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GOVERNOR SIGNS NEW LAW CREATING LIABILITY FOR MANAGERS OF REAL ESTATE BRANCH OFFICES

Branch Manager Liability – Governor Signs SB510

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Existing Real Estate Law requires a real estate broker to obtain a license for each branch office and be liable for supervising the sales agents in that office. If the Department of Real Estate (DRE) requirements are not met, the designated broker risks license suspension or revocation. It is common practice for a broker to employ an office manager to supervise the operations of a branch office. Before passage of Senate Bill 510, a branch office manager did not share the designated broker's responsibility for violating Real Estate Law if the real estate agents within the branch office were not properly supervised.

Under the new law, to be effective on July 1, 2012, the employing broker or corporate designated broker officer is permitted to contract with an eligible real estate broker or licensed salesperson (manager) to operate a branch office. The manager will be subject to disciplinary action for failure to properly supervise licensed activity of the sales agents and may have her/his license temporarily suspended or permanently revoked for failure to properly oversee and supervise operations of the branch office.

The new law includes the following requirements:

- The manager must:
 - Hold an unrestricted license,
 - Not be or have been subject to an order of debarment, and
 - If a salesperson, have at least 2 years full-time real estate experience within the preceding 5 years

- There must be a written contract between the designated broker and the manager
- The designated broker must give written notice to the DRE, in a form approved by the commissioner, identifying the manager and branch office or division
- The designated broker must give immediate written notice to the DRE if the manager is changed or terminated

Senate Bill 510 was supported by the California Association of REALTORS®. The law was enacted to make office managers accountable if they fail to properly supervise their sales agents and is expected to ensure that consumers in California are afforded the best practices and highest quality of service from the real estate industry.

Designated brokers who have branch offices should review the qualifications of their branch managers and the provisions of their agreements and policies for compliance with the new requirements, and seek competent legal assistance to revise or create policies and employment contracts that meet the new legal requirements.

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Biography

The Giardinelli Law Group, APC, Sylvia J. Simmons, Attorney. Sylvia J Simmons is a business and transaction attorney at The Giardinelli Law Group, APC. Ms. Simmons has been providing legal services to businesses and REALTOR® Associations, brokers, residential, commercial and vacant land buyers and sellers for more than 14 years. The services she provides include business entity formation, corporate maintenance, buy-ins and buy-outs, succession planning, director disagreements, leases, contracts, employment policies and handbooks, hiring, discipline and termination. Ms. Simmons may be reached at sylvia@glawgroupapc.com or (951) 244-1856.