To protect the public in real estate transactions and provide related services to the real estate industry.
Offices

**Principal Office, Sacramento**
2201 Broadway, P.O. Box 187000, Sacramento, 95818

- Complaints/Consumer Information: (916) 227-0864
- Licensing Information: (877) 373-4542
- Mortgage Lending Section: (916) 227-0770
- Subdivisions,
  - P.O. Box 187005, Sacramento, 95818-7005
    - Subdivisions Office (North): (916) 227-0813
    - Time-Shares, Undivided Interests, Out-of-State
      - Subdivisions and Subdivision Advertising (only): (916) 227-0810

**Fresno District Office**
2550 Mariposa Mall, Suite 3070, Fresno, 93721-2273

- Complaints/Consumer Information: (559) 445-5009

**Los Angeles District Office**
320 W. 4th. Street, Suite 350, Los Angeles, 90013-1105

- Complaints/Consumer Information: (213) 620-2072
- Subdivisions Office (South): (213) 576-6983

**Oakland District Office**
1515 Clay Street, Suite 702, Oakland, 94612-1402

- Complaints/Consumer Information: (510) 622-2552

**San Diego District Office**
1350 Front Street, Suite 3064, San Diego, 92101-3687

- Complaints/Consumer Information: (619) 525-4192
Licensing

- **Real Estate Broker License**
  - Need 8 college level courses
    - Experience or college degree
  - Pass exam
  - Pass background check
  - License corporation

- **Real Estate Salesperson**
  - Need 3 college level courses
  - Pass exam
  - Pass background check
Licensing

- Prepaid Rental Listing Services (PRLS)
  - Application
  - Background Check
  - Bonding
Licensed Activity Defined

- Represent another
- Perform acts for or in expectation of compensation
- And the acts include:
  - Soliciting buyers or sellers
  - Engage in property management
  - Solicit borrowers or lenders in connection with loans secured by real property (MLBs)
  - Provide services for borrowers or lenders in connection with the loans secured by real property
DRE Sections
Licensing

- If a person wishes to engage in the real estate business and to act in the capacity of, advertise, or assume to act as a real estate broker or real estate salesperson within the State of California, a real estate license must first be obtained from the DRE.

- Before an applicant for a real estate salesperson license may obtain a license, he or she must apply for and pass a real estate examination and fulfill certain real estate education requirements. Broker and salesperson licenses are issued for a four-year period. In general, both types of licenses may be renewed by submitting the appropriate fee and application, and evidence of completion of 45 hours of DRE approved continuing education courses.
Subdivisions

- Qualify Common Interest Subdivisions For Sale
  - Subdivider must obtain a public report before initiating sales
  - Public report (White Report) discloses material facts about the project to ensure buyer is getting what they bargained for
  - Violations result in Desist and Refrain to block sales until violation is remedied
  - All common interest developments have Homeowners Association (HOA)
Subdivisions

- DRE has jurisdiction over HOA complaints if there are unsold units
- No jurisdiction once developer turns HOA over to the homeowners
Audits

- Perform audits on licensees who maintain a trust account
  - Broker Escrow
  - Property Management
Enforcement

- Investigate Complaints Against:
  - Licensees for violations of the Real Estate Law
  - Subdividers for violations of the Subdivided Lands Law
  - Unlicensed individuals engaging in unlicensed activity

- Penalties
  - License discipline
    - Suspension, restrictions or revocations
  - Desist and refrain orders
  - No authority to award money damages
  - Cite & Fine
Enforcement

- Unlicensed activity is a misdemeanor or fines
  - Up to one year in jail
  - Individual fines up to $20,000
  - Corporate fines up to $60,000
Mortgage Loan Activities (MLA)

- In the area of mortgage loans, the Department monitors certain activities of real estate licensees doing business as mortgage lenders and mortgage brokers. With respect to those mortgage loan brokers whose business activity meets the statutory threshold criteria, reports are submitted to the Department to assist DRE in surveying broker compliance with the law.
Legal

- Counsel for DRE
  - Review cases submitted by Enforcement
  - Staff responsible for the Legal proceedings of the DRE
Types of Investigations

- Unlicensed Activity
- PRLS
- Background investigations
- Misrepresentation/Negligence/Dishonest Dealing
- Advance Fee
Purpose of the Advance Fee Law

- Legislation created in the 1950’s
- To ensure brokers perform the services promised for the Advance Fee
Definitions

What is an Advance Fee?

- The collection of an upfront fee for the purpose of promoting the sale or lease of real property
- The collection of an upfront fee for the purpose of negotiating a loan secured by real property
Requirements for the Collection of Advance Fees

- Generally need a real estate broker license to collect an advance fee
- Licensed attorneys are exempt if acting under the scope of their license
- Must submit agreement and solicitation materials to DRE to ensure the DRE does not object to their use
- Agreement must specify the services to be rendered
- Must deposit the advance fee into a trust account
Requirements for the Collection of Advance Fees

- Only expend fee on the promised services
- Must provide the principal with an accounting of the advance fee
- Refund any unearned portion of the advance fee
- No advance fee may be collected after a NOD has been recorded
- NO licensee can charge and/or collect an advance fee for Loan Modification services

Exceptions to Advance Fee Requirements

- Upfront appraisal and credit report fees
- Upfront tenant “screening fees” for residential rentals
Penalties for Violations

- License discipline including revocation
- Desist and Refrain Orders
- Criminal Sanctions
  - $1,000 fine
  - 6 months in jail
  - OR BOTH
- Bar Order
Consumers

The primary objective of the Department of Real Estate (DRE) is the protection of the public interest in regard to the offering of subdivided lands, and the handling of real estate transactions by licensees. To accomplish this, a standard of knowledge, measured by written examination, is established for licensing real estate agents and a minimum criterion of affirmative disclosure is set for qualifying subdivided lands offerings.

At the same time the DRE is protecting the public interest and increasing consumer awareness, it collaboratively assists the real estate industry in expanding its standards and level of professional ethics and responsibility.

I want to... Select an item from the list

Essential Information
- Consumer FAQs
- Keep Your Home California
- Consumer Alerts
- Obtain a Free Annual Credit Report
- Glossary of Real Estate Terms
- How can we serve you better?
Consumer Protections
DRE Licensee Look-Up Data Base

Log-on, Look’em up, Check’em out!
Conclusion

- DRE licenses and regulates real estate salespersons and brokers
- Most mortgage brokers operate under a real estate broker license
- DRE regulates the sales of homes for new subdivisions
- DRE regulates HOAs when subdivider has unsold units
- DRE does not regulate HOAs after subdivider has sold out
- Questions?