

RONALD REAGAN, *Governor*

Spring 1973

ROBERT W. KARPE, *Commissioner*

Apartment Conversion

Requires Subdivision Final Public Report

There is a growing trend in California to convert existing apartment houses to condominium, stock cooperative or community apartment projects.

Many owners of apartment buildings are finding a healthy market for individually subdivided apartments instead of selling the total complex to one purchaser.

The owner of an apartment in one of these projects has the advantage of apartment living insofar as care and maintenance is concerned, at the same time building a sizeable equity.

The three "own-your-own" apartment concepts are similar in many respects. Each must have a management body to operate and maintain the project. All owners must be given an equal voice or vote in the management of the project in accordance with their interests. Expenses for the maintenance and operation of the project is shared on an equitable basis.

The basic difference between the three concepts is the vesting of title. A purchaser in a condominium project receives fee title or leasehold interest to the air space and interior non-bearing walls of the unit. In addition, he receives an undivided interest in the common area which includes the land, building and all other facilities within the project. He receives a separate tax bill for his unit and may otherwise deal with it as if he would in any other real property.

The ownership in a stock cooperative consists of a share of stock with the exclusive right to occupy an apartment. The real property consist-

(Continued on page 3)

Changes in Commissioner's Regulations . . .

Amendment of Section 2790.1 lowers subdivision filing fees for planned development subdivisions, condominium projects, stock cooperatives, community apartment projects, undivided interests subdivisions and out-of-state subdivisions . . . adopted by commissioner as emergency measure . . . effective January 1, 1973. (Page 5.)

Other changes in commissioner's regulations effective January 26, 1973; Section 2720 amended to conform to state law (effective March 4, 1972) . . . prescribes 18 as age of majority in California.

Section 2725 amended to expressly include within documents that must be initialed by real estate brokers in exercise of supervision over associates and employees certain escrow documents (escrow instructions or closing statements) rendered to parties to transactions escrowed by broker.

Addition of Section 2790.2 gives DRE jurisdiction over inducements designed to attract California buyers to purchase out-of-state land offerings not qualified for sale in this state. These programs mushroomed overnight in California during past three years . . . commonly referred to as "Vacation Certificate Programs" . . . commissioner has acted through Attorney General to curb these operations . . . regulations will afford more effective basis for enjoining or restraining such offerings at their inception.

Under new Regulation 2819.10 commissioner may grant exemption from land project treatment to subdivision defined as "land project" under Section 11000.5 (Subdivided Lands Act) . . . providing not less than 20 percent of all lots and parcels offered for residential use are sold or offered with completed construction with all other improvements necessary to occupancy completed or with adequate financial arrangements to assure completion. Reasoning: A substantial build-out rate evidences the fact that subdivision is viable and not premature, thus, land project treatment does not appear to be needed.

Section 2832, as amended, ties regulation into statutory section governing handling and disposition of trust funds received by a real estate licensee . . . clarifies what licensee can and must do with trust funds received by him as agent in transaction both before and after acceptance of offer. (Page 5.)

What are regulations?: Commissioner empowered to adopt regulations to clarify, implement, interpret or make specific various sections of Real Estate Law and Subdivided Lands Act. Most are adopted when there are changes in law . . . establishes policies or procedures to carry out laws. Administrative Procedure Act compels agencies adopting regulations to give notice to public . . . must be published in a newspaper of general circulation . . . regulation has same force and effect as law, itself.

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Disciplinary Action—October—December 1972

REB—Real estate broker RES—Real estate salesman REO—Real estate officer
RREB—Restricted real estate broker RRES—Restricted real estate salesman REC—Real estate corporation

NOTE: A list of actions is not published in this Bulletin until the 30-day period allowed for court appeal has expired; or if an appeal is taken on the disciplinary action stayed, until the stay is dissolved. Names of persons to whom licenses are denied upon application are not published.

Licenses Revoked

Name	Address	Effective date	Violation R.E. Law/Regulations
Reilly, James Arthur (RES)	409 Roosevelt St., Fort Collins, Colo.	10/ 4/72	10177(b)
White, Tedd D. (RES)	1040 1st St., Benicia	10/12/72	10177(b)
Willden, Robert (Right to RREB)	6945 Maiden Ln., San Jose	10/17/72	10145, 10176(c) (i), 10177(d) (f) (j)
Bob Willden Associates (RREC) Pres., Robert Willden (RREO)	799 Fletcher Ln., Hayward	10/17/72	10145, 10176(c) (i), 10177(d) (f) (j)
Gillespie, Michael LaVerne (RES)	11 Hondo Pl., San Ramon	10/18/72	10177(a) (f)
Taylor, Richard Kenyon (REB)	420 Market St., San Francisco	10/18/72	10177(b)
Hartson, Eward Walter (RES)	12871 Oertley Dr., Garden Grove	10/31/72	10177(b)
Askew, Joseph Sidney (REB)	Agnews State Hospital, San Jose	11/ 2/72	10177.5
Needels, Fred Jr. (RRES)	3226 Mission St., San Francisco	11/11/72	10177(b) (k)
Caldwell, Owen Byrne (RES)	25071 Earhart Rd., Laguna Hills	11/14/72	10177(b) (f)
Fosnight, Thomas Rhea (RES)	17077 Los Modulos St., Fountain Valley	11/14/72	10177(b) (f)
Jester, Wilbur Elsworth (RES)	7355 Garden Grove Ave., Reseda	11/14/72	10145, 10176(c), 10177(d)
Smith, Gilman Page (RES)	3657 39th Ave., Oakland	11/14/72	10177(b)
Temple, Robert Eugene (RES)	2512 155th St., Gardena	11/14/72	10177(b)
Viet, Michael Herlihy (Right to Renew RES)	1613 Cherry, Lompoc	11/14/72	10177(b) (f)
Lewis, John Barton (RRES)	533 Sunnyvale Ave., Sunnyvale	11/15/72	10177(k)
Mason, Robert Sidney (RES)	17 Mi. Dr. Village, Pacific Grove	11/15/72	10177(b)
Montec, Robert Conrad (RES)	550 Fremont Ave., Sunnyvale	11/15/72	10177(b)
Sutherland, Betty Janet (RES)	1746 Woodcrest Dr., Concord	11/15/72	10177(f) (j)
Parotti, Joseph Michael (RES)	233 Grant, Newport Beach	11/14/72	10177(b)
Skiff, Charles Stephen (REB) Dbc Carriage Trade Investments Pres., Carriage Trade Investments, Inc. (REO)	2658 Inman, Stockton	12/ 4/72	10176(a) (b) (i), 10177(j), 10177.5
Capers, Nellie Newton (Right to Renew RES) (REB)	4756 Washington Blvd., Los Angeles	12/ 7/72	10176(c)
Woodruff, Warren H. (RES)	3037 Field Ave., Los Angeles	12/ 7/72	10177(b)
Willis, John Tillman (RES) (REB)	874 Mountain Dr., Santa Barbara	12/26/72	10177(b)
Chavez, Joseph Vincent (RES)	701 Garfield Blvd., Monterey Park	12/28/72	10145, 10176(c) (i), 10177(d)
Lehman, Robert Milton (RES)	4521 Cowey, Covina	12/28/72	10145, 10176(c) (i), 10177(d)

Licenses Revoked With Right to Restricted License

Name	Address	Effective date	Violation R.E. Law/Regulations
Gilmore, Eugene Morten (REB) Dbc Guardian Investment Association (Right to RREB license after 30 days on terms and conditions)	623 Arrow Hwy., Azusa	10/ 3/72	10176(g), 10177(f)
Gilmore Realty, Inc. (REC) Dbc Mission Realty Eugene Morten Gilmore, Pres. (REO) (Right to RREB license after 30 days on terms and conditions)	623 Arrow Hwy., Azusa	10/ 3/72	10176(g), 10177(f)
Irino, Robert F. (REB) DBA Real Estate by Bob Irino (Right to RREB license on terms and conditions)	1717 Lincoln Ave., Anaheim	10/24/72	10176(g)
Chudwick, Clarence Richard (REB) Dbc Empire Realty (Right to RREB license on terms and conditions)	324 College Ave., Santa Rosa	10/25/72	10177.5
Anderson, Gordon Eells (Right to Renew RES) (REB) (Right to RREB license after 90 days on terms and conditions)	1207 High School Rd., Sebastopol	10/31/72	10145, 10176(c) (i), 10177(d) (f); 2831, 2832
Denger, Edward Thadeous (RES) (Right to RRES license on terms and conditions)	15051 Edwards St., Huntington Beach	10/31/72	10177(b) (f)
Ballreich, Newell (REB) (Right to RREB license on terms and conditions)	9207 7th Ave., Inglewood	11/ 1/72	10177(b)
Feeley, Francis Charles (RES) (Right to RRES license on terms and conditions)	2609 Beverly Blvd., Montebello	11/24/72	10177(b)
Rainer, Eddie Don (RES) (Right to RRES license on terms and conditions)	194 School St., Daly City	12/14/72	10177(a) (f)
Moffett, William Bell (REB) (Right to RREB license after not less than 180 days on terms and conditions)	5400 The Toledo, Long Beach	12/19/72	10177(d) (f) (j), 11010, 11013.2, 11018.2; 2801.5
Venuti, John F. (RES) (Right to RRES license on terms and conditions)	330 Barrington Ave., Brentwood	12/19/72	10177(b)
Kapelus, Marvin Bernard (REB) (Right to RRES license on terms and conditions)	757 La Cienega Blvd., Los Angeles	12/26/72	10177(b)

Licenses Revoked With Stays

Name	Address	Effective date	Violation R.E. Law/Regulations
California Home Loan Corp. (REC) (Stayed for 3 years on terms and conditions; one condition being a 30-day suspension)	341 Maple Dr., Beverly Hills	10/10/72	10177(g)

Subdivision lots sold out of state

Compliance with certain provisions of the California Subdivided Lands Act is required for the offering and sale of California subdivided land to residents of other states or nations according to an opinion issued by the Attorney General.

Some promoters of unimproved California subdivision offerings are now concentrating their sales efforts in other states and countries because of the adverse marketing conditions for recreational and "second home" lots which now exist in this state. The Attorney General has advised the department that these out-of-state sales efforts are governed by all sections of the Subdivided Lands Act except those provisions directly related to the issuance of a public report. In those instances where the sales effort is made exclusively outside of the state, but where there are other factors involving significant contacts within the state such as acceptance of offers for the subdivision lots in California or installment payments under contracts of sale being sent to California residents, all provisions of the Subdivided Lands Act apply.

The public report itself is essentially a disclosure device, but the provisions of the Act that must be satisfied before issuance of a public report by the commissioner are designed to insure that a buyer will receive that for which he bargains in purchasing a subdivision interest. Thus, even though a public report is not required for an offering of subdivided lands exclusively outside of the state where there are no significant contacts within the state, a buyer nevertheless receives most of the protections that are afforded to California purchasers. If the subdivision is a land project, the developers advertising must be approved by the DRE before it is used out-of-state.

The Attorney General has ruled that this state has a legitimate interest in securing nationwide and worldwide consumer confidence in California subdivisions through application of the affirmative standards of financial arrangements for improvements, impounds of purchasers' monies, and antifraud provisions of the Act to sales made exclusively outside of this state.

APARTMENT CONVERSION—Continued

ing of the project is held by a corporation which exercises the duties of ownership.

Title to the real property in a community apartment project is vested in all unit owners as tenants in common. Each owner is given the exclusive right to occupy a specific apartment.

The division of the apartment building into two condominium units, community apartments or stock cooperative units constitutes a subdivision under the Subdivision Law as enforced by the Real Estate Commissioner.

Before the units in the converted apartment building can be offered for sale or lease, the subdividers must obtain a public report from the commissioner. They must apply to the Department of Real Estate and pay the appropriate filing fee. Before the commissioner will issue the subdivision final public report he must, among other things, make a finding that all local requirements have been met and that documents have properly been recorded or filed providing for the management, operation and maintenance of the project. All structures and facilities must be completed or adequate financial arrangements must be made for their completion. Restrictions, management documents and conveyance documents must be reasonable, and trust funds and deposit moneys must be handled in accordance with the subdivision law.

Anyone who plans such an apartment building conversion may contact the Subdivision Section in the Los Angeles, Sacramento or San Francisco offices of the department for more information and assistance.

Licenses Suspended

Name	Address	Effective date	Violation R.E. Law/Regulations
Perez, Norris Benedict (RES)	2701 Edinger St., Santa Ana	10/ 3/72 30 days	10176(a) (i), 10177(f)
California Home Loan Corp. (REC)	341 Maple Dr., Beverly Hills	10/10/72 30 days	10177(g)
Ball, Lionel Jerome (REB)	4455 Coliseum, Los Angeles	12/12/72 30 days	10176(c), 10177(d)

Licenses Suspended With Stays

Name	Address	Effective date	Violation R.E. Law/Regulations
Leach, Lawrance Loyd (REB)	425 Mira Vista Terr., Pasadena	10/12/72 to and incl. 2/ 5/75	10165, 10177(d)
V. Pres., International Recreation and Financial Corp.	10092 Chapman Ave., Garden Grove	10/12/72 to and incl. 8/25/75	
(After 30 days, remainder or any portion thereof may be stayed on condition)			
McMakin, Margaret Dickerson (REB)	825 Oak Grove, Menlo Park	10/12/72 to and incl. 6/24/74	10162, 10177(d); 2715, 2754
(After 30 days, remainder or any portion thereof may be stayed on condition)			
Morrill, Richard Joseph (Right to renew RES) (REB)	3392 Clayton St., Concord	10/20/72 90 days	10145, 10176(a) (c) (i), 10177(d) (f) (g); 2830, 2832
(30 days stayed, 2 year probation on terms and conditions)			
Beezley, Gilbert Gerald (REB)	220 3rd St., Oxnard	11/30/72 30 days	10175, 10177(d); 2831, 2831.1
(20 days stayed for 1 year on condition)			
Ventura Mortgage Co. of Calif. (REC)	220 3rd St., Oxnard	11/30/72 30 days	10175, 10177(d) 2831, 2831.1
(Gilbert Gerald Beezley, Secty. and Gen. Mgr. (REO))			
(20 days stayed for 1 year on condition)			
Frazier, Carl Bell (Right to renew RES) Db a Mod West Realty (REB)	4418 MacDonald Ave., Richmond	12/15/72 90 days	10145, 10176(a) (b) (i), 10177(d) (f) (i) 2830, 2832
(60 days permanently stayed; 30 days stayed for 2 years on condition)			
Saunders, Clarence Winthrop (RREB)	346 Washington St., Venice	12/26/72 to and incl. 9/ 6/73	10162, 10165, 10177(k)
(After 30 days, remainder or any portion thereof may be stayed on condition)			
Gottlieb, Siegard (REB)	16210 Crenshaw Blvd., Gardena	12/28/72 30 days	10177(d) (g); 2900, 2901, 2902
(Db a Delta Realty Db a Plaza Center Associates (Stayed for 2 years on terms and conditions))			

CAL-VET INCREASES MAXIMUM LOAN BENEFITS

Recognizing that costs of construction have been on the increase, Sections 986.3 and 986.5 of the Military and Veterans Code have been amended to increase the maximum limit of home purchase benefits under Cal-Vet loan program from \$20,000 to \$25,000.

This increase will help bring additional housing units within reach of California veterans.

Highlights . . . Real Estate Law Changes

Editor's Note: The three departmental bills introduced this past year at the instance of the Real Estate Commissioner and laws deleting citizenship requirement for specified business and professional licenses and exempting agents licensed by Savings and Loan Commissioner from licensing requirements by the commissioner were discussed in the Fall 1972 edition of the *Bulletin*. In order to give our readers a run down on the final version of many of the laws enacted in 1972 (effective March 7, 1973) relating to real estate licensing and the subdividing process we are summarizing them below:

Departmental

SB 366 (Burgener)—Authorizes repayment of funds previously transferred to the Real Estate Fund from the Real Estate Education, Research and Recovery Fund. *Amends Section 10470.1 (B&P Code).*

SB 810 (Grunsky)—Prevents a person who obtained a real estate license by fraud from gaining a vested property right in the license for a period of 90 days. This corrected a situation that gave an advantage to the applicant who made a false or incomplete disclosure over the applicant who truthfully disclosed his entire criminal record. *Amends Section 10177.1 (B&P Code).*

SB 1329 (Lagomarsino)—Requires fingerprinting of all applicants for a real estate license. Fingerprinting has been required, by administrative regulation, for a number of years. The FBI, however, notified the states that

it would check fingerprints only for those states where a statute required fingerprinting. By making the administrative requirement a statute, this problem should be resolved.

Also the law clarifies the definition of a "military licensee". It permits a licensee entering the military service to retain his license rights for a period of seven years, without paying additional fees. *Amends Sections 10152, 10460, 10462 and 10463 (B&P Code).*

Miscellaneous

AB 364 (Priolo)—Exempts agents licensed by the Savings and Loan Commissioner from the requirements of licensure by the commissioner, when such agents are acting under the authority of their savings and loan license. *Amends Section 10133.1 (B&P Code).*

AB 1315 (Wilson)—Requires the developer to obtain information regarding public schools and directs the commissioner to include the material information on the face of the public report or set forth where in the report the information can be found.

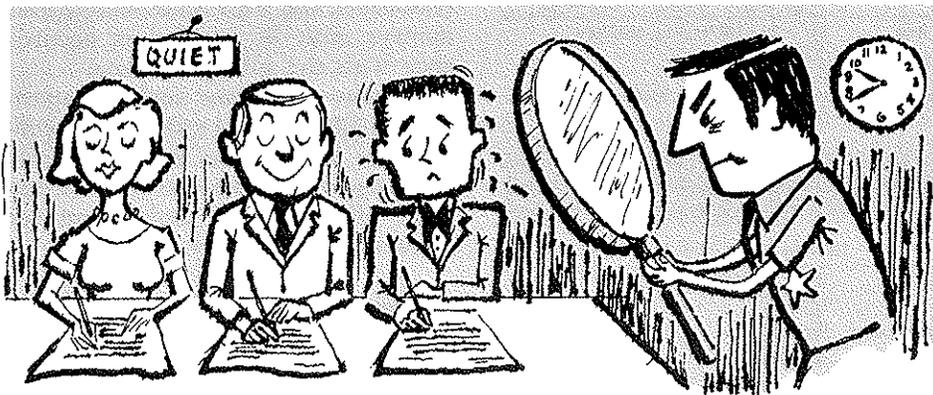
It also mandates the commissioner to furnish a copy of the public report to each public school district serving the subdivision. *Amends Section 11010; adds Section 11018.6 (B&P Code).*

AB 1380 (Knox)—Designed to overcome the possibility of dual jurisdiction in a field which was specifically delineated to be within the jurisdiction of the department (the sale of undivided interest subdivisions) unless other features of the offering caused it to be defined as a corporate security.

The Department of Corporations felt that the existence of the phrase "investment contract" in the law would have created the possibility for undesirable dual jurisdiction in some cases; therefore, this measure deletes such reference. *Amends Section 11000.1 (B&P Code).*

AB 1986 (Powers)—Deletes the citizenship requirement for specified businesses and professions.

As it relates to this department, the bill deletes the citizenship requirement for the real estate broker license and the mineral, oil and gas license. It is consistent with the Supreme Court decision declaring citizenship for admission to the bar or to specified occupations is unconstitutional. *Repeals Sections 10150.5, 10515.5 (B&P Code).*



Cheating Results in Denial of License Application

Penalties for cheating in license examinations were illustrated recently in San Diego and highlighted as follows:

An examinee was observed by a proctor copying answers from another examinee seated at the same table.

A deputy commissioner then conducted an investigation, and a formal hearing followed. The examinee was denied the right to a real estate license for violation of the Real Estate Law.

The hearing officer held that "respondent failed to furnish proof of his honesty, truthfulness and good reputation pursuant to Section 10152 of the law."

Cal-Vet Certificate of Eligibility No Longer Required

The State Department of Veterans Affairs no longer requires or uses **Certificates of Eligibility** in connection with its lending program.

Prospective purchasers should submit their discharge documents at Cal-Vet district offices at the time they submit loan applications. "Certificates of Eligibility" will not be issued. Eligibility will be determined as part of the loan process.

If the applicant's discharge documents show a California home of record at the time of entry, a California mailing address, and registration with a California selective service board, this will normally be considered sufficient evidence of California residency. If any one of these items indicate an out-of-state entry, Cal-Vet will require additional proof.

TRUST FUND HANDLING

Section 2832 Amended

Editor's Note: The commissioner recently amended Section 2832 of his regulations to clarify the procedure for deposit-money trust fund handling. The regulations, (Sections 2832 and 2832.1) as formerly written, prescribed how earnest money or other trust funds were to be handled by a broker who accepted them from a principal in a transaction. The intent of the two sections were to distinguish between a broker's handling of funds or checks made payable to him on the one hand and his handling of checks payable to third parties. The amended regulation eliminated this distinction by revising Section 2832 and deleting Section 2832.1. Section 2832 as amended reads:

Trust Fund Handling. Compliance with Section 10145 of the Business and Professions Code requires that the licensee place funds accepted on behalf of his principal into the hands of his principal, into a neutral escrow depository or into a trust fund account maintained pursuant to Section 2830 of these regulations not later than the next business day following receipt of said funds. If funds are received by the licensee prior to acceptance of an offer to purchase in connection with which the funds have been tendered, said funds shall be maintained in the trust fund account for the benefit of the offeror until acceptance of the offer.

A check received from the offeror may be held by the licensee until acceptance of the offer if (1) the check by its terms is not negotiable by the licensee or if the offeror has given written instructions that the check shall not be deposited nor cashed until acceptance of the offer and (2) the offeree is informed that the check is being held before or at the time the offer is presented to him for acceptance. In these circumstances, the check shall be given to the offeree or placed in a neutral escrow depository or the trust fund account not later than the next business day following acceptance of the offer unless the licensee receives written authorization from his principal to continue to hold the check.

DUE ON ENCUMBRANCE CLAUSE

Section 2949 (Civil Code) prohibits the acceleration of a mortgage or trust deed on real property containing only a single-family owner-occupied dwelling or from being declared in default, solely because of a further encumbrance with a junior mortgage or trust deed (effective March 7, 1973).

Changes in Law Affect Methods Used to Execute Power of Sale

In the past, sales of real property under a power of sale contained in a deed of trust or mortgage were seldom well publicized and were notoriously informal. Only persons who were well initiated into the practices of trustees conducting these sales knew where to go and what to do in their efforts to acquire the property.

Recent changes in the law (Sections 2924 *ibid.*, Civil Code; and, Sections 692 and 694, Code of Civil Procedure) appear designed to make such sales more public and the bidding more competitive.

These sections to the Codes require: (1) Posting and publication of notice of time and place of sale and the description of property at least 20 days before the date of sale; (2) places restrictions on time and place where the sale shall be held and in case where there is more than one lot or parcel to be sold, allows trustor to direct the order in which property shall be sold; (3) grants trustee discretionary power with respect to what will be required of a bidder in way of evidence of his ability to pay full cash for property, and to require a deposit of the full cash bid by the final bidder; and, (4) limits the bid off-set rights of the beneficiary under the deed of trust to the extent of the total amount due him including trustee's fees and expenses.

The new law also makes it a misdemeanor (fine up to \$2,500) to bid in a property and not have the cash or acceptable equivalent to cover the bid.

Subdivision Filing Fees Reduced

The commissioner has reduced subdivision filing fees relating to planned development subdivisions, condominium projects, stock cooperatives, community apartment projects, undivided interest and out-of-state subdivisions.

Filing fees were reduced as of January 1, 1973, from \$50 to \$30 for each lot, parcel, apartment, unit or undivided interest for subdivisions containing nine or less; and, from \$500 plus \$3 to \$300 plus \$2 for each lot, parcel, apartment, unit or undivided interest for subdivisions containing ten or more to a maximum of \$5,000.

All Compensation to be Disclosed

It is said that a servant works for his master, while an agent not only does this, but also acts for and in the place of the principal for the purpose of bringing him into legal relations with third persons.

Like all agency relationships, the real estate broker is a fiduciary. His obligation of diligent and faithful service is the same as that imposed upon a trustee.

The fiduciary obligation of the agent has been well settled in law. The real estate licensee is conclusively bound to reveal the full amount of his compensation as the result of his employment agreement. In any situation wherein the agent receives a commission, gift or any benefit as the result of his employment agreement, he is duty-bound to disclose the benefit to his principal from whom he derives his authority. An unusual situation was presented in a case before the commissioner which facts were:

On two different property sales transactions, the broker negotiated a loan from a lending institution for the buyers and received a \$125 fee for each transaction. In each instance he failed to inform the seller of the property that he had received compensation from the lender for the loan referral.

The broker did not believe that he was under any duty to divulge the fees to the sellers or that his failure to do so was in violation of the Real Estate Law.

The Hearing Officer recommended to the commissioner that disciplinary action be imposed for the broker's failure to disclose his total compensation in the transaction.

BULLETIN COLOR

It appears most people prefer to see the Bulletin printed on white paper. If you haven't expressed your preference and would like to suggest some other color combination, let us hear from you—we want as much feedback as possible.

VIGNETTES from DRE

In line with his policy of increasing the effectiveness of department operations, Commissioner Karpe recently announced organization changes.



RAYMOND M. DABLER

Newly appointed to head the department's statewide subdivision section is Assistant Commissioner Raymond M. Dabler—a post vacated by Thomas

J. Nolan who recently retired.

Dabler was formerly in charge of education, publications and qualifications in Sacramento. He joined the department in 1958 as deputy commissioner in the Los Angeles office. He was transferred to Sacramento as supervisor of license examinations and in 1962 headed the examination section. In 1963, he transferred to the San Francisco office as chief deputy, and was appointed assistant commissioner in charge of the Northern Regulatory Area in 1968.

Assistant Commissioner Henry H. Block now heads the education, publications and qualifications section left vacant by Dabler.



HENRY H. BLOCK

A veteran of 20 years service with the department, Block started his career with the state in 1949 and received his appointment as a deputy commissioner in 1952.

He was promoted to chief deputy in charge of the Los Angeles district office in 1959. In 1964, Block was promoted to assistant commissioner and became head of the Southern California Regulatory Area. Earlier this year he transferred to Sacramento as head of the Northern Regulatory Area.

Richard B. Nicholls has been promoted to Assistant Commissioner, Northern Regulatory Area.



RICHARD B. NICHOLLS

Following five years as a real estate salesman and broker, Nicholls joined the department as a deputy in 1961. He worked in all phases of regulation, including 5 years as deputy-in-charge of the DRE's San Diego district office. Prior to his present assignment, he acted as liaison for the statewide education and research program.

George E. Dunn has been promoted to Assistant Commissioner in charge of all licensing and examination functions.



GEORGE E. DUNN

Dunn began his career with the state in 1937 with the Department of Motor Vehicles. For a two year period he worked for the City of Sacramento. Joining the department as office supervisor in 1950, he designed and installed the department's first mechanized licensing system. He was promoted to chief deputy in 1969. Within the last few years he has implemented an almost totally computerized licensing service.

John Adams, Jr., San Francisco, has been appointed Attorney-in-Charge, Northern Regulatory Area, to fill the post vacated by Michael Maslach, who transferred to another agency.



JOHN ADAMS, JR.

Adams is a former Nebraska legislator and attorney. After practicing law in San Francisco from 1947 to 1960, he worked for the Veterans Administration until 1964, when he became associate counsel for the department.

Donald M. Tallman has been promoted to Chief Deputy to coordinate

statewide education and research.



DONALD M. TALLMAN

Prior to joining the department in 1962 Tallman was in the real estate business in Sacramento. In 1964 he was promoted to senior deputy attached to the chief assistant commissioner's office for special administrative assignments.

Richard E. Ranger, Supervising Deputy of the San Diego district office, advanced to chief deputy in



RICHARD E. RANGER

charge of a portion of the Southern Regulatory Area in Los Angeles; he and Chief Deputy William H. Wall share responsibilities under the direction of John Di Betta, Assistant Commissioner.

Ranger was first employed by the department as a deputy commissioner in 1965 in the San Francisco office. In 1967, he was assigned to the Sacramento district office as an investigating deputy and was transferred in 1969 to the licensing division as supervisor of post licensing activities including broker/salesman changes and data processing. In 1970, he was promoted to supervising deputy commissioner of the San Diego district office.

Martin F. Dingman, Senior Deputy Commissioner, has assumed the job of administrative assistant to Chief Assistant Commissioner John E. Hempel.



MARTIN F. DINGMAN

Dingman entered state service in 1958 as a land title examiner with the State Lands Division. Joining the department in 1960, he served as deputy commissioner in the examina-

(Continued on page 7)

(Vignettes, Continued)

tion, regulatory and subdivision sections. He was recently admitted to the California State Bar.

John C. Kamps has been appointed Deputy-in-Charge of the San Diego district office.



JOHN C. KAMPS

A former U.S. Navy captain, Kamps entered civilian positions starting in 1959 as business manager for the Girl Scout Council. He later was assistant general manager for a San Diego wholesale food distributor and entered the real estate business as a salesman in early 1962 in that city.

He was appointed a deputy commissioner, Los Angeles office, in 1965.

Commissioner Stops Unlicensed Business Opportunity Agent

The real estate brokerage business engages the attention of many people, including some who do not even have a real estate license.

A Southern California unlicensed corporation, VAN AUBEN GROUP, LTD., and its officers were soliciting prospective sellers and purchasers of business properties for a fee.

The firm advertised in a large metropolitan newspaper; sent post cards to owners of business opportunities inducing them to sell their property, all the time leading the prospects to believe they were licensed real estate agents. The DRE learned of the company's operation. After investigation, the commissioner issued a Desist and Refrain Order against the firm. The company requested a hearing and the hearing resulted in the order being upheld.

This kind of activity requires a license. There is certainty in the law that when one holds himself out as an agent, offers to negotiate the sale or listing of real property, business opportunity or otherwise, it behooves that individual or corporation to have a real estate license.

CHECKS ACCEPTED AT DRE BRANCH OFFICES

The department's accounting functions are concentrated in the principal office at Sacramento. Because of this the department's district offices do not accept money over the counter.

Requests for license changes or applications for license or orders for publications can be sent directly to the Department of Real Estate, 714 P Street, Sacramento, California 95814 along with check or money order in the appropriate amount.

The licensee or applicant for license is welcome at all district offices of the department and can fill out there the necessary form or forms, leaving them with his check or money order for forwarding to Sacramento. Some sample fees are:

Real Estate or M.O.G. Broker License Examination (also reexamination, if necessary)	25.00
Real Estate Broker License (four years)	75.00
Restricted Real Estate Broker License (four years)	75.00
Late Renewal Fee (Broker)	112.50
Real Estate Salesman License Examination (also reexamination, if necessary)	10.00
Real Estate Salesman License (four years)	50.00
Real Estate Late Renewal Fee (Salesman)	75.00
Mineral, Oil and Gas Permit Fee.....	1.00
Inactivation or Reinstatement of License (Broker or Salesman)	4.00
Late Inactive Real Estate Broker.....	56.25
Late Inactive Real Estate Salesman	37.50

Recovery Fund

Claims made upon the Recovery Fund have now exceeded two million dollars. Since the fund was created in 1964, there have been 275 claims filed with the commissioner with demands totaling \$2,272,964.95. Claims paid totaled \$785,283.26.

The purpose of the recovery program is to indemnify the public's loss due to wrongful acts of licensees. This protection covers an unsatisfied civil court judgment against a real estate licensee when handling transactions requiring a real estate license. The judgment must be based upon the ground of fraud, misrepresentation or deceit by the licensee and relating to such transactions.

TOM NOLAN RETIRES

Thomas J. Nolan, Assistant Commissioner in charge of the Subdivision Section, retired on December 31 after



THOMAS J. NOLAN

more than 26 years state service, including 17 years with the department.

Nolan joined the department as a regulatory deputy in 1955 and became the subdivision head in 1969. He has been instrumental in recent law changes pertinent to undivided interests in subdivisions and land projects.

A native of New York City, Nolan received a BBA degree from Manhattan College in 1935 and later a JD degree from McGeorge College of Law in Sacramento. He was employed as an accountant for several years and during World War II was a technical sergeant with the Signal Corps.

He and his wife, Jeanada, reside in Sacramento. They have two sons, Thomas Jr., an attorney in Menlo Park, and Jay, an assistant professor of anthropology at Yale.

Cal-Vet Loans Now Available For Purchase of Mobilehomes

A California veteran is permitted to purchase a mobilehome under a Cal-Vet loan, providing, (1) he owns a parcel of real estate in fee or owns an undivided interest in common in a portion of the real property on which the mobilehome is located; and, (2) agrees to convey the property to the department where it contracts with the veteran for purchase of the mobilehome.

The maximum loan is \$12,500 with a pay-off term not exceeding 15 years with interest not to exceed 8 percent per annum, taking into consideration the current value of money, bond market conditions and solvency of the Veteran Farm and Home Building Fund of 1943. The rate of interest is not static, but may be raised or lowered under prescribed conditions. (Sections 958 *ibid.*, Military and Veterans Code)

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LICENSES TO BE AVAILABLE FOR INSPECTION

Every active real estate broker is required to maintain a definite place of business in the State of California wherein his license must be available for inspection.

If a real estate broker maintains more than one place of business within the state, he is required to obtain an additional license for each branch office maintained. The license of both the employing broker and the salesman must be available for inspection in the broker's main office—even if the salesman works full-time in a branch office.

Broker-salesmen are treated somewhat differently. When a real estate broker is employed as a salesman, with an active broker license, he must keep his license at the address of the office where he works. This could be at a branch or the main office of his employing broker.

The broker's "office" must be at a definite, specified location. This could not legally be a post office box number, a telephone answering service, a single desk used by several people not associated as licensees in a single organization, nor any location where the broker does not in fact and in practice engage in personal consultations with his clients.

Homestead Law Increases Exemptions On House trailers and Mobilehomes

Exemption from attachment and execution for a house trailer or a mobilehome, in which the debtor or his family actually resides, has been increased from \$5,000 to \$9,500 over and above all liens and encumbrances. (*Section 690.3, Code of Civil Procedure*).

U.S.C. REPORT

The research study, *The Role of Multiple Listing Service in Real Estate Brokerage*, by Dr. Raymond L. Erler, is now available from the Department of Real Estate, 714 P Street, Sacramento 95814, at \$1.58 per copy (includes sales tax). This is a study of the Multiple Listing Services in California—their problems, their good points and their future.

RIGHT TO USE OF TRADE NAMES OR FICTITIOUS BUSINESS NAMES

Additional sections (Article 1.5, Trade Name Registration, Sections 14411–14416) were added to the Business and Professions Code relating to trade names, by the 1972 legislature.

In essence, the new sections establish a rebuttable presumption that the first person to file either a fictitious business name statement or articles of incorporation, or to qualify as a foreign corporation, has, under specified conditions, *the exclusive right to use the corporate or fictitious business name as a trade name, or to use any confusingly similar trade name, in the state or in a county.*

Significant U.S. Supreme Court Decision

In a unanimous decision . . . the U.S. Supreme Court has ruled that white tenants of an apartment house have an equal right to sue a landlord on racial discrimination grounds as do blacks. (*Trafficante vs. Metropolitan Life Insurance Co.*, 93 Supreme Court Reporter 364.) Justice Douglas . . . speaking for the Court . . . stated that all persons . . . white and black . . . have an equal stake in securing desegregated housing.

The suit was filed against the owner of a 3,500-unit apartment complex in San Francisco by a white tenant . . . who claimed that the management's discrimination against black applicants for occupancy deprived whites of the social benefits of living in the integrated community. The high court ruling reverses a lower court dismissal of the case.

New Civil Code Sections Affect Mobilehome Park Rules and Deficiency Judgments

The management of a mobilehome park is now required by law (*Sections 789.8, 789.9 and 2983.8, Civil Code*) to provide tenants with a written copy of the rules and regulations of the park—or include them in the rental agreement. **It also prohibits deficiency judgments after any foreclosure sale of a mobilehome under a conditional sales contract which was given to secure the payment of the balance of the purchase price—unless there has been substantial damage to the mobilehome other than wear and tear from normal use.**