

## 2320 Department of Real Estate

The mission of the Department of Real Estate is to protect the public in real estate transactions and provide related services to the real estate industry.

### 3-YR EXPENDITURES AND PERSONNEL YEARS (Summary of Program Requirements)

|  | Personnel Years |              |              | Expenditures    |                 |                 |
|--|-----------------|--------------|--------------|-----------------|-----------------|-----------------|
|  | 2008-09         | 2009-10      | 2010-11      | 2008-09*        | 2009-10*        | 2010-11*        |
| 10 Licensing and Education                               | 61.0            | 61.7         | 84.7         | \$8,105         | \$8,801         | \$11,711        |
| 20 Enforcement and Recovery                              | 169.1           | 169.7        | 170.7        | 25,956          | 25,925          | 28,347          |
| 30 Subdivisions  | 48.6            | 51.3         | 51.3         | 5,904           | 6,341           | 7,032           |
| 40.10 Administration                                     | 49.9            | 51.4         | 53.3         | 6,885           | 6,957           | 7,916           |
| 40.20 Distributed Administration                         | -               | -            | -            | -6,728          | -6,864          | -7,823          |
| <b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b> | <b>328.6</b>    | <b>334.1</b> | <b>360.0</b> | <b>\$40,122</b> | <b>\$41,160</b> | <b>\$47,183</b> |
| <b>FUNDING</b>   |                 |              |              | <b>2008-09*</b> | <b>2009-10*</b> | <b>2010-11*</b> |
| 0317 Real Estate Fund                                    |                 |              |              | \$39,924        | \$40,725        | \$46,748        |
| 0995 Reimbursements                                      |                 |              |              | 198             | 435             | 435             |
| <b>TOTALS, EXPENDITURES, ALL FUNDS</b>                   |                 |              |              | <b>\$40,122</b> | <b>\$41,160</b> | <b>\$47,183</b> |

### LEGAL CITATIONS AND AUTHORITY

#### DEPARTMENT AUTHORITY

Business and Professions Code, Division 4, Parts 1 and 2.

### MAJOR PROGRAM CHANGES

- The Governor's Budget proposes \$2.8 million and 26 positions to implement the federally mandated Secure and Fair Enforcement Licensing Act of 2008 (SAFE Act). The SAFE Act requires states to implement a licensing program for mortgage loan originators.

### DETAILED BUDGET ADJUSTMENTS

|   | 2009-10*     |                 |                 | 2010-11*     |                |                 |
|---|--------------|-----------------|-----------------|--------------|----------------|-----------------|
|   | General Fund | Other Funds     | Personnel Years | General Fund | Other Funds    | Personnel Years |
| <b>Workload Budget Adjustments</b>  |              |                 |                 |              |                |                 |
| <b>Other Workload Budget Adjustments</b>  |              |                 |                 |              |                |                 |
| • Various Baseline Adjustments  | \$-          | -\$3,181        | -               | \$-          | \$2,842        | -               |
| <b>Totals, Other Workload Budget Adjustments</b>  | <b>\$-</b>   | <b>-\$3,181</b> | <b>-</b>        | <b>\$-</b>   | <b>\$2,842</b> | <b>-</b>        |
| <b>Totals, Workload Budget Adjustments</b>  | <b>\$-</b>   | <b>-\$3,181</b> | <b>-</b>        | <b>\$-</b>   | <b>\$2,842</b> | <b>-</b>        |
| <b>Policy Adjustments</b>   |              |                 |                 |              |                |                 |
| • Implementation of the Federal Secure and Fair Enforcement Licensing Act of 2008 (SAFE). | \$-          | \$-             | -               | \$-          | \$2,800        | 25.6            |
| <b>Totals, Policy Adjustments</b>   | <b>\$-</b>   | <b>\$-</b>      | <b>-</b>        | <b>\$-</b>   | <b>\$2,800</b> | <b>25.6</b>     |
| <b>Totals, Budget Adjustments</b>   | <b>\$-</b>   | <b>-\$3,181</b> | <b>-</b>        | <b>\$-</b>   | <b>\$5,642</b> | <b>25.6</b>     |

### PROGRAM DESCRIPTIONS (Program Objectives Statement)

#### 10 - LICENSING AND EDUCATION

The objective of the Licensing Program is to ensure that individuals who wish to engage in real estate business and act in the capacity of, or advertise as, a real estate broker or salesperson within California meet specified qualifications.

#### 20 - ENFORCEMENT AND RECOVERY

The objective of this program is to investigate the actions of any person acting in the capacity of a real estate licensee, perform financial compliance audits of licensees and subdividers, and administratively prosecute violations of the Real Estate Law and Subdivided Lands Law.

\* Dollars in thousands, except in Salary Range.

## 2320 Department of Real Estate - Continued

### 30 - SUBDIVISIONS

The Subdivisions Program protects the public against fraud and misrepresentation in the sale or lease of subdivided land through the issuance of public reports which disclose vital information to prospective purchasers of subdivision interests.

### 40 - ADMINISTRATION

The Administration Program provides support services to the department's programs through the Fiscal and Business Services Section, Information Technology Section, and Human Resources Section.

#### DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

|   |  | 2008-09*        | 2009-10*        | 2010-11*        |
|---|--|-----------------|-----------------|-----------------|
| <b>PROGRAM REQUIREMENTS</b>             |  |                 |                 |                 |
| <b>10 LICENSING AND EDUCATION</b>       |  |                 |                 |                 |
| <b>State Operations:</b>                |  |                 |                 |                 |
| 0317 Real Estate Fund                   |  | \$8,064         | \$8,516         | \$11,426        |
| 0995 Reimbursements                     |  | 41              | 285             | 285             |
| <b>Totals, State Operations</b>         |  | <b>\$8,105</b>  | <b>\$8,801</b>  | <b>\$11,711</b> |
| <b>PROGRAM REQUIREMENTS</b>             |  |                 |                 |                 |
| <b>20 ENFORCEMENT AND RECOVERY</b>      |  |                 |                 |                 |
| <b>State Operations:</b>                |  |                 |                 |                 |
| 0317 Real Estate Fund                   |  | \$25,956        | \$25,925        | \$28,347        |
| <b>Totals, State Operations</b>         |  | <b>\$25,956</b> | <b>\$25,925</b> | <b>\$28,347</b> |
| <b>PROGRAM REQUIREMENTS</b>             |  |                 |                 |                 |
| <b>30 SUBDIVISIONS</b>                  |  |                 |                 |                 |
| <b>State Operations:</b>                |  |                 |                 |                 |
| 0317 Real Estate Fund                   |  | \$5,904         | \$6,341         | \$7,032         |
| <b>Totals, State Operations</b>         |  | <b>\$5,904</b>  | <b>\$6,341</b>  | <b>\$7,032</b>  |
| <b>PROGRAM REQUIREMENTS</b>             |  |                 |                 |                 |
| <b>40.10 ADMINISTRATION</b>             |  |                 |                 |                 |
| <b>State Operations:</b>                |  |                 |                 |                 |
| 0317 Real Estate Fund                   |  | \$6,728         | \$6,807         | \$7,766         |
| 0995 Reimbursements                     |  | 157             | 150             | 150             |
| <b>Totals, State Operations</b>         |  | <b>\$6,885</b>  | <b>\$6,957</b>  | <b>\$7,916</b>  |
| <b>PROGRAM REQUIREMENTS</b>             |  |                 |                 |                 |
| <b>40.20 DISTRIBUTED ADMINISTRATION</b> |  |                 |                 |                 |
| <b>State Operations:</b>                |  |                 |                 |                 |
| 0317 Real Estate Fund                   |  | -\$6,728        | -\$6,864        | -\$7,823        |
| <b>Totals, State Operations</b>         |  | <b>-\$6,728</b> | <b>-\$6,864</b> | <b>-\$7,823</b> |
| <b>TOTALS, EXPENDITURES</b>             |  |                 |                 |                 |
| State Operations                        |  | 40,122          | 41,160          | 47,183          |
| <b>Totals, Expenditures</b>             |  | <b>\$40,122</b> | <b>\$41,160</b> | <b>\$47,183</b> |

#### EXPENDITURES BY CATEGORY (Summary By Object)

|                                       | 1 State Operations |              |              | Expenditures    |                 |                 |
|---------------------------------------|--------------------|--------------|--------------|-----------------|-----------------|-----------------|
|                                       | 2008-09            | 2009-10      | 2010-11      | 2008-09*        | 2009-10*        | 2010-11*        |
| <b>PERSONAL SERVICES</b>              |                    |              |              |                 |                 |                 |
| Authorized Positions (Equals Sch. 7A) | 328.6              | 351.7        | 351.7        | \$17,832        | \$17,295        | \$20,041        |
| Total Adjustments                     | -                  | -            | 27.0         | -               | -               | 1,077           |
| Estimated Salary Savings              | -                  | -17.6        | -18.7        | -               | -865            | -1,056          |
| <b>Net Totals, Salaries and Wages</b> | <b>328.6</b>       | <b>334.1</b> | <b>360.0</b> | <b>\$17,832</b> | <b>\$16,430</b> | <b>\$20,062</b> |

\* Dollars in thousands, except in Salary Range.

## 2320 Department of Real Estate - Continued

| 1 State Operations  | Positions/Personnel Years |              |              | Expenditures    |                 |                 |
|---|---------------------------|--------------|--------------|-----------------|-----------------|-----------------|
|   | 2008-09                   | 2009-10      | 2010-11      | 2008-09*        | 2009-10*        | 2010-11*        |
| Staff Benefits  | -                         | -            | -            | 6,348           | 6,743           | 7,805           |
| <b>Totals, Personal Services</b>  | <b>328.6</b>              | <b>334.1</b> | <b>360.0</b> | <b>\$24,180</b> | <b>\$23,173</b> | <b>\$27,867</b> |
| OPERATING EXPENSES AND EQUIPMENT  |                           |              |              | \$13,107        | \$14,987        | \$16,316        |
| SPECIAL ITEMS OF EXPENSE  |                           |              |              | \$2,835         | \$3,000         | \$3,000         |
| <b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS<br/>(State Operations)</b> |                           |              |              | <b>\$40,122</b> | <b>\$41,160</b> | <b>\$47,183</b> |

## DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

| 1 STATE OPERATIONS   | 2008-09*        | 2009-10*        | 2010-11*        |
|--|-----------------|-----------------|-----------------|
| <b>0317 Real Estate Fund</b>   |                 |                 |                 |
| APPROPRIATIONS   |                 |                 |                 |
| 001 Budget Act appropriation   | \$44,306        | -               | -               |
| Allocation for employee compensation   | 37              | -               | -               |
| Adjustment per Section 3.60  | -11             | -               | -               |
| Reduction per Section 3.90   | -596            | -               | -               |
| 001 Budget Act appropriation as amended by Chapter 1, Statutes of 2009, Fourth Extraordinary Session | -               | \$43,906        | -               |
| Adjustment per Section 3.60  | -               | 22              | -               |
| Reduction per Section 3.90   | -               | -3,155          | -               |
| Adjustment per Section 3.55  | -               | -48             | -               |
| 001 Budget Act appropriation   | -               | -               | \$46,748        |
| <b>Totals Available</b>  | <b>\$43,736</b> | <b>\$40,725</b> | <b>\$46,748</b> |
| Unexpended balance, estimated savings  | -3,812          | -               | -               |
| <b>TOTALS, EXPENDITURES</b>  | <b>\$39,924</b> | <b>\$40,725</b> | <b>\$46,748</b> |
| <b>0995 Reimbursements</b>   |                 |                 |                 |
| APPROPRIATIONS   |                 |                 |                 |
| Reimbursements   | \$198           | \$435           | \$435           |
| <b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>  | <b>\$40,122</b> | <b>\$41,160</b> | <b>\$47,183</b> |

## FUND CONDITION STATEMENTS

|   | 2008-09* | 2009-10* | 2010-11* |
|---|----------|----------|----------|
| <b>0317 Real Estate Fund<sup>s</sup></b>      |          |          |          |
| BEGINNING BALANCE                             | \$36,943 | \$22,159 | \$21,171 |
| Prior year adjustments                        | 769      | -        | -        |
| Adjusted Beginning Balance                    | \$37,712 | \$22,159 | \$21,171 |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS    |          |          |          |
| Revenues:                                     |          |          |          |
| 123400 Real Estate Examination Fees           | 1,811    | 1,654    | 1,651    |
| 123500 Real Estate License Fees               | 17,301   | 33,322   | 39,561   |
| 123600 Subdivision Filing Fees                | 3,357    | 3,413    | 3,966    |
| 125700 Other Regulatory Licenses and Permits  | 252      | 250      | 250      |
| 141200 Sales of Documents                     | 29       | 30       | 30       |
| 142500 Miscellaneous Services to the Public   | 137      | 120      | 120      |
| 150300 Income From Surplus Money Investments  | 702      | 665      | 748      |
| 161000 Escheat of Unclaimed Checks & Warrants | 21       | 21       | 21       |
| 161400 Miscellaneous Revenue                  | 505      | 500      | 500      |
| 164300 Penalty Assessments                    | 277      | 300      | 300      |

\* Dollars in thousands, except in Salary Range.

## 2320 Department of Real Estate - Continued

|   | 2008-09*        | 2009-10*        | 2010-11*        |
|---|-----------------|-----------------|-----------------|
| Transfers and Other Adjustments:  |                 |                 |                 |
| TO3136 To Foreclosure Consultant Regulation Fund loan per Item 0820-011-0317,<br>Budget Act of 2009 | -               | -500            | -               |
| Total Revenues, Transfers, and Other Adjustments  | <u>\$24,392</u> | <u>\$39,775</u> | <u>\$47,147</u> |
| Total Resources   | \$62,104        | \$61,934        | \$68,318        |
| <b>EXPENDITURES AND EXPENDITURE ADJUSTMENTS</b>   |                 |                 |                 |
| Expenditures:   |                 |                 |                 |
| 0840 State Controller (State Operations)  | 21              | 38              | 94              |
| 2320 Department of Real Estate (State Operations)   | 39,924          | 40,725          | 46,748          |
| 8880 Financial Information System for California (State Operations)                                 | -               | -               | 26              |
| Total Expenditures and Expenditure Adjustments  | <u>\$39,945</u> | <u>\$40,763</u> | <u>\$46,868</u> |
| FUND BALANCE  | \$22,159        | \$21,171        | \$21,450        |
| Reserve for economic uncertainties  | 22,159          | 21,171          | 21,450          |

## CHANGES IN AUTHORIZED POSITIONS

|                                      | Positions/Personnel Years |              |              | Expenditures        |                 |                 |
|--------------------------------------|---------------------------|--------------|--------------|---------------------|-----------------|-----------------|
|                                      | 2008-09                   | 2009-10      | 2010-11      | 2008-09*            | 2009-10*        | 2010-11*        |
| Totals, Authorized Positions         | 328.6                     | 351.7        | 351.7        | \$17,832            | \$17,295        | \$20,041        |
| <b>Proposed New Positions:</b>       |                           |              |              | <b>Salary Range</b> |                 |                 |
| Program 10:                          |                           |              |              |                     |                 |                 |
| Deputy Commissioner                  | -                         | -            | 9.0          | 3,459 - 5,108       | -               | 392             |
| Program Technician III               | -                         | -            | 1.0          | 2,951 - 3,588       | -               | 37              |
| Program Technician III               | -                         | -            | 14.0         | 2,638 - 3,209       | -               | 465             |
| Program 20:                          |                           |              |              |                     |                 |                 |
| General Auditor II                   | -                         | -            | 1.0          | 3,841 - 4,903       | -               | 49              |
| Program 40.10:                       |                           |              |              |                     |                 |                 |
| Senior Programmer Analyst            | -                         | -            | 1.0          | 5,571 - 7,109       | -               | 70              |
| Staff Information Systems Analyst    | -                         | -            | 1.0          | 5,065 - 6,466       | -               | 64              |
| <b>Totals Proposed New Positions</b> | <u>-</u>                  | <u>-</u>     | <u>27.0</u>  | <u>\$-</u>          | <u>\$-</u>      | <u>\$1,077</u>  |
| <b>Total Adjustments</b>             | <u>-</u>                  | <u>-</u>     | <u>27.0</u>  | <u>\$-</u>          | <u>\$-</u>      | <u>\$1,077</u>  |
| <b>TOTALS, SALARIES AND WAGES</b>    | <b>328.6</b>              | <b>351.7</b> | <b>378.7</b> | <b>\$17,832</b>     | <b>\$17,295</b> | <b>\$21,118</b> |

\* Dollars in thousands, except in Salary Range.