



Real Estate Bulletin

CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS • BUREAU OF REAL ESTATE

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Wayne S. Bell
Commissioner

Commissioner's Message

Is There Anybody Out There?

How Many Will Receive—Let Alone Read—This E-Communication (Which Includes Information on a New E-mail Address Law, Bureau Outreach Activities, and Some Additional Thoughts About Enhancing Professionalism)?

California Bureau of Real Estate (Bureau) staff work long hours on the *Real Estate Bulletin*, in both writing and editing, so that it (hopefully) imparts knowledge, helps to inform, and adds value for those licensees and members of the public (including all of those who are interested in what the Bureau does) who read the *Bulletin*. In presenting my message, as Commissioner, I always endeavor to use it as a medium and forum for sharing relevant information with licensees and such other persons, and for what I hope is engaging, stimulating, and/or thought-provoking communication. Also, the *Bulletin* (and the “Commissioner’s Message”) is written to serve as a historical record.

Since 1943, section 10083 of the California Business and Professions Code has provided that the Real Estate Commissioner “may periodically issue a bulletin containing matter relating to the department” (and now the Bureau) and to the Real Estate Law and the Subdivided Lands Act.

A *Bulletin* has been periodically prepared and issued for over half a century. We know that the *Bulletin* reaches a number of our licensees, various stakeholders, and other real estate license law officials. We know this because we receive or see commentary about the *Bulletin*, or articles or material provided in the *Bulletin*, and/or requests to reprint or place some of our material(s) in other publications.

Yet, it has concerned me that we are not certain how many licensees and/or others actually receive or see the *Bulletin*.

In the days before the Internet, the Department of Real Estate used the U.S. mail system to distribute the *Bulletin* to licensees and other interested persons. Based on the continual increases in the cost of postage, the reality that many *Bulletins* were reaching addresses that were no longer valid, and the department’s desire to improve efficiency and to be environmentally friendly, a decision was made in 2004 (a full decade ago) to publish and offer

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**REAL ESTATE BULLETIN**

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Business Activity Reporting for Residential Mortgage Loans

Real estate brokers who make, arrange, or service mortgage loans secured by residential property of one to four units are required to complete and submit the online Business Activity Report. The report must be submitted by March 31, 2015, for the fiscal year ending December 31, 2014. It is due within 90 days of the broker's fiscal year ending date.

Brokers who submitted the RE 866 to notify the Bureau of Real Estate (CaIBRE) that they were performing residential mortgage loan activity should also be submitting the online Business Activity Report even if the residential loan activity they perform is for "nonconsumer" loans or if it is for loans that are NOT primarily for personal, family, or household use. See Business and Professions Code section 10166.07(a).

Real estate salespersons and brokers who are performing residential loan activity as broker-associates will not complete the Business Activity Report. These activities will be included in the reports submitted by their employing brokers. The online Business Activity Report can be found on the CaIBRE website: www.calbre.ca.gov. From the home page, click on the link to "Real Estate Business Resources" and then scroll down the list of items to "Submit a Mortgage Loan Business Activity Report." The following page includes a link to "Instructions for Filing the Business Activity Report" and a login to the report.

Questions about this report should be directed to CaIBRE's Mortgage Loan Activities section at (916) 263-8941.

Need a Contractor? Hire Carefully and Legally

When looking for help with repairs or construction, we often initially look for reasonable pricing. However, to protect against unscrupulous contractors and substandard work, you should actually first look to hire someone who is licensed and qualified.

If we use a “handyman” to make repairs, the person can only work on projects with a combined labor and material cost of less than \$500. Also, projects cannot be broken down into smaller jobs in an attempt to sidestep the legal limit. Any construction or home improvement work that costs a total of \$500 or more requires that the contractor be State-licensed by the Contractors State License Board (CSLB).

The mission of the California Department of Consumer Affairs’ CSLB is to provide consumer protection by licensing and regulating our State’s construction industry. There are about 300,000 licensees in 43 classifications Statewide—all who are required to carry a bond and insurance, and workers’ compensation insurance if they have employees. These professionals also have passed two licensing examinations and have undergone a background check.

If you hire a licensed contractor and a disagreement arises, you’ll likely have recourse with CSLB’s assistance. If you hire an operator who is unlicensed, it’s possible that the work will never be completed or the work might be substandard. It may be impossible for you to find the person after they’ve taken your money. That means you’ll have to start the project over, essentially paying twice for the job. Permits also need to be pulled from local building departments when any alterations are made to a structure so that inspections can be conducted and the work can be verified.

What if an unlicensed person or their workers are injured on your property? Without workers’ compensation insurance, you’ll be liable for any damage or injuries—and your homeowner’s insurance may not cover that liability.

Even after hiring a licensed contractor, be on alert. For example, a contractor can’t ask for or accept payment for work or materials until the work is actually done or the materials are delivered, so do not pay out an excessive



down payment. The legal down payment amount is 10 percent of the contract price or \$1,000—whichever is less.

Don’t wait until something goes wrong with a repair or home improvement project—before you hire them or any work is begun, check CSLB’s online Instant License Check feature at www.cslb.ca.gov or www.CheckTheLicenseFirst.com to make sure the person you’re considering is licensed and in good standing. Complaint disclosure about contractors is also on the website.

Other CSLB tips:

- Get at least three bids.
- Ask for three references from each bidder and review past work in person.
- Make sure all project expectations are in writing and only sign the contract if you completely understand the terms.
- Be especially hesitant when approached by someone offering home improvement services door-to-door.
- Don’t let payments get ahead of the work.
- Keep a job file of all papers relating to your project, including all payments.
- Don’t make the final payment until you’re satisfied with the job.

A variety of consumer educational guides and brochures are available by calling CSLB at (800) 321-CSLB (2752) or by downloading them from CSLB’s website: www.cslb.ca.gov.



Correspondent Lending: Brokering or Lending?

It seems the question of whether correspondent lending is considered brokering or lending has arisen again. The answer truly depends on the facts and circumstances, including the activities of and representations made by the person.

Typically, correspondent lending is when a real estate broker has a line of credit that is funded by a lender. The broker uses the lender's underwriting standards to establish a borrower's creditworthiness. After the loan funds, the lender purchases the note from the broker.

For the purposes of this article and the real estate law, however, the determination of whether a correspondent lender is brokering or lending may be made by answering the following questions:

- Who has the final decision to lend?
- Who disburses the loan funds?

If the answer to either question is “the lender”—the original source of funds—and not the real estate broker, then the real estate broker is still acting in a brokering capacity. It is also brokering if the real estate broker is drawing funds (from a credit line from the lender who is going to buy the loan) on a loan-by-loan basis, or is relying on the lender for an advance commitment of loan funds or for the purchase of the loan at the close of escrow. If, however, the answer to both of the above questions is “the real estate broker,” then the real estate broker is acting in a lending capacity. This differentiation becomes an issue when it comes to table funding and appropriate disclosures.

If the real estate broker is acting in a lending capacity, the broker may be named as the beneficiary in the deed of trust, even if the note is sold immediately after recording. If, however, the real estate broker is acting in a brokering capacity, the deed of trust may not be recorded naming the broker as the beneficiary. If the real estate broker is named as the beneficiary and was not the true lender, then this would be table funding and

would be a violation of Business and Professions (B&P) Code section 10234. Table funding is allowed only in specific circumstances as described in B&P Code section 10234(d). (Table funding is never allowed on multi-lender loans per Commissioner's Regulation 2841.5 and Chapter 10 California Code of Regulations section 2841.5.)

In terms of disclosures, if the real estate broker acts in a brokering capacity, then the broker is required to provide a Mortgage Loan Disclosure Statement to the borrower per B&P Code section 10240. If the real estate broker is the lender and does not make any representations that the broker will act as an agent in arranging the loan, however, then the real estate broker may not have to provide the Mortgage Loan Disclosure Statement to the borrower. If the real estate broker solicits a borrower as a broker, but ends up funding the loan from his own funds, then a Mortgage Loan Disclosure Statement must be provided to the borrower, but the broker may be named as the beneficiary on the deed of trust.

It is important that real estate brokers evaluate each transaction carefully to determine the appropriate course of action in order to be compliant with not only real estate law but also with all other laws. Brokers with questions about mortgage loan compliance can call the Bureau of Real Estate's Mortgage Loan Activities section at (916) 263-8941.



2014 Legislative Update

September 30, 2014, marked the end of the two-year legislative session. There were 1,731 bills signed into law during the past two years; 931 of which were signed in 2014. The following brief legislative summaries are of recently signed bills that affect real estate licensees and subdividers. These summaries are intended to alert you to pertinent changes to the law. You are encouraged to consult the statutes for complete information. Copies of the bills can be found online at <http://leginfo.legislature.ca.gov>. Please note that “SB” refers to a Senate Bill and “AB” to an Assembly Bill. The name appearing after the bill number is the name of the author. All statutes are effective January 1, 2015, unless otherwise noted.

AB 569 (Chau, Chapter 661) **Common Interest Developments (CIDs):** **Homeowners Association Board Elections**

This bill exempts specified housing developments from the election of directors for the homeowners association if all residents are required to serve as directors. This bill also allows for the sale or lease of individual interests in a stock cooperative or limited-equity housing corporation even when the property is held by a single mortgage (blanket encumbrance). In addition, the bill expands the current exemptions from the public report process in the case of a cooperative if the financing involves a state or federally chartered credit union or certified community development financial institution.

AB 968 (Gordon, Chapter 405) **CIDs: Common Areas: Maintenance** **and Repairs**

This bill delineates default responsibility between a homeowners association and a homeowner for repairing, replacing, and/or maintaining various spaces in a common interest development unless otherwise provided in the governing documents. Specifically, the responsibility is as follows: 1) the owner is responsible for repairing, replacing, and maintaining their separate interest; 2) the owner is responsible for maintaining the exclusive use common area next to their separate interest; and 3) the association is responsible for repairing and replacing the exclusive use common area. This bill takes effect January 1, 2017.

AB 1700 (Medina, Chapter 854) **Reverse Mortgages**

This bill prohibits lenders from accepting an application or assessing any fees for a reverse mortgage unless the lender provided the prospective applicant with the specified reverse mortgage worksheet guide and seven days have elapsed since the potential applicant received required counseling.

AB 1730 (Wagner, Chapter 457) **Loan Modifications: Violations and Penalties**

This bill makes violators of mortgage loan modification laws subject to liability in a civil action brought by specified public prosecutors. The bill provides for a separate cause of action if these violations are against a senior citizen or disabled person. This bill sets the statute of limitations for these violations at four years.

AB 1738 (Chau, Chapter 411) **CIDs: Dispute Resolution**

This bill stipulates that a dispute resolution in a common interest development shall have a written resolution signed by both parties; that written resolution is then judicially enforceable so long as it is not in conflict with the law or governing documents of the common interest development. The bill also provides that a member of an association and an association both have a right to have an attorney or another person present during a dispute resolution and each party is responsible for the costs of that person.

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2014 LEGISLATIVE UPDATE (CONTINUED FROM PAGE 5)

AB 1770 (Dababneh, Chapter 206)

Refinances: Line of Credit

This bill creates a required form to be used by borrowers in the case of a sale or refinance of real property when there is a home equity line of credit open on that property. The form would instruct the lender to suspend all activity on that line of credit and close the account so that no draws can be made on the line of credit during the refinance process. The bill also instructs the lenders to close the accounts once the accounts are settled, after which the lender is required to issue a reconveyance. This bill will take effect July 1, 2015, and sunsets on January 1, 2019.

AB 2018 (Bocanegra, Chapter 892)

**Real Estate Brokers: Fictitious Names:
Team Names**

This bill allows a real estate broker to delegate to a licensed salesperson, under specified conditions, the process of filing a fictitious business name. Moreover, this bill allows a real estate salesperson to contract with a broker allowing the real estate salesperson to retain ownership of a fictitious business name even though the real estate broker may file the fictitious name with the county. This bill also allows a salesperson to use a “team name” without filing for a fictitious business name if certain conditions are met.

AB 2039 (Muratsuchi, Chapter 893)

Auctions: Real Property

This bill prohibits certain bids made at the auction of a home that are made solely to inflate the purchase price; this provision takes effect July 1, 2015. This bill also invalidates any provision of a contract between a lender, or auction company hired by a lender, and a homeowner that would require a homeowner to defend and compensate (indemnify) the lender or auction company for any liability resulting from the actions of the lender or auction company.

AB 2100 (Campos, Chapter 164)

CIDs: Yard Maintenance: Fines: Drought

This bill prohibits homeowners associations from fining homeowners for reducing or ceasing to water plants and lawns if the Governor or local government has declared a state of emergency due to drought. This bill was an urgency statute and became effective upon signing.

AB 2104 (Gonzalez, Chapter 421)

CIDs: Water-Efficient Landscapes

This bill makes any individual provision of the governing documents, guidelines, or policies of a homeowners association void and unenforceable if it prohibits the replacement of turf with low water-using plants.

AB 2396 (Bonta, Chapter 737)

**Real Estate License Applications:
Expunged Convictions**

This bill precludes a licensing board or bureau from denying a license application solely on the basis of a conviction that has been dismissed (expunged) pursuant to section 1203.4, 1203.4a, or 1203.41 of the Penal Code. An applicant who has a conviction that has been dismissed pursuant to section 1203.4, 1203.4a, or 1203.41 of the Penal Code is required to provide proof of the dismissal.

AB 2430 (Maienschein, Chapter 185)

CIDs: Purchase Disclosures: Fees

This bill amends a common interest development buyer disclosure form as follows: 1) mandates the fees for each required document to be disclosed; and 2) specifies that fees for documents not listed in that disclosure form will be charged separately. Documents required to be included by the disclosure form will be paid by the seller. Documents from various parts of the sale will not be bundled together at one price, such as escrow documents, and all fees for documents will be itemized.

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A Case Study of Exam Subversion **By Crystal Wendekier and Tom Pool**

“We create our fate every day . . . most of the ills we suffer from are directly traceable to our own behavior.”
– Henry Miller

The Background

The California Bureau of Real Estate (CalBRE) has instituted many safeguards to protect the integrity of the real estate license exams CalBRE administers. Exam protocols limit what an examinee may bring into the exam center. Exams are given electronically, at individual work stations, eliminating the temptation of examinees to peek at a neighbor's answers. High-definition cameras monitor and record the activities that occur while the exam is in session. However, the most effective tool used to prevent cheating and subversion of the real estate license exams remains CalBRE's highly trained and vigilant exam proctors. This proved to be the case in the fall of 2013, when a CalBRE proctor observed peculiar behavior of an examinee taking the real estate broker exam.

The examinee was observed to be moving awkwardly. It was later learned the maneuverings were due to the examinee's attempt to capture video of the exam questions. Upon observing the suspicious behavior, the proctor notified a CalBRE Special Investigator who proceeded to observe the examinee from a security camera monitor. The investigator confirmed that the examinee appeared to have a recording device. When the examinee completed the examination, the CalBRE Special Investigator along with Investigators from the Department of Consumer Affairs' (DCA's) Division of Investigation met with the examinee, took his statement, and confiscated the recording device.

During the interview, the examinee revealed that he had purchased the recording device from a local electronics store the night before the broker examination. On examination day, the examinee confessed to recording questions and answers on the broker examination. It appears the motive to subvert the exam was due to previously failing the real estate broker exam six times.

The examinee averred capturing the exam questions was an attempt to create a study guide to help pass the broker examination in the future. The examinee's attempt to record the broker examination questions led to multiple violations of the Real Estate Law, causing CalBRE to take disciplinary action against his real estate salesperson license and Mortgage Loan Originator (MLO) endorsement.

The Consequences

Upon gathering the facts, CalBRE immediately filed a Bar Order against the examinee, which precluded the examinee from taking any license examination and/or from holding an active real estate license for a period of up to three years (pursuant to Business and Professions [B&P] Code section 10153.01(b)). The Bar Order also prohibits the examinee from engaging in any of the following activities in the State of California:

- (A) Holding any position of employment, management, or control in a real estate business;
- (B) Participating in any business activity of a real estate salesperson or a real estate broker;
- (C) Engaging in any real estate business activity on the premises where a real estate salesperson or real estate broker is conducting business; and
- (D) Participating in any real estate-related business activity of a finance lender, residential mortgage lender, bank credit union, escrow company, title company, or underwritten title company.

Additionally, the examinee's real estate salesperson license and MLO Endorsement were revoked in 2014.

Moreover, criminal charges were filed against the examinee. In June 2014, the examinee pled No Contest in Superior Court to the charge of violating B&P Code section 123, a misdemeanor, and was sentenced to three years informal probation and 10 days of Sheriff's Work Project.

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2014 LEGISLATIVE UPDATE (CONTINUED FROM PAGE 6)

AB 2540 (Dababneh, Chapter 295) Real Estate Licensees: E-mails and Contact Information

This bill requires real estate licensees to provide the Bureau of Real Estate with an up-to-date mailing address, telephone number, and e-mail address used for licensed activity. The bill also requires applicants for licensure to disclose valid contact information in the application.

SB 992 (Nielsen, Chapter 434) CIDs: Property Use and Maintenance

This bill does the following: 1) allows common interest developments to fine residents for under-watered landscapes if the development uses recycled water for landscaping; 2) prohibits the governing documents of a common interest development from requiring pressure washing of the separate interest. This was an urgency measure that took effect immediately.

SB 1159 (Lara, Chapter 752) Real Estate License Applicants: Individual Tax Identification Number

This bill will eliminate the requirement that a license applicant show proof of legal presence before obtaining a real estate license. Real estate license applicants will still need to provide a social security number/indicial tax identification number in order to obtain a real estate license. The provisions of this bill will be implemented on or before January 1, 2016.

SB 1171 (Hueso, Chapter 200) Dual Agency Disclosure: Commercial Transactions

This bill extends to commercial transactions the duty of a real estate broker to disclose, in writing, that the broker is acting as a dual agent. Prior to this bill, disclosure of dual agency in commercial transactions involving real property did not have to be in writing.

Delinquent Mortgage Call Reports May Result in Citation and Fines

It is critical that real estate brokers timely file the Nationwide Mortgage Licensing System (NMLS) Mortgage Call Reports (MCRs) as required by Business and Professions Code section 10166.08. Mortgage Loan Originator (MLO) renewal applications are delayed or denied if these reports are delinquent.

With the implementation of the new cite and fine regulations, real estate brokers are also subject to citations and fines as well as possible disciplinary action against their license if the MCRs are not filed as required.

Quarterly MCRs are due within 45 days after the calendar quarter ends:

- Q1 data (January 1–March 31) is due May 15
- Q2 data (April 1–June 30) is due August 14
- Q3 data (July 1–September 30) is due November 14
- Q4 data (October 1–December 31) is due February 14

Financial Condition reports are also due each quarter if the broker is approved by Fannie Mae, Freddie Mac, or Ginnie Mae.

Brokers who are not approved by Fannie Mae, Freddie Mac, or Ginnie Mae must submit the annual Financial Condition report within 90 days following the end of their fiscal year.

Additional information and instructions for filing the MCRs can be found on the NMLS Resource Center website (<http://mortgage.nationwidelicencingsystem.org>). Questions may also be directed to the Bureau of Real Estate Mortgage Loan Activities section at (916) 263-8941.

COMMISSIONER'S MESSAGE (CONTINUED FROM PAGE 1)

the *Bulletin* in electronic format only. The Spring 2005 issue of the *Bulletin* was the last to be mailed to all licensees.

The problem with electronic distribution is that there was never (until a very new piece of legislation, which will be discussed below) a legal requirement for licensees to provide their e-mail addresses to the department or to the Bureau. Some licensees and others who wanted to hear from us did voluntarily offer their e-mail addresses so we could quickly and efficiently send them communications via the Internet. Also, a number of licensees and others, including public service partners of the Bureau, provided us with electronic contact information for our Rich Site Summary or Really Simple Syndication (RSS) feed. Those who signed (and who sign) up for the RSS feed receive electronically transmitted updates and breaking news from the Bureau, including information about disciplinary actions taken by the Bureau, warnings, alerts, and messages, statutory changes, and new laws, and other information posted by the Bureau, including the availability of *Bulletins*.

The New Law Requiring the Provision of 'Current' E-mail Addresses, and a Comment About Continuing Bureau Outreach Activities

As of January 1, 2015, there is a new legal mandate for “[e]very real estate broker and salesperson licensee” to provide to the Bureau his or her (or in the case of a corporation, its) current e-mail address that he or she (or it) “maintains or uses to perform any activity that requires a real estate license” at which the Bureau may contact the licensee. The law also requires licensees to inform the Bureau of any change to the e-mail address “no later than 30 days after making the change.” These requirements, among others which should be reviewed by Bureau licensees, were included in California Assembly Bill 2540 (Dababneh), and will be in section 10162 of the Business and Professions Code.

This will help facilitate and expedite the dissemination of the *Bulletin* and other written information from the Bureau to licensees.

Even with the enriched means for better transmission, the Bureau will not limit its licensee, consumer, and other interested stakeholder outreach to electronic communications. Since my appointment as Real Estate Commissioner, I have (as have other Bureau managers and staff) participated in meetings around the State with a large number of external stakeholders of the Bureau (including the California Association of Realtors, the California Building Industry Association, the American Resort Development Association, the California Association of Mortgage Professionals, the California State Bar, and various federal, State and local prosecutors). At those meetings, I/we provided information regarding the Bureau, addressed issues and questions raised by—and matters of interest to—the attendees, and/or discussed ways that the Bureau can enhance its effectiveness and efficiency, the quality of its customer service, and/or its capabilities of working constructively with such stakeholders in a shared direction and as problem solvers. At the meetings in which I participated, I was pleased that many of you

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COMMISSIONER'S MESSAGE (CONTINUED FROM PAGE 9)

explained to me the day-to-day challenges in your world and shared your candid ideas and concerns about the industry and the Bureau, and I want those conversations to continue.

In addition, Bureau managers, staff, and I have participated in a number of collaborative consumer protection (town hall-type) events on fraud in real estate, home loans, and rental housing, and provided advice on avoiding and addressing such fraud. As part of those events, I/we have engaged in question and answer and open-dialogue sessions involving the attendees and other participating public service and nonprofit partners, and offered information on the Consumer Recovery Account of—and services available from and delivered by—the Bureau.

The outreach discussed and described above will continue so that we can continue to advocate for consumer interests, champion public protection in real estate, and be responsive to and work with our licensees and other stakeholders.

Some Additional Thoughts on Enhancing Professionalism

I deeply appreciate the feedback I have received on my last message discussing professionalism, and am pleased to be engaged in the dialogue on this important industry topic.

While many practitioners and consumers express frustration with those licensees they identify as “unprofessional,” there does not seem to be any consensus with regard to (and no one—to my knowledge—has a grant of absolute power to impose) a sure-fire remedy.

But I do want to offer some more general ideas as a starting point and food for thought relative to closing relevant skills and practice gaps:

1. Mentor-mentee programs connecting inexperienced or less experienced licensees with experienced, seasoned, and professional practitioners.
2. Pre- and/or post-licensure, clinical-type training programs on practical real estate skills, and transactional practice issues, including practice guides, forms, and checklists and an in-depth coverage of ethics and fiduciary duties.
3. Post-licensure offerings for new licensees covering topics such as “What You Need to Know to Be a Professional in Real Estate” and “What Are Best Practices and the Nuts and Bolts of Professional Practice for New Real Estate Salespersons (Brokers).”
4. A specialty designation in “Professional Practice” granted after appropriate coursework and training, or the creation by organized real estate of something like a “Real Estate Professionalism Center.”

The challenge—it seems—is to advance this discussion, and to continue to advocate for the training, development, and encouragement of professional real estate practitioners.

In ending this piece and endeavoring to answer the questions asked at the outset, I surmise that there is really no way to know how many will receive and read the winter *Real Estate Bulletin* or my “Message.” If you do receive the *Bulletin* electronically and have the opportunity to read this message, I would like to hear from you. And that includes whether you have a question, a compliment, a suggestion, or a complaint. Also, the staff and managers of the Bureau (and I) would like to hear your thoughts and ideas on what we can do better and how we can add value. You can reach me and our executive staff at (916) 263-8704, or you can e-mail me at wayne.bell@dre.ca.gov. Thank you.

N.B.: Apologies to Pink Floyd for borrowing the words (their lyrics) “Is There Anybody Out There?”

2015 Law Publication Available

Each year, the Bureau of Real Estate's *Real Estate Law* publication is updated to reflect changes in laws and regulations.

This important reference for licensees contains:

- Real Estate Law and Subdivided Lands Law (from the Business and Professions Code)
- Real Estate Commissioner's Regulations (from the California Code of Regulations)
- Portions of the Administrative Procedure Act (from the Government Code)
- Pertinent excerpts from various California codes

2015 *Real Estate Law* is available online, free of charge. The print version, which includes a CD copy, is expected to be available for purchase as of January 2015. The print version cost is \$25 plus tax. To order, use the **Publications Request (RE 350)** form available online at www.calbre.ca.gov.

CASE STUDY (CONTINUED FROM PAGE 7)

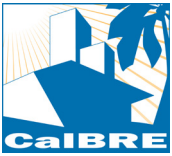
In the end, the examinee was barred from working in the real estate field, the examinee's real estate license and MLO endorsement were revoked, and the examinee now has a misdemeanor conviction. Furthermore, the MLO endorsement revocation precludes the examinee from ever getting licensed as a MLO in this State or any other state.

Lessons Learned

Subverting the real estate examination or violating the law may prevent an examinee from obtaining a real estate license or cause disciplinary action to be taken against a current licensee. In addition, a person may be barred from future exams, from holding a real estate license, and face criminal prosecution.

So before you decide to subvert the exam process, you have to ask yourself, "Is it worth it? And, am I prepared to suffer the consequences when I get caught?"





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