

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

Main Office:
2102 BUSINESS CENTER DRIVE
SUITE 130
IRVINE, CA 92612
David.j.alt@altandassociates.com
www.altandassociates.com

DAVID JEROME ALT
Attorney at Law

July 15, 2014

CALBRE PROVIDES GUIDANCE **ON** **BOD PROGRAM** **AND** **CITATION AND FINE PROGRAM**

Two new articles discussing subjects of interest to CalBRE licensed mortgage brokers were published last week in the most recent CalBRE Real Estate Bulletin. The Bulletin may be found on the BRE website under "Current News".

BENEFIT OF THE DOUBT PROGRAM ("BOD")

California Law provides that when brokers discharge an employee for a violation of law the broker must report this discharge to the Bureau as well as provide a detailed written description of the reasons. Few of these reports are made and the Bureau believes this is caused by the uncertainty that the broker will also be named in any accusation filed.

The BOD program establishes protocols to allow a broker to discharge an employee without fear that the broker will automatically be investigated for lack of supervision. All investigation will be centralized in Sacramento to insure review “through a single lens” with uniform standards.

The investigation will be isolated to the salesperson’s misconduct unless the facts warrant expansion. If the reporting broker is found to be without gross negligence or fault, no action will be taken. If technical violations are uncovered the broker may receive a corrective letter or be cited and fined. Under some circumstances, formal disciplinary action may be taken.

This seems to us to be a legitimate effort by CalBRE. On the other hand, we are not sure how much comfort it will give to brokers.

CALBRE’S NEW CITATION AND FINE PROGRAM

Under California Business and Professional Code, Section 10080.9 and the new, as of July 1, Regulation 2907, the CalBRE now has wide authority to address violations of law including unlicensed activity, by allowing the Bureau to issue citations and fines to violators.

Depending on the level of violation, discipline will vary. However, for minor and technical violations with no loss to the consumer or danger to the public, or that do not involve fraud or dishonesty, a citation is now the action most likely to be expected.

A citation may include an Order of Correction as well as a fine. Fines may range from \$0.00 to \$2500 dollars per citation, depending on the seriousness of the violation. The citation itself will identify the violations and the amount of the fine. For those wishing to contest the citation, the process begins with an informal review by the Citation Review Conference (“CRC”) and, if not resolved, ends with a hearing before an administrative judge.

The Lenders Update is published via e-mail as a complimentary service to our friends and clients in the financial industry throughout California and the United States.

Only those persons who have personally requested this newsletter are on our distribution list.

SHOULD YOU NOT WISH TO CONTINUE TO RECEIVE THIS SERVICE, PLEASE JUST SEND US AN EMAIL TO “OP-OUT” AT:

special@altandassociates.com

ALSO, SHOULD YOU HAVE COLLEAGUES WHO WISH TO BE ADDED TO THIS COMPLIMENTARY SERVICE, PLEASE HAVE THEM E-MAIL US AT:

special@altandassociates.com

ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past three decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations.

If you have any questions please contact:

David J. Alt, Esq.

David.j.alt@altandassociates.com

You may view previous issues on our website at:

www.altandassociates.com

Who's Who in American Law

Martindale Hubble Pre-Eminent Attorney