

CALIFORNIA REAL ESTATE CONSUMER RECOVERY ACCOUNT FUND

Note: This information is provided as a public service. The information is general in nature and may not be applicable to a given claim. Each claim is separately evaluated by the Department of Real Estate. This is NOT legal advice. Please consult an attorney for any legal advice or interpretation.

The California Department of Real Estate administers a victim's fund known as the Real Estate Consumer Recovery Account Fund ("Consumer Recovery Account"). The Consumer Recovery Account is funded from a portion of the fees paid by real estate licensees. It may be possible for a person defrauded by a real estate licensee (in a transaction requiring a real estate license) to recover his or her actual and direct loss in a transaction, up to the statutory limits set forth in Section 10474 of the Business and Professions Code.

The statutory requirements for payment from the Consumer Recovery Account (Section 10471, et seq. of the Business and Professions Code) include:

- Obtain a final judgment (civil, arbitration award, criminal restitution order, bankruptcy) against all parties involved in the transaction, including but not limited to, the licensed salesperson and his/her employing broker. The final judgment must be based upon intentional fraud, intentional misrepresentation or conversion of trust funds. The real estate licensee must be licensed at the time of the transaction that caused harm to the victim.
- Exhaust all efforts to collect money from all involved parties, document the efforts, and provide collection effort results to the Consumer Recovery Account Unit.
- Provide an abstract of judgment recorded in the county or counties in which the real estate licensee may have assets.
- Download and complete the application (RE 807A) located at www.dre.ca.gov/files/pdf/forms/re807a.pdf.
- Notify the real estate licensee(s) of the filing of a claim with the Consumer Recovery Account (RE 809).
 - Proof of Service to the real estate licensee is *required* in one of the following forms depending upon the status of the real estate license (*See* Section 10471.1 of the Business and Professions Code):
 - Personal Service (RE 810)
 - Certified Mail (RE 811)
 - Publication (RE 812)
 - Verify the real estate license status at www.dre.ca.gov.
- Provide all requested documentation and/or any additional documentation to support the application (i.e., transaction documents, detailed narrative declared under penalty of perjury, collection efforts, etc.). *See* California Code of Regulations, Title 10, Chapter 6, Regulation 3102.
- Deliver in person or via certified mail the application and any attachments to the Consumer Recovery Account Unit.
- An application must be filed within one year from the date judgment, award or order becomes final.
- If the real estate licensee applies for bankruptcy protection, the applicant must protect the judgment from discharge.

Once filed, the application is reviewed by the Consumer Recovery Account Unit to determine if all required information was submitted so that a decision can be made whether to pay or not to pay. That review typically involves a series of letters between the Department and the applicant, resolving questions and obtaining necessary supporting documentation. The applicant is notified in writing of the initial deficiencies in the application within 15 days of its receipt by the Department.