



TECHNOLOGY AND SUPERVISION IN THE REAL ESTATE INDUSTRY (CONTINUED FROM PAGE 5)



Furthermore, the more virtual a business becomes, the greater the scope and complexity of a supervisory system of oversight is needed to ensure compliance. Commissioner's Regulation 2725 provides a broker shall exercise reasonable supervision over the activities of his or her salespersons and must establish policies, procedures, and systems to review, oversee, and manage such activities, and have in place a system for monitoring compliance with such policies, rules, procedures and systems. With a virtual file/document review system, a broker would need to have policies, procedures, and systems that demonstrate how transactions and documents and files are to be reviewed remotely. On top of that, a broker would then need to demonstrate through documentation that such policies, procedures, and systems are functioning, and that specific transactions/files have been reviewed. It is possible to review transactions, documents, and files remotely, and document such review and the supervisory instructions/actions that were given.

Please remember that the Department's highest priority is consumer protection. As industry's use of technology continues to evolve, it is important that licensees continue to comply with the Real Estate Law, including licensed real estate brokers having systems in place to ensure proper supervision. Proper supervision is critical whether a broker is working within a traditional brick-and-mortar model or under a newly emerging virtual brokerage technology model.

For more information about the Department of Real Estate, including recent news and alerts, please check out our website at www.dre.ca.gov. ■

Caution About Mortgage Fraud

Most of us remember what happened to the world economy a little over 10 years ago. We also might remember some of the causes leading up to the crash. We saw poorly underwritten mortgage loans that created opportunities for fraudsters to submit loans to federal financial institutions with straw borrowers, fake income and employment documents, and more. Those bad loans were bundled, securitized, and sold on the secondary market. There was the resulting mortgage meltdown and worldwide recession, when fraudsters took advantage of consumers through loan modification and foreclosure scams.

Now, in 2019, the Department is beginning to see a slight increase in the number of complaints about mortgage fraud, where loan documents are being forged and falsified and being submitted to federal financial institutions. Lenders are catching the bad loans and reporting the frauds to their appropriate regulating agencies, but sometimes only after the loans have been sold on the secondary market. The Department is also still receiving some complaints about scammers who are taking advance fees from borrowers for loan modification and foreclosure forbearance services; many of these complaints are coming from out-of-state consumers, in spite of state and federal laws prohibiting such advance fees. In the private money industry, the Department is receiving complaints related to investor interests not being recorded, funds being taken and not properly invested, and more.



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CAUTION ABOUT MORTGAGE FRAUD (CONTINUED FROM PAGE 6)

The Department takes complaints about fraud very seriously, and accordingly conducts investigations of real estate law violations by real estate licensees and unlicensed persons to pursue disciplinary and regulatory action. In addition to our own investigations, the Department works with local, state, and federal law enforcement to pursue criminal action.

If you are aware of any real estate or loan fraud, please report it to the department at (877) 373-4542 or file a complaint using the **online complaint system**. Updates on disciplinary actions taken against real estate licensees can be received through the **Department's RSS feed**. ■

What to Do if You've Received a Request for Continuing Education Records

In the spring 2017 edition of the Real Estate Bulletin, we highlighted how the Education and Research section upholds the Department of Real Estate's (DRE) mission of safeguarding and promoting the public interests in real estate matters through licensure, regulation, education, and enforcement, by reviewing the reported continuing education records of licensees. This is a friendly reminder that, pursuant to Commissioner's Regulation 3013, licensees are required to respond to the request for continuing education records.

As part of a licensee's renewal, continuing education courses are certified as completed by the licensee on either the Continuing Education Course Verification (RE 251) form or through DRE's eLicensing system. As part of this review process, licensees are randomly selected and sent a letter requesting that they submit copies of the continuing education course completion certificates, pursuant to Commissioner's Regulation 3013. This regulation provides that the applicant, upon request of DRE, must submit certificates of attendance or certified copies thereof from sponsors of approved offerings to substantiate information provided by the applicant. A licensee who fails to provide DRE with course completion certificates, as required, may be subject to a fine or potential disciplinary action.

This request is compulsory and therefore, it is very important for licensees to respond to these letters to

avoid a possible fine or potential disciplinary action. It is suggested that licensees retain copies of all course completion certificates for up to five years so they can respond quickly if requested by DRE to provide substantiation. If certificates are misplaced, licensees should contact the course provider for a duplicate certificate, as the course provider is required to maintain a record of attendance or registration and final examination grade of each participant for a period of five years.

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