

January, 2020

Newsletter for California Department of Real Estate Brokers

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About Pam Strickland

Pam is a Real Estate Broker from Santa Barbara with over 40 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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**Welcome to a new year and a new round of reports, audits and office surveys. Some things never change!**



## Escrow Activity Report

Brokers who are exempt from the Escrow Law (California Financial Code Section 17006) and who engage in broker-controlled escrow activities for five or more transactions in a calendar year or whose escrow activities equal or exceed \$1,000,000 in a calendar year will meet the escrow threshold and will, therefore, have to submit an Escrow Activity Report, RE 890 (Business and Professions Code Section 10141.6).

The report is due within 60 days after the end of the calendar year in which the broker met the escrow threshold. It is an online submission form.

A broker who fails to submit the Escrow Activity Report is subject to a penalty of \$50 per day for each day the report has not been received by the Department, up to and including the 30th day. On and after the 31st day, the penalty is \$100 per day, not to exceed a total of \$10,000. In addition, the broker is subject to disciplinary action against his or her license(s).

Here is the link to the information about the report that must be filed by March 1<sup>st</sup>: [www.dre.ca.gov/Licensees/EscrowActivityReporting.html](http://www.dre.ca.gov/Licensees/EscrowActivityReporting.html)

## Mortgage Lending Business Activity Report

Many brokers wrongly assume that the NMLS quarterly and yearly reports are the only reports they have to submit. But, don't forget that if you are originating any residential mortgage loans for any purpose (consumer or business), you must submit (at a minimum) the annual RE-881 Business Activity Report (BAR) to the DRE. (If you are licensed by the Department of Business Oversight, you have other reports to submit, either for CFL or CRMLA.)

Here is a link to a preview of the report that must be filed by March 31<sup>st</sup>: [www.dre.ca.gov/files/pdf/forms/re881\\_preview.pdf](http://www.dre.ca.gov/files/pdf/forms/re881_preview.pdf)

Here is the link to access the actual report for filing (online only): <https://bars.dre.ca.gov/>

And, if you are a threshold or multi-lender broker, there are other reports due at various times of the year. Check out this chart for those reports and due dates:

[www.dre.ca.gov/files/pdf/forms/re4633.pdf](http://www.dre.ca.gov/files/pdf/forms/re4633.pdf)

## Office Surveys

The DRE is starting the new year off and running with a plethora of office surveys all over the state. If you get a call or letter from a Special Investigator, are you ready? Just a heads up.

## Trust Accounts

I recently received one of the saddest calls of my consulting career from a broker who discovered that her trusted bookkeeper had embezzled over \$450,000 from the company's trust account. The discovery came after the DRE had contacted the broker to schedule an

audit. Can this happen to you? Ask yourself that question if you have a trust account. Could it have been discovered earlier? Of course. Did the broker even know what signs to look for in order to know there was a problem? No. Do you? If you have a trust account and you haven't had me in to review it, why haven't you? Just food for thought.

## 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 message ([pam@pamstrickland.com](mailto:pam@pamstrickland.com)) or call Bob MacLeod at 805-689-2230.