Upcoming changes
New examination & license applicants

Course enrollment
Legislation has been passed which will allow persons enrolled in a college level course in Real Estate Principles or an approved equivalent course to apply for the real estate license examination before having completed the Real Estate Principles course (Senate Bill 1080). Effective July 1, 2004, prospective salesperson license applicants will be able to apply to take the salesperson examination by certifying that they are enrolled in a three semester unit or quarter unit equivalent college level course in Real Estate Principles offered by a regionally accredited college or university or a DRE approved sponsor. The Real Estate Salesperson Examination Application (RE 400A) will be revised to allow applicants to sign a certification statement as part of the application.

Students who choose to apply for the license examination while they are enrolled in a Real Estate Principles course will be required to provide proof of successful completion of the course by submitting a copy of their final course transcript or completion certificate prior to, or at the time their license application is submitted.

Fingerprints
Senate Bill 1080 also allows a change in the manner in which fingerprints are submitted in order to be issued a real estate license. Currently DRE is authorized to receive background information from the Department of Justice (DOJ) at the time a license application is filed. This is done by requiring all license applicants to have their fingerprints taken. Effective July 1, 2004, examination applicants will have the option to have their fingerprints taken and submitted after they apply to take the real estate examination. Fingerprinting is completed through an electronic Live Scan procedure at various locations throughout the state. A Live Scan Service Request (RE 237) will be made available to all examination applicants after July 1, 2004. By submitting fingerprints during the examination process, it is possible that an applicant’s fingerprint results will have been completed.

Pest control reports
Full disclosure a must!

In recent times, the Department has seen a number of cases involving material omissions with respect to the disclosure of the findings in pest control reports.

In one recent case a real estate salesperson prepared a false residential pest control report in order to induce escrow to close. The facts were that the seller of the property was facing foreclosure and the pest control clearance that was required by the buyer’s lender could not be completed prior to the date of the foreclosure sale. The salesperson’s remedy for this problem was to alter a pest control report that had been prepared for another property showing no termite infestation.

While the above-referenced example is extreme, it is not uncommon for an agent to request a second pest control inspection from a different company when the results

New statutory course added

Effective July 1, 2004, as a result of Assembly Bill 555 (Dutra), a course titled Common Interest Developments has been added to the list of courses in Section 10153.2 of the Business and Professions Code, which may be completed to satisfy one of the requirements to obtain a broker license or to satisfy the last of three college level course requirements to be issued a non-conditional real estate salesperson license. (Real Estate Principles and Real Estate Practice are the two other mandatory courses for those individuals who obtained their salesperson license on or after July 1, 2003.) The course must be completed through a DRE-approved private sponsor or as a three semester or four quarter unit course at a regionally accredited college or university in order to be accepted.
eLicensing System

Examination services added

DRE is pleased to announce examination services which may now be completed through the eLicensing online system on the DRE Web site. To use the new services, an individual must have their initial examination application processed by the Examination Section in Sacramento.

New online services include:

- **Reschedule an examination date** — Individuals may change their examination date online.
- **Apply to re-take an examination** — Individuals may request a new examination date online if they did not pass their exam.
- **Change exam mailing address** — Individuals may change their exam mailing address online.
- **View examination records** — Individuals will be able to view their examination records online.
- **Request duplicate schedule notices and result notices** — Individuals may request duplicate schedule notices and examination result notices online.

Examination applicants should also use eLicensing to access online services, which include checking available future examination dates, finding a scheduled examination date, or checking examination results.

To use eLicensing, examination applicants must have an accurate social security number and date of birth on file with the Department of Real Estate. To access eLicensing, they may simply click on the eLicensing menu option or on the eLicensing graphic anywhere it appears. First time users will need to register before signing in. Examination applicants will find instructions, as well as terms and conditions to use the new services.

DRE encourages all examination applicants to take advantage of these new services. Using eLicensing will expedite processing of their examination requests.

Note, examination applicants should not fax or mail applications for a request in which they used eLicensing. Duplicate submittals may delay processing and result in the forfeiture of duplicate application fees.

**Upcoming changes**

Continued from page 1

completed prior to passing the examination. Applicants should be aware, however, that fingerprint processing fees are not refundable in the event that the examination is not completed successfully.

With these changes DRE believes that the time to obtain a license will be reduced, since the new legislation allows the initial steps of the application process to be completed earlier in the licensing process.
Referral fees
Both State and Federal Rules Apply

One of the most common questions asked of the Department by licensees concerns the payment of referral fees to both licensees and unlicensed persons. There appears to be considerable confusion and misinformation regarding when these fees can and cannot be given or received, therefore, this article will attempt to shed some light on the subject.

When considering the question, we must first know the circumstances surrounding the payment of the fee, the type of transaction and to whom it would be paid. The article “Working without out-of-state brokers” that appeared in the Spring 2004 Real Estate Bulletin has already addressed the payment of referral fees to out-of-state brokers in real estate transactions. This article will discuss the payment of referral fees in California real estate transactions, mortgage loan transactions and to unlicensed persons.

When discussing the subject of referral fees it is important first to note that these “fees” are not always paid in cash. Both federal and state laws regulating the payment of referral fees may also refer to them as “compensation,” “consideration,” “anything of value,” or “form of payment.” For the purposes of this article, the term “referral fee” will include any type of consideration — cash or otherwise.

While the California Real Estate Law does not prohibit the payment of a referral fee when the payment is from one broker to another broker, there may be requirements for disclosure to the principals by each broker and there are prohibitions on salespersons from giving or receiving payment, and in certain transactions from paying the person making the referral. There are several statutes in the Real Estate Law that deal directly and indirectly with referral fees. For instance, one example is Business and Professions (B&P) Code Section 10176(g) which gives the Department authority to suspend or revoke a real estate license for the “claiming or taking by a licensee of any secret or undisclosed amount of compensation, commission or profit…” Any broker who makes an otherwise lawful referral in return for a referral fee is responsible for disclosure of that fee to the principal(s) in the transaction. Another example is B&P Code Section 10137, which prohibits a salesperson licensee from accepting compensation from any person other than his or her employing broker and from paying a fee to another licensee except through his or her employing broker if the transaction requires a license. Any fee for an otherwise lawful referral must first be paid to the employing broker who can then compensate the salesperson.

Except for very narrowly defined exceptions, real estate licensees are also prohibited from claiming, demanding or receiving fees for the referral of customers to any escrow agent, structural pest control firm, home protection company, title insurer or escrow company (B&P Code Section 10177.4).

One of the most misunderstood prohibitions on the payment of referral fees is contained in Section 8 of the Real Estate Settlement Procedures Act (RESPA), Regulation X, 24 CFR (Code of Federal Regulations) Section 3500.14 forbids any person to pay or receive any fee, kickback, or anything of value that is incident to a settlement service involving a federally-related mortgage loan. A referral of a settlement service is not a compensable act, except under certain circumstances. Essentially a real estate broker or agent cannot be compensated for merely referring his or her client to a mortgage broker, lender, title or escrow company, etc., without providing certain services, goods or facilities. Again, since there are circumstances under which consideration may be given and accepted, a full reading of the regulation is required. More RESPA information, as well as the entire regulation, can be found on HUD’s Web site, www.hud.gov. For specific questions or complaints regarding RESPA, HUD may be reached at (202) 708-0502.

One question that is often asked is if a broker can pay a referral fee to an unlicensed person. The answer is yes if that person has not performed any licensed acts in connection with the transaction for which the fee is being paid. B&P Code Section 10130 states, in part, “It is unlawful for any person to engage in the business, act in the capacity of, advertise or assume to act as a real estate broker or salesman within this state without first obtaining a real estate license from the department.” B&P Code Section 10131, in part, defines a broker as “… a person who for a compensation or in expectation of a compensation, regardless of the form or time of payment, does or negotiates to do one or more of the following acts for another or others: … (d) Solicits borrowers or lenders for or negoti-
Referral fees
Continued from page 3

ates loans...secured directly or col-
laterally by liens on real property...”
In 1995, the California Attorney
General issued an opinion (78OPS
CAL ATTY GEN 71) that stated a
real estate broker can pay a com-
mision to an unlicensed person for
providing the name, telephone
number and address of a prospec-
tive borrower provided that the
unlicensed person did not obtain
the information in the course of so-
licting borrowers or lenders on be-
half of another or others. The opin-
ion also stated that the finder’s ex-
emption can only apply if the activ-
ity is limited to arranging an intro-
duction between the parties and the
unlicensed person cannot be in-
volved in any role in the negotia-
tion of the loan, no matter how
slight. The same analysis is appli-
cable to other licensed transactions,
i.e., residential or commercial sales
or leasing. Brokers who wish to pay
referral fees to unlicensed persons
must take every precaution to pre-
vent the finder from crossing the
line into licensed activity. In gen-
eral, brokers who compensate an
unlicensed person who has taken
any role in the loan negotiation or
performed any licensed activity are
subject to license discipline pursuant
to B&P Code Section 10138. The
person accepting the fee is guilty of
a public offense punishable by a
fine, imprisonment or both.

The intent of this article is to
provide a general overview and
shed some light on the subject of
referral fees. This space does not
allow us to fully cite each statute to
which reference is made; therefore
licensees should carefully read them
in order to place each of the state-
ments made here into its proper
context. In summary, under certain
conditions, brokers may pay refer-
ral fees to other brokers or to unli-
censed persons. 🦉

A special financing program brings high
prices closer to home for many Californians

Buying a home in our state’s
highest cost areas has been an
unreachable dream for many
Californians... until now. The Cali-
ifornia Housing Finance Agency’s
(CalHFA) High Cost Area Home
Purchase Assistance Program
(HiCAP) has placed homeown-
ership within reach for nearly one
thousand first-time California
homebuyers, even in the high priced
counties of San Diego, San Fran-
cisco, San Mateo, Santa Clara,
Alameda, Contra Costa, Sonoma,
and Ventura.

HiCAP is a progressive home-
ownership assistance program that
bridgesthegap between income and
high priced housing for first-time
homebuyers by offering financial
assistance in two ways: borrowers
receive a 30-year fixed, below mar-
et rate home loan as well as a sec-
ond, deferred payment loan of up to
$25,000 to be used for down pay-
mentassistance or closing costs. This
second loan does not need to be
repaid until the home is either sold
or refinanced.

Borrowers must meet certain in-
come requirements and the home must
fall within CalHFA established sales
price limits. The income and sales price
limits vary according to county, but
they can be quite generous in many
areas. CalHFA’s Web site www.
calhfa.ca.gov publishes these limits
for the entire State and updates the
figures on a regular basis.

Additionally, the HiCAP can be
combined with other CalHFA ap-
proved down payment assistance
loans or grants to make first-time
home buying even easier.

For instance, HiCAP can
be combined with the Extra Credit
Teacher Program, which offers
teachers and administrators who
serve in high priority schools (API
1-5) additional down payment as-
sistance, from $7,500 to $15,000,
depending on where in California the
home is purchased.

Other CalHFA programs that can
be coupled with HiCAP include the
CalHFA Housing Assistance Program
and School Facility Fee Down Payment
Assistance Program. A full list and
descriptions of all 13 loan and grant
programs that CalHFA offers is avail-
able online at www.calhfa.ca.gov.

“We are thrilled that so many
Californians have taken advantage
of this unique program and have
been able to purchase their first
home with virtually zero out-of-
pocket cost in the State’s most ex-
pensivehousing markets,” said Cali-
fornia Housing Finance Agency Ex-
putive Director, Theresa Parker.

“Since the Program’s inception in
September 2001, CalHFA has fi-
nanced 896 HiCAP loans for a total
of approximately $224 million, and
we are looking forward to serving
even more Californians in the com-
ing years.”

To qualify for any of CalHFA’s
homeownership programs, borrowers
must meet the qualifications of a
CalHFA approved lender and CalHFA
guidelines for sales price and income
limits. Information on all CalHFA home
loan programs, qualifications and a list
of more than 300 lenders are available
on CalHFA’s Web site at www.calhfa.ca.gov (click on
“Homeownership” and then
“Programs”) or by calling
(800) 789-2432.

- 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 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.

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<th>Business and Professions Code</th>
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<td>480(a) Denial of real estate license on grounds of conviction of crime, dishonest or fraudulent act, or act which would warrant suspension or revocation of license</td>
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<td>2970 Failure to submit advance fee material for review</td>
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<tr>
<td>2832.1 Failure to obtain permission to reduce trust fund balance in a multiple beneficiary account</td>
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<td>2834 Trust account withdrawals by unauthorized or un bonded person</td>
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<td>2834(a) Unauthorized person making withdrawals from trust fund account</td>
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<td>2835 Retention of broker funds in trust account</td>
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<td>2840 Failure to give approved borrower disclosure</td>
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<td>2846.5 Failure to comply with annual trust fund accounts review requirements</td>
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<td>2950(d) Failure of broker handling escrows to maintain records and accounts</td>
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<tr>
<td>3007.3(a)(2) Failure to comply with CE correspondence course offering final examination rules</td>
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</tbody>
</table>
REVOKED LICENSES

Fresno Region
Blodgett, Jeffrey James (REB) 39541 E. Idylwild, Bass Lake
Effective: 2/19/04
Violation: 490, 10177(b)
Morgenstern, Carrye Washington Simpson, Allen Rogers (REB)
4987 W. Minarets, Fresno
Effective: 2/5/04
Violation: 490 10177(b)

Pirnstill, Richard Michael (RES)
5424 W. Harter Ave., Visalia
Effective: 2/19/04
Violation: 490, 10177(b)

Los Angeles Region
Aguilar, Luis Alberto (RES) 6331 Fishburn Ave., #3, Bell
Effective: 2/26/04
Violation: 490, 10177(b)
Arruh, Lemuel Asad (RES)
11413 Cedar Ave., #C, Hawthorne
Effective: 2/23/04
Violation: 490, 498, 10177(a)(b)(k)
Berlant, Gordon (REB)
500 W. Bonita Ave., #5, San Dimas
Effective: 1/2/04
Violation: 490, 10177(b)
Dobzaba, Mark Frank (RES)
2336 S. Caliente Dr., Palm Springs
Effective: 1/20/04
Violation: 490, 10177(b)
Good, Matthew (RES)
1360 Birdsong Ln., Corona
Effective: 1/28/04
Violation: 490, 10177(b)
Jones, Alford (REB)
513 New Field St., Gardena
Effective: 7/1/02
Violation: 10177(c)(i), 10177(d)(g)
Morgenstern, Carrye Washington (REB)
429 N. Euclid Ave., Ontario
Effective: 2/2/04
Violation: 10177(f)
Olmos, Maria Guadalupe (RES)
15 Via Di Roma Walk, Long Beach
Effective: 2/10/04
Violation: 490, 10177(b)
Saucedo, Elsa (RES)
13204 Paramount Blvd., Ste. A, Hollydale
Effective: 12/1/03
Violation: 490, 10177(b)
Stewart, Michael Henry (RES)
P.O. Box 448, Big Bear City
Effective: 2/2/04
Violation: 490, 10177(b)

Fresno Region
Abdullah, Dedan Sham Sudin (RES)
951 Old Country Rd., #209, Belmont
Effective: 12/30/03
Violation: 490, 10177(b)
Fauvor, Steven Clebourne (RES)
1160 Bushchreek Dr., Pittsburg
Effective: 12/30/03
Violation: 490, 10177(b)
Fayvor, Steven Clebourne (RES)
1430 Hicks Ave., San Jose
Effective: 12/30/03
Violation: 490, 10177(b)(f)
Gill, John Joseph (RES)
37642 Logan Dr., Fremont
Effective: 12/23/03
Violation: 490, 10177(b)
Langmayer, Anthony Charles (RES)
PO Box 786, Aromas
Effective: 2/19/04
Violation: 490, 10177(b)
Ngo, Tuan Quang (RES)
1131 Saddlwood Dr., San Jose
Effective: 12/15/03
Violation: 490, 10177(b)
Numan, Malik A. (RES)
39180 Liberty St., Fremont
Effective: 12/8/03
Violation: 490, 10177(b)
Simpson, Allen Rogers (REB)
2852½ California St., San Francisco
Effective: 12/19/03
Violation: 10177.5
Sacramento Region
Compton, Ronald Thomas (REB)
14361 Janet Way, Redding
Effective: 2/19/04
Violation: 2831, 2831.1, 2831.2, 2832, 2834(a), 10145, 10165, 10176(c), 10177(d)
Davis, Thelma Randi (RES)
3301 Tree Swallow Cir., Elk Grove
Effective: 1/8/04
Violation: 490, 10177(b)

Oakland Region
Abdullah, Dedan Sham Sudin (RES)
1613 Chelsea Rd., #355, San Marino
Effective: 12/1/03
Violation: 490, 10177(b)
Beckham, Glenn Leon (RES)
515 Sierra Vista Ave., #2, Mountain View
Effective: 2/19/04
Violation: 490, 10177(b)
Casey, Edward Stanley (RES)
1160 Bushchreek Dr., Pittsburg
Effective: 12/30/03
Violation: 490, 10177(b)
Favvor, Steven Clebourne (RES)
1430 Hicks Ave., San Jose
Effective: 12/30/03
Violation: 490, 10177(b)(f)
Gill, John Joseph (RES)
37642 Logan Dr., Fremont
Effective: 12/23/03
Violation: 490, 10177(b)
Langmayer, Anthony Charles (RES)
PO Box 786, Aromas
Effective: 2/19/04
Violation: 490, 10177(b)
Ngo, Tuan Quang (RES)
41752 Christy St., Fremont
Effective: 2/19/04
Violation: 490, 10177(b)
Numan, Malik A. (RES)
39180 Liberty St., Fremont
Effective: 12/8/03
Violation: 490, 10177(b)
Simpson, Allen Rogers (REB)
2852½ California St., San Francisco
Effective: 12/19/03
Violation: 10177.5

REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Fresno Region
Blake, Richard L. (RES)
P.O. Box 4099, Mammoth Lakes
Effective: 2/13/04
Violation: 10176(a)(i)
Right to RRES license on terms and conditions
Martella, Lawrence William (RES)
630 N. Irwin, Hanford
Effective: 2/11/04
Violation: 2831.2, 2832.1, 2834, 10145, 10176(e), 10177(d)
Right to RREC license on terms and conditions
Setaro, Juli (RES)
40707 Taylor Mountain Court, Oakhurst
Effective: 2/25/04
Violation: 10177(g)
Right to RRES license on terms and conditions
Welch, Carol Ann (REB, REO)
1717 M St., Merced
Effective: 12/5/03
Violation: 10177(i)
Right to RREC license on terms and conditions

Los Angeles Region
Chandran, Prakash (REB, REO)
2606 Foothill Blvd., Ste. E, La Crescenta
Effective: 1/2/04
Violation: 498, 10177(a)
Right to RREC license on terms and conditions

DeLaCampa, William Henry (RES)
170 E. Palm Canyon Dr., Palm Springs
Effective: 1/12/04
Violation: 490, 10177(b)
Right to RREC license on terms and conditions
Figueroa, Gary (REB)
9929 Sepulveda, #204, Mission Hills
Effective: 2/23/04
Violation: 490, 10177(b)
Right to RREC license on terms and conditions
Franco, Victor Hugo (RES)
1819 W. Victoria Ave., Anaheim
Effective: 2/26/04
Violation: 490, 10177(b)
Right to RREC license on terms and conditions
Haycock, Nadine Diane (RES)
14603 Seaforth Ave., Norwalk
Effective: 1/5/04
Violation: 490, 10177(b)
Right to RREC license on terms and conditions
Johnson, Philip (RES)
23555 Canyon Vista Ct., Diamond Bar
Effective: 2/23/04
Violation: 490, 10177(b)
Right to RREC license on terms and conditions
Long, Diana Lee (REB, REO)
2572 Tapo St., Simi Valley
Effective: 1/15/04
Violation: 10159.2, 10177(h)
Right to RREC license on terms and conditions
Perkins, Mary (RREB)
703 Pier Ave., #178,
Hermosa Beach
Effective: 1/15/04
Violation: 2752, 2832, 2834, 10145, 10161.8, 10163, 10177(d)
Right to RREC license on terms and conditions; RREC license suspended for 90 days
Pinkus, Rose Brigitte (REB)
731 N. Marguerita Ave., Alhambra
Effective: 12/4/03
Violation: 490, 10177(b)
Right to RREC license on terms and conditions
Poretta, Steven Vincent (REB)
539 N. Glenoaks Blvd., Ste. 303,
Burbank
Effective: 2/11/04
Violation: 490, 10177(b)
Right to RREC license on terms and conditions

Security Pacific Mortgage Corporation (RREC)
42149 Big Bear Blvd., Big Bear Lake
Effective: 12/8/03
Violation: 2830.1, 2831.2, 2832.1, 2950(d)(g), 2951, 10137, 10145, 10177(d)(g)
Right to RREC license on terms and conditions
and conditions
Right to RRES license on terms and conditions
Violation:
1510 S. Bascom Ave., #2,
San Jose
Effective:
3/10/04
Violation:
20 Great Oaks Blvd., #230,
Cupertino
Effective:
12/5/04
Violation:
490, 10177(b)
Right to RREB license on terms and conditions
Violation:
605 Cambridge Ave., Menlo Park
Effective:
2/7/04
Violation:
490, 10177(b)
Right to RREB license on terms and conditions
Violation:
10161.8(a), 10163, 10165, 10177(d)
Right to RREB license on terms and conditions
Effective:
Walnut Creek
1515 Oakland Blvd., #160,
San Jose
Effective:
12/26/03
Violation:
2726, 2731.2, 2832, 10145, 10177(d)
Right to RREB license on terms and conditions
Effective:
San Diego
5015 Santa Cruz Ave., #302,
San Diego
Effective:
1/21/04
Violation:
2831.2, 2832.1, 10145, 10177(d)
Right to RREC license on terms and conditions
Effective:
Los Angeles Region
1917 Cumberland Dr.,
West Covina
Effective:
2/23/04
Violation:
490, 10177(b)
Right to RREB license on terms and conditions
Violation:
10232.2(a), 10232.25(a)
Right to RREB license on terms and conditions
Violation:
2831.2, 2832.1, 2834,
10145, 10159.5, 10176(g)(i),
10177(d)
Right to RREB license on terms and conditions
Effective:
Oakland Region
Brown, Leslie H. (RES)
98 Hawthorn Dr., Atherton
Effective:
1/23/04
Violation:
490
Right to RRES license on terms and conditions
Violation:
2725, 10177(d)(h)
Right to RREC license on terms and conditions
Violation:
10161.8(a), 10163, 10165, 10177(d)
Right to RRES license on terms and conditions
Effective:
San Diego Region
Don Perry & Associates (REC)
3060 Bonita Rd., Ste. 201,
Chula Vista
Effective:
1/21/04
Violation:
2831.2, 2832.1, 10145,
10177(d)
Right to RREC license on terms and conditions
Effective:
Los Angeles Region
Bell, Christin (RES)
10956 Menlo Ct.,
Rancho Cucamonga
Effective:
12/3/03
Violation:
2832.1, 2832.1, 10145, 10177(d)
Right to RREB license on terms and conditions
Effective:
San Diego
5015 Santa Cruz Ave., #302,
San Diego
Effective:
1/21/04
Violation:
490, 10177(b)
Right to RREC license on terms and conditions
Effective:
Oakland Region
Jackson, Jonathan L. (RES)
1510 S. Bascom Ave., #2,
Campbell
Effective:
2/5/04
Violation:
490
Right to RRES license on terms and conditions
Effective:
Sacramento Region
Cooke, Wallace Gifford (REC)
7960 Glenbar Way, Fair Oaks
Effective:
2/18/04
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3006(g), 3000.7, 3007.3(a)(1), (a)(2), 10177(j)
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San Diego
3900 Adams Ave., San Diego
Effective:
2/11/04
Violation:
2726, 2731(a), 2831.1, 2831.2,
2832(a), 2832.1, 2834, 10130,
10145, 10145(d), 10159.5,
10160, 10161.8(a), 10163,
10165, 10177(d)
Right to RREB license on terms and conditions
Effective:
Oakland Region
Sanchez, Joseph (RES)
805 Padre Dr., Salinas
Effective:
2/2/04
### INDEFINITE SUSPENSIONS (under Recovery Acct. provisions)

#### Los Angeles Region

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<td>PO Box 9175, Long Beach</td>
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<td>Stickle, Debra Norma</td>
<td>2036 Princeton Way, Redding</td>
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<td>2831.1(a), 10177(h)</td>
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#### San Diego Region

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### SUSPENDED WITH STAY

#### Fresno Region

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<td>1209 Woodrow Ave., Modesto</td>
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<td>3861 Stockdale Hwy, Bakersfield</td>
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<td>Lindsey, Ray Earl Jr. (REC)</td>
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#### Los Angeles Region

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#### Sacramento Region

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<td>8320 Hwy 99 E, Los Molinos</td>
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### SUSPENDED INDEFINITELY

#### Los Angeles Region

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<td>16000 Ventura Blvd., #500, Encino</td>
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<td>10130, 10177(d)</td>
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### Did you know...

There are now more than 385,000 real estate licensees in California!

Licensee statistics are available on the DRE Web site [www.dre.ca.gov](http://www.dre.ca.gov) (click on Licensees, then Licensee Statistics under Other Information).
Business and Professions Code Section 10145(a)(1) requires that a real estate broker who accepts funds belonging to others in connection with a transaction for which a real estate license is required to deposit all those funds into one of three places: (1) into a neutral escrow depository, (2) into the hands of the broker’s principal, or (3) into a trust fund account maintained by the broker in a bank or recognized depository in California. All transactions involving trust funds, whether manual or electronic transactions, must be handled in accordance with B&P Code Section 10145(a)(1).

The Department has recently received inquiries from real estate brokers involving solicitations from companies (third-party service providers) about changing the way brokers clear their trust fund checks. These companies have offered to clear the rent checks, mortgage payments, etc., received by the real estate broker via a process known as electronic check conversion (ECC). Electronic check conversion is the changing of a personal paper check into an electronic check.

In the following example, which does not necessarily detail how all ECC transactions flow, we will illustrate how a broker loses control of the funds by allowing trust funds to be transmitted first to the service provider’s bank account by using the ECC process:

A real estate broker receives a check for payment in person or via mail. A check reader or other optical device scans each check and groups or “batches” them together. When the batched checks are read, they are transmitted to the service provider’s bank account and then processed through the Automated Clearing House banking system. The funds would then be transferred to the broker’s trust account, usually two to three days later.

In this example, the broker loses control of the funds by allowing the funds to be transmitted to the service provider’s bank account (non-broker trust account). At this point in time, the service provider has control of the trust funds. The real estate broker also has not complied with B&P Code Section 10145(a)(1) because the trust funds have not been deposited into one of the three required places: (1) into a neutral escrow depository, (2) into the hands of the broker’s principal, or (3) into a trust fund account maintained by the broker in a bank or recognized depository in California.

On the other hand, if the real estate broker deposits the rent or mortgage checks directly into his or her own trust bank account, then the real estate broker has met the requirements of B&P Code Section 10145(a)(1).

All transactions involving trust funds, whether manual or electronic, must be handled in accordance with B&P Code Section 10145(a)(1) by depositing all trust funds that are not immediately placed into a neutral escrow depository or into the hands of the broker’s principal, into a trust fund account maintained by the broker in a bank or recognized depository in California. B&P Code Section 10145 is designed to assure that trust funds remain in the control of the responsible broker, a neutral third-party escrow, or the principal to whom the funds belong. Responsible control of trust funds is the core issue of this section. So brokers should be aware that, depending on the ECC transaction flow, the use of a third-party service provider may not meet the trust fund handling requirements of Business and Professions Code Section 10145(a)(1).

Continuing education exemption

The DRE regularly receives questions concerning the possibility of being exempted from the continuing education requirement.

Currently, there is only one provision in the Real Estate Law which provides an exemption from the continuing education requirement and it is based on age and good standing license longevity. Section 10170.8 of the Business and Professions Code states that a licensee who has reached the age of seventy and has held a real estate license in California in good standing for thirty continuous years can qualify for the exemption.

The age and experience provisions of this statute must be met on or before the renewal date of the license in question. The exemption cannot be granted if only one of the requirements has been met. Also a key element is that the license must have been in “good standing” for thirty continuous years. A licensee in good standing is one who holds a license which has not been suspended, revoked or restricted as a result of disciplinary action any time within the thirty-year period. An automatic suspension (Section 10153.40 of the Real Estate Law) for failure to submit satisfactory evidence of completion of two real estate courses within 18 months of obtaining an original salesperson license is not considered a disciplinary matter with regards to Section 10170.8.

Licensees who desire to qualify for the age and license longevity continuing education exemption must submit (1) a Continuing Education Extension/Exemption Request (RE 213) with their renewal application, (2) the appropriate fee, (3) a copy of the licensee’s birth certificate or drivers license, and (4) supporting information and/or documentation...
**Maintenance responsibilities**

**Condominium and planned development project**

Each year, the Department of Real Estate (DRE) receives a number of inquiries regarding who is responsible for maintenance of common areas within a condominium or planned development. Sometimes, answering this question is not as easy as it seems and may involve the review of the maintenance provisions in the governing documents for the project.

The responsibilities for maintenance of areas owned by individual purchasers and those owned in common are normally set forth in the recorded restrictions and do not necessarily correlate with fee ownership. Each project is different and that difference is reflected in the recorded covenants, conditions, and restrictions (CC&Rs) for the project. Maintenance responsibilities may be assigned to be consistent with the architectural characteristics of the project. For example, certain common areas of a condominium project may be the responsibility of an individual unit owner if there are no shared party walls (e.g., exterior painting of freestanding units). Also, the roofs of units with discernible roof lines could be the responsibility of the individual owners. In these cases, the restrictions normally provide that an affected unit owner is granted an easement over the common area and owners have maintenance responsibility for these common areas.

It is extremely important that the budget be constructed to support the homeowner association’s maintenance responsibilities. DRE carefully reviews each item to be included in the initial budget for a new project, because due to its newness, often the initial budget is only a best assessment projection of operating costs. It is based on rates and formulas of the anticipated costs of operating and maintaining the common areas. Adjustments are sometimes needed due to actual experience.

After DRE approval of the budget, the assessment amount is disclosed in the final subdivision public report and a copy of the budget is provided to all buyers. A portion of the assessment will be allocated to a reserve fund for long-term repair and replacement of major common area components.

Thus, if you have questions regarding maintenance responsibilities in a condominium or planned development project, you should first review the governing documents and budget for the project. If those documents do not resolve your concerns, an inquiry should be made to the homeowners’ association.

Licensees are encouraged to use the easy to use, paperless, interactive eLicensing online system for expedited processing of license renewal and change transactions.

**Please use eLicensing:**

- To renew broker and salesperson licenses
- To request duplicate licenses (broker, salesperson, officer and branch offices)
- For salesperson requests to change employing broker
- For broker certification of salesperson employment
- For mailing address changes
- For broker main office address changes
- To receive the Real Estate Bulletin electronically

To use eLicensing for the first time, you need to register with the DRE to create a user name and password. Thereafter, you may simply click on the eLicensing graphic then enter your user name and password to sign in. A personalized menu of eLicensing options available to you will appear.

Licensees may wish to confirm whether they would be eligible for an exemption prior to actually submitting their renewal application. This may be accomplished by sending a written request to the Licensing Section at P.O. Box 187000, Sacramento, CA 95818. This request should include a copy of a birth certificate or driver's license and a statement of the date the licensee was first licensed. Confirmation can not be made by telephone because the information must be researched by our staff on microfilm and/or optical disk records.

Because laws and regulations do change, it is advised that those licensees who are exempt from the continuing education requirement keep up to date by reading the Real Estate Bulletin and voluntarily taking continuing education courses as needed.

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**Continuing education**

Continued from page 9

which indicates the number of years the licensee has been licensed. RE 213 is available on the DRE Web site www.dre.ca.gov.

Please keep in mind that the exemption only applies to the continuing education requirement and does not exempt the renewing licensee from submitting a renewal application, fee, or any other document needed to renew a license.

Licensees may wish to confirm whether they would be eligible for an exemption prior to actually submitting their renewal application. This may be accomplished by sending a written request to the Licensing Section at P.O. Box 187000, Sacramento, CA 95818. This request should include a copy of a birth certificate or driver's license and a statement of the date the licensee was first licensed. Confirmation can not be made by telephone because the information must be researched by our staff on microfilm and/ or optical disk records.

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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 for viewing and/or downloading 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) 227-0852.

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, 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%), 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) 227-0852 prior to ordering.

PART A

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PART C

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Printed Name of Cardholder
Pest control reports
Continued from page 1

of the first report are in question or not to their liking. Problems arise if the agent then fails to disclose the results of the first report to the purchaser. Sometimes, the second report may not include all of the issues that were listed in the first report. Other times, the two reports may identify the same problems, but suggest the use of different methods of treatment to remedy the problems. For instance, one inspector might recommend treatment and replacement while another inspector may only recommend treatment.

In one case that came to the Department’s attention, a pest control report was received that recommended that the complete tenting of a residence in order to eliminate the termite infestation. Because of the inconvenience that this would cause the sellers, a second pest control inspection was ordered from a different company that recommended that the problems could be eliminated with a spot treatment. The sellers elected to use the second company and the transaction was completed with only the second report being disclosed to the purchasers. Shortly after the purchasers moved in, they found that the property was still infested with termites. After inquiry they discovered the existence of the first report. In order to correct the problem, the purchasers had to move out of the property while it was tented. Needless to say, the listing agent in the transaction made a misrepresentation by failing to disclose the existence of the first report.

Real estate licensees must always act in the highest good faith toward their principals in a transaction and disclose all information that may affect the principal’s decision. This includes the disclosure of any material fact affecting the value or desirability of the property. Section 2905 of the Regulations of the Real Estate Commissioner places the responsibility on the seller’s broker to ensure delivery of the inspection report, certification and notice of work completed to the purchaser. If there is more than one report, all reports must be delivered to the purchaser. A broker cannot pick and choose, even when the reports are almost identical in their findings and recommendations. In addition to potential civil penalties, the failure to do so is grounds for administrative disciplinary action against the licensees involved.