California Department of Real Estate Revokes Record Number of Real Estate Licenses --

**Participation in Loan Modification Scams is Large Contributing Factor**

SACRAMENTO – The California State Department of Real Estate (DRE), the state department that issues licenses to real estate professionals and protects consumers in real estate transactions, revoked a record number of real estate licenses for cause in 2009. The DRE also accepted another record number of license surrenders from licensees facing disciplinary action. All told, over 775 licensees had their license revoked or simply surrendered their licenses while facing accusations.

Over the past two fiscal years, the DRE averaged 446 license revocations and 59 license surrenders. In 2009, license revocations jumped over 50%, to 672, while license surrenders jumped nearly 80% to 105. The 122 cases that resulted in license suspensions in 2009 remained relatively unchanged from the 125 license suspensions averaged in the past two fiscal years.

The down turn in the real estate market is a big reason disciplinary actions are up. "With so many people struggling to stay in their homes, foreclosure rescue and loan modification scams have risen dramatically," DRE Commissioner Jeff Davi said. "And what is even more unsettling, a majority of offenders involved in loan modification scams are not even licensed, which limits a consumer’s ability to obtain restitution or verify the legitimacy of a business", Davi added.

In 2009, the DRE initiated over 2,000 investigations involving loan modification complaints, which represents 25% of all cases set-up. The DRE issued over 180 Desist and Refrain orders to nearly 348 different respondents performing loan modification services, ordering them to stop or change their business practices. Of the 348 Desist and Refrain order respondents, approximately 60% were not licensed and ordered to cease licensed activity - which included offering loan modification services. In addition, nearly 100 real estate licensees have been accused of violating the real estate law in connection with loan modification complaints. Many of the completed cases have been referred to law enforcement agencies for criminal prosecution.

In order to help inform consumers to stay away from the bad actors, the DRE posts on its website all the recipients of Desist and Refrain orders and Accusations in loan modification complaints along with a copy of the order.

In addition, before engaging the services of a person to perform real estate services, consumers should verify the status of the person’s real estate license by visiting the DRE’s website. The benefits are twofold. First, a license status check can tell you if the person is licensed, how long he or she has been licensed, and whether the licensee has been previously disciplined or is facing disciplinary action. Second, a consumer who is defrauded by a licensee and obtains a fraud judgment in civil court, but is unable to collect on the judgment, may be able to receive restitution from the DRE. The DRE administers a recovery account for fraud victims that can pay a victim up to $50,000 for a transaction. The payout from the recovery account is capped at $250,000 for each licensee. Those victims who have been defrauded by unlicensed perpetrators cannot make a claim against the department’s recovery account.

For information about DRE and its programs visit [www.dre.ca.gov](http://www.dre.ca.gov).

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