



# REAL ESTATE BULLETIN

Gray Davis, Governor  
 Maria Contreras-Sweet, Secretary, Business, Transportation, & Housing Agency  
 Paula Reddish Zinnemann, Real Estate Commissioner

<http://www.dre.ca.gov>

Department of Real Estate

Summer 2003

## Exam and license fees Proposed decrease

Due to a favorable real estate market and historically low interest rates, the Department has experienced a substantial increase in examination, license and subdivision applications. As a result, revenue has exceeded expectations and the Department's reserves have increased beyond the statutorily mandated maximum. Therefore, a fee reduction is in order. The Department has proposed Regulations to lower examination and license fees effective August 31, 2003 as indicated in the chart below.

With regard to examination and original license applications, the proposed reduced fees would apply to applications filed on or after August 31, 2003. For mailed applications, the official U.S. Postal Service post mark date

would be used to determine the filing date. With respect to on time license renewal applications, the license expiration date determines which fee will be due. Licenses which expire on or before August 29, 2003, will be subject to the current fee, if renewed on time, since the new four year license effective date falls on or before August 30, 2003. Licenses which expire on and after August 30, 2003 and any license renewal application filed on a late basis after that date, would be subject to the new proposed fees.

It is anticipated that a final determination concerning the new proposed fees will be made by the end of July 2003. That information will be made available on the DRE Web site [www.dre.ca.gov](http://www.dre.ca.gov).

### Examination and License Fee Schedule

	Current Fees		Proposed Eff. 8/31/03	
	Sales	Broker	Sales	Broker
Examination	\$60	\$95	\$25	\$50
Re-examination	\$60	\$95	\$25	\$50
Rescheduled Exam (1 <sup>st</sup> time only)	\$15	\$20	\$10	\$15
Rescheduled Exam (each additional)	\$30	\$30	\$25	\$25
Original License, Conditional	\$178	NA	\$145	NA
Original License, Normal	\$129	\$218	\$120	\$165
Renewal, On-Time	\$129	\$218	\$120	\$165
Renewal, Late	\$193	\$327	\$180	\$248
Fingerprint Processing Fee	\$56*	\$56*	\$56*	\$56*

\* The \$56 fingerprint processing fee is required if the applicant has never been licensed by this Department or if a license expired more than two years ago.

## License disclosures in advertising

The California Real Estate Law requires all licensees to disclose their licensed status when advertising any activities for which a real estate license is required. This is a fact that should be well known to all licensees. What you may not know is, depending on the nature of your real estate business and the target audience of your advertisement, the type of license disclosure will be substantially different. This article is intended to distinguish between, and provide some history of, the license disclosures that are required when advertising real estate services and when advertising mortgage loans to prospective borrowers and potential loan investors (lenders).

Since 1965, real estate brokers and agents have been required by Business and Professions Code Section 10140.6 to include a designation in their advertisements that they are performing acts which require a real estate license. Typically, these advertisements are for the sale or lease of real property. That same year, Commissioner's Regulation 2770.1 was implemented by the DRE and allows licensees to use terms such as "broker," "agent," and the abbreviations "bro.," "agt." or other similar terms and abbreviations to satisfy the license disclosure requirement. The purpose of the law was to prevent so-called "blind ads" and to allow consumers to know they would be dealing with an agent or broker, and not the principal, in the prospective transaction.

The legislature recognized that additional license disclosures were needed in advertising mortgage loan transac-

*Continued on page 12*

**REAL ESTATE BULLETIN**

Official Publication of the  
California Department of Real Estate

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STATE OF CALIFORNIA

GRAY DAVIS, Governor

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

MARIA CONTRERAS-SWEET, Secretary

DEPARTMENT OF REAL ESTATE

PAULA REDDISH ZINNEMANN, Commissioner

**PRINCIPAL OFFICE**

We're located at: 2201 Broadway, Sacramento, 95818-2500  
Mailing Address: P.O. Box 187000, Sacramento, 95818-7000

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- Thomas L. Pool, *Asst. Comm., Legislation & Public Information Services*
- Sam Perrotti, *Assistant Commissioner, Subdivisions*
- Fa-Chi Lin, *Chief Auditor*
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- Betty R. Ludeman, *Managing DC IV, Education*
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**Real Estate Bulletin**

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Broker Examinations .....	(916) 227-0899
Salesperson Examinations .....	(916) 227-0900
Original Licensing (sales/brokers) .....	(916) 227-0904

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- Steve Ellis, *Managing Deputy Commissioner IV*
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- 1515 Clay Street, Suite 702, **Oakland**, 94612-1462  
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Consumer Information ..... (510) 622-2552
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Consumer Information ..... (619) 525-4192

**SOUTHERN ENFORCEMENT AREA — DISTRICT OFFICES**

- Dolores Ramos, *Managing Deputy Commissioner IV*
- 320 W. 4th Street, Suite 350, **Los Angeles**, 90013-1105  
Maria Suarez, *Managing Deputy Commissioner III*  
Consumer Information ..... (213) 620-2072

**SUBDIVISIONS**

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- 2201 Broadway, **Sacramento**  
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Consumer Information ..... (916) 227-0813
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# DRE receives award for creative and effective use of technology

Microsoft presented the Department of Real Estate (DRE) with a 2003 Microsoft Solution Showcase Award for **eLicensing**, the interactive online system that allows real estate licensees to complete license renewals and change transactions via the Internet. The award recognizes the DRE as a leader in applying technological solutions to creatively address the challenges of modern governing in a quest for better, more efficient service to the public. Real Estate Commissioner Paula Reddish Zinnemann and Assistant Commissioner Barbara Bigby accepted the award on behalf of the DRE at an awards ceremony held May 15, 2003.

In the award presentation, Microsoft stated:

“**eLicensing** is an exciting and innovative service that has been very well received by the real estate industry. This system was designed and developed by DRE staff in record time using the Microsoft suite of Web products, at low cost and risk to the State of California.

Microsoft offers its congratulations to the Department of Real Estate on winning this award.”

**eLicensing** is available on the DRE Website [www.dre.ca.gov](http://www.dre.ca.gov).



Pictured above from left to right: Al Cabraloff, Regional Director, Microsoft State and Local Government; Paula Reddish Zinnemann, Real Estate Commissioner; Barbara Bigby, Assistant Commissioner, Licensing and Administrative Services, DRE

## Real Estate Advisory Commission

Dave Brooks  
Jacqueline Carlisle  
Richard Gaylord  
Joyce Harris

Maxene Johnston  
Mark Lamken  
Norman Orr  
Alexis Wong

## Undisclosed compensation Grounds for revocation of license



One of the functions of the Department's Audit Section is to investigate complaints involving the handling of client's funds in real estate transactions. Many transactions require specific disclosures to the parties as to how the money was or will be distributed. In this regard, auditors frequently find that licensees have not fully disclosed all of their compensation to their clients (i.e., sellers, lenders, borrowers).

Compensation can come in many forms, including real estate commissions, property management fees, loan origination fees and mortgage loan servicing fees. These different types of compensation are normally disclosed on a purchase contract, property management agreement, mortgage loan disclosure statement or loan servicing agreement.

The real estate market is very competitive and with inflation affecting many fixed operating costs, some licensees have looked for different ways to at least cover part of their overhead. The problem often discovered by auditors is that some licensees collect from or charge clients in excess of costs incurred. This additional amount of money is therefore considered to be income and must be disclosed to the licensee's clients. This disclosure should be made whether these clients are buyers or sellers of real estate, investors or borrowers in loan transactions, or owners of rental property. The following are some examples of additional compensation earned by licensees that should be disclosed to clients *prior to* collection:

- ***A licensee maintaining a property management company who also owns and uses a maintenance company to perform work on behalf of a property owner.***

In this particular situation, the lic-

ensee should disclose in writing to the property owner, the related business, and the costs of specific services including compensation to the broker, being charged to the owner.

- ***Late fees earned by the licensee.***  
Any portion of a late fee going directly or indirectly to a licensee should be disclosed to the property owner or investor.
- ***Returned check/bank fees over and above the amount being charged to the licensee.***

For example, a real estate broker deposits into his or her trust account a mortgage payment received from a borrower for a trust deed investor and the check for the mortgage payment subsequently bounces a few days later. The real estate broker is charged \$15 by the bank for the returned check. The real estate broker in return charges the borrower \$25 for the returned check. The additional \$10 earned by the real estate broker should be disclosed to the borrower and the investor *prior to* collection by the broker.

- ***Additional fees charged by a licensee over and above those described in a property management agreement or a loan servicing 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 prior to collection.

Business and Professions Code Section 10176(g) allows the Real Estate Commissioner to temporarily suspend or permanently revoke a real estate license if the licensee is found guilty of

claiming or taking any secret or undisclosed amount of compensation, commission or profit, or for the failure of a licensee to reveal to the employer of such licensee the full amount of such compensation, commission or profit.

The following is an example from a case against a licensee for failing to fully disclose all compensation to his fiduciaries:

The broker was managing properties for the public in expectation of compensation. He collected rents, advertised, screened tenants, made mortgage payments and was responsible for repairs. The monthly management fee was disclosed in the broker's property management agreements. The auditor discovered that the broker was not disclosing a 25% mark-up on his advertising to his property owners. The auditor also found that there were several owners that did not have a property management agreement with the broker. Based on the audit findings, the Department's Legal Section filed an Accusation against the broker based in part on the undisclosed compensation and other trust fund violations. The Department and the broker settled before going to an administrative hearing with the broker's license being revoked, but requiring him to apply for a restricted broker license. Because of the trust fund violations, he also had to pay the cost of a follow-up audit to ensure that all prior violations, including undisclosed compensation, were corrected. The costs in this case were approximately \$1,100. Now, the broker would also be required to take a trust funds course.

Licensees should therefore protect themselves against civil and/or disciplinary action by fully disclosing all compensation to their clients. Failure to disclose compensation could otherwise be very costly in more ways than one. 🏠

## The broker escrow agent exemption

# What every broker should know

During the course of investigating and auditing complaints, the Department of Real Estate (DRE) occasionally finds real estate brokers who are misusing the real estate broker exemption from the escrow agent licensing requirements set forth in the Escrow Law. Because violating the Escrow Law can subject the violator to administrative discipline against the real estate license plus civil and criminal penalties, it is important that all real estate brokers understand the limitations of the broker escrow agent exemption. This article briefly discusses the scope of the real estate broker exemption from escrow agent licensing requirements.

Escrow companies are licensed and regulated by the California Department of Corporations under the Escrow Law beginning at Section 17000 of the Financial Code. Section 17006(d) exempts a real estate broker from the requirements of the Escrow Law while performing activities incidental to a real estate transaction in which the broker is an agent and is performing an act for which the real estate license is required. Unless this requirement is met, a real estate broker may not perform the neutral third party duties of an escrow provider. In addition, when a broker operates an escrow division, there are other restrictions that apply. For instance, a broker may not advertise that he or she conducts escrow services unless the advertisement states that the broker can only perform escrows in transactions in which the broker is acting as an agent. Also, a broker may not contract out for escrow services to be performed by other parties as the exemption is personal to the broker and he or she must personally control and supervise the escrow transaction.

When a broker does handle an escrow pursuant to the exemption pro-

vided in the Financial Code, the broker is subject to all of the requirements of the Real Estate Law, as contained in the Business and Professions Code and the Regulations of the Real Estate Commissioner. Regulation 2950 specifically applies to brokers when they are handling an escrow and prohibits the following acts:

- Escrow instructions with blanks to be filled in and after signing;
- Making additions, deletions or alterations to escrow instructions unless signed by all parties to the instructions;
- Failure, upon execution, to deliver to all parties who signed them, a copy of the escrow instructions;
- Failure to maintain proper books, records and accounts in accordance with accepted principals of accounting and good business practice;
- Failure to maintain a physical office and have all records available for inspection, examination, and audit by the DRE;
- Failure to deposit escrowed funds in a bank trust account or escrow account before close of the next business day;
- Withdrawing or paying out any deposited funds without written authorization from the person who paid the money into escrow;
- Failure to give all parties written notice that any licensee in the transaction has any interest as a stockholder, officer, partner or owner of the brokerage holding the escrow;
- The failure, at closing, to give each party a written accounting of all receipts and disbursements including the name of the person to whom any disbursement is made; and
- Delivering or recording a real prop-

erty transfer instrument without first obtaining the transferor's written consent.

In addition, brokers should be particularly aware of the restrictions set forth in Section 10177.4 of the Business and Professions Code when operating an escrow division. Under this statute, real estate licensees are prohibited from claiming, demanding or receiving a commission, fee or other consideration, as compensation or inducement for the referral of customers to, among other service areas, any escrow agent. One area in which violations can occur is when the broker offers a progressive compensation plan to encourage salespersons to refer business to the broker's affiliated escrow service. Under such plans, a salesperson may accumulate points for each escrow referred to the broker's affiliated escrow service that can be used to move the salespeople to higher commission schedules. In other cases, salespersons apply the points toward trips, contests and other bonuses. Participation in such plans is a violation of Section 10177.4 and may subject a salesperson to disciplinary action. The willful disregard of Section 10177.4 may also result in disciplinary action against the broker's license.

The real estate broker exemption from escrow agent licensing requirements was not intended to allow real estate brokers to freely compete with escrow companies; rather, real estate brokers may provide an incidental service to a client in a real estate transaction without the necessity of being licensed by both the DRE and the Department of Corporations. When operating an escrow division, real estate brokers should exercise caution to ensure that they comply with all applicable provisions of the Real Estate Law and the Financial Code. 🏠

# FIDUCIARY — what it does *not* mean

All licensed real estate brokers should have a good understanding of the meaning of the word “fiduciary.” The American Heritage® Dictionary of the English Language (Fourth Edition) defines “fiduciary” as: “... relating to a holding of something in trust for another...” or “... of or being a trustee or trusteeship...”

This definition describes the relationship of a broker holding funds belonging to a client in the course of performing licensed acts. Unfortunately, there are brokers who violate this fiduciary responsibility, and in doing so they violate the Real Estate Law and the Commissioner’s Regulations.

A case in point was when the DRE performed a routine audit of the records of a broker who was performing property management activity. The DRE auditor found a trust fund shortage of more than \$250,000.

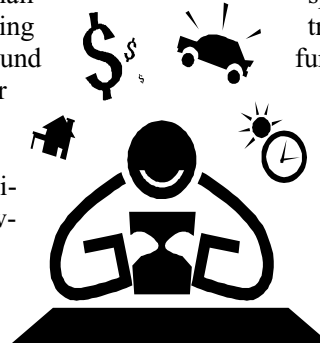
Even though this was a routine audit, from the start there were signs that something was wrong. One of the first signs was that the broker’s attorney called the auditor to postpone the appointment for the audit (unusual for a routine audit). In addition to that, at the entrance conference the attorney stated that trust funds were missing from the trust account — a pretty clear message that there were serious problems.

Initially, the auditor found that the trust records were not reliable and the broker provided a limited amount of records. The auditor did everything possible with the available records to determine what happened to the trust funds.

Discrepancies in handwritten checks from the trust account were the key to the audit findings. Most checks were created by accounting software and appeared to have been used for legitimate client expenses. The checks written by hand told another story. The handwritten checks indicated that the broker was paying for rent, supplies, telephone and pager expenses, consultants and other business and personal expenses out of the trust account. The broker also wrote checks

from the trust account to pay for painting work allegedly done by his son-in-law and his girlfriend’s son. These payments were questionable because of their frequency. The broker also hired his girlfriend as a property manager for \$5,000 per month to oversee a small portion of the properties being managed. The auditor also found evidence that expenses for landscaping his girlfriend’s home (\$1,000) were paid out of the trust account. The auditor found one other unallowable trust account practice: the broker was making payments for his car loan and gasoline expenses out of the trust account

on a monthly basis via an automated debit. Thus, in addition to converting trust funds, the broker also made unauthorized disbursements to others.



In this case, the broker blatantly disregarded the fiduciary responsibility he owed to his clients and took advantage of them by using their funds to pay for personal and other expenses. Real estate brokers who abandon their fiduciary responsibility when handling trust funds and convert trust funds to personal uses will be subject to license discipline. Moreover, when appropriate, such findings will be referred to the local district attorney for possible criminal prosecution.

This audit was referred to the DRE’s Enforcement and Legal Sections, who took action to revoke the broker’s real estate license. It was also referred to the local district attorney. 🏠

## What’s New on the DRE Web Site

- ✓ **Learn to use eLicensing** – Licensees are provided step by step instructions for logging on to the eLicensing system, renewing a salesperson license and renewing a broker license in new tutorial slideshows.
- ✓ **Current processing time frames** – Important information regarding telephone system availability and application processing time frames with advice for licensees.
- ✓ **New eLicensing service** — Change main office address on-line.
- ✓ **New education requirements for license applicants effective July 1, 2003** – Completion of a course in Real Estate Practice will be required of new applicants for a salesperson license.
- ✓ **Recovery Account information and forms**
- ✓ **Time-shares information**
- ✓ **Proposed regulations**

These features and more are available at [www.dre.ca.gov](http://www.dre.ca.gov).

# Disciplinary Action — Dec. 2002 to Feb. 2003



- ✓ 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 Com-

missioner, both of which are printed in the *Real Estate Law* book. The *Real Estate Law* book is available for purchase from the Department of Real Estate (see page 11 or DRE Web site).

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

## Commissioner's Regulations

2725	Failure of broker to exercise reasonable supervision over the activities of his or her salespersons
2731	Unauthorized use of fictitious business name
2831	Failure to keep proper trust fund records
2831(a)(6)	Failure to keep records of trust funds not deposited in account
2831.1	Inadequate separate trust fund beneficiary records
2831.2	Failure to reconcile trust account
2832	Failure to comply with trust fund handling provisions
2832(a)	Failure of broker to place trust funds into hands of owner, into a neutral escrow depository or trust fund account within three business days of receipt
2832.1	Failure to obtain permission to reduce trust fund balance in a multiple beneficiary account
2834	Trust account withdrawals by unauthorized or unbonded person
2835	Retention of broker funds in trust account
2970	Failure to submit advance fee material for review
2972	Advance fee accounting

## INDEFINITE SUSPENSIONS

(under Recovery Acct. provisions)

<b>Alex, Anthony Paul (RES)</b>
470 Amber Way, Petaluma
Effective: 12/12/02
<b>Daly, Frank Joseph (REB)</b>
12759 Poway Rd., Ste. 102, Poway
Effective: 1/9/03
<b>Eitzen, Joe D. (REB)</b>
8320 Hwy 99 East, Los Molinos
Effective: 2/20/03
<b>Flores, Maria A. (REB)</b>
149 N. Santa Anita Ave., Arcadia
Effective: 1/14/03
<b>Oleata, Lonnie (REB)</b>
316 S. McDowell Blvd., Petaluma
Effective: 2/28/03
<b>United Trade Properties, Inc. (REC)</b>
PO Box 818, Los Molinos
Effective: 2/20/03
<b>Weaver, Joycelyn Mahree (RES)</b>
PO Box 1358, Redding
Effective: 2/4/03
<b>Weismann, Paul Michael (RES)</b>
177 Riverside Dr., Newport Beach
Effective: 2/4/03

## REVOKED LICENSES

### Fresno Region

<b>Sotelo, Nora (RES)</b>
524 Mable Ave., Modesto
Effective: 2/7/03
Violation: 498, 10177(a)

### Los Angeles Region

<b>Amirraftabi, Mina (RES)</b>
PO Box 3192, Rolling Hills Estates
Effective: 2/10/03
Violation: 10177.5
<b>Anastasi Realtors, Inc. (REC)</b>
1200 Aviation Blvd., #100, Redondo Beach
Effective: 2/27/03
Violation: 490, 10177(b)
<b>Anastasi, Lloyd Ralph (REO)</b>
1200 Aviation Blvd., #100, Redondo Beach
Effective: 2/27/03
Violation: 490, 10177(b)
<b>Caldwell, Vivian Alice (REB)</b>
3340 Riverside Dr., #M, Chino
Effective: 1/9/03
Violation: 490, 10177(b)
<b>Chapman, Christopher Lee (RES)</b>
621 Fantasy St., Palmdale
Effective: 12/31/02
Violation: 490, 10177(b)

## Business and Professions Code

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
10085	Failure to submit advance fee materials
10130	Acting without license
10137	Unlawful employment or payment of compensation
10146(a)	Trust fund handling
10145	Trust fund handling
10145(c)	Failure by salesperson to deliver trust funds to broker
10145(g)	Failure to maintain a separate record of receipt and disposition of all trust funds
10146	Advance fee handling
10148	Failure to retain records and make available for inspection
10159.5	Failure to obtain license with fictitious business name
10176(a)	Making any substantial misrepresentation
10176(e)	Commingling trust funds with brokers funds
10176(f)	Exclusive listing agreement without definite termination date
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
10177.5	Civil fraud judgment based on licensed acts

<b>Cortes, Juan Pablo (RES)</b>
2809 Estara Ave., Los Angeles
Effective: 2/13/03
Violation: 490, 10177(b)

<b>Hernandez, Daniel Ybarra (REB)</b>
9510 Firestone Blvd., Downey
Effective: 1/9/03
Violation: 490, 10177(b)

<b>Linares, Francisco William (RES)</b>
8232 Shadyside Ave., Whittier
Effective: 2/13/03
Violation: 498, 10177(a)

<b>McCandless, Timothy Lee (REB)</b>
201 S. Broadway, Los Angeles
Effective: 5/1/01
Violation: 10177(f)

<b>Nasser, Charles Arling (REB)</b>
440 Fantasy Dr., Palmdale
Effective: 1/9/03
Violation: 2831, 2831.1, 2831.2, 2832, 2832.1, 2834, 10145(a)(g), 10176(e)(i), 10177(d)(g)

<b>Nguyen, Truong Minh (REB)</b>
15650 Marie Pl., Westminster
Effective: 12/2/02
Violation: 480(c), 10177(a)(f)

<b>Oliva, Jaime (RES)</b>
8300 Sixth Ave., Hesperia
Effective: 2/10/03
Violation: 490, 10145(c), 10176(e)(i), 10177(b)(d)

<b>Parmer, Oscar (RES)</b>
427 E. Hardy St., Ingelwood
Effective: 1/22/03
Violation: 490, 10177(b)

<b>Reedy, Philip Evan (RES)</b>
4705 West 161 <sup>st</sup> St., Lawndale
Effective: 1/8/03
Violation: 490, 10177(b)

<b>Sotero, Renee Lee (RES)</b>
5963 Hesperia Ave., Encino
Effective: 1/27/03
Violation: 10176(i)




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**Oakland Region**

**Daman, Jim (RES)**  
3155 Stone Valley Rd., Danville  
*Effective:* 2/14/03  
*Violation:* 490, 10177(b)

**Frierson, Brian Avery (REB)**  
157 Temescal Cir., Emeryville  
*Effective:* 12/19/02  
*Violation:* 490, 10177(b)

**Masoud, Basel Shafiq (RES)**  
PO Box 921, Pacifica  
*Effective:* 1/9/03  
*Violation:* 490, 10177(b)

**Rupprecht, Michael William (REB)**  
18 Crow Canyon Ct., Ste. 160,  
San Ramon  
*Effective:* 2/24/03  
*Violation:* 490, 10177(b)

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**Sacramento Region**

**Heinricks, Richard (REB)**  
8925 Emerald Park Dr.,  
Elk Grove  
*Effective:* 12/9/02  
*Violation:* 490, 10145,  
10176(a)(e)(i), 10177(b)(d)

**Pennington, David Allan (RES)**  
PO Box 180, Carmichael  
*Effective:* 11/18/02  
*Violation:* 490, 10177(b)

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**San Diego Region**

**Burd, Paul G. (RES)**  
5757 Lake Murray Blvd., #112,  
La Mesa  
*Effective:* 1/6/03  
*Violation:* 490, 10177(b)

**Scheuer, Marie Ellen (REB)**  
13643 Cuesta Del Sol, Lakeside  
*Effective:* 12/30/02  
*Violation:* 2832, 10145, 10148,  
10177(d)

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**REVOKED WITH A RIGHT  
TO A  
RESTRICTED LICENSE**


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**Los Angeles Region**

**Anand, Atul K. (REB)**  
19191 S. Vermont Ave., Ste. 565,  
Torrance  
*Effective:* 2/27/03  
*Violation:* 10177.5  
Right to RREB license on terms  
and conditions

**Beardslee, Clark Smith (REB)**  
5200 Warner Ave., #105,  
Huntington Beach  
*Effective:* 12/20/02  
*Violation:* 2831, 2832, 2832.1,  
10145, 10177(d)  
Right to RREB license on terms  
and conditions

**Cohen, Irven Alan (REB)**  
4018 Declaration Ave., Calabasas  
*Effective:* 12/16/02  
*Violation:* 490, 10177(b)  
Right to RREB license on terms  
and conditions

**Dones, Rommel Ordonez (RES)**  
8309 Jackson St., Paramount  
*Effective:* 2/24/03  
*Violation:* 490, 10177(b)  
Right to RRES license on terms  
and conditions

**Dunehew, Loretta Carole (RES)**  
PO Box 265, Fillmore  
*Effective:* 2/11/03  
*Violation:* 490, 10177(b)  
Right to RRES license on terms  
and conditions

**Escalera, Irene R. (RES)**  
2310 Elsinore Rd., Riverside  
*Effective:* 1/15/03  
*Violation:* 490, 10177(b)  
Right to RRES license on terms  
and conditions

**Gan, Jeffrey Nam Seong (RES)**  
1728 Crystal Canyon Dr., Azusa  
*Effective:* 1/28/03  
*Violation:* 490, 10177(b)  
Right to RRES license on terms  
and conditions

**Kingsley, Mark Richard (RES)**  
11433 Julius Ave., Downey  
*Effective:* 1/23/03  
*Violation:* 490, 10177(b)  
Right to RRES license on terms  
and conditions

**McLellan, Robert Guy (REB)**  
3600 Lime St., #311, Riverside  
*Effective:* 2/6/03  
*Violation:* 490, 10177(b)  
Right to RRES license on terms  
and conditions

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**Oakland Region**

**Berquist, Andrew (REB)**  
11700 Dublin Blvd., Ste. 200,  
Dublin  
*Effective:* 2/5/03  
*Violation:* 2725, 2731, 2970,  
2972, 10085, 10146, 10159.5,  
10177(d)(h)  
Right to RRES license on terms  
and conditions

**Del Favero, Alfred Joseph (REB)**  
2404 Whitetail Dr., Antioch  
*Effective:* 12/6/02  
*Violation:* 2831(a)(6), 10176(a),  
10177(d)  
Right to RREB license on terms  
and conditions

**Dise, Veronica Collette (RES)**  
PO Box 22183, Oakland  
*Effective:* 1/6/03  
*Violation:* 490, 10177(b)  
Right to RRES license on terms  
and conditions

**Fitz-Stephens, Robert Ruland (REB)**  
1515 Oakland Blvd., #160,  
Walnut Creek  
*Effective:* 2/11/03  
*Violation:* 10177(h)  
Right to RREB license on terms  
and conditions

**Laporta, Craig Bennett (RES)**  
1266 Deharo St., San Francisco  
*Effective:* 12/30/02  
*Violation:* 498, 10177(a)  
Right to RRES license on terms  
and conditions

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**Sacramento Region**

**Cole, Ronald Keith (REB, REO)**  
8340 Auburn Blvd., Ste. 100,  
Citrus Heights  
*Effective:* 1/29/03  
*Violation:* 10176(a)(i), 10177(d)  
Right to RREB license on terms  
and conditions

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**San Diego Region**

**Horne, Dana Kyle (REB)**  
6910-B Miramar Rd., Ste. 203,  
San Diego  
*Effective:* 1/28/03  
*Violation:* 2831, 2831.1, 2831.2,  
2832, 2832.1, 2834, 2835, 10137,  
10145, 10176(e)(f), 10177(d)  
Right to RREB license on terms  
and conditions

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**SUSPENDED WITH  
STAY**


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**Los Angeles Region**

**Herwig, Bruce Seymour (REB)**  
2660 East 29<sup>th</sup> St., Highland  
*Effective:* 12/24/02  
*Violation:* 10177(d)  
Suspended for 90 days; stayed for  
2 years on terms and conditions

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**Oakland Region**

**Villa, Joseph James (REB)**  
5499 Bancroft Ave., Oakland  
*Effective:* 1/24/03  
*Violation:* 2831.2, 2832(a),  
2832.1, 10145, 10177(d)  
Suspended for 60 days; stayed for  
2 years on terms and conditions

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**San Diego Region**

**Hass, Julius Robert II (RES)**  
5411 Avenida Encinas, Ste. 255,  
Carlsbad  
*Effective:* 11/20/02  
*Violation:* 10130, 10177(d)  
Suspended for 90 days; 45 days  
stayed for 2 years on terms and  
conditions

**Hinkle, Andrew Douglas (REB)**  
1081 Camino Del Rio South,  
#127, San Diego  
*Effective:* 12/19/02  
*Violation:* 10177(h)  
Suspended for 90 days; 45 days  
stayed for 2 years on terms and  
conditions

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

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**Los Angeles Region**

**Conquistador Home Loans (REC)**  
7847 E. Florence Ave., Ste. 115,  
Downey  
*Effective:* 1/16/03

**Gomez, Jorge Luis (RES)**  
1378 Roycroft Ave., Long Beach  
*Effective:* 2/24/03

**Harris, Sonia Dee (REB)**  
12254 Gladys Ln., Yucaipa  
*Effective:* 12/16/02

**Jones, Michael Thomas (REB)**  
13273 Ventura Blvd., #101,  
Studio City  
*Effective:* 12/3/02

**Los Angeles Commercial Invest-  
ments, Inc. (REC)**  
10780 Santa Monica Blvd.,  
Ste. 240, Los Angeles  
*Effective:* 12/31/02

**Preferred Financial Consultants,  
Inc. (REC)**  
10407 Los Alamitos, Los  
Angeles  
*Effective:* 2/18/03

**Roma, Philip Anthony (RES)**  
2373 Carrotwood Dr., Brea  
*Effective:* 2/24/03

**Skipper, Marilyn Yvonne (RES)**  
2475 Prince Albert Dr., Riverside  
*Effective:* 1/16/03

**Stamper, John David (RES)**  
28365 Burns Ave., Highland  
*Effective:* 2/4/03

**Yabut, Jean-Paulo Buan (REB)**  
17515 52<sup>nd</sup> Ave. West, #D,  
Lynwood  
*Effective:* 2/18/03



## Forty years later

# California Fair Housing Laws are more important than ever

from Director Dennis Hayashi, Department of Fair Employment and Housing

For most Californians, the most difficult part of moving to a new home or apartment is pouring over ads to find just the perfect choice: a location close to work or school, with lots of desirable features and amenities, and with a comfortable mortgage or lease cost. For others, the thought of relocating to a new residence is accompanied by fear, intimidation, and outright denial of housing.

Every year, thousands of potential renters and homeowners face housing discrimination even though California has some of the strongest fair housing laws in the nation. Special attention is being brought to this issue since this year marks the 40th anniversary of the Rumford Fair Housing Act that prohibits discrimination in the rental, purchase and sale of housing accommodations. The Rumford Act, signed by then-Governor Edmund G. Brown, was the result of ground-breaking efforts of civil rights pioneers to open doors to housing opportunities long closed by racial and religious discrimination. It was the nation's first housing anti-discrimination law, preceding the federal Fair Housing Act by five years. The recent passing of one of the pioneers for this landmark legislation, Mrs. Virna Canson of Sacramento, served to remind us of the tremendous gains that have been made to guard against housing bias.

Why then, given the legacy and strength of California statutes, do these patterns of unlawful evictions, harassment, and refusal to sell or rent still exist? Nearly one thousand formal complaints of housing discrimination are filed each year with the state Depart-

ment of Fair Employment and Housing (DFEH) while many more incidents are reported to local fair housing groups. Among the most common victims: families with children, persons with mental and physical disabilities, and persons belonging to certain racial or ethnic groups. No particular area of the state is exempt from unlawful activity.

The reasons are complex and multifaceted, so any strategy to overcome and prevent systemic housing discrimination must be equally comprehensive. Difficult? Yes. Impossible? No.

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### **This year marks the 40<sup>th</sup> anniversary of the Rumford Fair Housing Act that prohibits discrimination in the rental, purchase and sale of housing accommodations.**

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To start, *increasing awareness and education are essential to preventing discrimination.* In proclaiming April 2003 as "Fair Housing Month," Governor Davis called for increased efforts by both the public and the private sector to provide more education about fair housing laws and to promote fair housing practices.

Landlords, property owners and managers must educate themselves about their responsibilities under the law and insure that their employees are properly trained. Rental property owner and management associations throughout the state are taking proactive steps to inform their memberships of their role in preventing housing discrimination. Local fair housing groups and human relations commissions often provide similar training, and DFEH conducts regu-

lar meetings with housing providers and advocates promoting knowledge and compliance with fair housing laws.

Second, *whenever and wherever discrimination is found, fair housing laws must be vigorously enforced.* Although most housing providers willingly comply with the law, others choose to ignore their obligations. DFEH works hand-in-hand with the U.S. Department of Housing and Urban Development (HUD), housing providers, and fair housing advocates to increase compliance with state and federal laws and provide remedies for victims.

Third, *when appropriate, housing providers and victims of discrimination should attempt to resolve complaints outside of costly litigation in the courts.* Many of the complaints filed with DFEH are resolved through conciliation, a process that brings the parties in conflict together to reach a solution acceptable to both. Finally, an upcoming federal/state partnership will allow parties to mediate complaints outside of the DFEH enforcement process.

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**... patterns of unlawful evictions, harassment, and refusal to sell or rent still exist... we each bear the responsibility for creating new opportunities to build on what has been accomplished and to ensure that discrimination is fully addressed.**

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As we look ahead to the next 40 years, we can be proud of the progress that has been made. However, we each bear the responsibility for creating new opportunities to build on what has been accomplished and to ensure that discrimination is fully addressed. We can and will do more. Each of us must accept this challenge as our own. 🏠



# Proposition 46 brings out the welcome mat

from the California Housing Finance Agency



**H**elp is on the way for California's continuing affordable housing shortage. . . and it's called Proposition 46.

Statewide, home prices average \$327,600\* (a 25% increase from one year ago) and more than one third of all renters spend over half of their income for housing.

Proposition 46, the Housing and Emergency Shelter Trust Fund Act of 2002, is a \$2.1 billion dollar bond measure, passed by California voters in November 2002. Its blueprint is designed to help fund the construction, rehabilitation and preservation of affordable rental housing, emergency shelters and homeless facilities. Proposition 46 will also help provide downpayment assistance to low and moderate income first-time homebuyers. Seniors, families with children, teachers, people with disabilities, veterans and working people will all benefit from the bond.

The money to pay for Proposition 46 programs will come from state bonds to be paid back over the next 20 years. By taking advantage of today's low interest rate for financing these programs, the state can offer this much-needed assistance, without incurring large expenses in the immediate future. Plus, according to the Department of Housing and Community Development, building the housing that results from Proposition 46 programs will create an estimated 134,000 housing units and 276,000 jobs over the life of the bond.

The California Housing Finance Agency (CalHFA) has received allocations for the following statewide programs, with homeownership being the main focus:

- **The California Homebuyer's Downpayment Assistance Program** provides a low interest rate and deferred payment loan for

downpayment or closing cost assistance to first-time homebuyers. Funds available for this program are \$111.6 million.

- **The School Facility Fee Down Payment Assistance Program**, with a funding level of \$47.5 million, offers down payment assistance to first time homebuyers who are purchasing newly constructed homes throughout California. Buyers will receive either a partial or full rebate of the school facility fees paid by the builder.
- **The Extra Credit Teacher Program** provides up to 100% financing for administrators, credentialed teachers and other qualified staff who serve in low-performing schools and school districts. Funding for this program is \$23.75 million.
- **The Homeownership In Revitalization Areas Program**, with a funding level of \$11.9 million, provides downpayment assistance to first-time homebuyers purchasing property in community revitalization areas.
- **Mortgage Insurance Services** works with participating lenders, government agencies, government sponsored enterprises' secondary mortgage market and private investors to develop innovative lending programs that promote affordable homeownership. Funding for this program is \$80.75 million.
- **Preservation Financing** utilizes \$42.75 million in funding through the CalHFA Multifamily Programs Division to preserve existing government assisted rental housing for low to very low income individuals.

To find out more about these programs, please visit the CalHFA Web site at [www.calhfa.ca.gov](http://www.calhfa.ca.gov) or call CalHFA at (800) 789-2432.

\*California Association of Realtors


## DRE Outreach

# National Consumer Protection Week

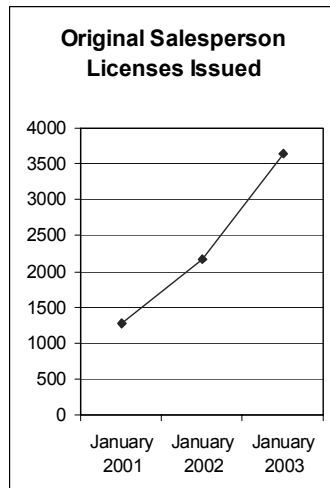
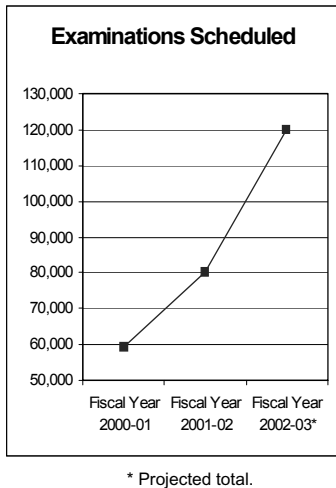
**I**n recognition of National Consumer Protection Week, February 2–8, 2003, the Department of Real Estate (DRE) participated in a Consumer Fair sponsored by the Department of Consumer Affairs (DCA) and co-sponsored by the Department of Corporations' Seniors Against Investment Fraud Program.



The DRE's booth offered information for homebuyers and tips for avoiding predatory lending along with other DRE consumer protection publications in English, Spanish and Chinese. Real estate-related information of particular interest to consumers is available on the DRE Web site [www.dre.ca.gov](http://www.dre.ca.gov) under **Consumers**.

The Consumer Fair was part of a weeklong effort to educate California consumers on how to protect themselves against fraud. The fair included a series of free seminars addressing investment fraud, tenant and landlord issues, identity theft, how to file a consumer complaint, what to look for when hiring a contractor, and tips for avoiding scams and traps associated with the Internet. Information on these topics and more is offered by the DCA at [www.dca.ca.gov](http://www.dca.ca.gov). 

# The DRE Licensing Section is extraordinarily busy



As these graphs illustrate, the DRE Licensing Section is currently processing a substantially increased number of examination and license applications and handling approximately 7,255 telephone calls per business day. For information regarding efforts to manage the increased workload and improve processing times, please refer to the *Message from the Commissioner* on the DRE Web site [www.dre.ca.gov](http://www.dre.ca.gov).

There are three ways you can help us through this busy time:

### 1. Limit calls to Licensing.

Instead, use the DRE Web site to:

- Find out if your license has been issued
- Search for approved real estate continuing education offerings
- Obtain DRE forms
- Obtain DRE publications

These features are available under *Licenses*, *DRE Records*, *Forms* and *Publications*.

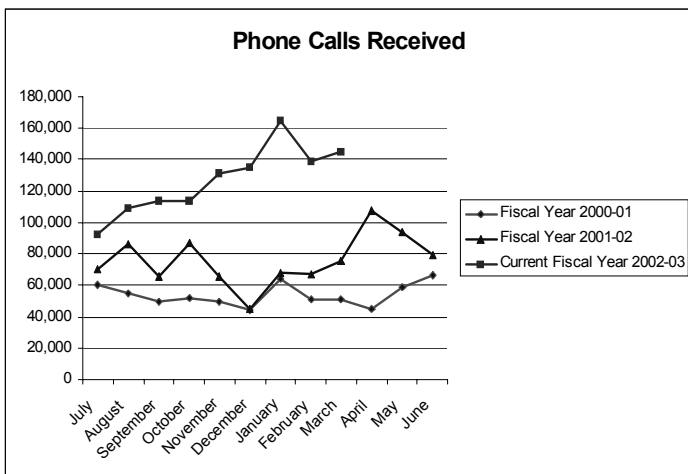
### 2. Use the eLicensing on-line system for:

- Salesperson/broker license renewals
- Mailing address changes
- Salesperson change of employing broker
- Broker certification of salesperson employment
- Broker main office address changes
- Duplicate license requests

You may log on to *eLicensing* through the DRE Web site.

### 3. Please be patient.

Thank you for your cooperation and understanding as we do our best to serve you in this busy time. 🏠



## Common Interest Development Documents

As common interest developments become more prevalent, it is increasingly important that real estate brokers and salespersons become more knowledgeable about the management documents affecting the use, control and operation of units and the common area within a common interest development (CID) as well as applicable laws and regulations.

Here are some suggestions to assist you in completing a smooth transaction involving a CID:

- Always be prepared for purchaser's questions. Purchasers are more knowledgeable than ever. Be familiar with the documents that are used with a common interest development. The buyer must receive a copy of the Covenants, Conditions and Restric-

tions (CC&R's), Bylaws, Articles of Incorporation (if applicable for that project), the Subdivision Public Report and the homeowners' association budget.

- Be prepared to explain what an assessment or maintenance fee is and know what the homeowners' association must maintain. If the project has a subsidy arrangement, be able to explain the agreement. When will the subsidy expire? What will the assessment be after the subsidy ends? If the project has an existing homeowners' association, be prepared to discuss the financial status of the project. Both purchasers and lenders request this type of information.
- Review the CC&R's applicable to the project. Developers are includ-

ing more information in the CC&R's, such as disclosures of soil conditions, building restrictions, and earthquake fault lines. Be familiar with the use restrictions in the CC&R's and the homeowners' association's rules implemented by the board of directors, such as the pool and clubhouse usage and hours, pet restrictions, parking requirements, etc.

- Read the Subdivision Public Report. Be able to answer questions about the major sections of the report. Be prepared to explain what type of legal interest is being conveyed and be familiar with any material disclosures.

Further information regarding CIDs and the public report process is available on the DRE Web site [www.dre.ca.gov](http://www.dre.ca.gov).

# Real Estate Publications

## Purchase information

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

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

**By mail** — Photocopy or remove this page from your *Bulletin*. Complete Parts A, B, and C (if appropriate). Mail it with the proper fee to:

Department of Real Estate  
Book Orders  
P.O. Box 187006  
Sacramento, CA 95818-7006

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

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

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

## Acceptable payment methods

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

## California sales tax

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

## Miscellaneous information

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

DRE	RE#	Title of Publication	Cost	Quantity	Your Cost
	1	Reference Book — A Real Estate Guide (Rev. 2000)	\$20		
	2	2003 Real Estate Law Book & CD set	\$25		
	6	Disclosures in Real Property Transactions	\$10		
	8	Operating Cost Manual for Homeowner Associations	\$10		
	25	Reserve Study Guidelines for Homeowner Association Budgets	\$10		
	4	Instructions to License Applicants	free		
	13	Trust Funds	free		
	34	A Guide for Residents Purchasing Their Mobilehome Park	free		
	35	Trust Deed Investments — What You Should Know!!	free		
	35A	Using the Services of a Mortgage Broker	free		
	39	Living in a California Common Interest Development	free		
	51	A Consumer Guide to Filing Real Estate Complaints	free		
	52	Reverse Mortgages — Is One Right for You?	free		

SHIPPING NAME		LICENSE OR EXAM ID#		SUBTOTAL \$ _____	
SHIPPING ADDRESS				CA SALES TAX* \$ _____	
CITY				(Tax rate used* _____ %)	
STATE		ZIP CODE		TOTAL ENCLOSED \$ _____	
* See tax information above.					

## PART C CREDIT CARD PURCHASE

**To purchase publication by credit card, complete the following:**

METHOD OF PAYMENT		ACCOUNT NUMBER		EXPIRATION DATE OF CARD	
<input type="checkbox"/> VISA <input type="checkbox"/> MASTERCARD <input type="checkbox"/> AMERICAN EXPRESS		_____		_____	
AMOUNT AUTHORIZED		SIGNATURE OF CARDHOLDER		DATE	
		»			
		PRINTED NAME OF CARDHOLDER		TELEPHONE NUMBER	

Official Publication  
 CALIFORNIA DEPARTMENT OF REAL ESTATE  
 P.O. Box 187000  
 Sacramento, California 95818-7000

PERIODICALS

### Address Service Requested

#### Postal Carrier:

- Bar code used by DRE to scan returned Bulletins
- Please do not deface or cover

Real Estate Bulletin — Summer 2003

## Advertising

Continued from page 1

tions and passed Assembly Bill 360. It became effective on January 1, 1992 and added Sections 10235.5 and 17539.4 to the Business and Professions Code. Section 17539.4 requires, with certain exceptions, that no person shall place an advertisement, primarily in this state, for a loan secured by real property that does not include the license under which the loan would be made or arranged and the regulatory agency supervising that type of transaction. Section 10235.5 places similar requirements specifically on real estate licensees. In 1993, Regulation 2770.1 was amended and Regulation 2847.3 was implemented by the DRE. It mandates that the statement “Real estate broker, California Department of Real Estate” or “California Department of Real Estate – real estate broker” must be used to disclose license status in advertising mortgage loan transactions.

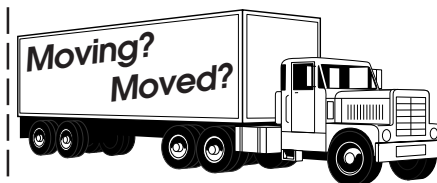
The legislature later recognized that additional license identifications were needed in mortgage loan advertisements

and, effective January 1, 1998, Section 10236.4 was added to the Business and Professions Code. It requires real estate licensees who solicit for borrowers, or for potential loan investors, to also include their real estate license identification number in the ad. The law also required the Department’s licensing information telephone number to be included in the ad, but that requirement was repealed effective January 1, 2000. (It should be noted, however, that the DRE licensing information telephone number of (916) 227-0770 is still required on borrower disclosures and, when appropriate, lender disclosure statements).

To summarize, when advertising real estate services, the term “broker,” “agent,” “Realtor” or abbreviations are satisfactory. When advertising for prospective borrowers, the statement “Real estate broker, California Department of Real Estate” or “California Department of Real Estate – real estate broker” followed by the corporation or broker license identifi-

cation number is required. If soliciting for prospective loan investors (lenders) you must state the corporation or broker license identification number in the ad.

Questions regarding the license disclosures required in various types of advertising may be directed to the Mortgage Loan Activities Unit at (916) 227-0770. 🏠



If **YES**, please change your license *mailing address*; this address is used to mail the *Real Estate Bulletin* and renewal notices. Take advantage of *eLicensing* to make the change or use the appropriate “change” form.

\* Per Commissioner’s Regulation 2715, your current mailing address must be on file with the DRE.