

## In This Issue

- RE-881 Business Activity Report
- Advance Fees
- Hidden Profit and Secret Compensation
- License Issues

## Newsletter Archives

If you are interested in seeing current or archived copies, they may be found on Pam's website: [pamstrickland.com/newsletters](http://pamstrickland.com/newsletters)

## Privacy Policy

Please reply to this message with requests for additions, deletions or changes to this e-mail list. We respect your privacy and do not provide your name or e-mail address to any outside party.

## About Pam Strickland

Pam is a Real Estate Broker from Santa Barbara with over 44 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).

Past Member, SAFE MLO National Test Maintenance Committee.

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

Past Member, National Legal Review Committee for the SAFE Act Mortgage Test.

~~~~~

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:

[pam@pamstrickland.com](mailto:pam@pamstrickland.com)

**This is my first newsletter in several months, but this one is very, very important. If you are a Mortgage Broker/Lender or engage in Property Management, read it carefully!**



## RE-881 Business Activity Report

If you are originating, funding or servicing mortgage loans under the Department of Real Estate, you must file an RE-881 Business Activity Report every year by March 31. This is a state report and is in addition to any NMLS reports that you may be filing. <https://bars.dre.ca.gov/>

## Advance Fees

There are many fees being charged by Property Managers that the DRE is beginning to take a hard and serious look at. Among those are pet rent and pet administration fees, just to name two. The DRE is citing these fees paid in advance of work actually being done and filing accusations against the broker and the corporation. The Summer 2012 DRE Bulletin had an article explaining why Advance Fees aren't allowed. You need to immediately check every single fee you are charging and make sure they don't fall under the category of Advance Fees. Just because "everyone does it" doesn't make it legal or acceptable.

## Hidden Profit and Secret Compensation

The Department of Real Estate is also looking very carefully at all monies being taken by the broker for services or discounts. You have to disclose to the property owner/client all of your income regardless of the source. A recent accusation was filed due to the Property Manager receiving a \$2.50 payment on the online payment processing directly from the accounting software company. This was not disclosed on the Property Management Agreement with the owner or on the monthly owner statement. Any income from any source must be disclosed to your principal.

## License Issues

I constantly run into companies and agents who have neglected to renew their license with the DRE or to yearly file their Statement of Information with the Secretary of State or to refile their Fictitious Business Names with the county every five years. These are serious omissions, folks, and can cause problems galore. Go now and check to see if you are current with all of your filings. You will thank me later!

## 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 remote consulting. She can also help you prepare for and get through a DRE audit or office survey and make sure you know what reports you and your company are required to file. For more information, see her website at [www.pamstrickland.com](http://www.pamstrickland.com).

To arrange your consultation, send an e-mail message to Pam at [pam@pamstrickland.com](mailto:pam@pamstrickland.com).