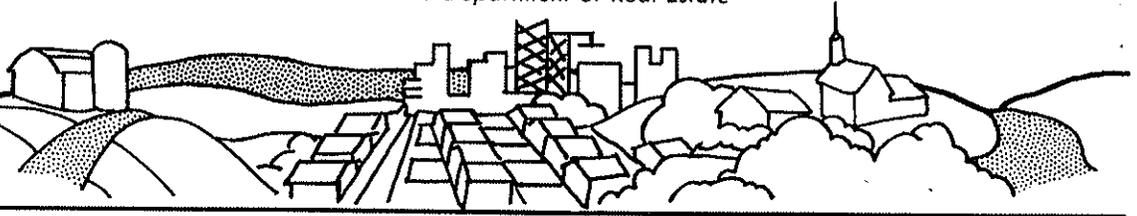




REAL ESTATE BULLETIN

Official Publication of the California Department of Real Estate



GEORGE DEUKMEJIAN, Governor

Spring 1985

JAMES A. EDMONDS JR., Commissioner



John R. Liberator Named Chief Deputy Commissioner

Commissioner James A. Edmonds, Jr. announced the appointment of John R. Liberator as DRE's new Chief Deputy Commissioner on January 4, 1985. Just previous to this appointment, Liberator served as Mortgage Lending Activities Manager for the Department. He is headquartered at the Principal Office in Sacramento.

In making the announcement, Commissioner Edmonds said, "John Liberator's extensive experience and considerable knowledge in the field of real estate will be a great contribution, both to the Department and to the real estate profession in California.

Liberator began his career in 1970 as a Deputy Real Estate Commissioner at the Los Angeles District Office. He was promoted to Manager of DRE's San Francisco District Office in 1976. Two years later, Liberator was named Regional Manager of the Northern Regulatory Area. He served in that position until September 1983 when he was given state-wide responsibility for mortgage lending activities.

(Continued on Page 5)

California Revised Limited Partnership Act

by
Alice M. Flissinger
Chief, Limited Partnership Division
Office of the Secretary of State

The California Revised Limited Partnership Act (Corporations Code Sections 15611-15723) became effective July 1, 1984. These statutes established filing requirements for *all* limited partnerships, and made many changes in the law governing limited partnerships in California.

The changes pertaining to the filing requirements for limited partnerships are summarized as follows:

- County recorders can only accept limited partnership documents that have first been filed or registered at the Secretary of State. While there is no longer a requirement to record at the county level, certified copies of documents (certificates, amendments, dissolutions and cancellations) from the Secretary of State may be recorded. This recording is conclusive evidence of the formation of the limited partnership, prima facie evidence of its existence, and a conclusive presumption in favor of any bona fide purchaser or encumbrancer for value of the partnership real property located in that county. Other presumptions named in the Act are also created.
- In order to form a limited partnership after July 1, 1984, the partners must execute a partnership agreement and acknowledge and file a Certificate of Limited Partnership in the Office of the Secretary of State on the forms provided by the Secretary of State.
- All California limited partnerships in existence before July 1, 1984 must also file a Certificate of Limited Partnership with the Secretary of State.

(Continued on Page 8)

TESTING REQUIREMENT APPLIES TO ALL CONTINUING EDUCATION

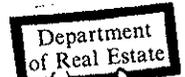
The Department of Real Estate has received a number of inquiries over the past six months concerning the offering of continuing education courses by the University of California Extension System, or—more appropriately stated—the lack of such offering by the UC Extension System. We hope this article will clarify any questions.

Any course, whether offered by a private sponsor, professional organization, private vocational school, community college, UC Extension System, California State University and Colleges, etc., must qualify by meeting all requirements set forth in the law and regulations. All sponsors of continuing education courses are treated equally as provided by law.

On July 1, 1984, the University of California Extension System elected to withdraw sponsorship of continuing education courses for real estate license renewal. This decision was apparently prompted by legislation that required the Real Estate Commissioner to adopt regulations prescribing an appropriate form of testing examination or evaluation by the sponsor of each approved education program.

As it stands, there is no basis in the law that allows the Real Estate Commissioner to differentiate in the testing requirement, whether the course sponsor is a private or public organization.

It is regrettable when any sponsor of high quality courses withdraws from the continuing education program. The re-entry of the UC Extension System as a continuing education provider in the future would be welcomed by many licensees who are familiar with their program and course offerings.



WE ARE MOVING!

REAL ESTATE BULLETIN

Official Publication of the
California Department of Real Estate

Vol. 45, No. 1 Spring 1985

STATE OF CALIFORNIA
GEORGE DEUKMEJIAN, Governor
JAMES A. EDMONDS JR.
Real Estate Commissioner

EXECUTIVE OFFICE

107 South Broadway, 8th Floor, Los Angeles 90012
Consumer Information (213) 620-5903
Mortgage Loan Broker (213) 620-2139

PRINCIPAL OFFICE

1719-24th Street, P.O. Box 160009, Sacramento 95816
Consumer Information (916) 445-6776

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NORTHERN REGULATORY AREA

BETTY R. LUDEMAN, Managing Deputy Commissioner IV

Regulatory District Offices

San Francisco, Room 5816, 185 Berry Street, 94107
Consumer Information (415) 557-2136
EDWARD V. CHILOLO, Managing Deputy Commissioner III
Sacramento, 1719-24th Street, 95816
Consumer Information (916) 445-6776
MARGRET STROH, Managing Deputy Commissioner III
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Consumer Information (209) 445-5009
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ROBERT C. ARNOLD, Managing Deputy Commissioner IV

Regulatory District Offices

Los Angeles, Room 8107, 107 S. Broadway, 90012
Consumer Information (213) 620-5903
THOMAS MCCABY, Managing Deputy Commissioner III
San Diego, Room 5008, 1350 Front Street, 92101-3687
Consumer Information (619) 237-7345
Santa Ana, Room 324, 28 Civic Center Plaza, 92701
Consumer Information (714) 558-4491
RANDOLPH BRENDA, Managing Deputy Commissioner III

SUBDIVISIONS

Sacramento Headquarters, 1719-24th Street, 95816
Consumer Information (916) 422-9741
RAYMOND M. DABLER, Managing Deputy Commissioner IV
Los Angeles, Room 8107, 107 S. Broadway, 90012
Consumer Information (213) 620-2700
ROBERT GILMORE, Managing Deputy Commissioner III
Sacramento, Suite 250, 4433 Florin Road, 95821
Consumer Information (916) 322-2505
WILLIAM O. KEWLEY, Managing Deputy Commissioner III

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The Real Estate Bulletin (USPS 456600) is a quarterly publication 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, \$2 is allocated to cover subscription to the Bulletin. Second Class Postage paid at Sacramento, California. Postmaster, send address changes to Real Estate Bulletin, 1719-24th Street, Sacramento 95816.

DISCIPLINARY ACTION—SEPTEMBER-NOVEMBER 1984

REB—Real estate broker
RRB—Restricted real estate broker
RES—Real estate salesperson
RRS—Restricted real estate salesperson
REO—Real estate officer
PRLS—Prepaid rental listing service
RPRLS—Restricted prepaid rental listing service
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

FOR YOUR INFORMATION

The following are brief summaries of the numerical code sections listed after each licensee's name. The full context of the various sections is found in the Business and Professions Code and the Regulations of the Real Estate Commissioner, both of which are printed in the Real Estate Law book available for purchase from the Department of Real Estate for \$7.00 plus tax. Code sections summarized will vary from issue to issue as they will correspond with the particular disciplinary listings.

Business and Professions Code

10176(c) course of misrepresentations through salespersons
10176(e) commingling trust funds
10176(f) fraud or dishonest dealing in licensed capacity
10177(a) procuring a real estate license by misrepresentation or material false statement
10177(b) conviction of crime
10177(d) violation of real estate law or regulations
10177(f) conduct that would have warranted denial of a license
10177(g) negligence or incompetence as licensee
10177(h) failure to supervise salespersons
10177(i) fraud or dishonest dealing not in licensed capacity
10177.5 civil fraud judgment based on licensed acts
10231 accepting loan funds for pooling
10237.3 acting as real property securities dealer without endorsement
10237.4 failure to deliver specified statement to purchaser of real property security
10238.3 failure to obtain real property securities permit
11010 failure to file notice of intention to sell or lease subdivision

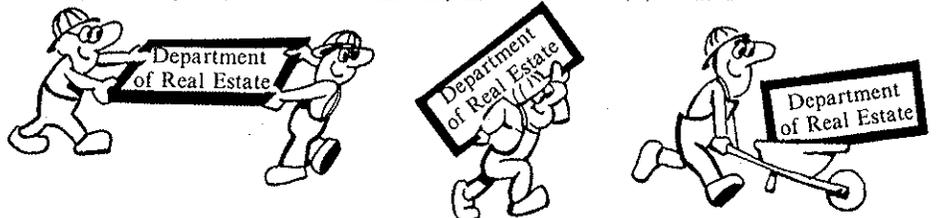
11013.2 sale of subdivided lands subject to blanket encumbrance without compliance with conditions
11018.2 illegal subdivision sales (sale of subdivision lots without public report)
11019 non-compliance with desist and refrain order

Regulations

2715 broker's failure to maintain current address with DRE
2731 unauthorized use of fictitious business name
2785(a)(3) failure by agent to disclose material facts to principal
2830 failure to maintain trust fund account
2831 inadequate trust fund records
2831.1 inadequate trust fund records
2832 improper handling of earnest money deposit
2832.1 trust fund accountability
2950(d) failure of broker handling escrows to maintain records
2950(e) failure by broker to make escrow records available for inspection
2950(f) failure to deposit escrow trust funds
2950(g) broker-controlled escrow violation

LICENSES REVOKED

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
*Sargent, Judith Arlene (RES)	P.O. Box 568, 417 Elm, Westwood	9/6/83	10176(a), 10177(g)
*Manning, Joseph William Ellis (RES)	4096 Mother Lode Dr., Shingle Springs	3/22/84	10145, 10177(g), 10177.5
*Golden Chain Enterprises, Inc. (REC)	4096 Mother Lode Dr., Shingle Springs	3/22/84	10145, 10177(d)(a)(h)
*Young, Lowell I. (RES)	5204 North Sierra Rd., San Bernardino	5/10/84	10130, 10176(i), 10177(d), 10231
*Quick Rentals, Inc. (REC)	20832 Roscoe Blvd., Canoga Park	5/16/84	10167.9, 10167.9(b), 10167.10(b), 10167.12, 10177(d)
*Adams, Mary Louise (REB)	4307 1/2 S. Broadway, Los Angeles	7/17/84	2831, 2831.1, 2832.1, 2950(d)(e)(f)(g), 10145, 10148, 10176(a)(e)(i), 10177(d)(g)
*Porcaro, Anthony Patrick (RES)	412 Harding St., Balboa	8/14/84	490, 10177(a)
*Swing Financial (REC)	2831 Camino Del Rio S., Ste. 212, San Diego	8/21/84	10177(d), 10237.3, 10238.3
*Swing, Henry Francis (REB) (REO)	2831 Camino Del Rio S., Ste. 212, San Diego	8/21/84	10177(d), 10237.3, 10238.3
*Seligman, Sharon Irene (RES)	11696 Java, Cypress	8/21/84	490, 10177(b)
*Margarit, Adrienne Marie (RES)	12056 Stonegate, Garden Grove	8/22/84	490, 10177(b)
*Kawamoto, Kenneth Kikuo (RES)	18630 Colman Ave., Carson	8/22/84	490, 10177(b)
*Rowberry, Arthur Le Roy (RES)	25102 Northrup Dr., Laguna Hills	8/22/84	490, 10177(b)
*Donske, Gary Michael (RES)	340 Amber Ln., Vista	8/28/84	10145, 10176(a)(i), 10177(d)
*Hendrickson, Terri Darlene (RES)	6930 Antelope, Citrus Heights	8/28/84	10176(a)(i)
Marasco, Cramer & Smith, Inc. (REC)	425 N. Gateway, Ste. M, Madera	9/3/84	10176(a)(i), 10177(j)
Smith, Paul Charles (REB) (REO)	12212 Gabor, Madera	9/3/84	10176(a)(i), 10177(j)
Off--Marasco, Cramer & Smith, Inc.			
Phelps, Robert A. (RES)	11710 Oculito Ct., San Diego	9/4/84	10177(j)
Kasparian, Ara Janik (PRLS)	4312 Beverly Blvd., Los Angeles	9/4/84	10167.9(a), 10167.9(a)(b), 10167.10(a)(1), 10167.10(b), 10167.11, 10167.12, 10177(d)
Clevenger, Michael A. (RES)	3393 Arden Rd., Hayward	9/14/84	490, 10177(b)(1)
Christie, Paul Steven (RES)	5860 Pacheco Blvd., Pacheco	9/18/84	10176(a)(i), 10177(f)(g)
Janson, Nancy Lee (RES)	1033 Ocho Rios Dr., Danville	9/19/84	10176(a)(i), 10177(f)(j)
Hetherington, Dennis Paul (REB)	9198 Greenback Ln., #108, Orangevale	9/27/84	10176(a)(e)(i), 10177(d)
Advanced Realty Investment System, Inc. (REC)	6830 Antelope Rd., Citrus Heights	9/27/84	10176(a)(e)(i)
Lathrop, Carolyn Genevieve (REB)	5138 Esccondido Rd., Acton	10/2/84	10176(a), 10177(f)(g)
Kowitz, John Stephen (REB)	211 El Camino Real, Encinitas	10/10/84	10176(a), 10177(f)(g)
Alejo, Jerry Dean (RES)	2833 Agate, Bakersfield	10/11/84	10177(f)(g)
Oswald, Joseph Paul (RES)	2159 Sugartrce Dr., Pittsburg	10/15/84	490, 10177(b)(1)
Mosher, George Edwin Jr. (REB)	12605 Poway Rd., Poway	10/16/84	2830, 2832, 10145, 10176(i), 10177(d)
Pratt, James Phillip (REB)	64 Laverne, Clovis	10/22/84	490, 10177(b)
Klaich, Ingrid A. (RES)	P.O. Box 6543, Laguna Niguel	10/23/84	490, 10177(b)
Brown, Robert Daniel (REB)	2205 S. Bascom Ave., Campbell	10/23/84	490, 10177(b)
Castro, Ralph Landeros (REB)	2641 Fresno St., Fresno	10/26/84	10176(i), 10177(g)
Ballesteros, Victor Manuel (RES)	9559 Burma Rd., Pico Rivera	11/1/84	490, 10177(b)
Boles, Lenny A. (RES)	1247 E. Mesa, Fresno	11/5/84	10176(a), 10177(g)
Avol, Phil (RES)	4645 Van Nuys Blvd., Sherman Oaks	11/6/84	490, 10177(b)
Schilling, Lillian Ann (REB)	8059 Broadway, Lemon Grove	11/6/84	2731, 2831, 10176(a)(e)(f)(j), 10177(d)(g)
Shevchenko, David Wayne (RES)	2277 Fair Oaks Blvd., #405, Sacramento	11/6/84	10130, 10145, 10177(d)(g)
Christoph, Robert Joseph (RES)	2280 Pitasant Valley Rd., Placerville	11/19/84	10177.5



LICENSES REVOKED WITH STAYS

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
*Bode, Arthur John (REB)(REO) (Stayed for 3 years on terms and conditions)	7795 Otto St., Downey.....	6/7/84	10176(g), 10177(g)

LICENSES SUSPENDED

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Zuckerman, Allan A. (REB)	1650 Los Angeles Ave., Simi Valley	9/4/84 (30 days)	10177(h)

LICENSES SUSPENDED WITH STAYS

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
*Day, Dorothy Mae (REB)..... (All but 15 days stayed for 1 year on terms and conditions)	8660 Fairmont Way, Fair Oaks	8/28/84 (30 days)	10177(g)
*Miller, Murray Lee (RES)..... (All but 15 days stayed for 1 year on terms and conditions)	3682 Sudor Ln., Loomis	8/28/84 (30 days)	10177(g)
*Wood, Sterling Mae (REB)..... (All but 15 days stayed for 1 year on terms and conditions)	7 Park Center Dr., Sacramento	8/28/84 (30 days)	10177(g)
Hooker, Alice Ellison (REB)(REO)..... (All but 30 days stayed for 1 year on terms and conditions)	9724 Carmel Mountain Rd., San Diego	9/1/84 (60 days)	10177(h)
Kerwin, David Sylvester III (REB)..... (May be stayed after 30 days)	5120 Campbell Ave., #115, San Jose	9/18/84 (until 5/19/85) 9/27/84 (30 days)	2715, 10162, 10177(d)
Fritz, Donald Jacob (REB)..... (All but 15 days stayed for 1 year on terms and conditions)	9914 Jetmar Way, Elk Grove	9/27/84 (30 days)	10176(a)(i)
Hooker, Joe Rice (REB)(REO)..... (All but 30 days stayed for 1 year on terms and conditions)	5350 Balboa, San Diego.....	10/1/84 (60 days)	10177(g)
Castillo Realty, Inc. (REC)..... (Stayed for 1 year on terms and conditions)	3080 E. Florence Ave., Huntington Park	10/16/84 (180 days)	2785(a)(3), 10176(a), 10177(g)
Castillo, Juana H. (REB)(REO)..... Off-Castillo Realty, Inc. (Stayed for 1 year on terms and conditions)	3080 E. Florence Ave., Huntington Park	10/16/84 (180 days)	2785(a)(3), 10176(a), 10177(g)
Fox, Fredrick Joseph (REB)(REO)..... (All but 45 days stayed for 1 year on terms and conditions)	16102 Fame Cir., Huntington Beach	11/13/84 (60 days)	11010, 11013.2, 11018.2, 10177(d)
Bade, Donald D. (REB)(REO)..... (All but 45 days stayed for 1 year on terms and conditions)	8 Heritage Ct., Atherton	11/13/84 (60 days)	11010, 11013.2, 11018.2, 10177(d)
Eddy, Marianne Regina (REB)(REO)..... (All but 30 days stayed for 2 years on terms and conditions)	7780 Girard Ave., La Jolla	11/15/84 (120 days)	11077(a)(X)

LICENSES SUSPENDED INDEFINITELY

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Perry, Robert Howard (REB)..... (May be stayed after 30 days on condition)	460 La Canada, Oxnard.....	10/16/84 (Indef.)	10162, 10165, 10177(d)

(Continued on Page 5)

CONSOLIDATION OF DRE'S TWO SACRAMENTO OFFICES



Shown in the final stages of development is the new site of the Department of Real Estate in Sacramento. DRE is consolidating the operations of its Principal and Subdivision Offices into one building located at 2201 Broadway. The new quarters are situated adjacent to I-80 (Business), providing better access to licensees, DRE staff, and the public. The anticipated date of occupancy is sometime this Spring.

CLARIFICATION

In the Winter 1984 *Bulletin*, an entry reporting the revocation of the corporate real estate broker license of Allstate Investment Corporation included a sub-entry indicating corporate-officer status of Vincent Earl Brown.

Mr. Brown was not a broker-officer for the corporation at the time of the revocation of its license nor has any disciplinary action been made effective against the individual real estate broker license of Vincent Earl Brown.

OUR APOLOGIES

In the Winter 1984 *Bulletin*, DRE erroneously identified the license status of a disciplined real estate broker as an officer of Prospectors Realty, Inc. of Gilroy.

No disciplinary action has ever been taken by DRE against Prospectors Realty, Inc., nor against any individual broker while acting on behalf of Prospectors Realty, Inc.

DRE regrets the error and any embarrassment that it may have caused to current officers and employees of the corporation.

New Job Titles At DRE

Those employees of the Department formerly classified as Real Estate Specialists and Real Estate Managers now have new job titles which we believe will be of interest to our readers.

Real Estate Specialists are now classified as Deputy Commissioners I, II, III and IV. Deputy Commissioner I, which includes three experience levels, covers entry through the first journey level. Deputy Commissioner II is the full journey level in all program areas. Deputy Commissioner III positions usually handle highly technical or sensitive activity such as time-share subdivisions, mortgage loan broker advertising and as lead person on the more complicated investigations. At this time, the Department has no filled Deputy Commissioner IV positions.

Real Estate Managers are now classified as Managing Deputy Commissioners I, II, III and IV. Managing Deputy Commissioner I is the first supervisory level. These positions are located in the larger regulatory district offices and the subdivision processing offices in Los Angeles and Sacramento. The Managing Deputy Commissioner II is usually in charge of the Department's smaller district offices or assigned to licensing, examinations and education in Sacramento. Managing Deputy Commissioner III is in charge of the larger district offices and the subdivision processing offices in Los Angeles and Sacramento. The Managing Deputy Commissioner IV positions are the managers in charge of the Northern and Southern Regulatory Regions, the manager of subdivision policy and technical matters, the mortgage lending activities manager, and the manager of licensing and examination operations.



Notes from Licensing



Larry W. Smith



Thomas R. Hensley

Smith Named Mortgage Lending Activities Manager

In furtherance of his cross-training program, Commissioner Edmonds has assigned Larry W. Smith as DRE's Mortgage Lending Activities Manager, which position was formerly held by John R. Liberato. (See related article on Page 1.)

Prior to this assignment, Smith was Managing Deputy Commissioner IV of DRE's Licensing, Examinations and Education programs. He began his career with the Department in 1966, and has also served in the Regulatory and Publications sections.

Hensley Appointed Licensing and Education Manager

Thomas R. Hensley, a twelve-year veteran of DRE service, has been named as Larry Smith's replacement. Hensley will serve a limited-term appointment as Managing Deputy Commissioner IV of the Department's Licensing and Education programs.

In his new position, Hensley is responsible for the statewide licensing, examination, and education functions of the Department. He will also be involved with the forthcoming conversion of DRE licensing operations to the new super mini computer.

Fingerprint Processing Fee Increase

Effective January 1, 1985, the Department of Justice raised the fee to process fingerprint cards of real estate license applicants. The following fee schedule applies to all license applicants who passed their examination on or after January 1, 1985.

Fee Schedule	Salesperson	Broker
Real Estate License Fee	\$120.00	\$165.00
Fingerprint Processing Fee	\$ 19.00	\$ 19.00
TOTAL FEE	\$139.00	\$184.00

One classifiable fingerprint card (BID-7) and a fingerprint processing fee are required from every license applicant unless the applicant is currently licensed by DRE or the applicant was licensed by DRE during the past two years. **DRE**

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Adoption of Non-resident Statute

by
Lawrence J. Cannon
Managing Deputy Commissioner I
Sacramento Licensing Operations

On July 1, 1985, licensees who maintain a residence address outside of California may be affected by changes in Section 10151.5 of the Business and Professions Code. That is the day that the provisions of SB 1564 become effective.

On and after July 1, 1985, a licensee who is not a resident of California will not be able to apply for a new license or renew an existing

license, if the individual's state of residence does not allow California residents to qualify for and obtain a real estate license in that jurisdiction.

Currently nine states do not allow reciprocal license rights for California residents. If you are a resident of one of these states, barring any change in the provisions of the laws of these states concerning this matter before July 1, 1985, you will not be able to renew your real estate license on or after that date. Your correct residence address of record must be indicated at the time you file your renewal application. The states which currently fall into this category are Alabama, Alaska, Arizona, Florida, Hawaii, Mississippi, Montana, Nevada and New Hampshire.

In the Winter 1984 edition of the *Real Estate Bulletin*, information concerning this law

appeared in the Legislative Summary. Conflicting answers to questions regarding this law may have been provided, especially concerning renewing licensees who are currently residents of one of the nine states in question. However, the law does apply to original license applicants as well as renewing license applicants on and after July 1, 1985.

Licensed corporations may also be affected by this new law. If a corporation is originally registered outside of California in any of the nine states in question, it will be subject to the same restrictions on and after July 1, 1985, unless at least one of the licensed brokers/officers is a resident of California. The Corporation Officer Renewal Application (RE 207 and RE 207A) will be amended in the near future, and will include questions pertaining to this issue. **DRE**

Liberator (Continued from Page 1)

Liberator did his undergraduate work at California State University, Long Beach, and received a Juris Doctorate degree from Southwestern University School of Law. Liberator and his wife, Tina, have relocated to the

Sacramento area with their four-year-old son, Brent.

In his new position, Liberator will be working closely with the Commissioner, Department staff, and the real estate industry in fulfilling DRE's responsibilities to the public and the profession.

DRE

LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Name	Address	Effective Date	Violation Business and Professions Code Commissioner's Regulations
*Harlan, Barry Theodore (REB)(REO) Off Quick Rentals, Inc (Right to RREB license on terms and conditions)	4331 Tamoshanter, Tarzana	5 16 84	10167.9, 10167.9(b), 10167.10(b), 10167.12, 10177(d)(b)
*Brauninger, Norbert Theodore (REB) (Right to RREB license on terms and conditions)	5933 Balboa Ave., San Diego	5 24 84	10176(a), 10177(g)
*Truckson, Maria Magdalena (RES) (Right to RRES license on terms and conditions)	6083 Deleon Ct., San Diego	5 24 84	10177(g)
*Potter, Dana Lynn (RES) (Right to RRES license on terms and conditions)	11029 Cauby Ave., Northridge	7 3 84	10130, 10177(d)
*H & G Realty, Inc. (REC) (Right to RREC license on terms and conditions)	10146 Balboa Blvd., Granada Hills	7 3 84	10137, 10177(g)(b)
*Danz, John D. (REB) (Right to RREB license after 90 days on terms and conditions)	5311 Robinwood Rd., Bountay	7 19 84	2831, 10145, 10176(c)(1), 10177(d)
*Papay, John Henry (REB) (Right to RREB license on terms and conditions)	15945 Lasbitten St., Whittier	7 24 84	490, 10177(b)
*Dowrick, Kreg Paul (REB)(REO) Off H & G Realty, Inc (Right to RREB license on terms and conditions)	10146 Balboa Blvd., Granada Hills	8 2 84	10137, 10177(g)(b)
*Boschetto, Dominic Salvador (RES) (Right to RRES license on terms and conditions)	4757-49th St., San Diego	8 2 84	490, 10177(b)
*Lacey, Fred Henry Jr. (RES) (Right to RRES license on terms and conditions)	31601 S Coast Hwy., S. Laguna Beach	8 28 84	10177(d)(g)
*Rout, Richard W. (REB) (Right to RREB license on terms and conditions)	201 Oceano Ave., Santa Barbara	9 3 84	10176(a), 10177(g)
*Kasparian, Ara Januk (RES) (Right to RRES license on terms and conditions)	4342 Beverly Blvd., Los Angeles	9 4 84	10167.9(a), 10167.9(b)(6), 10167.10(a)(1), 10167.10(b), 10167.11, 10167.12, 10177(d)
*Kobahi, Sourabh (REB) (Right to RREB license on terms and conditions)	180 University Ave., Palo Alto	9 12 84	490, 10177(a)
*Karsk, Marshall Kang (REB)(REO) (Right to RREB license after 30 days on terms and conditions)	11 Lake Heix Dr., La Mesa	9 18 84	10177(j)
*Natzger, Dale Albert (REB) (Right to RRES license after 60 days on terms and conditions)	2528 Monterey Pl., Fullerton	10 9 84	490, 10237.4
*Ludlum, Alan Edward (REB) (Right to RRES license on terms and conditions)	89 Kings Oak Pl., Walnut Creek	10 15 84	490, 10177(b)(5)
*Castillo, Jose (RES) (Right to RRES license on terms and conditions)	3080 E Florence Ave., Huntington Park	10 16 84	2785(a)(3), 10176(a), 10177(g)
*Chesnut, Wayne Dean (REB) Off Wagon Train Realty, Inc (Right to RREB license on terms and conditions)	610 Pico, Ste B, Clovis	10 22 84	2731, 2832.1, 10145, 10176(a), 10177(d)(g)(b)
*Wagon Train Realty, Inc. (REC) (Right to RREC license on terms and conditions)	610 Pico, Ste B, Clovis	10 22 84	2731, 2832.1, 10145, 10176(a), 10177(d)(g)
*Kemp, Miles Guy (RES) (Right to RRES license on terms and conditions)	P.O. Box 8314, Rowland Heights	10 23 84	490, 10177(b)
*Goodwin, Sharon Lee (RES) (Right to RRES license on terms and conditions)	8745 Saints Way, Sacramento	11 6 84	490, 10177(b)
*Capital Investment Group, Inc. (REC) (Right to RREC license on terms and conditions)	2210 K St., 2nd Fl., Sacramento	11 6 84	2832.1, 10145, 10177(d)(g)
*Searmons, Robert Edmund (REB)(REO) Off Capital Investment Group, Inc (Right to RREB license after 60 days on terms and conditions)	2421 El Lago Way, Rancho Cordova	11 6 84	2832.1, 10145, 10177(d)(g)(b)
*Novina, Marie (RES) (Right to RRES license after 120 days on terms and conditions)	28031 Casabel, Mission Viejo	11 7 84	490, 10177(b)
*Juaréz, Sandra Lyne (RES) (Right to RRES license on terms and conditions)	P.O. Box 9106, Mammoth Lakes	11 12 84	490, 10177(b)
*Douma, Fred Duane (RES) (Right to RRES license on terms and conditions)	1321 W Orangeburg Ave., Modesto	11 13 84	490, 10177(b)
*Berez, Jerry (REB)(REO) Off Sherrock, Galtrated (Right to RREB license after 60 days on terms and conditions)	P.O. Box 99307, San Diego	11 20 84	10177(h)
*Bougeois, Ruberta Jean (RES) (Right to RRES license after 180 days on terms and conditions)	13 Lincoln Ct., Buena Park	11 20 84	490, 10177(b)
*Newton, Curtis John (RES) (Right to RRES license after 30 days on terms and conditions)	P.O. Box 178629, San Diego	11 20 84	2832.1, 10145, 10177(d)
*Goldfield, Stephen Gary (RES) (Right to RRES license after 60 days on terms and conditions)	98 Bell Canyon Rd., Bell Canyon	11 22 84	10176(a)
*Hanover Mortgage Incorporated (REC) (Right to RREC license after 60 days on terms and conditions)	15760 Ventura Blvd., Ste. 1902, Encino	11 27 84	10176(a)
*Williams, Elaine (RES) (Right to RRES license on terms and conditions)	7600 W Manchester Ave., #301, Playa Del Rey	11 29 84	490, 10177(a)

INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS

Name	Address	Date
*Golden State Home Loans (REC)	1213 A St., Hayward	8/8/84
Pieux, James Coleman (REB)	P.O. Box 5053, Phoenix, AZ	9/5/84
4our Star Investment Corp. (REC)	3450 Wilshire Blvd., Ste 901, Los Angeles	9/5/84
Love, Jac F. (REB)	531 North Hwy. 101, Solana Beach	9/5/84
Bunder, Sydney (RES)	16082 Bouaire Ct., Huntington Beach	9/7/84
Bell, Larry D. (REB)	1029-56th St., Sacramento	9/24/84
Vogel & Co. Realtors (REC)	1029-56th St., Sacramento	9/24/84
McLeod, Keith (REB)	P.O. Box 3215, Camarillo	10/10/84
Penz, Ismael (RES)	P.O. Box 1361, Citrus Heights	10/18/84
Kerr, Kathleen E. (RES)	2001Q McHenry Ave., Modesto	10/18/84
Ferran, Thomas F. (REB)	3745 Suffolk Dr., San Diego	10/18/84
Christoph, Robert Joseph (RES)	2280 Pleasant Valley Rd., Placerville	10/29/84
Atlas Mortgage Loan Co. (REC)	9837 Folsom Blvd., Sacramento	10/29/84
Klinge, Brian Foster (REB)(REO)	P.O. Box 6151, Stateline, NV	10/30/84
Brian F. Klinge & Associates, Inc. (REC)	P.O. Box 14287, South Lake Tahoe	10/30/84
American Oak Companies, Inc. (REC)	4250 Williams Rd., San Jose	11/21/84

Out-of-State Subdivisions

by
Carl Lewis
Managing Deputy Commissioner II
San Diego District Office
and
Harold McDonald
Deputy Commissioner III
Principal Office, Subdivisions

This article is intended to explain DRE's jurisdiction and procedures relative to out-of-state subdivisions proposed to be offered for sale or lease in California. All parenthetical references in this article are to sections of the California Business and Professions Code which can be found in the Real Estate Law book published by DRE.*

Basically, the proposed offering of an out-of-state subdivision must be found by DRE to be fair, just and equitable to California purchasers or lessees (Section 10238.4). When such a finding is made, DRE issues a Permit, which is similar to the Public Report issued for an in-state subdivision. Unlike the five year Public Report, the Permit is issued for one year. Like a Public Report, the Permit can be renewed if a proper application is made and fee paid prior to its expiration. A Permit is used because out-of-state subdivision interests are considered to be securities (Section 10249.2).

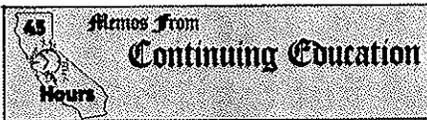
NO OFFERING CAN BE MADE IN CALIFORNIA OF SUBDIVISION INTERESTS LOCATED OUTSIDE OF CALIFORNIA UNLESS SUCH OFFERING IS PRECEDED BY DRE'S ISSUANCE OF A PERMIT COVERING THOSE SUBDIVISION INTERESTS (Section 10238.3).

Following are the basic steps which can culminate in a DRE finding that a particular out-of-state subdivision offering is fair, just and equitable:

1. Subdivider determines the type of subdivision involved:
 - a. standard (Section 10249.1);
 - b. common interest, not including a limited-equity housing cooperative (Sections 10249.1 and 11004.5);
 - c. timeshare (Sections 10249.1, 11003.5, and 11004.5);
 - d. undivided interest (Section 10249.1).
2. Subdivider obtains correct filing package from:

Department of Real Estate
Principal Office, Subdivisions
1719-24th Street
P.O. Box 160009
Sacramento, CA 95816
(916) 322-9741
3. Subdivider completes the application, assembles the necessary documentation and forwards the package and fee to DRE's Principal Office, Subdivisions. The current fee is \$1,600 plus \$10 per lot, unit or interest up to a maximum of \$7,500. Subdivider should consider employing an attorney who is experienced in subdivision processing to oversee this and any subsequent phases of the processing.

(Continued on Page 6)



by

Thomas L. Mabry
Managing Deputy Commissioner II
Education Section

Last year the long-anticipated continuing education testing requirement became a reality. It is believed California is the first state in the nation to require testing as a part of all continuing education offerings taken for license renewal credit.

With over 500 approved continuing education offerings in effect, the new testing requirement has called for what seems like endless DRE form changes, questions to be answered, new procedures to be developed, regulations to be adopted, etc. Listed below are questions and answers concerning the continuing education program which we hope will be of help to you.

Q. Didn't Senate Bill 332 (the bill that originated continuing education) contain a "sunset" provision that would end continuing education requirements at the end of 1984 unless new legislation was passed to continue the program?

A. Senate Bill 332 did contain a "sunset" provision; however, legislation (Senate Bill 1018) was subsequently enacted that not only extended the continuing education law for another four years (through December 31, 1988), but also made a number of changes in continuing education requirements.

Q. What are some of the changes brought about by Senate Bill 1018?

A. Primary among these new changes is some type of "testing" requirement for every approved continuing education course [Section 10170.4(e)]. In other words, every licensee will be subjected to a test, examination, or evaluation after completing a continuing education course. Such a "test" will be conducted by the course sponsor, not DRE.

Another major change involves the composition of the 45 clock hours that must be completed. Prior to January 1, 1985, the only requirement was to take a 3-hour ethics course and at least 42 hours in any other approved courses. Except for the ethics course, all continuing education courses were referred to as consumer protection type courses. The new law now permits an additional category of courses that are generally referred to as "consumer service"/"professional competence". It will be possible for licensees to attend a maximum of 21 hours of these kinds of courses (consumer service/professional competence) if so desired, with the balance in consumer protection (at least 21 hours in this category) and 3 hours of ethics. It should be made clear, however, that the total 45 hours of continuing education credit may be earned by completing the consumer protection and ethics types of offerings. Therefore, licensees who completed the 3-hour ethics course and the

remaining 42 hours in other courses prior to January 1, 1985 have fully met their renewal requirement, since all courses approved by DRE prior to January 1, 1985 are considered to be consumer protection courses. Of course, as with all continuing education credit, it must have been earned within the 4-year period immediately preceding the date the license is renewed. Course sponsors will be required to designate in which category their course was approved so when selecting a course, the licensee can be aware of the appropriate category.

Some of the other changes include:

- (1) No continuing education offering may be given for credit unless the sponsor has submitted to and received from DRE approval of both the offering and final examination.
- (2) All exams must be supervised and of the closed-book type.
- (3) Ninety percent attendance during instruction time (not exam time) is required in addition to successful completion of a final exam (score 70 percent or more) in order to receive continuing education credit.
- (4) Exam time is allowed as a part of the offering credit hours.
- (5) "Clock hours" means 50 minutes actually spent in any combination of presenting course content, seminar, conference discussions, workshop activities and testing.
- (6) Any proposed material change to an approved offering must be submitted by the sponsor to DRE for consideration and approval prior to use.

Q. Are there certain basic disclosures a sponsor should make known to a potential participant at a continuing education offering?

A. Before an applicant formally registers for an offering, the sponsor should make clear to the student:

- (1) The sponsor's policy regarding:
 - (a) attendance controls,
 - (b) refund of fee or portion thereof,
 - (c) re-examination policy,
 - (d) cancellation of offering;
- (2) prerequisites for admission or participation, if any;
- (3) final exam rules.

Prior to registering for any continuing education offering, you should also determine which category it is approved for as mentioned in the second question.

Q. I am enrolled in a continuing education "correspondence course". When I have completed all of the required assignments, may I name or suggest to the sponsor who I wish to administer (monitor) the final exam?

A. No. Sponsors of any continuing education course who arrange for testing to be conducted at a location other than their own place of business or by someone other than themselves must not allow the licensee to name or designate in any way the entity or person who administers the final exam.

DRE

Use of Interest-Bearing Trust Fund Accounts

by

W. Jerome Thomas
Chief Legal Officer

The first trust fund handling regulations adopted by the Department of Real Estate in 1950 specified that the trust fund account of a real estate broker had to be one that provided for "withdrawal of the funds without previous notice", a so-called demand account. While there have been changes in the terminology of the regulation in the intervening 35 years, the basic requirement that a broker's trust fund account be a demand account has not changed. This regulation has precluded brokers from maintaining trust funds in interest-bearing accounts. Even in the case of interest-bearing checking accounts, depository institutions are authorized by the statutes

(Continued on Page 7)

Out-of-State Subdivisions

(Continued from Page 5)

4. DRE Deputy Commissioner reviews the application and issues a letter describing deficiencies, if any. A further review by DRE's Legal Section usually results in a second letter concerning deficiencies in legal documentation, especially if the project is a common-interest subdivision.
5. Provided the subdivider is making reasonable progress toward curing the deficiencies and it appears likely DRE will be able to issue a Permit, a Department appraiser will visit the subdivision. DRE Deputy Commissioner will advise the subdivider of the fee for this inspection (Section 10249.4). The fee covering all travel costs must be paid prior to the inspection.
6. DRE appraiser visits the subdivision to confirm an independent appraisal which must be submitted by the subdivider. DRE appraiser makes a finding as to whether or not the proposed prices for the subdivision interests meet the fair, just and equitable standard. If it is any type of common-interest subdivision, the DRE appraiser also reviews the budget for maintenance, repair and replacement of common area facilities.
7. Provided all deficiencies are cured and the offering is thus found to meet the fair, just and equitable standard, the Commissioner or his authorized representative signs a Permit authorizing the offering and sale or lease in California of the covered subdivision interests. Such offering is to be for not more than the prices approved by DRE.

After the Permit is issued, the subdivider may begin advertising and marketing the covered subdivision interests in California. The advertising must be submitted to DRE prior to use (Section 10237.7). Violation of the Permit requirement may result in administrative action (Section 10238.2) and/or criminal penalties (Section 10238.6).

DRE

*See Commissioner's Regulation 2790.7 for a complete listing of those sections of the Real Property Securities Dealers Law and the Subdivided Lands Law applicable to out-of-state subdivisions.

Trust Fund (Continued from Page 6)

and regulations under which they operate to require some advance notice of a depositor's intent to withdraw funds from the account. Under federal Regulation Q, passbook savings accounts, statement savings accounts, money market deposit accounts, NOW accounts and Super NOW accounts all constitute "savings deposits", and all "savings deposits" are subject to the requirement that the depository institution retain the right to insist upon seven days' notice prior to withdrawal by a depositor. Whether or not the institution imposes the notice-of-withdrawal requirement in its business practices is not the key question in deciding whether an account is a demand account. It is the fact that the institution has the authority to require notice that takes an account out of the demand account category.

Until January 1, 1985, Regulation 2830.1 was the only exception to the requirement that a real estate broker's trust funds be deposited into a demand account. Section 2830.1, however, applies only to those trust funds for the payment of property taxes, assessments or insurance held by a broker as the servicing agent for a mortgage loan on a 1 to 4 family dwelling. Regulation 2830.1 was adopted in 1980 for the benefit of those brokers servicing mortgage loans for lenders required by Civil Code Section 2954.8 to pay interest to obligors for funds impounded for the payment of taxes, assessments and insurance.

Effective January 1, 1985, the requirement that a real estate broker deposit trust funds into a demand account has been modified so that the owner of the funds in certain circumstances may earn interest on the funds in a broker's custody.

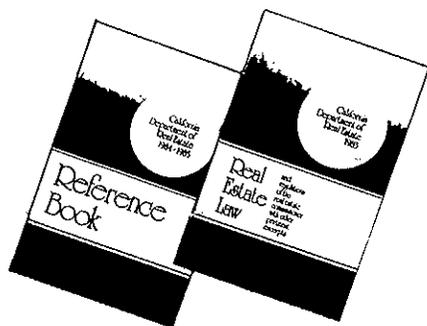
The restrictions on the establishment and use of interest-bearing accounts for trust funds held by a broker are:

- Use of an interest-bearing account must be requested or approved in advance by the person entitled to the funds.
- The account must be established in the name of the broker as trustee for the person entitled to the funds.
- The account must be one insured by FDIC or FSLIC in a bank or savings and loan association.
- A separate account must be established for each owner of funds for whom the broker has agreed to the use of an interest-bearing account. (One account may be used by a broker for the funds of a husband and wife community, joint tenants or at the specific request of any two or more persons who are joint parties to a transaction or otherwise claim joint ownership of the funds in the account.)
- The broker must make the following disclosures to the owner of the funds:
 - nature of the account.
 - how interest will be calculated and paid.
 - whether and by whom service charges will be paid to the depository institution.

- notice requirements or penalties for funds withdrawals.
- The broker may not benefit directly or indirectly from interest earned on the funds.
- In any executory (uncompleted) transaction in which a broker receives funds from one party to be delivered to another on consummation of the transaction, e.g., an earnest money deposit, the parties themselves must have agreed in writing on which party shall be entitled to interest earned on the funds.

Even if requested by the owner of the funds and even if all of the applicable conditions above are satisfied, a broker is not obligated to deposit trust funds into an interest-bearing account and probably will be reluctant to do so when the amount is small and/or the funds will be in the broker's custody for a short time. If the owner requests the use of an interest-bearing account, but the broker objects, the broker shall so advise the owner so that a different arrangement can be made with respect to the custody of the funds if the owner insists.

DRE will strictly construe the prohibition against a broker deriving any direct or indirect benefit from interest earned on the trust funds to preclude a broker from including interest on the trust funds as part of compensation for services to the owner of the funds or from otherwise tying interest earned on the trust funds to the broker's compensation for services.



Professional stature means experience and education. Real estate licensees today must have both a broad-based understanding of the many facets of real estate and a finely-tuned knowledge of their own specialty fields.

The newly-revised 1984-85 **Reference Book** is composed of 30 chapters devoted to such specific topics as agency, escrow, subdivisions, etc. and discusses subjects pertaining to judicial and trustee foreclosures, landlord obligations to tenants, effects of a cancelled escrow on a purchase contract, and truth in lending changes among many others. Also included are new pages with construction illustrations and terminology. A current edition of the **Reference Book** is a useful guide for both the novice and experienced professional.

The price of the 1984-85 **Reference Book** is \$10 plus tax. The 1983 **Real Estate Law** book, including the 1984 **Supplement**, is \$7 plus tax. Both prices include postage and handling charges. If the 1984 **Supplement** is purchased separately, the price is \$1 including tax, postage and handling charges.

A special 20% discount may be applied to the purchase of 25 or more copies of any one title. The 1984 **Supplement** when purchased separately is not subject to this special discount.

When ordering any of the described publications, please use the order form shown below. Personal check or money order payable to the Department of Real Estate is acceptable, but please do not send cash.

Make check or money order payable to:
DEPARTMENT OF REAL ESTATE

MAIL TO:
Department of Real Estate
Accounting Section
P.O. Box 160009
Sacramento, CA 95816

DO NOT SEND CASH.

Allow 4-6 weeks for delivery.

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YOUR ATTENTION, PLEASE

Page 7 of the *Supplement to 1983 Real Estate Law Book* indicates that Section 10233.1 of the Business and Professions (B&P) Code has been repealed. This may have led to some confusion. Chapters 854 and 881, Statutes of 1982, each added a different version of Section 10233.1 to the Real Estate Law. The version added by Chapter 854 was repealed (Chapter 443, Statutes of 1983).

Section 10233.1, added to the B&P Code by Chapter 881, Statutes of 1982, is still in effect. It appears on page 69 of the 1983 edition of the *Real Estate Law book*.

The text is reprinted below as a matter of convenience.

Broker Advancing Other Than Obligor's Funds

10233.1. If a real estate broker in servicing a real property sales contract or a promissory note secured directly or collaterally by a lien on real property for the mortgagee, beneficiary, or owner of the note or contract, causes funds other than funds received from the obligor of the note or contract to be applied toward a payment to protect the security of the note or contract being serviced, including the payment of debt service on an obligation secured by the same real property having priority over the mortgage or deed of trust securing the promissory note that the broker is servicing, the broker shall, not later than 10 days after making any such payment, give written notice to the mortgagee, beneficiary, or owner of the date and amount of payment, the name of the person to whom payment was made, the source of funds, and the reason for making the payment.

Limited Partnership Act

(Continued from Page 1)

- It is also necessary to file Certificates of Amendment, Certificates of Dissolution, and Certificates of Cancellation with the Secretary of State as outlined in the Revised Act. The Secretary of State has forms available for these filings. Fees are prescribed by statute.
- No limited partnership, foreign or domestic, may maintain any action, suit or proceeding in any California court until it has filed a Certificate of Limited Partnership or has registered to transact intrastate business with the Secretary of State.
- The Revised Act also sets forth several restrictions on the name that a limited partnership may use. New California limited partnerships formed on or after July 1, 1984 must include the words "a California limited partnership" at the end of their

names. Limited partnerships may not file or register with a name that is the same as or deceptively similar to either a reserved name or a previously filed or registered name. Additionally, the name of the limited partnership may not contain the words "bank", "insurance", "trust" or "trustee".

There are many and varied aspects of the new Revised Act, and individuals involved with limited partnerships may wish to consult with their own legal counsel about this legislation to ensure that they are complying with the law and to determine all of their rights, liabilities and responsibilities.

Questions and requests for forms should be addressed to:

Office of the Secretary of State
Limited Partnership Division
923 - 12th Street, 3rd Floor
Sacramento, CA 95814

Telephone: (916) 324-6769 

Carl Lewis Retires



Carl Lewis, a 23-year veteran of state service, recently retired as Managing Deputy Commissioner II of the DRE's San Diego District Office. Under his leadership, the San Diego office serves Riverside, Imperial and San Diego counties.

Lewis began his career with the state in 1962 as an investigator for the Department of Food and Agriculture in Santa Ana. He joined DRE as an auditor in 1977. One year later, he became a Deputy Real Estate Commissioner in DRE's Santa Ana District Office, and in 1980 was named manager of the San Diego office.

Born and raised in Santa Barbara, Lewis received his bachelor's degree in business administration from Woodbury College in Southern California. He served in the U.S. Navy during World War II. From 1946 through 1962, Lewis was employed as a sales representative and operated three businesses of his own. He was also a member of the Santa Ana Planning Commission for four years.

Lewis and his wife, Virginia, have five children and seven grandchildren. Mrs. Lewis retired last year after a 20-year career with the Auto Club of Southern California. DRE extends best wishes to them in all their future plans. 

Official Publication

CALIFORNIA DEPARTMENT OF REAL ESTATE
1719-24th Street
Sacramento, California 95816