Message from Commissioner Davi

I recently had the pleasure to speak to a Real Estate Appraiser’s Professional Trade Association about the growing population of real estate licensees, which is now well over 500,000, and the activities that are taking place at the Department of Real Estate (DRE). As the number of appraiser licensees has also increased, I was pleased to share that the DRE has partnered with the State Department of Corporations, Department of Financial Institutions and the Office of Real Estate Appraisers to develop a centralized Internet location to verify licensing information from all four departments. With so many new licensees entering all aspects of the business, the one stop license verification portal has proven to be very useful and informative. The combined California Real Estate and Financial Services License Status check feature can be accessed from any of the aforementioned departments’ Web sites. It is available on the DRE Web site at www.dre.ca.gov/licinfo.htm.

In addition, it was good to have the opportunity to hear from this partner industry that is so critical to the success of your real estate business. I came away with a better understanding of some of the issues facing their industry.

In this regard, I would like to take advantage of this opportunity to remind every licensee that when they are working with an appraiser, there are laws and regulations which govern appraisers, just as there are for real estate licensees. I was told that many licensed real estate appraisers are concerned that on occasion, attempts are made to pressure

Continuing education reminder

Under the provisions of AB 223, all licensees who have a license expiration date of June 30, 2007, or later, or who file a renewal application on a late basis after that date, will be required to complete a DRE approved 3-hour course in Risk Management as part of their mandatory continuing education requirement. The continuing education requirement for salespersons who are completing their first renewal on and after July 1, 2007, will increase from 12 hours to 15 hours with the addition of a Risk Management course. All other salespersons and all brokers with a license expiration date of June 30, 2007, or later, or who renew on a late basis after that date, will be required to complete a course in Risk Management as part of their 45 hour continuing education requirement.

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DRE business advances

Last fiscal year, DRE was strategically positioned to pursue an increase in the workforce that will help promote consumer protection and technical innovations that will expand service offerings. With the support of the Administration, the Real Estate Commissioner was successful in incorporating the funding for 39 new positions and the initiation of three major technology endeavors in the fiscal year 2006/07 budget.

New Positions

The Department is hiring additional Enforcement Program staff to improve investigative, audit and legal processing time frames; Subdivision Program personnel to be dedicated to processing timeshare and complex subdivision filing applications; and Information Technology resources committed to developing and supporting additional services for the licensee population and consumers.

Technology Endeavors

Electronic Examinations

✓ DRE’s planned Electronic Examinations System will automate the manual examination administration processes. This new system will provide DRE with the capability to reduce the overall turnaround time for candidates to

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Commissioner’s message

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them into performing appraisals for a minimum value specified by a broker in a transaction. In an attempt to increase awareness of this issue, the Office of Real Estate Appraisers has provided me with the following information that describes a serious constraint appraisers are faced with when performing their duties.

When working with an appraiser, a broker may tell the appraiser that he or she needs to hit the sales price or make a certain value in order for the client to qualify for a loan. Although the broker may not intend to create a problem for the appraiser, he or she may be unaware that just by accepting the assignment under those conditions, the appraiser is at risk for disciplinary action against his or her license.

All licensed appraisers are required to conform to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). The Conduct section of the Ethics Rule in USPAP states: "An appraiser must not accept an assignment that includes the reporting of predetermined opinions and conclusions."

In addition, each appraisal report must contain a certification signed by the appraiser, stating that his or her compensation for completing the assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client.

Many appraisers feel that they must comply with these minimum value requests from brokers or face the prospect of receiving no additional work in the future. As a result, they are performing a balancing act between keeping their license in good standing and keeping their client satisfied. The Office of Real Estate Appraisers encourages all appraisers to provide the best possible service to their clients. However, the appraiser must ensure that this is being accomplished within the framework of USPAP.

As real estate licensees, we should make every effort to help real estate appraisers remain in compliance with their governing laws.

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Beware of price inflation transactions

It has come to the DRE’s attention that in recent months, there has been a number of purchase offers being negotiated throughout California that involve offers to purchase that significantly exceed the listing price. These purchase offers specify that the amount offered over the listing price be refunded to the buyer or to a third party at the close of escrow.

While there are many variations to these purchase transactions, it is typical for these offers to be $70,000 to $100,000 over the listing price. The purchase agreements often have addendum directing these monies to be paid through escrow either to the buyer, or to a third party sometimes described as a repairman. These transactions carry a high degree of risk of default and foreclosure for the lender because the buyer essentially has no money invested in a property that is most likely over encumbered.

While there is not a specific provision in the Real Estate Law that prohibits an arrangement such as the one described, these transactions raise significant concern that the lenders funding the loans are not aware of the terms and are being defrauded. Real estate licensees should exercise caution when representing parties in these transactions. Diligent efforts should be made to ensure that the lenders who ultimately fund the loans are aware of the original listing price and of the fact that there is cash being rebated through escrow at the direction of the buyer. One method for accomplishing this is for the listing and/or selling agent to require as a condition of closing escrow that the lender sign an addendum acknowledging awareness that the property was sold for an amount over the actual listing price and that there are monies being refunded through escrow to the buyer or a third party.

Depending on the circumstances, real estate licensees who participate in these transactions subject themselves to potential disciplinary action under general statutes prohibiting participation in fraud or dishonest dealing. Also, the real estate appraisers involved in these transactions share in the risk of potential disciplinary action as their appraisals will be referred to the Office of Real Estate Appraisers to determine if the comparable sales used to justify the appraised value were valid. Moreover, in addition to potential license discipline and civil liability, there is also the prospect of criminal prosecution under federal or state law for defrauding a lending institution, and this applies not only for the real estate licensees involved, but also for the appraiser as well as for the buyer and seller.

When faced with the possibility of representing a buyer in one of these transactions, or when one of these offers is presented on a listed property, real estate licensees are well advised to take steps to ensure that the transaction terms are in the open for all parties to consider. To avoid potential consequences at a later date, remember the old adage: When in doubt, disclose, disclose, and do it in writing. In addition, a licensee may be best advised to seek their own legal counsel prior to being involved in any capacity in a transaction of this nature.

Business advances

Continued from page 1

receive a real estate license while administering exams in a more efficient and effective manner. With Electronic Examinations, no examination booklets or answer sheets will be used. Candidates will be tested using computer equipment in one of the Department’s examination centers. Significant improvements in examination security will be featured in the new system. Examination grading will be performed automatically at the conclusion of the exam. Those examinees who pass the electronic exam and have satisfied all license requirements including fingerprint clearance, can be immediately provided with a temporary license.

Interactive Voice Response (IVR) System

✓ This project will replace the existing Licensing telephone system with a new, modern call center that will improve the services DRE provides while ameliorating the customer service and business problems associated with the existing telephone system. The new IVR system will upgrade the existing call center system to current technology, increase the number of telephone calls answered, provide a more suitable method for mobile clients to obtain information, and provide appropriate automated service for callers. DRE will significantly improve its service delivery and provide quality customer assistance through this new, optimally configured IVR system.

IT Infrastructure Replacement

✓ The Department currently uses personal computers purchased in 1998, laser printers purchased in 1999, and laptops and servers purchased in 2001. The infrastructure has reached the end of its product support life cycle and this upgrade is necessary to support the technology needs of the Department’s operating programs.

These new, multi-year technology projects will be instrumental in providing information to consumers and enhanced service to the real estate industry.
Disciplinary Action: March 06 - May 06

✓ 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 – 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 available on the DRE Web site www.dre.ca.gov under Real Estate Law and/or Regulations.

✓ Disciplinary actions that are “stayed” means there is “a delay in carrying out” all or part of the recommended discipline.

Commissioner’s Regulations

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<tr>
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<td>10163</td>
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<td>Making any substantial misrepresentation</td>
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<td>10176(g)</td>
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<td>10177(g)</td>
<td>Negligence or incompetence in performing licensed acts</td>
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<td>10177(h)</td>
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<td>10177(j)</td>
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<td>10240</td>
<td>Failure to give mortgage loan disclosure statement</td>
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<td>490, 10177(a)(b)</td>
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<tr>
<td>10241</td>
<td>Improper mortgage loan disclosure statement</td>
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<td>490, 10177(a)(b)</td>
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Business and Professions Code

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<td>498</td>
<td>License obtained by fraud or misrepresentation</td>
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<td>490, 10177(a)(b)</td>
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<td>10145</td>
<td>Trust fund handling</td>
<td>3/29/06</td>
<td>490, 10177(a)(b)</td>
</tr>
<tr>
<td>10145(a)</td>
<td>Trust fund handling</td>
<td>3/29/06</td>
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<tr>
<td>10145(c)</td>
<td>Failure by salesperson to deliver trust funds to broker</td>
<td>3/29/06</td>
<td>490, 10177(a)(b)</td>
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Financial Code

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<tr>
<td>4975(a)(1)</td>
<td>Violation of Covered Loan Law</td>
<td>3/29/06</td>
<td>490, 10177(a)(b)</td>
</tr>
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REVOKED LICENSES

Los Angeles Region

Ballejos, Victoria (RES) 1201 S. Euclid St., Anaheim Effective: 3/7/06 Violation: 10130, 10145(c), 10177(d)(g)

Beverly Hills Estates Funding, Inc. (REC) 270 N. Canon Dr., #1860, Beverly Hills Effective: 3/5/06 Violation: 10176(a)(i)

Billocks, Shana Monique (RES) 542 E. Irvington St., Lancaster Effective: 3/27/06 Violation: 10177(b)

Cuevas, Miguel Angel (RES) 3530 Atlantic Ave., #206, Long Beach Effective: 3/5/06 Violation: 10177(a)(i)

Desert Pacific Financial, Inc. (REC) 468 N. Camden Dr., Ste. 215, Beverly Hills Effective: 3/5/06 Violation: 10177(a)(i)

Duran, Sandral (REC) 19185 Chole Rd., Apple Valley Effective: 3/26/06 Violation: 490, 10177(b)

Equity Express, Inc. (REC) PO Box 365, Temecula Effective: 3/27/06 Violation: 10177(b)

Gonzalez, Jose (RES) PO Box 2847, Bell Gardens Effective: 3/27/06 Violation: 490, 10177(b)

Kasra, Amir (RES) 4507 Park Verona, Calabasas Effective: 3/27/06 Violation: 490, 10177(b)

Llanio, Enrique Roman (RES) 1414 N. Lima St., Burbank Effective: 3/27/06 Violation: 490, 10177(b)

Muro, Marisela (RES) 10050 Foster Rd., Bellflower Effective: 3/27/06 Violation: 10177(b)

Reeves, Dustin Michael (RES) 8666 San Miguel Pl., Rancho Cucamonga Effective: 4/25/06 Violation: 490, 10177(b)

Russo, Peter John (RES) 5462 Laurelton Ave., Garden Grove Effective: 5/30/06 Violation: 490, 10177(b)

Singh, Suresh Antony (RES) 3129 West 77th St., Los Angeles Effective: 4/17/06 Violation: 490, 10177(b)

Talavou, Papali Ivo (RES) 4260 W. First St., #102, Santa Ana Effective: 5/3/06 Violation: 490(a), 10177(b)
Vu, Tan Huy (REB, REO)
2990 Inland Empire Blvd., #120, Ontario
Effective: 4/18/06
Violation: 2725, 2725, 2831, 2831.2, 2834, 2840, 2950(g)(h), 2951, 10145, 10160, 10161.8, 10176(g), 10177(d)(g)(h), 10236.4, 10240
Effective: 4/13/06
Violation: 490, 10177(b)

Balanon, Carlos (RES)
9515 Whellock Way, San Diego
Effective: 3/20/06
Violation: 490, 10177(b)

Scott, John Phillip (RES)
5288 El Cajon Blvd., #40, San Diego
Effective: 4/10/06
Violation: 490, 10177(b)

Stacy, Jerrod James (RES)
13626 Dos Lomas Way, Victorville
Effective: 3/21/06
Violation: 490, 10177(b)

Sacramento Region
Anderson, Bruce Christopher (REB)
457 Grass Valley Hwy, Auburn
Effective: 3/30/06
Violation: 490, 10177(b)

Balanon, Carlos (RES)
416 Rialto Ave., Stockton
Effective: 3/14/06
Violation: 490, 10177(b)

Bradford, Anita Dawn (RES)
PO Box 1628, Jamestown
Effective: 3/16/06
Violation: 490, 10177(b)

Carrington Enterprises, Incorporated (REC)
9738 Elk Grove Florin, Ste. B, Elk Grove
Effective: 5/117/06
Violation: 2831, 2831.1, 2831.2, 10145, 10177(d)

Kovac, Bennett Louis (REB)
77 Cadillac Dr., Ste. 188, Sacramento
Effective: 5/30/06
Violation: 490, 10177(b)

Quiles, Melissa Fabiola (RES)
878 Owl Cir., Vacaville
Effective: 3/30/06
Violation: 490, 10177(b)

Stacy, Jerrod James (RES)
10139 Alta Mesa Rd., Wilton
Effective: 3/13/06
Violation: 490, 10177(b)

San Diego Region
Berry, Joey Christine (RES)
17527 Ashburton Rd., San Diego
Effective: 4/5/06
Violation: 490, 10177(b)

Flint, George Octavio (RES)
4094 Via Hinton, Carlsbad
Effective: 3/3/06
Violation: 490, 10177(b)

Lilac, Christopher James (RES)
5385 El Noche Way, San Diego
Effective: 5/18/06
Violation: 490, 10177(b)

Martinez, Lisa Janine (RES)
P.O. Box 1764, El Centro
Effective: 4/6/06
Violation: 490, 10177(b)

Pamelar, Emilio Loquino (RES)
4563 Limerick Way, San Diego
Effective: 4/3/06
Violation: 490, 10177(b)

Rosello, Jose (RES)
9515 Whellock Way, San Diego
Effective: 3/20/06
Violation: 490, 10177(b)

Scott, John Phillip (RES)
5288 El Cajon Blvd., #40, San Diego
Effective: 4/10/06
Violation: 490, 10177(b)

Oker, Clay Patrick (RES)
1412 Santa Cruz Rd., Carlsbad
Effective: 3/30/06
Violation: 490, 10177(b)

Whitehouse, Wendy Marie (RES)
467 Del Sol Ave., Pleasanton
Effective: 3/8/06
Violation: 490, 10177(b)

San Francisco Region
1620 Fillmore St., #608, Right to RRES license on terms and conditions
Effective: 5/17/06
Violation: 490, 10177(b)

San Pedro
5296 W. 6th St., #305, Right to RRES license on terms and conditions
Effective: 4/3/06
Violation: 490, 10177(b)

Diamond Bar
10157 W. 5th St., #101, Right to RRES license on terms and conditions
Effective: 4/13/06
Violation: 490, 10177(b)

Los Angeles Region
AFG Funding, Inc. (REC)
2421 W. Beverly Blvd., Montebello
Effective: 4/4/06
Violation: 10177.5
Right to RREC license on terms and conditions

Barnard, Ronald Lynn (REB, REO)
3646 Hamner Ave., Norco
Effective: 4/4/06
Violation: 10177.5
Right to RREB license on terms and conditions

Black, Mark Edward (REB)
743 S. Brea Blvd., #15, Brea
Effective: 4/3/06
Violation: 490
Right to RREC license on terms and conditions

Cegallos, Luis (REB)
2622 W. Beverly Blvd., Montebello
Effective: 4/12/06
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Cho, Byong H (RRES)
245 W. Loraine St., #217, Glendale
Effective: 3/21/06
Violation: 10177(k)
Right to RRES license on terms and conditions

Christian, Charles Austin (RES)
PO Box 292, Etiwanda
Effective: 4/4/06
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Dean, Kim (RES)
444 N. First St., Blythe
Effective: 5/16/06
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Grace, Roger Lynn (REB)
80-916 Hwy 111, Indio
Effective: 4/17/06
Violation: 10177(d)(g)
Right to RREB license on terms and conditions

Harbin, Pierre Andre (REB)
1730 N. Gramerly Pl., #209, Los Angeles
Effective: 3/27/06
Violation: 980, 10177(a)
Right to RREB license on terms and conditions

Kelly, David Joseph (RES)
1621 West 25th St., #179, San Pedro
Effective: 3/6/06
Violation: 490, 10177(b)(j)
Right to RRES license on terms and conditions

Koo, Johnny (RES)
404 Shatto Pl., #346A, Los Angeles
Effective: 3/14/06
Violation: 490, 10177(a)
Right to RRES license on terms and conditions
Miles, Tim David (RES)  
4700 Holiday Lake Dr., Shingle Springs  
Effective:  5/11/06  
Violation:  490, 10177(b)

Right to RRES license on terms and conditions

Fox, Preston Keith (RES)  
1989-A Santa Rita Rd., #272, Pleasanton  
Effective:  3/10/06  
Violation:  490(a)  
Right to RRES license on terms and conditions

Johnson Mortgage Acceptance Corp. (REC)  
5/8/06  
Violation:  490, 10177(b)  
Right to RRES license on terms and conditions

Los Angeles Region

Brome, Marilyn Jacqueline (REB, REO)  
10912 Hunting Horn Dr., Santa Ana  
Effective:  3/15/06  
Violation:  2831.1, 2831.2, 10176(a), 10176(i), 10177(d)  
Suspended for 60 days-stayed for 2 years on terms and conditions

Evans/Sipes, Inc. (REC)  
1500 Palma Dr., Ventura  
Effective:  3/30/06  
Violation:  2831.1, 2831.2, 10176(a), 10176(i), 10177(d)  
Suspended for 60 days-stayed for 2 years on terms and conditions

MSREF, Inc. (REC)  
10940 Wilshire Blvd., Ste. 1549, Los Angeles  
Effective:  4/10/06  
Violation:  2725, 2834, 10137, 10145(a), 10177(d), 10240  
Suspended for 90 days-stayed for 2 years on terms and conditions

Nardoni, William B.E. (REB)  
94 E. Highland Dr., Camarillo  
Effective:  3/8/06  
Violation:  2731, 2840, 10159.5, 10163, 10177(d), 10236.4, 10240, 10241  
Suspended for 30 days-stayed for 2 years on conditions

Peck, Dawn K. (RES)  
158 La Petera Dr., Camarillo  
Effective:  3/30/06  
Violation:  10130, 10177(d)  
Suspended for 90 days-stayed for 2 years on terms and conditions

Suspended with Stay

Aylin, Richard Nelson (RES)  
4322 Silva St., Antioch  
Effective:  4/11/06  
Violation:  490(a), 10177(b)  
Right to RRES license on terms and conditions

Featherstone, Donnie R. Jr. (RES)  
2974 Birmingham Dr., Richmond  
Effective:  5/12/06  
Violation:  490  
Right to RRES license on terms and conditions

Hoover, Donald Kevin (RES)  
6500 Mt. Whitney Dr., Bakersfield  
Effective:  5/3/06  
Violation:  10130, 10177(d)

Suspension with Stay

American Star Financial Group, Inc. (REC)  
3955 Coffee Rd., Bakersfield  
Effective:  5/3/06  
Violation:  10130, 10177(d)  
Suspended for 200 days-stayed for 2 years on terms and conditions

Renshaw, Robert William (RES)  
1219 Sunset Plaza Dr., West Hollywood  
Effective:  4/10/06  
Violation:  10130, 10177(d)  
Suspended for 90 days-stayed for 2 years on terms and conditions

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<td>10940 Wilshire Blvd., Ste. 1549, Los Angeles</td>
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<td>2725, 2834, 10137, 10145(a), 10177(d), 10240</td>
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**PUBLIC REPROVAL**

**Fresno Region**

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<td>Jordan-Link &amp; Company (REC)</td>
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**INDEFINITE SUSPENSIONS**

(INDEFINITE SUSPENSIONS (under Recovery Acct. provisions))

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<td>Baranda, Gordon (RRES)</td>
<td>1124 Bender Ave., Glendora</td>
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**Request a Federal Housing Administration (FHA) Guest Speaker**

**For Your Next Office Staff Meeting**

FHA is providing speakers to inform individual real estate offices and lenders about the New FHA: Your Door to Homeownership.

- Learn about new FHA Legislation
- New Loan Limits
- Gift/ Down Payments
- Purchase and Repair Loans: “203K” or “Streamlined K”
- Reverse Mortgages “HECMS”
- Energy Efficient Mortgages
- Easy Credit Qualifying
- Alternative Credit Programs

Call The United States Department of Housing and Urban Development at (714) 796-1200 ext. 3611 or 3717 to schedule your FHA speaker.

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**LICENSE SURRENDERED**

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

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<td>Smith, Donald Tharpe Jr. (RES)</td>
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**Have you used eLicensing lately?**

It’s the fastest, easiest way to manage your real estate license!

Use it for license renewals, address updates, duplicate license requests, examination services and more...
U.S. realtors and rental agents/property managers are encountering an increasing number of situations that involve foreign persons, defined as persons other than U.S. persons, acquiring U.S. real property. The tax rules governing disposition of any U.S. real property interest by foreign persons vary in many ways from those that apply to U.S. persons. Understanding the tax laws is critical for real estate professionals to avoid personal liability for improper U.S. federal income tax compliance.

The disposition of a U.S. real property interest by a foreign person (transferor) is subject to income tax withholding under the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA). FIRPTA authorized the United States for the first time to tax foreign persons on disposition of U.S. Real Property Interests (USRPI).

A USRPI includes any sale of an interest in parcels of real property, as well as sale of any shares in certain U.S. corporations that are considered U.S. real property holding corporations. Any purchaser (transferee) of a USRPI from a transferor must withhold ten percent (10%) of the amount realized and remit such amount to the IRS within 20 days of the date of transfer, using Form 8288 (PDF), and Form 8288-A (PDF).

The transferee of the property must determine if the transferor is a foreign person. If the transferor is a foreign person and withholding does not take place in accordance with the law, the transferee and the agent may be held liable for the tax.

There are exemptions to the withholding requirements of Internal Revenue Code section 1445. One of the most common exemptions to FIRPTA withholding, where the transferee does not have to withhold, is in a situation where the real property is purchased for use as a residence and the purchase price in not more than $300,000. A listing of the exemptions from FIRPTA withholding is in IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and at www.irs.gov, using “FIRPTA” as a key search word.

In certain situations, such as when the tax due on the transferor’s gain from the sale is less than the withholding, the foreign transferor (or the transferee) can request from the IRS a reduction or elimination of withholding. The FIRPTA Withholding section on www.irs.gov has more information about reducing the withholding rate.

**Withholding on Rental Income Paid to a Foreign Person**

If a foreign person owns U.S. rental property and receives rental/investment income not connected with a U.S. business, the renter must withhold a flat rate of 30% (without deductions) of the rents, unless a tax treaty provides a lower rate or an exemption. Here are some basic rules regarding withholding on rent:

- IRC section 1441 provides for the withholding of tax paid by a withholding agent to a nonresident alien on various items of income, including rental income. The person paying rent, as well as the real property manager who collects rent on behalf of a foreign owner, are considered withholding agents.

- The person making payment of U.S. source rents to a foreign person must withhold 30% unless the foreign person claims reduced withholding based on a tax treaty (W-8BEN) or makes an irrevocable election with the IRS to treat the income as effectively connected to a U.S. trade or business (W-8EIC).

- Withholding agents must use Form 1042 and 1042S to report the tax withheld. The requirement to withhold 30% extends to the manager of the rental property if the tenant has not met the 30% withholding. Property managers who do not comply with these rules will be held liable for 30% of gross rent, plus penalties and interest.

For more information visit www.irs.gov.
Compliance manual for mortgage loan brokers published

The Mortgage Loan Activities Unit receives a great majority of its telephone calls from mortgage brokers and salespeople asking compliance questions. Mortgage brokers must comply with many of the same laws as brokers engaged in real estate transactions, as well as laws that are specific to the mortgage industry. For instance, mortgage brokers must comply with the laws governing general business practices such as notifying the Department when hiring a salesperson and obtaining branch office licenses when opening additional offices. In addition, mortgage brokers are required to comply with laws that other real estate practitioners do not, such as the requirement to give a borrower disclosure statement and certain regulations relating to advertising. These statutes and regulations are all contained in the “Real Estate Law and the Regulations of the Real Estate Commissioner” published each year by the Department, but many licensees engaged in the mortgage loan business have asked if there is one place they can go to review the rules affecting them.

In response to that need, the Department is pleased to announce that we have published the “Mortgage Loan Broker Compliance Evaluation Manual” (RE7). This manual was designed to serve as a convenient one-stop reference for brokers engaging in mortgage loan activities and was based on the “Broker Compliance Evaluation Manual” (RE5) that is a general resource for real estate brokers. The “Mortgage Loan Broker Compliance Evaluation Manual” contains many of the questions that a mortgage broker would be asked if visited by a DRE representative. It is divided into twelve sections and covers virtually every aspect of mortgage loan brokerage from general business practices to private money transactions and fractionalized notes. As a supplement to the manual, we have also published the “Mortgage Loan Broker Compliance Checklist” (RE7A). This checklist can be used by the broker as an additional guide to help assure compliance.

At the present time the manual and checklist are available only on the DRE Web site at www.dre.ca.gov under “Publications”. In addition to providing information to mortgage brokers, these resources can be printed and used to help familiarize salespeople with the laws and regulations with which they must also comply. Please note that the manual and checklist are not intended as substitutes for the Real Estate Law and Commissioner’s Regulations. Therefore, it is important for licensees to read the statutes and regulations referenced in the manual and checklist for a complete understanding of them.

We hope this manual and checklist will be of assistance to this State’s mortgage brokers and salespeople. As always, questions regarding this or any other issues can be directed to the Mortgage Loan Activities Unit staff at (916) 227-0770. 📖

California’s Home Buying Advantage for Teachers

from California Housing Finance Agency

Teachers shouldn’t have to choose between the career they love and the home they need. If your clients are teachers who use California’s Extra Credit Teacher Program, they won’t have to.

The Extra Credit Teacher Program is a special first-time home buying program administered by the California Housing Finance Agency (CalHFA). It is designed specifically for eligible teachers, administrators, and other staff members who serve in California’s high priority schools (API Rank 1-5).

This innovative program helps teachers in two ways. First, it gives teachers a 30-year fixed rate home loan usually at a full interest point lower than most traditional loan programs. Plus, knowing how difficult it can be to come up with the cash for a downpayment, the Extra Credit Teacher Program also gives teachers a forgivable interest second loan of $7,500 or 3% of the home sales price to use for their downpayment and closing costs.

The assistance doubles to $15,000 or 3% of the sales price for teachers who live in any of 18 “high cost” counties in California. These counties include Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Solano, Sonoma, Monterey, San Benito, San...
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. Due to the favorable real estate market, interest in obtaining a real estate license has increased significantly in recent years. DRE’s licensing workload mirrors the elevated real estate market.

**Licensing and Examination Activity**

In fiscal year 2005-06 the DRE scheduled over 267,000 real estate examinations. Comparing this to the previous two fiscal years, the number of salesperson examinations scheduled increased by 66% (2003-04) and 11% (2004-05) while the number of broker examinations increased by 39% and 16% respectively. Correspondingly, the issuance of new salesperson licenses increased by 42% and 5%, while the issuance of new broker licenses increased by 59% and 17%. License renewals also increased by 28% and 26% for salespersons and by 21% and 15% for brokers.

**Population**

The number of licensees previously peaked in FY 1991-92 with a total of approximately 376,000. Fiscal year 1992-93 started a downward trend, causing the number of licensees to drop to 295,527 in 1998. Since then, the number of licensees has steadily increased to our current population of approximately 511,000. This represents an annual increase of 12% over the number of licensees from the prior year.

**Improvements**

To better serve license applicants, the DRE has implemented AB 2007. Individuals may apply and pay for their real estate examination and license at the same time by submitting one application and fee. This procedure eliminates the need to file a separate application and fee for each step in the examination/licensing process and can reduce the overall time needed to obtain a license.

When the DRE Web site opened in fiscal year 2002-03, licensees completed 23,993 transactions. Since then, the Department has continued to expand the types of transactions available. During fiscal year 2005-06, there were more than 535,000 transactions completed online by applicants/licensees. More than half of those who renewed their licenses did so by using the DRE Web site. Since the inception of eLicensing, more than 1,008,000 transactions have been completed via this user friendly system.

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**Teachers’ Buying Advantage**

*Continued from page 9*

Luis Obispo, Santa Barbara, Santa Clara, Santa Cruz, Ventura, Los Angeles, Orange, and San Diego.

Whether the borrower lives in a high cost county or any one of California’s other 40 counties, the second loan does not need to be repaid until the home is either sold or refinanced. And interest on the second loan is completely forgiven if the teacher stays in a high priority school for at least three years.

Since its inception in July 2001, the Extra Credit Teacher Program has helped realize the dream of homeownership for over 1,300 California educators. One of these is Rodney Black, a health teacher at Valley High School in Sacramento. “It’s tough in this housing market to buy a home,” says Rodney. “We didn’t think we would be able to purchase a home because of my income. I tried other affordable loan programs that didn’t work out for me until I discovered the Extra Credit Teacher Program through CalHFA.”

“...”

Theresa Parker, Executive Director of CalHFA. “The Extra Credit Teacher Program gives teachers a powerful tool in their efforts to become first-time homebuyers. And it sends a simple message to every teacher who chooses to help children in our most challenging schools: we appreciate your work and want to reward you for your continued commitment.”

When you were a child, you probably had a favorite teacher. It’s time to return the favor and become a teacher’s favorite real estate agent! For more information, visit CalHFA’s Web site at www.calhfa.ca.gov, or call at (877) 9-CalHFA.
**Real estate publications**

**Ordering information**
DRE publications are available:

**On the Internet** — All DRE publications are available free of charge on the DRE Web site at www.dre.ca.gov.

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

**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) 227-0852.

**Acceptable payment methods**
- Personal check, cashier’s check or money order should be made payable to: Department of Real Estate.
- VISA, MasterCard, and American Express 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%), Marin (7.75%), Sacramento (7.75%), and San Diego (7.75%). Requests and fees will be returned if the appropriate sales tax is not included.

**Miscellaneous information**
- Publications noted as free are limited to one copy; DRE grants requestor permission to reproduce these publications for complimentary distribution only.
- 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) 227-0852 prior to ordering.

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**PART A**

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**PART B**

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**TOTAL ENCLOSED**

| $ | |

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**PART C**

**CREDIT CARD PURCHASE**

To purchase publication by credit card, complete the following:

**METHOD OF PAYMENT**
- VISA
- MASTERCARD
- AMERICAN EXPRESS

**ACCOUNT NUMBER**

**EXPIRATION DATE OF CARD**

**AMOUNT AUTHORIZED**

**SIGNATURE OF CARDHOLDER**

**DATE**

**PRINTED NAME OF CARDHOLDER**

**TELEPHONE NUMBER**
As most licensees are aware, educational courses required for licensure can be completed at either a college or university, or at a private vocational school provided the school has had the courses approved by the Department of Real Estate (DRE). Many licensees are under the assumption the DRE “approves” or “accredits” the private vocational schools. The DRE does not approve the schools; the DRE approves only the educational courses.

For many years, private providers of educational courses had to first obtain approval of their schools through the Bureau for Private Postsecondary & Vocational Education (BPPVE). After approval of the vocational school by the BPPVE, the school could then submit application for approval of their courses to the DRE. The process was to obtain approval of the school from the BPPVE, and then approval of the courses by the DRE.

However, Senate Bill 1544, which became effective January 1, 2005, revised the definition of a “private postsecondary educational institution” to exclude institutions which exclusively offer courses or programs costing $500 or less. What this means is that there is no longer any regulatory oversight of private vocational schools by the BPPVE for schools that do not offer courses at a cost of more than $500. Many of the real estate pre-license courses offered by the private schools are offered at a cost of less than $500. If a private school does offer courses costing over $500, the school must still be qualified by the BPPVE.

If a private course provider offering a course costing $500 or less fails to deliver the educational course or program as represented, a student’s monetary remedy is to seek redress in Small Claims Court. Licensees are cautioned to fully understand the educational course/program offered by the provider before registering or enrolling.

A list of pre-license statutory courses approved by the DRE can be found on the DRE Web site at www.dre.ca.gov under DRE Records.

Moving?

If yes, please change your license mailing address. Use the eLicensing online system at www.dre.ca.gov to make the change or submit the appropriate “change” form: RE 214 for salespersons; RE 204 for brokers; RE 204A for corporations.