

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

Main Office:
2102 BUSINESS CENTER DRIVE
SUITE 130
IRVINE, CA 92612

Mailing Address:
P.O. BOX 4125
IDY, CA 92549-4125

- **DAVID JEROME ALT**
949.253.5755

Attorney at Law
David.j.alt@altandassociates.com

TELEPHONE

FACSIMILE 949.253.5756
www.altandassociates.com

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DRE RULES CONCERNING APPOINTMENT OF A BRANCH OR DIVISION MANAGER

As we have previously reported, the California legislature passed Senate Bill 510 in 2011. This statute allows real estate brokers to appoint real estate licensees as branch managers or division managers. He/she will have the responsibility of oversight and supervision of the day to day operations of the branch or division and be subject to potential sanctions and discipline for failure to carry out these duties.

When such an appointment is made, it must be made in writing and the Department of Real Estate (DRE) must be notified. This week the DRE has issued FAQs clarifying the provisions of these appointments. To summarize, they are:

- No appointment is required for a branch manager. It is only required where the broker wishes to transfer oversight and supervision to the individual.
- As before, the broker has the authority to appoint a manager without availing themselves of the transfer of responsibility that takes place under this new law.
- A manager's appointment will only fall under the provisions of the new law (i.e. a transfer of supervision or oversight) if the broker and manager agree, and such agreement must be in a written contract.

- Where a manager is appointed but not under the terms of the new law, the broker remains exclusively responsible for the supervision of all licensed activity of the branch office or division.

**The FAQs may be seen on the department’s website under
“News Flash”.**

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ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past two 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

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Martindale Hubble Pre-Eminent Attorney