

Department of Real Estate



Commissioner Doug McCauley

- Background
- Programs
- Opportunities
- Q & A

ABOUT ME

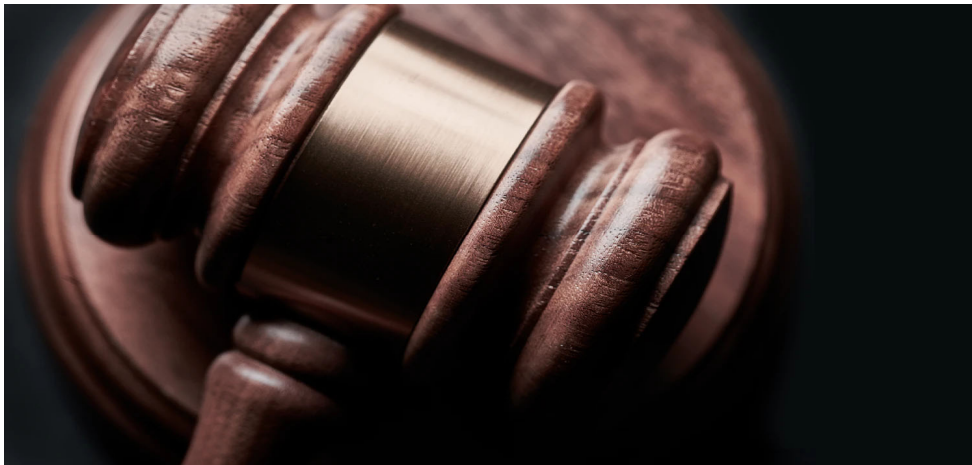
- **Profession**
- **Public Service**
- **Industry**



MISSION

“Protection of the public shall be the highest priority for the Department of Real Estate in exercising its licensing, regulatory, and disciplinary functions.”

Business & Professions Code Section 10050.1



OPERATIONS

Five District Offices/Exam Centers

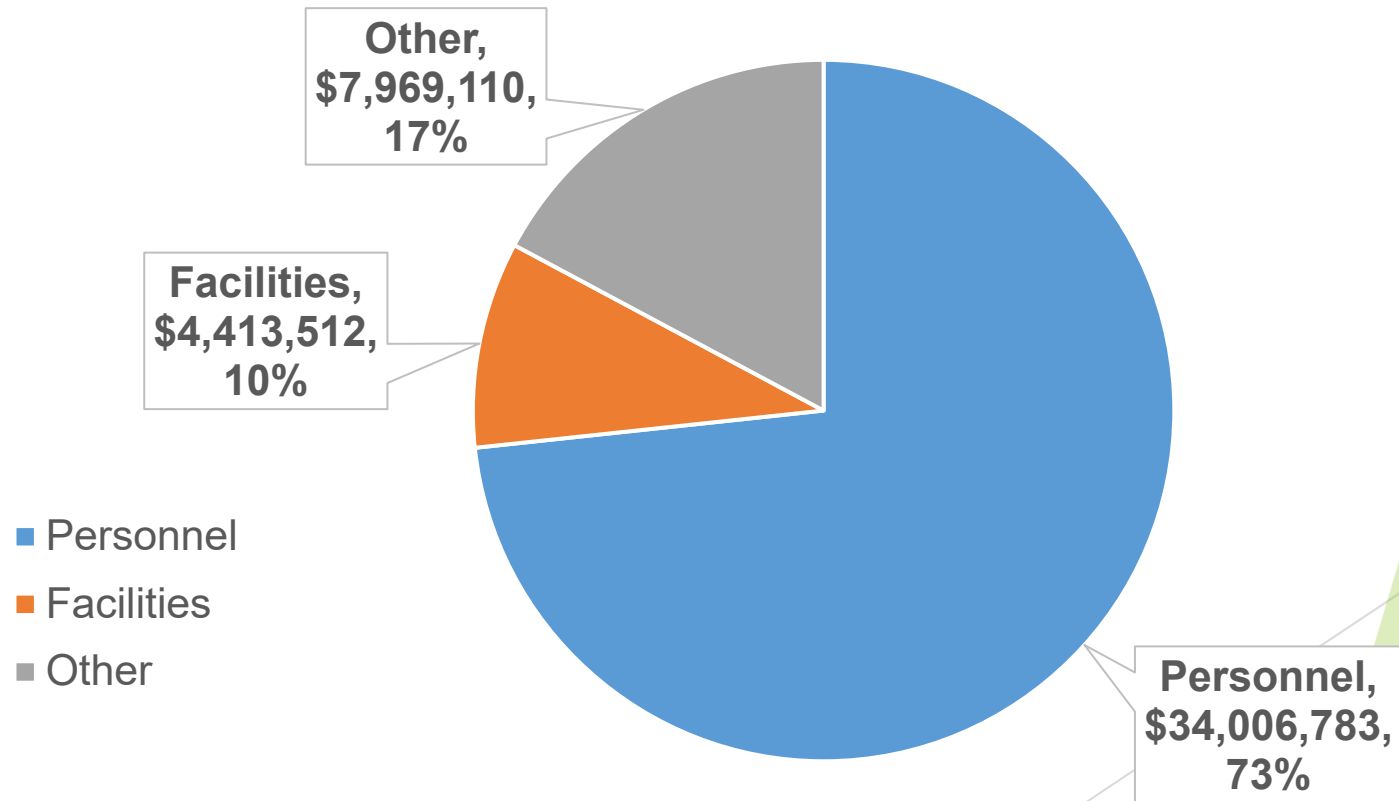
- Fresno
- Los Angeles (La Palma Exam Center)
- Oakland
- Sacramento
- San Diego

Authorized Positions: 354

2018-19 FISCAL YEAR

Budget \$52,995,000

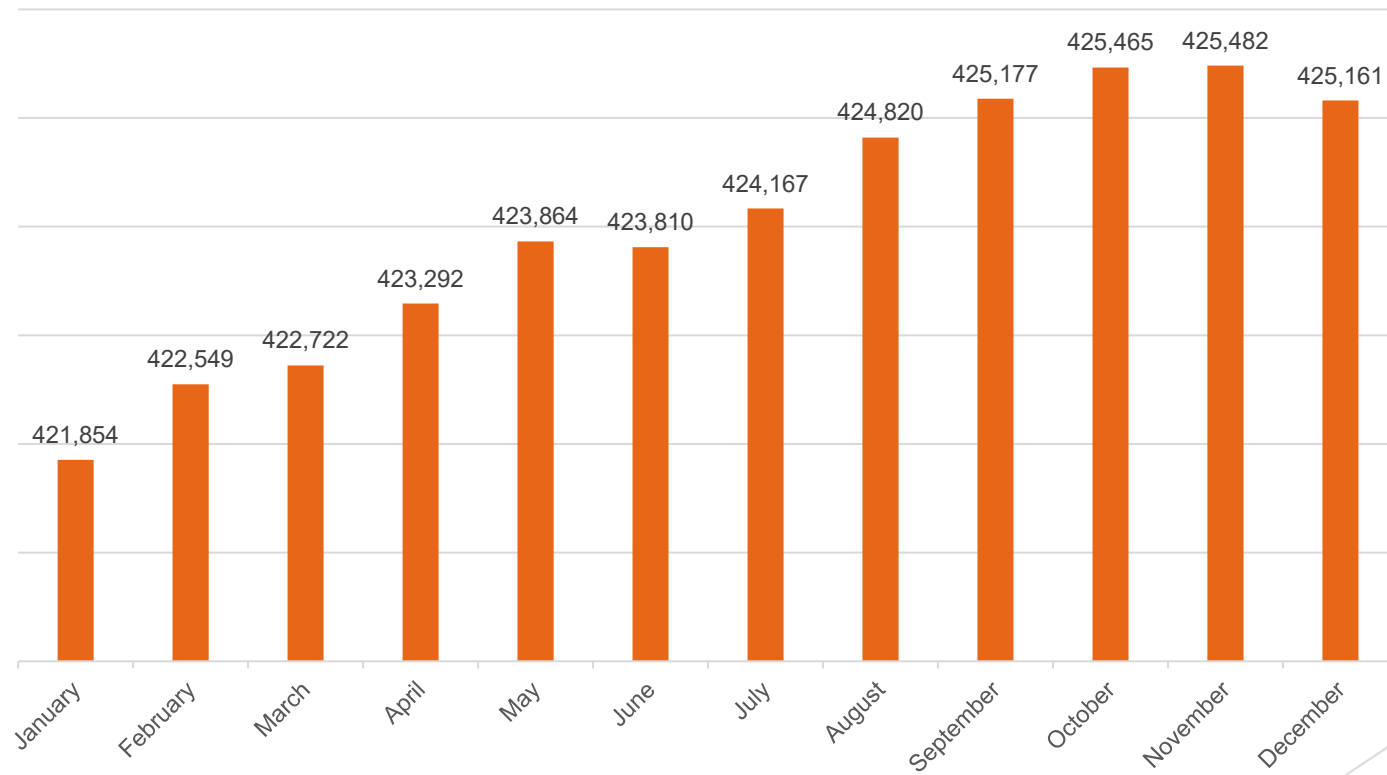
Expenditures \$46,389,405



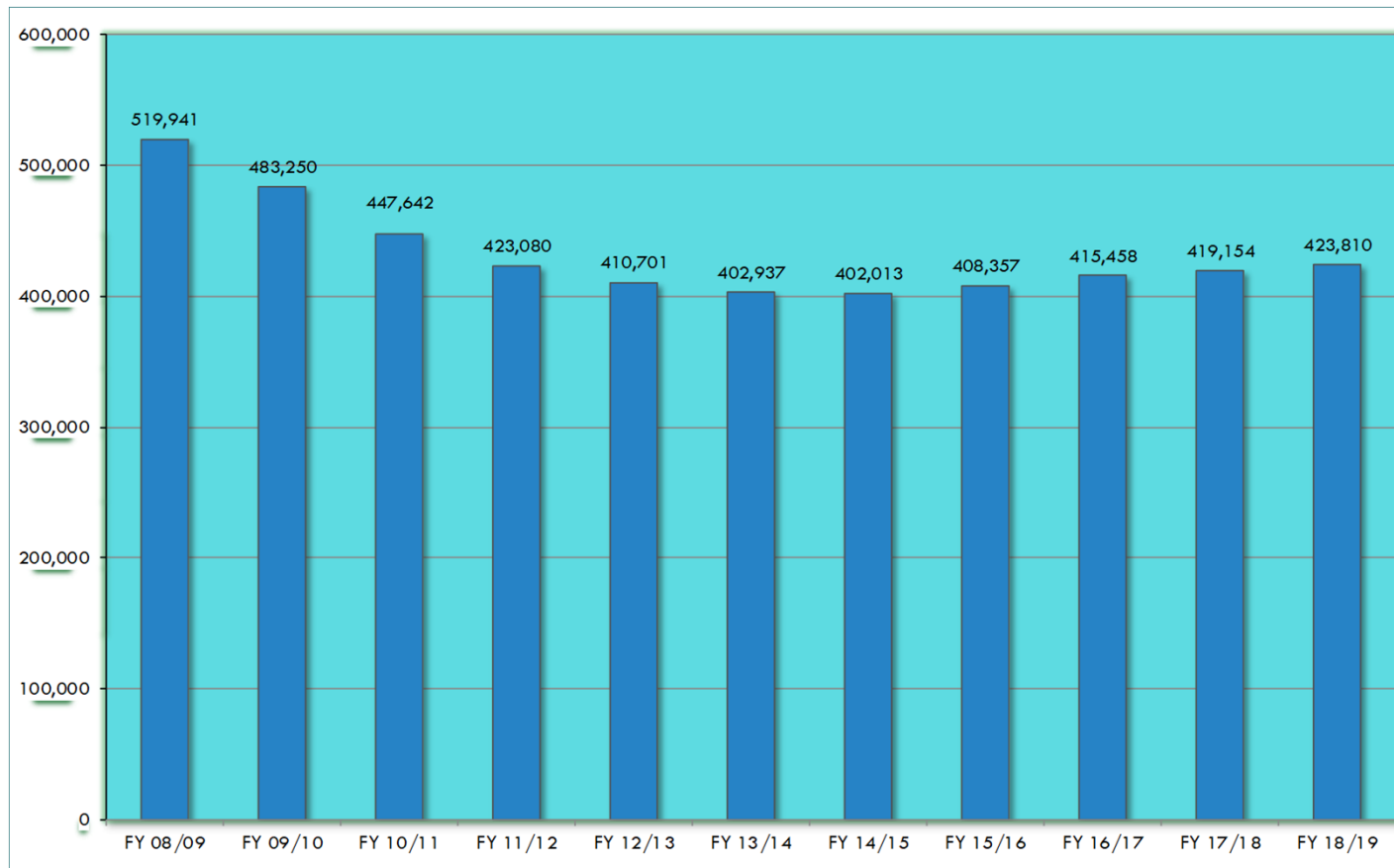
PROGRAMS

- **Licensing**
- **Exams**
- **Enforcement**

LICENSE POPULATION



LICENSE POPULATION 2008-09 TO PRESENT



LICENSING WORKLOAD

Exams Scheduled	2018	2019
RES	50,119	47,716
REB	4,988	5,441
New Licenses		
RES	23,357	22,063
REB	4,595	4,745
Renewals		
RES	54,029 (79%)	52,382 (79%)
REB	29,035 (89%)	27,493 (92%)
Total Licenses		
	421,512	425,161
Total MLO's		
	26,407	26,834

IT UPDATES

- **Officer renewals on eLicensing**
 - added October 2019
- **Ability to print a license application off of eLicensing for successful exam candidates**
 - added January 2020
- **Online submittal of exam and license applications**
 - tentative date of July 2020
- **Second phase of SOPRAS**
 - tentative date September 2020
- **Website redesign**
 - tentative date Fall 2020

EXAMS

Changes to Broker Examination Time and Format

- Effective January 27, 2020
- Time allotted for completion of Broker examination reduced from 5 hours to 4 hours
- Reduced from two sessions to one session
- Exam content, number of questions, and pass rates remain the same

EXAMS

Changes to Salesperson Examination Time and Format

- Effective January 27, 2020
- Time allotted for completion of Salesperson examination reduced from 3 hours and 15 minutes to 3 hours
- Exam content, number of questions, and pass rates remain the same

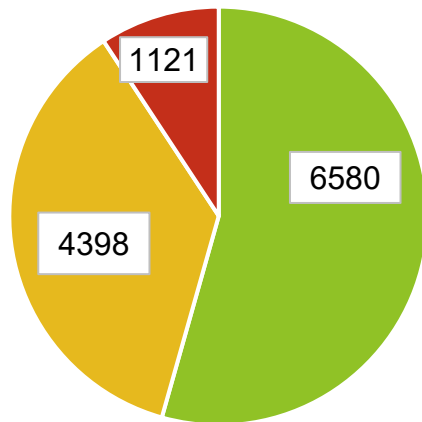
ENFORCEMENT

- **Revocation**
- **Restriction**
- **Suspension**
- **Surrender**
- **Public Reproval**
- **Corrective Action Letter**
- **Cite and Fine**
- **Desist and Refrain Order**
- **Bar Order**

ENFORCEMENT

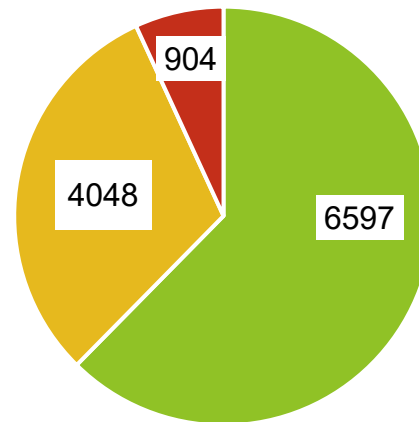
Complaints, Investigations and Referrals to Legal

2018



■ Complaints ■ Investigations ■ Legal

2019



■ Complaints ■ Investigations ■ Legal

LICENSE DISCIPLINE PROCESS

- **Complaint filed with DRE**
 - Initiated on DRE's Own Motion
 - Receipt of Verified Third Party Complaint
- **Complaint Investigated**
 - Enforcement Section
 - Audit Section
- **Legal Section Prosecutes Disciplinary Action**
 - Preparation and filing of Operative Pleading(s)
 - Limited Discovery

LICENSE DISCIPLINE PROCESS

➤ Outcome

- Hearing before an Administrative Law Judge
 - ❖ Issuance of Proposed Decision
- Settle Action via Stipulation
- Dismiss Action

➤ Commissioner Action

- Adoption/rejection of Proposed Decision
- Approval/rejection of Proposed Stipulation

➤ Request for Reconsideration (Optional)

➤ Petition for Writ of Mandate

ENFORCEMENT FIELD PROGRAM

- **Proactive Broker Office Surveys**
- **Proactive Field Investigations**
- **Monitor Restricted Licensees and Disciplined Licensees**
- **Proactive Outreach Initiatives**

CHANGES IN REAL ESTATE

- **“Team Names” and “Mega Teams”**
- **Virtual Real Estate Brokerages**
- **iBuyers**

ENFORCEMENT SUPPORT OFFICE (ESO)

- **Petition Intake**
- **Cite & Fine**
- **Statistical Data**

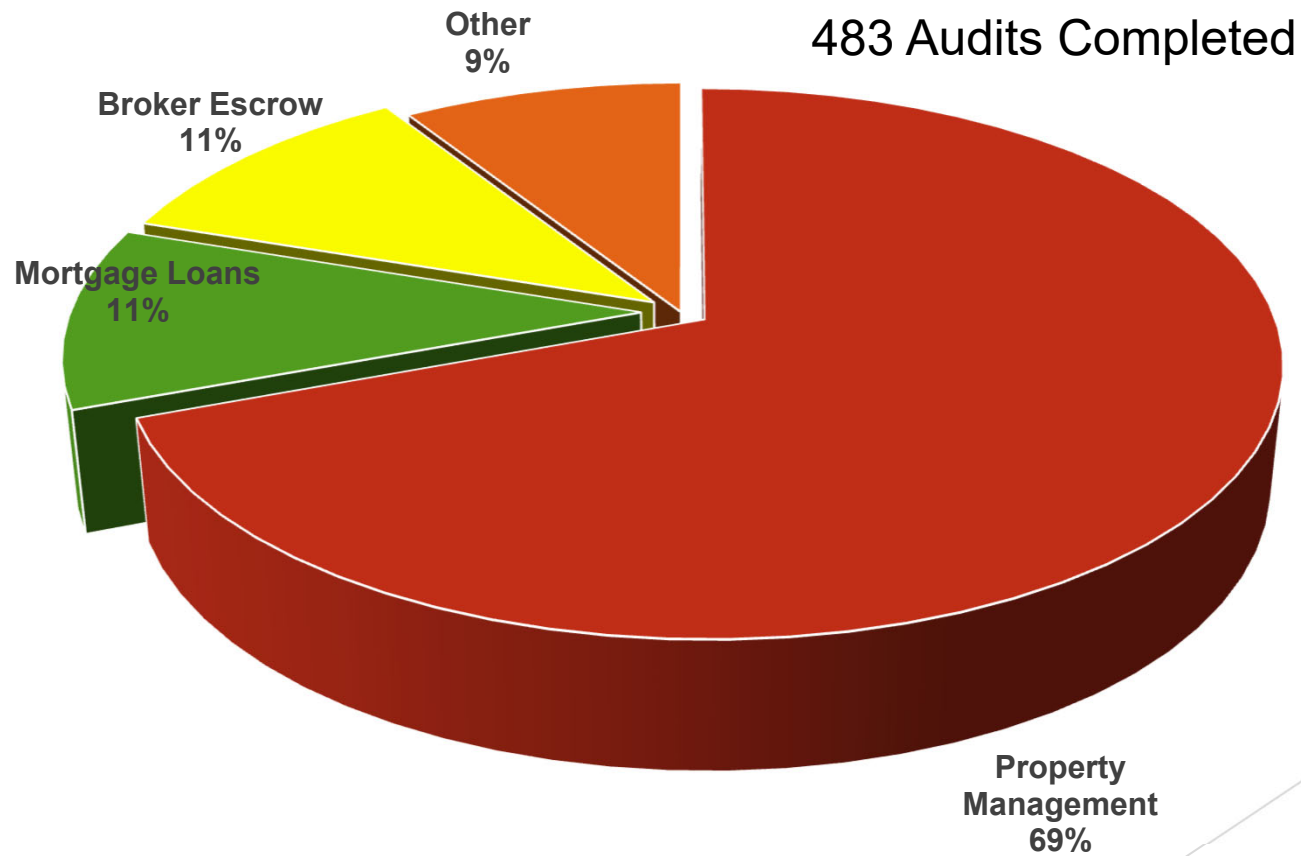
CITATIONS & FINES

- **\$2,500.00 Maximum**
- **Order of Correction**
- **Since 2014:**
 - ✓ **Over 3,000 citations**
 - ✓ **\$2.5M in fines**

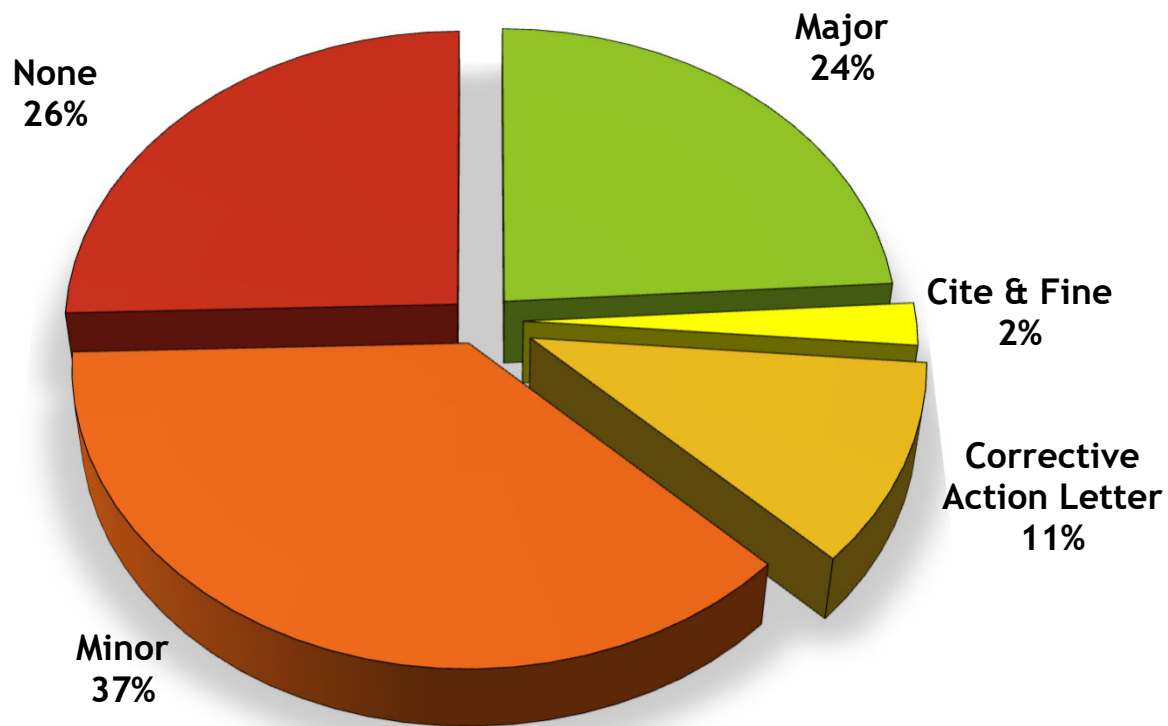
DISPOSITION OF CASES

Category	Jan. 1, 2019 – Dec. 31, 2019
Desist & Refrain Orders	25
License Suspensions	100
License Surrenders	67
License Revocations	313
Case Dismissals	72
Public Reprovals	9
Stipulations & Waivers/Agreements	194
Application Denials	92
License Denials and Restrictions	59
Bar Orders	7
Total	938

AUDITS CLOSED BY ACTIVITIES STATEWIDE 1/1/19 - 12/31/19



FINDINGS OF AUDITS CLOSED 1/1/19 - 12/31/19



SHORTAGE FINDINGS OF AUDITS CLOSED 1/1/19 - 12/31/19

- **Total audits closed – 483**
- **\$7.7 Million**
- **32.5% had shortages**
- **60 audits > \$10,000 short, 12.4%**

COMMON AUDIT FINDINGS

- **Trust fund shortages on PM and BE audits**
- **Lack of broker oversight**
- **Broker-controlled escrow activities and failure to report to DRE**
- **Delays in providing records**

CONSUMER RECOVERY ACCOUNT (1/1/19 – 12/31/19)

Category		Total
Claims Filed		52
Disposition of Claims	Paid	85
	Denied	4
Amount Paid		\$2,808,928

CONSUMER RECOVERY ACCOUNT HISTORICAL

Year	Claims Filed	Total Claims Paid	Total Amount Paid
2014	185	140	\$5,459,413
2015	69	104	\$3,922,533
2016	87	43	\$1,946,785
2017	68	93	\$2,244,882
2018	157	39	\$1,507,912
2019	52	85	\$2,808,928

Since 1964, DRE has paid over \$65 million to victims.

OPPORTUNITIES

Exams

- **Survey says ...**
- **The plan**
- **Above average**
- **We want you!**

SUNSET REVIEW

Oversight

- **Bureautized**
- **We're pleased to report ...**
- **The good, the bad, and the ugly**
- **Opportunity knocks**
- **See you next year**

BAD APPLES

Unlicensed Practice

- High stakes
- Location, location, location
- Tools of the trade
- Eyes and ears



Department of Real Estate



Contact

- **Licensing/Enforcement: (877) 373-4542**
- **Licensing: Ask.DRELicensing@dre.ca.gov**
- **Administration: (916) 576-8100**
-  **[@CaliforniaDepartmentOfRealEstate](https://www.facebook.com/CaliforniaDepartmentOfRealEstate)**
-  **[@CA DRE](https://twitter.com/CA_DRE)**
- **www.dre.ca.gov**