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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.

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## Halloween is approaching and so are visits from DRE Special Investigators. Which one do YOU think is scarier?



### DRE Office Visits/Surveys

The Department of Real Estate (DRE) has ramped up their schedule of office visits in the last few months and it seems that they will continue to do so for the foreseeable future. These are conducted by Special Investigators (not to be confused with Auditors) and usually last about two hours. They are looking at transaction files, policies and procedures (which need to be in writing), licensee contracts, and broker supervision. Several things can trigger one of these visits, including consumer complaints and the fact that a broker has a restricted licensee under their license. One thing the DRE does not appreciate is when brokers try to avoid or postpone the visit. If you get a call or e-mail from a Special Investigator try to schedule the visit at the time they request. You don't want to get off on a bad foot from the very beginning! If you have a trust account you may also be called for an audit after the office visit. Be prepared!

### License Renewals

It amazes me how many times broker, salesperson and corporation licenses are allowed to expire. A DRE license of any type needs to be renewed every four years. How hard can it be to calendar this date and renew the license 90 days prior to its expiration? The fines associated with conducting business after the license expires are horrendous. Right this minute you should look at your license expiration date and put a reminder on your calendar to renew. And, if you have salespersons or broker associates, remind them also.

### MLDS

As those of you who use Calyx Point know, they have stopped including the DRE Mortgage Loan Disclosure Statement (MLDS) in their software. Even though they are telling you that the MLDS is no longer required, they are not totally correct. If you (the broker) are providing the Loan Estimate (LE) and the additional CA Addendum to the LE and having it signed by the borrower(s), and the CA Addendum you are using meets the DRE requirements and you are disclosing all compensation, including lender paid, you are probably OK. But, if the LE is provided by the lender without the correct CA Addendum and/or not disclosing ALL compensation paid to the broker, you are out of compliance. If you are originating private money loans, you need to make sure you are using the correct MLDS (traditional or non-traditional). If you are originating reverse mortgages, you still have to provide the MLDS. So, contrary to what you have been told, the MLDS is still alive and well.

### DRE Reports

I constantly find mortgage loan brokers who are not filing the correct DRE reports (RE-866, RE-881, and the various threshold and quarterly reports) and DRE independent broker escrows who are not filing the annual escrow report. Make sure you know what reports you are supposed to file and then make sure you file them all on time.



## 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 and make sure you know what reports you and your company are required to file. Further information is available on her website: [www.pamstrickland.com](http://www.pamstrickland.com)

To schedule an appointment, send Pam an e-mail ([pam@pamstrickland.com](mailto:pam@pamstrickland.com)) or call Bob MacLeod at 805-689-2230.