



# welcome

BROKER MEETING  
November 19, 2019

**BAYEAST**  
ASSOCIATION OF REALTORS®

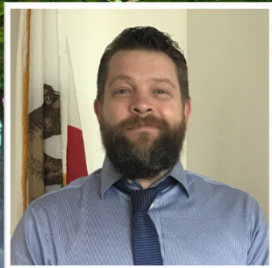




Nancie Allen, 2019 Bay East President  
ASSOCIATION UPDATE



Jeff Oboyski, Assistant Commissioner of  
Enforcements  
DEPARTMENT OF REAL ESTATE UPDATE



Devin Maple, Special Investigator  
DEPARTMENT OF REAL ESTATE UPDATE



# Nancie Allen

## 2019 Bay East President



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ASSOCIATION UPDATE



# Department of Real Estate

## DRE Update

**Bay East Association of Realtors**

**November 19, 2019**

**Jeff Oboyski-Assistant Commissioner,  
Enforcement**

**Devin Maple – Special Investigator**



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# AGENDA

- ❖ DRE Overview
- ❖ What's happening?
  - ❖ IT Projects
- ❖ Enforcement Update
  - ❖ Evolution in Real Estate
  - ❖ Broker Supervision
  - ❖ First Point Contact
- ❖ Program Changes
- ❖ New Law- AB 2138
- ❖ Licensee Resources



# DRE OVERVIEW

## LICENSING & REGULATORY AGENCY

- WITHIN THE BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
  - Effective 07/01/2018, per SB 173 became a department again
- LICENSE RE CORPORATIONS, RE BROKERS AND SALESPERSONS

## FIVE DISTRICT OFFICES

- SACRAMENTO, OAKLAND, FRESNO, LOS ANGELES AND SAN DIEGO

## LICENSING POPULATION

- 423, 810 (as of June 2019)
- Brokers- 131,442/Salespersons- 292,368



# DRE OVERVIEW

## DEPARTMENT MISSION

TO PROMOTE THE PUBLIC INTERESTS IN REAL  
ESTATE MATTERS THROUGH LICENSURE,  
REGULATION, EDUCATION AND  
ENFORCEMENT.



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# DRE OVERVIEW

## PRIMARY OBJECTIVE

### **PROTECTION OF THE PUBLIC INTEREST**

- OFFERING OF SUBDIVIDED LANDS
- HANDLING OF REAL ESTATE TRANSACTIONS BY LICENSEES
- FROM UNKNOWLEDGEABLE, UNSKILLED, AND DISHONEST INDIVIDUALS.

### **ONE OF METHODS USED TO ACHIEVE THIS OBJECTIVE:**

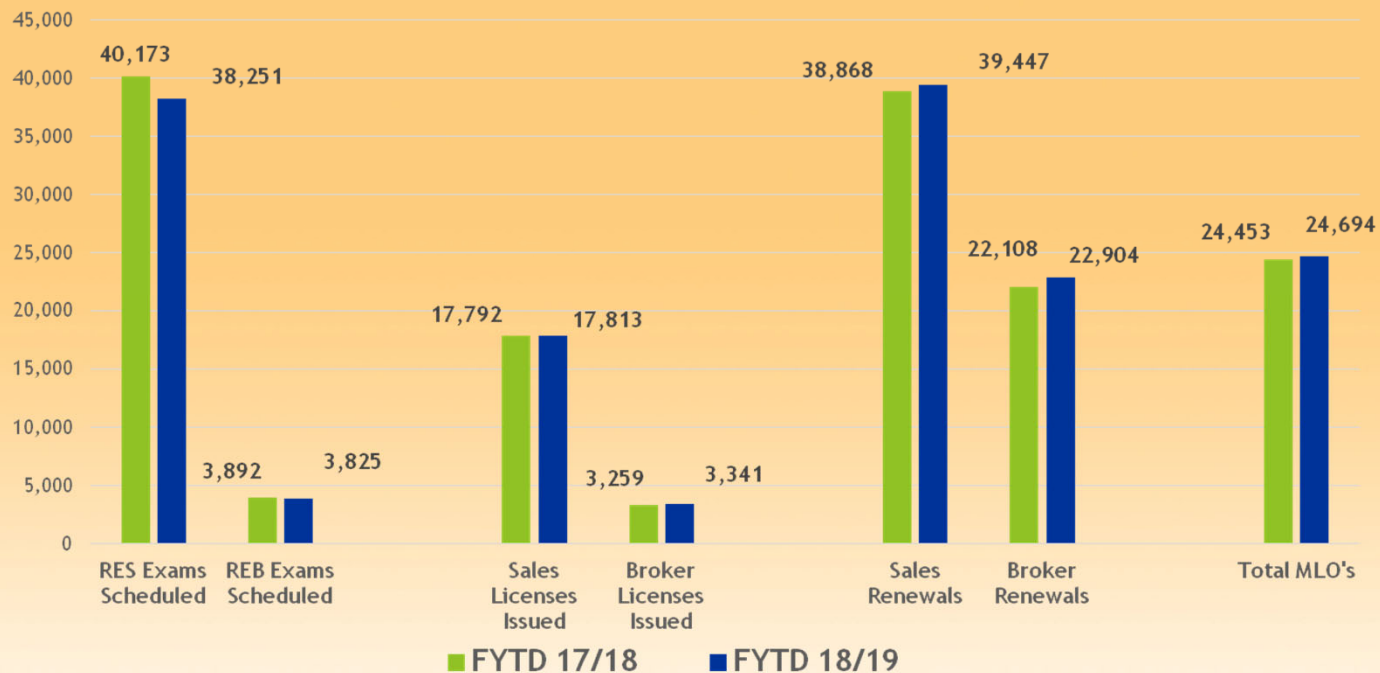
- WORKING WITH THE REAL ESTATE INDUSTRY IN EXPANDING ITS STANDARDS AND LEVEL OF PROFESSIONAL ETHICS AND RESPONSIBILITY.





# DRE OVERVIEW

## LICENSING WORKLOAD



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# WHAT'S HAPPENING?

## Information Technology

### What's New:

- ❖ Corporate Broker-Officer renewals added to eLicensing
- ❖ Broker-Associate Affiliation Notification (RE 215) can be done through eLicensing





# WHAT'S HAPPENING?

## Information Technology

What's Tentatively Next for Early 2020:

- Online submittal of exam and license applications
- Website redesign
- Second phase of SOPRAS



# ENFORCEMENT

	2018/2019
Complaints Received	6,497
Referred for Investigation	4,088
Referred to Legal	1,114
Citations Issued	244
\$ Citations Assessed	\$324,950





# ENFORCEMENT

## Citation and Fine Program Frequent Violations

- Audit Violations
- Trust Fund Handling
- Record Keeping
- Broker Supervision
- Advertisement/First Point of Contact



# ENFORCEMENT

## Investigations – Common Allegations/Violations

- Dishonest Dealing and Fraud
- Trust Fund Commingling or Conversion
- Misrepresentation
- Negligence or Incompetence
- Unlicensed Activity





# ENFORCEMENT

## Evolution of Real Estate

- Usage of “Team Names” and “Mega Teams”.
- Virtual Real Estate Brokerages.
- On-line companies that offer quick-sale services; offer to purchase homes using computer algorithms; and send cash offers to motivated sellers within just a couple of days.



# BROKER SUPERVISION

## COMMISSIONER REGULATION 2725

### “REASONABLE SUPERVISION”

❖ *OVER THE ACTIVITIES OF HIS OR HER SALESPERSONS.*



❖ *INCLUDES:*

➤ ***THE ESTABLISHMENT OF POLICIES, RULES, PROCEDURES AND SYSTEMS TO REVIEW, OVERSEE, INSPECT AND MANAGE:***



# BROKER SUPERVISION

- a) *TRANSACTIONS REQUIRING A REAL ESTATE LICENSE.*
- b) *DOCUMENTS WHICH MAY HAVE A MATERIAL EFFECT UPON THE RIGHTS OR OBLIGATIONS OF A PARTY TO THE TRANSACTION.*
- c) *FILING, STORAGE AND MAINTENANCE OF SUCH DOCUMENTS.*
- d) *THE HANDLING OF TRUST FUNDS.*
- e) ***ADVERTISING OF ANY SERVICE FOR WHICH A LICENSE IS REQUIRED.***
- f) *FAMILIARIZING SALESPERSONS WITH THE REQUIREMENTS OF FEDERAL AND STATE LAWS RELATING TO THE PROHIBITION OF DISCRIMINATION.*
- g) *REGULAR AND CONSISTENT REPORTS OF LICENSED ACTIVITIES OF SALESPERSONS.*



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# BROKER SUPERVISION

Policies, rules, procedures, and systems shall take into consideration:

- the number of salespersons employed
  - the number and location of branch offices.
- 
- ✓ A broker shall **establish a system** for monitoring compliance
  - ✓ A broker may use the services of brokers and salespersons to assist
  - ✓ Broker can not relinquish overall responsibility for supervision of the acts of salespersons licensed to the broker
  - ✓ Business and Professions Code §10159.2 & §10177(h)



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# TECHNOLOGY & SUPERVISION

- ❑ Maintain definite place of business

- ❑ Business and Professions Code §10162
  - ❑ Inspect records & serve subpoena

- ❑ Polices, Procedures & Systems

- ❑ Commissioner Regulation 2725
    - ❑ System to review, oversee and manage activities
    - ❑ Monitoring compliance with policies, procedures and systems



- ❑ Remember:

- \*The more virtual a business becomes, the greater the scope and complexity of supervision to ensure compliance.

- ❑ Spring 2019 Bulletin





# FIRST POINT OF CONTACT

## Business and Professions Code §10140.6

- (a) Designate that you are performing acts for which a RE license is required.
- (b) Disclose ID # on all solicitation materials intended as first point of contact designed to solicit the **creation of a professional relationship between a licensee and consumer.**  
(Commissioner Regulation 2773)

Disclose the responsible broker's identity.



# FIRST POINT OF CONTACT

## Business and Professions Code §10140.6

- ❖ Disclose the responsible broker's identity
  - Responsible Broker Identity defined in §10015.4 as  
*The name under which the responsible broker is currently licensed by the department and conducts business in general; or, both the name and the associated license ID number.*
- ❖ Excludes “for sale”, “for rent” or “open house” signs that either display no license identification information **OR** displays the responsible broker's identity without reference to an associated broker or licensee.



# FIRST POINT OF CONTACT

## Commissioner Regulation 2773

Disclosure of ID and Responsible Broker Identity on First Point of Contact material includes:

- *Business cards*
- *Stationary*
- *Websites owned/controlled by soliciting licensee*
- *Promotional and advertising flyers, brochures, postal mail, leaflets, and marketing material*
- *Advertisements in electronic media (internet, email, radio, etc.)*
- *Print advertising in newspaper or periodical*
- *“For Sale,” “For Rent,” “For Lease,” “Open House,” and directional signs that display the name of the licensee.*





# FIRST POINT OF CONTACT

## Commissioner Regulation 2773

### Disclosure of ID on First Point of Contact

- 8-digit number of each licensee in the advertisement.
- No employing broker license ID is required when names or logo or trademark appear on solicitation materials.
- Font size requirement- No less than the smallest font used in the advertisements.
- Forms RE 559 and RE 858



# FIRST POINT OF CONTACT

## STATE OF CALIFORNIA DEPARTMENT OF REAL ESTATE

The license information shown below represents public information taken from the Department of Real Estate(DRE) database at the time of your inquiry. It will not reflect pending changes which are being reviewed for subsequent database updating. Also, the license information provided includes formal administrative actions that have been taken against licensees pursuant to the Business and Professions Code and/or the Administrative Procedure Act. All of the information displayed is public information. Although the business and mailing addresses of real estate licensees are included, this information is not intended for mass mailing purposes.

License information taken from records of the Department of Real Estate on 2/27/2019 8:25:40 AM

<b>License Type:</b>	BROKER
<b>Name:</b>	Tyme, Gordon F.
<b>Mailing Address:</b>	1234 AVENUE STREET SACRAMENTO, CA 95815
<b>License ID:</b>	09876543
<b>Expiration Date:</b>	05/28/20
<b><u>License Status:</u></b>	LICENSED
<b><u>Salesperson License Issued:</u></b>	03/12/06
<b><u>Broker License Issued:</u></b>	08/29/07
<b>Former Name(s):</b>	NO FORMER NAMES
<b>Main Office:</b>	1234 AVENUE STREET SACRAMENTO, CA 95815
<b>DBA</b>	Big Time Realty
<b>Branches:</b>	ACTIVE AS OF 11/19/2009 NO CURRENT BRANCHES
<b>Affiliated Licensed Corporation(s):</b>	NO CURRENT AFFILIATED CORPORATIONS
<b><u>Comment:</u></b>	NO DISCIPLINARY ACTION NO OTHER PUBLIC COMMENTS

>>>> Public information request complete <<<<



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# FIRST POINT OF CONTACT



## Why it's right:

- The broker, in an effort to create a professional relationship, has identified himself by name and has provided his license ID number.
- The broker has designated himself appropriately.
- The ID number is no smaller than the smallest print of the solicitation.

## In the event of:

- Multiple agents mentioned on a solicitation, all of the corresponding ID numbers must be disclosed (i.e. a flier or a website).





# TEAM NAMES

- Business and Professions Code §10159.6
  - Advertising and solicitation materials, to include print, electronic media and for sale signs- shall include and display the responsible broker's identity in a manner as **conspicuous and prominent** as the team name. Also, the surname and license number of at least one of the licensed members of the team must be present.
- Business and Professions Code §10159.7
  - Team Name Requirement
    - Use of "Team", "Group" or "Associates" - no DBA required.
    - Can't use any terms that would mislead the public to suggest the existence of a RE entity independent of a broker.
  - FAQ's on website and article in RE Bulletin, Summer 2017.



# TEAM NAMES

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**Broker License Issued:** 08/29/07  
**Former Name(s):** NO FORMER NAMES  
**Main Office:** 1234 AVENUE STREET  
SACRAMENTO, CA 95815  
**DBA** **Big Time Realty**  
**ACTIVE AS OF 11/19/2009**  
**SUPER PRO 1 \***  
ACTIVE AS OF 12/13/2018  
**Branches:** NO CURRENT BRANCHES  
**Affiliated Licensed Corporation(s):** NO CURRENT AFFILIATED CORPORATIONS  
**Salespersons:** 08765432 – **Grate, Joseph T.**  
License Expiration Date: 08/23/21  
07654321 – **Sails, Amber L.**  
License Expiration Date: 11/04/19  
**Comment:** NO DISCIPLINARY ACTION  
NO OTHER PUBLIC COMMENTS

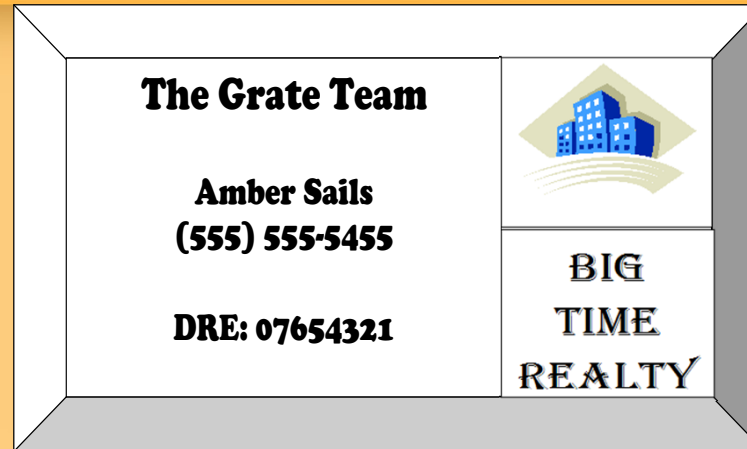
>>>> Public information request complete <<<<

\* Denotes a Salesperson owned DBA for presentation purposes



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# TEAM NAMES



## Why it's right:

- Team Name being used by a salesperson and one or more other real estate licensees.
- Team Name includes the surname and ID of at least one of the licensed members.
- Team Name includes the word “team,” “group,” or “associates.”
- Responsible broker’s identity displayed as prominent and conspicuously as the Team Name.
- Responsible broker’s identity is a broker owned DBA issued on the license.
- Broker/brokerage’s license ID is optional for these purposes.





# FIRST POINT OF CONTACT/ SALESPERSON OWNED DBA

## STATE OF CALIFORNIA DEPARTMENT OF REAL ESTATE

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**Affiliated Licensed Corporation(s):** NO CURRENT AFFILIATED CORPORATIONS  
**Salespersons:** **08765432** – Grate, Joseph T.  
License Expiration Date: 08/23/21  
**07654321** – Sails, Amber L.  
License Expiration Date: 11/04/19  
**Comment:** NO DISCIPLINARY ACTION  
NO OTHER PUBLIC COMMENTS

>>>> Public information request complete <<<<

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# FIRST POINT OF CONTACT/ SALESPERSON OWNED DBA



## Why it's right:

- Salesperson owned DBA has been appropriately added to the employing broker/brokerage's license.
- Use of the salesperson owned DBA for solicitation purposes includes the name and license number of the agent conducting the business.
- The ID number is no smaller than the smallest print of the solicitation.
- Responsible broker's identity displayed as prominent and conspicuously as the salesperson owned DBA.

# PROGRAM CHANGES

## AB 2330 (Ridley-Thomas)

- Went into effect on January 1, 2018.
- Two main program changes:
  - **Petition process** for removal of discipline from DRE's website.
  - DRE tracking of **Broker Associates**



# NEW PETITION PROCESS

## Removal of discipline from website

- Existing law requires DRE to post status of every license on its website;
  - Including all discipline.
- Legislation authorizes the Commissioner to set up a petition process to remove license discipline from website.
- **Business and Professions Code §10083.2**





# NEW PETITION PROCESS

## Removal of discipline from website Requirements:

- Licensees only – not unlicensed or formerly licensed;
- May petition 10 years after discipline imposed;
- Fee and Petition Form to be established by regulation (*Fee- \$1275 & Form 506R*)
- Findings that no credible risk to members of the public exists as a condition to removing discipline.

❖ Advisory issued March 9, 2019



# NEW LAW

## AB 2138 (Chiu and Low)



### New law:

- ❖ Precludes denial of license if applicant convicted of a crime that is more than 7 years old
  - Exception: Convictions for serious felonies or financial crimes
- ❖ Precludes denial of license based on acts underlying a conviction if conviction has been dismissed or expunged
- ❖ Precludes entity from inquiring about criminal history on license applications
- ❖ Effective July 1, 2020



# DRE WEBSITE

## www.dre.ca.gov

The screenshot shows the homepage of the California Department of Real Estate (DRE) website. The header features the CA.GOV logo, the text "California Department of Real Estate DRE", and navigation links: "About DRE", "Contact Us", "Newsroom", "Forms", and "Publications". A search bar is located on the right. Below the header is a main navigation bar with links: "HOME", "CONSUMERS", "LICENSEES", "EXAMINEES", and "DEVELOPERS".

A large banner image shows a close-up of a computer keyboard with a prominent blue "Search" key. Overlaid on the left side of the banner is a light blue box with the text "Verify a License" and "Check the status of a real estate licensee using a name, address, or license ID". Below this text is a "Start Now..." link. To the right of the banner are four small numbered boxes (1, 2, 3, 4).

Below the banner, the "Our Mission" section states: "The mission of the California Department of Real Estate is to safeguard and promote the public interests in REAL ESTATE MATTERS through licensure, regulation, education and enforcement." Below this is a dropdown menu labeled "I am a..." with the text "Select an item from the list".

The "Essential Information" section contains a list of links: "Verify a Real Estate License", "2019 Real Estate Law", "Consumer Alerts", "File a Complaint", "Real Estate Business Resources", and "Complete List of Publications". A red arrow points to the "2019 Real Estate Law" link.

On the right side of the page, there is a section for the "eLicensing online system" which offers expedited processing of Licensing and Examination services, with a "Start Now" link. Below this is a section for Gavin Newsom, California Governor, with a link to "Visit Governor's Website". At the bottom right, there are portraits and names for the "Secretary, Business, Consumer Services" and the "Acting Real Estate Commissioner".



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# DRE WEBSITE

## Resources

### INDUSTRY/LICENSEE RESOURCES

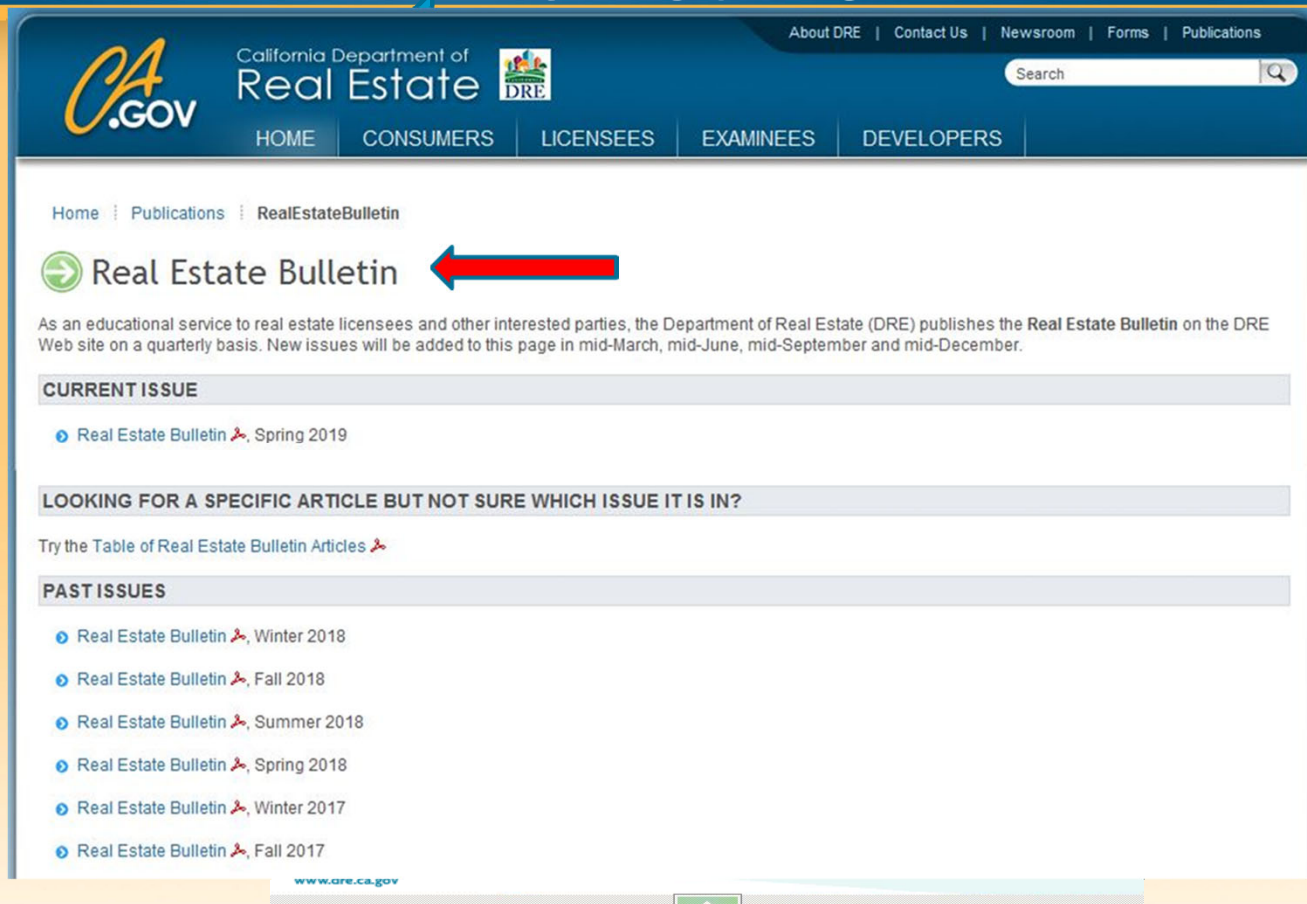
- Real Estate Law
- Real Estate Reference Book
- Broker Compliance Evaluation Manual
- Broker Self-Evaluation (RE 540)
- Course Provider Resources (Pre-License & CE)
- Search for Approved CE Course Offerings
- Online Access to Public Reports
- Disclosures in Real Property Transactions
- Doing Business on the Internet
- DRE Composite Report of Mortgage Loan/Trust Deed Annual Reports
- Guidelines for Unlicensed Assistants
  - Additional Information
- Licensee Advisories and Alerts
- Most Common Enforcement Violations
- Professional Responsibility: An Overview
- Professional Responsibility: Course Booklet
- Sample Trust Account Review (TAR) Reports
- Ten Most Common Violations Found in DRE Audits
- Trade Associations
- Trust Funds
- DRE Business Address Lookup
- Trust Account Reconciliation (Reg. 2831.2) \* PowerPoint, 23MB
- Opening a Real Estate Broker Trust Account



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# DRE WEBSITE Bulletins



The screenshot shows the California Department of Real Estate (DRE) website. The header includes the CA.GOV logo, the text "California Department of Real Estate DRE", and a search bar. Navigation links for HOME, CONSUMERS, LICENSEES, EXAMINEES, and DEVELOPERS are visible. The breadcrumb trail shows "Home > Publications > RealEstateBulletin". The main heading is "Real Estate Bulletin" with a green arrow icon. A red arrow points to this heading. Below the heading, a paragraph states: "As an educational service to real estate licensees and other interested parties, the Department of Real Estate (DRE) publishes the Real Estate Bulletin on the DRE Web site on a quarterly basis. New issues will be added to this page in mid-March, mid-June, mid-September and mid-December." There are two sections: "CURRENT ISSUE" and "PAST ISSUES". The "CURRENT ISSUE" section lists "Real Estate Bulletin Spring 2019". The "PAST ISSUES" section lists six issues from Winter 2018 back to Fall 2017. The website URL "www.dre.ca.gov" is at the bottom.

CA.GOV California Department of Real Estate DRE

HOME CONSUMERS LICENSEES EXAMINEES DEVELOPERS

Home > Publications > RealEstateBulletin

## Real Estate Bulletin

As an educational service to real estate licensees and other interested parties, the Department of Real Estate (DRE) publishes the Real Estate Bulletin on the DRE Web site on a quarterly basis. New issues will be added to this page in mid-March, mid-June, mid-September and mid-December.

### CURRENT ISSUE

- Real Estate Bulletin Spring 2019

### LOOKING FOR A SPECIFIC ARTICLE BUT NOT SURE WHICH ISSUE IT IS IN?

Try the Table of Real Estate Bulletin Articles

### PAST ISSUES

- Real Estate Bulletin Winter 2018
- Real Estate Bulletin Fall 2018
- Real Estate Bulletin Summer 2018
- Real Estate Bulletin Spring 2018
- Real Estate Bulletin Winter 2017
- Real Estate Bulletin Fall 2017

www.dre.ca.gov



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# WIRE FRAUD IN REAL ESTATE



## Real Estate Bulletin

DEPARTMENT OF REAL ESTATE

WINTER 2018

Vol. 77, No. 4

### Criminals Are Targeting Wire and Electronic Funds Transfers

Real estate transactions in today's world often involve the wiring or electronic funds transfer (EFT) of money to complete a deal. Previous consumer alerts have referenced or covered wire fraud in timeshare transactions and fraud against seniors.

Wire transfers and EFTs in real estate purchase transactions have become the targets of criminals who interject themselves into a real estate transaction by posing as a party in the transaction. In these cases, the criminal often takes on the identity of a title or escrow company or real estate agent in the transaction and provides legitimate-looking instructions directing the buyer where to wire or transfer funds. These instructions result in the wiring or transfer of funds to the criminal's bank account, often overseas, and the immediate loss of thousands, or hundreds of thousands, of dollars to the victim.

These are sophisticated, professional-looking attacks on your real estate transactions, and you need to be on the lookout. Cybercriminals may convincingly take on the identity of legitimate parties to your transaction, using authentic-looking logos and personal details in communications to make you feel comfortable. It is best to be safe in how you respond, and to assume that your transaction is being targeted.



### BEWARE!

What can you do to avoid such criminal activity?

1. Whenever possible, use alternatives to wire transfers or EFTs, such as cashier's checks, and get a receipt. For smaller transactions, make the payment in person by check or credit card and get a receipt, as these payment sources provide you with proof of payment.
2. Obtain phone numbers and account numbers of real estate agents and escrow-holders at the beginning of the real estate transaction, and use those numbers to contact agents and escrow-holders throughout the transaction.
3. Even if it looks or sounds legitimate, do not act on a change of wiring or EFT instructions that you receive electronically (via email) or via phone call. If your real estate transaction will utilize wiring or EFT of funds, and you receive an instruction change about wiring or EFT of funds, call the real estate agent or escrow officer by phone at the known number you obtained at the start of the transaction and verify new instructions before sending money. Better yet, if there is a wiring or EFT instruction change, instead make payment in person using a cashier's check!
4. Do not send personal information (bank account numbers, credit card numbers, social security numbers, and financial details) by personal email or text. Take steps to use a secure, encrypted site to send personal information, or provide this information in person.

If you are victimized, it is critical that you contact your depository institution and the FBI immediately to have a chance at halting the criminal transfer. You can file a report with the FBI by calling a local FBI office or reporting online at the FBI [Internet Crime Complaint Center](#).

[www.dre.ca.gov](http://www.dre.ca.gov)



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# LICENSEE PARTICIPATION

- We can't do it alone- We need YOU!
- You are the "Eyes and Ears of the Industry"
  - Provide detailed information if you see salespersons holding themselves out to be brokers or unlicensed individuals.
  - Wrong doing that occurred or is occurring in a real estate transaction.



# Department of Real Estate



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# Department of Real Estate

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**&**

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THANK YOU

