

Kimball, Tirey & St. John LLP

Trust Fund Timing and Recordkeeping Requirements for California Property Managers

Jozef Magyar, Esq.

July 2021

The Department of Real Estate (“DRE”) regularly investigates property management trust fund handling.

Within three (3) business days following receipt of funds belonging to another (“trust funds”), the broker must transmit those funds to:

- the owner(s) of those funds
- a neutral escrow depository, or
- a trust account maintained by the broker.

[Business and Professions Code Sec. 10145; Commissioner’s Regulation 2832].

Additionally, it is crucial to maintain proper recordkeeping of received trust funds, regardless of the ultimate destination. While the DRE provides specific audit forms for broker use, most property management software already utilizes the same information and fields. Brokers are not required to use the DRE’s exact forms, but it is crucial to ensure that the required information and fields are reflected in the actual records kept by the broker.

To avoid potential violations, brokers should carefully review their processes and recordkeeping for full compliance with the Real Estate Law and Commissioner’s Regulations.

Additional Resources:

- The DRE publication: [Trust Funds A Guide for Real Estate Brokers and Salespersons \(RE 13\)](#)
- DRE Audit Forms are available at: <https://www.dre.ca.gov/Forms/Audits.html>

Kimball, Tirey & St. John LLP is a full service real estate law firm representing residential and commercial property owners and managers. This article is for general information purposes only. While KTS provides clients with information on legislative changes, our courtesy notifications are not meant to be exhaustive and do not take the place of legislative services or membership in trade associations. Our legal alerts are provided on selected topics and should not be relied upon as a complete report of all new changes of local, state, and federal laws affecting property owners and managers. Laws may have changed since this article was published. Before acting, be sure to receive legal advice from our office. For contact information, please visit our website: www.kts-law.com. For past Legal Alerts, Questions & Answers, and Legal Articles, please consult the resource section of our website.