Commissioner's Message

**Advance warning about advance fees**

There were over 84,000 foreclosures in California in 2007. That number may double in 2008. It is unfortunate, but some have seized the opportunity to take advantage of vulnerable homeowners facing foreclosure. At risk are homeowners who either want to stay in their home, or who are desperate for an exit strategy that will leave their credit intact and at the same time relieve them of their home and loan. Foreclosure rescue scams are on the rise and at the heart of these schemes are the illegal and/or improper collection of advance fees.

Unscrupulous operators comb the public records to obtain information on the properties against which a notice of default has been filed. These operators then contact the borrowers with promises of rescue, but with a catch — the payment of an advance fee. Often, the advance fee is collected by credit card and range from several hundred dollars to several thousands. To induce the borrower to pay the fee, scammers tell the borrower they have the expertise and connections to ensure a loan modification can be negotiated with the borrower’s lender to permanently reduce payments to sustainable levels. Or, the borrowers are told by deeding the properties over (typically to an associate of the scammer) that they no longer are responsible for making payments and that their credit will not be affected. Once the property is deeded over to a third-party, the scammer then rents the property back to the owner and collects rent on top of the advance fee that was paid by the borrower. However, once the money is collected, no work is performed and the victim loses their home to foreclosure.

Continued on page 3

A word to the wise: disclosures for the post-foreclosure sale of “REOs”

Throughout California, residential properties continue to be lost through foreclosure. The recording of a Notice of Default starts the foreclosure process. Those houses that have completed the entire foreclosure process — as opposed to those still in pre-foreclosure status — are, in the current real estate market, usually taken back and “owned” by the lenders who held the mortgages on the homes.

**Post-Foreclosure Sales**

Most lenders are eager to sell the properties (known as “Real Estate Owned” or the more widely used “REOs”) that have reverted to them following foreclosure. REOs usually represent lost money to the lenders, and the lenders typically have no interest in owning the houses. Almost always, they just want to get these properties off of their books.

While the REOs have been repossessed and are now owned by the lenders, the lenders did not occupy the properties and generally have no knowledge or history of their true condition. Although it is usually unwise to generalize, foreclosed homes as a class tend to be in worse condition insofar as repairs and maintenance than those sold by private owners who still occupy or recently occupied the property at the time of sale. The lenders might or might not have any reports on the homes, and the lenders would like not to (if possible) expend any additional monies or to pay for any inspections, home warranties, or any repairs. More often than not, lenders want to sell the foreclosed homes in an “as is” condition.

**What Disclosures Need to be Given Regarding REOs?**

When residential real property of one to four dwelling units is sold or transferred in California, the State’s Civil Code (commencing at section 1102) requires certain disclosures regarding the property. Foreclosure sales are specifically made exempt from the statutory transfer disclosure requirements. That is why a Real Estate Transfer Disclosure Statement (“TDS”) - which describes the condition of the property and in the usual case of a sale must be given to a prospective buyer – does not need to be completed or provided with REO sales.

This means that buyers of REOs are provided less legally mandated disclosure than buyers of homes sold by private owner-occupants. But the exemption, which was arguably created because the lender did not occupy and is under no affirmative obligation to inspect the property, begs the question as to what disclosures need to be made by the lender, as the owner-transferor, as well as the real estate licensee who acts as the agent of the REO seller.

Continued on page 12
Recent changes in continuing education

Over the past year, laws and regulations governing the continuing education program have changed significantly. Effective July 1, 2007 all real estate licensees are required to submit evidence of completion of a three-hour course in risk management with their license renewal. In addition, effective October 1, 2007 the salesperson conditional license was eliminated. This change not only impacted the course work requirements prior to licensure, but also changed the continuing education requirements to renew the salesperson license.

The following “Frequently Asked Questions” have arisen due to these changes:

Q. I have been issued a “conditional” license. I know I have to complete the two additional college level classes within 18 months, but what do I need to complete for continuing education for my renewal in four years?
A. For the first renewal of a license originally issued as “conditional” the licensee only needs to complete the five individual 3-hour courses in Ethics, Agency, Fair Housing, Trust Fund Handling, and Risk Management for the first renewal of your license.

Q. I passed my salesperson exam on August 12, 2007 and submitted my license application with my college transcript for completion of real estate principles, real estate practice and real estate finance on September 23, 2007. My license was issued effective October 14, 2007. I’ve been getting conflicting statements on the continuing education I will need to renew my license. What do I need?
A. Since you passed the exam and submitted your license application prior to October 1, 2007 (when the new law went into effect), you fall under the old criteria. You will only need to submit evidence of completing the five individual 3-hour courses in Ethics, Agency, Fair Housing, Trust Fund Handling, and Risk Management for the first renewal of your license.

Q. I’m a broker and I have several salespeople working under my license that have been licensed for various lengths of time. These changes and the significance of the dates have really confused me. Help!
A. All licensees who renew their license on or after July 1, 2007 either on time or on a late basis must complete a 3-hour course in risk management in addition to their other renewal requirements.

Salespersons renewing for the first time who passed the exam and submitted their license application prior to October 1, 2007: must complete five separate 3-hour DRE-approved continuing education courses in Ethics, Agency, Trust Fund Handling, Fair Housing and Risk Management.

Salespersons renewing for the first time who did not pass the exam and/or submit their license application prior to October 1, 2007 and all Brokers renewing for the first time: must complete 45 clock hours of DRE-approved continuing education consisting of:

- Five separate 3-hour courses in Ethics, Agency, Trust Fund Handling, Fair Housing, and Risk Management;

- A minimum of 18 clock hours of consumer protection courses; and

Continued on page 10
Mortgage loan roadmap to DRE web site

Real Estate licensees are invited to take a quick trip through the Department’s Web site located at www.dre.ca.gov for useful mortgage loan resources. Use the following “roadmap” for easy access to the information.

From the Homepage, clicking on the red “Publications” tab will reveal a thin blue ribbon under the tab which includes a link for a “Complete List of Forms”. This page will allow you to search for forms by program function or by form number. Under “Forms by Function”, click on Mortgage Lending Brokers for a complete list of all related forms. Most of these forms can be downloaded for convenient use.

The Home page provides links to Mortgage Loan Bulletins and forms. Click on the red tab for Home Buying and Mortgages. Scroll down to “Information For” and click on the blue tab for “Industry”. This information includes Frequently Asked Questions and Mortgage Loan Bulletins. At this point, there is also a link to DRE Publications and Resources where a list can be accessed that includes the Mortgage Loan Broker Compliance Evaluation Manual (RE7), the trust fund handling guide, and a link to the California Financial Code section dealing with predatory lending (Financial Code Section 4970, et seq.).

From Home Buying and Mortgages, scroll down to Other State Agencies and Resources for a collection of financial links, as well as a link to the State Legislature for information about legislative bills.

On the same page, in the left margin is a blue box — “Mortgage Quick Links”. Choose the third bullet item, Who do you call? to find contact information for a number of federal and state agencies. The contact information includes mailing addresses, phone numbers and internet addresses as well as some general information about the authority of these agencies:

1) **Federal Trade Commission (FTC)** has enforcement authority with respect to mortgage companies for the following laws:
   - Equal Credit Opportunity Act
   - Fair Credit Reporting Act
   - Fair Debt Collection Practices Act
   - Truth in Lending Act -- This act includes Regulation Z and “Section 32” loan disclosure requirements.

2) **Department of Housing and Urban Development (HUD)** has administrative authority for the following acts:
   - Home Mortgage Disclosure Act (HMDA)
   - Real Estate Settlement Procedures Act (RESPA)

3) **Federal Communications Commission (FCC)** will take complaints about unsolicited phone calls and faxes.
4) **Office of the Comptroller of the Currency (OCC)** has enforcement authority over National Banks and the Office of Thrift Supervision (OTS) has enforcement authority over Federally-chartered and State-chartered savings institutions. The OCC and OTS oversee the following acts:
   - Community Reinvestment Act
   - Equal Credit Opportunity Act
   - Fair Credit Reporting Act
   - Fair Housing Act
   - Home Mortgage Disclosure Act
   - Real Estate Settlement Procedures Act
   - Truth in Lending Act

Return to “Mortgage Quick Links” and take a look at another important “quick link”, the fourth bullet, Avoiding Foreclosure for information from HUD and the Homeownership Preservation Foundation.

From there, scroll up to explore “Home Buying Resources” for Fannie Mae, Freddie Mac, and right below that is information on “Subprime and Non-Traditional Mortgages”, and ?More Consumer Home Mortgage Information” with links to related resources.

Finally, by clicking back on the Home tab, you will reveal a blue ribbon immediately beneath the tab that includes a link to About the DRE. This will open a page that lists contact information for the Department and the district office locations. Questions for the DRE regarding mortgage loan compliance and other issues can be directed to the Mortgage Loan Activities Unit at (916) 227-0770.

---

### Commissioner’s Message

**Continued from page 1**

Of course, there are many legitimate businesses that engage in foreclosure consulting and in fact collect perfectly legal advance fees. Often, a real estate broker’s foreclosure consulting services consists of assisting a borrower with a loan modification. However, any real estate broker contemplating collecting advance fees must proceed with caution. The real estate law requires that all advance fee contracts used by a broker must first be approved by the Department prior to use. The law also requires the broker to hold the money in a trust account until such time the agreed upon services are rendered. For more information, you should review Business & Professions Code Section 10085 as well as Commissioner’s Regulations 2970 and 2972.

However, in cases when a notice of default has been filed, the collection of an advance fee (even under an approved contract) to perform services to save a homeowner from foreclosure is generally precluded by the Foreclosure Consultant law, found in Civil Code Sections 2945, et seq. So, while advance fees are not necessarily indicative of a scam, they may be an indicator of trouble. Knowing the rules in advance may save you or your client from being victimized.
Property management activities and audits

The Department of Real Estate’s Audit Section examines various types of real estate business activities involving real estate brokers. One specific type is the examination of property management activities. Property management involves real estate brokers managing residential and/or commercial properties as an agent. A real estate broker should have a good understanding of agency relationships, contracts, leases and the proper handling of trust funds.

The Department of Real Estate’s Reference Book is available at www.dre.ca.gov under the Publications tab. Chapter 9 of the Reference Book discusses the topic of Landlord and Tenant, Chapter 23 reviews the topic of Trust Funds, and Chapter 24 explains the activities involving Property Management.

Some of the more common violations found in DRE property management audits are the following:

Regulation 2831 – Record of Trust Funds Received and Paid Out

This regulation requires every broker to keep a record of all trust funds received, including uncashed checks held pursuant to instructions of his or her principal. This record, including records maintained under an automated data processing system, shall set forth in chronological sequence the following information in columnar form:

- Date trust funds received.
- From whom trust funds received.
- Amount received.
- With respect to funds deposited in an account, date of said deposit.
- With respect to trust funds previously deposited to an account, check number and date of related disbursement.
- With respect to trust funds not deposited in an account, identity of other depository and date funds were forwarded.
- Daily balance of said account.

The regulation also allows the maintenance of cash receipt and disbursement records in accordance with generally accepted accounting principles as long as they contain the above elements and they enable tracing and reconciliation in accordance with Section 2831.2.

Regulation 2831.1 – Separate Record for Each Beneficiary or Transaction

This regulation requires a broker to keep a separate record for each beneficiary or transaction, accounting for all funds which have been deposited to the broker’s trust bank account and interest, if any, earned on the funds on deposit. This record shall include information sufficient to identify the transaction and the parties to the transaction. Each record shall set forth in chronological sequence the following information in columnar form:

- Date of deposit.
- Amount of deposit.
- Date of each related disbursement.
- Check number of each related disbursement.
- Amount of each related disbursement.
- If applicable, dates and amounts of interest earned and credited to the account.
- Balance after posting transactions on any date.

The regulation also allows the maintenance of separate beneficiary records in accordance with generally accepted accounting principles as long as they contain the above elements and they enable tracing and reconciliation in accordance with Section 2831.2.

Regulation 2831.2 – Trust Account Reconciliation

This regulation requires a broker to take the balance of all the separate beneficiary records maintained pursuant to the provisions of Section 2831.1 and reconcile them with the record of all trust funds received and disbursed required by Section 2831, at least once a month. A record of the reconciliation must be maintained, and it must identify the bank account name and number, the date of the reconciliation, the account number or name of the principals or beneficiaries or transactions, and the trust fund liabilities of the broker to each of the principals, beneficiaries or transactions.

Regulation 2832 – Trust Fund Handling

This regulation requires a broker to place funds accepted on behalf of another into the hands of the owner of the funds, into a neutral escrow depository or into a trust fund account in the name of the broker, or in a fictitious name if the broker is the holder of a license bearing such fictitious name, as trustee at a bank or other financial institution. This should not occur later than three business days following receipt of the funds by the broker or by the broker’s salesperson.

Regulation 2832.1 – Trust Fund Handling for Multiple Beneficiaries

This regulation requires that the written consent of every principal who is an owner of the funds in the account shall be obtained by a real estate broker prior to each disbursement if such a disbursement will reduce the balance of funds in the account to an amount less than the existing aggregate trust fund liability of the broker to all owners of the funds.

Regulation 2834 – Trust Fund Withdrawals

This regulation requires a real estate broker to make withdrawals from a trust fund account of an individual broker only upon the signature of the broker or one or more of the following persons if specifically authorized in writing by the broker:

- a salesperson licensed to the broker.
- a person licensed as a broker who has entered into a written agreement pursuant to Section 2726 with the broker.
- an unlicensed employee of the broker with fidelity bond coverage at least equal to the maximum amount of the trust funds to which the employee has access at any time.

Continued on page 5
The false notary

Over the years in handling cases, it is always amazing to see the things that can be done with a notary stamp to create mischief in real estate transactions. We have seen false stamps used, expired stamps, and notaries who will simply notarize anything under any circumstances.

One case that illustrates the point involved a newly married couple. At the time they were married, the husband owned a single-family residence and shortly after the marriage, the husband deeded an interest in the house to his wife.

After this occurred, the couple wanted to obtain a loan secured by the property and contacted our respondent, who proceeded to arrange the loan. Shortly after the loan process was initiated, the respondent advised the couple that due to the wife’s credit rating, she could not be shown as co-owner of the house and that the loan would need to be made solely to the husband. The wife did not agree to this and according to her, she had no further contact with the respondent.

Some time later, the loan funded in the name of the husband only and shortly thereafter, we received a complaint from the wife stating that the respondent had forged her name to a grant deed relinquishing her interest in the property back to her husband. The problem was that her signature on the grant deed was notarized. Obviously, one of the initial questions was how this occurred. The notary was interviewed and was very cooperative in giving us the story.

It seems that the notary and the respondent knew each other personally and the respondent approached him asking for a favor by way of loaning him his notary logbook for a weekend. The request was granted. Having borrowed the notary’s logbook, the respondent then forged the wife’s signature to the grant deed that would transfer her interest in the property back to her husband, signed her name in the logbook and placed his own thumbprint on the page next to her name as evidence that she signed the document. The following week, the respondent returned the logbook to the notary who affixed his stamp to the grant deed and acknowledged in the notaries’ oath that the woman was personally known to him and had executed the grant deed in his presence.

Once the evidence was obtained documenting the events that occurred in the transaction, the Department filed an accusation seeking disciplinary action against the respondent. During the hearing the respondent testified as to all he did, but claimed that the wife had given him verbal authorization during a telephone conversation to make a facsimile of her signature on the grant deed and in the notary’s logbook. He, however, could not produce a power of attorney, or any other writing authorizing his actions. The wife denied his claims insisting that she had no knowledge that her name was signed on the grant deed and she would have never authorized this.

In the end, the Administrative Law Judge determined that by soliciting the notary logbook and by prompting the notary public to falsely acknowledge signatures of persons whom the notary never met, the respondent engaged in substantial misrepresentations, fraud and dishonest dealing. The respondent’s license was revoked outright and the Secretary of State’s Office did the same with the notary.

Property Management

Continued from page 4

Regulation 2835 – Commingling

This regulation allows a broker to deposit into a trust account of reasonably sufficient funds, not to exceed $200, to pay service charges or fees levied or assessed against the account by the bank or financial institution where the account is maintained. The $200 will not be considered to be commingling by the broker.

Business and Professions Code 10176(g) – Undisclosed Compensation

This code section requires a broker to disclose all compensation earned to his or her principals/clients. The problem discovered by auditors is licensees sometimes collect or charge more than the costs incurred. This additional amount of money is therefore considered to be income and must be disclosed to the licensee’s principals/clients.

The following are some examples of additional compensation earned by licensees that should be disclosed to their clients:

- A licensee has a property management company and also owns and uses a maintenance company to perform work on behalf of a property owner. In this particular situation, the licensee should disclose in writing to the property owner, the related business, labor costs of specific services and whether there are mark-ups on parts or services being charged to the owner.
- Additional fees charged by a licensee over and above those described in a property management agreement.

For example, licensees sometimes charge for the cost of photocopying records, property inspections and postage. These and any other fees charged by the licensee should be disclosed to the parties involved in the transaction.

In order to help avoid the common violations found by the Department’s auditors that involve trust fund handling and other compliance issues, the Department has available several free publications on its Web site at www.dre.ca.gov which can assist a broker in the proper handling of trust funds and other fiduciary requirements. Those publications include:(1) the 2008 Law Book, (2) Reference Book - A Real Estate Guide, (3) Broker Compliance Evaluation Manual and (4) Disclosures in Real Property Transactions.
Disciplinary Action: Dec 07 - Feb 08

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

2710 Failure to submit proof of completion of continuing education
2715 Licensee's failure to maintain current business or mailing address with DRE
2725 Failure of broker to exercise reasonable supervision over the activities of his or her salespersons
2731 Unauthorized use of fictitious business name
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 at termination of employment
2831 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 neutral escrow depository or trust fund account within three business days of receipt
2832(c) Improper handling of deposit check
2832(d) Failure of broker holding trust funds contingent on offer of acceptance to properly place funds within 3 days of acceptance
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 funds in trust account
2840 Failure to give approved borrower disclosure
2950 Violation of broker-controlled escrow requirements
2950(d) Failure of broker handling escrows to maintain records and accounts
2950(g) Broker-handled escrow dispensurement without written instructions
2950(h) Failure to disclose interest in the agency holding the escrow
2951 Improper record keeping for broker handled escrows

Business and Professions Code

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
480(a)(3) Performance of act which would have been grounds for disciplinary action
480(c) Denial of license on grounds of false statement in license application
490 Substantially related criminal conviction
498 License obtained by fraud or misrepresentation
10130 Acting without license
10131(a) Performing acts for which a real estate license is required
10137 Unlawful employment or payment of compensation
10145 Trust fund handling
10145(a) Failure of broker to place trust funds into neutral escrow depository, the hands of principal, or a trust fund account
10145(g) Failure to maintain a separate record of receipt and disposition of all trust fund
10148 Failure to retain records and make available for inspection
10148(a) 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
10163 Failure to obtain a branch office license
10165 Failure to comply with specified B&P code sections
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(d) Violation of real estate law or regulations
10177(f) Conduct that would have warranted denial of a license
10177(g) Negligence or incompetence in performing licensed acts
10177(h) Failure to supervise salespersons or licensed acts of corporation
10177(j) Fraud or dishonest dealing as principal
10177(k) Violation of restricted license condition
10177.5 Civil fraud judgment based on licensed acts
10232.25 Failure to file trust fund status reports
10232.5(a)(7) Failure to provide required information in lender disclosure statement
10234.5 Failure of broker to deliver copies of deed of trust to lender and borrower
10234.6 Failure to include license number or DRE license information telephone number in documents
10236.5 Failure to notify DRE of reporting status
10238(a) Failure of broker to notify Commissioner within 30 days of first mortgage transaction or of any material change in required notice
10238(a)(o) Failure to file reports
10238(a)(1)(2) Violation of servicing agreement
10238(k) Failure to have written agreement
10238(k)(1)(2) Violation of Service Agreement
10240 Failure to provide mortgage loan disclosure statement
10241 Improper mortgage loan disclosure statement

Financial Code

4975 et seq. Violation of covered loan requirements
# REVOLED LICENSES

## FRESNO REGION

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Effective</th>
<th>Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arfa, Mehdi (RES)</td>
<td>PO Box 7693, Berkeley</td>
<td>12/31/07</td>
<td>10137, 10176(a), 10177(d)</td>
</tr>
<tr>
<td>Dubinsky, Louisa Katrina (REB)</td>
<td>303 Porterro St., Ste. 3, Santa Cruz</td>
<td>2/8/08</td>
<td>2832.1, 10145, 10159, 10176(e), 10177(d)(h), 10232.5, 10238(a)(o)</td>
</tr>
<tr>
<td>Vieira, Bruce Alan (RES)</td>
<td>4 Percent Broker, Inc.; Sea Shore Enterprises, Inc.</td>
<td>1/30/08</td>
<td>10177(d)(g), 10240, 10236.4</td>
</tr>
</tbody>
</table>

## LOS ANGELES REGION

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Effective</th>
<th>Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masri, John J. (REB, REO)</td>
<td>9850 National Blvd., Ste. 260, Los Angeles</td>
<td>12/28/08</td>
<td>10176(a)(i), 10177(d)(g)</td>
</tr>
</tbody>
</table>

## OAKLAND REGION

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Effective</th>
<th>Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells, Charles R. (RES)</td>
<td>12516 St. #5, Huntington Beach</td>
<td>12/6/07</td>
<td>490, 10177(b)</td>
</tr>
<tr>
<td>Wilson, Chasha Lachada (RES)</td>
<td>7570 Jackson Way #1, Buena Park</td>
<td>2/4/08</td>
<td>490, 10177(b)</td>
</tr>
<tr>
<td>Yi, John Inkyoo (RES)</td>
<td>1021 S. San Marino Way, Anaheim</td>
<td>1/23/08</td>
<td>490, 10177(b)</td>
</tr>
</tbody>
</table>
Effective: 12/26/07
Violation: 10177(b)

Gold, Richard Royce (RES)
248 Junipero Serra Blvd., Daly City
Effective: 2/13/08
Violation: 10177(i)

Johnson, Patrice (RES)
264 Palm Valley Blvd., #304, San Jose
Effective: 12/6/07
Violation: 490, 10177(b)

Keech, Robert Lee (RES)
PO Box 1321, Santa Rosa
Effective: 12/26/07
Violation: 490, 10177(b)

Lewis, Arley Von Jr. (RES)
18537 Eucalyptus Dr., Los Gatos
Effective: 2/4/08
Violation: 490, 10177(b)

Luu, James (RES)
3008 Calle De Las Flores, San Jose
Effective: 1/2/08
Violation: 10176(a)(i), 10177(j)

Mabborang, Marites Balazon (RES)
5954 St. Matthew Dr., Newark
Effective: 2/6/08
Violation: 490, 10177(b)

Macasarte, Erwin (RES)
2250 Monroe St. #209, Santa Clara
Effective: 12/6/07
Violation: 490, 10177(b)

Murphy, Scott Gregory (RES)
1075 E. Brokaw Rd., San Jose
Effective: 1/2/08
Violation: 490, 10177(b)

Nguyen, Hanh Hung (RES)
120 W. Campbell Ave., #D, Campbell
Effective: 1/2/08
Violation: 10176(a)(i), 10177(j)

Okeefe, Theodore Michael (RES)
1155 Valencia Way, Pacifica
Effective: 12/6/07
Violation: 490, 10177(b)

Patton, Charles Edward (RES)
2020 S. Bascom Ave., Ste. C, Campbell
Effective: 12/10/07
Violation: 10177(b)

Revies, Maximo Azuma (RES)
68 Minnis Circle, Milpitas
Effective: 2/6/08
Violation: 490, 10177(b)

Schirra, Walter (RES)
4444 Geary Blvd. #105, San Francisco
Effective: 1/3/08
Violation: 490, 10177(b)

Shang, Wade Vincent (REB)
103 Parkgrove Dr., South San Francisco
Effective: 12/26/07
Violation: 490, 10177(b)

Stepner, Renee Ice (RES)
1614 Flanigan Way, Petaluma
Effective: 12/18/07
Violation: 490, 10177(b)

Strach, Jeff (RES)
14708 Eagle Nest Ln., Guerneville
Effective: 1/30/08
Violation: 490(a), 10177(b)

Taylor, Jonathan Scott (RES)
1268 Pome Ave., Sunnyvale
Effective: 12/6/07
Violation: 490, 10177(b)

Union City Mortgage Co., Inc. (REC)
30547 Union City Blvd., Union City
Effective: 12/6/07
Violation: 10177(d), 10234.5

Verma, Jai (REB)
1878 32nd Avenue, San Francisco
Effective: 12/31/07
Violation: 490, 10177(b)

San Francisco

SACRAMENTO REGION

Bayanzay, Hedayahulat (RES)
2357 Meadowbrook Dr., Lodi
Effective: 1/3/08
Violation: 490, 10177(b)

Erb, Michael W. (REB)
5250 Claremont Ave., Stockton
Effective: 1/16/08
Violation: 490, 10177(b)

Francis, Gregory Scott (RES)
PO Box 8301, Incline Village, NV
Effective: 12/27/07
Violation: 490, 10177(b)

Garcia, Amber Marina (RES)
533 Veneto Ct., Tracy
Effective: 1/28/08
Violation: 490, 10177(b)

Maguire, Margaretha Pearl (RES)
2001 Solano St., Corning
Effective: 1/3/08
Violation: 490, 10177(b)

Morgan, Michael R. (RES)
8055 Oak Ave., Roseville
Effective: 1/3/08
Violation: 10176(a)(i)

Norris, Thomas Mark (RES)
2419 P St. #1, Sacramento
Effective: 12/20/07
Violation: 490, 10177(b)

Phan, Tuong (RES)
8715 Fox Creek Dr., Stockton
Effective: 1/3/08
Violation: 490, 10177(b)

San Diego

Anson, George W. (REB, REO)
3620 Eve Circle, Unit K, Mira Loma
Effective: 1/31/08
Violation: 490, 10177(b)

Mehzadifar, Kiana (RES)
18971 Caminito Cantilena #12, San Diego
Effective: 1/21/08
Violation: 490(a), 10177(b)

Nelson, Kent (RES)
13789 Freeport Rd., San Diego
Effective: 1/2/08
Violation: 490, 10177(b)

Schaffner, Cary Phillip (RES)
9756 Hinsdale St., Santee
Effective: 1/2/08
Violation: 490, 10177(b)

Young, Gary Lee (RES)
6136 Mission Gorge Rd., Ste. 210, San Diego
Effective: 1/2/08
Violation: 490, 10177(b)

REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

FRESNO REGION

Anula, Elisa Isabel (REB)
1070 N. Dewitt Ave., Clovis
Effective: 2/11/08
Violation: 490, 10177(b)

Wheeler, Racheal Loraan (RES)
8029 Targa Cir. #1, Citrus Heights
Effective: 1/2/07
Violation: 490, 10177(b)

Wilkinson, James Ray (RES)
3625 Orion Way, Redding
Effective: 2/4/08
Violation: 490, 10177(b)

Williams, Johnny M. (REB)
63 Angel Island Cir., Sacramento
Effective: 1/18/08
Violation: 490, 10177(b)

Los Angeles

Ancuexau, Ian Kirk (RES)
600 Corporate Point, Ste. 1120, Culver City
Effective: 12/17/07
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Franks, John Allen (REB)
1685 S. Victoria Ave., Los Angeles
Effective: 12/10/07
Violation: 490(a)(3), 10177(f)
Right to RREB license on terms and conditions

Hsu, Jacob (REB, REO)
851 E. Valley Blvd., San Gabriel
Effective: 12/14/07
Violation: 10148, 10177(d)
Right to RREB license on terms and conditions

Lara, Antonio Jose (RES)
2730 Jackson St., Oxnard
Effective: 12/17/07
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Lloyd, Gerald David (RES)
4511 Toucan St., Torrance
Effective: 1/3/08
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Mack, Michelle Tamesa (RES)
12684 Fardon Ave., Chino
Effective: 1/3/08
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Mustard, Marie (REB)
24602 Town Center Dr. #3102, Valencia
Effective: 1/24/08
Violation: 490, 10177(b)
Right to RREB license on terms and conditions

Takvoryan, Hakop (RES)
6704 Allott Ave., Van Nuys
Effective: 12/17/07
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Uriarte, Tiburcio (RES)
411 E. Betteravia Rd. #101, Santa Maria
Effective: 1/2/08
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Oakland

Booker, Michael James (RES)
3414 Revere Ave., Oakland
Effective: 12/5/07
Violation: 10130, 10131(a), 10177(d)
Right to RRE license after 20 days on terms and conditions

Dempsey, Charles Randall (REB)
1620 Alameda Ave., Alameda
Effective: 1/3/08
Violation: 10177(f)
Right to RRES license on terms and conditions
Diaz, Molly Garcia (REB)  
2690 S. White Rd., Ste. 80, San Jose  
Effective: 12/6/07  
Violation: 10159.5, 10163, 10165, 10177(d)  
Right to RRES license on terms and conditions

Fobbs, Trina Arnette (RES)  
5558 Cedar Point Ct., Antioch  
Effective: 12/10/07  
Violation: 10130, 10177(d)(f)  
Right to RRES license on terms and conditions

Lafayette Capital Group, Inc. (REC)  
3687 Mt. Diablo Blvd., Ste. 300, Lafayette  
Effective: 12/31/07  
Violation: 2831, 2831.1, 2831.2, 2832, 2832.1, 2834, 10145, 10148(a), 10177(d), 10232.5(a)(7), 10238(k)(1/2)  
Right to RREC license on terms and conditions

Maya Realty Corp. (REC)  
22320 Foothill Blvd., Ste. 330, Hayward  
Effective: 12/5/07  
Violation: 10177(d)(g)(h)  
Right to RREC license after 12 days on terms and conditions

Mayorga, Enrique Mauricio (RES)  
1603 Garvin Ave., Richmond  
Effective: 2/4/08  
Violation: 490, 10177(d)  
Right to RRS license on terms and conditions

Ruegg, Steven Latapie (REB)  
3687 Mt. Diablo Blvd., Ste. 300, Lafayette  
Effective: 12/31/07  
Violation: 10177(d)(b)  
Right to RRE license on terms and conditions

SACRAMENTO REGION

Ajayi, Samuel O. (REB)  
2325 El Camino Ave., Sacramento  
Effective: 12/26/07  
Violation: 2831, 2832(a)(c)(d), 10145(a)(1)(g), 10176(a)(b)(b), 10177(d)(g), 10240, 10241  
Right to RRES license on terms and conditions

Dhillon, Amarveer Singh (RES)  
1921 Delafield Way, Sacramento  
Effective: 1/9/08  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

SAN DIEGO REGION

Aguilar, Miguel Angel (RES)  
3805 Royal Burg Dr, Murrieta  
Effective: 12/6/07  
Violation: 490, 10177(b)  
Right to RRES license on terms and conditions

Crabb, Christopher Matthew (REB)  
871 Harold Place #105, Chula Vista  
Effective: 1/2/08  
Violation: 10177(d)  
Suspended for 90 days—stayed for 2 years on terms and conditions

SUSPENDED WITH STAY

FRESNO REGION

Beck, Paul Eugene (REB)  
17026 Road 38, Madera  
Effective: 12/10/07  
Violation: 10137, 10177(d)  
Suspended for 60 days—stayed for 2 years on terms and conditions

Lesouche, Donald Paul (REB)  
575 E. Alluvial Ave., Ste. 102, Fresno  
Effective: 12/26/07  
Violation: 10177(g)(h)  
Suspended for 30 days—stayed for 2 years on terms and conditions

Realty Property Management, Inc. (REC)  
2750 N. Clovis Ave., Ste. 127, Fresno  
Effective: 12/26/07  
Violation: 10177(g)  
Suspended for 30 days—stayed for 2 years on terms and conditions

LOS ANGELES REGION

Beans, Daryl Scott (REB, REO)  
9411 Haven Ave., 2nd Floor, Rancho Cucamonga  
Effective: 1/2/08  
Violation: 28332.1, 2834, 2950(d)(g)(h), 2951, 10145, 10159.2, 10177(d)  
Suspended for 90 days—stayed for 2 years on terms and conditions

Cisneros, Laura P. (REB, REO)  
11450 Church St. #142, Rancho Cucamonga  
Effective: 2/1/08  
Violation: 2715, 2831, 2831.1, 2832(a), 2832.1, 2834, 2950(d)(g)(h), 2951, 10145, 10159.2, 10163, 10177(d)(g)(b)  
Suspended for 90 days—stayed for 2 years on terms and conditions

Cisneros, Laura P. (REB, REO)  
9227 Haven Ave., Ste. 330, Rancho Cucamonga  
Effective: 1/2/08  
Violation: 2831, 2833, 2834, 10145, 10159.2, 10177(d)(g)(b)  
Suspended for 90 days—stayed for 2 years on terms and conditions

Ochoa, Jorge (REB, REO)  
1475 S. State College Blvd., Ste. 228, Anaheim  
Effective: 1/2/08  
Violation: 2831, 2831.1, 2832, 2834, 2950(d)(g)(h), 2951, 10145, 10159.2, 10177(d)(g)(b)  
Suspended for 90 days—stayed for 2 years on terms and conditions

Prime Choice Escrow Corporation (REC)  
9411 Haven Ave., 2nd Floor, Rancho Cucamonga  
Effective: 1/2/08  
Violation: 2831, 2831.1, 2834, 2950(d)(g)(h), 2951, 10145, 10177(d)(g)(b)  
Suspended for 90 days—stayed for 2 years on terms and conditions

Van Rijs, Adrian (REB, REO)  
18850 Ventura Blvd., Ste. 130, Tarzana  
Effective: 1/30/08  
Violation: 2831.1, 2831.2, 2834, 2950(d)(g), 2951, 10145, 10177(d)(g)  
Suspended for 90 days—stayed for 2 years on terms and conditions

OAKLAND REGION

Bernard, Robert Mark (REB)  
662 Broadway, Sonoma  
Effective: 12/5/07  
Violation: 2831, 2831.1, 2831.2, 2832, 2832.1, 2833, 10145, 10148, 10159.2, 10177(d)(g)(h)  
Suspended for 60 days—stayed for 2 years on terms and conditions

Newberry, Jorge Percival (REB, REO)  
19100 Ventura Blvd. #9, Tarzana  
Effective: 2/18/08  
Violation: 2831, 2831.1, 2834, 10145, 10159.2, 10177(d)(g)(b)  
Suspended for 90 days—60 days stayed for 2 years on terms and conditions

Officer of:  
Prime Choice Escrow Corporation  
Money Plus Financial, Inc.  
Oakland Property Management, Inc.
Continuing education

Continued from page 2

- The remaining clock hours required to complete the 45 hours of continuing education may be related to either consumer service or consumer protection courses.

All second and subsequent renewals for either salesperson or broker: must complete 45 clock hours of DRE-approved continuing education consisting of:

- Either 12 hours of continuing education courses in Ethics, Agency, Trust Fund Handling, and Fair Housing OR one 6-hour survey course that covers these four mandatory subjects;
- One 3-hour course in Risk Management;
- At least 18 clock hours of consumer protection courses;
- The remaining clock hours required to complete the 45 hours of continuing education may be related to either consumer service or consumer protection courses.

Q. I’ve heard there is now an 8-hour survey course, as well as a 6-hour survey course. What are these and when can I take them?

A. The 6-hour survey course will provide the licensee with an update and summary covering the four required topics of ethics, agency, fair housing and trust fund handling. The 6-hour survey will be used for a second or subsequent renewal when the licensee must also complete a 3-hour course in risk management. The 8-hour survey course will provide the licensee with an update and summary covering the five required topics of ethics, agency, fair housing, trust fund handling, and risk management. The 8-hour survey course will be used for a second and subsequent license renewal after a licensee has submitted completion of a 3-hour course in risk management for a prior license renewal or on or after July 1, 2007.

Q. Instead of taking the survey course, can I just complete the individual 3-hour courses?

A. Yes. If a licensee chooses to complete the individual 3-hour courses in lieu of the survey courses, they will be accepted toward the licensee’s renewal requirement. However, the licensee must complete all of the required 3-hour courses appropriate to the particular survey course.

If you have any questions that have not been addressed, or comments concerning the continuing education program, please contact the Education Section staff at (916)227-0894.
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.

PART A

PUBLICATIONS

<table>
<thead>
<tr>
<th>DRE RE#</th>
<th>Title of Publication</th>
<th>Cost</th>
<th>Quantity</th>
<th>Your Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reference Book — A Real Estate Guide (Rev. 2000)</td>
<td>$20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>2008 Real Estate Law Book &amp; CD set</td>
<td>$25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Disclosures in Real Property Transactions</td>
<td>$10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Operating Cost Manual for Homeowner Associations</td>
<td>$10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Reserve Study Guidelines for Homeowner Association Budgets</td>
<td>$10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Instructions to License Applicants</td>
<td>free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Trust Funds</td>
<td>free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>A Guide for Residents Purchasing Their Mobile Home Park</td>
<td>free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Trust Deed Investments — What You Should Know!!</td>
<td>free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35A</td>
<td>Using the Services of a Mortgage Broker</td>
<td>free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Living in a California Common Interest Development</td>
<td>free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>A Consumer Guide to Filing Real Estate Complaints</td>
<td>free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>Reverse Mortgages — Is One Right for You?</td>
<td>free</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PART B

SHIPPING INFORMATION

Shipping Name
License or Exam ID#
Shipping Address
City
State
Zip Code

Subtotal $______
CA Sales Tax* $______ (Tax rate used* ______ %)
Total Enclosed $______

* See tax information above.

PART C

CREDIT CARD PURCHASE

To purchase publication by credit card, complete the following:

Method of Payment

VISA  □  MASTERCARD  □  AMERICAN EXPRESS  □

Account Number
Expiry Date of Card

Amount Authorized
Signature of Cardholder

Printed Name of Cardholder

Telephone Number
Disclosures and REOs
Continued from page 1

Most certainly, the lender-seller of an REO must disclose all known defects and the adverse and material information it knows about the property. In addition, there are other disclosures required for REO sales, such as those pertaining to lead-based paint hazards, natural hazards (such as flood, seismic, and fire), water heater bracing compliance, Megan’s Law and the registered sex offender database, smoke detector compliance, and certain others. The California Association of Realtors (“C.A.R”) has published a Sales Disclosure Chart for Realtors that provides an instructive and useful list of the special disclosure requirements for the sale(s) of REO properties, and it can be accessed through C.A.R. The California Department of Real Estate has a publication entitled “Disclosures in Real Property Transactions” (6th ed. 2005), which is available for purchase from the department, or can be downloaded without cost from the Department’s Web site, at www.dre.ca.gov (under Publications). The Department publication covers common disclosures generally required in real estate transactions.

Real estate licensees who represent the seller and/or the buyer in the sale or purchase of REOs must provide the proper agency relationship disclosures, and also have the legal obligation to conduct a diligent and “reasonably competent” visual inspection of the properties and to disclose to buyers all of the material facts revealed by the visual inspection “materially affecting the value or desirability of the property[ies] that an investigation would reveal…” Section 2079 (a) of the California Civil Code.

In addition, there may be other disclosures that are necessary and appropriate based on the circumstances of the particular property or transaction, and/or the knowledge of the parties.

Of course, prospective buyers of REOs really need to understand that the home they are purchasing was previously owned, that it might have faults, and that the buyers should undertake to have the home examined and inspected. They would be well-advised (and perhaps should be so advised by disclosure or otherwise) to get a home inspection(s) from a competent, knowledgeable professional before buying. Inspection due diligence is especially of critical importance in REO “as is” sales where the lender-seller has no firsthand information about the true condition of the property. An inspection(s) might uncover problems, defects, and other adverse conditions and important information which would be material to the buyer’s decision to purchase.