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About Pam Strickland

Pam is a Real Estate Broker from Santa Barbara with over 39 years experience in Real Estate and Mortgage Lending.

Past-President, CAMB (California Association of Mortgage Brokers). Selected Mortgage Broker of the Year in 1992 by the CAMB and in 1993 by the NAMB (National Association of Mortgage Brokers).

Member, SAFE MLO National Test Maintenance Committee.

Past Member, California Mortgage Review Committee for the SAFE Act Mortgage Test.

Past Member, National Legal Review Committee for the SAFE Act Mortgage Test.

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Any recommendations contained in this message are based on Pam's many years of personal experience and research in the Real Estate industry and must not be considered legal advice. Please consult with appropriate legal counsel for further clarification.

Contact Pam at:

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## The DRE and FTB are out in force...are YOU ready for the call or letter?



### DRE Broker Office Surveys

The Department of Real Estate (DRE) is actively conducting Broker Office Surveys all over the state. A Special Investigator will make an appointment to spend a few hours in your office reviewing transaction files and asking questions about supervision, fair housing and general office policies and procedures. You should definitely expect one if you have a restricted licensee under your personal or corporate license. Be prepared! One of the items they investigate is your office meetings (frequency and content) and training sessions with your agents. One Special Investigator recently even asked to see the minutes of the meetings! Would you be ready with these answers if you got the call?

### Franchise Tax Board (FTB)

Since 2010 it has been the California property manager's responsibility to "police" the collection of taxes on rents earned by out of state property owners and to transmit those taxes to the state on a quarterly basis. Recently the FTB has ramped up their audits on California property managers and the majority of these audits don't end well. Most of the brokers audited are being fined thousands of dollars (\$20,000 is frequently the amount, but I've seen it be even more than that). Are you either getting a waiver approved by the FTB for your out of state clients or are you collecting and transmitting the 7% every quarter? If you aren't, you had better start now. They are coming! (And, don't forget, for out of country/foreign national owners, unless you have the proper documentation, you have to withhold and transmit 30% to the IRS every year.)

### Fictitious Business Names

Be aware that when you file fictitious business names with your county that they expire every five (5) years. Most counties in California do not contact you when the names expire. Calendar the date of expiration and refile before that date or you will have to republish if they expire. Also, if you let your DRE license expire and later renew it, the fictitious business names have to be refiled with the DRE. They drop them off your license with the expiration and don't automatically reattach them. Broker beware!

### Corporation Statement of Information

The Statement of Information for CA corporations must be refiled with the Secretary of State every year (not every 2 years as some people believe). This is easiest done online at [www.sos.ca.gov](http://www.sos.ca.gov) under BUSINESS FILINGS.

### RE-881 Business Activity Report (BAR)

The DRE RE-881 Business Activity Report (BAR) for corporations or individuals originating 1-4 residential loans (for ANY purpose) in CA must be filed by March 31 every year. This is an online submission only and can be accessed under FORMS at [www.dre.ca.gov](http://www.dre.ca.gov). If a Broker-Associate is only conducting loan originations for another broker/corporation, no filing is required for the individual license.

## Business Purpose Loans/1-4 Residential Properties

The DRE has always agreed that the NMLS endorsement is **not** required for either the originator or the processor unless the loan is used for "personal, household or family use," but that definition is for NMLS endorsement requirements only. The DRE assures me that if the loan is secured by a 1-4 residential, owner-occupied property, it doesn't matter what purpose the loan is used for, they will still follow all of the rules and regulations regarding this type of property. I am seeing more and more violations being cited for this. Expect the DRE to come out soon with more information about their stance on this issue.

### Compliance Consulting

For a thorough evaluation of your company's compliance with the multitude of regulations that pertain to the real estate industry, Pam is available for private, confidential in-office consulting. She can also help you prepare for and get through a DRE audit or office survey. Further information is available on her website: [www.pamstrickland.com](http://www.pamstrickland.com)

To schedule an appointment, call Bob MacLeod at 805-689-2230.