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# Pam-a-gram

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Newsletter for California Mortgage & Real Estate Brokers

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## About Pam Strickland

Pam is a Real Estate Broker from Santa Barbara with over 30 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 Act Mortgage Test.

Member, California Mortgage Review Committee for the SAFE Act Mortgage Test.

Member, National Legal Review Committee for the SAFE Act 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

**Major changes are afoot for mortgage brokers. I've found that very few, if any, are ready. Be afraid! Be VERY afraid!**



## The End of the World as We Know It

There are folks who will tell you that the end of the world is coming in 2012, but I'm here to tell you unless a miracle happens and Dodd-Frank implementation is delayed, if you are a Mortgage Broker, your world as you know it ends on April 1. **None of your existing contracts or commission agreements with your Loan Agents OR Lenders will meet the new requirements.** You will not, in all probability, be able to continue with the same compensation plan that you now have in place. Your relationship to your clients will change tremendously also.

The only way I see for anyone to be in compliance with the new rules is to hire an extremely knowledgeable attorney who **really, truly understands the new regulations** and let him or her help you restructure your agreements and compensation plans. If you need a referral to a good, competent attorney to help you with this, please send me an e-mail message with your request and I will suggest someone.

**This only applies to Mortgage Companies**, so if you are a Real Estate Broker and are using the C.A.R. Independent Contractor (IE) form, you are fine.

## SAFE Act

If you are originating Residential 1-4 loans, you have no doubt by now met the requirements of the SAFE Act and have your endorsement. Even if you aren't originating Residential loans, if you are originating any loans at all (commercial, business, raw land) that are secured by real property, and you are licensed by the DRE, you should have filed the RE-866 notification with the DRE (online filing only). You can find a link on the DRE website ([www.dre.ca.gov](http://www.dre.ca.gov)) under FORMS or the tab for MLO (Mortgage Loan Originators).

## DRE Audits

The DRE is extremely busy auditing these days and the penalties and fines are staggering. It breaks my heart to be contacted by a company with major DRE issues that could have been solved so easily had I been in a year or even a few months before, to help them understand the laws and regulations and avoid the technical errors that got them into so much trouble.

If I haven't been to your office in a while, what are you waiting for? My motto is still **"Better me than the DRE!"** Once they get there, it may be too late to correct the errors of your ways and get everything in order. And, between my time and your attorney's time, the fines and the penalties, a penny saved right now is pennywise and pound foolish!

legal counsel for further clarification.

Contact Pam at:

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## 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. She can also help you prepare for and get through a DRE audit. Further information is available on her website:

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