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Property Management Company Licensing in California – Branch Office Licensing

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If your employees conduct business at any location other than your primary office (including any apartment complex where resident managers live and work), do you have a branch office license for those locations? If not, to avoid possible disciplinary action, obtain branch office licenses.

Generally, California property management companies, and their employees engaged in property management activities, are required to have a real estate license. See [Property Management Company Licensing in California](#).

Each management company has a primary office location. Additionally, a branch office license is required for any additional locations from which a broker conducts business, including any office, apartment building, complex or court where unlicensed people are employed by the broker, including complexes with resident managers.

Supervision of branch offices can be delegated to a licensee if certain requirements and procedures have been met.

Failure to comply with applicable law and regulations (including failure to maintain a branch office license), even inadvertently, could result in disciplinary action by the Real Estate Commissioner against the broker corporation, designated broker officer, and/or individual salespersons or associate brokers involved.

Additional Resources:

- The DRE's webpage about branch office licenses is available at <http://www.dre.ca.gov/licensees/BranchOffice.html>.
- Management companies should use the DRE's [Branch Office Application \(RE 203\)](#) to apply for a branch office license.
- [CA Business & Professions Code §10163](#) reads, "If the applicant for a real estate broker's license maintains more than one place of business within the State he shall apply for and procure an additional license for each branch office so maintained by him. Every such application shall state the name of the person and the location of the place or places of business for which such license is desired. The commissioner may determine whether or not a real estate broker is doing a real estate brokerage business at or from any particular location which requires him to have a branch office license."
- [CA Business & Professions Code §10164](#) reads, "(a) An responsible broker or corporate designated broker officer may appoint a licensee as a manager of a branch office or division of the responsible broker's or corporate designated broker officer's real estate business and delegate to the appointed manager the responsibility to oversee day-to-day operations, supervise the licensed activities of licensees, and supervise clerical staff employed in the branch office or division.

(b) Notwithstanding subdivision (a), nothing in this section shall be construed to limit the responsibilities of a responsible broker or a corporate designated broker officer pursuant to subdivision (h) of Section 10177. A licensee accepting appointment as a manager shall be subject to disciplinary action pursuant to Section 10165 for failure to properly supervise licensed activity pursuant to subdivision (a).

(c) Appointment of a manager shall only be made by means of a written contract in which the manager accepts the delegated responsibility. The appointing responsible broker or corporate designated broker officer shall retain a copy of the contract and send a notice to the department, in a form approved by the commissioner, identifying the appointed manager and the branch office or division the manager is appointed to supervise.

(d) A licensee shall not be appointed as a manager if any of the following apply: (1) The licensee holds a restricted license. (2) The licensee is or has been subject to an order of debarment. (3) The licensee is a salesperson with less than two years of full-time real estate experience within five years preceding the appointment.

(e) Whenever an appointment of a branch manager is terminated or changed, the employing broker or corporate designated broker officer shall immediately notify the commissioner thereof in writing.

(f) This section shall become operative on July 1, 2012.”

- [CA Business & Professions Code §10165](#) reads, “For a violation of any of the provisions of Section 10160, 10161.8, 10162, 10163, or subdivision (b) of Section 10164, the commissioner may temporarily suspend or permanently revoke the license of the real estate licensee in accordance with the provisions of this part relating to hearings.”
- [CA Business & Professions Code §10131.01](#) reads, “(a) Subdivision (b) of Section 10131 defining real estate brokers engaged in property management] does not apply to (1) the manager of a hotel, motel, auto and trailer park, to the resident manager of an apartment building, apartment complex, or court, or to the employees of that manager, or (2) any person or entity, including a person employed by a real estate broker, who, on behalf of another or others, solicits or arranges, or accepts reservations or money, or both, for transient occupancies described in paragraphs (1) and (2) of subdivision (b) of Section 1940 of the Civil Code, in a dwelling unit in a common interest development, as defined in Section 4100 of the Civil Code, in a dwelling unit in an apartment building or complex, or in a single-family home, or (3) any person other than the resident manager or employees of that manager, performing the following functions who is the employee of the property management firm retained to manage a residential apartment building or complex or court and who is performing under the supervision and control of a broker of record who is an employee of that property management firm or a salesperson licensed to the broker who meets certain minimum requirements as specified in a regulation issued by the commissioner:
 - (A) Showing rental units and common areas to prospective tenants.
 - (B) Providing or accepting preprinted rental applications, or responding to inquiries from a prospective tenant concerning the completion of the application.
 - (C) Accepting deposits or fees for credit checks or administrative costs and accepting security deposits and rents.
 - (D) Providing information about rental rates and other terms and provisions of a lease or rental agreement, as set out in a schedule provided by an employer.

(E) Accepting signed leases and rental agreements from prospective tenants.

(b) A broker or salesperson shall exercise reasonable supervision and control over the activities of nonlicensed persons acting under paragraph (3) of subdivision (a).

(c) A broker employing nonlicensed persons to act under paragraph (3) of subdivision (a) shall comply with Section 10163 for each apartment building or complex or court where the nonlicensed persons are employed.

Any questions regarding compliance with the Department of Real Estate guidelines can be directed to Jozef Magyar at 800.564.6611 or jozef.magyar@kts-law.com.

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