

Kimball, Tirey & St. John LLP

Trust Fund Timing and Recordkeeping Requirements for California Property Managers

Jozef Magyar, Esq.

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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>
- An article with information about DRE compliance resources is available [here](#)
- Information about DRE compliance services provided by KTS is available [here](#)
- KTS offers Proactive Audit Services for DRE compliance. A description of the services is available [here](#)

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