



# Real Estate Bulletin

CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS • BUREAU OF REAL ESTATE

WINTER 2014

Vol. 73, No. 3

## REAL ESTATE MATTERS!



Wayne S. Bell  
*Commissioner*

### *Commissioner's Message*

## The Bureau's Resources "Toolbox" – For Real Estate Consumers, Licensees, and Those Interested in Residential Subdivisions

Consumers, real estate licensees, builders, and industry groups often inquire about what resources are available from and through CalBRE to (i) help consumers navigate through real estate issues, (ii) aid those persons involved with residential subdivisions better understand the Subdivided Lands Law (which is under CalBRE's jurisdiction and regulatory supervision) and subdivisions in general, and (iii) assist real estate licensees so they can meet the requirements of and stay compliant with an ever increasing and changing body of law.

We at the Bureau are mindful that laws regarding the sale, purchase, financing, and practice of real estate and the development of real property are complex and in a continual state of evolution. For that reason, among others, CalBRE has developed and is regularly creating and updating free resources and tools for constituencies it serves.

In the Fall 2013 Real Estate Bulletin, I discussed (among other things) the availability of CalBRE Real Estate Bulletin articles on a broad variety of practice-related and substantive topics, and the new and informative PowerPoint presentation on Trust Account Reconciliations for those licensees who handle trust funds through a bank account(s).

In this message, I want to highlight additional resources that are newly available and others that seem to or may be underutilized.

CalBRE is extremely pleased to announce the very recent publication and availability of *"A Guide to Understanding Residential Subdivisions in California"*, which we believe is a useful resource to, and a practical and valuable tool for, subdivision developers and builders, consumers who are interested in purchasing a home in a subdivision, owners of homes and units in subdivisions, real estate licensees, land use planners and other regional subdivisions staff, and anyone else who might be interested in residential subdivisions. This new tool discusses and addresses the mandate, operation, and substantive and procedural requirements of the Subdivided Lands Act. In addition, it provides important and significant information on common interest developments, homeowner associations, the Subdivision Map Act (which is the California enabling statute under which cities and counties enact local laws controlling the "subdivision" of land within their jurisdictions), and a variety of other issues pertaining to residential subdivisions in California.

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**REAL ESTATE BULLETIN**

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## 2014 Law Book Available

Each year, the Bureau's *Real Estate Law Book* is updated to reflect changes in laws and regulations.

The 2014 *Real Estate Law Book* is now available online. The print version, which includes a CD copy, can be ordered using the Publications Order Form (RE 350) at the back of this newsletter. The order form is also available online on the CaIBRE website at [www.bre.ca.gov](http://www.bre.ca.gov).

This important reference for licensees contains:

- ➔ The Real Estate Law (from the Business and Professions Code).
- ➔ The Real Estate Commissioner's Regulations (from the California Code of Regulations).
- ➔ Portions of the Administrative Procedure Act (from the Government Code), and
- ➔ Pertinent excerpts from various California codes.

The cost is \$25 plus tax.

**DISCLAIMER**

This *Real Estate Bulletin* is designed to provide accurate and authoritative information regarding the subject matter covered as of the first date of publication of this *Real Estate Bulletin*. The *Real Estate Bulletin* is offered with the understanding that the California Bureau of Real Estate is not engaged in rendering legal, tax, accounting, or other professional advice, and the *Real Estate Bulletin* is not a substitute for the advice of an attorney or other professional. If legal advice or other expert assistance is required, you should seek the services of a competent attorney or other professional.

## COMMISSIONER'S MESSAGE (CONTINUED FROM PAGE 1)

In addition, CalBRE has just released a *“Residential Subdivision Buyer’s Guide”* that focuses entirely on subdivision issues for consumers. We hope that consumers read “A Guide to Understanding Residential Subdivisions in California”, the “Residential Subdivision Buyer’s Guide”, and the CalBRE booklet entitled *“Living in a Common Interest Development”* when considering the purchase of a home or unit in a residential subdivision in California. By doing so, consumers will learn about important subdivision issues, and be able to avoid some of the common misunderstandings which have arisen relative to common interest developments.

CalBRE is also very pleased to announce the *pending launch of a searchable residential subdivisions “Public Report” database on and through its website*. The benefits of this database are many, and it will provide real time access to important disclosure information about subdivisions reviewed by CalBRE. The database will provide consumers, builders, government and non-profit housing staff, and others interested in residential subdivisions, with the ability to locate, search, and save and/or print public reports which have been issued by CalBRE.

At this point, I want to highlight a few other free resources which are available on CalBRE’s website for consumers and members of the real estate industry:

### **Industry Resources:**

Broker Compliance Evaluation Manual – Provides tools to help licensees stay compliant with the Real Estate Law.

Broker Self-Evaluation (RE 540) – With an easy to follow compliance checklist.

Search for Approved CE Course Offerings – Lists approved course offerings.

Licensee Advisories and Alerts – To help licensees stay current on issues of the day.

Most Common Enforcement Violations – Provided to help licensees learn about the most typical violations.

CalBRE Business Address Lookup – Permits searches of CalBRE’s licensee database by address.

Trust Account Reconciliation (Reg. 2831.2) – This is the PowerPoint presentation mentioned above on properly maintaining trust account records.

Opening a Real Estate Broker Trust Account – With advice for licensees on how to properly open a trust account.

### **Consumer Resources:**

A Consumer Guide to Filing Real Estate Complaints - Explains the Bureau’s complaint process.

Finding the Right Real Estate Agent: What You Should Do - Provides a checklist for hiring a real estate agent.

Fraud Warnings for California Homeowners in Financial Distress - Provides an overview of home loan modifications and foreclosure relief and where homeowners can find free foreclosure avoidance counseling and assistance.

Living in a California Common Interest Development - An overview of rights, duties and responsibilities of homeowner associations and homeowners.

Preventing Real Estate Fraud: How to Protect Yourself and Your Home - Offers information on how consumers can protect themselves against real estate fraud.

Surviving the Real Estate Escrow Process in California - Information about the residential escrow process, including tips and mistakes to avoid.

CalBRE encourages you to check our website ([www.bre.ca.gov](http://www.bre.ca.gov)) for updates to our resources toolbox, and we invite and ask you to let us know what other tools, materials or resources would be of benefit to consumers, to those who are interested in subdivisions, and to real estate licensees.



## Nonresidential Building Energy Use Disclosure Program Begins

The California Energy Commission adopted California Code of Regulations, Title 20, sections 1680-1685, the Nonresidential Building Energy Use Disclosure Program, and will begin enforcement of these regulations after January 1, 2014.

The purpose of the program is to help raise awareness and encourage building owners to find ways to increase energy efficiency and reduce energy consumption in existing nonresidential buildings in California. This document provides information about the U.S. Environmental Protection Agency ENERGY STAR Portfolio Manager® benchmarking tool and how to successfully comply with the program requirements. By increasing awareness of energy use and providing incentives to make existing nonresidential buildings more energy efficient, the program will help California meet its energy and climate change goals.

### Background

Assembly Bill 1103 (Saldaña, Chapter 533, Statutes of 2007) requires nonresidential building owners or operators throughout California to benchmark a building's energy use in advance of the sale, lease, or financing of the entire building. For this purpose, benchmarking is the process in which a building's energy use is compared to the ENERGY STAR standards. AB 531 (Saldaña, Chapter 323, Statutes of 2009) requires the California Energy Commission to establish a schedule by which an owner or operator is required to meet the requirements of AB 1103 (Public Resources Code section 25402.10).

### ENERGY STAR Portfolio Manager®

The program requires nonresidential building owners to benchmark using the Portfolio Manager. The Portfolio Manager website is an interactive energy management tool that allows building managers to track and assess the energy consumption of one or more buildings in a secure online environment. Portfolio Manager is free and helps identify underperforming buildings, verify

efficiency improvements, set investment priorities, and receive ENERGY STAR recognition for superior energy performance. The U.S. Environmental Protection Agency states that energy efficiency in existing buildings is the “fastest, cheapest, and largest untapped solution for saving energy, saving money, and preventing greenhouse gas emissions.”

### Important Program Requirements

Building owners or operators are required to benchmark and disclose a building's energy use if the answer to ALL THREE of following questions is yes:

1. Is your entire building being offered for sale, lease, finance, or refinance?
2. Does your building meet the following size and compliance schedule?
  - On January 1, 2014, a building 10,000 square feet or larger is required to comply with the program.
  - On July 1, 2014, a building 5,000 square feet or larger is required to comply with the program.
  - Any building smaller than 5,000 square feet is exempt from the program requirements.
3. Is your building classified as one of the following occupancy types? An occupancy type is based on the occupancy permit as issued by the owner's local building department. The following occupancy types as defined in the California Building Code (Title 24, Part 1) meet the program requirements:
  - A (Assembly), B (Business), E (Education) I-1 and I-2 (Institutional), M (Mercantile), R-1 (Transient – Residential), S (Storage), and U (Parking Garage).
  - All other occupancy types are exempted from the program requirements. Exempt occupancy types are F (Factory and Industrial), H (High Hazard), I-3 and I-4 (Institutional), R-2, 2.1, 3, 3.1, 4 (Residential), and L.

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## NONRESIDENTIAL BUILDING ENERGY USE DISCLOSURE PROGRAM BEGINS (Continued from page 4)

### Program Compliance Procedures

If you answered “yes” to all three questions, you must do the following before the sale, lease, financing, or refinancing of the ENTIRE building:

1. Go to the ENERGY STAR Portfolio Manager® website at <https://portfoliomanager.energystar.gov> and create a new account.
2. Contact your utility to confirm its procedures for providing the energy use data.
3. Benchmark the building’s energy use via Portfolio Manager at least 30 days before a transaction.
  - Identify all sources of energy use data (electricity, natural gas, propane, or other) for the entire building.
  - Request all identified utilities to upload the most recent 12 months of energy use data into the building owner’s account. Utilities may also provide a spreadsheet containing aggregated energy use data that can be manually uploaded by the building owner.
4. Produce a Data Verification Checklist report in Portfolio Manager.
5. Disclose the Data Verification Checklist to a prospective buyer, lessee, or lender at least 24 hours before a signed agreement.
6. Submit the Data Verification Checklist to the California Energy Commission at [AB1103report@energy.ca.gov](mailto:AB1103report@energy.ca.gov) within 30 days of producing the report.

Upon a building owner’s request, utilities serving the building must release the most recent 12 months of the entire building’s energy use data to an owner’s Portfolio Manager account within 30 days.

### Missing Data Protocols

Section 1684(e) allows a building owner to substitute approximate energy use data when the actual energy use data is not available. Many sources of energy use data can be accepted. If the Data Verification Checklist report is produced using either approximate data or ENERGY STAR Portfolio Manager® default values, building owners must include a signed statement revealing which Missing Data Protocols were used. The Missing Data Protocols are covered in greater depth at the Energy Commission’s Frequently Asked Questions webpage at [www.energy.ca.gov/ab1103](http://www.energy.ca.gov/ab1103).

### Assistance from the Energy Commission

The Energy Commission is committed to help building owners successfully participate in the Nonresidential Building Energy Use Disclosure Program.

**QUESTIONS:** If you have a question or a comment, want to attend a free training workshop on this program’s implementation and enforcement, or want to know how to obtain energy use data, please contact the Energy Commission at [ab1103@energy.ca.gov](mailto:ab1103@energy.ca.gov).

**FAQs:** The statutes and regulations, as well as Frequently Asked Questions and other useful links, are available on the Energy Commission’s webpage at [www.energy.ca.gov/ab1103](http://www.energy.ca.gov/ab1103).

**TRAINING:** A free, short training session is available online at ENERGY STAR. Log on to the website and open an account at <https://portfoliomanager.energystar.gov>.

*This article was provided by the California Energy Commission.*





*A reminder from CalBRE:*

## Online Business Activity Reports are Required for Residential Mortgage Loan Activity

Brokers who make, arrange or service mortgage loans secured by residential property of one to four units are reminded they must complete the online Mortgage Loan Business Activity Report within 90 days after the end of their fiscal year. See Business and Professions Code section 10166.07.

The online report is required even if the broker only performs residential mortgage loan activity for non-consumer loans or loans that are NOT primarily for personal, family or household use.

The report is not required for salespersons or broker-associates because their loan activities will be included in the report submitted by their employing broker.

More information about the report can be found on the California Bureau of Real Estate (CalBRE) website at [www.bre.ca.gov](http://www.bre.ca.gov). Under “Essential Information” on the home page, a link to “Real Estate Business Resources” will lead to a list that includes “Mortgage Loan Activity Reporting” and “Submit a Mortgage Loan Business Activity Report”. All reports must be submitted online.

The first online reports were submitted in April 2013. There have been instances in which brokers were unable to start a new report for the 2014 fiscal year. CalBRE is aware of this problem and expects to have it resolved shortly. Brokers who run into this problem are encouraged to try again mid-year.

Brokers will be required to submit the Business Activity Report in 2015 for fiscal years ending in January 2014 and forward.

Questions about the Mortgage Loan Business Activity Report may be directed to the Mortgage Loan Activities section at (916) 263-8941.



## Tips for Opening a Real Estate Broker Trust Account

Real estate brokers sometimes have difficulty getting a bank or depository branch office to properly set up a real estate trust account that meets the requirements of Commissioner's Regulation 2832. The following tips should be helpful to brokers in talking to bank or depository representatives.

### Opening a Real Estate Broker Trust Account

#### The Law:

Business and Professions Code section 10145(a)(1) requires a real estate broker who accepts funds belonging to others to deposit those funds not immediately placed into a neutral escrow account or into the hands of the broker's principal into a trust fund account maintained by the broker in a bank or recognized depository in California.

Commissioner's Regulation 2832(a) further states that a broker must 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 broker's name (or in a fictitious name, if appropriate) as trustee at a bank or other financial institution within three business days after receiving the funds.

#### Why Do Real Estate Brokers Sometimes Have Difficulty Establishing Trust Accounts at Some Banks?

A trust account is a bank account managed by someone on behalf of someone else. The person who manages the trust is the trustee. A trust account is set up to separate trust funds from nontrust funds. In a real estate transaction, the broker managing the trust account is a fiduciary to the beneficiaries of the account. A fiduciary relationship can exist regardless of whether a formal trust agreement has been established.

Explaining the absence of a "formal trust agreement" is often where real estate brokers have difficulties with some banks. Individuals and families create trusts to distribute assets after a person's death, and these trust agreements are usually prepared by an attorney. It is this formal trust agreement that a bank may ask for if a real estate broker simply requests to open a trust account.

#### What to Tell the Bank:

When asking a bank official to open a trust account, the real estate broker should take the following steps:

1. Ask to open a business checking account.
2. Ask to have the account titled as a trust account in your name, registered fictitious name or corporate broker name, with the designation "as trustee" in the title or on the broker/designated officer signature line.
3. No separate trust agreement is required. The bank will ask for additional documentation to verify your identity, business certificates, Articles of Incorporation, etc.

The broker might need to tell the banker that the account to be opened is similar to an attorney trust account in that there is no trust agreement. If doing the above still does not satisfy bank officials, consider using another bank. Usually, local and regional banks will accommodate opening up trust accounts.



## 2013 Legislative Summary

The following summaries of bills that affect real estate licensees and subdividers are intended to alert you to changes to the law. You are encouraged to consult the statutes for complete information. The full text of each bill can be viewed online at <http://leginfo.legislature.ca.gov>.

Please note that “SB” refers to a Senate Bill and “AB” refers to an Assembly Bill. The name of the individual or committee after the number refers to the bill’s author. All statutes are effective January 1, 2014, unless otherwise noted.

### **AB 253 (Levine) Floating Home Marinas: Conversion: Subdivision Map Requirements**

This bill adds “floating home marinas” to existing exemptions that provide for a different public process when converting a floating home marina from outside ownership to resident ownership. The provisions create a special subdivision process, exempt the requirement to file tentative and final maps, exempt the requirement to file a notice of intention with the California Bureau of Real Estate, and require that written disclosures be made to current residents.

### **AB 1169 (Daly) Escrow Agent Rating Service: Escrow Agents**

This bill adds a new chapter to the Consumer Credit Reporting Agencies Act relating to escrow agent rating services. This new provision defines escrow agent and escrow agent rating services for the purposes of the Act, provides that escrow agent rating services must comply with various provisions of the Act, and provides recourse for escrow agents to dispute and bring civil actions regarding a credit report. These new provisions will sunset January 1, 2017.

### **AB 1404 (Committee on Judiciary) Real Property: Boundaries**

This bill deletes and recasts language delineating the responsibilities for maintenance of boundaries and monuments between the properties of adjoining landowners. The bill also provides specified exemptions to the assumption of joint responsibility. In addition, the bill requires specified notices between adjoining landowners and exempts public landowners from the definition of landowners as applied by the bill.

### **SB 752 (Roth) Commercial and Industrial Common Interest Developments**

This bill establishes the Commercial and Industrial Common Interest Development Act to regulate commercial and industrial common interest developments. This bill also makes amendments to related code sections to conform to this new act. This bill is intended to separate the governing provisions of residential and commercial common interest developments.

### **AB 1317 (Frazier) State Government Operations**

This bill enacts nonsubstantive changes to conform existing statutes to the changes enacted in the Governor’s Reorganization Plan No. 2 (2012). This bill has an operative date of July 1, 2013, and is an urgency statute that will take effect immediately.

### **SB 269 (Hill) Prepaid Rental Listing Service**

This bill enhances the CalBRE oversight of prepaid rental listing service licensees and increases consumer protection by granting consumers of these services access to the Consumer Recovery Account, providing CalBRE with cite and fine authority, requiring licensees to disclose their license number and provide a written disclosure to consumers, and giving CalBRE the authority to disconnect phone lines used by unlicensed actors.

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## 2013 LEGISLATIVE SUMMARY (Continued from page 8)

### **SB 298 (Wyland) Local Government: Supplemental Law Services**

This bill creates a pilot project that allows Orange County, or cities within that county, to contract with a homeowners' association to provide Vehicle Code enforcement services on the association's privately maintained roads. This bill also requires the Department of Justice to prepare a legislative report on the impact of this policy, due June 30, 2016. The bill's provisions sunset on January 1, 2017.

### **SB 310 (Calderon) Mortgages: Foreclosure Notices: Title Companies**

This bill excludes title companies and underwritten title companies from liability for violations of specified sections that require predefault disclosures to homeowners if they record a notice of default at the request of a trustee, substitute trustee, or beneficiary in good faith, unless acting in the capacity of a trustee.

### **SB 426 (Corbett) Civil Procedure: Deficiency Judgments**

This bill clarifies that no deficiency shall be owed or collected when a lender uses the nonjudicial foreclosure process or forecloses on a purchase money loan or refinance of a purchase money loan that is secured by the borrower's home.

### **SB 652 (DeSaulnier) Real Property Disclosures: Construction Defect Litigation**

This bill revises the standard disclosure statement used in real estate transactions by requiring a seller of real property to disclose all prelitigation claims for damages made by the seller to the potential buyer. This bill has a delayed effective date of July 1, 2014.

### **SB 676 (Block) Real Estate Records: Unlawful Destruction**

This bill clarifies that willful destruction or falsification of records required to be maintained by a CalBRE licensee is grounds for disciplinary action. Like other violations of the Real Estate Law, the willful destruction or falsification of records is a misdemeanor.

### **SB 745 (Committee on Transportation and Housing) Housing**

This bill makes nonsubstantive, noncontroversial changes to housing-related statutes, including updating references and cross-references, cleaning up previous amendments to provisions relating to common interest developments, repealing obsolete statutes, and updating requirements regarding smoke and carbon monoxide detectors.

### **SB 820 (Committee on Governmental Organization) State Government**

This bill enacts nonsubstantive statutory changes to conform existing statutes to the changes enacted in Governor's Reorganization Plan No. 2 (2012). This bill has an operative date of July 1, 2013, and is an urgency statute that will take effect immediately.





## What Should I Expect When I Take a CE Course?

Under Business and Professions (B&P) Code section 10170.5, every real estate licensee in California must successfully complete 45 hours of continuing education (CE) to renew their license (except as provided in B&P Code sections 10153.4 and 10170.8). The 45 hours must include courses in ethics, agency relationships, trust fund accounting and handling, fair housing, risk management, and consumer protection. The courses can be taken through any CE sponsor whose courses have been approved by the CalBRE. The purpose of this article is to advise you, the licensee, what to expect from a CE course sponsor when you take a CE course.

Before offering any course to California real estate licensees for CE credit, sponsors must submit all course material to the CalBRE for review to ensure compliance with Article 25 in the Regulations of the Real Estate Commissioner. As part of the approval process, sponsors acknowledge that CalBRE may conduct a number of evaluations after granting approval to ensure continued compliance. After a course has been approved, sponsors must report to CalBRE any significant changes in the course.

Through these evaluations, CalBRE has discovered that some sponsors are not complying with the Article 25 regulations. Licensees are often not aware of the potential risks to their license if they take a course from a sponsor who is not in compliance. Licensees should be aware of the following regulations and should report any sponsor who may be in violation of them.

- Sponsors must include their four-digit sponsor ID# on all CE promotions. Sponsors with approved courses can be verified on the CalBRE website at <http://secure.dre.ca.gov/publicasp/cecontinue.asp>.
- Before registering a licensee in any CE course, the sponsor must provide the licensee with a General Information page. This document highlights requirements and policies that affect the participant's enrollment and completion of the course (e.g., fees, cancellation, refund, attendance, dismissal, final exam criteria, etc.).
- Incremental assessments (i.e., cases studies, quizzes, or other form of exercises) are required after each logical unit of instruction or chapter within a correspondence course.
- Courses cannot be completed in less time than they are approved for.
- Participants taking a correspondence course are limited to completing final examinations for a maximum of 15 credit hours in one 24-hour period. In addition, participants taking a correspondence course must have access to the course materials for the approved number of credit hours for that course before completing the final exam.
- Final exams for CE courses may be administered by a proctor designated by the sponsor, but the proctor must not be related to or have any other relationship (e.g., a future employing broker) to the person taking the exam.
- More final exam rules:
  - Final exams must have no more than 10 percent true/false questions.
  - Final exams will be allowed no more than one minute per question.
  - To pass the final exam, a participant must achieve a score of 70 percent or better.
  - Participants shall not take possession of the final exam outside of the controlled environment where the exam is given.
  - If a participant fails a final exam, only one alternate exam is allowed. After two failed attempts, the entire course must be repeated and passed to achieve course credit.
- Participants have one year from the date of registration to complete the course.

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## New Requirements for Escrow Activity Report

Beginning January 1, 2014, brokers who conduct five or more broker-controlled escrow transactions or whose escrow activities exceed \$1 million will be required to report their escrow activity to CalBRE using the online Escrow Activity Report.

This requirement was put into place by Senate Bill 53 in Business and Professions Code section 10141.6. It applies to brokers who engage in escrow activities pursuant to an exemption from the Escrow Law. Brokers will submit the report if they meet the threshold of five escrows or \$1 million of escrow activity in a calendar year. The report will be due within 60 days after the end of the calendar year in which this activity was performed.

The Escrow Activity Report must be submitted by the broker. Designated officers will submit the report for licensed real estate corporations. The first Escrow Activity Reports due to be submitted to CalBRE starting January 1, 2014, are reports of escrow activity for 2013.

The Escrow Activity Report must be submitted online on the CalBRE website, [www.bre.ca.gov](http://www.bre.ca.gov). Under “Essential Information” on the website’s home page, click on “Real Estate Business Resources,” then “Escrow Activity Reporting” for login information and instructions.

If you have questions about the Escrow Activity Report, contact CalBRE’s Mortgage Loan Activities section at (916) 263-8941.

### WHAT SHOULD I EXPECT WHEN I TAKE A CE COURSE? (Continued from page 10)

- Sponsors must give every participant who successfully completes a course a course completion certificate within 15 days of completing the course.

Please note that this is only a partial list of requirements. To view the complete list of regulations covering CE courses, review Article 25 of the Commissioner’s Regulations in the current *Real Estate Law Book*, available on the CalBRE website.

If CalBRE determines that a licensee received a completion certificate but did not successfully complete a

final exam, or that a licensee falsified CE information on licensing renewal forms, the licensee could be subject to formal disciplinary action.

To report any violations of the above rules, you can use the Education Provider Complaint form on the CalBRE website. Click on the “Forms” link at the top of the CalBRE home page, then look for forms RE 340 and RE 340A.



## Broker-Associate Options for Real Estate Activities and Addresses

*By Jennifer Lynn, Special Investigator and Jeff Oboyski, Licensing Manager*

Licensed real estate brokers can conduct licensed activities for more than one entity, as defined in Section 10131 of the Business and Professions Code, which states in part “A real estate broker ... does or negotiates to do one or more of the following acts for another or others.” In short, a broker may operate under their individual broker license and/or as the designated officer for one or more licensed real estate corporations.

A broker also has the option of working for another broker or licensed corporation by entering into a Broker-Salesman Agreement pursuant to Commissioner’s Regulation 2726 as a broker-associate. When this option is exercised, the broker-associate must report additional addresses to CalBRE. For instance, if the broker-associate will be conducting licensed activities at an address of record of their employing broker or corporation, then the broker-associate must add this additional address to their license as either a “branch” office address; or a “main” office address if they currently do not have a main office address on file with the Bureau. If the employing broker or corporation has multiple branch offices, the broker-associate is only required to add to their license those branch locations where they are going to conduct licensed activities on behalf of their employer.

Additionally, if some of the broker-associate’s activities will be performed on behalf of their employer, at the broker-associate’s main or branch office address of record, then the employing broker or corporation must add that address as a branch office to their license. See Business and Professions Code Section 10163 for branch offices.

Main office address changes can be made using the Broker Change Application (RE 204) form available on the CalBRE website, or through eLicensing. Branch office addresses can be added or deleted by using the Branch Office Application (RE 203). The Broker Change Application should be used to add a broker’s main office address; while the Branch Office Application should be used to add a branch office address to a broker or corporation license.

Complying with broker-associate address reporting requirements enables both consumers and the Bureau to easily determine where brokers are performing licensed activities. This information can be accessed by performing a public licensing search on the Bureau’s website; click on “Verify a License” and also by accessing the recently added search option: “Real Estate Broker and Corporation Search by Main Office or Branch Office Address.”

Note: There is no requirement for the employing broker to take possession of the broker-associate’s license certificate as he or she would for a salesperson license.

## Consumer Alerts Protect Public and Licensees

Throughout the year, the Commissioner of the California Bureau of Real Estate (CalBRE) issues Consumer Alerts to warn the public and the real estate community about potential fraud, scams, and violations of real estate law. In 2013, CalBRE (formerly the Department of Real Estate) issued three Consumer Alerts.

In February 2013, the Commissioner issued “Warning Regarding Latest Timeshare Fraud Scheme Involving Wire Transfers.” The alert warned consumers about timeshare fraud and money wire fraud. The alert included tips on what to do if faced with this issue, and who to call if you feel you have been scammed.

In October 2013, the Commissioner issued two alerts, the first “Warning Regarding Online Rental Schemes,” and the second “Beware of Scammers Who are Using the Names and Information of Legitimate California Real Estate Licensees.” The first alert detailed common online rental scams, how to spot a potential scam, ways for prospective renters to protect themselves, and information on what to do and who to call if you become aware of an online rental scam or fall victim to one. The second alert detailed information about individuals misusing the names of legitimate licensees and what to do to protect yourself against such scams. The alert had instructions on how to verify that you are dealing with a legitimate, licensed California agent and advice for real estate licensees whose names and information whose name was falsely used.

In December 2013, the Commissioner issued an alert for brokers “Opening a Real Estate Broker Trust Account.” This document can be found on the CalBRE website at [www.bre.ca.gov](http://www.bre.ca.gov) under the “Licensees” tab. The document is located under the “Real Estate Business Resources” link.

Past Consumer Alerts can be found on the CalBRE website home page under “Essential Information.”







### **Purchase Information**

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P.O. Box 137006  
Sacramento, CA 95813-7006

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### **Discounts (law and reference material)**

A 20% discount is available on the Real Estate Law, Reference Book, and subdivision guides; 25 or more of a single title must be purchased at one time to qualify for the discount.

### **Submitting licensing forms & publication request**

If you submit an order for a publication at the same time that you apply for an original license or a license renewal, please send separate checks or money orders for the license fee and publication(s) ordered.

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## **PUBLICATION INFORMATION**

### **#2 Real Estate Law**

Contains the Real Estate Law and Subdivided Lands, the Regulations of the Real Estate Commissioner, the Administrative Procedure Act and pertinent excerpts from the California Codes related to the practice of real estate.

The Bureau revises the Real Estate Law *annually*, making every effort to have it available in January. In this regard, please do not send orders for the revised book until after January 1.

The Real Estate Law is sold as a book and CD set. It is also available on the BRE Web site [www.bre.ca.gov](http://www.bre.ca.gov) free of charge.

### **# 8 Operating Cost Manual for HOAs**

A manual designed to aid a budget preparer in the development of a budget for a common interest subdivision.

### **#9 Subdivision Public Report Application Guide**

A guide designed specifically to assist an applicant for a subdivision public report in the completion and submission of a Notice of Intention (Common Interest) [RE 624] or Notice of Intention (Standard) [RE 628]. This guide provides item-by-item instruction and explanation.

### **#25 Reserve Study Guidelines for HOA Budgets**

Guidelines designed to assist with preparation of a budget reserve study for a common interest subdivision. RE 25 will help homeowner association officers and members understand how reserves fit into the overall financial plan for the subdivision. Proper attention to the reserve portion of the budget should assist in the allocation of sufficient funds for future replacement of common area components, including major items such as roofs and exterior paint.

### **Consumer brochure requests & reproduction**

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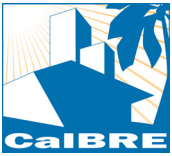
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