

STATE OF COLORADO

Division of Real Estate
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DORA'S DIVISION OF REAL ESTATE STOPS FELON FROM BROKERING MORTGAGE LOANS TO UNSUSPECTING COLORADO CITIZENS

DENVER, Colorado – February 4, 2008 – The Department of Regulatory Agencies (DORA) announced today that the Division of Real Estate issued its first formal actions against mortgage brokers accused of violating Colorado's new lending laws. The Division of Real Estate issued a cease and desist order and is seeking a \$20,000 fine against Cade Emerson Lee, a convicted felon. In addition, Adriana Arzate's license was summarily suspended and the Division is seeking \$10,000 in fines. The Division of Real Estate asserts Ms. Arzate falsified borrowers' financial information so they could obtain loans for which they were not qualified. Cease and desist and summary suspensions are emergency measures used when the public's safety or welfare is in danger, and immediately prohibit the individuals from acting as mortgage brokers.

The Division of Real Estate asserts Mr. Lee, a former stockbroker who was convicted of securities fraud, has been acting as an unregistered mortgage broker in the State of Colorado. Mr. Lee, who is on a probationary work release program, was found guilty of securities fraud for cheating a group of elderly investors out of four million dollars in a day trading scam. He was ordered to pay restitution. The new mortgage broker laws prohibit felons convicted of crimes involving fraud, misrepresentation or deceit from becoming licensed as mortgage brokers. Brokering mortgages without a license puts consumers at risk. The new law requires mortgage brokers to obtain surety bonds and errors and omissions insurance to safeguard the public in the event of wrongdoing.

In a separate case, the Division alleges that Adriana Arzate, a licensed Colorado mortgage broker, altered borrowers' personal information so they could acquire mortgage loans for which they did not qualify. The documents allegedly altered include verification of employment papers, falsified W2s, pay stubs, 1003 and 1008 forms that represented inaccurate incomes and job titles. The Division asserts Ms. Arzate violated her duty of good faith and fair dealing.

Governor Ritter signed four mortgage broker bills into law on June 1st, 2007. The new laws, collectively named The Mortgage Broker Licensing Act, were designed to protect consumers from unscrupulous lending practices. The Governor and lawmakers responded to Colorado's status as having one of the highest foreclosure rates in the country and highest incidence of mortgage fraud. Recent federal proposals incorporate several of Colorado's statutory provisions. The Director of the Division of Real Estate, Erin Toll, is charged with implementing the new law.

"Combating mortgage fraud and reducing Colorado's foreclosure rate are my top priorities," said Erin Toll, Director of the Division of Real Estate. "These are just the first of several actions we intend to take to enforce the new law," she said.

For more information about mortgage broker laws, visit the Division of Real Estate's website at <http://www.dora.state.co.us/real-estate/index.htm> .

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DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment. Consumer protection is our mission.

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