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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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## Are you ready for DRE Auditors or Special Investigators to visit your office?



### Advertising

I was recently interviewed by Inman News regarding an article they were featuring about an egregious example of a California DRE-licensed real estate company being cited with a filed accusation by the DRE for dozens and dozens of violations of unlicensed and non-compliant team name usage, non-disclosure of license numbers, non-filed fictitious business names, at least one unlicensed agent continuing to conduct licensed activities and non-licensed branch offices. This was one of the worst (if not THE worst) example of non-supervision on the part of the broker/corporation that I personally had ever seen. This problem is high on the list of issues that the DRE is tackling. If you haven't taken the time to check and double-check all of your agents' social media and web presence in addition to your branch office licenses and review of agent renewals, now it the time to do it!

### Property Management

As they have done in the past few years, the DRE is still concentrating on conducting audits of property management companies. As I speak to groups such as C.A.R. and NARPM, I constantly hear the following nonsense from otherwise intelligent and experienced brokers and salespersons: "I was told by (fill in the blank) that you don't need a license to be a property manager in CA." OMG! After I pick myself up off the floor, I kindly explain to them that (fill in the blank) was out of their ever-loving mind (if they had one) and YES, you need a license (BROKER'S LICENSE, at that) to be a property manager in CA. Now, the broker can have salespersons who are under their broker/corporate license conduct licensed activities for them, and they can hire unlicensed EMPLOYEES to provide clerical functions, but the property management company itself has to be under a broker. Additionally, I have heard from seemingly intelligent brokers that rent payments do not have to be placed in a broker trust account. What planet are these people from? Read this carefully: 1) A salesperson or an unlicensed person cannot provide property management services without operating under a licensed broker; 2) ALL third party monies (e.g. rent payments, security deposits, application fees) are trust funds and must be maintained in a trust account; 3) The broker of record MUST be a signer on the trust account; 4) All signers on the trust account must be licensed to the broker (unless you jump through a ton of expensive hoops to add an unlicensed employee to the trust account, but that's a whole new article); 5) The trust account must balance daily and be reconciled monthly; 6) Be prepared for THE call from the DRE on any given day that, yes, you are being audited.

### Office Surveys

In addition to full-blown audits being conducted by DRE auditors, there are Office Surveys being conducted by Special Investigators of the DRE. These are becoming more and more frequent. If you get a call or a letter from a Special Investigator be prepared to show your agents' Independent Contractor contracts, trust accounting information and transaction files. Be prepared to answer questions about your supervision methods, amount of time you spend in the office, policies and procedures, fair housing/fair lending policies (and

your knowledge of same), and advertising guidelines and review procedures. Unlike an audit that can take several days, these Office Surveys usually only take a couple of hours.

## 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.