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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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**Wear your mask...Practice physical distancing...Wash your hands...Be safe and stay well!**



## Property Managers Beware: Application Fees

I have helped with several DRE audits and/or special investigations lately where the cause of the audit was due to a complaint from a potential renter who didn't receive a refund of their application fees. This is a BIG deal to the DRE and they are serious about their goal to be consumer advocates and protectors. In two of the cases the brokers were able to prove that they had mailed the refund to the applicant, but received the check back as "undeliverable." This makes sense, as someone who is attempting to rent is probably going to move from the address you have on file prior to your mailing the check. In today's audit, the check wasn't returned by the post office, but after 6 months it was still showing as "uncashed" on the trust account reconciliation. In any case, the broker should follow-up and try to find the person and always keep a good paper trail of the attempts to locate and return the fee. Sounds like a lot of work, huh? Maybe it is, but, believe me, a DRE audit is more work! Don't take a chance.

## Property Managers: Out-of-State Owners

Since January, 2010, the California Franchise Tax Board (FTB) has made it the responsibility of property managers who manage properties for out-of-state owners to insure that the property owners are paying their CA income taxes on the rents received. Either the owners provide a waiver from the state that directs the property manager not to withhold 7% of the rent or the property manager has to, indeed, withhold 7% and send it to the FTB every quarter. The FTB is aggressively auditing California property managers for compliance and the fines for non-compliance can be hefty. A property manager recently shared with me that her audit cost her \$40,000 in fines! Don't let this be you...take care of this today. If you need more information, send an e-mail to [pam@pamstrickland.com](mailto:pam@pamstrickland.com) with the subject: FTB information. I will get you a packet of information immediately. (And, let's not forget foreign nationals, where you could be responsible for sending 30% to the IRS each year!)

## DRE Remote Audits/Special Investigations

The DRE has been conducting remote audits (as have I) since the stay-at-home orders were enacted in early March. These have been very smooth and I wish they would continue to conduct their audits this way. Let me know if you get the call or letter, and I can help you negotiate the choppy waters of either an audit or a special investigation.

## Advertising Review

After my last newsletter, I received lots of requests to review advertising of corporations and agents. As you can imagine, I found many, many problems with the social media/website advertising. Some of the most frequent: lack of DRE number or incorrect DRE number being displayed, incorrect company name (unfiled dbas), illegal team names, lack of correct verbiage for mortgage company licensing disclosures, lack of broker affiliation on team or agent

advertising and "mouse-type" used when the DRE number was displayed. Make sure you check your own and your agents' advertising...the DRE is!

## 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 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. For more information, see her website at [www.pamstrickland.com](http://www.pamstrickland.com)

To schedule an appointment, send Pam an e-mail message or call Bob MacLeod at **805-689-2230**. NOTE THAT THIS IS A NEW PHONE NUMBER FOR MY OFFICE. WE HAVE DISCONTINUED THE LANDLINE AND ARE ONLY USING CELL PHONES NOW.

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