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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:

[pam@pamstrickland.com](mailto:pam@pamstrickland.com)

**The DRE is auditing just as much and just as aggressively as always and brokers still have the same issues: Licensing, Advertising, Trust Accounts. Déjà vu all over again!**



## DRE Licensing

I understand that it is very frustrating dealing with the delays in obtaining licenses and taking new broker or salesperson tests during this time of closures and uncertainty. However, there are many things that a licensee can do to help make sure that the process goes as quickly and smoothly as possible. First and foremost, you should be using e-licensing at [www.dre.ca.gov](http://www.dre.ca.gov) whenever you can. Renewing your license (both personal and corporate), updating/changing the mailing or office address for your personal license, adding or deleting salespersons or broker-associates should all be done online. The DRE is working hard to add additional items to the list that can be done online, but no matter how many they add, if the licensees aren't making use of them it continues to slow down the system.

## Advertising

There are still many DRE investigations being conducted of those licensees who are not including their DRE numbers or other required disclosures on their websites or social media listings. The DRE has recently published a new guidebook for advertising that is a MUST read for any licensee who uses any form of advertising. Responsible brokers should immediately get this booklet into the hands or e-mails of all salespersons and broker-associates for whom they are the supervising broker (and retain some sort of receipt/acknowledgement that the agent has received and read the booklet). Here is a link to the guidebook entitled "Real Estate Advertising Guidelines:"

<https://dre.ca.gov/files/pdf/re27.pdf>

## Trust Accounts

What can go wrong with trust accounts; let me count the ways! I have been writing this newsletter for decades and the one constant is that very few brokers seem to "get it" when it comes to trust accounts...from the basic way they are set up (like choosing a bank that even offers trust accounts!), to the signers, to the reconciliations. Here is your first hint that your bank does not offer real estate broker trust accounts: Your banker says "All you have to do is get a dba that includes the word trust and we can open it for you." (I'm looking at you Chase Bank, Bank of America and Wells Fargo!) Please save yourself, the auditor and me the pain of dealing with this when the auditor is at your door (or on the phone in this climate). Get your trust account(s) in order NOW! Believe me, if you do, you will be one of the few who have a clue. By the way, a few banks who DO offer real estate broker trust accounts are Union Bank, City National Bank, First Republic Bank, Seacoast Commerce Bank, Bank of Stockton, Bank of Montecito, Farmers and Merchants Bank, and many small community banks. Those that do not are the aforementioned "big" banks and any credit unions.

## This and That

The following are a few of the issues that come up all the time in DRE audits or special investigations. Do some housecleaning now and fix these before the DRE comes calling:

- Expired DRE licenses (agents and corporate);
- Corporation is not in good standing with the Secretary of State (make sure to file the Statement of Information EVERY year);
- Use of unlicensed Fictitious Business Names (remember, if your licensed entity is XYZ Realty, Inc., you cannot use XYZ Realty without the "Inc." or any other variation of your licensed name without first filing a dba with the county and the DRE);
- Unlicensed branch office locations;
- Not filing required DRE quarterly and annual reports (mortgage and escrow companies);
- Not having contracts with all of the agents and/or broker not signing the contracts;
- Broker of Record not a signer on trust accounts;
- Unlicensed or unbonded/improperly bonded signers on trust accounts.

### 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.