

FILED

OCT 27 2020

BEFORE THE DEPARTMENT OF REAL ESTATE DEPT. OF REAL ESTATE
By [Signature]
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of:)	DRE No. H-41518 LA
)	
DAVID GENE HALE,)	OAH No. 2019110327
)	
Respondent.)	

DECISION

The Proposed Decision dated September 8, 2020, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

The Decision suspends or revokes one or more real estate licenses, but the right to a restricted broker license is granted to Respondent.

Pursuant to Government Code Section 11521, the Department of Real Estate may order reconsideration of this Decision on petition of any party. The party seeking reconsideration shall set forth new facts, circumstances, and evidence, or errors in law or analysis, that show(s) grounds and good cause for the Commissioner to reconsider the Decision. If new evidence is presented, the party shall specifically identify the new evidence and explain why it was not previously presented. The Department's power to order reconsideration of this Decision shall expire 30 days after mailing of this Decision, or on the effective date of this Decision, whichever occurs first.

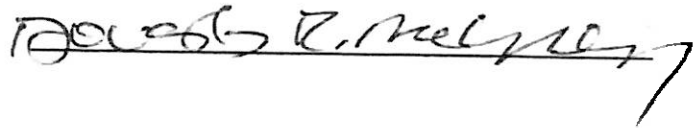
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The right to reinstatement of a revoked real estate license or to the reduction of a penalty is controlled by Section 11522 of the Government Code. A copy of Sections 11521 and 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of respondent.

This Decision shall become effective at 12 o'clock noon on November 26, 2020.

IT IS SO ORDERED 10.20.20

DOUGLAS R. McCAULEY
REAL ESTATE COMMISSIONER

A handwritten signature in dark ink, appearing to read "Douglas R. McCauley", is written over a horizontal line.

**BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

DAVID GENE HALE, Respondent

Case No. H-41518 LA

OAH No. 2019110327

PROPOSED DECISION

Thomas Y. Lucero, Administrative Law Judge, Office of Administrative Hearings (OAH), State of California, heard this matter by telephone and video conference on August 10, 2020.

Diane Lee represented complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California. The ALJ took official notice that Ms. Kilpatrick brought the accusation in her official capacity. David Gene Hale, respondent, represented himself.

Oral and documentary evidence was received. The record was closed and the matter was submitted for decision on August 10, 2020.

STATEMENT OF THE CASE

The Department of Real Estate (DRE) seeks discipline of respondent's broker license. Respondent has decades of experience in all manner of real estate

transactions, but was relatively new to property management. DRE conducted an audit examination of respondent's property management operations. It discovered a significant shortfall in funds held in trust, for which respondent had not obtained prior written permission from the owners of the funds. Respondent was responsible for other irregular practices in violation of laws and regulations. Fortunately, no one was harmed, and upon learning of the audit examination's findings, respondent eliminated the shortfall and corrected all improper practices.

ISSUES

Whether and to what extent license discipline is appropriate, after balancing the number and seriousness of respondent's improper practices on the one hand, against, on the other hand, respondent's acknowledgement of his dereliction of duties and prompt correction of all improper practices.

SUMMARY OF DECISION

Respondent acknowledged that his improper practices and swiftly corrected them. He has changed his business practices in light of DRE's investigation and fully acknowledges he was in the wrong. In the future, respondent is unlikely to pose significant risk to the public. It is appropriate that respondent continue as a broker, but there is cause to restrict the license.

FINDINGS OF FACT

1. Following service of the September 13, 2019 accusation, respondent timely submitted a Notice of Defense on Accusation on October 15, 2019.
2. Respondent's license history, certified by Kimberly Davis, Official Custodian of Records for DRE, is set out in Exhibit 2.

- A. On March 15, 1976, DRE licensed respondent as a salesperson.
 - B. On March 14, 1977, DRE issued respondent broker license number B/00551090. The accusation alleges that respondent has been licensed as a broker since 1985.
 - C. Respondent's broker license is set to expire on Marcy 28, 2021.
 - D. Respondent has been licensed as an officer of two corporations: (i) R A Roberts Development Company Inc., license number C/01244876, for the four years ending October 8, 2002; and (ii) Home Star Real Estate Services Inc., license number C/0152623, for the eight years ending February 25, 2017.
 - E. Respondent was licensed to use a DBA or fictitious business name, Homestar Real Estate Services, from January 2, 2009, until the DBA's cancellation on February 19, 2017.
3. Respondent stipulated that all material allegations of the accusation are true. Respondent thus stipulated to violations of specific Code sections, that is, the Business and Professions Code, and Regulations sections, that is, California Code of Regulations, title 10. The material allegations established by stipulation are:
- A. On July 14, 2017, DRE started an audit examination to determine whether respondent handled and accounted for trust funds and otherwise conducted his real estate business according to law and implementing regulations.
 - B. DRE completed the audit examination on October 27, 2017, covering respondent's books and records from March 1, 2015 through July 31, 2017 (the audit period). The following occurred during the audit period:

C. Respondent operated a property management company: (i) leasing, renting, and otherwise offering rental property; (ii) collecting rents; and (iii) soliciting prospective tenants.

D. Respondent's operations included depositing into and distributing trust funds from the Bank of Hemet, bank account number ending in 9601 (B/A 1). B/A 1 was in the name of Hemet San Jacinto Valley Property Managers, a fictitious business name or DBA which DRE did not license.

E. Respondent violated the Real Estate Law, codified in Code sections 10000 through 11288, and these specific sections of the Code and Regulations by conduct as follows:

a. Code section 10145 and Regulations section 2832.1: By disbursing funds, respondent reduced the total aggregate funds in B/A 1 to an amount that on July 31, 2017, was at least \$47,329.45 less than the aggregate trust fund liability to every principal owner of the funds, without the owners' prior written permission.

b. Code section 10145 and Regulations section 2831:
Respondent failed to maintain accurate and complete control records, a columnar record in chronological order of all trust funds received, deposited into, and disbursed from B/A 1. Exhibit 8 shows the control records for properties respondent managed. Exhibit 10 is an example of an agreement between respondent and a property owner, which shows how respondent handled and accounted for rental and security deposits. Exhibit 10 shows how the Audit Examination traced deposits from bank accounts to respondent's control records.

- c. Code section 10145 and Regulations section 2831.1:
Respondent failed to maintain an accurate and complete separate record for each beneficiary or transaction, thereby failing to account for all trust funds received in, deposited in, or disbursed from B/A 1. Exhibit 9 shows separate records for properties respondent managed.
- d. Code section 10145 and Regulations section 2832:
Respondent failed to designate B/A 1 a trust fund in respondent's name as trustee.
- e. Code section 10145 and Regulations section 2834:
Respondent permitted unlicensed and unbonded persons, Ronald Doty, Jr. and respondent's wife, Tamyra Doty, to be authorized signatories for and make withdrawals from B/A 1 trust funds.
- f. Code section 10159.5 and Regulations section 2731:
Respondent used a DBA, Hemet San Jacinto Valley Property Managers, which DRE did not license. The DBA was used on property management agreements, B/A 1's signature card, Exhibit 6, and cancelled checks, included in Exhibit 7.
- g. Code section 10163: Respondent performed property management activities at 2290 East Florida Street, Hemet, California, without first registering the location with DRE as a main or branch office.
- h. Code sections 10159.2, 10177, subdivision (h), and Regulations section 2725: Respondent failed to exercise reasonable control and supervision over the real estate activities of his employees as necessary to comply with the Real Estate Law, including establishing policies, rules, procedures, and systems to review, oversee, and inspect the handling of trust funds.

F. As a result of the violations listed in subparagraphs 2.E.a through 2.E.h, respondent's license and license rights are subject to discipline under Code section 10177, subdivision (d), (g), and (j), and Regulations section 2725.

4. The violations above are described in more detail in an Audit Report Transmittal (Transmittal), which includes a summary of Audit Report number SD160056 (Report). Both Transmittal and Report are dated October 27, 2017 and included in Exhibit 3.

5. On August 30, 2017, respondent signed the Non-Compliance Summary, Exhibit 4, which DRE prepared and presented to summarize the Report.

6. DRE prepared a Bank Account worksheet, Exhibit 5, which details trust fund dollar amounts. It supports the stipulated fact that respondent's trust fund in B/A 1 had a shortage of at least \$47,329.40 (five cents less than the figure stipulated and alleged in the accusation).

7. Over four decades and more, respondent's real estate work has taken many forms.

A. Respondent has represented buyers and sellers, corporations and individuals, churches, municipalities, and others, in all manner of real estate transactions.

B. Respondent started his real estate career in Orange County, but has worked in the Hemet area since 1984.

C. Respondent has worked with local planning commissions and civil engineers on issues relating to land in a great variety of configurations.

D. Respondent has been the president of the Hemet San Jacinto Association of Realtors three times. He has been on every one the association's committees at one time or another. For four years he was the Director of the San Jacinto Association of Realtors. He has been the Director of the California Association of Realtors. Respondent has been associated with the California Regional Multiple Listing Service and real estate associations that formed it.

E. Respondent continues as principal of a corporation, Home Star Real Estate Services Inc., that provides real estate services. Since 2017, he has also been an associate broker at Century 21. His property management work, the subject of DRE's audit examination, was conducted under the auspices of a corporation, Hemet-San Jacinto Valley Property Managers, Inc. (HSJVPM).

8. Respondent was friends with another real estate broker, now retired, Ronald Doty, Sr. Respondent was aware that Mr. Doty's son, Ronald Doty, Jr., operated a property management firm in the Hemet area with his mother. One day in the last few years, Ronald Doty Jr. told respondent that his mother was retiring. The firm was looking for another broker to take her place. Respondent agreed to be the responsible broker.

9. Respondent acknowledged that he should have done due diligence, including researching laws and regulations applicable to the property management business and a licensee like himself. Instead he simply stepped in, trusting that the firm was properly managed.

10. The DRE's audit examination enlightened respondent and the younger Mr. Doty. Informed of the shortfall of trust funds revealed by the audit examination, respondent immediately acted to infuse cash so that there would no longer be a

shortfall. He has acted to eliminate all problems identified in the audit examination and to ensure that H-SJVPM will continue to operate lawfully.

11. Corroboration for this testimony came from a CPA (Certified Public Accountant), Patricia K. McGivney, the principal of Patricia K. McGivney, Inc. in Hemet. CPA McGivney's August 4, 2020 letter, Exhibit A, is "a summary to the detailed reconciliation that our office performed on the trust account balances from 1/1/15-7/31/17 and through 12/31/17 for H-SJVPM" Rather than samples, as CPA McGivney explained at the hearing, her office gathered information on every property that H-SJVPM managed in the period and reviewed the lease agreement for each. Her letter, consistent with her testimony, proceeds, identifying exhibits admitted into evidence at the hearing:

The final report is included with the documentation identifying a Trust Account liability as of 12/31/17 of \$132,210 (see Exhibit B). The unadjusted bank balance for the newly established bank account is \$154,917 (see Exhibit C); when reduced for outstanding checks of \$19,405 (see Exhibit D) at 12/31/17, the adjusted bank account balance is \$135,511 which eliminates the identified trust fund shortfall at 7/31/17. (The December 2017 bank statement and account reconciliation are included for your review.)

Additionally, at the end of our review, we prepared a few policies and procedures relative to the treatment of specific activities and the treatment of specific transactions and what bank account is appropriate to reflect those transactions. Please find the memorandum labeled "Bank

Account Definitions and Best Practices" (see Exhibit E) and
"Bank accounts and their purposes" (see Exhibit F).

12. Ronald Doty, Jr.'s January 1, 2020 memorandum, Exhibit F, indicates that respondent and personnel of H-SJVPM are not paying for property repairs from trust funds, evidence that respondent is following laws and regulations on handled funds held in trust. As the last paragraph of the memorandum states:

If the Owner [of property under management] sends . . .
money to [H-SJVPM], we will deposit the money in the Trust
Operating Account (it is not [H-SJVPM]'s mone) NOTE:
The Trust Operating Account is a Trust Account. If the
Owner's funds are not available due to bank regulations,
payment cannot be made until the funds are available.

13. Exhibit G is H-SJVPM's Trust Account Agreement with Bank of Hemet, showing that respondent alone is authorized to draw upon the Trust Account. Exhibit H is H-SJVPM's General Account Agreement with Bank of Hemet, showing that Ronald Doty, Jr. and Tamyra Doty are authorized to draw upon the account, which is not a trust account.

14. Exhibit I shows that respondent has duly applied to DRE to register H-SJVPM as a DBA.

15. Respondent regularly makes himself available at the H-SJVPM office to supervise operations and when he is absent, he strives to make himself available within five minutes of any message.

Costs

16. DRE incurred reasonable costs, as set out in Exhibit 11: (i) \$792 for enforcement; and (ii) \$1,367.60 for investigation.
17. The reasonable costs of the audit examination are \$7,271.96, as set out in Exhibit 12.

PRINCIPLES OF LAW

1. DRE bears the burden of showing by "clear and convincing proof to a reasonable certainty" that license discipline is warranted. (*Borror v. Dept. of Real Estate* (1971) 15 Cal.App.3d 531.)
2. Under Code section 10145, subdivision (a)(1), respondent was required to hold funds from his activities relating to rentals in a trust fund account until disbursed according to instructions from persons entitled to the funds.
3. Under subdivision (d) of Code section 10145, respondent could deposit funds in trust in an interest-bearing account insured by the Federal Deposit Insurance Corporation (FDIC), so long as the account met certain requirements: (i) the account must name respondent as trustee for a designated beneficiary or principal of the transaction (Bus. & Prof. Code, § 10145, subd. (d)(1)); (ii) funds in trust could not be commingled with other funds (Bus. & Prof. Code, § 10145, subd. (d)(3)); (iii) the broker must also disclose, both to the person who provides funds and a beneficiary, details about the trust account, such as how interest is calculated and paid and whether penalties apply to withdrawal (Bus. & Prof. Code, § 10145, subd. (d)(4)); and, (iv)

interest must not be payable directly to the broker's benefit (Bus. & Prof. Code, § 10145, subd. (d)(5)).

4. Under subdivision (g) of Code section 10145, respondent was required to maintain a separate record of the receipt and disbursement of funds in the trust account, including interest.

5. Code section 10148 sets out requirements applicable to audits, such as the audit in this matter:

A. Under subdivision (a), respondent was required to keep records of his real estate activity, whether or not it involved funds in trust, including such things as deposit receipts and canceled checks. The statute requires retention of records for three years. A broker's books, accounts, and records must be made available to the Real Estate Commissioner for inspection and copying upon request.

B. Under subdivision (b), the Commissioner is required to charge a broker for the cost of an audit if the Commissioner finds after a disciplinary hearing that the respondent has violated Business and Professions Code section 10145 or a regulation or rule interpreting it.

C. Under subdivision (c), suspension or revocation of a license may be based on a broker's failure to pay for an audit within 60 days.

6. Code section 10159.5, subdivision (a)(1) provides:

Every person applying for a license under this chapter who desires to have the license issued under a fictitious business name shall file with his or her application a certified copy of his or her fictitious business name statement filed with the

county clerk pursuant to Chapter 5 (commencing with Section 17900) of Part 3 of Division 7.

7. Code section 10177, subdivision (h), provides:

The commissioner may suspend or revoke the license of a real estate licensee . . . who has done any of the following . . . :

(h) As a broker licensee, failed to exercise reasonable supervision over the activities of that licensee's salespersons, or, as the officer designated by a corporate broker licensee, failed to exercise reasonable supervision and control of the activities of the corporation for which a real estate license is required.

8. Regulations section 2731, provides in pertinent part:

(a) A licensee shall not use a fictitious name in the conduct of any activity for which a license is required under the Real Estate Law unless the licensee is the holder of a license bearing the fictitious name.

(b) The Bureau shall issue a license required under the Real Estate Law only in the legal name of the licensee or in the fictitious business name of a broker who presents evidence of having complied with the provisions of Sections 17910 and 17917 of the Code.

9. Regulations section 2831, sets out the requirements for a complete and accurate control record:

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

(1) Date trust funds received.

(2) From whom trust funds received.

(3) Amount received.

(4) With respect to funds deposited in an account, date of said deposit.

(5) With respect to trust funds previously deposited to an account, check number and date of related disbursement.

(6) With respect to trust funds not deposited in an account, identity of other depository and date funds were forwarded.

(7) Daily balance of said account.

(b) For each bank account which contains trust funds, a record of all trust funds received and disbursed shall be maintained in accordance with subdivision (a) or (c).

(c) Maintenance of journals of account cash receipts and disbursements, or similar records, or automated data processing systems, including computer systems and electronic storage and manipulation of information and documents, in accordance with generally accepted accounting principles, shall constitute compliance with subdivision (a) provided that such journals, records, or systems contain the elements required by subdivision (a) and that such elements are maintained in a format that will readily enable tracing and reconciliation in accordance with Section 2831.2.

(d) Nothing in this section shall be construed to permit a violation of Section 10145 of the Code.

(e) A broker is not required to keep records pursuant to this section of checks which are written by a principal, given to the broker and made payable to third parties for the provision of services, including but not limited to escrow, credit and appraisal services, when the total amount of such checks for any transaction from that principal does not exceed \$1,000. Upon request of the Bureau [DRE, previously the Bureau of Real Estate] or the maker of such checks, a broker shall account for the receipt and distribution of such checks. A broker shall retain for three years copies of receipts issued or obtained in connection with the receipt and distribution of such checks.

10. Regulations section 2831.1 provides:

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

(1) Date of deposit.

(2) Amount of deposit.

(3) Date of each related disbursement.

(4) Check number of each related disbursement.

(5) Amount of each related disbursement.

(6) If applicable, dates and amounts of interest earned and credited to the account.

(7) Balance after posting transactions on any date.

(b) Maintenance of trust ledgers of separate beneficiaries or transactions, or similar records, or automated data processing systems, including computer systems and electronic storage and manipulation of information and documents, in accordance with generally accepted

accounting principles will constitute compliance with subdivision (a), provided that such ledgers, records, or systems contain the elements required by subdivision (a) and that such elements are maintained in a format that will readily enable tracing and reconciliation in accordance with Section 2831.2.

11. Regulations section 2832 provides in pertinent part:

(a) Compliance with Section 10145 of the Code requires that the broker place funds accepted on behalf of another into the hands of the owner of the funds, into a neutral escrow depository or into a trust fund account in the name of the broker, or in a fictitious name if the broker is the holder of a license bearing such fictitious name, as trustee at a bank or other financial institution not later than three business days following receipt of the funds by the broker or by the broker's salesperson.

12. Regulations section 2834 provides in pertinent part:

(a) Withdrawals may be made from a trust fund account of an individual broker only upon the signature of the broker or one or more of the following persons if specifically authorized in writing by the broker:

(1) a salesperson licensed to the broker.

(2) a person licensed as a broker who has entered into a written agreement pursuant to section 2726 with the broker.

(3) an unlicensed employee of the broker with fidelity bond coverage at least equal to the maximum amount of the trust funds to which the employee has access at any time.

ANALYSIS

1. In light of the trust fund shortfall uncovered by DRE's audit examination, and the other irregularities in operations at H-SJVPM, respondent was derelict in his duties as a broker.

2. Cause exists to discipline respondent's broker license based on each of the eight distinct violations of the Real Estate Law set out in Factual Findings 3.E.a through 3.E.h.

3. The degree of appropriate discipline is affected by several things, such as suggested by criteria to evaluate rehabilitation developed by DRE and articulated in the California Code of Regulations, title 10, section 2912. The criteria have been considered to the extent they are pertinent here, but they are more apt to rehabilitation from crime, and as respondent committed no crime, are not directly applicable.

4. Most important is that respondent has amended his business practices. The paramount change was respondent's contributing funds so that there is no longer a shortfall in H-SJVPM's trust fund. Respondent promptly made this change and reformed his business practice. The reform was pressing, as respondent recognized,

because this particular violation of law had the potential for serious harm to others. Property owners allowed respondent to collect rents and related monies and to hold the funds in trust. By not holding enough of such funds in an H-SJVPM trust account, respondent's clients were in danger of being deprived of substantial resources. For instance, if H-SJVPM were to invest entrusted monies in projects that failed, the financial harm could ultimately land on H-SJVPM's clients. By acting as he did upon learning that he was in violation of laws regulating trust funds, respondent avoided such possible future harm to clients.

5. Respondent has likewise put in place additional procedures and safeguards to prevent repeating mistakes of the past. Respondent understood, for instance, that brokers have a primary obligation of close supervision of personnel employed in a real estate enterprise such as a property management firm. Recognizing this obligation, respondent made it a concrete policy that he should be, as far as practicable, available in person to H-SJVPM personnel at the office, and when he was not in the office available by telephone or other electronic means within five minutes of an inquiry or message.

6. Actions speak louder than words, as the saying goes. Respondent's actions to reform H-SJVPM business practices speak to a healthy change in attitude. But it is apparent as well from respondent's testimony and demeanor at the hearing that he has had a change in attitude for the better. It is not that previously respondent's attitude was bad or intent on wrongdoing. Before H-SJVPM, respondent enjoyed a long, successful career in real estate, respected and recognized by colleagues, as shown by his years of service in several associations of realtors. By the time the opportunity to operate H-SJVPM came, he was complacent or unthinking, and so neglected the careful planning and meticulous oversight that a busy property

management operation like H-SJVPM demands to stay within the law. It is not so much that respondent changed a bad attitude as that he woke by reason of the audit examination and returned to a previous attitude attentive to the multitudinous demands of the real estate profession.

CONCLUSION OF LAW

License discipline is appropriate based on multiple violations of the Real Estate Law. But respondent acted quickly to correct improper business practices and has put his property management operations on a sure footing in compliance with laws and regulations. Respondent also frankly acknowledged he was in the wrong. The public interest will be adequately protected if respondent continues as a licensee, with license restrictions.

ORDER

All licenses and licensing rights of respondent David Gene Hale under the Real Estate Law are revoked; provided, however, a restricted real estate broker license shall be issued to respondent pursuant to Business and Professions Code section 10156.5 if respondent makes application therefor and pays to the Department of Real Estate the appropriate fee for the restricted license within 90 days from the effective date of this Decision. The restricted license issued to respondent shall be subject to all of the provisions of Business and Professions Code section 10156.7 and to the following limitations, conditions, and restrictions imposed under authority of Business and Professions Code section 10156.6:

1. Pursuant to Business and Professions Code section 10148, respondent shall pay the Commissioner's reasonable cost for: a) the audit which led to this disciplinary action, \$7,271.96, and, b) a subsequent audit to determine if respondent

has corrected the trust fund violation(s) found in paragraphs 3.E.a through 3.E.h of the Factual Findings and determination of issues. In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the estimated average hourly salary for all persons performing audits of real estate brokers, and shall include an allocation for travel time to and from the auditor's place of work. Respondent shall pay such cost within 60 days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities. The Commissioner may suspend the restricted license issued to respondent pending a hearing held in accordance with Section 11500, et seq., of the Government Code, if payment is not timely made as provided for herein, or as provided for in a subsequent agreement between the respondent and the Commissioner. The suspension shall remain in effect until payment is made in full or until respondent enters into an agreement satisfactory to the Commissioner to provide for payment, or until a decision providing otherwise is adopted following a hearing held pursuant to this condition.

2. In addition to auditing costs, respondent shall pay the Commissioner a total of \$2,159.60 in reimbursement of enforcement and investigation costs. Respondent shall pay such reimbursement within 60 days of receiving an invoice from the Commissioner or on such terms as the Commissioner may determine.

3. The restricted license issued to respondent may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of respondent's conviction or plea of nolo contendere to a crime which is substantially related to respondent's fitness or capacity as a real estate licensee.

4. The restricted license issued to respondent may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the

Commissioner that respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

5. Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations, or restrictions of a restricted license until two years have elapsed from the effective date of this Decision.

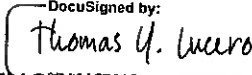
6. Respondent shall, within nine months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commissioner that respondent has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license. If respondent fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until the respondent presents such evidence. The Commissioner shall afford respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

7. Respondent shall, within six months from the effective date of this Decision, take and pass the Professional Responsibility Examination administered by the Department, including the payment of the appropriate examination fee. If respondent fails to satisfy this condition, the Commissioner may order suspension of respondent's license until respondent passes the examination.

8. Respondent shall notify the Commissioner in writing within 72 hours of any arrest by sending a certified letter to the Commissioner at the Department of Real Estate, Post Office Box 187000, Sacramento, CA 95818-7000. The letter shall set forth

the date of respondent's arrest, the crime for which respondent was arrested and the name and address of the arresting law enforcement agency. Respondent's failure to timely file written notice shall constitute an independent violation of the terms of the restricted license and shall be grounds for the suspension or revocation of that license.

DATE: September 8, 2020

DocuSigned by:

THOMAS Y. LUCERO

Administrative Law Judge
Office of Administrative Hearings