

REAL ESTATE BULLETIN

EDMUND G. BROWN JR., Governor

Spring 1976

The Bicentennial

1976 REGULATIONS HIGHLIGHTED

Following are highlights of some 32 regulations which have been adopted, amended or repealed by the Department of Real Estate. The complete text of the regulations with the recently enacted changes is available in the 1976 Real Estate Law Book. Regulation changes were effective February 15, 1976.

Licensing

Regulations 2711, 2728, 2734, 2750, 2754, and 2761 were adopted, amended, or repealed principally for the purpose of improving administration of the licensing law. None of these changes will have a significant effect upon licensees or licensed activities.

Subdivided Lands

Regulation 2790.5 has been amended primarily for the sake of clarification.

The amendment and adoption of regulations in the 2792 series have to do with requirements for the governing instruments for common-interest subdivisions, i.e., condominiums, planned developments, stock cooperatives, community apartments, and undivided interest subdivisions. These changes set forth regulatory criteria of what will constitute "reasonable arrangements" applicable to the transfer of common facilities to the owners'

(Continued on page 8)

In This Issue

What About Finders Fees?	4
CHFA Begins Operations	4
Visual Communications Wins	5
Mortgage Loan Prepayment Charges	5
Mobilehome Park Tenant's Rights	6
Recovery Fund Availability Expanded	6
¿Podemos Ayudarle?	6
Mortgage Loans	7
HUD Condo Study	7
Exam Study Manual	7
1975 Bulletin Index	8

The wealth of our nation; the happiness of its people are dependent upon the way in which we use its land. Our history is one of values stabilized through settlement, farming, and building. The task of creating national wealth through real estate development is by no means at a standstill.

It is said that America, from its start, was a speculation. It was a gamble to Columbus. The kings of Spain, France, and England considered America risky at best. They looked upon this "new land venture" as a source of riches, gold, silver, and fur. It was from and on the land that these precious goods were produced, and royal ownership of the land was as essential to them as the political jurisdiction over it.

... as we begin

In the beginning of America, royal favorites were given vast territories, and land use rights

were distributed to individuals and companies as royal rewards for loyalty and service to the crown.

Before the Revolution

Colonial charters, granted in England to individuals and companies, gave proprietorship, not ownership, of American soil. The king reserved political jurisdiction and control, and particularly, mineral rights. Governing rights to land were revocable at the royal will. As colonies grew and prospered, as they became more densely populated and advanced in political status, the king appointed governors to rule over them.

There were no American citizens as we know them. There were, though, both English hotheads bent on rebellion and staunch loyalists seeking to repair crippled ties with England. The English crown did much to fan the fires of rebellion and unwittingly to unite the country farmer with the city merchant, the roughhewn with the well-heeled, and making America what it is.

The British closed Boston Harbor on June 1, 1774. Not so much as a yard of cloth, bale of tea, or crate of fruit was loaded or unloaded from large frigate or small scow. The colonials were to be punished, declared King George III.

All through those sultry summer months in 1774, Massachusetts was a simmering kettle of rebellion—nearly brought to a boil by England's Coercive Acts and the crown's demand that Boston pay for its little Tea Party.

Colonists assembled in Carpenter's Hall not hellbent on revolution, but seeking reconciliation with England. However, when the loud clatter of warning hoofbeats interrupted the meeting, these "Englishmen" by their endorsement took the first step towards full American citizenship and land ownership. They called on the people of Massachusetts to bear arms against British aggression and boycott British trade until the Coercive Acts were repealed.

To bring an end to government without consent of the governed, an urgent call went out to the thirteen colonies. And on September 5, 1774, "Englishmen" from all the colonies, except distant Georgia, met in Philadelphia at the First Continental Congress to air grievances and resolve the Massachusetts situation. The First Continental Congress was a sobering affair. Delegates were as different from one another as the American landscapes they represented.

(Continued on page 5)

... the next 200 years



REAL ESTATE BULLETIN

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

Vol. 36, No. 1

Spring 1976

STATE OF CALIFORNIA
EDMUND G. BROWN JR., Governor

JOHN E. HEMPEL
Chief Assistant Commissioner

STATE REAL ESTATE COMMISSION

ARTHUR HOUSTON JR. 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
FRANK E. HELLAND, Supervising Deputy,
Examinations and Qualifications
PAUL R. POPE, Chief Deputy,
Publications and Course Approvals
DONALD M. TALLMAN, Chief Deputy, Education
LARRY W. SMITH, Senior Deputy, Editor

NORTHERN REGULATORY AREA

RICHARD B. NICHOLLS, Assistant Commissioner

District Offices

San Francisco, Second floor, 1 Hallidie Plaza
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
LEIGHTON J. PEATMAN, Chief Deputy
San Diego, Rm. 5008, 1350 Front St. 92101
JOHN C. KAMPS, Supervising Deputy

SUBDIVISIONS

714 P St., Sacramento 95814
RAYMOND M. DABLEN, Assistant Commissioner
Sacramento Headquarters
Rm. 1550, 714 P St.
FRANK J. RYAN, Chief Deputy
LEE V. SIDA, Chief Deputy
San Francisco,
Second floor, 1 Hallidie Plaza 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 1975

REB—Real estate broker
RREB—Restricted real estate broker

RES—Real estate salesman
RRES—Restricted real estate salesman

REO—Real estate officer
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 Business and Professions Code/Commissioner's Regulations
*American Plan Investment Corp. (REC) Dba—American Borrowers Plan	111 Pine St., 14th Fl., San Francisco	9/24/75	10176(a)(i), 10177(d)(f)(j), 10241, 10242, 2843
*Morris, Keith Roger (REB)	1265 Pacific Ave., Apt. 36, Santa Rosa	9/24/75	10176(a)(i), 10177(d)(f)(j), 10241, 10242, 2843
*Zissis, James (REB)(REO) Officer—American Borrowers Plan Officer—American Plan Investment Corp. Dba—American Borrowers Plan	111 Pine St., 14th Fl., San Francisco	9/24/75	10176(a)(i), 10177(d)(f)(j), 10241, 10242, 2843
*Winyard, Donald George (REB)	22619 S. Figueroa, Carson	9/25/75	10145, 10176(c)(i), 10177(d)
*Alonzo, Anthony Louis (REB)	305 Cottle Rd., San Jose	9/30/75	10177(f)(g)
Kilz, Raymond John (REB)(REO) Officer—Atlas Home Loan Co.	1670 Griffith Park Blvd., Los Angeles	10/ 7/75	490, 10177(b)
Sullivan, Robert John (RES)	10734 Palms Blvd., #1, Los Angeles	10/ 8/75	490, 10177(b)
Schwet, Joseph George (REB)	572 Dewey Blvd., San Francisco	10/ 9/75	10145, 10176(e)(i), 10177(d)(f)(k), 2832
Golde, Edward Maurice (REB)	3810 MacArthur Blvd., Oakland	10/14/75	10177(b)
Heneveld, Charles Harm (REB) (REO) Officer—Empire Pacific Investment Corp., 2150 Shattuck Ave., Berkeley Officer—Sather Gate Mortgage Company, Inc., 5801 Christie Dr., Emeryville	P.O. Box 613, 2982 Lake Forest Rd., Tahoe City	10/14/75	10177(b)
Anderson, Marie (RRES)	P.O. Box 54, S. Pasadena	10/15/75	10130, 10145, 10159.5, 10176(c)(i), 10177(d), 2731, 2770
Champagne, Raymond Anthony (RRES)	2514 Loftyview Dr., Torrance	10/15/75	490, 10177(b)
Shaheen, Ellen (RES)	21221 San Miguel, Woodland Hills	10/21/75	490, 10177(b)
Frazier, Carl Bell (REB)	3120 Serene Ct., Richmond	10/22/75	10145, 10162, 10176(c)(i), 10177(d)(f)(j), 2715, 2754
Homeowners Loan Corporation (REC) Dba—H L C Financial	2625 Park Blvd., Palo Alto	11/ 4/75	10177(f)
Lampee, Thomas Cooper (RES)	619 Barbera Pl., Davis	11/12/75	490, 10177(b)
McDonough, Aster Virgil (REB)	5063 Mission St., San Francisco	11/12/75	490, 10177(b)(f)
Dba—Lee's Realty Co.			
Schmaelzle, Carol Marie (RES)	2627 Mary Lane Pl., Escondido	11/12/75	490, 10177(b)
Martin, Michael Robert (RES)	P.O. Box 642, San Leandro	11/20/75	490, 10177(b)
Patton, Leroy (REB)	1202 1/2 East 127th St., Los Angeles	12/ 3/75	490, 10177(b)
Hornor, Ronald Lee Roy (RES)	43517 Bautista St., Fremont	12/19/75	490, 10177(b)
Mohar, John Henry Jr. (RES)	3105 Monroe St., Santa Clara	12/22/75	490, 10177(b)(f)
Doss, Robert (RES)	219 Minner Ave., Oildale	12/30/75	10145, 10177(d)
Lindy, Sue (RES)	270 W. Emerson, Tracy	12/30/75	490, 10177(a)(b)

LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Southall, Albert Windsor (REB) (Right to RREB license on terms and conditions)	1394 Courtyard Dr., San Jose	9/16/75	490, 10177(b)(f)
*Grubbs, Margaret Helen (REB) (REO) Officer—Grubbs Realty, Inc. (Right to RREB license after 30 days on terms and conditions)	6032 Lincoln Ave., Cypress	9/19/75	10177.5
*Kral, William Edward (REB) (Right to RREB license after 30 days on terms and conditions)	6032 Lincoln Ave., Cypress	9/19/75	10177.5
Bramante, Frank Joseph (RES) (Right to RRES license on terms and conditions)	1600 Fairlane Rd., Yreka	10/ 7/75	490, 10177(b)
Wright, Antoinette S. (RES) (Right to RRES license on terms and conditions)	7215 Hillside Ave., Apt. 46, Los Angeles	10/ 8/75	490, 10177(b)
Stenerson, Robert Louis (RES) (Right to RRES license on terms and conditions)	1824 Camino Verde, Apt. E, Walnut Creek	10/ 9/75	490
Baker, Lillian Ann (RES) (Right to RRES license on terms and conditions)	2955 54th St., San Diego	10/30/75	490, 10177(b)
Harwick, Robert Ernest (RES) (Right to RRES license on terms and conditions)	4137 E. Fountain Way, Fresno	11/12/75	10177(f)(g)
Waters, Stephen William (RES) (Right to RRES license after 30 days on terms and conditions)	23482 Alicia Parkway, Mission Viejo	11/14/75	10145, 10176(a)(i), 10177(d), 2832
Eichleberger, Ruth Pharris (REB) (Right to RREB license on terms and conditions)	161 S. Washington St., Sonora	12/ 4/75	490, 10177(b)
Grey, Charles Felton (RES) (Right to RRES license on terms and conditions)	420 San Mateo Ave., San Bruno	12/22/75	490, 10177(a)(b)(f)

LICENSES SUSPENDED

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Thompson, Jane M. (RES)	355 S. Daniel Way, San Jose	9/22/75	10176(a)
*Jones, Donald Lee (REB)(REO) Officer—Heritage Acceptance Corporation	9100 Wilshire Blvd., Beverly Hills	9/23/75 15 days 90 days	10137, 10146, 10176(c), 10177(d)(h), 2970, 2971, 2974



LICENSES SUSPENDED (Continued)

*Weekley, Rolland Wilson (RES).....	750 Welch Rd., Ste. 316, Palo Alto.....	9/23/75	10137, 10146, 10176(e), 10177(d)
		90 days	(h), 2970, 2971, 2974
Henely, Joann Housh (REB).....	587 Ygnacio Valley Rd., Walnut Creek.....	10/ 9/75	10176(i), 10177(d)(f), 2900
		15 days	
Thelps, William Andrew III (RES).....	2105-415 Healdsburg Ave., Healdsburg.....	10/ 9/75	490, 10177(b)
		20 days	
Campana, Angelo Eugene (REB).....	2122 Market St., San Francisco.....	11/ 7/75	10176(a)(i), 10177(f)
DbA—Anchor Realty		30 days	
Girardi, Joseph (RES).....	16250 Ventura Blvd., Encino.....	11/19/75	10177(d), 11010, 11018.2
		15 days	
Graves, John Temple (RREB).....	2530 Crenshaw Blvd., Los Angeles.....	12/ 3/75	10177(j)
DbA—J. T. Graves Realty Company		20 days	
McKean, Vervel Henry (RES).....	5200 Mowry Ave., Fremont.....	12/ 3/75	10176(a)(i), 10177(d)
		20 days	
Del Curto, Rino Louis (REB).....	2122 Market St., San Francisco.....	12/ 7/75	10176(a)(i), 10177(f)
DbA—Anchor Realty		30 days	
Denton, David Carroll (RES).....	6492 Broadway, Sacramento.....	12/19/75	10176(a)(i), 10177(d)(j), 11010,
		90 days	11018.2
Spies, Eric H. (REB).....	219 Market St., Galt.....	12/19/75	10176(a)(i), 10177(d)(j), 11010,
		20 days	11018.2
Barton, Johnnie Wilson (RES).....	6525 N. Bethel, Clovis.....	12/21/75	10176(a)(b)
		1 year	
Barton, Marybelle (REB).....	6525 N. Bethel, Clovis.....	12/21/75	10176(a)(b)
		1 year	
Garcia, Julio Leonel (RES).....	1681 Church St., San Francisco.....	12/22/75	10177(d)(g), 2901
		30 days	
Bellows, Marie Shirley (REB).....	General Delivery, La Quinta.....	12/31/75	490, 10177(b)
DbA—North Shore Real Estate		90 days	

LICENSES SUSPENDED WITH STAYS

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
*Aloia, Vincent (RES).....	303 S. Capitol Ave., San Jose.....	9/22/75	10177(j)
(15 days stayed for 1 year on terms and conditions)		30 days	
*Heritage Acceptance Corporation (REC).....	1990 N. California Blvd., Ste. 950, Walnut Creek	9/23/75	10137, 10146, 10176(c), 10177(d)
(After 90 days, may be stayed on terms and conditions)		Indefinitely	(f)(h), 2970, 2971, 2974
*Klein, Harold (REB)(REO).....	9015 Burton Way, #301, Los Angeles	9/23/75	10177(d), 11012, 11013.2, 2811
Officer—Urbanetics Equities Corporation		90 days	
Officer—Urbanetics Realty & Developments, Inc.			
DbA—Urbanetics Realty Corporation			
(All but 30 days stayed for 2 years on terms and conditions)			
Cunningham, Hal Austin (RES).....	P.O. Box 8721, San Francisco A.P.....	9/24/75	490, 10177(b)(f)
(Stayed for 1 year on terms and conditions)		15 days	
Anderson, Raymond John (REB).....	960 Westlake Blvd., Thousand Oaks.....	10/14/75	10143, 10177(d), 2856
DbA—The Home Finders Realty		90 days	
DbA—Low Cost Rentals			
(Stayed for 3 years on terms and conditions)			
Cua, Joseph George (RES).....	10 E. 3rd Ave., San Mateo.....	10/14/75	490, 10177(b)
(Stayed for 1 year on condition)		45 days	
Donohoe, Olga Dimitrievna (RES).....	4961 Mission St., San Francisco.....	10/15/75	10176(a)(i), 10177(f)
(Stayed for 1 year on terms and conditions)		15 days	
Johnson, Melvin Richard Jr. (REB).....	1500 Geneva Ave., San Francisco.....	10/15/75	10145, 10176(a)(c)(i), 10177(d)(f),
(Stayed for 2 years on terms and conditions)		30 days	2832
Malone, Charles Fredrick (RES).....	5700 Stockdale Hwy., Ste. 400, Bakersfield	10/29/75	10177(d), 11010, 11018.2
(Stayed for 1 year on terms and conditions)		10 days	
Ritchie, Harvey Stanley (REB).....	1603 California Ave., Bakersfield.....	10/29/75	10177(d), 11010, 11018.2
(Stayed for 1 year on terms and conditions)		10 days	
Smith, Frank Phillip (REB).....	513 H Street, Bakersfield.....	11/20/75	10176(f)
DbA—Apartment Realty & Management		10 days	
(Stayed for 1 year on terms and conditions)			
Mehan, Maxine Ruth (REB).....	1090 Ralston, Belmont.....	11/24/75	490, 10177(b)
(Stayed for 1 year on terms and conditions)		60 days	
Robey, Lula Marjorie (REB).....	5636 Shattuck Ave., Oakland.....	12/ 3/75	490, 10177(b)(f)
(Stayed for 2 years on condition)		120 days	
Arnell, William Clarence (RES).....	807 19th St., Modesto.....	12/ 4/75	10176(a)
(All but 5 days stayed for 1 year on condition)		30 days	
Cox, Stephen Daniel (REB)(REO).....	8961 Bainford Dr., Huntington Beach.....	12/ 4/75	10177(d), 10270, 10271, 11010,
Officer—Trans West Properties, Inc.		30 days	11018.2
(Stayed for 2 years on condition)			
Huhn, Lester Milton (RES).....	774 E. Green St., Pasadena.....	12/ 4/75	10177(d), 10270, 10271, 11010,
(Stayed for 2 years on condition)		30 days	11018.2
Milliken, Sheldon Spencer (REB).....	744 E. Green St., Pasadena.....	12/ 4/75	10177(d), 10270, 10271, 11010,
DbA—Lake Shore Properties		30 days	11018.2
DbA—Selected Property Investments			
(Stayed for 2 years on condition)			
Moody, Charles William (REB).....	807 19th St., Modesto.....	12/ 4/75	10177(d), 2725
(Stayed for 1 year on condition)		15 days	
Trans West Properties, Inc. (REC).....	8961 Bainford Dr., Huntington Beach.....	12/ 4/75	10177(d), 10270, 10271, 11010,
(Stayed for 2 years on condition)		30 days	11018.2
Dominick, William R. (RREB).....	337 14th St., Oakland.....	12/22/75	10177(d), 10242(b)(2)
DbA—Property Mortgage & Loan		15 days	
(Stayed for 1 year on terms and conditions)			
Vantress, John Berg (REB).....	44 Montgomery St., San Francisco.....	12/22/75	10177(d), 11010, 11018.2
(Stayed for 2 years on terms and conditions)		30 days	
Conrad, Inger Mejhede (REB).....	2857 Broderick, San Francisco.....	12/29/75	10176(a)
(All but 15 days stayed for 1 year on terms and conditions)		60 days	

INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS

Name	Address	Date	Fund Payout
Cressey, Arthur R. (REB).....	198 Taraval St., San Francisco.....	10/21/75	\$8,633.58
Smith, Lee A. (RES).....	642 Hermitage Ln., San Jose.....	10/21/75	\$10,000.00
Bundy, Jack Carl (REB).....	130 H St., Tustin.....	11/ 4/75	\$9,523.76

Things And People...

Three Deputies Earn Promotions

Receiving top scores in civil service examinations, three deputy real estate commissioners were promoted effective December 2, 1975.

Leighton Peatman, Los Angeles District Office, is now Chief Deputy Real Estate Commissioner in charge of investigations dealing with subdivisions, mortgage loans, and real estate syndicates. Peatman, a native of California and graduate of UC, served as Major in World War II and later became special agent for a national airline handling its investigations. He was first employed with DRE in 1964.

Linda R. Katzman, Los Angeles District Office, was promoted to Senior Deputy after four years with DRE. Katzman is a graduate of Cal State University, Los Angeles. Her new job as supervisor includes special assignments involving illegal subdivisions, mortgage loan brokerage, advertising compliance, and condominium homeowner association complaints.

Dan Guthrie, San Francisco District Office, is now Senior Deputy in charge of a team of deputies who enforce real estate laws in the Bay Region. Guthrie, appointed deputy commissioner in 1973, formerly was assigned to subdivision processing and general investigations. He is a graduate of Cal State College, Stanislaus. A former real estate broker, Guthrie also acts as training coordinator for the San Francisco Office.



D.R.E. Savings Bond Drive Award

REAL ESTATE EXCELS—Don Tallman, chairman of the U.S. Savings Bond drive in DRE, gets a handshake for a job well done from Lt. Governor Mervyn Dymally, who headed the bond drive among all state employees this year. DRE had the highest percentage of employees signing up for the first time, and the highest proportion of its employees signing up to buy bonds of any state department.

WHAT ABOUT "FINDERS FEES"?

Editor's Note: Questions regarding the legality of the payment of compensation to an unlicensed person in connection with services rendered in a real estate or business opportunity transaction are frequently asked of DRE employees in one context or another. There is no categorical answer to a finders-fee question. Whether the payment of compensation to an unlicensed person in a real estate transaction violates the law depends upon the nature of the acts for which the compensation is paid.

In most reported judicial decisions, California courts have been liberal in permitting the payment of fees to unlicensed persons where the litigation has developed out of an apparent effort on the part of an owner of real property to welsch on a promise to pay an unlicensed person if the person assists him in disposing of real property. The department, however, discourages the involvement of real estate licensees in referral programs utilizing the services of unlicensed persons feeling that the risk of "crossing the line" is too great to justify the use of any such program.

In the interest of being helpful to licensees, two frequently asked questions about the payment of compensation to an unlicensed person are printed here with DRE answers.

Q. Is it okay for a licensee to offer a partial refund of a commission to a property owner as an inducement to obtain a listing?

A. It is not a violation of the Real Estate Law or of any of the general laws of the state if a licensee rebates a portion of his commission to a principal in the transaction. Section 10137 of the Real Estate Law makes it unlawful for a real estate broker to compensate any person who is not licensed as a broker or a salesman *for performing any acts for which a real estate license is required*. A principal in a real estate transaction is not performing acts for which a license is required. Hence, there is no violation of the law if the fee paid by the licensee is simply a refund or a reduced commission.

Q. Is it legal for a licensee to agree to pay a finder's fee to a third party

CHFA BEGINS OPERATIONS

Legislation establishing the *California Housing Finance Agency* (CHFA) became effective on September 26, 1975. On that date, California became the thirty-eighth state with such an Agency.

As in the other states, the principle function of the CHFA will be to sell tax-exempt bonds and use the proceeds to finance housing with below-market interest rate loans. The CHFA will not construct or own the housing itself; development, ownership, management, and maintenance of the housing will be performed by profit-motivated and nonprofit corporations and by local public entities.

The CHFA has broad legislative authority which will allow it to address most of California's housing problems. The CHFA is developing the following program areas:

1. Direct loans to developers of multiunit, rental housing anywhere in the state, including neighborhood preservation areas;

2. Rehabilitation loans and the insurance of loans made by other financial institutions in neighborhood preservation areas;

3. The purchase of mortgages on one to four family, owner-occupied dwellings originated by qualified mortgage lenders; and

4. Construction loans for Federal Housing Administration insured loans and Farmer's Home Administration loans.

The agency may issue up to \$300 million in tax-exempt revenue bonds and \$150 million in taxable revenue

bonds. Ten million dollars was appropriated to serve as a security reserve for the bonds. With the \$10 million reserve fund, it is expected that the CHFA can properly secure bond issues of \$100 to \$150 million between now and November 1976. An election will be held in November 1976 for the approval of \$500 million in general obligation bonds.

The agency's mortgage purchase program may be of primary interest to real estate brokers and salesmen. When the program is implemented in 60-120 days, agency funds will be funneled through banks, savings and loan associations, and mortgage lenders at below-market interest rates to

NEW RESEARCH REPORT

A Study of Members of the Black Community's Involvement in Real Estate Education is available from the DRE for \$1.50 plus tax. The study, by George B. Parks and William H. Hippaka, San Diego State University, was made possible by a grant from the Real Estate Education, Research and Recovery Fund.

the purchases of one to four family owner-occupied dwellings. Financing would be arranged just as it is now for FHA/VA and conventional borrowings, except that certain income limits and mortgage limits would apply.

Guidelines for the agency's programs are taking shape now. Anyone wishing further information concerning the programs should contact the agency at 301 Capitol Mall, Sacramento; telephone (916) 322-3991.

for referring a listing prospect to the licensee?

A. In determining whether the payment of a fee by a licensee to an unlicensed person in a real estate sales transaction is an unlawful payment of commission or a finder's fee, it is necessary to look to the acts for which the unlicensed person is being compensated. If the payment to the unlicensed person is for the simple act of introducing the two parties to a real estate transaction or for the in-

roduction of a prospective seller or buyer of real property to the real estate licensee, there is no requirement that the payee be licensed. If, on the other hand, the unlicensed person solicits prospective buyers or sellers, or if he enters into any of the negotiations toward consummation of the transaction, the payment of compensation to him would appear to constitute a violation of Section 10137 and 10138 by the licensee and a violation of Section 10139 by the recipient of the compensation.

The Bicentennial Continued from page 1

From this first meeting of the Continental Congress there grew the spirit that produced the bedrock documents of American democracy—the foundations upon which the world's oldest republic was nurtured.

A Nation Built on Land Ownership

Ours is the first great nation in the world to be built on free transfer of land titles. Accordingly, it is the first great country that could have, or hope to have, home ownership for virtually every family that wants it and works for it.

Accessibility and the promise of land ownership to practically every citizen was and is a major factor which encourages growth and development and for which more than one war has been fought. Land and its use determines social conditions in all nations. It was and is today the biggest single internal economic element of our time, environmentally or otherwise.

The Way It Can Be

Our inheritance is remarkable. Our accomplishments in competitive society are tremendous. When we consider the short 200 years, in the span of evolution, it is indeed amazing. But unfortunately, growth presents problems. It may not be enough just to tidy up America or to make it more beautiful. Because land is not unlimited, we may need a new look from THE WAY IT WAS to THE WAY IT MUST BE to bring a full measure of freedom to all our people. Surely, American ingenuity can pave the way to order as we enter the next 200 years.

VISUAL COMMUNICATION WINS

"For Sale" signs on properties are among the oldest forms of real estate advertising. The first recorded use of signs as a means of communication for business occurred in Babylonia, where the merchant displayed a sign to draw attention to his wares. During the Roman Empire, the sign became a widespread phenomenon employing pictures and symbols rather than words.

Landowner's Right

Deed restrictions which deny a land owner the right to display a property "For Sale" sign were declared illegal as a restraint on alienation over ten years ago by the State Legislature. No mention was made of the real estate agent's sign displayed upon listed property.

The modern real estate on-premise sign is an extension of visual communication, but in recent years, the hue and cry for a better quality urban environment and because of visual clutter of the urban landscape, many communities adopted sign ordinances forbidding all kinds of signs including the traditional "For Sale" sign.

New Law

Assembly Bill 604, effective January 1, 1976, voids any provision forbid-



ding or restricting the right of the owner or his agent to display a reasonable "For Sale" sign on the property.

The new law provides that the owner of real property or his agent may include advertising on the sign which indicates:

- a. That the property is for sale, lease, or exchange.
- b. The agent's or owner's name.
- c. The address and telephone number of the agent or owner.

Notwithstanding any provision of any local ordinance, the real estate agent, with the seller's permission, may place a "For Sale" sign on the premises of the owner so long as the sign is of reasonable dimensions as determined by the city or county.

MORTGAGE LOAN PREPAYMENT CHARGES

Senate Bill 280 (Chapter 763, Stats. 1975) amends sections of the Business and Professions Code and the Civil Code restricting the amount of the charge that can be made for the prepayment of a loan secured by a mortgage, deed of trust, or other lien on a single-family, owner-occupied dwelling.

Prepayment Restrictions

The restrictions on prepayment penalties set forth in Section 10242.6 of the Business and Professions Code are made applicable to any loan secured by an owner-occupied, single-family dwelling regardless of the amount of the loan if the loan is one negotiated by a real estate licensee for another person in expectation of compensation for the services rendered. The prepayment penalty limitations prescribed in Section 2954.9 of the Civil Code are applicable to a single-family, owner-occupied mortgage loan of \$100,000 or less which was not negotiated by a real estate agent for a commission or compensation.

Restriction Similarities

The restrictions contained in the two code sections are similar, but not identical. The Civil Code section prohibits any penalty on a prepayment made after five years from the date of execution of the mortgage or deed of trust while the Business and Professions Code section prohibits a prepayment charge after seven years from the date of execution. Under the Civil Code, the amount that may be prepaid in any twelve-month period without incurring a prepayment charge is based on the original principal amount of the loan. In the Business and Professions Code, it is based on the unpaid principal balance at the time when the prepayment is made. Under either code section, six months advance interest on the amount of the loan subject to prepayment penalty is the maximum permissible amount of the charge.



Mobilehome Park Tenants' Rights Enlarged

Senate Bill 701, effective January 1, 1976, strengthens rights of mobile-home park tenants and modifies park management rules for terminating rental or lease agreements and other things for the benefit of the tenants.

Some of the more important new tenant rights are:

- Tenant cannot be removed from the park without receiving at least a *sixty-day written notice* to terminate and then only upon specific grounds such as: Failure of the tenant to comply with local ordinances and state laws and regulations relating to mobilehomes and only after tenants receipt of notice of noncompliance from the appropriate governmental agency.
- Tenant conduct while upon the mobilehome park premises may be cause for termination provided his conduct constitutes a substantial annoyance to other tenants and not just to the park management.
- Tenant to comply with reasonable rules established by park management *in writing* at the inception of the tenancy. If later amended, needs tenant's consent or without his consent management needs to give tenant six months written notice. However, regulations applicable to recreational facilities may be changed on 60 days' written notice.

Tenants may now hold meetings in a mobilehome park with other tenants at reasonable hours and not be subject to management prohibitions. Tenants cannot be charged for keeping pets in a park unless special facilities are provided. No charge for guests of tenants who stay less than 14 days. No per-person fee for members of the family. No fees for rule enforcement.

No entry, installation, hookup or landscaping charge can be made as a condition of tenancy other than reasonable landscaping and maintenance requirements. No charge can be made unless services are actually provided.

Real estate agents transacting used mobilehome sales should become familiar with the entire content of these Civil Code amendments. *You may write the Legislative Bill Room, Sacramento 95814 for a copy of SB 701* if further information is needed.

Recovery Fund Availability EXPANDED

In 1963, the California Legislature amended the Real Estate Law by adding Article 3 to Chapter 6 (Sections 10470-10483), popularly known as the *Real Estate Recovery Fund Law*. Under these provisions, the Real Estate Education and Research Fund which had been established in 1956 was renamed the Real Estate Education, Research, and Recovery Fund. The effect was to create two subfunds, one earmarked for education and research and the other for the purpose of underwriting the operation of the recovery program. One-quarter of all license fees are allocated for purposes of education, research, and recovery. Eighty percent of these monies are earmarked for education and research and 20% goes into the "Recovery" subfund. As virtually all licensees know by this time, the recovery program is a form of mandatory, collective insurance for the payment of otherwise uncollectible judgments obtained against licensees on the basis of fraud, misrepresentation, deceit or conversion of trust funds by a licensee while engaged in the performance of acts for which a real estate license is required.

Small Claims Court

Chapter 439, Stats. 1975 amends certain provisions of the Recovery Fund Law effective January 1, 1976. The primary purpose of Chapter 439 is to permit a small claims court judgment creditor to proceed against the Recovery Fund. Under existing law, a small claims court judgment debtor is effectively precluded from an action against the Recovery Fund by the fact that it is not possible to obtain a determination of fraud against a defendant in a small claims court action. Chapter 439 will remedy this situation by expressly providing for a determination by the justice or municipal court, which sat as small claims court in rendering the judgment, on whether the judgment was based on facts which would render the Recovery Fund liable to the claimant.

Chapter 439 also eliminates a mandatory requirement that the judgment creditor has examined the judgment debtor under oath concerning his property prior to the hearing upon the application for payment out of the Recovery Fund. Under a more general provision, the court conducting the hearing will still have a discretionary power to require that the claimant conduct an examination under oath of the judgment debtor concerning his assets.

Bond Eliminated

Finally, the requirement that an applicant post a bond to guarantee court costs should his application against the fund be denied has been eliminated from the law in light of a recent California Supreme Court decision that held a similar statute imposing a requirement of a cost bond by plaintiffs against a public entity to be unconstitutional as a denial of due process unless the plaintiffs were afforded the right to a hearing to persuade the court that no public purpose would be served by requiring the bond in particular circumstances.

An outline of the steps and copies of appropriate forms to be used in a proceeding against the Recovery Fund can be obtained by writing to Recovery Fund, Department of Real Estate, 714 P Street, Sacramento, CA 95814.

¿PODEMOS AYUDARLE?

It means *May We Help You?* in Spanish. It is the title of an eight page pamphlet in Spanish describing DRE operations, the filing of complaints, borrowing money through a real

property loan broker, buying land, syndicate investment, and the recovery fund. The same pamphlet has been available in English for sometime. It will be given free upon request; just ask for it at any office of the DRE.

Late Charges

MORTGAGE LOANS

Assembly Bill 398 (Chapter 736, Stats. 1975), effective January 1, 1976, prescribes certain restrictions on charges that can be imposed for delinquent installment payments on loans secured by single-family, owner-occupied dwellings.

Late Charges Limited

Under the new legislation, the late charge on a mortgage loan may *not* exceed 6% of that portion of the installment comprising principal and interest or a flat charge of \$5, whichever is the greater amount. Moreover, no late charge may be imposed if the installment is paid or tendered within ten days of the due date. Finally, the late charge for a delinquent installment may be made only once. Thus, for the purpose of determining whether an installment payment is late, a payment tendered by the borrower must be applied by the lender to the most recent installment due.

Certain Loans Exempt

Statutory restrictions on late charges already exist with respect to loans subject to the Mortgage Loan Brokers Law (Sections 10240-10248.9 of the Business and Professions Code), and such loans are expressly exempted from the provisions of A.B. 398. The maximum late charge permitted under Section 10242.5 of the Mortgage Loan Brokers Law is 10% of the principal and interest due on the delinquent installment or \$5, whichever is the greater amount. Moreover, the late charge limitations of Section 10242.5 are not restricted to loans in which the security is a single-family, owner-occupied dwelling, but apply to *any* loan secured by real property. In all other respects, the restrictions of Section 10242.5 are the same as those of A.B. 398.

HUD CONDO STUDY

In response to a Congressional directive, the Department of Housing & Urban Development (HUD) has conducted the first national study of condominiums. The study, which contains the most detailed national data available on condominiums, found that:

- About 4 million Americans live in about 1.69 million condominiums and cooperative units across the country, with nearly 50% of these units located in Florida, California, and New York.

- Number of condominiums built since 1970 has increased 15 fold—creating a total of about 1.25 million units. At the same time, conversion of rental properties to condominiums has increased on a much smaller scale to about 100,000.

- Certain areas of the country—most notably Ft. Lauderdale, Florida, and the Lake Tahoe region of California and Nevada—have inventories of unsold condominium units, which are having a negative impact on new housing construction.

- Condominium units tend to sell at prices below those of single family homes. However, the life-cycle costs of a condominium (mortgage, utilities, maintenance, and condominium fees) may be equal to or in some cases greater than other forms of housing.

- Although all types of consumers own condominiums, couples of 45-64 years of age, whose children have left home, and the elderly are the dominant buyers.

Greatest Problems

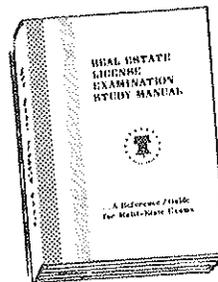
The study reported that the greatest problem consumers have with condominiums is their ability, as an association of property owners, to operate and maintain their commonly owned properties. The failure of these associations to properly maintain the common properties, the study concluded, will directly affect the value of each consumer's unit.

The study looked into consumer problems and abuses naming complexity of documents, association operating problems, imperfect disclosure of terms and conditions of the condominium project, underestimated operating expenses and other problems felt by consumers.

Fortunately for California condominium consumers, their problems are not so great as other state citizens because of our state subdivision disclosure and consumer protection standards.

For more information on the study, write to the Office of Policy Development & Research, Housing & Urban Development Dept., Washington, D.C. 20410.

EXAM STUDY MANUAL



Members of the multi-state real estate license examination program, now in its third year, share real estate test questions with eight licensing entities. Each jurisdiction administers and scores its own examination, which includes the shared multi-state questions as well as a local segment. After taking the examination in any participating state, a successful license applicant may transfer the multi-state test ac-

complishment to another participating state if he moves there.

For those preparing for a real estate license examination in one of the participating states/territories (California, Colorado, Georgia, Guam, Idaho, Oregon, Utah, and Washington), a good, inexpensive and easy reading text titled "Real Estate License Examination Study Manual" is available for \$2.00 (plus 6% sales tax if ordered in California) from any office of the Department of Real Estate.

The objective of this study manual, over 80,000 copies sold since 1973, is to assist license applicants in learning real estate subject matter which are generally uniform throughout the United States. The book deals with five major areas: law, public control, valuation, finance, and miscellaneous fields.

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

Second-Class Postage
 paid at
 Sacramento, California

△88888—805 1-76 230M LDA

printed in CALIFORNIA OFFICE OF STATE PRINTING

Index for 1975 Real Estate Bulletins—by issue and page

ADVERTISING:	1974 A Big Year for Exams	Spr.—3	(An) Investigation into the Success
False Ad Causes Suspension	Over 160,000 Multi-State Exams		and Failure Factors of Apart-
Mortgage Loan Advertising	Administered	Win.—5	ment—Condominium Conversions
Regulation Z	Salesman Applicant—Survey	Spr.—4	in Northern California
Truth in Lending	State Test Questions for Sale?	Fall—8	Psychographic Profiles of Selected
CONDOMINIUMS:	Statutory Course Requirement	Spr.—7	Groups of New and Used Home
Are You Properly Advising Condo	The Life of an Exam Question	Win.—7	Buying Families
Unit Purchasers?	FEEES:		(The) Public Image of a Real
Homeowner Association Desk	Exam Rescheduling Fee Increased	Win.—3	Estate Agent—An Expanded Up-
Established	New License Fees	Spr.—7	date
Special Procedures for Homeowner	LEGISLATION:		Recentralization—The Energy
Associations	Mobilehome Sales	Sum.—1	Crises as a Factor in Residential
DEPARTMENT OF REAL ESTATE:	New Pest Control Regulation	Fall—1	Location
DRE Senior Appraiser	New Regulations Highlighted	Spr.—1	(A) Vacancy Rate Estimation
NARIELLO Director	Performance of Licensed Services	Fall—3	Model for Non-Metropolitan
DISCLOSURE:	Principal Transactions by Sales-	Fall—8	Areas
Are You Properly Advising Condo	man		SUBDIVISIONS:
Unit Purchasers?	LOANS:		Are You Properly Advising Condo
California Has Its Faults	Mortgage Loan Advertising	Win.—6	Unit Purchasers?
Closing Costs—HUD Law	Regulation Z		California Has Its Faults
Delivery of Pest Control Inspection	Truth in Lending	Fall—5	Homeowner Association Desk
Report	Truth in Lending Case	Fall—2	Established
Principal Transactions by Sales-	LICENSING:		Quality Implied in New
man	License Numbers	Win.—6	Construction
Truth in Lending Case	What to Do With Your License	Fall—6	Special Procedures for Homeowner
EDUCATION:	Why a Restricted License	Spr.—5	Associations
DRE Education Programs	Mobilehome Sales	Sum.—1	Subdivision Trust Funds
New Education Materials	RESEARCH REPORTS:		Tract Name and Number Please
On the Move	Consumer Preferences in Housing	Win.—4	Thanks Bob
Ready Reference for Complex	(The) Demand for External Degree		TRUST FUNDS AND RECORDS:
Subjects	Programs Among California Real		Subdivision Trust Funds
Real Estate Consumer Education	Estate Licensees	Spr.—7	Trust Fund Responsibility
Real Estate Endowment Advisory	Goals, Investment Policies, Patterns		Why Me?
Committee Members	of Success of Real Estate Invest-		Who Owns California?
EXAMINATIONS:	ment Trusts	Fall—4	Who Selects the Escrow?
New Exam Subjects			

1976 REGULATIONS

(Continued from page 1)

association, the collection of assessments from owners, meetings of members of the association, voting rights, inspection of association records, annexation of additional land to the subdivision development, alienation rights of owners, etc. Many of these additions to the regulations merely set forth existing DRE policy and procedures in regulation form.

The amendment of Regulation 2795.1 effects a minor change in the approved form for acknowledging receipt of a copy of a subdivision public report.

The most significant changes in the amendments to Regulations 2822.2 and 2822.3 are those increasing by fifteen days the time for comment upon and for the holding of a hearing on a draft environmental impact report.

Mortgage Loan Brokerage

The purpose of the amendment of Regulation 2849 is to expand the information that must be furnished annually to DRE by mortgage loan brokers required to report their activities under Section 10248.9 of the Business and Professions Code. Regulation 2849.1 contains instructions with re-

spect to the form to be used in reporting during 1976.

Mobilehome Sales

Regulation 2862 clarifies a real estate licensee's responsibility in the delivery of documents and fees to the Department of Motor Vehicles in connection with the sale of a used mobilehome.

Pest Control

Regulation 2905 has been altered to clarify responsibilities of real estate licensees in the delivery of pest control documents and reports.