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# Pam-a-gram

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Newsletter for California Mortgage & Real Estate Brokers

## In This Issue

- Trust Account Issues
- Use of DRE Number on Solicitation Materials
- Increase in Cost of DOC Audits

## Online Continuing Education

[Online DRE Classes](#)

[CRMLA Agency & Ethics Package](#)

## Department of Real Estate Links

[Home Page](#)

[eLicensing](#)

[License Status](#)

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## About Pam Strickland

Pam is a Real Estate Broker from Santa Barbara with over 29 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, National Mortgage Review Committee for the SAFE 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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**The DRE, HUD and DOC are busy these days! Complaints from consumers are soaring and the regulators are out in force trying to keep up with the demand. It isn't IF you will be called, it is WHEN. Audits are increasing on all fronts...are YOU ready?**



## Trust Account Issues

There are still more DRE audit violations found regarding Trust Accounts than in any other single area. Brokers who don't think they need a Trust Account can be in violation without even knowing it!

Here are some recent examples I've personally seen of Brokers who have had to defend themselves from accusations by the DRE:

## Real Estate Listings and Sales

- Not keeping a Trust Log for Deposit Checks;
- Not having the Trust Log in proper, chronological order;
- Not having a Deposit Check when the Purchase Offer stated that the Buyer had given a Deposit Check to the Agent;
- Not getting the Deposit Check to the Escrow Company within three (3) days of the acceptance of the offer (or per the contract).

## Mortgage Brokers

- Paying the Credit Report fee after the closing and after having received the check from the Lender or Escrow and depositing that check into the company's general account;
- Overcharging for the Credit Report;
- Collecting Advance Fees without a Trust Account (Loan Mods!).

## Loan Servicers and Property Managers

- Having a Trust Account, but not having proper signers on the account;
- Not receiving copies of the fronts AND BACKS of all checks from the bank (a biggie!).

*Are YOU prepared on all of these issues and MORE when the DRE calls YOU for an audit?*

## Clarification for DRE License Number Usage

I am still receiving e-mails for clarification on the use of the DRE License Number on solicitation materials. Here are the requirements in a nutshell.

You need to disclose your *PERSONAL* DRE License number (whether you are a Broker or a Salesperson) in a size no smaller than the smallest font on the rest of the printed material on:

- Business Cards;
- Websites;
- Stationery;
- Brochures, flyers, e-mail, regular mail;
- Any marketing material used to solicit new business.

You do NOT need your license number on:

- Radio and TV ads;
- Print advertising in the newspaper;
- For Sale or For Lease signs.

The same rules still apply for Mortgage Loan advertising, however, and if you are advertising Mortgage Loans you need to use the disclosure of the Broker or Corporate number with the words: Real Estate Broker – CA Dept of Real Estate – Lic #(Broker or Corporate Number here).

And, no, there is no similar requirement for DOC licensees (CFL or CRMLA).

## Increase in Cost of DOC Audits

Clients have been astonished at the high cost of the DOC/CRMLA audits in recent months. They charge by the hours spent on your audit and what used to be in the \$6000-\$8000 range has been approaching \$20,000! Amazing! Be prepared for the audit so they can spend less time on yours!

## 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. Further information is available on her website:

[www.pamstrickland.com](http://www.pamstrickland.com)