A Real Estate Commissioner and on behalf of Governor Davis’ Administration, I am pleased to announce the appointment of the Real Estate Advisory Commission (REAC). The members of the REAC will assist me in carrying out the responsibilities of the Department of Real Estate (DRE) and act as liaisons between the DRE, the real estate industry and the public.

The following information will help acquaint you with the new REAC members:

David Brooks, Beverly Hills, is the president, owner and CEO of Mara Escrow Company in Beverly Hills, a position he has held since 1984. He also serves as corporate secretary and majority stockholder for Canon Escrow, Inc., since 1993. Additionally, Mr. Brooks serves as the president and owner of Mara Exchange, Inc., since 1987; president, owner, and CFO of M.A.R.A., Inc., since 1978; and president and owner of Mara Enterprises, Inc., since 1981. He is a member of the American Escrow Association; a director of the California Escrow Association; director and past president of the Los Angeles Escrow Association; director and chairman of the Escrow Agents’ Fidelity Corporation; and director and chairman of the Escrow Institute of California. Mr. Brooks served in the U.S. Marine Corps from 1952 to 1955. He earned a bachelor’s degree from the University of Southern California.

Jacqueline Carlisle, Oakland, is a certified appraiser and a licensed real estate broker. She has served as a real estate broker since 1987. She also serves as the executive director of the National Association of Real Estate Brokers-Investment Division, Inc. (NAR EB). In this capacity, Ms. Carlisle is charged with the development of eLicensing services may be accessed through the DRE Web site at www.dre.ca.gov by clicking on the eLicensing graphic on the home page and/or by clicking on Licensees, then eLicensing. Licensees will find easy-to-follow instructions, as well as terms and conditions to use the new services, designed to be completed interactively.

In order to utilize eLicensing, licensees must have an accurate social security number and date of birth on file with the DRE and must be licensed in good standing. Licensees must also have a status of “licensed,” licensed without broker affiliation (“licensed NBA”), or “expired” with a right to renew on a late basis. For license renewal transactions, licensees must have previously established permanent legal presence (most licensees who have renewed since August 1, 1998, will have completed this requirement) and will be required to enter continuing education information during the on-line process. Renewal transactions may be completed up to ninety days prior to a license expiration date.

eLicensing is an exciting innovation that licensees are encouraged to use.
ISS Innovations

With the completion of the Enterprise Information Systems (EIS) project behind us, the Information Systems Section (ISS) spent the past year providing a variety of technology solutions to assist other DRE programs to benefit consumers and licensees.

Some of the technology improvements included a pilot project with Enforcement and Legal demonstrating the efficiencies of speech-to-text software, routine replacements of aged equipment, software upgrades including enhancements to EIS, and continual expansion of the information available on the DRE Web site including an extensive list of consumer and industry publications.

But, there is more. ISS spent several months working with the Department of Justice to implement an electronic fingerprint information exchange; a program which is now in place. As soon as the Department of Justice processes the live-scan fingerprints, the resulting information is now electronically transferred to the DRE. This new process has helped reduce the turnaround time for the receipt of normal fingerprint information, which impacts Licensing services, since fingerprint information is required before an original license can be issued.

But, there is even more. For the past year, ISS has been developing an Internet-based licensing system. With the implementation of eLicensing, renewals and certain license change transactions can be completed via the Internet, which will benefit licensees and the DRE.

Licensing Annual Report

The Licensing Section is responsible for the administration of real estate license examinations, as well as the issuance and renewal of salesperson and broker licenses.

Licensing and Examination Activity

Compared with last fiscal year, the number of salesperson examinations administered increased by 34% and the number of broker examinations increased by 41%. The issuance of new salesperson licenses increased by 41%, while the issuance of new broker licenses increased by 11%. License renewals rose overall as total salesperson renewals increased by 24% and broker renewals increased by 13%. At the end of FY 2001-02, the licensee population totaled 323,858, which included 108,860 brokers and 214,998 salespersons. This is an increase of 3% over the number of licensees at the end of last FY.

Population

The number of licensees peaked in FY 1991-92 with a total of approximately 376,000. Fiscal year 1992-93 started a downward trend, with the downward spiral hitting bottom in September 1998, when the number of licensees dropped to 295,527. Since then, the number of licensees has steadily increased to our current population of 323,858.

Improvements

To better serve license applicants, the DRE in conjunction with the Department of Justice has developed an electronic fingerprint interface aimed at helping to expedite the license application process. Also, the DRE continues to add features to the DRE Web site to provide license applicants and licensees with efficient ways to interact with the DRE. In this regard, the majority of expiring licensees are now able to renew their

Continued on page 3
Advisory Commission
Continued from page 1

opment and marketing of NAREB’s affordable housing programs in urban areas. She also co-owns and is a broker for the Network Associate Investors, a full service real estate firm in Oakland. Ms. Carlisle has been appointed by the Federal National Mortgage Corporation as a new broker mentor.

Richard Gaylord, Long Beach, is a licensed real estate broker and has more than 20 years of experience. He is a real estate broker for RE/Max Real Estate Specialists, a position he has held since 1990. Mr. Gaylord also serves as a director of the California Association of Realtors and is the past president of the State of California Board of Behavioral Science Examiners. He is an arbitrator for the Long Beach Bar Association and a former lecturer on real estate for California State University, Long Beach. Mr. Gaylord served as the president of the California Association of Realtors in 2000, and received the California 2000 Realtor of the Year Award. He earned bachelor of science and master of philosophy degrees from La Salle University.

Joyce Harris, Beverly Hills, has more than 30 years of experience as a licensed real estate broker. She serves as the associate manager at Dalton, Brown and Long, a real estate firm with offices in Southern California. Ms. Harris also serves as a director and president-elect for the Beverly Hills/Greater Los Angeles Area Board of Realtors. She is the chairperson of the Scholarship Committee for the California Association of Realtors and received the Realtor of the Year Award in 1995.

Maxene Johnston, Los Angeles, is the president of Johnston and Company, a Los Angeles-based company engaged in developing private companies and public agencies. She is experienced in entrepreneurial start-up organizations requiring innovation in operations and human resource development. Ms. Johnston received the W.K. Kellogg Fellowship, an award which identifies gifted leaders. She previously served as the president and CEO of the Weingart Center Association, which was responsible for developing a transitional housing and customized health and human services center. Ms. Johnston served as a director for the 1984 Los Angeles Olympic Organizing Committee. She earned a bachelor of arts degree from the University of San Francisco, and a master of arts degree from California State University, Los Angeles.

Mark Lamken, Encino, has more than 40 years of experience in real estate law. He is counsel to Richards, Watson & Gershon, a Los Angeles law firm. Mr. Lamken specializes in residential development and real estate finance. He is a lecturer for the Practicing Law Institute on Real Estate Finance, Construction Financing, and Real Estate Development. Mr. Lamken also serves as the chairman of the board and general counsel for the Mountains Restoration Trust. He earned a bachelor of arts degree from the University of California, Berkeley, and an LLB Degree from the University of California, Los Angeles.

Norman Orr, Marshall, is owner and chief appraiser for Myles and Orr Appraisals. Mr. Orr has been in the real estate industry since 1970 and has been a real estate broker and appraiser since 1972. He holds professional memberships in the American Association of Certified Appraisers, Inc. and the National Association of Independent Fee Appraisers, among others. Mr. Orr is past president of the Marin County Appraisal Association.

Alexis Wong, San Francisco, serves as the president of AGI Capital Group, Inc., a real estate investment firm, a position she has held since 1998. From 1995 to 1998, she served as a real estate broker with Pacific Union Brokerage in San Francisco, specializing in investment and commercial properties. Ms. Wong was a real estate broker with Mason McDuffie Real Estate from 1994 to 1995. She also worked with the property management firm of Welling & Woodard, Inc. from 1990 to 1994. Ms. Wong is a licensed California real estate broker, and serves as a member of the Golden Gate University Alumni Board of Directors and the Hong Kong Association of Northern California. She earned bachelor of science and master of business administration degrees from Golden Gate University.

The Department of Real Estate staff and I welcome the REAC members and look forward to their advice and assistance in addressing DRE, industry and consumer concerns.

Licensing
Continued from page 2

licenses on-line. Additionally, salesperson licensees can be added and/or deleted from the employ of a broker.

Last fiscal year there were 3,000,000 visitors to the DRE Web site and more than 900,000 telephone inquiries to the Examination and Licensing Sections. To help address the increased workload, the DRE is currently analyzing its licensing processing procedures and methods of communication. This includes studying the telephone system with a goal of improved service to handle the increasing volume of calls that the DRE is receiving, and to provide for the potential expansion of the capabilities of the DRE Web site.
Everything you didn’t know about CHFA ... and now don’t have to ask

At trade shows with local real estate organizations throughout the state, licensees ask questions about affordable housing programs provided by and through the California Housing Finance Agency (CHFA). If you haven’t talked recently with a CHFA representative or qualified lender, check out some of the frequently asked questions from your peers — the answers may surprise you.

How long has CHFA been in existence and what do you do?

CHFA was chartered 26 years ago as an affordable lending institution to finance safe and affordable housing for Californians. A completely self-funded state agency, CHFA offers a wide range of loan products that includes production of $1 billion annually in low interest loans to first-time homebuyers and $620 million in homeowner’s mortgage insurance services and multi-family lending programs. No taxpayer dollars are used to repay loans since CHFA raises its capital through the sale of mortgage bonds which are serviced by the revenues from its programs.

What’s the CHFA “Differential Advantage”?

CHFA offers 30 year below-market fixed interest rate loans to first-time homebuyers who meet the income and sales price limits for the county in which they wish to purchase. This can translate into more affordable monthly payments for homebuyers or the ability to qualify for a higher loan amount. CHFA lenders say our interest rates, in conjunction with layered funding and specialty programs, act as a bridge for renters to become homebuyers.

I don’t work with “lower income” clients — your programs won’t apply to me.

Look again. CHFA loans are for some of the people, some of the time. Eligibility is determined by income limits and sales price limits for each county. The limits are established by federal guidelines and updated periodically. Licensees are often surprised to see how generous sales and income limits may be for their respective areas, especially since town homes and condominiums are included. In Fresno, for example the income limit for a household of 3+ can be up to $69,920 and the sales price limit for new construction is $169,109. In higher cost Los Angeles County, the income limit is $77,140 with a sales price limit of $314,223.

Does CHFA work with qualified lenders?

Yes! Bank of America, Washington Mutual, Wells Fargo, Countrywide Home Loans, Chase Manhattan, GMAC and US Bank represent just a few of the 45 CHFA approved lenders statewide. With over 500 branch locations and over 3,600 brokers and affiliates, it’s easy to find a CHFA qualified lender in your area. Check www.chfa.ca.gov or call 1-800-789-2432 to find a lender in your region.

Aren’t there geographic restrictions with your programs?

No! This is a common misconception. CHFA loans are available throughout the state and homebuyers are free to live in counties of their choice. We lend 365 days a year and also offer targeted programs such as the Extra Credit Teacher’s Program (ECTP). This is a low interest loan and down payment assistance specialty program for educators that teach in low performing schools. Teacher’s eligible for this program may reside and purchase property in the county of their choice.

For more information, call 800-789-2432 or check www.chfa.ca.gov.

Legal Section

The Department’s Legal Section was quite busy during fiscal year (FY) 2001-02. The Legal Section received 1,181 investigative files from the Department’s Enforcement Section recommending some kind of legal action. As a result of these referrals, the Legal Section filed 292 Accusations initiating disciplinary action to suspend or revoke licenses and 513 Statements of Issues to deny applications for licensure. Disciplinary actions prosecuted by the Legal Section resulted in the revocation of 313 licenses, the suspension of 100 licenses and the denial of 376 applications. The positive real estate market is reflected in the increase in the number of Statements of Issues filed to deny licensure. The Legal Section filed 513 Statements of Issues in FY 2001-02, a 60% increase from FY 2000-01.

Legal Section Statistics 2001-02

<table>
<thead>
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<tr>
<td>642</td>
<td>Raps (criminal history)</td>
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<tr>
<td>163</td>
<td>Accusation cases</td>
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<tr>
<td>82</td>
<td>Desist &amp; refrain cases</td>
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<tr>
<td>209</td>
<td>Petitions for reinstatement</td>
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<tr>
<td>313</td>
<td>License revocations</td>
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<tr>
<td>100</td>
<td>License suspensions</td>
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<tr>
<td>51</td>
<td>Dismissals (accusations or statements of issues)</td>
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<td>Public reprovals</td>
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<td>License denials</td>
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<tr>
<td><strong>1096</strong></td>
<td><strong>1134</strong></td>
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</table>

Recovery Account

Recovery Fund claims were down by 20% in FY 2001-02 compared to FY 2000-01. It is anticipated that claim activity will remain at approximately this level through FY 2002-03.

<table>
<thead>
<tr>
<th>Claims</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Filed</td>
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<tr>
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<td>55</td>
</tr>
<tr>
<td>FY 00-01</td>
<td>69</td>
</tr>
</tbody>
</table>
Disciplinary Action — March 2002 to May 2002

✓ A list of actions is not published in this Bulletin until the 30-day period allowed for court appeal has expired, or if an appeal is filed and the disciplinary action is stayed, until the stay is dissolved. Names of persons to whom licenses are denied on application are not published.
✓ Licensees are listed alphabetically by the District Office region of responsibility.
✓ The license type is listed in parentheses after the licensee’s name. [REB – Real estate broker; RREB – Restricted real estate broker; RES – Restricted real estate salesperson; RRES – Restricted real estate salesperson; PRLS – Prepaid rental listing service; RPRLS – Restricted prepaid rental listing service; REO – Real estate officer; REC – Real estate corporation]
✓ Below are brief summaries of various regulations and code sections. The full text of the sections is found in the Business and Professions Code and the Regulations of the Real Estate Commissioner, both of which are printed in the Real Estate Law book. The Real Estate Law book is available for purchase from the Department of Real Estate (see page 11 or DRE Web site).
✓ Disciplinary actions that are “stayed” means there is “a delay in carrying out” all or part of the recommended discipline.

Commissioner’s Regulations

2715 Licensee’s failure to maintain current business or mailing address with DRE
2725 Failure to broker to exercise reasonable supervision over the activities of his or her salespersons
2726 Failure to have broker-salesperson agreements
2731 Unauthorized use of fictitious business name
2731(a) Failure to obtain fictitious business name license
2752 Broker’s failure to notify DRE of salesperson employment
2753 Broker’s failure to retain salesperson’s license at main office or return the license
2821 Failure to keep proper trust fund records
2831.1 Inadequate separate trust fund beneficiary records
2831.2 Failure to reconcile trust account
2832 Failure to comply with trust fund handling provisions
2832(a) Failure of broker to place trust funds into hands of owner, into a neutral escrow depository or trust fund account within three business days of receipt
2832.1 Failure to obtain permission to reduce trust fund balance in a multiple beneficiary account
2834 Trust account withdrawals by unauthorized or unbonded person
2835 Retention of broker’s funds in trust account
2847.3 Failure to properly disclose license status in mortgage loan advertising
2950(d) Failure of broker handling escrows to maintain records and accounts
2950(g) Broker-handled escrow disbursement without written instructions
2950(h) Failure to advise all parties of licensee’s interest in agency holding escrow

Business and Professions Code

480(c) Denial of license on grounds of false statement in license app.
498 License obtained by fraud or misrepresentation
10130 Acting without license
10137 Unlawful employment or payment of compensation
10138 Payment of compensation to unlicensed person
10139 Acting as real estate broker without having a broker license
10145 Trust fund handling
10145(a) Trust fund handling
10148 Failure to retain records and make available for inspection
10159.2 Failure by designated officer to supervise licensed acts of corporation
10159.5 Failure to obtain license with fictitious business name
10160 Failure to maintain salesperson licenses in possession of broker
10161.8 Failure of broker to notify Commissioner of salesperson employment
10162 Failure to maintain a place of business
10176(a) Making any substantial misrepresentation
10176(b) Making false promise
10176(c) Commingling trust funds with brokers funds
10176(i) Fraud or dishonest dealing in licensed capacity
10177(a) Procuring a real estate license by misrepresentation or material false statement
10177(b) Conviction of crime
10177(c) False advertisement

Los Angeles Region

Acuña, Rosalba C. (RES) 1327 Island Ave., Wilmington Effective: 4/29/02 Violation: 490, 10177(b)
Beardslee, F. M. Jerri (REB) 3419 Via Lido, Newport Beach Effective: 4/23/02 Violation: 10176(i), 10177(g)
Carpenter, Shirley Y. (RES) 2020 Princeton, Barstow Effective: 5/31/02 Violation: 10177(d)(j)
Castro, Hector (RES) 914 N. Vendome St., Los Angeles Effective: 4/14/02 Violation: 490, 10177(b)
Chapa, Gabriel (RES) 1975 Arizona Dr., Ventura Effective: 4/11/02 Violation: 490, 498, 10177(a)(b)
Crawford, Kelvin Adrian (RES) 2501 Cherry Ave., #160, Long Beach Effective: 4/10/02 Violation: 490, 10177(b)
Kast, Delbert (REB) 17993 Hwy 18, Ste 105-B, Apple Valley Effective: 3/26/02 Violation: 10145(a), 10176(a)(b), 10177(d)(j)
Koliacos, Victor H. (RES) 20234 Cohasset St., #19, Canoga Park Effective: 4/10/02 Violation: 490, 10177(b)
Morales, Jonathan A. (REB, REO) 291 S. La Cienega Blvd., Ste. 304, Beverly Hills Effective: 3/26/02 Violation: 10177.5
Morales, Ophelia C. (RES) 291 S. La Cienega Blvd., Ste. 304, Beverly Hills Effective: 3/26/02 Violation: 10177.5
Morland, Bruce K. (RES) 1403 N. Tustin Ave., Santa Ana Effective: 3/14/02 Violation: 480(c), 10177(a)
Papaz, Christopher Von (RES) 543 Vallombrosa Dr., Pasadena Effective: 3/7/02 Violation: 490, 10177(b)
Platinum Sensor Co., Inc. (REC) 12062 Valley View St., #204, Garden Grove Effective: 4/23/02 Violation: 10148, 10177(d)
Ramirez, Kathryn Camarena (REB) 9210 Alondra Blvd., Ste. B, Bellflower Effective: 4/10/02 Violation: 2831, 2831.2, 2832, 2832.1, 2834, 10145, 10177(d)(g)
Reandra Real Estate Co., Inc. (REC)  
291 S. La Cieguea Blvd., Ste. 304, Beverly Hills  
Effective: 3/26/02  
Violation: 10177.5

Stettner, Tiffany Nichole (RES)  
PO Box 452, Santa Monica  
Effective: 4/12/02  
Violation: 490, 10177(b)

Oakland Region

Cheung, Benny YC (RES)  
2833 Oliver Dr., #108, Hayward  
Effective: 5/3/02  
Violation: 490, 10177(b)

Hart, Richard William (REB)  
5833 Ross Branch Rd., Sebastopol  
Effective: 5/3/02  
Violation: 490, 10177(b)

Hunter, Darrell Clark (REB)  
1555 Shady Glen Ave., Santa Clara  
Effective: 4/10/01  
Violation: 10177.5

Kockos, Mark H. (RES)  
241 Shelford Dr., San Carlos  
Effective: 3/7/02  
Violation: 490, 10177(b)

O’Neal, King Alexander (REB)  
487 Merritt Ave., Oakland  
Effective: 5/2/02  
Violation: 2726, 2831, 2831.2, 2832(a), 2832.1, 10145, 10148, 10176(a)(e)(ii), 10177(d)

Oldfield, Jason Augustus (RES)  
951 Hyland Dr., Santa Rosa  
Effective: 5/3/02  
Violation: 490, 10177(b)

Pascual, Wilfredo Concepcion (RES)  
201 El Camino Real, Millbrae  
Effective: 4/10/02  
Violation: 490, 10177(b)

Simpson, David Michael (RES)  
3525 Monticello Ct., Santa Rosa  
Effective: 3/20/02  
Violation: 498, 10177(a)

Trans, Joseph (RES)  
5844 Paddock Circle, San Jose  
Effective: 5/9/02  
Violation: 490, 10177(b)

Yeganeh, Ramin (REB)  
724 East 4th Ave., San Mateo  
Effective: 5/3/02  
Violation: 490, 10177(b)

San Diego Region

Beltran, George A. (RES)  
286 Blue Spring Rd., Oceanside  
Effective: 4/30/02  
Violation: 498, 10177(a)

Brown, Judy Scharnhorst (RREB)  
PO Box 1374, Spring Valley  
Effective: 5/22/02  
Violation: 490, 10177(b)

Hull, Karen (RES)  
557 Beverly Pk., San Marcos  
Effective: 5/22/02  
Violation: 498, 10177(a)

JTB Funding, Inc. (REC)  
1800 Thibodo Rd., Ste. 320, Vista  
Effective: 3/21/02  
Violation: 2847.3, 10176(a)(j), 10177(c)(d), 10235.5, 10236.4

Lopez-Vasquez, Linda Jenny (RES)  
10758-D Carmel Mountain Rd., San Diego  
Effective: 4/30/02  
Violation: 498, 10177(a)

REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Fresno Region

Deroussi, Lynne Renee (REB)  
1102 Ulrich Ave., Modesto  
Effective: 5/3/02  
Violation: 2752, 2753, 2831.2, 2832.1, 2834, 10145, 10160, 10161.8, 10177(d)(h)  
Right to RREC license on terms and conditions

Donovan, Vickie Lynn (REB, REO)  
1271 Geer Rd., Hughson  
Effective: 5/8/02  
Violation: 10177(h)  
Right to RREC license on terms and conditions

Laursen, Brian Robert (REB, REO)  
2111 Manning St., Bakersfield  
Effective: 3/13/02  
Officer of: The Loan Factory, Inc.  
Violation: 10159.2, 10177(h)  
Right to RREC license on terms and conditions

Sacramento Region

Galvan, Elaine Marie (REB)  
3342 Stope Dr., Placerville  
Effective: 5/15/02  
Violation: 10137, 10177(d)  
Right to RREC license on terms and conditions; RREC license suspended for 100 days

San Diego Region

Demesa, Armando Liwanag (REB, REO)  
791 Avenida Solaria, Chula Vista  
Effective: 4/23/02  
Violation: 10177(b)  
Right to RREC license on terms and conditions

Federal Home Loans Corporation (REC)  
10306 Vera Cruz Ct., San Diego  
Effective: 5/29/02  
Violation: 2731, 2831, 2831.2, 2834, 10145, 10159.5, 10176(c), 10177(d)  
Right to RREC license on terms and conditions

Los Angeles Region

Biafora, Joseph R. (REB)  
14920 Parthenia St., #117, Panorama City  
Effective: 5/29/02  
Violation: 2731, 2831, 2831.2, 2834, 10145, 10159.5, 10176(c)  
Suspended for 90 days-stayed for 2 years on terms and conditions

Kinsella, John Richard (REB)  
236 Palm Ave., Imperial Beach  
Effective: 3/25/02  
Violation: 2731, 2831, 2831.2, 2832, 2832.1, 2834, 10145, 10159.5, 10176(e), 10177(d)  
Right to RREC license on terms and conditions

Miller, Jon Monroe (REB, REO)  
283 G St., Chula Vista  
Effective: 4/10/02  
Officer of: Jon Miller Realty, Inc.  
Violation: 2831.2, 10145, 10176(c)(i), 10177(d)(h)  
Right to RREC license on terms and conditions

Salas, Evangeline Michael (REB, REO)  
10306 Vera Cruz Ct., San Diego  
Effective: 5/15/02  
Officer of: Federal Home Loans Corporation  
Violation: 2831.2, 2831.1, 10145, 10159.2, 10176(c), 10177(d)(h), 10229(j)(j3), 10229(n), 10232.2(a)(c), 10232.25(a), 10232.4  
Right to RREC license on terms and conditions

SUSPENDED WITH STAY

Evans, Diversified, Inc. (REC)  
801 W. Main, Visalia  
Effective: 3/21/02  
Violation: 2731, 2831, 10137, 10138, 10177(d)  
Suspended for 60 days-stayed for 2 years on terms and conditions

Evans, Bruce Lauren (REB)  
805 W. Main St., Visalia  
Effective: 3/21/02  
Violation: 10130, 10137, 10139, 10177(d)  
Suspended for 60 days-stayed for 2 years on terms and conditions

Evans, Edward Donald (REB, REO)  
801 W. Main, Visalia  
Effective: 3/21/02  
Officer of: Evans Diversified, Inc.  
Violation: 10137, 10138, 10177(h)  
Suspended for 60 days-stayed for 2 years on terms and conditions
DRE Participates in Urban Housing Strategies Symposium

The DRE participated in Urban Housing Strategies Symposium events held in Oakland and Los Angeles. The symposiums were coordinated by the HUD-Approved National Association of Real Estate Brokers Investment Division — Housing Counseling Agency. The events provided an opportunity for the DRE to distribute real estate consumer protection and reference materials to the many consumers who attended. Several consumers thanked DRE staff for attending and expressed their appreciation for DRE’s support.

LICENSE SURRENDERED

(Licenses voluntarily surrendered per B&P Code §10100.2 during an administrative action or investigation)

Fresno Region

Bozijian, Louis Arthur (REB) 1586 W. Shaw Ave., Fresno Effective: 3/19/02

Los Angeles Region

Ardenski, Thomas Edward (RES) 27332 Mill Creek Dr., #115, Laguna Hills Effective: 5/21/02

McFadden, John Robert (REB) 2345 Erringer Rd., Ste. 221, Simi Valley Effective: 4/24/02

Meerampoopy, Robert David (RES) 690 Sierra Meadow Dr., Sierra Madre Effective: 4/8/02

Montgomery, Robert (REB) 23332 Mill Creek Dr., #115, Laguna Hills Effective: 5/21/02

Pimentel, Alejandra (REB) 286 Streamwood, Irvine Effective: 4/24/02

Quintana, Carlos M. (RES) 670 S. Woodland St., Orange Effective: 3/4/02

Ruiz, Joel Earl (RES) 2011 N. Rowan Ave., Los Angeles Effective: 4/8/02

San Diego Region

Brown, Steven William (RES) 1602 Via Sage, San Clemente Effective: 5/22/02

Gateway Pacific Capital and Realty Group, Inc. (REC) 12702 Via Cortina, Ste. 100, Del Mar Effective: 5/22/02

Tenbrook, Timothy Thomas (REB) 936 Armada Terrace, San Diego Effective: 5/22/02

INDEFINITE SUSPENSIONS

(under Recovery Acct. provisions)

Daly, Frank Joseph (REB) 12759 Poway Rd., Ste. 102, Poway Effective: 3/29/02

Dube, Sandra Paulette (RES) 2049 Bedford Dr., Walnut Creek Effective: 5/28/02

Franklin, Herman James (REB) 2033 West 103rd St., Los Angeles Effective: 5/7/02

Greenstein Mortgage & Investment Corporation (REC) 1300 N. La Brea Ave., Inglewood Effective: 5/7/02

Mullins, Arthur Joe Jr. (REB) 512 Sampson St., San Diego Effective: 5/7/02

Pacific Equity Mfg., Inc. (REC) 285A S. Atlantic Blvd., Los Angeles Effective: 7/7/02

Waxman, Arla Sheri (REB) 773 Mutsuhito, San Luis Obispo Effective: 3/29/02

Williams, Mark Thomas (REB) 8490 Hydra Lane, San Diego Effective: 5/7/02

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The Enforcement Section plays a vital role in the Department’s overall mission to enforce the provisions of the Real Estate Law and the Subdivided Lands Law in a manner which provides protection for purchasers of real property and those persons conducting business with real estate licensees. In this regard, one of the main functions of the Enforcement Section is to investigate consumer complaints filed against real estate licensees, subdividers, and unlicensed persons who have performed acts that require a real estate license.

There are two approaches through which the Department can accomplish its mission of protecting consumers in real estate transactions. The first is through preventative enforcement, which includes screening license applicants to ensure that they meet the necessary standards in terms of knowledge, honesty and truthfulness. This generally involves a background investigation of prior criminal convictions or disciplinary actions that have been taken by other agencies against an individual to determine if the licensing of that person would be a risk to the public. Investigations of this nature also occur when an individual is convicted or disciplined after he or she is licensed. The second approach to consumer protection is through the investigation of complaints which have been filed against real estate licensees to determine if violations of the Real Estate Law have occurred.

Investigative Process

The law requires the Department to investigate the actions of any person engaged in the business of or acting in the capacity of a real estate licensee upon receipt of a verified written complaint. When a complaint is initially received, it is reviewed to determine whether or not the Department has jurisdiction in the matter. In order for the Department to have jurisdiction, the complaint must involve a real estate licensee, subdivider, or unlicensed person who has performed acts that require a real estate license. Additionally, the issues of the complaint must present a potential violation of the Real Estate Law, as contained in Sections 10000 and 11000 et seq., of the California Business and Professions Code, and the Regulations of the Real Estate Commissioner. Briefly stated, these sections establish standards for the competent and legal practice of real estate brokerage. Many complaints involve contractual disputes and do not relate to the competent or ethical conduct of the real estate licensees who were involved in the transaction.

Once a complaint is received and it is determined that the issues are within the Department’s jurisdiction, it is assigned for investigation in one of the Department’s five offices located in Oakland, Sacramento, Fresno, Los Angeles and San Diego. After a case is set up for investigation, the Department must develop “clear and convincing evidence to a reasonable certainty” that a violation of the Real Estate Law has occurred before disciplinary action can be taken. In order to develop clear and convincing evidence of a violation, all relevant documentation involved in the transaction must be obtained and the testimony of the witnesses to the events must be carefully documented. In many cases, sufficient evidence to establish a cause for discipline cannot be developed because the allegations made by the complainant prove to be either incorrect or unprovable.

Once a case is developed that merits formal disciplinary action, it is sent to the Department’s Legal Section. The disciplinary actions are initiated by filing either a Statement of Issues when challenging an applicant’s qualifications for licensure, or an Accusation when seeking to suspend or revoke an existing license. The Department also has the power to issue formal Desist and Refrain Orders to stop ongoing violations of either the Real Estate Law or the Subdivided Lands Act. In extreme cases, the Department has the authority to file an action in Superior Court to obtain an injunction, and in cases which involve the conversion of large amounts of trust funds, to seek the appointment of a receiver over the company. The California Attorney General’s Office represents the Department in these actions. The number of complaints assigned for investigation in fiscal year 2001-02, and the results of those investigations, are outlined in the following chart:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
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<tbody>
<tr>
<td>Complaints Received and Screened</td>
<td>8,355</td>
</tr>
<tr>
<td>Complaints Assigned for Investigation</td>
<td>5,095</td>
</tr>
<tr>
<td>Complaints Closed (no discipline recommended)</td>
<td>2,842</td>
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<tr>
<td>Complaints Referred for Disciplinary Action</td>
<td>1,181</td>
</tr>
<tr>
<td>Corrective Action Letters Issued</td>
<td>159</td>
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</table>

The Enforcement Section currently has 2,821 pending cases under review to determine if sufficient evidence can be obtained to warrant a referral to the Legal Section. As indicated earlier in this report, the investigative process can be time-consuming as the Department’s mission to protect consumers in their dealings with real estate licensees must be balanced against the licensee’s constitutional right to due process in these proceedings. Throughout the process, the Department must maintain a balance in administering the disciplinary process in a fair and impartial manner within its legal parameters and remain mindful of the rights of both licensees and consumers in seeking to achieve justice and public protection.

DRE protects consumers through license applicant screening and complaint investigation.
Summary of 2002 Regulations (eff. 7/22/02)
Title 10, California Code of Regulations
Regulations of the Real Estate Commissioner

Section 2729.5 (New) — Record Retention, Uniform Transaction Act
Establishes requirements for transactions covered by the Federal E-Sign Law and the State Uniform Electronic Transaction Act. Specifically, requires the creation of a paper copy or electronic image storage of e-signatures.

Section 2790.1 (Amended) — Filing Fees
Sets/reduces the subdivision filing fees for recurring and non-substantive amendments to existing public reports. Specifically, the filing fee for recurring and non-substantive changes would be a maximum of $125 per change. The fee for each additional recurring and non-substantive change by the same subdivider at the same time would be $60.

Section 2790.6 (New) — Separate Review of Declarations
Sets forth the fees for reviewing bulk sales management documents. Specifically, confirms that the review fee is the maximum set forth in statute. ($200).

Section 2791.8 (Amended) — Alternative Dispute Resolutions
Changed the reference from “Jams/Endispute” to JAMS in order to reflect a name change in that organization.

Section 2792 (Amended) — Substantially Complete Applications - Standard Subdivision
Revised the requirement of having a tentative subdivision map for considering a Public Report Application substantially complete when the Commissioner finds that processing delays have held up the issuance of the map.

Section 2800 (Amended) — Notification of Material Change
Added to the list of “material changes” to the setup of a subdivision offering, the affiliation of a single site time-share project with other time-share projects.

Section 2810 (Amended) — Substantially Complete Applications - Time-Share Project
Added the affiliation agreement, rules, policies and procedures for the reservation system and proposed marketing materials to the list of items required in order for an application for a time-share public report to be considered “substantially complete.”

Section 2811 (Amended) — Declaration of Dedication
Requires that the declaration for a single-site time-share project, with a mandatory reservation system, include the rules, procedures and method of termination of the priority reservation system. Also, requires the length of the reservation period for a priority reservation system to be not less than the first three months of the reservation period.

Section 2910 (Amended) — Criteria of Substantial Relationship
Adds to the list of substantially related convictions, convictions that require registration under Section 290 of the Penal Code (Registration of Sex Offenders), in determining whether or not a criminal conviction is substantially related to the qualifications, functions or duties of a real estate licensee.

Section 2911 (Amended) — Criteria of Rehabilitation (Denial)
Adds to the list of the criteria for use in determining whether or not a licensee with a criminal conviction is sufficiently rehabilitated, the expungement or discontinuance of the requirement to register under Section 290 of the Penal Code.

Section 2912 (Amended) — Criteria of Rehabilitation - Revocation or Suspension
Adds to the list of the criteria for use in determining whether or not a licensee with a criminal conviction is sufficiently rehabilitated, the expungement or discontinuance of the requirement to register under Section 290 of the Penal Code.

Section 2930 (Amended) — Standard Proposed Decision Language
Amended to provide for a two-year period before a restricted licensee could petition for reinstatement. Would also remove an obsolete provision of the Regulation.

Mortgage Lending Report

The Mortgage Lending Section is responsible for a variety of functions associated with real estate brokers engaged in the mortgage business. These functions include:

Mortgage Loan Advertising — The Mortgage Lending (ML) Section performs reviews of mortgage loan advertisements submitted voluntarily by brokers who want to have their ads approved by the Department. Brokers may submit their advertisements on a Mortgage Loan Advertising Submittal (RE 884) along with a fee for the review. The ML Section also reviews advertisements that have been referred to the Department by members of the public or other licensees who believe that the advertisements may fail to comply with appropriate Departmental laws and regulations once reviewed. If the advertisements are deficient the ML Section will attempt to obtain compliance from the brokers. Last year, approximately 170 advertising submissions and referrals were reviewed.

Mortgage Loan Bulletin — The ML Section prepares and publishes a twice-yearly bulletin. The Mortgage Loan Bulletin is published as an educational

Continued on page 10
Audit Program

The mission of the Audit Program is to protect consumers through financial compliance audits of real estate licensees and subdivision developments. The primary focus of DRE audits is the handling of trust funds by licensees and subdividers. Through audits DRE staff determine if the operations of real estate brokers or subdividers are in compliance with the requirements of the Real Estate Law and the Subdivided Lands Law.

Accomplished Projects

Computerized Subdivision Audit Program — One of the goals of the Department’s strategic plan is to improve operating efficiencies through the use of automation and technology. By utilizing personal computers and available software, a computerized Subdivision Audit Program with related working papers has been developed. This computerized program will ensure thorough and uniform examinations of subdividers’ books and records and provide a vehicle for staff to further enhance the efficiency of audit production.

Audit Statistics Fiscal Year 2001-2002

Audits performed........................................ 952
Audit results
  • Major violations ...................................... 178 (18%)
  • Corrective action letters ......................... 357 (38%)
  • Minor or no violations ............................ 417 (44%)

Audits found with trust fund shortages ............. 157 (16%)
Total amount of trust fund shortages .............. $1,868,573
Shortages cured during or soon after the audit..... 72 ($654,856)

Mortgage Report

Continued from page 9

service to real estate licensees engaged in mortgage brokering and lending activities. Approximately 35,000 bulletins are mailed each year.

Threshold and Multi-Lender Reports — The Mortgage Lending Section tracks and monitors the activities of brokers who meet a prescribed level of activity in specified types of mortgage transactions, primarily those involving private, individual investors. These brokers are required to submit quarterly and annual reports to the Department. There are currently 294 reporting threshold brokers and 166 reporting multi-lender brokers submitting reports to the Department.

Residential Mortgage Loan Report — The Mortgage Lending Section is involved in a data collection process whereby specified lenders engaged in certain types of lending activity report to the Department. The purpose is to monitor lending activity for any discriminatory practices. This is similar to a federal requirement, but the emphasis is on lenders who are not required to report under federal law. This year, the ML Section, in conjunction with the Department’s Information Services Section, made substantial changes to the processing of these reports allowing a more efficient review of the data provided and ensuring that accurate reports are received from lenders.

Advance Fee Contract Reviews

The use of advance fee agreements is not limited to brokers in the mortgage loan business. The Mortgage Lending Section reviews the contracts of brokers who collect fees from principals in advance of performing a specified function or service(s). The ML Section performed approximately 55 reviews of proposed advance fee materials last year.

Prepaid Rental Listing Reviews

A prepaid rental listing service (PRLS) is in the business of supplying prospective tenants, for a fee, listings of residential real property for rent. The ML Section is responsible for reviewing contracts submitted on a mandatory basis by these service providers. There

Financial Information

Last year during the preparation of the DRE’s budget, revenue for fiscal year (FY) 2001-02 was projected to be $28,876,867. Actual revenue received totaled $31,656,220.

DRE’s actual expenditures for the FY 2001-02 were $28,855,128. With revenue totaling $31,656,220, DRE’s revenues exceeded expenditures by $2,801,092. DRE’s reserve balance at the end of FY 2001-02 was $17,430,461.

Revenue

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<td>Licensing</td>
<td>$17,314,349</td>
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<td>Subdivisions</td>
<td>$7,301,821</td>
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<td>Other*</td>
<td>$1,668,159</td>
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<td><strong>Total Revenue</strong></td>
<td><strong>$31,656,220</strong></td>
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Expenditures

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<td>Facilities</td>
<td>$7,354,148</td>
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<td>Special Items**</td>
<td>$2,800,329</td>
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<td>Reimbursements</td>
<td>&lt;$95,967&gt;</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$28,855,128</strong></td>
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Net Result

$2,801,092

* Miscellaneous fees, fines, interest, sale of books.
** Recovery claims, education & research, and court costs.

Expenditure Comparison (Net of reimbursements)

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<th>Category</th>
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<td>Examinations</td>
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Reserves Comparison

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<tbody>
<tr>
<td><strong>Reserves</strong></td>
<td>$14,609,172</td>
<td>$17,430,461</td>
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are approximately 33 PRLS and 2 real estate broker licensees engaged in this activity. Approximately 32 PRLS contract reviews were performed last year.

Last year, the Mortgage Lending Section implemented its portion of the Department’s Enterprise Information System (EIS). The new computer system allows for more accurate and time-efficient tracking, monitoring and follow-up of threshold and multi-lender reports. Because it reduces errors, the number of delinquency letters sent to brokers each month has been reduced, resulting in a timesavings for both the Department and industry.
Real Estate Publications

Purchase information
DRE publications may be purchased/ordered by mail, by fax, by phone, or in person. (Refer to specific payment methods below.)

For your convenience, most publications are available at no cost on our Web site at http://www.dre.ca.gov.

By mail — Photocopy or remove this page from your Bulletin. Complete Parts A, B, and C (if appropriate). Mail it with the proper fee to: Department of Real Estate, Book Orders, P.O. Box 187006, Sacramento, CA 95818-7006

By fax — Complete Parts A, B, and C. Fax form to (916) 227-0361.

By phone — Have credit card information ready, then call Book Order desk at (916) 227-0853.

In person from District Office — Complete Parts A, B, and C (if appropriate). Offices are located in Sacramento, Los Angeles, Oakland, Fresno, and San Diego.

Acceptable payment methods
- Personal check, cashier’s check or money order should be made payable to: Department of Real Estate.
- VISA and MasterCard credit cards may be used to purchase DRE publications.
- Cash is acceptable only if purchasing in person and only if it’s the exact amount of purchase.

California sales tax
Use 7.25% tax rate, unless purchase location or delivery address is in the following counties: Alameda (8.25%), Fresno (7.875%), Los Angeles (8.25%), Sacramento (7.75%), and San Diego (7.75%). Requests and fees will be returned if the appropriate sales tax is not included.

Miscellaneous information
- Prices are subject to change.
- Orders received with incorrect payments will be returned.
- All sales are final — no refunds.
- Allow 4–6 weeks for delivery.
- Volume discounts are available. Contact DRE at (916) 227-0853 prior to ordering.

PART A SHIPPING INFORMATION

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<td>(Tax rate used* ______ %)</td>
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<td>TOTAL ENCLOSED</td>
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PART C CREDIT CARD PURCHASE

To purchase publication by credit card, complete the following:

METHOD OF PAYMENT  ACCOUNT NUMBER  EXPIRATION DATE OF CARD

VISA  MASTERCARD

AMOUNT AUTHORIZED

SIGNATURE OF CARDHOLDER

DATE

PRINTED NAME OF CARDHOLDER

TELEPHONE NUMBER
Subdivisions Report

Before a subdivision can be marketed in California, the subdivider must obtain a Subdivision Public Report for a California project, a permit for an out-of-state time-share project or confirmation of registration for a non-California project located within the United States. The public report/permit discloses pertinent information about the subdivision to prospective purchasers. Prior to issuance of a public report or permit, the subdivider must also submit evidence to the Department that adequate financial arrangements have been made for completion of all common areas and amenities. Out of state projects located within the United States are simply registered and qualified without issuance of a disclosure report, provided the subdivision has been approved for sales in its home state.

Statistics

During fiscal year 2001-02 the Department received 2,906 applications for subdivision public reports, an increase of 36 applications over the last fiscal year.

Near Term Plans

The Department is currently in the process of revising the Subdivision Public Report format. The draft format is intended to be more streamlined, reader friendly and less complicated. Once the revision is finalized, related forms and applications will also be reviewed and revised.

The Subdivision Public Report Application Guide (SPRAG) was developed for use by subdividers and their agents (title companies, attorneys, etc.) who prepare Notices of Intention for Subdivision Public Reports. Its purpose is to provide instructions and explanations about what is required to properly comply with Notice of Intention requirements. The last revision to the manual was completed in October 1997. Due to numerous changes that have occurred since 1997, the Department has recently revised this manual.

With respect to continuing care subdivisions, the Department is considering proposed regulations concerning assisted living care facilities. These subdivisions are unique in that the assisted living care provider must take a more active role in the subdivision for a longer period of time.

Did you know...?

The Broker Compliance Evaluation Manual, designed to assist brokers conducting residential sales in ascertaining compliance with DRE requirements, is available on the DRE Web site www.dre.ca.gov. Click on “Licensees,” then “Complying with the Real Estate Law.”