

Applying to be a California Finance Lender (CFL) Under the California Department of Corporations



As a California real estate broker licensed under the Department of Real Estate (DRE), you may have heard about other brokerages that are hiring “unlicensed” loan officers. To many brokers, this is an attractive alternative to waiting for your agents to obtain DRE licenses which can take several months to years to obtain.

The California Department of Corporations (DOC) has a program called “California Finance Lender” (CFL) which allows real estate brokers to apply to become certified to hire persons without a valid DRE license. Some of the basics to consider before filing for CFL status are the following:

- All persons you hire to do loans must be **W-2 employees**. Having W-2 employees raises various issues in regards to employment law that are beyond the scope of this article. Under the DRE, licensees are “independent contractors” who receive 1099’s rather than W-2’s. This is a main factor that needs to be considered in driving your decision making
- You must have and show a **net-worth of \$25,000** (must be documentable by bank statements, asset statements, or other appropriate means)
- You must acquire and maintain a **\$25,000 surety bond**
- There are **annual reporting requirements**, meaning you must certify your financials to the DOC each and every year.
- There is an **annual “assessment fee”** of \$250.00
- The application fee for filing the form is **\$300** and the process takes from 90-120 days (*We charge \$799 to complete the application which includes the \$300 filing fee*)

As a broker, you are free to have both the DRE license and the DOC CFL license at the same time. You would just be bound to follow both of these entities requirements, rules, regulations, as well as State and Federal law relating to the practice of Mortgage lending.

For More Information and a FREE INITIAL CONSULTATION



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