

COLDWELL BANKER PREMIER REALTY

BLUNIVERSITY

A *PREMIER* TRAINING & EDUCATION SERIES

FINANCING ALTERNATIVES AND THE FORMS USED

**CE.6692000-RE
CONTRACTS**



**COLDWELL BANKER
PREMIER REALTY**

OBJECTIVES

- Explain what Seller Financing is
- Differentiate between the various types of Seller Financing
- Describe the advantages and disadvantages of Seller Financing
- Prepare a Financing Addendum
- Explain what a Lease Option is
- Prepare a contract for a Lease Option
- Describe the advantages and disadvantages of a Lease Option

SELLER FINANCING / OWNER WILL CARRY

Seller financing is when a seller helps to finance a real estate transaction by taking back a second note or even financing the entire purchase if the seller owns the home free and clear. Usually, sellers do this when a buyer has difficulty qualifying for a conventional loan or meeting the purchase price.

It can refer to one of two things:

The seller can act as a bank and rather than receiving all or a portion of their equity at close, they can "lend" it to the buyer and receive a regular payment as agreed. They may receive no payments, interest only payments, principal only payments, or a combination. It could be an interest only loan, or an amortized loan. Additionally, it could carry either a fixed rate interest payment or a variable rate. These will vary depending on the agreed upon terms of the contract between the buyer and the seller.

OR

The seller can allow the buyer to "take over" the loan that he or she has in place. This can be done in two ways. The first way is called an "assumption", wherein the lender formally allows the buyer to assume the loan. This entails approval of the buyer's credit, and often a modification of existing loan terms. The other method is called a "subject to" where the lender is not contacted, and the buyer purchases the property "subject to" the existing financing. This can be financially risky in many ways, since many loans have acceleration clauses which permit the lender to call the loan due if the property is transferred.

How does Seller Financing Work?

With traditional third-party financing, a lending institution makes a loan to the buyer for the purchase price of a home and takes back a security interest in the same home. The security interest comes in the form of a mortgage or deed of trust, which allows the lender to foreclose on the home to recover its loan money in the event of a default. The buyer gives the seller the entire purchase price and the seller leaves the picture. The buyer then must make mortgage payments to the lender until the loan is paid off and the buyer owns the house free and clear.

Seller-financing works a bit differently. In this situation, the seller does not receive a lump sum of cash and remains involved in a financial relationship with the buyer until the entire purchase price is paid. With seller financing, the seller agrees to transfer title to the house in exchange for a note and a security interest in the house. The note is paid off just like a mortgage, but it is paid to the seller instead of a bank. Also, just like with traditional financing, the seller's security interest gives him the power to foreclose on the house in the event of default. Often, when a seller finances the purchase of a home, the loan note provides for a balloon payment after a period of years. A balloon payment is basically a lump sum payment of the amount still owed to the seller. When the balloon payment is due, the buyer usually pays it or refinances with a traditional third-party lender who pays it.

Why offer Seller Financing?

Seller financing offers tax breaks for sellers and alternative financing for buyers who can't qualify for conventional loans.

If you are a seller, the risks you face are the same as those facing any lender: Is the borrower a good credit risk? Will the property hold enough value over time to allow for the repayment of all loans made against it?

You should run a full credit check on the borrower, require hazard insurance on the property and include a due-on-sale clause. There also are financing, disclosure and repayment-term requirements that need to be met. It is wise to consult a lawyer when putting together this kind of transaction.

Advantage to seller

ALL INCLUSIVE TRUST DEED (AITD OR WRAP)

An all inclusive Trust Deed is a new deed of trust that includes the balance due on the existing note plus new funds advanced; also known as a wrap-around mortgage.

In a wrap, the seller extends to the buyer a junior mortgage which wraps around and exists in addition to any superior mortgages already secured by the property. Under a wrap, the seller accepts a secured promissory note, from the buyer for the amount due on the underlying mortgage plus an amount up to the remaining purchase money balance.

The new purchaser makes monthly payments to the seller, who is then responsible for making the payments to the underlying mortgages. Should the new purchaser default on those payments, the seller then has the right of foreclosure to recapture the subject property.

Know the Issues

Due on Sale

As title is actually transferred from seller to buyer, the chief danger of the wrap around mortgage is to the seller. Most mortgages have a “due on sale” clause. Therefore, if the house is sold, the entire mortgage balance is due. If the seller cannot pay that amount or borrow it and pay it, the lender could foreclose on the home.

Borrower Default

The seller has also taken on all the risk of traditional lender in a wrap. If the borrower doesn't pay, the seller bears all the costs associated with enforcing the loan or foreclosing.

Additionally, if the borrower does not pay, the seller is then at risk of being unable to pay his mortgage and could face foreclosure themselves. If the seller cannot pay the first mortgage, the original mortgage lender has the first claim and can foreclose on the original homeowner.

Lender Default

The buyer faces default risk as well. If a buyer consistently makes monthly payments, but the seller is not then paying the first mortgage, the original mortgage lender can foreclose on the home, taking it away from the buyer.

Collection Account (Loan Servicing)

Serves as a neutral party which can service the loan in the following ways:

- Accepts payments
- Computes principle, interest, and late charges
- Sets up reserve accounts for the payment of taxes and insurance

Notes:

CONTRACT OF SALE (CONTRACT FOR DEED)

Contracts of Sale are a form of owner financing of real estate. An owner and a buyer enter into a contract in which the owner agrees to give the buyer a deed after the buyer pays the owner a certain amount of money. Usually, the contract requires the buyer to make payments over time with interest payable on the unpaid balance. After the buyer pays all the payments called for under the contract, the owner gives the buyer a deed to the property.

During the term of the contract for deed, the buyer is entitled to possession of the real estate and is required to keep the property insured and pay the real estate taxes.

The primary advantage of a contract for deed for a buyer is that closing costs are usually low. The primary disadvantage to a buyer is that in the event the buyer has later financial problems, the process of foreclosure (or cancellation of a contract for deed) is very short.

**FINANCING ADDENDUM –
LET’S REVIEW THE FORM**



LEASE OPTION

A lease-option (or lease purchase) is often associated with a real estate transaction primarily consisting of two components: a lease agreement and a purchase option agreement. The two documents work in tandem to create the overall effect for tenants to have legal use and possession while keeping their position to receive transfer title. There are two ways this may be achieved: by qualifying for a new loan so that the landlord/seller may be bought out or by creating a contract that allows the renter to lock in the purchase price for several years.

The two parties involved are a lessee, one who rents to own, and a lessor, the owner of the property. In addition to the purchase option contract that the lessee pays a sum for, the lessee pays the lessor rent - typically in the amount of the mortgage or greater. Proceeds are sometimes applied towards the purchase price. There is no universal way to implement a lease-option transaction as it is highly adaptable to both the buyer and seller's needs. The actual terms and documents can vary greatly from one practitioner to another.

The Lease-option, usually having 2 documents, places an emphasis on the Purchase Option agreement which specifies terms for transfer of title.

It is a property lease for a fixed time period, such as 12 or 24 months, with an option for the tenant to buy the property at an agreed option price during the lease term.

Buyers like lease-options because little up-front cash is required. Sellers also like lease-options because they provide necessary cash flow to pay the mortgage and property taxes from a tenant

who has a vested interest in treating the property well and who is likely to buy it.

Advantages to Buyer

Small Amount of Up-Front Cash Required

The amount of up-front cash required to acquire a home or other property on a lease-option is usually small, often just a few thousand dollars for the first month's rent plus non-refundable option consideration. This option money is in lieu of a security deposit.

Monthly Rent Credit Builds a Down Payment

The unique characteristic of a lease-option is the rent credit toward the buyer's down payment. Typically, the rent credit is 10 to 100 percent of the monthly rent, depending on how motivated the seller is to sell. The higher the rent credit percentage, the greater the probability the tenant will buy.

Try Out the Property Before Buying

Another special lease-option benefit for the tenant is the ability to try out the property before buying. If it is undesirable, the tenant hasn't tied up a large amount of cash in a home that might be difficult to resell.

Control Property with Very Little Cash

The ability to control a property and profit from its market value appreciation with very little cash is called leverage. Lease-option buyers have this unique advantage.

Longer Terms Mean Greater Profitability

Although most residence lease-options are for short terms, such as one or two years, smart investors seek lease-options with the

longest possible term. They reason the property is likely to appreciate in market value over the long term.

More benefits to Buyers who purchase a home using lease options

- Helps unconventional buyers who cannot qualify for a mortgage due to poor credit, recent bankruptcy, or if self-employed
- Immediate occupancy
- Time to pay down payment in installments (1st time homebuyers)
- Time to clean up credit history
- Try out a house and neighborhood before buying

Advantages to Seller

Strong Demand from Prospective Buyers

No matter how slow the local real estate market might be, there is almost always a strong demand from lease-option buyers. Many prospective home buyers can usually afford the monthly payments but they have often have insufficient cash for a down payment. The lease-option solves this problem by giving the tenant-buyer a rent credit toward the down payment. It's like a "forced savings account." In addition, the tenant-buyer usually pays up-front nonrefundable consideration for the option, typically several thousand dollars.

Top Dollar Option Price

Because of strong buyer demand for lease-options, when done correctly, home sellers can demand and get top dollar for their properties. Usually, the option price is set at the market value when signing the lease-option. If the home's market value goes

up during the lease-option term, the buyer benefits. Should the property drop in value, then the tenant usually doesn't complete the purchase.

Top Quality Tenants

During the lease-option, the tenant-buyer usually take good care of the property as if they own it.

Above-Market Rent

Another seller advantage is earning above-market rent. Landlords can charge tenants 10 to 20 percent above market rent.

Seller Keeps the Tax Deductions

During the lease-option period, the seller retains all the property income tax deductions. If a tenant complains about not receiving any tax benefits, a reminder about the rent credit toward the down payment usually ends the discussion.

Additional Advantages to Seller

- Get full or near retail price – sellers can receive full retail price in many cases
- Tax benefits – seller continues to deduct interest until home is sold
- No more repairs – we will take care of repairs after the first 60 days
- Qualify for mortgage of next home – lenders consider Lease Options as evidence that their current debt is covered until the house sells. No double mortgage to worry about
- No fees – no fees for us to manage, market, buy or sell their home
- Job Transfer – allows a worry-free transition so that the owner can move away and purchase a new home

- Seller does not need cash – sometimes owner is not in a rush to get cash out
- No equity available – seller can sell via lease option and not worry about losing money at closing
- Loss of Job – a quick way to have someone take over payments and prevent future financial hardship, such as foreclosure
- Inherited property – opportunity to receive good cash flow

Know the Issues

MOST sellers accept Lease Options because their property is overpriced.

MOST buyers seek Lease Options because they can't get a loan.

Put the two of them together, and what do you get?

The unqualified buyer contracts to purchase an overpriced property.

What happens when the above Lease Option is about to expire?

- All hell breaks loose for everybody involved.
- The real estate agents and/or buyers scramble from mortgage broker to mortgage broker, often they submit fraudulent loan applications.
- There's a good chance that the property doesn't appraise.

Notes:



SELLER FINANCING ADDENDUM (Residential)



1 This addendum to the Offer and Acceptance Agreement dated _____, regarding the property located at
 2 _____,
 3 between _____ (BUYER)
 4 and _____ (SELLER),
 5 is being attached this date _____ and becomes effective when signed by all parties.

6
 7 SELLER warrants that SELLER is in compliance with all applicable state and federal consumer protection laws, including but not
 8 limited to, Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), Truth in Lending Act (TILA), Secure and
 9 Fair Enforcement for Mortgage Lending Act (S.A.F.E.). SELLER is advised to seek the advice of legal counsel to resolve any
 10 questions regarding seller financing and/or requirements of the state and federal consumer protection laws.

11 PRIVATE FINANCING TERMS

12 SELLER to carry First Note and Deed of Trust, Second Note and Deed of Trust, Other _____
 14 in the amount of \$ _____ for a term of _____ years, with interest of _____ %, amortized over _____ years, all due and
 15 payable in _____ years. Note to include principal and interest, interest only, negative amortization. Note is payable at
 16 approximately \$ _____ per month or more.
 17 Note will, will not include a prepayment penalty.
 18 Taxes and insurance included, paid separately. Payment is due on _____ or before the _____ day of each
 19 month.
 20 prorated interest to be collected at close of escrow.

21 OTHER TERMS AND CONDITIONS

22 Additional principal payments, balloon payments or other terms as follows: _____
 23 _____
 24 _____
 25 _____

26
 27 **LATE CHARGE** Any payment not made within _____ days after it is due is subject to a late charge of \$ _____ or
 28 _____ % of the installment due.

29
 30 **DUE ON SALE** If any interest in the property securing this obligation is sold or otherwise transferred without written consent of
 31 the holder, or if the obligor or the maker, without the written consent of the holder, substantially alters or damages the
 32 improvements, the holder of said note has, does not have the option to require immediate payment of the entire unpaid balance
 33 and accrued interest.

34
 35 **PREPAYMENT** If all or part of the principal balance on this loan is paid prior to maturity, the BUYER will not, will have
 36 to pay a prepayment penalty as follows: _____.

37 SUBORDINATION

38 Parties acknowledge there will be no subordination. Parties agree to subordination under the following terms:
 39 _____
 40 _____

41
 42 **BALLOON PAYMENT** If any of the obligations secured by the property calls for a balloon payment, there are no assurances that
 43 new financing or a loan extension will be available when a balloon payment is due.

44
 45 **DEFERRED INTEREST** results when BUYER's periodic payments are less than the amount of interest due on the obligation,
 46 sometimes referred to as "negative amortization," or when the obligation does not require periodic payments. This accrued interest
 47 will be paid by BUYER at a later time and may result in BUYER owing more at the time of payoff than at the time the loan
 48 originated. Said note does, does not contain deferred interest.

49
 50 **INSURANCE** BUYER shall obtain and maintain hazard insurance in an amount equal to all liens or replacement cost of
 51 improvements, which ever is greater. BUYER shall name the holders of the secured loans as additional loss payees. Prior to close
 52 of escrow, BUYER shall deliver a certificate of insurance to SELLER

Address _____

1 **DOCUMENT PREP FEES** Cost for preparation of documents shall be paid by BUYER SELLER split equally
2 other _____
3 equally other _____
4

5 **TAX SERVICE**
6 A tax service has been arranged to report to SELLER whether taxes have been paid on the property.
7 BUYER SELLER will be responsible for the continued retention and payment of such tax service, **or**
8 No provision has been made for a tax service. SELLER should consider retaining a tax service or otherwise determine that the
9 property taxes are paid.
10

11 **REQUEST FOR NOTICE**
12 A request for Notice of Default is to be recorded. No provision for Notice of Default had been made.
13

14 **PAYMENT** The financing provides that the BUYER will make periodic payments to
15 SELLER; OR
16 Installment Collection Agency _____;
17 OR
18 Other _____ will be responsible for disbursing
19 payments to SELLER. Cost of the installment collection account setup to be paid by BUYER SELLER split equally
20 other _____ between the parties. Cost of monthly
21 fees to be paid by BUYER SELLER split equally other _____.
22

23 **DEFAULT** SELLER's rights in the event of a default by the BUYER are governed by Nevada Revised Statutes Chapter 107 and
24 Chapter 40 which provide for deficiency judgments under certain circumstances. It is recommended that SELLER and BUYER
25 consult with an attorney concerning foreclosure rights and remedies and deficiency judgments.
26

27 **BUYERS' CREDIT WORTHINESS**
28 The following representations concerning the BUYER's credit worthiness and employment have been made by the BUYER(s) to the
29 SELLER(s):

30 Occupation(s) _____
31 Employer(s) _____
32 Length of Employment _____
33 Monthly Gross Income _____
34 Within five (5) days of Acceptance, BUYER(s) will provide to SELLER (1) a current credit report; (2) a financial statement
35 and; (3) last two year's Federal Tax returns; (4) Other _____.
36 BUYER acknowledges that SELLER may contact employer for verification of employment and representations regarding
37 employment made herein.
38

39 Within ten (10) days of Acceptance, SELLER will provide BUYER written approval or disapproval of SELLER Financing.
40

41 All parties acknowledge they have not received or relied upon any statements or representations made to them by Broker regarding
42 availability of funds, or rate of interest at which funds might be available, when Buyer becomes obligated to refinance or pay off the
43 remaining balance of any loan pursuant to the terms of this agreement.
44

45 DATED: _____ TIME: _____ DATED: _____ TIME: _____

46 BUYER: _____ SELLER: _____

47 BUYER: _____ SELLER: _____

48 BUYER: _____ SELLER: _____

49 BUYER: _____ SELLER: _____

50 BUYER: _____ SELLER: _____

51 BUYER: _____ SELLER: _____

52 BUYER: _____ SELLER: _____

53 BUYER: _____ SELLER: _____



RESIDENTIAL LEASE AGREEMENT



for

(Property Address)

1 **1. This Lease AGREEMENT** is entered into this _____ day of _____, 20__ between
 2 OWNER'S Name: _____, OWNER'S Name: _____
 3 (collectively hereinafter, "OWNER" and/or "LANDLORD") legal owner(s) of the property and
 4 TENANT's Name: _____ TENANT's Name: _____
 5 TENANT's Name: _____ TENANT's Name: _____
 6 (collectively, "TENANT"), which parties hereby agree to as follows:

7
 8 **2. PREMISES:** LANDLORD hereby leases to TENANT and TENANT hereby leases from LANDLORD, subject to the
 9 terms and conditions of the Lease Agreement, the Premises known and designated as _____
 10 ("the Premises"). Premises Mail Box
 11 # _____, Parking Space # _____, Storage Unit # _____, Other _____.

12
 13 **3. TERM:** The term hereof shall commence on _____ and continue until _____, with
 14 a **total rent** of \$ _____, then on a month-to-month basis thereafter, until either Party shall terminate the
 15 same by giving the other Party thirty (30) days written notice delivered by US mail or electronic mail. (All calculations
 16 shall be based on 30 day month), as governed by paragraph 23 herein.

17
 18 **4. RENT:** TENANT agrees to pay, without demand, to LANDLORD as rent for the Premises the total sum of
 19 _____ **per month** on the first day of each calendar month as Periodic Rent,
 20 at _____
 21 or at such other place as LANDLORD may designate in writing.

22
 23 **5. SUMMARY:** The initial rents, charges and deposits are as follows:

	Total	Received	Balance Due
24			
25			
26			
27	Rent: From _____, To _____	\$ _____	\$ _____
28	Security Deposit	\$ _____	\$ _____
29	Key Deposit	\$ _____	\$ _____
30	Admin/Credit App Fee (non-refundable)	\$ _____	\$ _____
31	Pet Deposit	\$ _____	\$ _____
32	Pet Cleaning Fee (non-refundable)	\$ _____	\$ _____
33	Cleaning Deposit	\$ _____	\$ _____
34	Cleaning Fee (non-refundable)	\$ _____	\$ _____
35	Additional Security	\$ _____	\$ _____
36	Utility Proration	\$ _____	\$ _____
37	Sewer and/or Trash Proration	\$ _____	\$ _____
38	Pre-Paid Rent	\$ _____	\$ _____
39	Pro-Rated Rent for _____	\$ _____	\$ _____
40	Other _____	\$ _____	\$ _____
41	Other _____	\$ _____	\$ _____
42	Other _____	\$ _____	\$ _____
43	Other _____	\$ _____	\$ _____
44			
45	TOTAL	\$ _____	\$ _____
46			

Property _____
 Owner's Name _____ Owner's Name _____
 Tenant _____ Initials _____ Tenant _____ Initials _____
 Tenant _____ Initials _____ Tenant _____ Initials _____



RESIDENTIAL PURCHASE AGREEMENT



(Joint Escrow Instructions)

1 Date: _____
 2 _____ (“Buyer”, hereby offers to purchase
 3 _____ (“Property”),
 4 within the city or unincorporated area of _____, County of _____,
 5 State of Nevada, Zip _____ A.P.N # _____ for the purchase price of
 6 \$ _____ (_____ (dollars) (“Purchase Price”)
 7 on the terms and conditions contained herein: BUYER does -OR- does not intend to occupy the Property as a residence.

Buyer's Offer

1. FINANCIAL TERMS & CONDITIONS:

11 \$ _____ A. EARNEST MONEY DEPOSIT (“EMD”) is presented with this offer -OR- _____
 12 _____ . Upon Acceptance, Earnest Money to be
 13 deposited within one (1) business day from acceptance of offer (as defined in Section 24 herein) -OR- _____
 14 business days if wired to: Escrow Holder, Buyer’s Broker Trust Account -OR- Seller’s Broker’s Trust
 15 Account. (NOTE: It is a felony in the State of Nevada—punishable by up to four years in prison and a \$5,000 fine—to
 16 write a check for which there are insufficient funds. NRS 193.130(2)(d).)

18 \$ _____ B. ADDITIONAL DEPOSIT to be placed in escrow on or before (date) _____. The
 19 additional deposit will —OR— will not be considered part of the EMD. (Any conditions on the additional
 20 deposit should be set forth in Section 30 herein.)

22 \$ _____ C. THIS AGREEMENT IS CONTINGENT UPON BUYER QUALIFYING FOR A NEW LOAN:
 23 Conventional, FHA, VA, Other (specify) _____.

24 \$ _____ D. THIS AGREEMENT IS CONTINGENT UPON BUYER QUALIFYING TO ASSUME THE
 25 FOLLOWING EXISTING LOANS(S):
 26 Conventional, FHA, VA, Other (specify) _____.
 27 Interest: Fixed rate, _____ years —OR— Adjustable Rate, _____ years. Seller further agrees to provide
 28 the Promissory Note and the most recent monthly statement of all loans to be assumed by Buyer within FIVE
 29 (5) calendar days of acceptance of offer.

31 \$ _____ E. BUYER TO EXECUTE A PROMISSORY NOTE SECURED BY DEED OF TRUST PER TERMS
 32 IN THE “FINANCING ADDENDUM” which is attached hereto.

34 \$ _____ F. BALANCE OF PURCHASE PRICE (Balance of Down Payment) in Good Funds to be paid prior to Close
 35 of Escrow (“COE”).

37 \$ _____ G. TOTAL PURCHASE PRICE (This price DOES NOT include closing costs, prorations, or other fees and
 38 costs associated with the purchase of the Property as defined herein.

Each party acknowledges that he/she has read, understood, and agrees, to each and every provision of this page unless a particular paragraph is otherwise modified by addendum or counteroffer.

Buyer’s Name(s): _____ BUYER(S) INITIALS: ____/____/____/____

Property Address: _____ SELLER(S) INITIALS: ____/____/____/____

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PROCEDURAL HISTORY

1. On or about February 25, 2019, the Division received a statement of fact (“Complaint”) complaining that RESPONDENT’s actions were fraudulent and deceitful in the real estate transaction involving the sale of real property located at 5792 Sidehill Dr., Sun Valley, NV 89433 (“the Property”) to John Smith and Stephanie Everidge, (“the Complainants”).

2. On or about February 27, 2019, the Division sent RESPONDENT an investigation-opening letter requiring RESPONDENT to provide a sworn affidavit response to the Division regarding the Complaint.

3. On or about March 20, 2019, the Division received RESPONDENT’s sworn affidavit response to the investigation-opening letter.

4. On or about, September 18, 2019, the Division sent RESPONDENT a Notice of Violation with Imposition of Administrative Fine, which imposed a \$2,000.00 fine upon RESPONDENT for alleged violations of (1) NRS 645.633(1)(i) pursuant to NAC 645.605(1) and/or NRS 645.3205; (2) NRS 645.633(1)(i) pursuant to NAC 645.605(10) and/or NRS 645.252(1)(a).

5. On or about October 11, 2019, the Division received a Notice of Appeal from RESPONDENT’s counsel, Robison, Sharp, Sullivan, Burst.

6. On or about November 19, 2019, the Division sent RESPONDENT an NRS 233B letter indicating that the Division’s investigation had obtained sufficient evidence to commence disciplinary action by filing a complaint with the Nevada Real Estate Commission (“Commission”).

FACTUAL ALLEGATIONS

1. At all times relevant, RESPONDENT held a real estate salesperson license, S.0077159, which was first issued by the Division on July 27, 2007.

2. On or about November 16, 2016, the Complainants signed a purchase contract (“the Purchase Contract”) for the Property, which included a personal property titled mobile home.

1 3. The seller of the Property was the RESPONDENT's daughter.

2 4. The RESPONDENT lived in the Property at the time she prepared the
3 purchase contract, involving the complainants, dated November 16, 2015.

4 5. The sales price on the purchase contract was \$60,000.00.

5 6. The purchase contract stated the complainants had paid \$10,000.00 in cash at
6 the time the contract was signed and were granted a credit for \$9,000.00 in sweat equity.

7 7. The purchase contract stated a cash balance of \$18,000.00 was to be paid
8 ASAP.

9 8. The purchase contract stated the complainants would also pay the Evergreen
10 Note Servicing loan balance of \$23,000.00.

11 9. The Purchase Contract was not recorded, nor was a deed of trust created or
12 recorded.

13 10. The beneficiary of the Evergreen Note Servicing loan secured by the property
14 in question was the owner of Nor-Nev Properties, LLC.

15 11. The Purchase Contract stated that the seller would "sign all documents to
16 effect transfer" of the property to the Complainants once the loan was paid in full.

17 12. The Purchase Contract does not include an acceleration clause.

18 13. The Purchase Contract states "[n]o modification of this Contract will be
19 effective unless it is in writing and is signed by both parties."

20 14. The RESPONDENT accepted a cash payment from the Complainants on
21 December 2, 2015, in the amount of \$5,000.00 and provided Complainants a receipt
22 showing a remaining cash balance due of \$13,000.00.

23 15. RESPONDENT accepted \$1,100.00 worth of supplies purchased by
24 Complainants for the RESPONDENT and provided Complainants a receipt for credit
25 towards the Purchase Contract, which showed a balance on case of \$11,900.00.

26 16. The RESPONDENT accepted a cash payment from Complainants on January
27 5, 2016, in the amount of \$5,000.00 and provided Complainants a receipt showing a
28 remaining cash balance of \$6,900.00.

1 17. The RESPONDENT accepted a cash payment from Complainants on
2 February 16, 2016, in the amount of \$1,000.00 and provided Complainants a receipt
3 showing a remaining cash balance of \$5,900.00.

4 18. The RESPONDENT accepted a cash payment from Complainants on
5 February 19, 2016, in the amount of \$4,000.00 and provided Complainants a receipt
6 showing a remaining cash balance of \$1,900.00.

7 19. The RESPONDENT accepted a cash payment from the Complainants on April
8 4, 2016, in the amount of \$1,900.00 and provided Complainants a receipt.

9 20. On August 15, 2018, the Complainants received a Notice of Default and
10 Acceleration of All Amounts Due from attorney William Baker.

11 21. The Notice of Default stated “[o]ur client, the owner of the property located at
12 5792 Sidehill Drive, Sun Valley, Nevada has advised that you have an existing loan with
13 her that is currently delinquent.”

14 22. The Notice of Default stated that “[t]he amount past due and delinquent is
15 \$1,096.92.”

16 23. The Notice of Default also stated that “[t]his notice to you that, as to the above-
17 referenced loan that is currently in default, the lender is hereby calling the loan due in full
18 immediately based upon the default in payments.”

19 24. The Complainants received a Notice of Eviction for Non-Payment of Rent,
20 dated August 16, 2018, from attorney William Baker as agent for the landlord for the
21 Property.

22 25. The Notice of Eviction for Non-Payment of Rent specified a rent arrearage in
23 the amount of \$1,096.92.

24 26. The Complainants did not have a rental agreement for the Property.

25 27. The Complainants responded to attorney William Baker on August 23, 2018,
26 and contested the Notice of Eviction pursuant to NRS 40.050.

27 28. The Complainant’s payment for the balance of the past due amount on the
28 loan for the Property cleared their bank on August 27, 2018.

1 29. The principal of Nor Nev Properties, LLC testified that the RESPONDENT
2 contacted Nor-Nev Properties, LLC and asked if Nor-Nev Properties, LLC wanted to
3 purchase the Property.

4 30. The principal of Nor Nev Properties, LLC testified that the RESPONDENT
5 did not disclose the sale of the Property to the Complainants to Nor-Nev Properties, LLC.

6 31. On or about January 12, 2019, The RESPONDENT prepared a Vacant Land
7 Offer and Acceptance Agreement on behalf of Nor-Nev. Properties, LLC for the Property.

8 32. The seller of the Property was the RESPONDENT's daughter.

9 33. The RESPONDENT represented both the buyer and the seller in the sale of
10 the Property to Nor-Nev Properties, LLC.

11 34. Nor-Nev Properties, LLC purchased the Property in question for \$40,000.00.

12 35. The sale of the Property to Nor-Nev Properties, LLC closed escrow on January
13 24, 2019.

14 36. RESPONDENT was paid a commission of \$1,200.00 by the escrow company.

15 37. In RESPONDENT's sworn affidavit response to the Division, she falsely
16 attested that "[t]his transaction does not involve my real estate license and I was never
17 acting in any formal license capacity of any kind during this transaction. I am not the listed
18 real estate agent for any party to this transaction and have received no compensation for
19 this transaction."

20 38. On or about on January 25, 2019, the Complainants received a letter from
21 Nor-Nev Properties, LLC notifying them that the Property had been purchased by Nor-Nev
22 Properties, LLC and requested that the Complainants sign a lease agreement for the
23 Property.

24 39. On or about January 30, 2019, the Complainants responded to Nor-Nev
25 Properties, LLC and indicated that they were purchasing the Property and would not sell
26 their equity in the Property or execute a lease agreement for the Property.

27 ///

28 ///

1 and the meeting is held in person, then the meeting will be located at the following
2 locations:

3 Nevada State Business Center
4 Real Estate Division
5 3300 West Sahara Avenue, Suite 350
6 Las Vegas, NV 89102

7 If you would like an email containing this information, before the hearing, please
8 contact Evelyn Pattee, Commission Coordinator, at (702) 486-4074 or epattee@red.nv.gov.

9 **STACKED CALENDAR:** Your hearing is one of several hearings scheduled
10 at the same time as part of a regular meeting of the Commission that is expected
11 to last from September 1st through September 3, 2020, but may end earlier if the
12 business of the Commission is concluded. Thus, your hearing may be continued
13 until later in the day or from day to day. It is your responsibility to be present
14 when your case is called. If you are not present when your hearing is called, a
15 default may be entered against you and the Commission may decide the case as
16 if all allegations in the complaint were true. If you have any questions please call
17 Evelyn Pattee Commission Coordinator (702) 486-4074.

18 **YOUR RIGHTS AT THE HEARING:** except as mentioned below, the hearing is an
19 open meeting under Nevada's open meeting law, and may be attended by the public. After
20 the evidence and arguments, the commission may conduct a closed meeting to discuss your
21 alleged misconduct or professional competence. You are entitled to a copy of the transcript
22 of the open and closed portions of the meeting, although you must pay for the transcription.

23 As the RESPONDENT you are specifically informed that you have the right to
24 appear and be heard in your defense, either personally or through your counsel of choice.
25 At the hearing, the Division has the burden of proving the allegations in the complaint and
26 will call witnesses and present evidence against you. You have the right to respond and to
27 present relevant evidence and argument on all issues involved. You have the right to call
28 and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any
matter relevant to the issues involved.

1 You have the right to request that the Commission issue subpoenas to compel
2 witnesses to testify and/or evidence to be offered on your behalf. In making the request,
3 you may be required to demonstrate the relevance of the witness' testimony and/or
4 evidence. Other important rights you have are listed in NRS 645.680 through 645.990, NRS
5 Chapter 233B, and NAC 645.810 through 645.920.

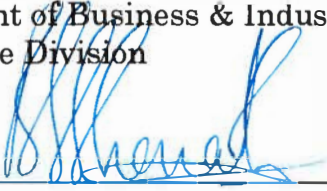
6 The purpose of the hearing is to determine if the RESPONDENT has violated NRS
7 645 and/or NAC 645 and if the allegations contained herein are substantially proven
8 by the evidence presented and to further determine what administrative penalty, if any, is
9 to be assessed against the RESPONDENT.


10
11 DATED this 28 day of July, 2020.

DATED this 27th day of July, 2020.

12
13 STATE OF NEVADA,
14 Department of Business & Industry
15 Real Estate Division

AARON D. FORD
Attorney General

16 By: 
17 SHARATH CHANDRA
18 Administrator
19 3300 W. Sahara Avenue, Ste. 35
20 Las Vegas, Nevada 89102

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26 *Attorneys for the Real Estate Division*