

AMENDED IN ASSEMBLY APRIL 20, 2005
AMENDED IN ASSEMBLY MARCH 29, 2005
CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

ASSEMBLY BILL

No. 223

**Introduced by Assembly Member Negrete McLeod
(Coauthors: Assembly Members Dymally, Shirley Horton, Huff,
Matthews, and Maze)**

February 3, 2005

An act to amend Section 10170.5 of the Business and Professions Code, relating to real estate.

LEGISLATIVE COUNSEL'S DIGEST

AB 223, as amended, Negrete McLeod. Real estate licensure: education requirements.

Existing law, the Real Estate Law, requires the licensure of a person by the Real Estate ~~commissioner~~ *Commissioner* to engage in the business of, act in the capacity of, or advertise or assume to act as, a real estate broker or a real estate salesman. Existing law requires applicants for a real estate license renewal to meet certain education requirements.

This bill would revise these requirements *on July 1, 2007*, to include , among other things, completion of a 3-hour course in risk management that includes principles, practices, and procedures calculated to avoid errors and omissions in the practice of real estate licensed activities.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10170.5 of the Business and
2 Professions Code is amended to read:

3 10170.5. (a) Except as otherwise provided in Sections
4 10153.4 and 10170.8, no real estate license shall be renewed
5 unless the commissioner finds that the applicant for license
6 renewal has, during the four-year period preceding the renewal
7 application, successfully completed the 45-clock hours of
8 education provided for in Section 10170.4, including all of the
9 following:

10 (1) A three-hour course in ethics, professional conduct, and
11 legal aspects of real estate, which shall include, but not be limited
12 to, relevant legislation, regulations, articles, reports, studies,
13 court decisions, treatises, and information of current interest.

14 (2) A three-hour course in agency relationships and duties in a
15 real estate brokerage practice, including instruction in the
16 disclosures to be made and the confidences to be kept in the
17 various agency relationships between licensees and the parties to
18 real estate transactions.

19 (3) A three-hour course in trust fund accounting and handling.

20 (4) A three-hour course in fair housing.

21 (5) A three-hour course in risk management that shall include,
22 but need not be limited to, principles, practices, and procedures
23 calculated to avoid errors and omissions in the practice of real
24 estate licensed activities.

25 (6) Not less than 18-clock hours of courses or programs
26 related to consumer protection, and designated by the
27 commissioner as satisfying this purpose in his or her approval of
28 the offering of these courses or programs, which shall include,
29 but not be limited to, forms of real estate financing relevant to
30 serving consumers in the marketplace, land use regulation and
31 control, pertinent consumer disclosures, agency relationships,
32 capital formation for real estate development, fair practices in
33 real estate, appraisal and valuation techniques, landlord-tenant
34 relationships, energy conservation, environmental regulation and
35 consideration, taxation as it relates to consumer decisions in real
36 estate transactions, probate and similar disposition of real
37 property, governmental programs such as revenue bond
38 activities, redevelopment, and related programs, business

1 opportunities, mineral, oil, and gas conveyancing, and California
2 law that relates to managing community associations that own,
3 operate, and maintain property within common interest
4 developments, including, but not limited to, management,
5 maintenance, and financial matters addressed in the
6 Davis-Stirling Common Interest Development Act.

7 (7) Other courses and programs that will enable a licensee to
8 achieve a high level of competence in serving the objectives of
9 consumers who may engage the services of licensees to secure
10 the transfer, financing, or similar objectives with respect to real
11 property, including organizational and management techniques
12 that will significantly contribute to this goal.

13 (b) Except as otherwise provided in Section 10170.8, no real
14 estate license shall be renewed for a licensee who already has
15 renewed under subdivision (a), unless the commissioner finds
16 that the applicant for license renewal has, during the four-year
17 period preceding the renewal application, successfully completed
18 the 45-clock hours of education provided for in Section 10170.4,
19 including ~~a~~ an eight-hour update survey course that covers the
20 subject areas specified in paragraphs (1) to (5), inclusive, of
21 subdivision (a).

22 (c) Any denial of a license pursuant to this section shall be
23 subject to Section 10100.

24 (d) For purposes of this section, “successful completion” of a
25 course described in paragraphs (1) to (5), inclusive, of
26 subdivision (a) means the passing of a final examination.

27 SEC. 2. It is the intent of the Legislature that the Department
28 of Real Estate begin the process of preparing for implementation
29 of this act immediately upon its becoming effective on January 1,
30 2006. However, the new requirements set forth in this act in
31 Section 10170.5 of the Business and Professions Code shall not
32 become operative until July 1, ~~2006~~ 2007.