

The Commissioner's Role

To facilitate the administration and enforcement of the Real Estate Law and the Subdivided Lands Law, the Commissioner is empowered by law to issue regulations. Known as the Regulations of the Real Estate Commissioner, these have the force and effect of law.

In enforcing the provisions of the Real Estate Law, the Commissioner has authority to hold formal hearings to decide issues involving a licensee or a license applicant. Such hearings may result in the suspension, revocation or denial of a real estate license. The Commissioner also has authority to issue Desist and Refrain Orders to stop activities which are in violation of the Real Estate Law or Subdivided Lands Law.

While it is the Commissioner's responsibility to enforce these laws in a manner which achieves protection for real estate consumers, in administering the laws and regulations, the Commissioner exercises his judgment impartially, with fairness to both the consumer and industry.

Department Objectives

The major objective of the Department 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 approving subdivided lands offerings.

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

Department of Real Estate

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State of California DEPARTMENT OF REAL ESTATE



ARNOLD SCHWARZENEGGER
Governor

DALE BONNER
Secretary
Business, Transportation & Housing
Agency

JEFF DAVI
Real Estate Commissioner



Serving Californians Since 1917

History

The California Legislature enacted the nation's first real estate license law in 1917. This law provided for the licensing and regulation of real estate licensees and continues to serve as a model for similar legislation in many other states and countries.

Operation

The revenue necessary to operate the Department of Real Estate (DRE) is derived from fees charged for real estate licenses, subdivision public reports, and various other permits issued by the Department. DRE employees operating from offices in five cities (Sacramento, Fresno, Los Angeles, Oakland and San Diego) carry out the Department's responsibilities as mandated by the Real Estate Law and the Subdivided Lands Law.

The Commissioner

The Real Estate Commissioner, who is appointed by the Governor, is the chief executive of the Department of Real Estate.

California Department of Real Estate Overview

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. Currently, there are approximately 535,000 real estate licensees in California.

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. In most cases, a broker applicant, in addition to required real estate education, must also have two years of real estate experience before applying for the exam. 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 (including required courses in ethics, agency relationships, trust fund handling, fair housing, and risk management.)

Enforcement, Audits, and Recovery

Enforcement and Audit Sections

Investigations are made by the Department's Enforcement and Audit Sections on the basis of written complaints received from the public alleging possible violations of the Real Estate Law or the Subdivided Lands Law by licensees or subdividers. If an inquiry into the matter substantiates that there has been a violation, the Department may take formal disciplinary action. This action,

depending on the nature of the violation, may result in the suspension or revocation of a license, issuance of a restricted license, or filing of an Order to Desist and Refrain.

Recovery

The Recovery Account is a separate account in the Real Estate Fund. Currently, 12% of all license fees collected is credited to this account. When a member of the public obtains a civil judgment, arbitration award or criminal restitution order against a real estate licensee as a result of fraud, misrepresentation, deceit or conversion of trust funds on the part of a licensee acting as an agent in the transaction, under specific conditions of law, that person may seek reimbursement from the Recovery Account for actual and direct loss to a statutory maximum.

Subdivisions

The purchase of real estate is the largest single investment most Californians make during their lifetimes. Subdivision laws enforced by the Department help ensure that subdividers deliver to buyers what was agreed to at the time of sale. These laws cover most standard subdivisions and various types of common interest developments (of 5 or more lots or units), time-shares, certain undivided interest developments, and out-of-state time-share subdivisions offered for sale in California. Before real property which has been subdivided can be marketed in California, the subdivider must obtain a public report from the DRE. The public report discloses to prospective buyers pertinent information about a particular subdivision. Prior to the issuance of a public report, the subdivider must file an application along with supporting documents with respect to representations made in the application. If improvements to the subdivision are not complete at the time of filing the application, the subdivider must also submit evidence to the

Department that adequate financial arrangements have been made for their completion.

Education and Research

California, the first state to enact a real estate license law, also pioneered a system whereby, as early as 1949, a certain percentage of all license fees was placed into a special fund to be used for the advancement of real estate education and research. Some ways in which these funds have been used are:

- Development of graduate and undergraduate university and community college courses with an emphasis on various aspects of real estate;
- Establishment of professorships in Real Estate and Land Economics at the Berkeley and Los Angeles campuses of the University of California;
- Scholarship awards for worthy and disadvantaged students enrolled in a real estate career-oriented course of study in California state universities and community colleges.

Mortgage Loan Activities

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

The Department's Web Site

Both consumers and licensees will find a host of useful items at the Department's Internet site: <http://www.dre.ca.gov>

Here are some of the major items at the site:

- On-line license status check, including expiration date, business address, etc.
- Updates on new policies, regulations and laws.
- Information on license examinations, prerequisites and how to obtain a license.
- DRE forms, which can be downloaded, including the consumer complaint form, examination applications, and other high use forms.
- Quarterly *Real Estate Bulletin*.
- List of persons found to have been performing real estate activities without a license.
- Full text of the Commissioner's Regulations.
- "Frequently Asked Questions," not only about DRE-related matters but also other real estate topics.
- Full text of brochures on common interest developments, using a mortgage broker, investing in trust deeds, and specialized brochures for licensees.
- Information about ordering DRE publications.
- Links to other useful sites.

Publications

The Department offers many publications to the public, including: brochures on topics of current interest to consumers and licensees; the *Reference Book*, which provides general information on many aspects of real estate practice; and the *Real Estate Law* book, which contains the current Real Estate Law, the Commissioner's Regulations, and pertinent excerpts from other California codes.

The *Real Estate Bulletin*, published quarterly, is available online at <http://www.dre.ca.gov>. This highly informative newsletter keeps readers current on recent changes in the Real Estate Law, DRE policies, as well as timely industry concerns.