

NOTICE OF RULEMAKING PROPOSAL

CALIFORNIA DEPARTMENT OF REAL ESTATE

HARMONIZING AND IMPLEMENTATION OF SB 164 (2024) STATE BUDGET
FEE ADJUSTMENT FOR THE DEPARTMENT OF REAL ESTATE

TITLE 10, CHAPTER 6

AMENDING SECTIONS 2716.1, 2790.1.5, 2790.6, 2793, 2799.2, 2810.5, 2847, 2915,
3002, AND 3009; AND ADOPTING SECTIONS 2790.1.7, 2851.5, AND 2931

NOTICE IS HEREBY GIVEN

The Real Estate Commissioner and the Department of Real Estate (collectively, "DRE"), proposes amendment of Sections 2716.1, 2790.1.5, 2790.6, 2793, 2799.2, 2810.5, 2847, 2915, 3002, and 3009; and adopting Sections 2790.1.7, 2851.5, AND 2931 of the Regulations of the Real Estate Commissioner, California Code of Regulations, Title 10, Chapter 6 ("the Regulations"), after considering all comments, objections and recommendations regarding this proposed action. Publication of this notice commences a 45-day public comment period.

PUBLIC HEARING

A public hearing is not scheduled. A public hearing will be held if any interested person, or that person's duly authorized representative, submits a written request for a public hearing to the DRE, at the contact listed below, no later than 15 days prior to the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested person, or that person's authorized representative, may submit written comments relevant to this proposed regulatory action to the DRE addressed as follows:

Regular Mail

Department of Real Estate
Attn: Dan Kehew, Sacramento Legal Office
651 Bannon Street, Suite 507
Sacramento, CA 95811

Electronic Mail

DRE.RegComments@dre.ca.gov

Comments may be submitted until 5:00 p.m., Tuesday, March 31, 2026.

AUTHORITY AND REFERENCE

Section 10080 of the Business and Professions Code ("Bus. & Prof. Code") authorizes DRE to adopt regulations that are reasonably necessary for the enforcement of the provisions of the Real Estate Law (Bus. & Prof. Code Sections

10000 et. seq.) (“the Real Estate Law”), and other statutes in the Real Estate Law also authorize regulations specific to DRE’s fee-setting authority. Within this proposal, the following Regulations sections arise from these statutes:

Section 2716.1: Authority cited: Sections 10080 and 10226, Bus. & Prof. Code. Reference: Sections 10153.4, 10201, 10209.5, 10210, 10214.5 and 10215, Bus. & Prof. Code.

Section 2790.1.5: Authority cited: Sections 11001 and 11011, Bus. & Prof. Code. Reference: Sections 11004.5, 11010 and 11018.5, Bus. & Prof. Code.

Section 2790.1.7: Authority cited: Sections 10080 and 10249.3, Bus. & Prof. Code. Reference: Section 10249.3, Bus. & Prof. Code.

Section 2790.6: Authority cited: Sections 11001 and 11011, Bus. & Prof. Code. Reference: Section 11010.10, Bus. & Prof. Code.

Section 2793: Authority cited: Sections 10080 and 11001, Bus. & Prof. Code. Reference: Section 11018.7, Bus. & Prof. Code.

Section 2799.2: Authority cited: Sections 11001 and 11022, Bus. & Prof. Code. Reference: Section 11022, Bus. & Prof. Code.

Section 2810.5: Authority cited: Section 11281, Bus. & Prof. Code. Reference: Section 11232, Bus. & Prof. Code.

Section 2847: Authority cited: Sections 10080 and 10232.1, Bus. & Prof. Code. Reference: Section 10232.1, Bus. & Prof. Code.

Section 2851.5: Authority cited: Sections 10080 and 10167.3, Bus. & Prof. Code. Reference: Section 10167.3, Bus. & Prof. Code.

Section 2915: Authority cited: Sections 10080 and 10083.2, Bus. & Prof. Code. Reference: Section 10083.2, Bus. & Prof. Code.

Section 2931: Authority cited: Section 10080, Bus. & Prof. Code. Reference: Section 10182, Bus. & Prof. Code.

Section 3002: Authority cited: Section 10080, Bus. & Prof. Code. Reference: Sections 10151, 10153.2, 10153.3, 10153.4, 10153.5 and 10209, Bus. & Prof. Code.

Section 3009: Authority cited: Sections 10080 and 10170.4, Bus. & Prof. Code. Reference: Sections 10170.4 and 10170.5, Bus. & Prof. Code.

INFORMATIVE DIGEST/PLAIN ENGLISH OVERVIEW – SUMMARY OF PROPOSED REGULATION

Prior to 2024, more than 29 years had passed since the Legislature last passed legislation increasing the statutory maximum or “ceiling” and more than 16 years had passed since DRE has promulgated regulations increasing fees to their statutory maximums.

This regulatory process completes the fee adjustment process initiated and, in part, accomplished by SB 164 (Committee on State Budget and Fiscal Review, Chapter 41, Statutes of 2024) (“SB 164”). In completing this process, DRE ensures that its regulatory fees are consistent with those established by statute. Further, these proposed regulations ensure DRE will remain funded, solvent, and capable of completing the public protection function that is the core of the laws DRE is charged with enforcing. For details of the specific reasons for this fee resetting process and the chosen amounts, please see the Budget Change Proposal (“BCP”) associated with SB 164, which will also accompany this regulations proposal.

To ensure consistency throughout this fee adjustment process, DRE will rely upon that previously published description of this situation and DRE’s proposed approach to its solution, with only one significant exception: The petition process through which certain licensees may request relief from some consequences of past license discipline. DRE’s petitions processes are presently subject to regulations development at DRE and will be addressed in a subsequent, subject-specific proposal.

Anticipated Benefits of the Proposed Regulation

This proposal will harmonize the amounts appearing within DRE’s regulations with those presently set in statute via SB 164. The funds raised through the larger fee setting process ensure DRE will remain solvent and capable of completing the public protection function that is the core of the laws DRE is charged with enforcing.

Consistency and Compatibility with Existing Regulations

In this proposal, DRE is updating or adopting new regulations addressing all of the fees adjusted via SB 164 or set out within the underlying BCP. Therefore, the proposed regulations are neither inconsistent nor incompatible with existing state regulations.

DISCLOSURES REGARDING THE PROPOSED ACTION

DRE has made the following determinations:

Mandate on local agencies or school districts: None.

Cost or savings to any state agency: None.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code sections 17500 through 17630: None.

Other nondiscretionary cost or savings imposed on local agencies: None.

Cost or savings in federal funding to the state: None.

Cost impacts on a representative private person or business: For those persons or businesses seeking licenses, public reports, or other services for which DRE is authorized to charge a fee, SB 164 and this proposal will result in cost impacts corresponding to the difference between the prior, maximum fees, and the new fees as set out in SB 164 and this proposal. The specific impacts will depend upon the specific license, application, or service sought from DRE.

Significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states: Because these fee increases will be applicable to all affected persons, there is no adverse economic impact that will influence competition between persons or entities.

Significant effect on housing costs: None.

RESULTS OF THE ECONOMIC IMPACT ANALYSIS/ASSESSMENT

The DRE concludes that it is: (1) unlikely that this regulation proposal ("proposal") will eliminate any jobs for real estate licensees or associated professions; (2) unlikely that this proposal will create jobs; (3) unlikely that this proposal will create new businesses of any sort; (4) unlikely that this proposal will eliminate any existing businesses; (5) unlikely that this proposal will result in the expansion of businesses currently doing business in the state; (6) will benefit the health and welfare of California residents by ensuring that DRE is able to continue its consumer protection duties; and (7) is not expected that this proposal will affect worker safety or the state's environment.

SMALL BUSINESS DETERMINATION

The DRE has determined that there will be very minimal fiscal impact on small businesses resulting from this regulation proposal. The increase in fees, per impacted person and particularly taking into account the four-year term of real estate license fees, is relatively modest. This is particularly true given the extended timeframe over which DRE maintained its prior fee structure. *DRE did not seek to adjust the statutory maximums for its fee structure from 1995 through 2023.*

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the DRE must determine that no reasonable alternative considered, or that has otherwise been identified and brought to its attention, would be more effective in carrying out the purpose for which this regulatory action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

DRE invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation during the written comment period.

CONTACT PERSON

Inquiries concerning this action may be directed to Dan Kehew at (916) 737-4391, or via email at DRE.RegComments@dre.ca.gov. The backup contact person is Stephen Lerner at (916) 737-4293.

AVAILABILITY OF STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, AND RULEMAKING FILE

DRE will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its headquarters office: 651 Bannon Street, Suite 507, Sacramento, California. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulations, the initial statement of reasons, the BCP that supports both SB 164 and this proposal, and the Form 400 under which the package was submitted to the Office of Administrative Law for publication. Copies may be obtained by contacting Dan Kehew at the mailing address and email address listed on the first page of this notice.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments received, DRE may adopt the proposed regulations substantially as described in this notice. If DRE makes modifications that are sufficiently related to the originally proposed text, DRE will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before DRE adopts the regulation as revised. A request for a copy of any modified regulation(s) should be addressed to the contact person designated above. DRE will accept written comments on the modified regulation for 15 days after the date on which they are made available.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, the Final Statement of Reasons will be available and copies may be requested from the contact person named in this notice or may be accessed on the website listed below.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the notice, the initial statement of reasons, and the text of the regulations in underline and strikeout can be accessed through DRE's website at www.dre.ca.gov.