



BUREAU OF REAL ESTATE FORUM



Marriott Marina Hotel
San Diego, CA
October 13, 2017

TODAY'S AGENDA

Opening Remarks – Commissioner Wayne Bell

- **Operations, Subdivisions and Enforcement Report –**
Dan Sandri, Chief Deputy Commissioner
- **AB 2330 Broker Associates Update–**
Sandra Knau, Asst. Commissioner, Licensing & Administration
- **Legal and Consumer Recovery Account–**
Steve Lerner, Assistant Commissioner, Legal
- **Audit Report and Update–**
Tom Cameron, Assistant Commissioner, Audits
- **Q& A and Dialogue**
Wayne Bell and Panel



BUREAU OF REAL ESTATE OPERATIONS REPORT



Daniel Sandri
Chief Deputy Commissioner

CalBRE Operations

▣ Five District/Exam Offices

- ▣ Fresno
- ▣ Los Angeles
- ▣ Oakland
- ▣ Sacramento
- ▣ San Diego

■ Authorized Positions: 332

Financial Statistics

FY 2016-2017

CalBRE's Budget \$52,605,000

REVENUES

- ▣ Licensing - \$37,641,210
 - ▣ Subdivisions - \$8,299,377
 - ▣ Examinations - \$4,205,683
 - ▣ Other - \$1,981,985
- Total Revenues - \$52,128,255**

Financial Statistics FY 2016-2017

CalBRE's Budget \$52,605,000

EXPENDITURES

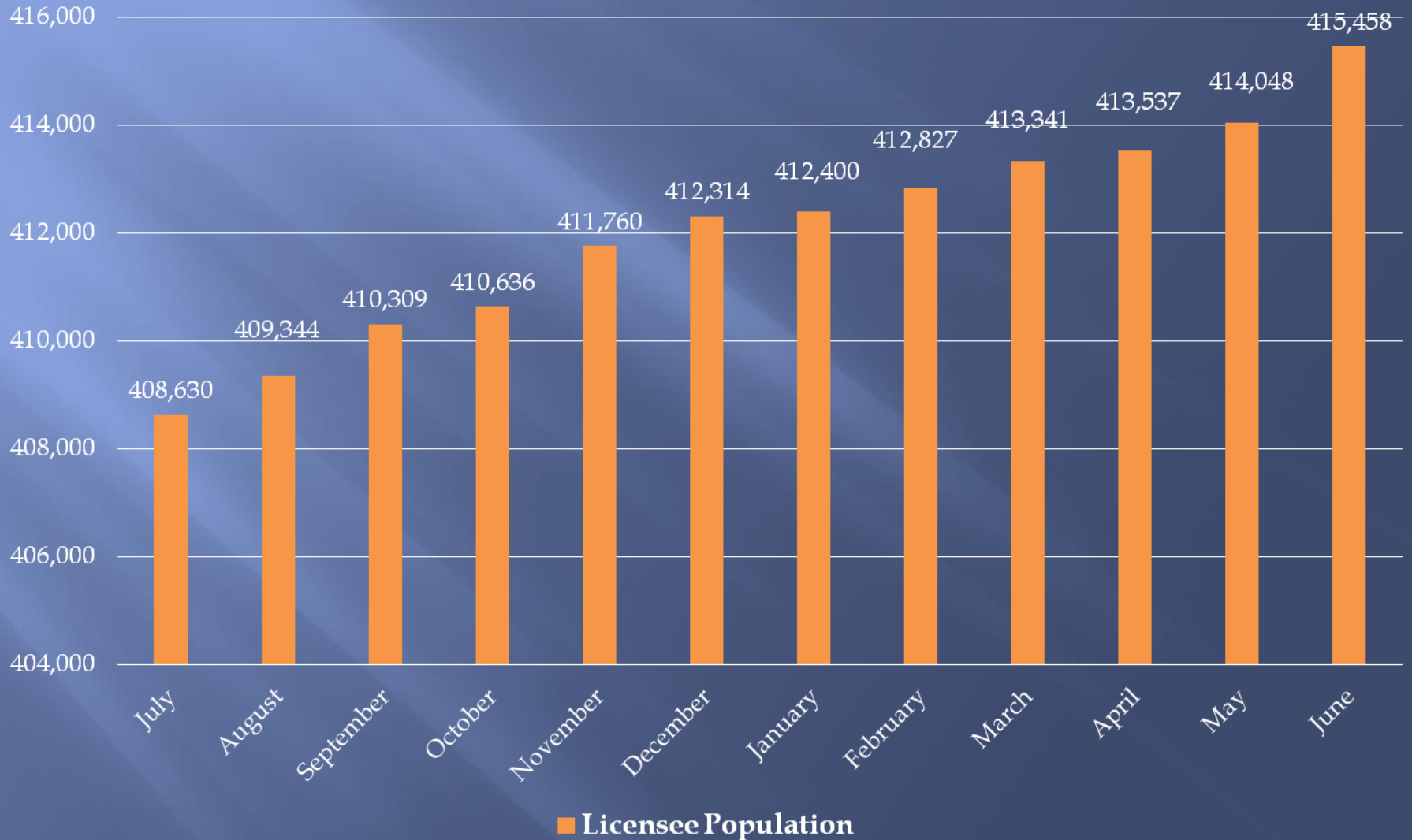
- ▣ Personnel - \$32,337,329
- ▣ DCA Pro Rata - \$5,094,000
- ▣ Facilities - \$4,081,415
- ▣ Enforcement Costs - \$2,042,626
- ▣ Recovery Claims - \$1,902,847
- ▣ Communications, Printing - \$1,219,392
- ▣ Other - \$4,576,832

Total Expenditures - \$51,254,441

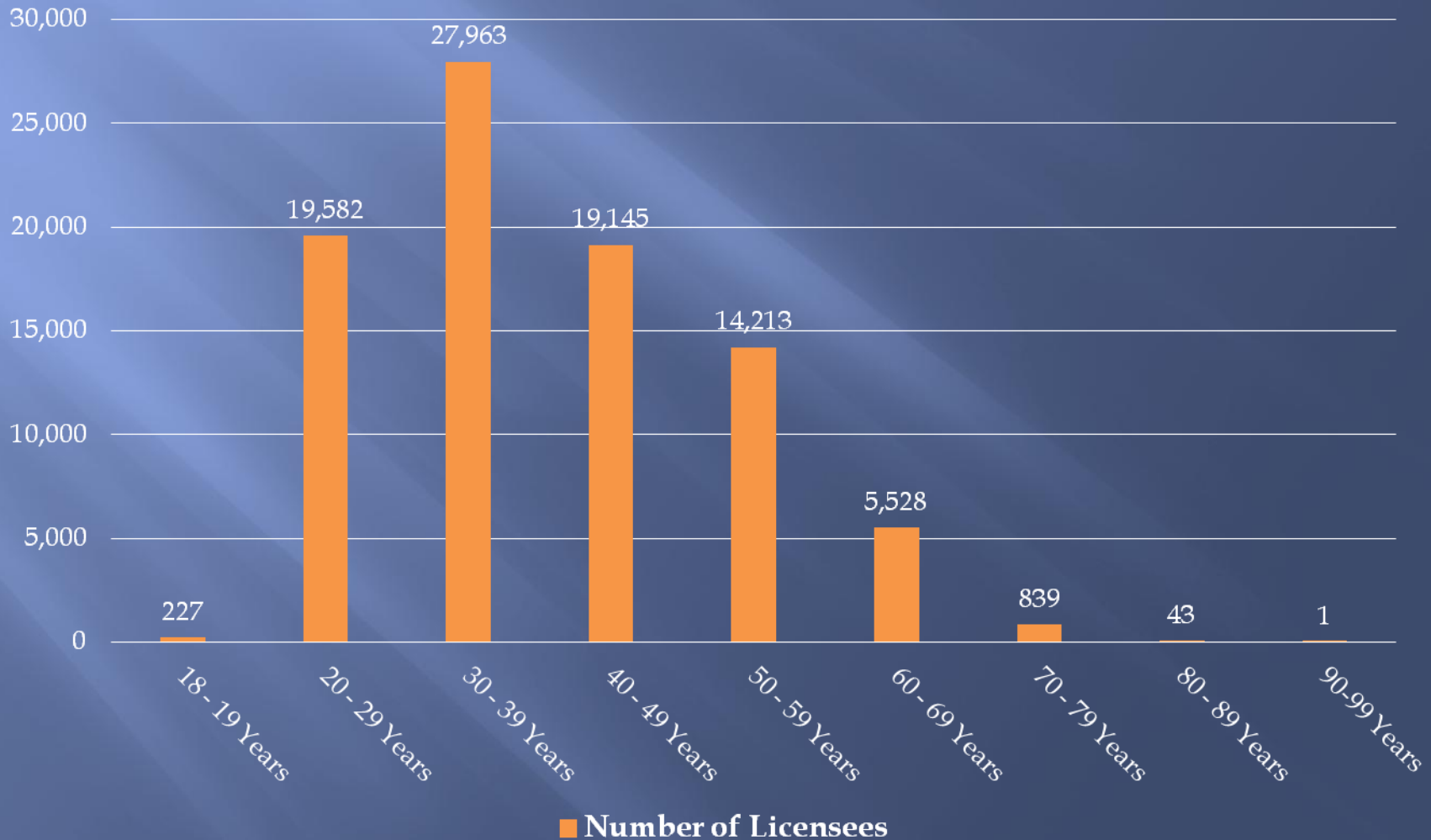
Licensing Workload

Exams Scheduled	July to June 2015-2016	July to June 2016-2017
RES	48,110	53,102
REB	5,112	4,816
New Licenses		
RES	21,693	24,358
REB	4,368	4,764
Renewals		
RES	48,095 (83%)	48,334 (81%)
REB	28,594 (91%)	28,452 (89%)
Total Licenses		
	408,357	415,458
Total MLO's		
	25,348	25,084

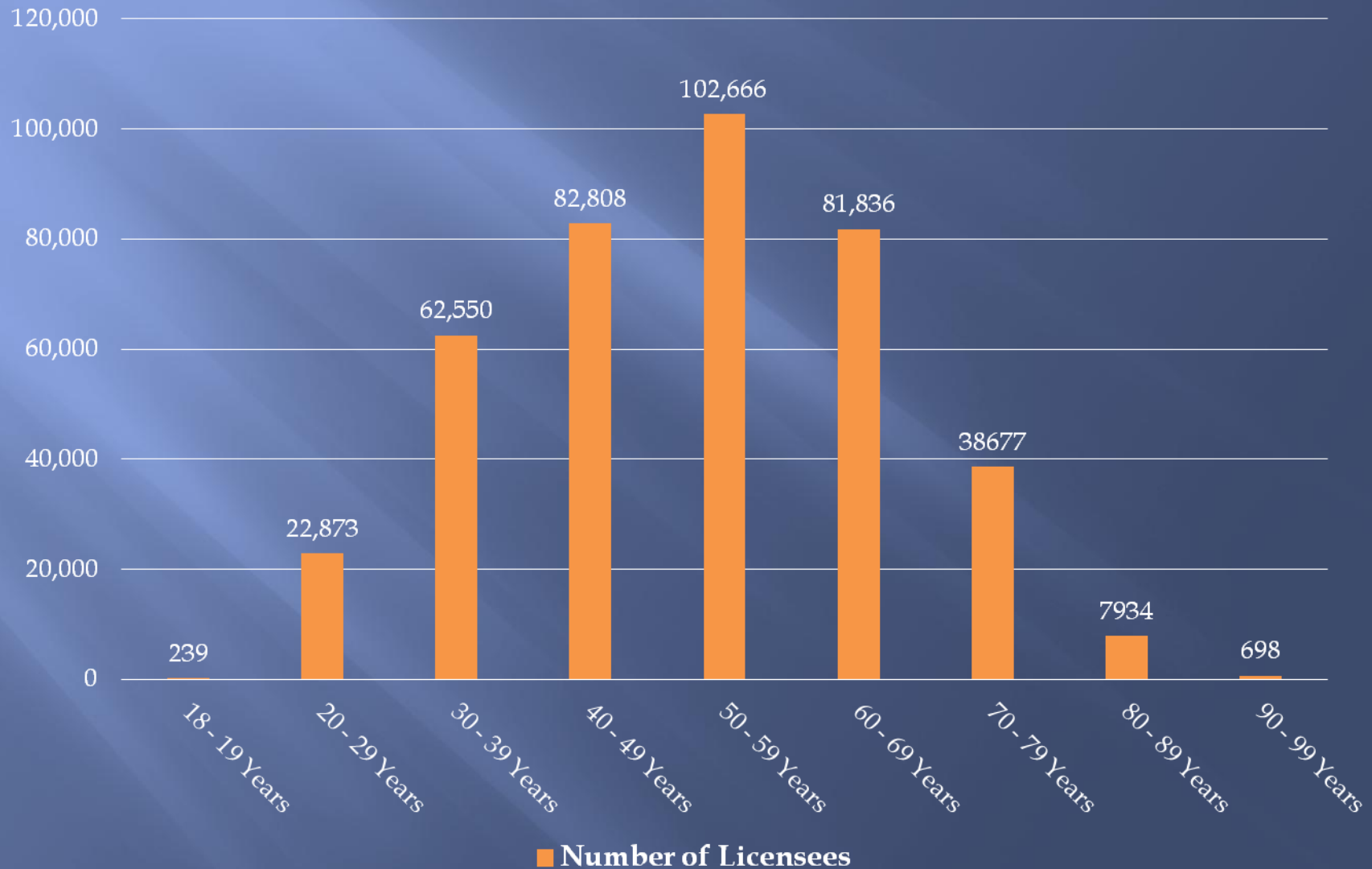
Licensing Population Fiscal Year 2016-2017



Age Breakdown For New Licenses Issued, Last 4 Years



Age of Total Licensee Population



Average Age By License Type

- ▣ Broker: 58.49 years
- ▣ Salesperson: 50.49 years
- ▣ Officer: 59.97 years

- ▣ Overall: 52.72 years

Subdivision Workload

	July to June 2015-2016	July to June 2016-2017
Final	3,171	3,168
Renewal	250	202
Amendment	245	316
Total Applications Received	3,666	3,686

Enforcement Workload

	July to June 2015-2016	July to June 2016-2017
Complaints Received	5,341	4,282
Referred For Investigation	2814	1,394
Referred To Legal Section	1,241	1,265
Citations Issued	774	714

Cite & Fine Program Comparative Statistics

July to June 2015-2016		
Citations Issued	774	
Dollar Amount Assessed	\$437,509	\$435,225



Sandra Knau
Assistant Commissioner
Licensing &
Administration



Broker Associates

- ▣ AB 2330 (Ridley-Thomas)
 - Effective date: January 1, 2018
 - Makes two significant changes to the Real Estate Law
 - 1) Adds to Business & Professions Code Section 10083.5 in that:
 - Requires CalBRE to post information on the website on whether a licensee is an associate licensee and identify the responsible broker with whom the licensee is contractually associated

Broker Associates

- ▣ 2) Amends Business & Professions Code Section 10161.8 and requires:
- ▣ Whenever a real estate salesperson or broker acting as a salesperson enters the employ of a real estate broker, the responsible broker shall immediately notify the commissioner thereof in writing
- ▣ Whenever employment of a real estate salesperson or broker acting as a salesperson is terminated, the responsible broker shall immediately notify the commissioner of that termination in writing

Broker Associates

- ▣ Proposed Regulations
 - Regulations under development
 - ▣ 45-day Public Comment Period coming early next year
 - Responsible broker to notify CalBRE within 5 days of affiliation with Broker Associate
 - Notification can be provided on a CalBRE-approved form

Broker Associates

- ▣ RE 215- Broker Associate Affiliation Notification form created for this specific reporting requirement
- ▣ For notifications of affiliation, signatures of both the responsible broker and broker associate are required
- ▣ For terminations, only one signature is required on the form

**BROKER-ASSOCIATE AFFILIATION
NOTIFICATION**

RE 215 (New 1/18)

- > This form is to be used for broker-associate affiliations only.
- > "Broker-associate" means a broker acting in the capacity of a salesperson for another broker/corporation under written agreement who performs acts for which a license is required on behalf of the responsible broker/corporation.
- > *Read instructions on reverse side before completing.*
- > *Note: License changes marked with an asterisk may be completed on-line by utilizing eLicensing. (Refer to information on page 2.)*

CaBRE RECEIVED DATE

CaBRE USE ONLY

CaBRE USE ONLY

TYPE OF CHANGE

[Check appropriate box(es)]

- ADD RESPONSIBLE BROKER/CORPORATION AFFILIATION
- DISCONTINUE RESPONSIBLE BROKER/CORPORATION AFFILIATION
- TELEPHONE/EMAIL ADDRESS*
- MAILING ADDRESS*

BROKER-ASSOCIATE INFORMATION

1. LICENSE IDENTIFICATION NUMBER		CaBRE USE ONLY	
2A. BROKER-ASSOCIATE NAME — AS IT APPEARS ON LICENSE — LAST	2B. FIRST	2C. MIDDLE	2D. SUFFIX
3. BROKER-ASSOCIATE MAILING ADDRESS (STREET ADDRESS OR POST OFFICE BOX)			
CITY		STATE	ZIP CODE
4. CURRENT TELEPHONE NUMBER ()	5. CURRENT EMAIL ADDRESS		

BROKER-ASSOCIATE CERTIFICATION
I HEREBY CERTIFY THAT THE ABOVE INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

6. SIGNATURE OF BROKER-ASSOCIATE — MUST BE ORIGINAL SIGNATURE, NOT PHOTOCOPY, ETC.	DATE
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NEW RESPONSIBLE BROKER/CORPORATION INFORMATION

7. BROKER/CORPORATION ID NO.	CaBRE USE ONLY	8. BROKER-ASSOCIATE AFFILIATION DATE	CaBRE USE ONLY
9. BROKER/CORPORATION NAME — AS IT APPEARS ON LICENSE; NO DBA'S			
10. MAIN OFFICE ADDRESS OF BROKER/CORPORATION — STREET ADDRESS, CITY, STATE, ZIP CODE			

RESPONSIBLE BROKER/CORPORATION CERTIFICATION
I HEREBY CERTIFY THAT A) THE ABOVE INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, B) I HAVE COMPLIED WITH §10191.8(a) AND (b) OF THE BUSINESS AND PROFESSIONS CODE, AND C) THERE IS A WRITTEN AGREEMENT WITH THIS BROKER-ASSOCIATE ON FILE IN MY OFFICE AS REQUIRED BY §2726 OF THE COMMISSIONER'S REGULATIONS.

11. SIGNATURE OF NEW BROKER/LICENSED OFFICER — MUST BE ORIGINAL SIGNATURE, NOT PHOTOCOPY, ETC.	DATE	
12. PRINTED NAME OF #11 SIGNER	13. BROKER/CORPORATION EXPIRATION DATE	14. BUSINESS TELEPHONE NUMBER ()

FORMER RESPONSIBLE BROKER/CORPORATION INFORMATION

15. BROKER/CORPORATION ID NO.	16. DATE BROKER-ASSOCIATE AFFILIATION DISCONTINUED
17. BROKER/CORPORATION NAME — AS IT APPEARS ON LICENSE; NO DBA'S	
18. SIGNATURE OF FORMER BROKER/LICENSED OFFICER	DATE

CaBRE USE ONLY

PROC. #	DATE PROCESSED	SENDER'S #	DATE SENT	FORM LETTER/COMMENTS	DOCUMENT DATE USED & TYPE (circle one) RD AD KD
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Broker Associates

- ▣ Other broker license changes need to be completed on the broker change application form (RE 204) such as:
 - ▣ Main office address changes
 - ▣ Adding a fictitious business name
 - ▣ Canceling a fictitious business name

Broker Associates


- ▣ Website changes:
- ▣ Responsible broker license records will reflect the names and license numbers of affiliated broker associates along with salespersons
- ▣ Broker Associate license records will display the name and license number of the responsible broker(s)

Responsible Broker Record

STATE OF CALIFORNIA BUREAU OF REAL ESTATE

The license information shown below represents public information taken from the Bureau of Real Estate (CalBRE) database at the time of your inquiry. It will not reflect pending changes which are being reviewed for subsequent database updating. Also, the license information provided includes formal administrative actions that have been taken against licensees pursuant to the Business and Professions Code and/or the Administrative Procedure Act. All of the information displayed is public information. Although the business and mailing addresses of real estate licensees are included, this information is not intended for mass mailing purposes.

License information taken from records of the Bureau of Real Estate on 9/29/2017 11:45:00 AM


License Type:	BROKER
Name:	Knau, Sandra 
Mailing Address:	1651 EXPOSITION BOULEVARD SACRAMENTO, CA 95815
License ID:	00000066
Expiration Date:	08/30/18
License Status:	LICENSED
Salesperson License Issued:	01/27/95 (Unofficial -- taken from secondary records)
Broker License Issued:	08/31/98 (Unofficial -- taken from secondary records)
Former Name(s):	NO FORMER NAMES
Main Office:	1651 EXPOSITION BOULEVARD SUITE #303 SACRAMENTO, CA 95818
DBA	NO CURRENT DBAS
Branches:	NO CURRENT BRANCHES
Affiliated Licensed Corporation(s):	NO CURRENT AFFILIATED CORPORATIONS
Broker Associates:	<u>00000003</u> - Pengilly, Donald <u>00000005</u> - Oboyski, Jeff
Salespersons:	<u>00000007</u> - Wilson, Shelly License Expiration Date: 10/17/2019 <u>00000010</u> - Ryan, Mitchell License Expiration Date: 06/05/2020
Comment:	NO DISCIPLINARY ACTION NO OTHER PUBLIC COMMENTS >>>> Public information request complete <<<<

Broker Associate Record

STATE OF CALIFORNIA BUREAU OF REAL ESTATE

The license information shown below represents public information taken from the Bureau of Real Estate (CalBRE) database at the time of your inquiry. It will not reflect pending changes which are being reviewed for subsequent database updating. Also, the license information provided includes formal administrative actions that have been taken against licensees pursuant to the Business and Professions Code and/or the Administrative Procedure Act. All of the information displayed is public information. Although the business and mailing addresses of real estate licensees are included, this information is not intended for mass mailing purposes.

License information taken from records of the Bureau of Real Estate on 9/29/2017 11:45:00 AM

License Type:	BROKER
Name:	Oboyski, Jeff 
Mailing Address:	1651 EXPOSITION BOULEVARD SACRAMENTO, CA 95815
License ID:	00000015
Expiration Date:	07/04/21
License Status:	LICENSED
Salesperson License Issued:	09/27/02 (Unofficial -- taken from secondary records)
Broker License Issued:	07/05/05 (Unofficial -- taken from secondary records)
Former Name(s):	NO FORMER NAMES
Main Office:	1651 EXPOSITION BOULEVARD SUITE #303 SACRAMENTO, CA 95818
DBA	NO CURRENT DBAS
Branches:	NO CURRENT BRANCHES
Affiliated Licensed Corporation(s):	NO CURRENT AFFILIATED CORPORATIONS
Responsible Broker(s):	<u>00000066</u> - Knau, Sandra
Comment:	NO DISCIPLINARY ACTION NO OTHER PUBLIC COMMENTS >>>> Public information request complete <<<<

Broker Associates

- ▣ Further information can be found on our website
 - Frequently Asked Questions
 - Licensee Advisory
 - Real Estate Bulletin Article published in the Fall bulletin

Bureau of Real Estate Licensing and Administration

Contact:

Sandra Knau– Assistant Commissioner, Licensing
& Administration

Sandra.Knau@dre.ca.gov

(916) 263-7300





LEGAL AND CONSUMER RECOVERY ACCOUNT

Stephen Lerner
Assistant Commissioner
Legal Affairs



CalBRE – LEGAL AFFAIRS DISPOSITION OF CASES

Category	July 1, 2016 – June 30, 2017
Desist & Refrain Orders	94
License Suspensions	110
License Surrenders	81
License Revocations	303
Case Dismissals	72
Public Reprovals	5
Stipulations & Waivers/Agreements	123
Application Denials	135
License Denials and Restrictions	79
Bar Orders	3
Total	1,005

CALIFORNIA BUREAU OF
REAL ESTATE'S
CONSUMER RECOVERY
ACCOUNT



California Bureau of Real Estate Consumer Recovery Account (July 1, 2016 – June 30, 2017)

Category		Total
Claims Filed		70
Disposition of Claims	Paid	89
	Denied	46
Amount Paid		\$2,022,602
Average Paid Per Claim		\$22,726

Consumer Recovery Account Claims Filed & Total Amount Paid (Fiscal Year)

Claims Filed	
FY 11/12	243
FY 12/13	186
FY 13/14	153
FY 14/15	159
FY 15/16	76
FY 16/17	70

Consumer Recovery Account

Claims Filed & Total Amount Paid

(Fiscal Year)

Total Amount Paid	
FY 11/12	\$3,165,669 (94 claims paid)
FY 12/13	\$2,625,615 (77 claims paid)
FY 13/14	\$4,286,536 (104 claims paid)
FY 14/15	\$4,898,912 (119 claims paid)
FY 15/16	\$3,396,293 (81 claims paid)
FY 16/17	\$2,022,602 (89 claims paid)

CONSUMER RECOVERY ACCOUNT

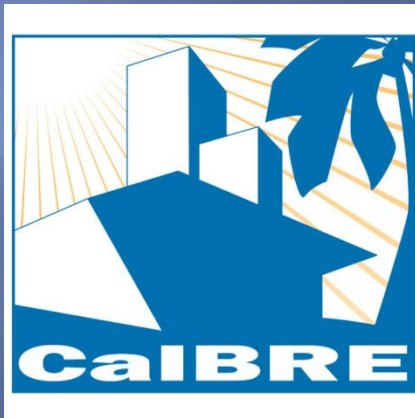
Claims History

Since 1964, CalBRE has paid over \$61 million to victims

Approximately 54% of all applications paid



Update: 2017 Legislation



Bureau of Real Estate

Overview of 2017 Legislative Activity

Signing deadline for Governor Brown: October 15, 2017

- ▣ Bills become law by being signed by the governor, or allowed to become law without a signature.
- ▣ Governor vetoed 159 bills out of 1,059 last year.
- ▣ **TODAY'S FOCUS:** Signed bills that will impact CalBRE, and some awaiting signature



Signed into law: SB 764 (Moorlach)

- ▣ Relates to unlicensed signatories to a broker's client trust fund account
- ▣ Allows insurance (as well as the present bonding requirement) as protection against misdeeds by the unlicensed signatory

Signed into law: AB 1139 (Reyes)

- ▣ Relates to “Transfer Fees” recorded on a title to real property, requiring a payment each time title transfers
- ▣ Existing law requires a document containing certain disclosures to be recorded in the property’s chain of title as a condition to payment of a transfer fee

AB 1139 (Reyes) (Continued)

- ▣ Under federal law, with limited exceptions, federal housing agencies are prohibited from purchasing, investing or otherwise dealing in mortgages on properties encumbered by private transfer fee covenants, securities backed by such mortgages, or securities backed by the income stream from such covenants
- ▣ This bill will require that the transfer fee disclosure document include a warning that a person purchasing encumbered real property may have difficulty obtaining financing

Signed into law: AB 1284 (Dababneh)

- ▣ Places licensing of Property Assessed Clean Energy (PACE) program administrators under the Department of Business Oversight.
 - Inserts a provision in the Real Estate Law to exclude PACE practices from the scope of real estate licensing

- ▣ For licensees with special interest in PACE consumer protection, other bills relating to that program that are awaiting signature include AB 1070 (Gonzalez Fletcher) and SB 242 (Skinner)

Awaiting Gov. Brown's Attention: SB 173 (Dodd)

- ▣ Reverts the Bureau of Real Estate back to the Department of Real Estate
- ▣ If signed, effective on July 1, 2018



Signed into law: 15 Housing Bills

- ▣ SB 2 (Atkins)
 - Imposes a new \$75 to \$225 fee on real estate transactions
 - Estimated to generate approx. \$250-\$300 million per year to fund affordable housing development, programs to assist homeless people, and long-range development planning in cities and counties

- ▣ SB 3 (Beall)
 - Place \$4 billion housing bond on November 2018 ballot
 - If approved, \$1 billion would go to the CalVet home loan program
 - If approved, \$3 billion would help fund low-income projects and development near jobs and public transportation

- ▣ SB 35 (Wiener)
 - For communities that have not built enough housing (at all income levels), permits developers to bypass local review process for housing development
 - Mandates higher construction worker pay and benefits on projects with 10+ units

Housing Bills (Cont.)

- ▣ SB 166 (Skinner)
 - Requires local government to have development sites identified, at all times, for all unmet housing needs

- ▣ SB 167 (Skinner)/ AB 678 (Bocanegra)
 - Strengthens the state's Housing Accountability Act, which seeks to prevent communities from killing proposed housing projects or homeless shelters

- ▣ SB 540 (Roth)
 - Allows cities and counties to create preplanned zones for affordable housing, helping to speed development in city centers close to jobs and public transit
 - Contains minimum benchmarks for percentage of units sold or rented to moderate-income (30%), low-income (15%) and very low-income households (5%) and the number of market-rate projects set aside for low-income people (10%)

Housing Bills (Cont.)

- ▣ AB 72 (Chiu)
 - Gives state housing officials new authority to report violations to the Attorney General if jurisdictions are not complying with their own housing plans or violate state law

- ▣ AB 73 (Chiu)
 - Allows cities and counties to designate so-called “housing sustainability districts,” which streamline the development process for new housing near transit
 - Seeks to speed any lawsuit challenging an environmental review through the courts
 - Mandates at least 20% of housing within district to be affordable to low-income people

Housing Bills (Cont.)

- ▣ AB 571 (Garcia)
 - Expands the state low-income tax credit program to farmworker housing
- ▣ AB 879 (Grayson)
 - Changes state's housing element law, which requires cities and counties to plan for new development at all income levels
 - Requires cities and counties to address and, where legally possible, remove hurdles to housing production
- ▣ AB 1397 (Low)
 - Requires cities and counties to zone land that can realistically support housing development
 - Requires the residential parcels to have access to sufficient infrastructure for water, sewer and other public utilities

Housing Bills (Cont.)

- ▣ AB 1505 (Bloom)
 - Permits cities and counties to mandate that a portion (at least 15%) of units in market-rate housing be set aside as affordable to low- or moderate-income people
- ▣ AB 1515 (Daly)
 - Strengthens the Housing Accountability Act by making it harder for cities and counties to vote down housing projects or emergency shelters that meet existing zoning and other land-use regulations
- ▣ AB 1521 (Bloom)
 - Requires public notification when low-income housing protections expire and units can be converted to market-rate

CalBRE - Regulations

- ▣ First Point of Contact
- ▣ Broker Associate Reporting
- ▣ Removal of Discipline from CalBRE's Website

First Point of Contact

- ▣ AB 1650 (Frazer)
- ▣ Regulations under development
 - 45-day Public Comment Period coming soon
- ▣ Proposed Regulations
 - License number required on “1st Point of Contact” solicitation materials
 - Responsible broker’s number not required as long as responsible broker’s name/logo appears with name and License number of salesperson or broker associate

First Point of Contact (Continued)

- ▣ 1st Point of Contact
 - Business Cards
 - Stationery
 - Websites owned or controlled by the soliciting licensee
 - Promotional and advertising flyers, brochures, leaflets, etc.
 - Advertisements in electronic media (internet, e-mail, radio, television, etc.)
 - Print advertising in any newspaper or periodical

- ▣ Excludes “for sale”, “for rent” or “open house” sign where sign has no name/logo or the name/logo belongs to the responsible broker

Broker Associates

- ▣ AB 2330 (Ridley-Thomas)
 - Prior law required CalBRE to post information reported on salespersons associated with a broker
 - New law extends requirement to brokers acting as salespersons for another broker (i.e., Broker Associates)
 - New law requires CalBRE to post information reported on salespersons and Broker Associates associated with a broker
 - Effective date: January 1, 2018

Broker Associates

- ▣ Proposed Regulations
 - Target Implementation Date: January 1, 2018
 - Regulations under development
 - ▣ 45-day Public Comment Period coming soon
 - Responsible broker to notify CalBRE within 5 days of associating with Broker Associate
 - Notification shall be provided on a CalBRE-approved form
 - Both the responsible broker and the broker associate shall sign the form

Petitions to Remove Discipline from Website

- ▣ AB 2330 (Ridley-Thomas)
 - Prior law required CalBRE to post status of every license on its website
 - ▣ Including all discipline
 - New law authorizes the Commissioner to set up a petition process to remove discipline from the website
 - ▣ Licensees only (not available to unlicensed or non-licensed)
 - ▣ Discipline must be 10 years or older
 - ▣ Petitioner must pay a fee set by regulation
 - ▣ Findings that no credible risk to members of the public exists as a condition to removing discipline
 - Effective Date: January 1, 2018

Petitions to Remove Discipline from Website

▣ Proposed Regulations

- Target Implementation Date: January 1, 2018
- Regulations under development
 - ▣ 45-day Public Comment Period coming soon
- A petition must be submitted on a CalBRE-approved form
 - ▣ Must disclose all past convictions, pending civil/criminal actions, and past professional license discipline
 - ▣ Must submit fingerprints via Live Scan Service
 - ▣ Documentary evidence to support rehabilitation and elimination of “credible risk”
- Petition fee shall be paid
- Discipline must be 10 years or older

Petitions to Remove Discipline from Website

- Proposed Regulations (Continued)
 - “Credible risk” includes (but is not limited to):
 - Petitioner is currently on probation or parole
 - Felony conviction remains on petitioner’s criminal record despite opportunity for expungement or reduction
 - Petitioner refuses to make him/herself reasonably available for CalBRE interview during investigation
 - Petitioner has not reimbursed CalBRE for payments from the Consumer Recovery Account where claim filed against petitioner as judgment debtor
 - Petitioner submitted petition less than 1 year after denial of prior petition
 - Petitioner submitted petition less than 10 years after effective date of discipline
 - Petitioner’s license is currently subject to restrictions and a concurrent petition to remove those restrictions is not granted

CaIBRE

- ▣ 2017 Court Decisions

2017 Court Decisions (Cont.)

▣ Skulason v. CalBRE

- Court of Appeals, 1st Appellate District
- Decided August 16, 2017
- Facts
 - ▣ Between 1996 and 1999, Skulason convicted of 3 misdemeanors involving the operation of a vehicle
 - ▣ In 2000, Skulason applied for a real estate salesperson license and fully-disclosed all convictions in her application
 - ▣ CalBRE filed a Statement of Issues seeking to deny her license application
 - The Statement of Issues referenced her 3 convictions

2017 Court Decisions (Cont.)

▣ Skulason v. CalBRE (Cont.)

▪ Facts (Cont.)

- ▣ In 2004, the parties settled their administrative dispute via a stipulation and waiver
 - CalBRE agreed to issue a restricted salesperson license
 - No requirement to keep the settlement confidential
- ▣ In 2007, Skulason obtained dismissals of her misdemeanor convictions pursuant to Penal Code sections 1203.4 and 1203.4a
- ▣ In 2010, Skulason successfully applied to remove the restrictions on her license and obtained a plenary license
- ▣ In 2010, Skulason requested CalBRE to remove her prior disciplinary history from its website
- ▣ CalBRE refused and Skulason filed a lawsuit requesting the Superior Court to order CalBRE to take down her disciplinary history

2017 Court Decisions (Cont.)

- ▣ Skulason v. CalBRE (Cont.)
 - Bus. & Prof. Code section 10083.2(a) – Requires the Commissioner to provide on its website information on the status of every license
 - ▣ “License Status” includes information on suspensions, revocations, and accusations filed pursuant to the Administrative Procedures Act
 - ▣ CalBRE also includes information on statements of issue, stipulations & agreements, and stipulations & waivers as part of “License Status”
 - Bus. & Prof. Code section 10083.2(c) – Effective January 1, 2018, permits the Commissioner to remove discipline history from its website if discipline is more than 10 years old, the petitioner pays a fee, and the Commissioner finds that the petitioner no longer represents a credible risk to members of the public

2017 Court Decisions (Cont.)

- ▣ Skulason v. CalBRE (Cont.)
 - Skulason argued
 - ▣ Retaining the public display of her disciplinary information violated her constitutional right to privacy
 - ▣ CalBRE's posting of expunged convictions obstructs the legislative intent of
 - Penal Code sections 1203.4 and 1203.4(a) which release a criminal defendant from all penalties and disabilities resulting from the offense
 - Labor Code section 432.7 which extends certain protections to job applicants who have obtained dismissals of their convictions

2017 Court Decisions (Cont.)

- ▣ Skulason v. CalBRE (Cont.)
 - Appellate Court decision
 - ▣ No legal authority/affirmative duty requiring CalBRE to remove publicly available information from its website
 - ▣ Excellent explanation of expungement
 - Expungement does not equal factual innocence
 - Expungement does render the conviction a legal nullity
 - ▣ Labor Code section 432.7 prohibits conduct of “employers” and CalBRE is not her employer
 - ▣ No right to privacy in publicly available information

2017 Court Decisions (Cont.)

- ▣ Skulason v. CalBRE (Cont.)
 - Appellate Court decided in favor of CalBRE
 - Skulason has petitioned the California Supreme Court for review
 - Skulason and 9 third-parties have requested the California Supreme Court to depublish the appellate court decision
 - Stay tuned!

Bureau of Real Estate Legal and Consumer Recovery Account

Contact:

Stephen Lerner– Assistant Commissioner,
Legal Affairs

Stephen.Lerner@dre.ca.gov

(916) 263-8704

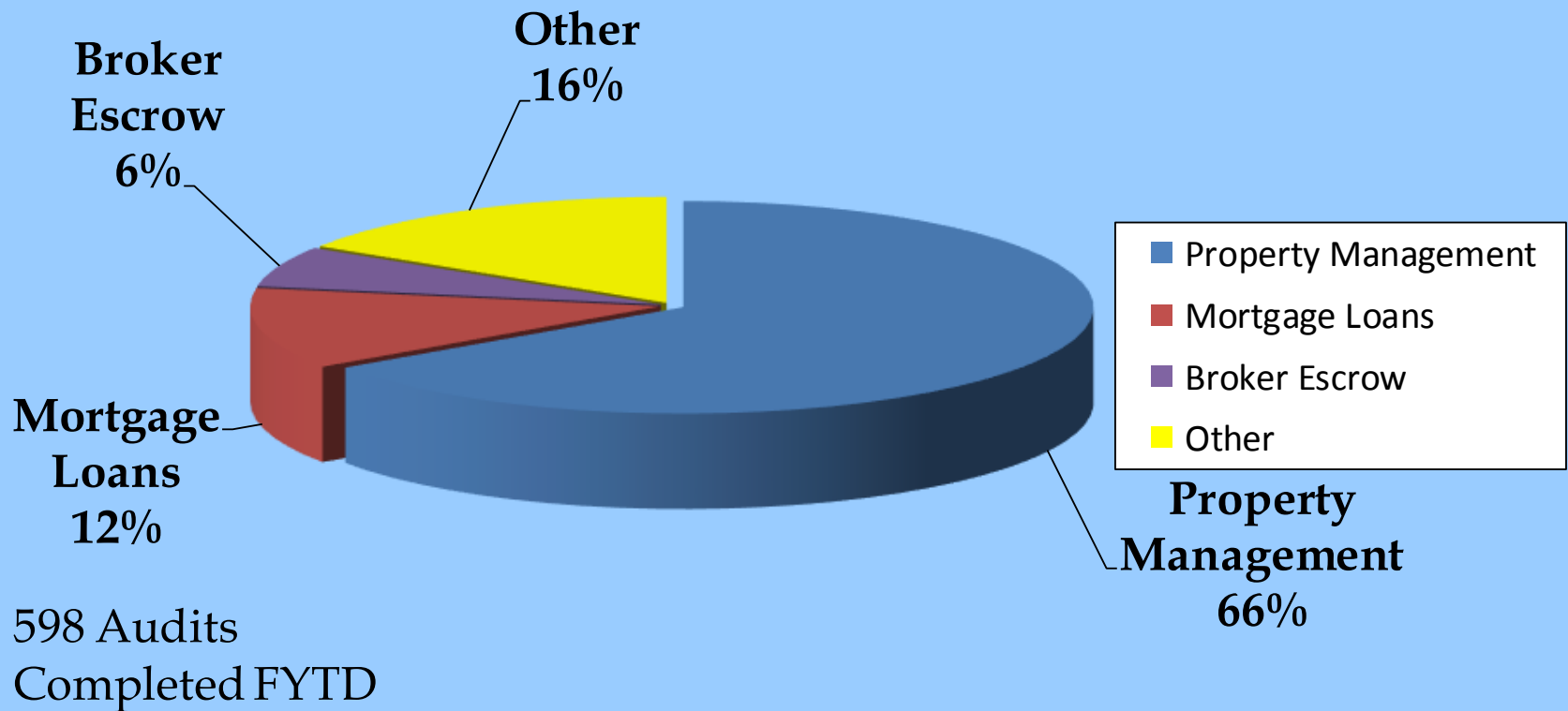


BUREAU OF REAL ESTATE AUDITS

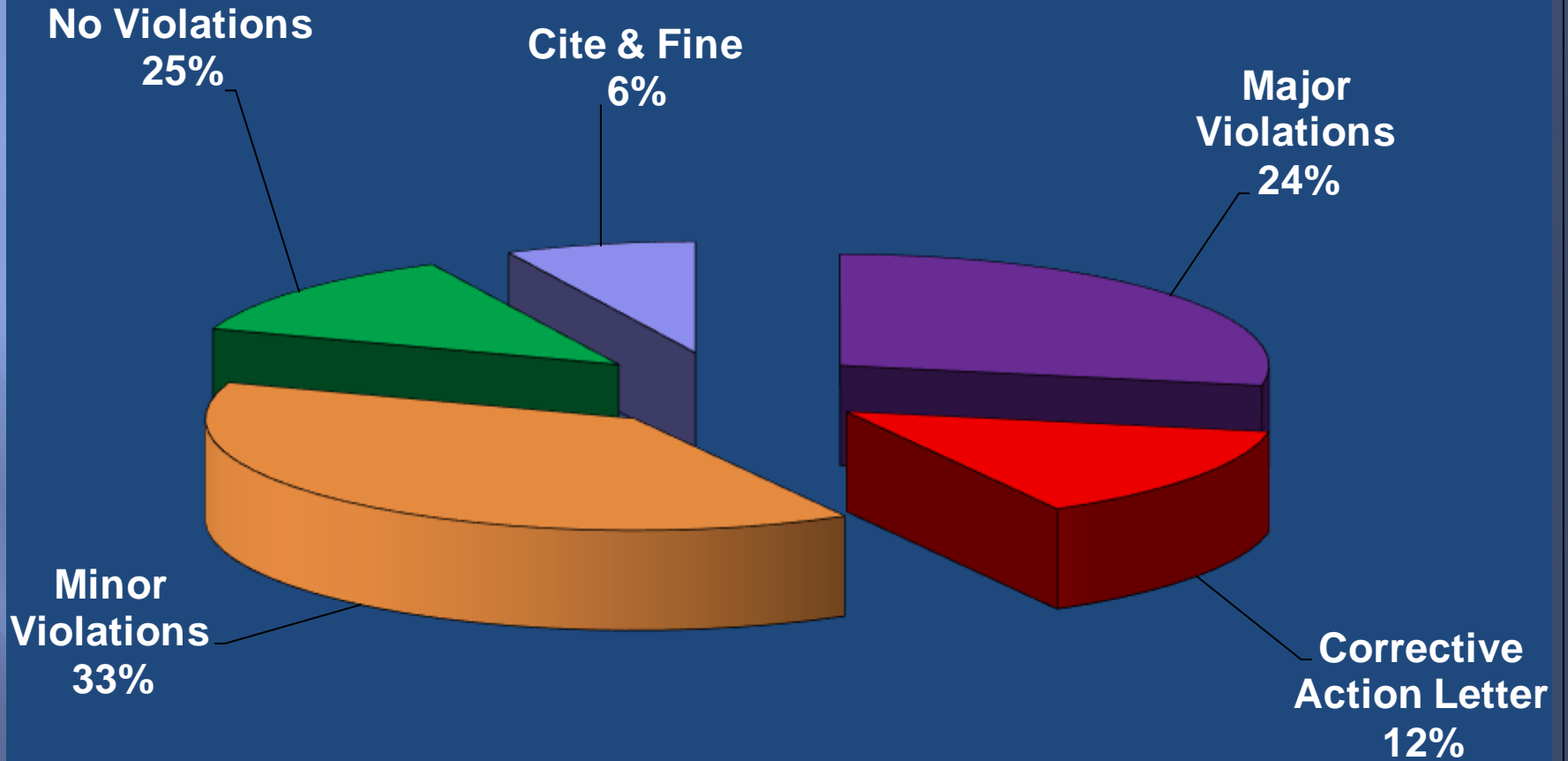


Tom Cameron
Assistant Commissioner, Audits

Audits Closed by Activities Statewide - 7/1/16 - 6/30/17



Findings of Audits Closed, 7/1/16 – 6/30/17



Shortage Findings of Audits Closed

	7/1/15 – 6/30/16	7/1/16 – 6/30/17
Total Audits Closed	590	598
Total \$ Shortage	\$13.3 million	\$10.3 million
% Audits with Shortage	36.4%	28.6%
#(%) with \$10K+ Shortage	80 (13.5)	53 (8.9)

Broker Escrow Reporting - §10141.6

- ▣ Reporting required if broker engaged in 5 or more broker escrow transactions per the exemption or if activities total \$1 million or more in calendar year
- ▣ Report due from broker within 60 days of calendar year end
- ▣ For 2016, 208 brokers reported total activities of \$9.7 billion
- ▣ For 2016, at least 790 brokers did not report

What Audits is Seeing

We continue to find:

- ▣ Trust Fund Shortages on PM, BE audits
- ▣ Lack of Broker oversight
- ▣ Broker-controlled escrow activities and failure to report to CalBRE
- ▣ Delays in providing records
- ▣ Falsification of bank records

Audit Case

- ▣ Investigative audit request
- ▣ Broker claimed he wasn't performing property management activities
- ▣ Bank statements provided
- ▣ Redacted names and amounts
- ▣ Page numbers missing
- ▣ Sections were missing except for one item
- ▣ Over 200 transactions were altered

Where Audit Activities Are Focused

- ▣ Investigative and Focused Proactive audits on those who handle a high volume of trust funds
- ▣ Property Management, Broker Escrow and hard money MLB
- ▣ Unsupervised operations involved in these activities
- ▣ Restricted Licensees handling trust funds

Bureau of Real Estate Audit Section

Contact:

Tom Cameron – Assistant Commissioner, Audits

Tom.Cameron@dre.ca.gov

916 263-8704





Q&A

THANK YOU

This power point presentation will be made available in its entirety on the CalBRE website.

www.bre.ca.gov

Next Meeting to be held in
TBA, CA