

Real Estate

BULLETIN

CALIFORNIA DEPARTMENT OF REAL ESTATE

MORTGAGE LOAN
ACTIVITIES REMINDERS

AUDITS: TRUST FUND
SIGNATORIES

MENTORSHIP
MATTERS



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TABLE OF CONTENTS



04

FROM THE DESK OF THE COMMISSIONER

Read the latest from DRE's Commissioner.

05

MENTORSHIP MATTERS

Real estate internships are a thing. Learn about a budding program in the Sacramento area.

08

COMMITMENT TO SUPPORTING LICENSEE COMPLIANCE

Get to know how DRE citations are an effective tool to address relatively minor and technical violations of the Real Estate Law.

12

TRUST FUND SIGNATORIES

Dive into two common questions DRE receives regarding who can sign and under what circumstances.

16

LET'S TEST YOUR REAL ESTATE KNOWLEDGE

From licensing to the Real Estate Law, let's test what you know.

17

A CONVERSATION WITH SHANNAN WEST

Get to know DRE's new Assistant Commissioner of Enforcement.



FROM THE DESK OF THE COMMISSIONER

To the professionals reading this Real Estate Bulletin, please know that I am very appreciative of you. I take your reading of this bulletin as a sign that you are not only engaged with the Department of Real Estate (DRE) but interested in learning about current DRE regulatory issues and dedicated to improving your practice and the real estate profession as a whole.

Please know that DRE's engagement with our stakeholders is a dialogue -- not only do we want to share information about compliance issues and consumer protection priorities, but we also want to hear from you to learn what trends are occurring in the market and identify emerging issues so we can be proactive in educating consumers and industry members about best practices, unlawful practices and compliance matters.

There are several ways that you can help.

With over 423,000 licensees in California and countless real estate related transactions occurring across the state, it is difficult for DRE to learn about specific dealings that may be harming consumers and industry members. That is why we rely on and welcome complaints from industry members and the public to learn about transactions that may involve questionable activities. To learn more about how to file a complaint, visit our [Filing a Complaint](#) page on DRE's website.

DRE staff are available for outreach events and speaking engagements with industry trade organizations and consumer protection organizations. Not only can we share licensing updates, complaint trends, consumer protection issues, and other compliance matters we are seeing, but we also take the opportunity to learn from you and discuss what you are experiencing in the market. To request a DRE speaker, visit our [Request a Speaker from the Department](#) page on DRE's website.

Finally, we continuously strive to improve our operations and provide excellent customer service through our customer service survey. Your input guides our work in seeking efficiencies and prioritizing resources. To provide feedback on our services, visit our [Customer Service Survey](#) page.

Thank you for your continued engagement with us. Together we can work to ensure that the public is protected in every California real estate transaction and elevate the real estate profession. 🏠

DRE COMMISSIONER



Mentorship Matters

Mentorships in the workplace help build confidence, accelerate learning and growth, create connections of support, and help expand opportunities and networks. They also help build leadership skills. There's a long list of benefits, and those benefits are exactly what the Sacramento Association of Realtors® (SAR) and Los Rios Community College District are seeing through their Cosumnes River College [real estate mentorship program](#).

Expanding the Scope of Education

As you may know, real estate education is a key component of real estate consumer protection. It is critical that real estate applicants entering the real estate industry are knowledgeable, well-prepared, and equipped to serve the best interests of their clients. The SAR and Los Rios Community College mentorship program is taking real estate education beyond traditional books and college coursework. The program offers students real-life experience, focusing on practical application and the opportunity to develop desired skills for future success in real estate.

"The SAR and Los Rios Community College District's mentorship program is a great way for students to get real-life experience by learning alongside an experienced mentor," said Cindi Cereceres, current SAR mentor and SAR Internship Committee Chair. "It really helps them feel ready to hit the ground running once they get their license and join a brokerage. One of the first and continuing things I teach my students is the importance of being ethical. To me, that's the most important part of this business."

For any college graduate, finding a job can take time. The same holds true for many of those who complete the required real estate coursework, pass the real estate exam, and receive a real estate license. This mentorship program understands the need for practical, in-office opportunities to help with students' transition into the real estate industry.



“The Internship in Real Estate program offers a supervised, structured, hands-on exposure to real estate sales, while providing some of the fundamental skills and knowledge needed to launch a successful real estate career,” said Pat Butler, Cosumnes River College Real Estate and Business Professor. “Upon completing the program, interns have had an inside look into the business of real estate and are better able to decide whether this is the right choice for them, and if so, have a head start as they begin a career in the field. The benefits are not limited to the intern; the real estate industry also benefits from the increased level of experience, knowledge, and professionalism possessed by these interns when they become real estate licensees.”

How the Program Works

Students who are accepted into the program must complete a total of 108 internship hours and attend 18 hours of mandatory scheduled classroom meetings during the semester. Interns who successfully complete this program earn 3 units of college credit. The class also meets the California Department of Real Estate’s education requirements for the licensing exams as a substitute for Real Estate Practice or an elective.

“The relationships I developed during that season still exist today with both students and mentors,” said Esther Kennedy, a former Cosumnes River College student in the January 2024 SAR mentorship program. “I am on a fantastic and supportive team and closed my

first deal in 6 months. This success can only be attributed to the program and the incredible mentorship I received.”

Learn more about the joint SAR and Cosumnes River College mentorship program here: [Real Estate Internship Program – Sacramento Association of REALTORS®](#).

Growing Mentorship Opportunities for Future Generations

The Department of Real Estate (DRE) encourages all its licensees to explore and participate in mentorship opportunities, if afforded the opportunity, to give back and support the next generation of licensees for future success.

“The collaboration between SAR and the Los Rios Community College District to ensure students are most prepared for future careers in real estate is invaluable and certainly aligns with the Department of Real Estate’s consumer protection mandate,” said DRE Assistant Commissioner of Licensing Jeff Oboyski. “Licensees are critical to the success of these programs, and we applaud those who are willing to volunteer their time with those just beginning their journey in the real estate profession.”

If you’re a licensee already participating in a mentorship program, we encourage you to share with us a little about your program by emailing us at DRELicensingEducation@dre.ca.gov. We’d love to learn more about the impactful work happening in your communities. 🏠



A CONTINUED COMMITMENT TO SUPPORTING LICENSEE COMPLIANCE

THE DRE'S CITE AND FINE PROGRAM

Since 2014, the California Department of Real Estate (DRE) has used citations as an effective tool to address relatively minor and technical violations of the Real Estate Law—particularly when little to no consumer harm occurred or where the violation posed little to no risk to the public. Now, more than a decade later, the Department's Cite and Fine Program remains strong, and its primary focus continues to be assisting licensees in understanding and complying with their legal obligations.



The goal of this program has never been to punish, but rather to help licensees take corrective action, reinforce professional standards, and avoid more serious violations. The funds collected from these citations are deposited into the Recovery Account, which compensates consumers who have suffered losses due to licensee misconduct. The program continues to support the Department's broader mission: ensuring public protection while promoting licensee education and compliance.

When Is a Citation Warranted?

Citations are most often issued for low-level violations that do not rise to the level of formal discipline such as suspension or revocation. These types of violations often signal a need for correction or increased awareness, and the citation process is intended to provide exactly that.

Some common citation-worthy violations include less-serious instances of:

- Failure to adequately supervise affiliated licensees
- Failure to notify DRE of an address change
- Improper or missing license disclosure in first point-of-contact materials
- Not reporting newly affiliated salespersons or associate brokers
- Failing to properly register a fictitious business name
- Delinquent filing of threshold or business activity reports
- Trust fund handling or recordkeeping deficiencies

As a licensee, it's important to remember that a citation is an opportunity to identify and correct these issues early, before they cause greater consumer harm or escalate into formal disciplinary action.

What to Expect If You Receive a Citation

Each citation provides a detailed explanation of the violation(s) and outlines how you can satisfy the citation. Depending on the circumstances, the citation may include an administrative fine and/or an Order of Correction. The amount of the fine is determined based on:

- The seriousness of the violation
- Whether there is a history of similar violations
- Whether consumer harm actually occurred and the extent of such harm
- Whether the issue was corrected
- Your cooperation during the audit or investigation

For licensees, fines may range from up to \$2,500 per case. In addition to paying a fine, you may be required to take specific corrective actions to ensure compliance moving forward.



**DRE license
renewal reminders
NOW sent
electronically.**

Substantial Penalties for Unlicensed Activity

As real estate professionals, you are held to standards that reflect your licensure and training. The Department takes unlicensed activity seriously, and citations for unlicensed individuals are assessed differently.

Unlike citations issued to licensees, unlicensed persons may be fined up to \$2,500 for each unlicensed act or transaction. This is not per case but per action.

For example, if an unlicensed individual:

- Advertises properties for sale
- Hosts open houses
- Negotiates lease terms
- Collects rent
- Accepts referral fees
- Offers property management services

Each of these could be cited as a separate violation. Ten unlicensed acts could easily lead to \$25,000 in fines. If the activity is extensive, fines could exceed \$50,000.

These consequences are meant to protect the public and reinforce the value and responsibility that come with licensure.

As a licensee, if you become aware of individuals performing unlicensed activity, we encourage you to report it. It protects both consumers and the integrity of your profession.



Appeals and Review Process

If you receive a citation and disagree with it or believe there is mitigating information, you have the right to contest it. But time is critical.

You must respond to the citation by the due date indicated. Your options include:

- Paying the fine and satisfying the Order of Correction
- Requesting a Citation Review Conference (CRC)

The CRC is an informal opportunity to present your case and documentation to a DRE representative. Based on the discussion, the Department may uphold, modify, or dismiss the citation.

If you still disagree with the citation or the assessed fine, you may then seek a hearing before an administrative law judge at the Office of Administrative Hearings. That step comes with additional risk, however: DRE may ask the judge to add the cost of the investigation and prosecution on top of the assessed fine if the citation is upheld.

Important Reminder:

Under [Business and Professions Code section 10080.9](#), if you fail to respond by the deadline, the citation becomes final and can no longer be appealed. Unfortunately, the Department often hears from licensees months or even years after a citation has become final, only to find there is no longer any ability to contest it. Timely action is essential. Don't miss the opportunity to resolve the issue when it arises.

What Happens If You Ignore a Citation?

Failure to satisfy a citation can lead to more serious consequences, including:

- A hold on your license if you are a licensee, preventing renewal or issuance of a new license or endorsement
- Referral of unpaid fines to the Franchise Tax Board or outside collections
- Civil judgment or formal disciplinary action

These outcomes can affect your ability to continue practicing and may result in longer-term consequences for your license record. If you need help understanding your citation or what steps to take, please contact the Department; early communication is key.

Reinforcing Professional Compliance

The Cite and Fine Program is not about punishment-it's about partnership. The Department uses citations to help licensees take corrective action, stay informed, and ensure the Real Estate Law is followed in a way that benefits both consumers and the real estate community.

If you have questions or need assistance regarding a citation, please contact the DRE Citation Section at Citations@dre.ca.gov. We're here to help you remain in good standing and continue building trust as a licensed real estate professional in California. 🏠





TRUST FUND SIGNATORIES

DRE regularly receives questions about signatories on trust fund accounts. Below are answers to two of the most common questions about who can sign and under what circumstances.

Can a property owner sign on a real estate broker's trust account?

The short answer to this question is “No,” but the actual answer is a bit more nuanced and can be ascertained from [Business and Professions Code \(B&P Code\) section 10145](#). The relevant part states that “all funds deposited by the broker in a trust fund account shall be maintained there until disbursed by the broker in accordance with instructions from the person entitled to the funds.”

The code section further specifies that withdrawals from a trust account of an individual broker require that broker's signature. In the case of a corporate broker, the signatory must be an officer, specifically the designated officer, through whom the corporation is licensed pursuant to [B&P Code section 10211](#).

Alternatively, withdrawals may be made with the signature of one or more of the following people, if specifically authorized to do so in writing by the individual broker or designated officer:

- A real estate salesperson licensed to the broker
- Another broker acting pursuant to a written agreement with the broker

- An unlicensed employee of the individual broker, if the broker has fidelity bond or insurance coverage equal to at least the maximum amount of the trust funds to which the unlicensed employee has access at any time and said coverage meets the other requirements as provided in [B&P Code section 10145\(a\)\(2\)](#).

Generally, a property owner is not included within the guidelines above.

Any arrangements a real estate broker makes to add signatories to a trust fund account will not relieve them from responsibility or liability in the handling of trust funds in their custody.

Once a real estate broker receives trust funds, they have a fiduciary responsibility to handle and account for these funds in accordance with [B&P Code section 10145](#). A real estate broker must maintain and be in full control of the funds.

Can a real estate broker sign on the property owner's general account?

The answer to this question depends on the duties or services the real estate broker will perform.

Will the broker do work that requires a real estate license? If yes, will the broker have access to trust funds or, in other words, funds that do not belong to the broker? If the broker will have access to a beneficiary's trust funds, they must comply with [B&P Code section 10145](#) and the related trust fund record keeping requirements. Having both the real estate broker and the property owner as signatories on the same general account does not meet the provisions of B&P Code section 10145, as noted above.

Being proactive in complying with trust fund record keeping requirements, including the rules around required signatures, will help ensure the success of a broker's real estate business while also protecting the public. 🏠



ELECTRONIC FILING OF THE BUSINESS ACTIVITY REPORT REMINDERS

Real estate brokers who make, arrange, or service mortgage loans secured by residential property of one to four units are required to complete and submit the Business Activity Report, also known as the BAR, electronically through the DRE website. (Refer to [Business and Professions Code section 10166.07\(a\)](#).) This reporting requirement applies to all such brokers involved with residential mortgage loans, including mortgage loans that are non-consumer loans and mortgage loans that are NOT primarily for personal, family, or household use.

The Business Activity Report is not required for salespersons or broker-associates because their loan activities will be included in the report submitted by their retaining broker.

The report is due within 90 days of the broker's fiscal year-ending date.

All Business Activity Reports must be submitted electronically through [DRE's website](#). A link to the instructions for completing and filing the report is located on the report login page.

In addition to instructions, DRE has developed additional troubleshooting advice for its website users. Some brokers have notified the DRE that when they attempted to save the data they had entered, or when they attempted to submit the report, an error message prevented them from proceeding, and they could not save or submit the report. Please be advised that the DRE has recently updated the BAR application to enhance security, performance, and compatibility with modern web standards.

As a result, the form submission feature may no longer function properly on older browsers or devices. If you are experiencing issues while submitting the form, please follow the steps below:

- Use a modern web browser—we recommend the latest version of Google Chrome, Microsoft Edge, Mozilla Firefox, or Opera.
- Try a different device—if you are using an older device, consider switching to a more recent device to determine whether the issue persists.
- Clear your browser cache—this ensures that you are loading the most up-to-date version of the application.

If the problem continues after these steps, please don't hesitate to contact us.

Brokers who have not filed the report as required are encouraged to submit the report electronically through DRE's website as soon as possible and are further encouraged to set reminders for themselves with the due date of the report.

Additional background information can be found on [DRE's mortgage loan activity reporting page](#). If you have questions about the Business Activity Report, call DRE at (877) 373-4532 and follow the prompts to speak with an investigator in the Mortgage Loan Activities section. 🏠

FOLLOW US ON OUR SOCIAL NETWORKS



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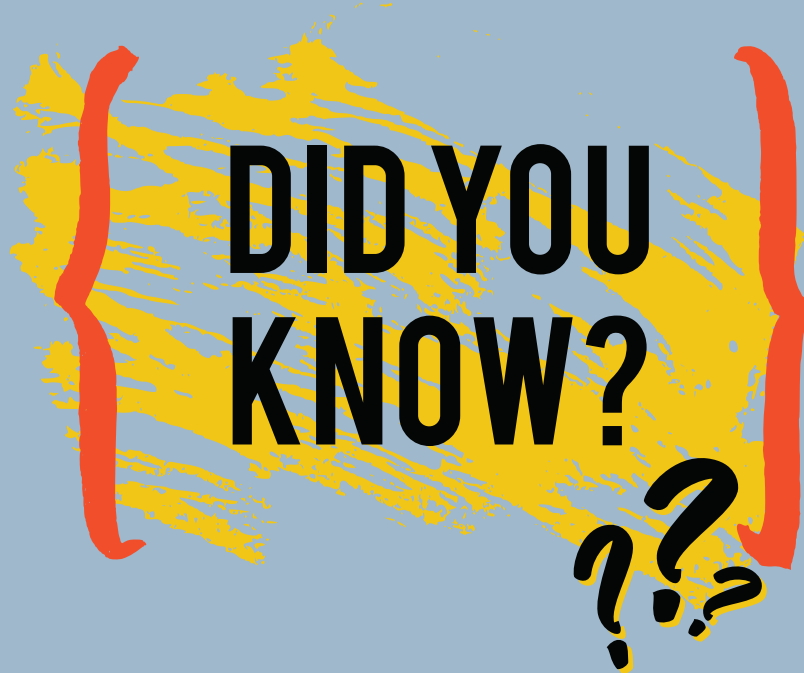
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Let's Test that CA Real Estate Knowledge

1. The minimum age to become a licensed real estate salesperson is:

- a. 21 years old
- b. 20 years old
- c. 18 years old
- d. There is no minimum age

2. DRE licensees can become exempt from continuing education requirements when they:

- a. Earn over \$1 million in commissions in a calendar year.
- b. Have been licensed in good standing free from committing a Real Estate Law violation for a period of 20 years.
- c. Receive a pardon from continuing education requirements from the Governor and/or Commissioner.
- d. Are at least 70 years old and have been licensed in good standing for at least 30 years.

Q3: In which city does the Department of Real Estate have a district office?

- a. Bakersfield
- b. Anaheim
- c. Oakland
- d. San Francisco

Q4: The California Legislature enacted the nation's first real estate license law in:

- a. 1911
- b. 1914
- c. 1917
- d. 1928

Q5: In May 2025, the DRE had a total licensee population of:

- a. 426,807
- b. 316,445
- c. 601,714
- d. 585,322

A Conversation with Shannan West

The Department of Real Estate's new Assistant Commissioner of Enforcement

In April 2025, Shannan West joined the Department of Real Estate (DRE) as the new Assistant Commissioner for Enforcement.

She joined DRE from the California Department of Housing and Community Development (HCD), where she served for nearly seven years as the Housing Accountability Chief in the Housing Policy Development Division.

“

In my career, I have had the opportunity to work on housing matters from architectural design and pre-development in the private sector, navigating permitting and regulatory processes in both state and local government, and most recently, bringing accountability and enforcement to state housing laws largely designed to accelerate housing production in California. In all these ways, real estate has been at the foundation of my work. I am delighted to step into enforcement of California's real estate laws and regulations for DRE,” West said.



Q & A

WITH ASSISTANT COMMISSIONER WEST

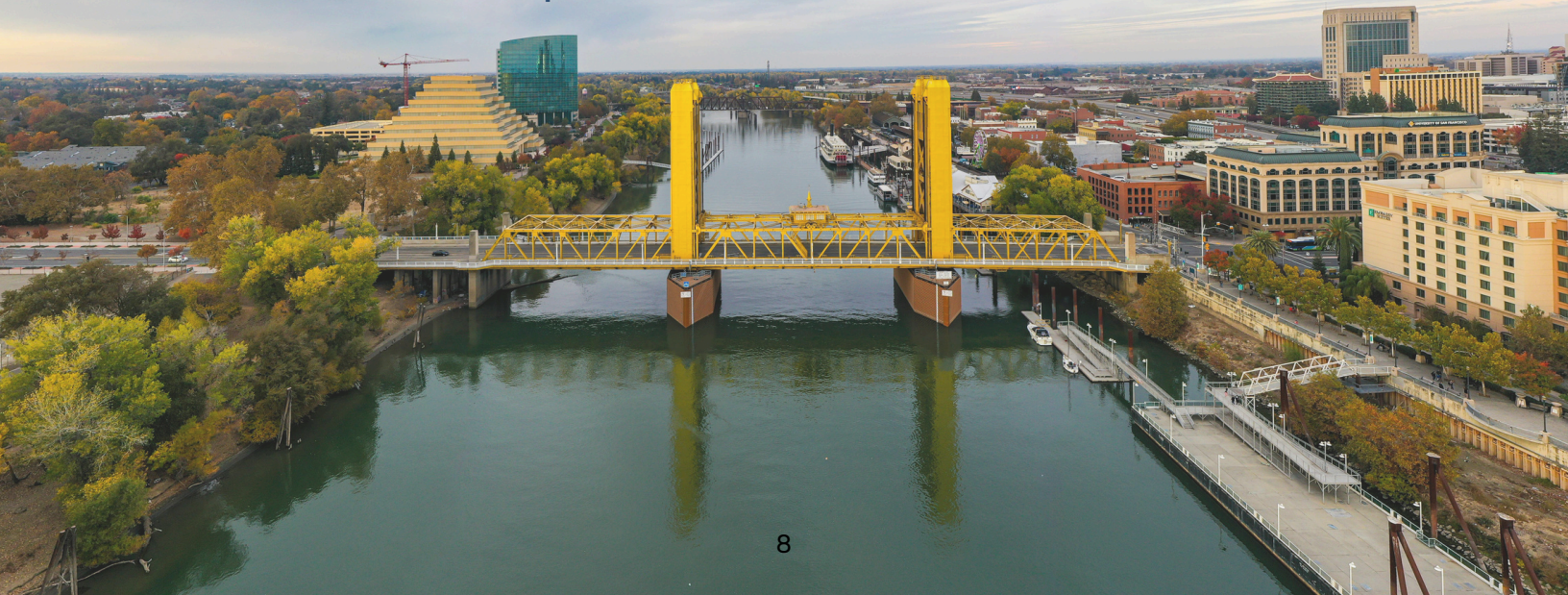
Q: Share a little about your role at DRE, and what does this work mean to you?

A: As the Assistant Commissioner for Enforcement at DRE, I lead a team of dedicated public servants in five field offices. California is a big and diverse state. Having staff who are local to the regional markets they serve means they can be on the ground – in brokers' offices, at industry events, and in front of consumers who are their neighbors. Consumer protection is at the heart of the work we do, and I believe we can do it best when we connect with a personal touch.

Q: Tell us about your vision for DRE's Enforcement Division?

A: Effective enforcement is as much an effort in education as it is investigation of tips and complaints. DRE has established relationships with professional organizations that support licensees, and I envision a continuation of DRE's collaboration with these organizations to educate industry professionals on compliance matters. Additionally, I am eager to find more opportunities for DRE's enforcement team to connect with consumers on prudent ways to protect themselves in real estate transactions, as well as increasing awareness that DRE is here to receive complaints should they find themselves in a position to need us.





8

Q: In what ways has your professional background shaped the vision you just described?

A: One early observation I have made that continues to be true decades later is how complex it is to buy, sell, and develop real estate. Even “simple” deals have lengthy purchase agreements, disclosure statements, and if financed, loan documents to prepare and review. While many of these complexities exist for the purpose of consumer protection, it can still be overwhelming, particularly for first-time homebuyers or those who have not participated in the market for some time. As a result, most consumers rely on our licensees to usher them through the process. It is critical that DRE’s licensees are held accountable to the laws and regulations that exist to protect the market and consumers.

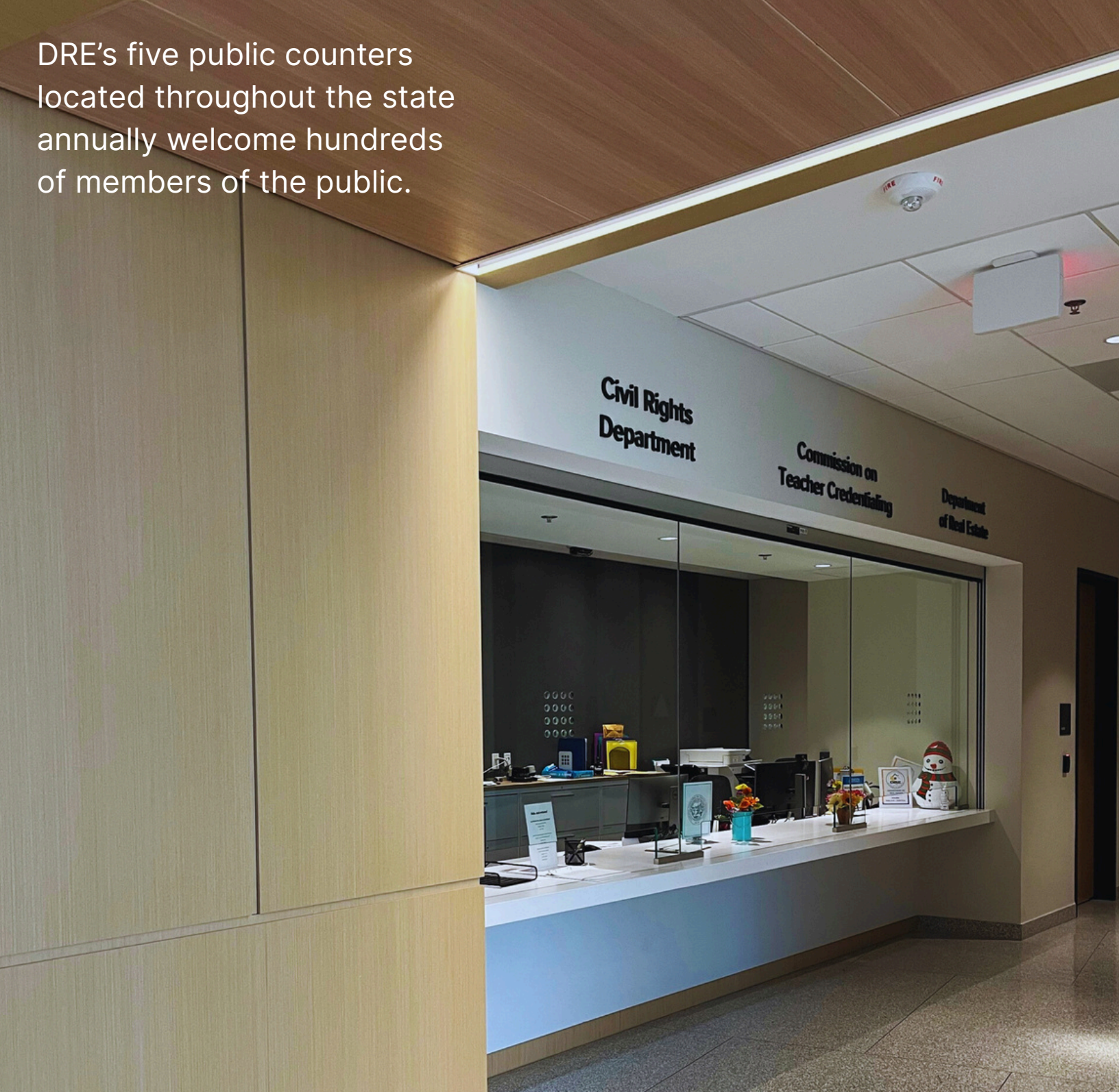
Q: Tell us about your vision for DRE’s Enforcement Division?

A: As I previously stated, effective enforcement is as much about education as it is about investigating tips and complaints. DRE has built strong relationships with professional organizations that support licensees, and I envision continuing and expanding that collaboration to educate industry professionals on compliance and best practices. I also see opportunities for DRE’s enforcement team to more actively engage with consumers on prudent ways to protect themselves in real estate transactions, as well as raising awareness that DRE is here to receive complaints should they find themselves in a position to need us.

Q: Finally, as we wrap, can you share with us your best piece of consumer protection advice?

A: My biggest advice to consumers is to read everything that is presented to you before you sign it, and if you don’t understand it, ask questions. It is very normal to have questions. Don’t be afraid to slow down. 🏠

DRE's five public counters located throughout the state annually welcome hundreds of members of the public.



DRE MISSION

To safeguard and promote the public interests in real estate matters through licensure, regulation, education and enforcement.