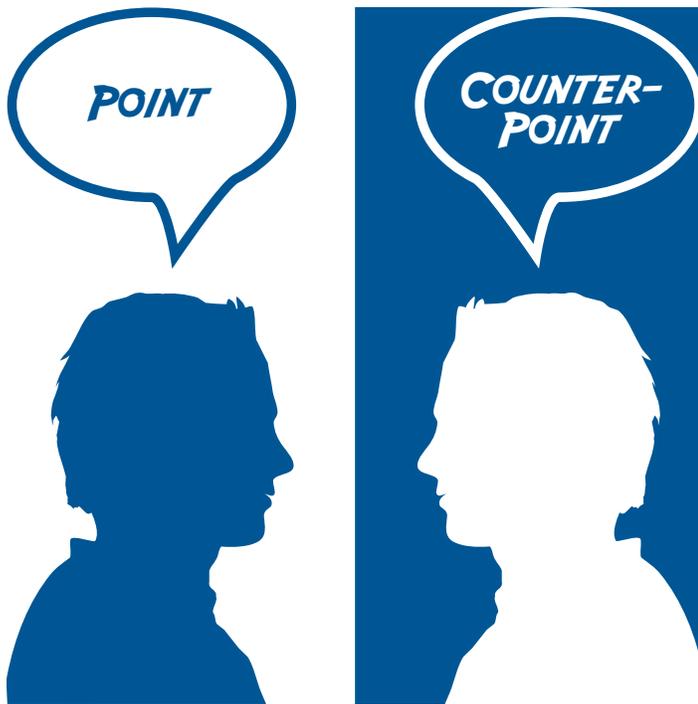
Don't lose that sale in the palm of your hand. Get up-to-date on recent real estate laws and where your clients stand.

Realtors® and Brokers, take advantage of Brewer Firm's "Talk n' Take Out" Sessions!

The attorneys at the Law Offices of Peter N. Brewer are offering to bring lunch and speak to your team of Realtors® or Brokers about lending laws, bankruptcy, and foreclosures.

For more details on how to schedule a "Talk n' Take Out" for your office, send an e-mail to Camille@BrewerFirm.com with "Talk n' Take Out" in the subject as well as a topic your team would like to know more about.

"Real Estate Law - It's What We Do. Let our insightful attorneys educate you!"



SB 391: Wrong Solution to a Real Problem

By George Eckert, *CMA Legislative Chair*

This is the second of a CMA Point/Counterpoint article on SB 391. The POINT perspective appeared in the previous issue of *Points of Interest*. Have an alternate viewpoint for consideration? Please e-mail it to co-Editors Steve Pollack and Zack Streit at stevep@anchorloans.com and zack@streitlending.com.

SB 391 (DeSaulnier) proposes a \$75 surcharge on the recording of most real estate documents, in order to fund the development of affordable housing. Housing affordability in California is a real problem. The repeal of redevelopment by the governor and legislature eliminated one source of financing to address the problem. But the recording surcharge proposal is the wrong solution to the problem.

The recording surcharge is the wrong solution for a number of reasons. These include the following:

- **Lack of clarity as to which documents are covered by the surcharge:** The bill contains a lengthy list of “real estate documents” to which the surcharge would be applicable. But the list includes the catch-all phrase “including but not limited to.” California law permits recordation of hundreds of documents, and 58 county recorders will have different ideas about what constitutes a real estate document. Is a mining claim a real estate document? How about an affidavit of death of a joint tenant? Confusion will reign and every county will be different.

- **Discouraging recording of documents:** Although CMA members are well aware of the benefits of recording documents to assure priority, very few documents in California actually must be recorded. The surcharge will discourage people from recording documents, which will lead to later legal challenges that could have been avoided, and diminish the value of the public record.

- **“Stacking” of documents:** In many, if not most cases, the surcharge will not impose just one \$75 fee. Often a transaction will involve the recording of a deed of trust, assignment, subordination, and more. The surcharge will often be hundreds of dollars, further discouraging recordation.

- **Risk of later increases in surcharge:** Affordable housing is a worthy goal, but there are many socially worthwhile programs which could be added later. Once the recording process is dedicated to affordable housing with a \$75 surcharge, why not increase the amount to pay for other important needs?

- **Lack of nexus between paying the surcharge and the benefit:** Even if one

assumes that people recording real estate documents have a special obligation and ability to pay for affordable housing, the problem is that people everywhere in California will be assessed the surcharge, including people in communities which will never receive the benefit. Residents in small, rural counties will be assessed the surcharge, but likely all or nearly all of the affordable housing benefit will go to urban counties.

- **Equity issues:** The bill lists documents such as notices of default and notices of sale as those included in the surcharge mandate. Not only will the surcharge make it incrementally harder for a distressed homeowner to pay the costs necessary to avoid foreclosure, but once the trustee’s sale has occurred, these costs will be deducted from the homeowner’s surplus proceeds – if there are any. Why is it fair to surcharge a person losing a home in order to develop affordable housing for others?

Senator DeSaulnier is a thoughtful legislator who is seeking a solution to a real problem. Unfortunately, he should keep looking, as the recording surcharge idea is fraught with difficulties. 🗣️





TECHNOLOGY Q & A

By Bob Spier

Bob Spier – President of Consulting Plus, Inc. and chief architect of Mortgage+Care Loan Servicing Software has volunteered to submit a regular column discussing technology issues facing mortgage brokers. These articles target offices with part-time IT staff or “do-it-yourselfers.” Larger offices should consult their IT staff before making any changes. You may reach Mr. Spier at bob@mortcare.com or (530) 432-3741.

Making the Most of the CMA eBinder and PDF Files

At the last CMA meeting in Universal City, we were introduced to the eBinder. The eBinder, for those of you who do not know, is a link to all of the CMA seminar material in PDF format. Some of you tried it, but struggled with downloading, finding information, and keeping notes. So at this spring’s conference, try some of these tips!

Adobe Systems introduced the Portable Document Format (PDF) in the early 1990s as a way to view formatted documents on different operating systems. Almost all systems today can read PDFs, and Adobe Reader and Adobe Acrobat are used to view, edit, and print those files.

Adobe Reader is a free program available for download at www.adobe.com/reader. You probably already have an old version installed, but you might want to consider upgrading to version XI. If you install it, be careful to uncheck any optional add-ons you don’t want. Also be aware Adobe Reader will try to upsell you to features tied to their PDF Pack. These features are available elsewhere for free if you are willing to download other products or are included in Adobe Acrobat (described below).

If you’re using a smartphone or tablet, download Adobe Reader from the Apple App Store or Google Play for the Android or The Kindle Fire Appstore.

I, personally, use and love Adobe Acrobat Pro. It’s Reader on steroids. Acrobat lets you merge and edit PDFs, create fill-in forms, convert almost anything to and from

PDFs, and create Signature documents. It also works with your scanner to create PDF files. Acrobat is a little pricey, but it might be cost justified for your business.

OK, so you’ve decided to give the eBinder a try at the next CMA seminar. What’s next? First off, using your notebook or tablet you are going to take to the seminar, click the link sent you by the CMA management team to open a portal page where you can download the full binder PDF or a section. Keep in mind, internet connection may not be available in the convention hall, so you might need to find a Wi-Fi hotspot to connect. If you’re using a cellular device, make sure you’re on Wi-Fi or have a data plan that can handle a 15 Meg download.

If you have Dropbox, Google drive, or one of the cloud storage services, you can also save the PDF there and retrieve it from another device. Please keep in mind this information is only for folks that paid for the seminar.

Once you have your eBinder PDF open on a notebook computer, you can use these shortcut keys:

- Ctrl + F to find any text in the document. (Command + F on a Mac).
- Ctrl + Shift + N to go to a page.
- Ctrl + Home and Ctrl + End jumps to the top or bottom of the binder.

Are you lamenting not being able to scribble notes in your binder? Not a problem. It’s easy to do! Click on the Sticky Note icon (Ctrl + 6) and a notepad pops up. You can move the notes wherever you want.

You can also highlight text (color of your choice!) and use drawing tools to mark important text (but without that wonderful highlighter smell).

If you’re using an iPhone or iPad, your PDF will appear in Safari Browser. You can add the PDF to your Reading List to view when you are offline. Then you can “open in” with Adobe reader if you installed it.

Now that you’re hooked on PDF’s you’re probably going to want to save more stuff in this format so you can take it with you rather than carrying a briefcase full of papers. The easiest way to do this is to install a PDF print driver on your PC. Adobe Acrobat includes one, but there are other free or cheap alternatives. Our favorites are www.pdf995.com and www.bullzip.com. Once you install one of these drivers, you will have the ability to create a PDF file whenever you choose a program’s print option. Save the PDF to cloud storage or e-mail it and now you are completely mobile.

The CMA board and the Technology Committee highly encourage you to select the eBinder option for the next Conference. The association spends tens of thousands of dollars each year printing seminar material, and paper binders will eventually be phased out. Converting to electronic binders is one small way you can help keep our seminar fees down. Besides the fact that you have less stuff to lug home, you’re saving the planet, you’re learning something new, and you’re now more productive. ●



STRICKTLY STRICKLAND



MORTGAGE INDUSTRY INFORMATION, OPINIONS & TIPS

Do YOU Know Where Your Clients' Money REALLY Is?

And so it happens once again. Today I found a Broker's trust account with over \$10,000 missing. This is probably just the tip of the iceberg and I'll probably find more missing as I go further into the accounts.

Not long ago I helped discover over \$250,000 missing from a trust account in Santa Maria. And, tragically, a Broker's employee in Northern California recently committed suicide during a CalBRE audit when the auditor started discovering discrepancies. Ultimately it was uncovered that she had taken well over \$300,000 of trust account money.

You are sitting there reading this, shaking your head, wondering how these Brokers could be so clueless, and thinking "It could never happen to me!" And I have to ask: "Are you sure?" Not one of the aforementioned Brokers thought it could ever happen to them, either. They were all completely and totally blindsided by the discoveries. Me? I've come to expect it. It is more the norm than the aberration. Whether it is the fault of the economy or the lack of morals or just pure, unadulterated greed, this type of behavior is happening more and more.

In 2012 the CalBRE discovered the following during routine or investigative audits:

DRE Audits: Trust Fund Shortages – 2012

Breakdown by real estate activity:

Property Management:	\$3,330,392.12	64%
Mortgage Loans:	\$1,564,393.25	30%
Broker Controlled Escrow:	\$294,642.07	5%
Real Estate Sales:	\$9,026.00	1%
TOTAL:	\$5,198,453.44	

Bear in mind that these findings were only in the actual audits. The percentage of companies audited is extremely small. Imagine what audits of the whole universe of Broker trust accounts would uncover. I shiver at the very thought!

Most brokers think they know how to review their trust account reports and reconciliations. That is, if they review them at all. Many brokers, however, have no clue what they are even looking for when they review the information provided to them by their staff.

Here are some pointers on what the Broker should carefully review:

- Any and all CASH deposits. Trace them through and make sure they actually hit the bank.
- Deposits in transit (unreconciled deposits). These, by their very nature, are last working day of the month deposits that don't hit the bank until the first

working day of the next month. If those deposits in transit don't meet these criteria, they are being used to "force" the reconciliation and indicate errors in entry or out and out thefts. Either way, they must be cleared out on a monthly basis.

- Negatives in Client Beneficiary Ledgers. It goes without saying that a client's funds cannot run into the negative (with an exception for property management companies where clients own multiple properties and the aggregate of all balances for that client's properties are positive).
- Three-Way Reconciliation. A trust account must reconcile in all three areas, i.e. the reconciled bank statement must equal the columnar (running) balance (book) record and both must agree with the total of all beneficiary ledgers.
- Use common sense. Don't let the person who writes the checks reconcile the trust account. Don't let the person who writes the checks receive the monthly bank statement. Have multiple eyes overlooking everything when it comes to trust accounts.

The following important information is now available at the CalBRE website (www.bre.ca.gov) under CURRENT NEWS on the homepage:

continued on page 32



See the new Escrow Activity Report The Escrow Activity Report is available online using the link provided. It is due within 60 days after the end of each calendar year for brokers who met the escrow threshold. See Business and Professions Code Section 10141.6. (1/2/2014)

Opening a Real Estate Broker Trust Account Information has been posted regarding the opening of a real estate broker trust account. (12/20/2013)

NEW! Important Narrated PowerPoint Training Now Available: Trust Account Reconciliation (Reg. 2831.2) The Bureau of Real Estate urges all brokers who handle trust funds through a bank account to review this narrated presentation about Commissioners Regulation 2831.2. (7/26/2013) 

The Trading Platform for All Types of Real Estate Secured Loans



FCI EXCHANGE

Local and National Inventory

- * Newly Originated Loans
- * Performing Loans
- * Non Performing Loans
- * Loan Pools

Call us: (800) 931-2424 x750 www.fciexchange.com

CA Broker DRE # 01759687

Foreclosure Processing

Throughout California & Nevada
Fast, Efficient Service

Rely on the Experts

Loan Servicing

Full Servicing & Sub Servicing
Income Stream to Broker

Loan Document Preparation

Borrower & Lender Docs
Next Day Turnaround



PLM Lender Services, Inc.

(800) 829-1585 (408) 370-4030 www.PLMWEB.com



Who are CMA's members?

CMA's members include individuals, sole proprietors, corporations and partnerships that are involved with the origination, selling, or servicing of trust deed loans, and include those regulated by the Bureau of Real Estate (BRE) and by the Department of Business Oversight (DBO). In addition to California licensed mortgage brokers and lenders, CMA also represents affiliate members who provide services to our regular members such as title, escrow and software companies.

CMA members are interested in being informed and kept up to date on the current regulatory requirements involved in operating a private money mortgage company. CMA members are those who want to meet, network and share ideas with other individuals in our industry. Our members travel to four different locations per year to meet, and have breakfast, lunch and dinner with their fellow members (who are some of the top achievers in this industry). Many deals are done over a glass of wine at our networking cocktail events or a cup of coffee at our seminars. Many of our members feel that this socializing network opportunity alone is worth the price of their membership, but there is so much more to CMA.

Our affiliate members are vendors who provide services to the industry. Many of our vendors who advertise their products and services to the private money mortgage industry have joined CMA because of the opportunity it gives them to promote their products and services to the industry.

The Benefits of CMA

CMA works to create cooperative relationships among industry professionals and related businesses. It provides a forum for collaboration and information exchange within the industry, and offers educational seminars, webinars, and discussion groups to promote a higher level of professional competency and ethics in the industry. Members are kept up to date with the latest legislative reforms affecting the industry.

CMA members have access to vendor directories and reviews, member profiles, and a team of experienced attorneys.

The history of CMA goes back over sixty years when the business of originating and servicing private money loans became a professional industry. CMA and its prior related organizations have been a major force in creating and molding this business into what it is today. The rich history that comes with CMA membership cannot be duplicated anywhere else. Our members receive the full version of the popular world-class *Points of Interest* magazine, which is dedicated to covering the important events, articles and achievements in the private money mortgage industry today.

To know where we have been, where we are today, and where we are headed, it is important to receive and read each and every issue of *Points of Interest*. This quarterly magazine has also grown through the years and has become today's main source of information on the private money mortgage industry.

The general sessions at our quarterly seminars are open to all registered attendees, and you do not need to be a member to register and attend. We highly recommend that you preregister for these events, which are loaded with valuable information and rich content regarding the private money mortgage industry. Space is usually limited and they often sell out early, but on-site registration is available as seats to the event remain available.

While the general sessions at our seminars are open to non-members, CMA members benefit from members-only focus group sessions at no additional charge. Our three popular focus groups include Dodd-Frank, Pool Managers, and the Basics of Private Money Lending.

These sessions are priceless, offering invaluable information about our industry that is not available anywhere else. These sessions are a must-attend for anyone in this business.

CMA Committees

CMA is comprised of various committees that work toward achieving their own specific goals for the betterment of the organization.

CMA committee members are some of the most successful and the hardest working people in our industry. Much of their work is done behind the scenes, and we cannot thank them enough for all that they do for the organization. They make CMA happen. They are all volunteers. They organize the programs and the materials, handle all the details of the seminars, and everything else in between.

Our CMA Committees include: Advertising/Vendors, Code of Ethics Review, Education, Focus Groups, Legislative, Logistics, Marketing and Public Relations, Member Benefits, Membership, Newsletter, Nominating, PAC, Summer Seminar, and Technology.

Our editorial staff is preparing a comprehensive article on CMA Committees in the next edition of *Points of Interest*. This article will provide more details on CMA's committees and the work they do.

Volunteering to Help CMA

Unpaid volunteers are the glue that holds a successful organization such as CMA together. Our volunteers have achieved incredible things through the years that have helped both CMA members and the industry. We are all benefiting today from the efforts of current and past CMA volunteers. This industry may not exist today had it not been for the tireless efforts of several individuals who saw the importance of volunteering their time to achieve important industry goals. We know everyone is busy running their businesses, but the future survival of this industry will depend on smart people not only running successful businesses, but participating in CMA's group effort to make a difference in this industry.

Contributing to CMA's PAC Fund and Other Fundraising Efforts

Donating to CMA's PAC on a regular basis, and stepping up to the plate when called on to contribute to CMA's other fundraising efforts, are two of the most important things a CMA member can do. Regardless of your party affiliation, pooled contributions go a long

continued on page 34



From the President – continued from page 33

way in ensuring that the private money mortgage industry continues to have a strong voice in California's Capitol.

We appreciate the many dedicated members who contribute the individual maximum legal limit each year to our PAC, and we have many members who do this year after year. But I am asking each of our members to make a minimum donation of \$1,000 per year (just \$82 per month) to the PAC. If that small amount is pooled from each and every member and we receive full participation, together we will make a difference.

If you are in this business, your formula for success is to join CMA, attend all four of our quarterly seminars, participate in our focus groups, read the *Points of Interest* magazine, and contribute to CMA's PAC. Now, no one is saying that this is an easy business – it is not! It takes hard work, and you will not learn this business overnight or from one or two seminars. It will take years and years – and it does not stop there, you must continue your CMA membership and participation by attending CMA seminars to stay up to speed in this ever-changing industry. ☺





**WOODLAND HILLS
MORTGAGE CORPORATION**
A Private Mortgage Lender

**Hard money o/o lead, don't throw it
away, bring it to us**

- We loan throughout California
- Flexible Qualifying on all RESPA loans
- Work with most property types
- 30 year Loans with no balloon payment

Call **818.999.6600** and one of our decision makers will give you a quote

E-mail: rich@woodlandhillsmtg.com
www.woodlandhillsmtg.com

CA Bureau of Real Estate License #01901462 NMLS #752237



Proudly Offers

- ◆ **Forced Order Fire / Flood Insurance**
- ◆ **Flood Insurance through the NFIP**
- ◆ **Environmental Reports / Insurance**
- ◆ **Flood Certifications / Tax Service**
- ◆ **REO Insurance / Vacant or Occupied Fire and Liability**



**5 Loans or 500,000 Loans
Our Independence Welcomes Your Wish List**

RDIS, Your Partner in Portfolio Protection

(714) 633-7677 FAX (714) 633-7788
2922 E. Chapman Ave., #203 / Orange, CA 92669-3711
CA Lic. #0755676





WELCOME NEW MEMBERS



The California Mortgage Association welcomes the following members who are new to the association:

Jeff Aronson
Olympia Financial Mortgage Inc.
16633 Ventura Boulevard, Suite 700
Encino, CA 91436
jaronson@olympiafin.com
(818) 885-8585 • (805) 551-7988
Regular

Wendell Grayson
Peak Corporate Network
5900 Canoga Avenue, Suite 400
Woodland Hills, CA 91367
wendell@peakcorp.com
(818) 591-3300
Affiliate

John Lloyd
The Loan Company of San Diego
2356 Moore Street, Suite 201
San Diego, CA 92110
jlloyd@theloancompany.com
(619) 293-7770 • (702) 379-3468
Regular

Moshon Reuveni
Custom Financial Services Inc.
22527 Crenshaw Boulevard, Suite 201
Torrance, CA 90505
moshon@sbcglobal.net
(818) 430-2606 • (818) 430-2606
Regular

Paul Basmajian
Black Square Real Estate
P.O. Box 3390
Salt Lake City, UT 84110
paul@blksq.com
(801) 243-8700
Regular

Samuel Guzik
Guzik & Associates
1875 Century Park East, Suite 700
Los Angeles, CA 90067
sguzik@guziklaw.com
(310) 914-8600 • (310) 383-2233
Affiliate

Alexa Mizrahi
Lone Oak Fund, LLC
11611 San Vicente Boulevard, Suite 640
Los Angeles, CA 90049
alexa@loneoakfund.com
(310) 826-2888
Regular

Rob Sechrist
Pelorus Equity Group
23461 S. Pointe Drive, #215
Laguna Hills, CA 92653
rob@pelorusequitygroup.com
(949) 727-4333 • (858) 776-1258
Regular

Colleen Bigler
Loan Solutions Inc.
28305 Simsalido Avenue
Canyon Country, CA 91387
colleen@loan-solution.com
(661) 251-9075 • (661) 904-8760
Regular

David Haser
Empire Trust Deed
5353 Topanga Cyn Boulevard, #206
Woodland Hills, CA 91364
davidhaser@gmail.com
(818) 340-5115 • (310) 384-1031
Regular

Don Pool
Powell & Pool, LLP
7522 N. Colonial Avenue, Suite 100
Fresno, CA 93711
donp@powellandpool.com
(559) 228-8034 • (592) 217-5572
Affiliate

Bryan Wallpe
Tahoe Lending Group
456 Country Club Drive
Incline Village, NV 89451
bryan@tahoelending.com
(775) 833-7111 • (775) 690-9900
Educational

Kurt Demeire
County Records Research
4952 Warner Avenue, Suite 105
Huntington Beach, CA 92649
dennis@countyrecordsresearch.com
(714) 846-6634
Affiliate

G. David Lapin
Hanover Mortgage Company
2522 Chambers Road
Tustin, CA 92780
gdl@hanovermc.com
(714) 838-1474
Regular

Juan Carlos Quiroz
Spinnaker Loans
1042 N. Mountain Avenue, Unit B-456
Upland, CA 91786
rent@spinnakerloans.com
(909) 563-8612
Regular

Frank Williams
Capital Direct Funding, Inc.
3579 E. Foothill Boulevard, Suite 640
Pasadena, CA 91107
frank@capitalddf.com
(626) 796-1680
Regular

BENEFITS OF MEMBERSHIP

CMA is one of the fastest growing statewide associations and we thank all our members for their support! You are encouraged to share with your nonmember colleagues all of the membership benefits and reasons you belong to the association. Encourage them to join – applications can be found on the CMA Web site – www.californiamortgageassociation.com, or by calling the headquarters office at (916) 239-4080.

Please remember to share information about the Focus Groups that are provided to members only. Additional information can be found on the CMA website. There are many exciting educational programs being planned and the Spring Educational Seminar in San Francisco in April, 2014 is the next program being offered.

Thank you again for all of your support and contribution to CMA and the private loan industry!





Power of Membership

Mission Statement

The California Mortgage Association is committed to providing legislative advocacy, legal resources and education programs for our members to enhance their professionalism. We believe that the public good is served when professionals serve the public.

Regular Member

Any reputable individual, sole proprietorship, corporation or partnership primarily engaged in the business of arranging trust deed loans and/or selling, collecting/servicing trust deed loans in the state of California.

Affiliate Member

Any reputable individual, sole proprietorship, corporation or partnership having interest in the above-cited objectives. Affiliates share all privileges of Regular Members, except that of voting.

Mail Application with Payment to:
2520 Venture Oaks Way,
Suite 150
Sacramento, CA 95833

If paying by credit card,
you may fax to:
(916) 924-7323

Questions?
Call (916) 239-4080
or visit

www.californiamortgageassociation.com

MEMBERSHIP APPLICATION

Name _____ License # (if applicable): _____

Company: _____

Address: _____

City: _____ State: _____ Zip +4: _____

Phone: _____ Fax: _____

E-Mail: _____

Annual Gross Closing: \$ _____ Referred by: _____

I hereby make application for membership in the California Mortgage Association and pledge myself, if accepted, to abide by the requirements of their By-Laws and Code of Ethics as they are now and as they may be amended. Applicant acknowledges that the use of the Association logo is exclusive to members only, and applicant agrees to cease utilizing the logo upon termination of membership. By becoming a member, applicant authorizes CMA to send information on products and services by phone, fax or e-mail under U.S.C. 47 sec. 227. Applicant certifies that the foregoing information and annual gross closings are correct.

Signature (required) _____

I would be interested in participating in the following focus group:

Commercial: For those members whose interest is commercial finance. While we meet as a whole, we have organized into two chapters – Northern and Southern California. Select the location where you do the most lending. Northern CA Southern CA

Securities: For those members who are using "non-DRE" methods of raising capital for your loan investments or would like to learn more about securities like pools and permits.

Consumer: For those members who are arranging owner-occupied 1-4 unit loans, want to stay up-to-date on the laws and invent new possibilities in this lending arena.

DUES PAYMENT OPTIONS: Dues are based on your annual gross closings. Please select one:

Regular Member — (\$1 million and above per year): \$125/month

Affiliate Member — Billed Annually: \$500/year

Educational Member — (Open to non-threshold and sales individuals. Non-voting privileges): \$75/month

MAKE CHECKS PAYABLE TO: CALIFORNIA MORTGAGE ASSOCIATION

Credit Card Authorization: VISA MasterCard

Card Number: _____ 3-4 Digit CVV: _____ Expiration: _____

Amount to Charge: \$ _____ Cardholder's Name: _____

Cardholder's Signature: _____

Billing Address (if different): _____

City: _____ State: _____ Zip +4: _____

CMA offers a convenient automatic payment plan for your membership. Dues will be charged to your credit card on the 1st of each month. The first month's payment or annual dues payment is required to activate your CMA Membership. By signing below you authorize the California Mortgage Association to initiate credit card charge(s) to remain in full effect until written notification from you is received by CMA, in accordance with the terms and conditions contained herein.

Monthly Payment: \$ _____ Signature: _____ Date: _____

Contributions or gifts (including membership dues) to CMA are not tax deductible as charitable contributions. Pursuant to the Federal Reconciliation Act of 1993, association members may not deduct as ordinary and necessary business expenses, that portion of association dues dedicated to direct lobbying activities. Based upon the calculation required by law, 6% of the dues payment only should be treated as non-deductible by CMA members. Check with your tax advisor for tax credit/deduction information.



California Mortgage Association

"Points of Interest" Magazine
Advertising Policies & Agreement to Advertise

CMA Headquarters

2520 Venture Oaks Way, Suite 150, Sacramento, CA 95833
(916) 239-4080 - phone • (916) 924-7323 - fax
www.californiamortgageassociation.com • cma@camgmt.com

Unless otherwise stated, ads for this publication may be **Black & White** ("Grayscale") or **Full Color**.

AD SIZES AND RATES

Ad Size (WxH)		1x Rate	4x
Full Page	(8½"x11")	\$525	\$450
½ Page Horizontal	(7¼"x4½")	\$335	\$285
¼ page	(3½"x4½")	\$175	\$150

PLEASE NOTE: if the artwork you provide does not conform to the above specifications, we reserve the right to alter the ad to fit these dimensions.

ARTWORK SPECIFICATIONS

Please submit ads digitally where possible (PC format, not Mac) either on CD or via e-mail. Such electronic submissions should be in EPS, TIF, or PDF format, including all fonts where applicable, and should be compatible with Adobe Photoshop, Illustrator, PageMaker, InDesign, or Acrobat. We will also accept camera-ready (printed) full-sized images suitable for scanning, at either 133 or 150 line screen. Please see above for specific ad sizes and dimensions. Artwork should be e-mailed to "Advertising c/o **CMA**" at isis@camgmt.com or mailed to:

Advertising c/o **CMA**
2520 Venture Oaks Way
Suite 150
Sacramento, CA 95833

I will be submitting my ad:

- Camera-ready by mail
- Digitally on disc Via E-mail
- I need assistance designing a new ad
(we will discuss design rates separately)

PAYMENT TERMS

Advertisers are billed after their ad appears. A frequency discount is given to those who agree in writing (ie. this signed contract) to advertise in every issue of the calendar year, or in an equal number of consecutive issues. If the written agreement is not fulfilled, the advertiser is liable for the one-time rate charges. Advertisers who submit an ad contract but fail to submit artwork by the publication deadline will be invoiced.

CONDITIONS

- Advertisers and advertising agencies are liable for all content (including text, representations, and illustrations) of advertisements and are responsible, without limitation, for any and all claims made thereof against **CMA Points of Interest**, the association, its officers, agents, or vendors.
- No advertiser is guaranteed placement, but every attempt will be made to provide the desired position.
- Publisher reserves the right to revise, reject or omit any advertisement at any time without notice.
- CMA** accepts no liability for its failure, for any cause, to insert advertisement.
- Publisher reserves the right to publish materials from a previous advertisement if new materials are not received by material deadline.
- The word "advertisement" will appear on any ad that resembles editorial material.
- Drawings, artwork and articles for reproduction are accepted only at the advertiser's risk and should be clearly marked to facilitate return.
- No verbal agreement altering the rates and/or terms of this rate card shall be recognized.
- All advertisements, layout and designs produced for the advertiser by **CMA's** Graphic Staff will remain the property of **CMA**.
- All requests for advertising must be in writing, in the form of this signed contract, for the protection of both the advertiser and **CMA**.
- Once an order for advertising is placed, it cannot be withdrawn or cancelled in whole or in part.
- By signing this contract, advertiser agrees to pay in full for reserved space, even if the ad is not run due to lateness or absence of materials.

PLACING YOUR AD

To place an ad, complete the information below and mail or fax to: **CMA**, 2520 Venture Oaks Way, Suite 150, Sacramento, CA 95833 • (916) 924-7323 - fax. **CMA** will not run your ad without this contract.

Name of Company/Organization Being Advertised: _____

Billing Contact: _____

Billing Address: _____

Phone: _____ Fax: _____ E-mail: _____

Agency or Advertising Representative (if different from above): _____

Phone: _____ Fax: _____ E-mail: _____

Person to Contact with Artwork-specific Questions (if different from above): _____

Phone: _____ Fax: _____ E-mail: _____

I agree to place a _____ size ad in the following issue(s), and to be billed at a rate of \$_____ per issue:
(note: The multiple-issue rate can apply to any consecutive series of issues starting at any point in the year. If you choose the multi-issue rate, please number your first issue "#1" below, and the other issues as they occur chronologically. See condition #5, above.)

_____ Summer '14	_____ Fall '14	_____ Winter '14/'15	_____ Spring '15
Material Deadlines:	5/09/14	8/15/14	11/28/14
			3/06/15

METHOD OF PAYMENT

Please check one:

Send me an Invoice Enclosed is check # _____ Charge my Credit Card MC Visa Amex In the amount of \$ _____

Card #: _____ Expiration Date: _____

Print Cardholder's Name: _____ Signature: _____

Cardholder's Billing Address: _____



California Mortgage Association

2520 Venture Oaks Way
Suite 150
Sacramento, CA 95833

FIRST-CLASS
U.S. POSTAGE
PAID
SACRAMENTO CA
Permit #1876



Free 30 Day Trial

Mortgage+Care



A Seamless Family of Loan Origination and Loan Servicing Software Products



Mortgage+Care is a comprehensive lending system with complete Loan Origination (LOS), Doc Prep, Loan Servicing, Trust Accounting, Reporting, and Investor Management. Additionally, Mortgage+Care supports participation by either percentage or pools along with guaranteed rate programs for CMO or CDs. For over 25 years Mortgage+Care has helped financial professionals manage their loan portfolios in a more efficient and organized manner with its proven suite of software products.

The Mortgage+Care Feature Set Includes

- +Loan Application
- +Decisioning
- +Loan Servicing
- +Trust Accounting
- +Doc Prep
- +Escrow Impounds
- +Web Portals
- +Investors & Pools
- +CMO & CDs
- +SQL Database
- +ACH
- +Funds Control
- +Hosted Solutions
- +Interest Calculations
- +Reporting

For More Information

1-800-481-2708
sales@mortcare.com

www.mortcare.com