

If You Filed This Notice Of Exemption With The DFPI, You Have Filed It In The Wrong Place

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Section 25102.5 of the California Corporations Code exempts from the issuer qualification requirement of the Corporate Securities Law of 1968 a "transaction" that is the sale of: (i) a series of notes secured directly by an interest in the same real property, or (ii) undivided interests in a note secured directly by real property equivalent to a series transaction. To be eligible for this exemption, the transaction must comply with Article 6 of the California Real Estate Law (Cal. Bus. & Prof. Code § 10237 *et sequitur*. Article 6 applies only to the exemption from qualification under Corporations Code Section 25102.5. Article 6 does not apply to any other exemption from securities qualification, including Section 25102(e) of the Corporations Code, that may be claimed without complying with Article 6, or to any permit to qualify the offer and sale of securities under the CSL.

While Section 25102.5 does not require the filing of a notice of exemption, the Real Estate Law does. Business & Professions Code section 10237(a) requires that a notice of exemption be filed with the Real Estate Commissioner within 30 days after the first transaction and within 30 days of any material change in the information required in the notice.

Establishing an exemption under Corporations Code section 25102.5 through compliance with Article 6 of the Real Estate Law is not the end of the story. Persons engaging in these transactions will also need to ensure that the transaction complies with, or is exempt from, the registration requirements of the Securities Act of 1933.

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