

REAL ESTATE BULLETIN

RONALD REAGAN, *Governor*

Spring 1974

ROBERT W. KARPE, *Commissioner*

Avoid Illegal Land Splits

Ponder lead story opposite. Practices of this kind do not promote orderly growth . . . have resulted in obstructing over-all planning . . . financial damage to unwary purchasers. Licensees who accept listings on, and offer for sale or lease, lots and parcels in illegal in-state or out-of-state subdivisions, subject themselves to possible disciplinary proceedings against their license and felony charges.

Recent revision of mortgage loan broker law prohibits credit life or credit disability insurance being condition precedent to granting borrower a loan. Licensees negotiating sale of credit life or disability insurance must disclose amount of commission to borrower before entering into contract (see page 4).

Questions and Answers Relating to new Course Requirements (Page 5) . . . good training program material.

Licensees engaged in selling condominiums or homes in planned developments should be familiar with documents involved. . . . particularly important to review and to analyze proposed budgets for operation of common areas—scrutinize items listed on management documents. Clients look to your expertise in these matters. (Page 4).

Any person may file complaint in writing against real estate licensees . . . if complaint indicates department has jurisdiction investigation must be made (Page 3).

Advance fee racket nipped in bud—Commissioner Karpe warns scheme could be national in scope. Two men recently arrested in Sacramento on felony and misdemeanor complaints . . . contacted Sacramentans who owned lots in Cape Coral and Rio Rico Subdivisions in Arizona by post card and telephone calls—told them they could sell lots at big profits to foreign buyers. DRE tipped off in A.M.—notified District Attorney's office . . . men were nabbed in P.M. in act of collecting advance fees of \$250 each from lot owners. Neither men licensed in California . . . jailed same day. This state requires real estate licensees to have any advance fee advertising program approved prior to its being put into operation. Commissioner urges state real estate licensees to notify his office if they become aware of such activities in their area.

Real estate education and research in this state assumed significance with creation 18 years ago of Real Estate Education, Research and Recovery Fund. Fund is maintained by allotting to it one-fourth of all license fees . . . 80 percent is earmarked for education and research in real estate area by University of California, state universities, community colleges and private universities. This issue of the *Bulletin* devotes extra space to research studies . . . you may want to check them out (Page 7).

Editorial Note:

This article is a sequel to the "4-4-4ing" story appearing in the Fall 1972 Bulletin. Because this activity is illegal as well as not in the public interest, it is a subject worthy of added comment.

Those who buy or sell land divided outside the law do so with peril as they expose themselves to the risk of economic failure as well as criminal prosecution.

The "do it yourself" subdivider who ignores and circumvents city, county and state laws; or the real estate licensee who assists, schemes and works with a land owner to evade the subdivision laws impedes and often prevents proper land planning.

Numerous cases of 4-4-4ing—cutting land in quarters and selling to buyers who further quarter the land on a continuing process—are being brought to light. (The state and county laws prohibit division of land in five or more parcels without first complying with local and state law.)

The DRE has organized a special task force in the Southern California area to cope with increasing traffic in "bootleg" subdivisions. The task force has advised innocent investor-buyers to avoid such land schemes if they are involved in an illegal division. Unless a subdivision lot buyer receives a copy of the Real Estate Commissioner's Public Report, the task force personnel warn, the chances are good that the subdivision, particularly in remote areas, is illegal.

The commissioner's staff is working closely with county district attorneys in joint efforts to stop the

(Continued on page 8)

REAL ESTATE BULLETIN

*Official Publication of the
California Department of Real Estate*
Member, National Association of Real Estate
License Law Officials

Vol. 34, No. 1 Spring, 1974

STATE OF CALIFORNIA
RONALD REAGAN, Governor

ROBERT W. KARPE
Real Estate Commissioner

JOHN E. HEMPEL
Chief Assistant Commissioner

STATE REAL ESTATE COMMISSION

WILLIAM P. BEACHEM ROBERT C. LINDSEY
Los Angeles San Jose
JOHN COTTON FRANK MACBRIDE, JR.
San Diego Sacramento
HARLAN GELDERMANN PHIL SAENZ
Danville San Diego
ART LEITCH L. H. "SPIKE" WILSON
San Diego Fresno

PRINCIPAL OFFICE

714 P St., Sacramento 95814

GERALD E. HARRINGTON, Assistant Commissioner
W. JEROME THOMAS, Chief Legal Officer
HENRY H. BLOCK, Assistant Commissioner
Education and Qualifications
GEORGE E. DUNN, Assistant Commissioner,
Licensing
LEE V. SIDA, Chief Deputy, Examinations
PAUL R. POPE, Chief Deputy, Qualifications,
Publications and Course Approvals
DONALD M. TALLMAN, Chief Deputy, Education
WALTER L. ALLEN, Senior Deputy, Editor

NORTHERN REGULATORY AREA

RICHARD B. NICHOLLS, Assistant Commissioner

District Offices

San Francisco, Rm. 2033, 350 McAllister St.
94102
RAYMOND L. ROYCE, Chief Deputy
Sacramento, Rm. 1494, 714 P St. 95814
JOSEPH P. HOFMANN, Supervising Deputy
Fresno, Rm. 3084, 2550 Mariposa St. 93721
RICHARD H. McADOO, Supervising Deputy

SOUTHERN REGULATORY AREA

JOHN A. DI BETTA, Assistant Commissioner

District Offices

Los Angeles (Main Office, Southern Area)
Rm. 8107, 107 S. Broadway 90012
WILLIAM H. WALL, Chief Deputy
BERNARD E. TAYLOR, Chief Deputy
San Diego, Rm. 2022, 1350 Front St. 92101
JOHN C. KAMPS, Supervising Deputy

SUBDIVISIONS

714 P St., Sacramento 95814

RAYMOND M. DABLER, Assistant Commissioner
Sacramento Headquarters
Rm. 1550, 714 P St.
FRANK J. RYAN, Chief Deputy
San Francisco,
Rm. 2033, 350 McAllister St. 94102
JOHN LAZUR, Chief Deputy
Los Angeles, Rm. 8107,
107 S. Broadway 90012
RICHARD E. RANGER, Chief Deputy
Sacramento, Rm. 1400, 714 P St. 95814
RICHARD D. CARLSON, Chief Deputy

The Real Estate Bulletin is a quarterly published by the State of California, Department of Real Estate, as an educational service to all real estate licensees in the state under the provisions of Section 10083 of the California Business and Professions Code.

From the license renewal fee, \$1 is allocated to cover subscription to the Bulletin. Second Class Postage Paid at Sacramento, California.

Disciplinary Action—October-December 1973

REB—Real estate broker RES—Real estate salesman REO—Real estate officer
RREB—Restricted real estate broker RRRES—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.

* Not previously published.

Licenses Revoked

Name	Address	Effective Date	Violation R.E. Law/Regulations
King, Albert Peter (RES)	968 Farnam St., Los Angeles	10/2/73	10176(b) (i), 10177(f) (j)
Nichols, Leroy Jr. (RES)	1149 S. Crenshaw Blvd., Inglewood	10/2/73	10177(b)
Patterson, John J. (RES)	1126 E. 7th St., National City	10/2/73	10177(b) (f)
Verratti, Michael Vincent (RES)	6216 Paseo Canyon Dr., Malibu	10/2/73	10177(a) (b)
Brendel, Raymond Joseph (RES)	106 Stephen Ct., Vallejo	10/15/73	10177(j)
Lawler, Russell Kenneth (RES)	P. O. Box 639, Hemet	10/16/73	10177(b) (f)
Hunter, Carol Ann (RRRES)	715 Oakland Ave., No. 305, Oakland	10/24/73	10177(a) (b)
Patterson, Kathleen Susan (RES)	6279 Bancroft Way, San Jose	10/25/73	10177(b) (f)
Taylor, Robert William (RES)	26229 Regent, Lomita	10/25/73	10177(b)
Benken, Jan Bruce (RES)	846 E. Wells St., San Gabriel	10/30/73	10177(b)
Fair, Robert Alexander (RES)	15433 E. Olive, Irwindale	10/30/73	10177(b)
Morgan, John Copeland (REB)	1040 Locust St. N.E., St. Petersburg, Florida	11/2/73	10177(d) (j)
Quigley, William Ewart (REB)	5437 Olive St., Paradise	11/4/73	10176(e) (i); 2830, 2832
Willett, Roy (REB)	P. O. Box 5352, 1010 Minnesota, Dba R. W. Realty (Right to renew RES)	11/7/73	10177(b) (f)
Percell, Ronald (RES)	671A Indiana Hill Blvd., Pomona	11/13/73	10177(a) (b)
Stewart, Jene Cortez (Right to RREB)	P. O. Box 5204, Walnut Creek	11/13/73	10130, 10177(d) (f) (j)
Acevedo-Cambero, Raul (RES)	1901 Avenue of the Stars, Ste. 1401, Los Angeles	11/14/73	10177(b)
Pinheiro, Albert (REB)	6066 S. Cornelia, Fresno	11/20/73	10176(i)
Fidelity Property Management (REC) Kuehnis, Eugene Carl, Jr. (REO)	302 Whirlway Dr., San Jose	11/23/73	10145, 10176(e) (g) (i), 10177(d) (f) (j)
Kuehnis, Eugene Carl, Jr. (REB)	888 No. 1st St., Rm. 323, San Jose	11/23/73	10145, 10176(e) (g) (i), 10177(d) (f) (j)
Toth, Imre (RES)	7186 Pentz, Paradise	11/30/73	10177(a) (b)
Perry, Austin Wayne (REB)	650 Blossom Hill Rd., San Jose	12/8/73	10165, 10177(d) (f) (j)
DeLeo, Anthony John (RES)	1174 First St., Imperial Beach	12/11/73	10177(b) (f)
Martin, Steven Harry (RES)	15601 Washington Ave., San Lorenzo	12/11/73	10177(b) (f)
Granada, Frank (REB)	2630 Renton Way, Castro Valley	12/18/73	10177.5
Nordyke, Earl Hayward (RES)	513 6th St., Eureka	12/19/73	10177(b) (f)
Hughes, Robert O'Dell (REB)	817 W. Beverly Blvd., Ste. 103, Montebello	12/20/73	10145, 10176(a) (b) (e) (i), 10177(b) (d) (f) (j)
Overstreet, Carl Lee (Right to RES)	978 Greenhurst Way, Sacramento	12/21/73	10130, 10177(d) (j); 2834, 2835
Real Estate Power Inc. (Right to REC)	624 Nevada City Hwy., Nevada City	12/21/73	10130, 10177(d) (j); 2834, 2835
Fuelling, Donald Walter (RES) (REB)	24780 Mission Blvd., Hayward	12/27/73	10176(a) (b) (e) (i); 10177(d) (f) (j)
Victor, Vernon Fred (RES)	1362 Mission Dr., Sonoma	12/27/73	10176(i); 10177(f) (j)
Appleby, John Orville (REB)	P. O. Box 698, Lomita	12/28/73	10176(a) (b) (i), 10177(d) (g) (j)
Hirayama, Larry Takamori (RES)	2625 E. First St., Los Angeles	12/31/73	10176(a) (b) (i)

Licenses Revoked With Right to Restricted License

Name	Address	Effective Date	Violation R.E. Law/Regulations
Seifert, Lylia (REB)	1420 Northwood Dr., 241H, Seal Beach	10/23/73	10177(b)
(Right to RREB license on terms and conditions)			
Lovitt, Roy Errett (RES)	1828 A Verdugo Loma Dr., Glendale	10/24/73	10177(b)
(Right to RRES license on terms and conditions)			
Chin, Franklin F. (RES)	3417 W. Jefferson Blvd., Los Angeles	10/30/73	10177(b)
(Right to RRES license on terms and conditions)			
Thomas, Frederica Ruth (RES)	1320 Santee Dr., No. H., San Jose	10/30/73	10177(a) (b)
(Right to RRES license on terms and conditions)			
Jones, Charles Alexander (RES)	255 Bangor Ave., San Jose	10/31/73	10177.5
(Right to RRES license on terms and conditions)			
Barwick, Gerald Clement (RES)	5842 Edinger, Huntington Beach	11/13/73	10176(a) (b) (i)
(Right to RRES license on terms and conditions)			
Juarez, Alfredo Morales (REB)	1984 Story Rd., San Jose	12/18/73	10176(a) (i), 10177(d) (f) (j)
Dba Diamond Realty (Right to RREB on terms and conditions)			

Licenses Revoked With Stays

Name	Address	Effective Date	Violation R.E. Law/Regulations
Adler, Lawrence Hendrick (REB) (Stayed for two years on terms and conditions: shall not act as licensee for 90 days)	3323 Brittan Ave., San Carlos	10/17/73	10145, 10176(e) (i), 10177 (d)
Cannon, Thomas Patrick (RES) (Stayed for two years on terms and conditions: shall not act as licensee for 90 days)	15233 Ventura Blvd., Ste.400 Sherman Oaks	12/28/73	10176(a) (b) (i), 10177 (d) (g) (j)
La Loggia, James Joseph (RES) (Stayed for two years on terms and conditions: shall not act as licensee for 90 days)	2863 Appalachial Rd., Westlake Village	12/28/73	10176(a) (b) (i), 10177 (d) (g) (j)

Licenses Suspended

Name	Address	Effective Date	Violation R.E. Law/Regulations
*Turkmany, George (RREB) Dba Idora Realty Company	5821 Racine St., Oakland	9/25/73 indefinitely	10176(a) (i), 10177 (d) (f) (j) (k)
Henry, Ronald Richard (RES) (REB) DBA Red Carpet Realty Officer, Garon Investment, Inc. (REO)	18422 Yorba Linda, Yorba Linda ..	10/16/73	10137, 10176(a) (i), 10177 (d)
Meyers, LeRoy Gene (REB)	2102 E. Huntington Dr., Duarte	60 days 11/2/73	10177 (j)
Kerber, Robert Joseph (REB) Dba Coach & Three Realty	4420 Mapel Ln., Carmichael	90 days 11/5/73	10176(a) (i)
Martin, Robert (REB)	P.O. Box 628, 6797 Clark Rd., Paradise	30 days 11/5/73	10177 (g)
Romaine, William John (RREB)	2367 Carquinez Ave., El Cerrito	30 days 11/20/73	10177 (d) (f) (k), 10242(e)
Holmwood, Betty Jane (RES)	108 N. Topanga Blvd., Topanga	30 days 11/27/73	10130, 10137, 10177 (d) (f); 2830, 2831, 2831.1, 2835
Holmwood, Harlan David (REB)	108 N. Topanga Blvd., Topanga	5 days 11/27/73	10130, 10137, 10177 (d) (f); 2830, 2831, 2831.1, 2835
Rolfe, Harold Everett (REB) Dba Sure-Way Rentals	1944 N. Topanga Canyon Blvd., Topanga 14536 Victory Blvd., Van Nuys	11/27/73 15 days	10137, 10176 (i) 10177 (d) (f) (g) (h); 2830, 2831, 2831.1, 2835
Wellman, Reba Drew (RES)	14536 Victory Blvd., Van Nuys	11/27/73 5 days	10131, 10137, 10177 (d) (f); 2851
Cassidy, Harold James (REB)	1728 Noreigh St., San Francisco	12/3/73	10475
Ballard, Roger Dean (RES)	755 E. Forest Lake Rd., Acampo	indefinitely 12/24/73	10177 (j)
Araica, Socrates (REB)	3424 25th St., San Francisco	30 days 12/27/73	10176(a) (i), 10177 (f) (j)
		15 days	

Licenses Suspended with Stays

Name	Address	Effective Date	Violation R.E. Law/Regulations
Freligh, Harold Victor (REB) (Right to Renew)	5401 N. Figueroa, Los Angeles	10/2/73	10165, 10177 (d)
(After 30 days, remainder stayed on terms and conditions)		indefinitely	
Martin, Christina Ann (RES)	336 El Camino Real, San Carlos	10/18/73	10177 (a) (b)
(Stayed for 1 year on terms and conditions)		30 days	
Moustakas, Stanley John (REB)	7204 Rosemead Blvd., Pico Rivera	10/23/73	10177 (b)
(All but 30 days stayed for 3 years on terms and conditions)		180 days	
Harris, Ronald Allen (REB) Pres. Project Development Inc. (REO) Vice Pres. Four Seasons Estates Inc.	2131 Union St., San Francisco	10/24/73	10145, 10176 (e), 10177 (d)
(Stayed Permanently) (REO) Dba Ronald A. Harris Associates	750 Tonopah Rd., Tahoe City	15 days	
Lawson, Robert Wallace (RES) (Stayed for 2 years on conditions)	1929 Lombard St., San Francisco	10/25/73	10152, 10177 (b) (f)
Fulton, Robert Warnock (REB) (Stayed permanently)	99 Flemingtowne Ctr., Vallejo	30 days 11/13/73	10145, 10176 (e) (i), 10177 (d) (f) (j); 2830, 2832
Gallicchio, Nicholas Anthony (RES)	10776 Washington Blvd., Culver City	15 days 12/11/73	10177 (b) (f)
(Stayed for 1 year on terms and conditions)		15 days	
Stanifer, Donald Leroy (REB) Dba Blue Ribbon Properties	146 S. Main St., Milpitas	12/18/73	10145, 10177 (d) (f)
(20 days stayed for 1 year on conditions)		30 days	
Martin, Richard Melville (RES) (50 days stayed for 2 years on terms and conditions)	3162 Valley Green Ln., Napa	12/28/73	10176(a) (b) (i), 10177 (d) (g) (j)
Mason, Joel Archer (RES) (50 days stayed for 2 years on terms and conditions)	5301 Yarmouth, Encino	60 days 12/28/73	10176(a) (b) (i), 10177 (d) (g) (j)
Taliaferro, William Morrison (REB)	6415 Green Valley Cir., Apt. 115, Culver City	60 days 12/28/73	10176(a) (b) (i), 10177 (d) (g) (j)
(75 days stayed for 2 years on terms and conditions)		90 days	
Tramonto, Antonio Vito (REB)	9100 Wilshire Blvd., 6th Floor, Beverly Hills	12/28/73	10176(a) (b) (i), 10177 (d) (g) (j)
(50 days stayed for 2 years on terms and conditions)		60 days	

DRE INVESTIGATIONS ARE FACT FINDING

As the saying goes, everyone is entitled to his day in court. This applies to real estate licensees against whom complaints are made.

Some licensees become *unnecessarily* apprehensive when they receive a letter from a deputy commissioner asking the licensee to clarify certain aspects of a real estate transaction in which he has participated.

It is customary for us to ask for his written version of the circumstances because, at this stage, we are seeking information and not attempting to judge the merits of any transaction.

Of necessity, an investigation should be thorough and complete and all facts should be brought out. Every consideration is to be given each party to explain his part in a transaction. In many cases, a letter from a licensee clarifies a situation and the investigation need not proceed further. Sometimes, it becomes necessary to call a conference when stories are conflicting. At such times all parties are asked to be present so that the deputy may hear them in front of each other. Often these conferences resolve misunderstandings. Admittedly, some cases end in a formal hearing to resolve the issues.

Workmen's Compensation Law

Each person who makes application for the real estate broker license examination signs his name below the statement, "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation".

Failure to cover all those required by law to be insured could subject you to both criminal and civil penalties.

Questions regarding workmen's compensation insurance coverage should be directed to your insurance broker or a local office of the State Labor Commissioner.

SELLING CONDOMINIUMS REQUIRES SPECIAL EXPERTISE

The real estate agent's responsibility is more than "bringing a buyer and seller together." Once licensed by the state, he is expected to have special knowledge and ability which sets him apart from his clients and which allows him to bring about a successful real estate transaction.

Licensees who engage in sophisticated real estate transactions that are unique real estate projects, to begin with, act in peril when they do not fully understand the marketing mechanics which exist in condominiums, planned unit developments, and specialized housing programs.

The Real Estate Commissioner recently received a complaint from a planned development owner's association concerning resales in its 422 unit planned development. The services which licensees offered unit owners and prospective buyers pertaining to resale transactions, listings and offers, were reportedly inadequate.

Some Pertinent Points

Before accepting a listing or offering on a community facility housing unit, the agent should have back-

ground and experience sufficient to protect all parties.

For instance, can the broker assure himself and his client that both know exactly what is being bargained for or being marketed? The beginning real estate agent is well counseled when he seeks guidance and training at the side of an experienced broker. There are still very few classroom courses directly pointed to marketing the more complex housing unit.

Do you, the real estate specialist, know that common areas and recreational facilities are usually governed by an owners association that often has the right to levy assessments against the buyer-owner? This is an important feature which is part of the responsibility involved in cluster living. Do you know that common area amenities are included in the sale itself?

Do you inform the buyer of the provisions contained in restrictions; of corporate articles and by-laws? Or, that there may be no "on street" parking allowed for the buyer's recreational vehicle.

Remember, the buyer may not be accustomed to cluster apartment liv-

ing restrictions, or know about voting at meetings which concern the operation and the maintenance of the project.

Typically, in a planned development or condominium there usually are technical restrictions, monthly assessments, lien rights, financing and other protective measures not commonly found in the conventional single-family dwelling transaction.

Source of Information

One source of information on these matters is the commissioner's final subdivision public report which initially allowed the developer to make sales to first buyers. The existing owner should have a copy. If he didn't keep it, ask the DRE for a copy. With the exception of stated assessment, which may have changed, other conditions that prevailed during the offering stage generally prevail on a resale.

The duty of making a successful transfer of such real property is basically that of the agent, not the owner's association, the escrow officer, the title officer or the developer.

Collateral Commissions and Benefits in a Real Estate Brokerage Transaction Must Be Disclosed

It has recently come to the attention of the commissioner that some real estate agents, acting as mortgage loan brokers, regularly receive commissions as agents of insurance companies issuing credit life and credit disability insurance to borrowers.

Section 10241.1 of the Business and Professions Code which became effective on January 1, 1974, as part of Senate Bill No. 304 prohibits a licensee or lender from requiring credit life or credit disability insurance for the borrower as a condition of making a loan subject to Article 7 of the Real Estate Law.

In addition to this statutory prohibition, the law also requires that a licensee disclose to the person employing him the full amount of compensa-

tion, commission or profit that the licensee will derive from any transaction for which a real estate license is required. This disclosure must be made by the licensee prior to or coincident with the signing of an agreement negotiated by the licensee.

A commission to be paid to a real estate licensee for negotiating the sale of a credit life or credit disability insurance policy to a borrower in connection with the negotiation of a loan secured by real property is compensation that must be disclosed to the borrower by the licensee before the borrower enters into any contract with the licensee or the lender with respect to the loan which the borrower is seeking.



Hitting the pocket book of the illegal out-of-state developer may not be the cure-all for preventing such schemes by out-of-state subdividers; but, it undoubtedly has had some effect.

Over \$20,000 in refunds as a result of Department of Real Estate staff efforts, ranging from \$270 to \$2,700, were reported by 15 Californians who fell victim to out-of-state land promotion schemes not qualified for sale in California during the 1972-73 fiscal year.

The department does not have a record of all refunds obtained because often the buyers do not report back; however, the refund experience reported is satisfying.

Who Test The Tests?

Because the real estate license examination has such a profound affect upon well over 50,000 examinees each year, it is the commissioner's policy to frequently validate or "test the test" as was done at the close of last year.

Although the department stocks a real estate question library with over 2,500 test items and maintains a running statistical index of each question or item relative to its use in the field in order to check against its reliability and efficiency, it has from time to time exposed its test items and procedures to experts from industry and the colleges for honest criticism and suggested improvement.

Such an examination review board met in Sacramento on November 30, 1973 and dug into the examination material—a no holds barred exposure. The committee explored at random many of the tests and separate test items. Such things as relevancy, which concerns the closeness of agreement between what the test measures and the function (real estate business) that is used to measure was examined. Reliability of test items or accuracy and consistency of each item were measured against previous use of the same test item by similar groups.

The reviewing committee considered the records maintained, including the uniform material used in the multi-state exam segment, in its effort to validate what the test purports to measure—real estate subject matter.

To measure quality it looked to the balance of the test such as the proportion of the law, finance, appraisal, public control and practice subjects.

Such things as objectivity, specificity, difficulty, discrimination and fairness were investigated. We are pleased that the committee reported the questions to be clear in meaning and relevant to the real estate business.

Asked if they found any inconsistencies in the subject matter, their response was, "No—on the whole we (the committee) felt that it was very inclusive."

As to "trick" questions—the committee said it found none. However, they stated, applicants should read questions carefully and approach each logically and unemotionally.

Reflections . . .

Surely, none of us is so wise in his business dealings that he could not use help from others; and none of us has so little to offer from our own experience or knowledge as not to be useful in some way or other to our fellow man.

No differences in position or background should restrain us from dealing with each other in a spirit of confidence and with the disposition to ask for assistance from others and, similarly, to offer assistance in a spirit of thoughtfulness and kindness.

Our most basic nature endows us with a need for equal treatment and to work toward equitable solutions—in such an atmosphere that the wrongs by others are viewed with compassion.

Whether one's career is marked with comfortable prosperity or the discomforts of business disappointment should make little difference between honest people—rather, it should inspire each of us with a greater need to share our knowledge and skills.

Robert W. Karpe

Robert W. Karpe
Real Estate Commissioner

In Memoriam

The month of December 1973 saddened DRE employees by the death of three veteran workers: James M. Rodgers, Leonard Malis and Hoyt C. Duty.

JAMES RODGERS, Senior Deputy, Investigations, Los Angeles, was employed with DRE in 1961 and worked in northern and southern regulatory positions.

LEONARD MALIS, General Auditor, Los Angeles, was employed with DRE in 1962. He audited some of the largest real estate syndications in the state.

HOYT C. DUTY, Attorney in Charge, Sacramento, with the DRE since 1961 was a Hastings Law School Graduate. Duty supervised the state real estate Recovery Fund program.

Their passing leaves a great void; but their accomplishments stand as a memorial.

Questions and Answers Relating to New Course Requirements

Questions raised by the enactment of the two new educational course requirements for real estate broker license appearing in the Winter 73 Bulletin have posed many inquiries, a few of which follow:

Question:

When is the effective date requiring broker applicants to complete six college level real estate courses?

Answer:

January 1, 1975.

Question:

If I qualify for and fail the last broker examination in 1974, will I have to complete the additional courses?

Answer:

Yes. The law affects all applicants, even those whose applications were filed prior to January 1, 1975 if they did not meet all requirements prior to that date. Even if an applicant qualified for the examination prior to 1975, if unsuccessful on the examination, he will be obligated to requalify by furnishing evidence showing completion of six required courses.

Question:

During my college days I successfully completed a course in accounting and a business law course. Do these count toward the new requirements?

Answer:

Yes. Regardless of the passage of time, education credits count. Since you successfully completed the courses, even though years ago, you need not take them again. Just furnish transcript evidence of these courses and other required courses with your application.

Question:

I will not complete my two years sales apprentice requirement until February 1975, although I have completed the current four statutory courses. May I take the test in 1974 and hold up issuance of the license until the two year period is completed, thus

(Continued on page 7)

Mortgage Loan Brokers to Clear All Advertising

Since the early 1960's regulations of the Real Estate Commissioner have provided for voluntary submission of proposed advertising and sales promotional materials by real estate brokers engaged in the business of negotiating loans secured by real property or in the business of buying, selling or exchanging real property sales contracts or promissory notes secured by liens on real property.

Advertising to be Submitted

Under amendments to Article 7 of the Real Estate Law (Sections 10248.7 and 10248.8 of the Business and Professions Code) licensees, who meet or exceed certain volume criteria in their mortgage loan brokerage activities, must submit a true copy of proposed advertising for approval by the commissioner prior to its use. Licensees involved in mortgage loan transactions who are not required to submit proposed advertising may voluntarily do so under Section 2847 of the regulations.

Class Affected

Sections 10248.7 and 10248.8 apply to real estate licensees falling into a class with the following criteria:

Fifty percent or more of the loans subject to Article 7 (first loans of less than \$16,000 and junior loans of less than \$8,000) which the licensee negotiates or will negotiate are junior loans (purchase money notes given back to a seller of real property by the purchaser are not to be considered in this 50 percent test);

AND either of the following:

- (a) Has negotiated in excess of 400 loans secured by real property in the prior calendar year or anticipates the negotiation of more than 400 loans in the next calendar year, OR
- (b) Has spent and will spend \$10,000 or more for advertising in connection with the rendition of services for which a real estate license is required and whose costs in connection with advertising of mortgage loans amount to more than 5 percent of his gross income from activities for which a real estate license is required.

Annual Reports

These same mortgage loan brokers are required to submit an annual report to the commissioner—within thirty days after close of the licensee's calendar or fiscal year—containing information relating to advertising and promotion; costs attendant to negotiating loans, charges, and late payments; and loan negotiation, foreclosure and balloon payment experiences.

Regulation 2849 establishes the format for the annual reports that must be submitted by licensees who are also subject to the requirement of advance advertising approval.

Advertising

Sections 2847 through 2847.4 of the regulations describe the procedures for submission and clearance to be followed by persons who submit advertising. Each licensee who expects to engage in mortgage loan brokerage activities should obtain copies of the new statutes and new regulations rather than to rely upon articles or summaries thereof.

Following are a few highlights of the regulations:

- True copies of proposed advertising, including but not limited to proposed radio and television advertisements, shall be submitted in duplicate in the form proposed to be used.

- An advertisement shall not be made available to the public until it has been approved or deemed approved by failure of the commissioner to indicate a disapproval. The commissioner has seven days to act on the material after it is received by the Department of Real Estate.

- Advertising copies shall be retained by the licensee for three years after approval.

- Advertising costs and related overhead include amounts paid to any advertising media or public relations firm for preparation or publication of advertising.

- Section 2848 sets forth examples of representations in mortgage loan advertising considered by the commissioner to be false, misleading or deceptive.

COMMISSIONER APPOINTS EQUAL OPPORTUNITY OFFICER

Assistant Commissioner Gerald E. Harrington has been assigned by Commissioner Robert W. Karpe to fill the recently created post of Equal Opportunity Officer for the Department of Real Estate. In this capacity, he will work with the Equal Rights Committees of statewide industry groups to investigate any claims of improper action that may result from dealings between the department and members of minority groups.

The program, which was announced by Governor Ronald Reagan at the Annual Convention of Realtists, nationwide, in Los Angeles last summer, is designed to provide prompt and appropriate handling of such complaints.

Realtist Fred Farley of Oakland is President this year of the California Association of Real Estate Brokers. He stated that within his organization procedures would be for such matters to be brought to the attention of a local member of the Equal Rights Committee by the party desiring an inquiry. The next step would be for the committee member to relay the facts to the committee chairman. If it cannot be resolved at this point, the facts should be submitted to Assistant Commissioner Harrington for further inquiry. When necessary to clear misunderstandings, there is a provision for conference for all concerned parties.

It is hoped that this new program of opening channels of communications between the minority community and the department may be another positive step toward realizing the commissioner's goal of a color-blind real estate industry.

Out-of-State Permits

Since 1963 (when subdivision legislation directed toward the regulation of marketing of out-of-state parcels to California purchasers was first enacted) through June 30, 1973, 219 permits have been issued, totaling 73,036 acres, involving 57,281 lots/units and amounting to \$455,758,450 in appraised valuations.

RESEARCH REPORTS

MOBILE HOME PARKS

The California State University, San Jose recently completed the research study, Mobile Home Parks in Santa Clara County—an illustrated directory and statistical analysis of 104 mobile home parks analyzed with respect to acreage, spaces, occupants, rental rates and other data.

The study was financed by the Real Estate Education, Research and Recovery Fund. For a copy, send \$30, plus tax to the Department of Real Estate, 714 P Street, Sacramento, CA 95814.

Corporate Chains and Franchise Systems Growth

The research report, *Critical Analysis Of Emerging Trends In Franchising And Expansion By Merger And Acquisition Of Real Estate Firms* by Peter M. Mlynaryk, California State University, Fullerton, may be purchased from the Department of Real Estate, 714 P Street, Sacramento 95814, at \$1.50 per copy plus sales tax.

In summary, the report provides information on the advantages and disadvantages of the various organizational structures (chains, franchises, independent) available to the real estate brokerage industry.

The effects of the Agricultural Land Conservation on Real Estate Developments in Fresno County (Fresno State University)

This report studies the soil and agricultural characteristics of Fresno County. It discusses agricultural land conservation programs and theory; land use planning; protection of agricultural lands; and compares zoning with the agricultural land conservation program.

Questions and Answers

(Continued from page 5)

avoiding the two added course requirements?

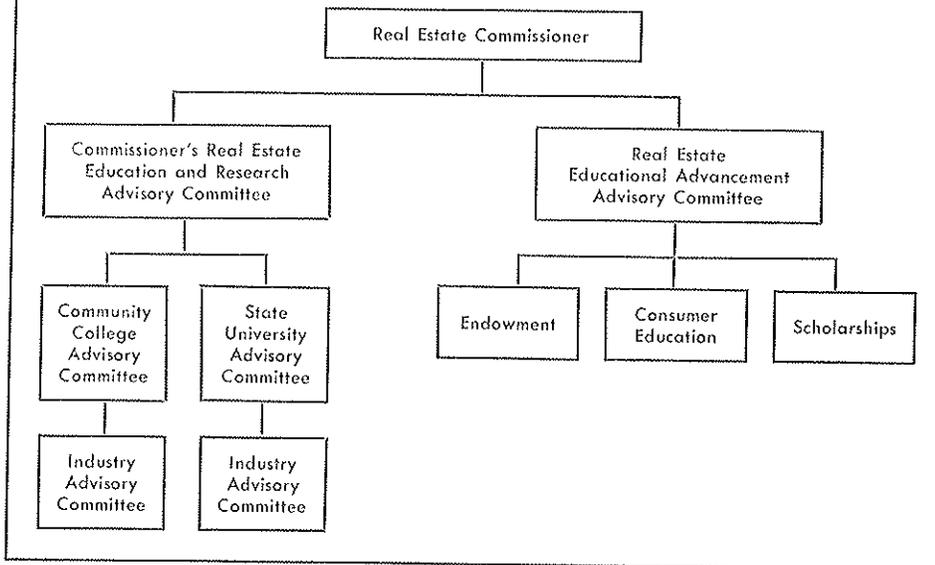
Answer:

The two year experience requirement is as much a mandatory prerequisite as are the educational provisions, the

Real Estate Education, Research Advisory Committees

Over \$7 million from the Real Estate Education and Research Fund has been granted to colleges and universities to encourage real estate education and research since the program's inception. The Real Estate Commissioner is responsible for allocating funds to educational institutions and from the beginning has utilized advisory committees to advise and assist in making determination for fund expenditures.

The following chart shows the organizational structure of the commissioner's advisory committees:



EMERGING PATTERNS OF CORPORATE ENTRY INTO HOUSING

This 1973 University of California, Berkeley, research report has as part of its preface the following comment:

The past half-decade has witnessed an unprecedented emergence of large-scale corporate enterprise in the American residential construction industry. This has been accomplished by entry of large nonbuilding corporations, often through acquisition of established building firms, and by the expansion and "going public" of existing builders.

Author Keating's study of this phenomenon is valuable and timely. He carefully surveys and documents the current movement and compares it with earlier experiences of a similar nature. He also develops the intriguing thesis that the main motivation for the emerging corporations is profit maximization rather than growth or management security. As a secondary thesis he also suggests that industry influence on government will be more powerful due to the great strength of the corporations entering and developing in the building field.

The publication is available through Center for Real Estate and Urban Economics, University of California, 260 Stephens Hall, Berkeley, California 94720. Please send checks made payable to the Regents of the University of California, the cost \$3.00 plus appropriate sales tax.

experience must be completed prior to the examination.

Question:

If I qualify by examination and have the four courses now required prior to January 1, 1975 but do not apply for my license until after January, 1975 do I have to take the additional

courses before a license will be issued?

Answer:

In this set of circumstances, you have a right to a broker license provided you file your license application and fee within one year from the date you successfully wrote the broker examination.

Official Publication

CALIFORNIA DEPARTMENT OF REAL ESTATE
714 P Street
Sacramento, California 95814

Second-Class Postage
paid at
Sacramento, California

Δ55864—805 1-74 206M

Printed in CALIFORNIA OFFICE OF STATE PRINTING

Subject Index for 1973 Real Estate Bulletins—Listed by Issue and Page

Advertising, False	Sum.—6	Home Building Areas, Ten Largest	Fall—3
Advertising, Subdivision Guidelines	Fall—5	Homestead Law, Certain Exemptions Increased	Spr.—8
Apartment Conversion	Spr.—1	Law Changes, Highlights	Spr.—4
Broker, Real Estate		License:	
Advance Fee Loans, Broker Violates		Check Expiration Date	Fall—1
Law	Fall—5	Licenses, Inspection of	Spr.—8
Advance Fee Rental Agents License		License Records, Keep Up-to-	
Suspended	Win.—3	Date	Sum.—5
Air Space Leases, Brokers May		Licensing Privileges, Loss of	Sum.—5
Negotiate	Fall—1	Material Change, What Constitutes	Fall—6
Contract of Employment, Broker and Salesman	Sum.—3	Misleading Statements to Obtain Listings	Sum.—5
Misleading Statements	Sum.—5	Mortgage Loan Disclosure Statement, Revised	Sum.—1
Oral Listings, Relying on	Sum.—6	Mortgage Loan Law Amended	Win.—1
Real Property Security Dealers		New Family Homes, Average Sales Price of	Fall—3
Law, Violation of	Fall—6	1973 Legislation Enacted	Win.—1
Selling Price, Broker Must Reveal	Sum.—8	Note, Promissory, Not Cash	Win.—8
Tell Whole Truth, Your Responsibility	Sum.—7	Oral Listings, Relying on	Sum.—6
Trust Funds, Handling of	Fall—8	Out-of-State Subdivision Offerings	Sum.—4
Cal-Vet Financing, Mobile Homes	Spr.—7	Power of Sales, Execution of	Spr.—5
Cal-Vet, Loan Benefits Increased	Spr.—3	Probate Transaction, Broker Conspires	Win.—5
Certificate of Eligibility	Spr.—4	Real Estate Commission Lindsey, Robert C. Appointed	Sum.—5
Cheating, Examinations	Spr.—4	Real Property Security Dealers Law, Violation of	Fall—6
Checks, Accepted at D.O.'s	Spr.—7	Realtors and Realists, Long Range Plan Adopted	Win.—1
Commissions Earned, Deposit in Business Account	Sum.—4	Recovery Fund	Spr.—7
Commissioner, Real Estate:		Recovery Fund, Administering Thereof	Fall—7
Commissioner's Color-Blind Goal— Industry and Government Leaders Meet	Sum.—1	Release From Liability, GI Loans	Fall—7
Commissioners' Reflections	Fall—3	Research, Real Estate:	
Commissioner's Reflections	Win.—6	State Universities	
Commissioner's Regulations, Changes in	Spr.—1	Urban Land Use Classification in Theory and Practices:	
Commissioner's Regulations, Defined	Spr.—1	Fresno-Clovis Metropolitan Area Case	Fall—7
CRIERAC, Sanders and Spivey Appointed	Fall—5	Forecasting Models for Housing Markets	Win.—8
Statement of Appreciation, Commissioner's	Win.—4	University of Southern California The Role of Multiple Listing Service in Real Estate Brokerage	Spr.—8
Stops Unlicensed B.O. Activity	Spr.—7	Residential Building Record Report	Win.—3
Condominiums, Pro and Con of	Win.—8	Salesman, Real Estate License Records, Keep Up-to-Date	Sum.—5
Corporations, Can You Have	Sum.—8	Structural Pest Control Inspection Report	Fall—8
Contract of Employment, Broker and Salesman	Sum.—3	Subdivisions:	
Department of Real Estate:		Advertising, Subdivision Guidelines	Fall—5
Nolan, Tom Retires	Spr.—7	Buyers, Out-of-State	Spr.—2
O'Connor, Cy, Retires	Win.—8	Filing Fees, Reduced	Spr.—5
Porter, Burton P., Promoted	Fall—7	Permit Denied, Arizona Offering	Sum.—6
Promotions and Transfers, Department	Spr.—6	Public Report, Final Subdivision Offerings Must Meet "Fair, Just and Equitable" Test	Sum.—4
Sanders, Coy, Retires	Win.—8	Supreme Court Decision, Racial Discrimination	Spr.—8
Savings Bond Award, DRE Earns	Win.—5	Syndicates, Joint Guidelines Issued	Fall—3
Smith, Larry W., Promoted	Fall—7	Tell Whole Truth, Your Responsibility	Sum.—7
Statistics, DRE	Fall—5	Trust Fund Handling	Spr.—5
Stevenson, Robert L., Receives Award	Win.—7	Trust Funds, Handling of	Fall—8
Stewart, W. Blair, Promoted	Fall—7	Winner, How to be a	Win.—6
Environmental Impact Report, Preparation of	Sum.—4		
Environmental Impact Report Regulations	Sum.—4		
Examination:			
License Exam, Copy Answers From	Sum.—8		
License Examination Statistics	Fall—1		
Examination Format Revised, Real Estate License	Fall—4		
Farm Real Estate, Values of	Sum.—5		
Pictitious Business Names, Right to Use of	Spr.—8		

AVOID ILLEGAL LAND SPLITS

(Continued from page 1)

unlawful and often fraudulent 4-4-4-ing operators. One case now pending hearing and prosecution involves a 4,000 acre tract of unimproved land in Southern California.

Two licensees conceived the plan and entered into agreement with the owner to subdivide and sell 320 acres with initial 160 acre conveyances to two or less interim "owners." These parcels were then conveyed in 80 acre grants to interim grantees who in turn divided "their" parcels into four 20 acre increments and in turn these sixteen 20 acre grantees were to market their grants in 5 acre parcels. Sixty-four conveyances were made in a two month period. Each "owner" now had four 5 acre parcels.

A check of DRE records revealed no public report had been issued nor had the subdividers filed a notice of intention.

What the "buyers" received for their participation is now questionable. Can they resell? Can they get their money back? Are the transactions void? Can they get building permits? The agents face license discipline and possible criminal charges.

As the cost of proper subdivision planning, engineering, financing and promotional efforts continues upward, one might expect more illegal activity in the 4-4-4-ing operation. The broker, salesman, seller and buyer are all cautioned that this unlawful procedure is almost certain to be exposed.