

EDMUND G. BROWN JR., Governor

Summer 1975

# MOBILEHOME SALES

## CLOSING COSTS— HUD LAW

Editor's Note: The Department of Housing and Urban Development (HUD) has issued proposed regulations on the Real Estate Settlement Procedures Act which is discussed in the following article. Proposed regulations were open for public comment until March 20, 1975 and federal law allows 45 days thereafter before regulations become law. This bulletin does not carry the regulations which were not finalized when this bulletin went to press. HUD will make information booklets available concerning the act. Most likely the regulations will implement the Settlement Procedures Act and furnish the format to be followed by lenders in carrying out the requirements of the act.

\* \* \*

The need for disclosure of settlement (closing) costs to buyers and sellers in residential real property sales transactions is a subject that has been under consideration by the United States Congress for several years. Now, a federal law known as the *Real Estate Settlement Procedures Act of 1974* has been enacted with an effective date of June 20, 1975.

The act is applicable to any "federally related mortgage loan" on residential real property of one to four units. The term "federally related" includes any loan made by an institution whose deposits are insured by the federal government.

### Information Booklet

The Secretary of Housing and Urban Development is charged by the act with preparing and distributing information booklets designed to help borrowers of mortgage money to better understand the nature and costs involved in the closing process. The

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Beginning July 1, 1975, real estate brokers and salesmen will be authorized to engage in selling or purchasing, offering to sell or purchase, soliciting purchasers of, soliciting the obtaining of, or negotiating purchase, sale or exchange of certain mobilehomes registered with the DMV for at least one year. In addition to being registered for at least one year, transferred by **A NEW VENTURE** mobilehomes real estate licensees under the Real Estate Law are vehicles designed and equipped for human habitation which are greater than (1) eight feet in width and (2) 40 feet in length.

Because the sale of a mobilehome (personal property) is unlike the sale of real property in many respects, a whole new field of rules and regulations must be learned before the real estate agent ventures in mobilehome sales. For the first time, the Real Estate Law specifically limits the place of business of the real estate broker. He may not have his office (place of business) where two or more mobilehomes are displayed and offered for sale by him unless he is also licensed as a vehicle dealer. He would, however, be allowed to use a single mobilehome, or trailer, as his office, which many brokers do in new subdivisions.

### Advertising

In addition to the office location, length of time registered and mobilehome size, the Real Estate Law has restrictions with regard to mobilehome advertising. The Real Estate Law makes it unlawful for a real estate licensee, acting as a mobilehome agent, to advertise or offer for sale in any manner any mobilehome unless it is either in

place on a lot rented or leased for human habitation within an established mobilehome park, or on a separate site properly zoned for the presence of a mobilehome. (A mobilehome park is an area or tract of land where one or more mobilehome lots are rented or leased to accommodate mobilehomes used for human habitation or in a location where its continued use is authorized for a period of at least one year.)

Since the real estate licensee can only engage in mobilehome activities where the unit has been registered with DMV for at least one year, he must ascertain its registration status prior to accepting a listing. For example, a mobilehome

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**REAL ESTATE BULLETIN**

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Vol. 35, No. 2 Summer 1975

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**Disciplinary Action—January—March 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
*Stern, Barry G. (REB)	P.O. Box 69400, 6380 Wilshire Blvd., Los Angeles	8/30/74	10176(a)(b)(i), 10177(f)(i)
*Chapa, Arnulfo (REB)	2514 E. 1st St., Los Angeles	12/17/74	10145, 10176(c)(i), 10177(d)
Sheffield, Keith (REB)	275 Valjejo Dr., Millbrae	1/2/75	10145, 10176(a)(c)(i), 10177(b)(d)(f)
Hunt, Bernadette Lynne (RES)	7421 Lankershim Blvd., N. Hollywood	1/7/75	10177(b)
Sobel, Edwin Stewart (RES)	258 N. Clark Dr., Beverly Hills	1/7/75	10177(b)
Schnekrut, Irwin Robert (REB)	9046 Vista Grande, Los Angeles	1/8/75	10176(a)(b)(i)
Db a I. R. Snow			
Christiansen, Rolf William (RES)	3894 Pepper Tree Ln., San Bernardino	1/14/75	10145, 10176(c)(i), 10177(d)
Fitzgerald, James Edward (RES)	15122 Eastvale Rd., Poway	1/15/75	10177(b)(f)
Reed, William Henry (RES)	721 River Park Dr., San Jose	1/15/75	10177.5
Curran, Ronald Wesley (REB)	12881 Knott Ave., Ste. 210, Garden Grove	1/30/75	10177(d), 10270, 10271
Millar, Gerald Alfred (REB)	5578 E. Ocean, Long Beach	2/4/75	10177.5
Eggers, Dennis Paul (RES)	331 E. 20th, Tracy	2/11/75	10177(b)
Hunsaker, Daniel McFarland Jr. (RES)	4934 Cooper, Tucson, Arizona	2/13/75	10177(b)
Chance, Conrad (REB)	349 Martens Ave., Mountain View	2/14/75	10177(b)(f)
Hatten, Ben Simpson (RRES)	215 Southwood Dr., Scotts Valley	2/14/75	10177(k)
Clancey, Patrick William (RES)	302 Easy St., #44, Mountain View	2/25/75	10177(b)
Lynch, Charles A. (RES)	1011 Ygnacio Valley Rd., Walnut Creek	2/25/75	10177(b)
Murray, Richard Neil (REB)	1 City Blvd. West, Ste. 718, Orange	3/4/75	475, 490, 10177(b)
(REO) Officer—Newport Equity Corporation			
Officer—Orange Centre Realty Corporation			
Lowder, Charles Allen (RES)	3413 San Pablo Ave., San Jose	3/5/75	10177(b)

**LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Davis, Christopher Louis (RES)	14371 W. Bloss, Delhi	12/17/74	10177(d), 11010, 11018.2
(Right to RRES license after 30 days on terms and conditions)			
*Davis, Ora Mae (REB)	14371 W. Bloss, Delhi	12/17/74	10177(d), 11010, 11018.2
(Right to RREB license after 30 days on terms and conditions)			
*Sandoval, Kenneth James (RES)	2720 Cardillo Ave., Hacienda Heights	12/17/74	490, 10177(b)
(Right to RRES license on terms and conditions)			
*Loney, George Arthur (RES)	2635 Hammer, Norco	12/21/74	10177(d), 11010, 11018.2
(Right to RRES license after 90 days on terms and conditions)			
*Fisher, Larry Jack (REB)	3817 32nd St., San Diego	12/31/74	10177(d), 11010, 11018.2
Db a Landco			
(Right to RREB license on terms and conditions)			
*Moncharsh, Robert William (RES)	517 Begonia, Corona Del Mar	12/31/74	10177(b)
(After 60 days, right to RRES license on terms and conditions)			
*Parkhurst, Don Wallace (REB)	3817 32nd St., San Diego	12/31/74	10177(d), 11010, 11018.2
(Right to RREB license on terms and conditions)			
Capparelli, Peter Charles (RES)	903 S. Pacific Coast Hwy., Redondo Beach	1/7/75	10177(b)
(Right to RRES license on terms and conditions)			
DelValle, Charles Gonzalez (REB)	2615 Camino Del Rio South, San Diego	1/14/75	11010, 11018.2, 10177(d)
(Right to RREB license on terms and conditions)			
Dyer, Nicholas Lane (REB)	5015 W. Washington Blvd., Los Angeles	1/14/75	10177(b)
(Right to RREB license after 30 days on terms and conditions)			
Gould, Robert (REB)	280 S. Beverly Dr., Beverly Hills	1/14/75	10177(d), 11010, 11018.2
(Right to RREB license on terms and conditions)			
Reed, Sylvia LaFern (REB)	945 S. Bascom Ave., San Jose	1/15/75	10177.5
(Right to RREB license on terms and conditions)			
TerBorch, Kenneth Mortenson (RES)	11722 Foster Rd., Rossmore	1/15/75	10177(b)
(Right to RRES license on terms and conditions)			
Rankin, Richard Emerson (RES)	2550 Pacific Coast Hwy., Torrance	1/21/75	490, 10177(b)
(Right to RRES license after 60 days on terms and conditions)			
Wadley, Paul William Jr. (RES)	7675 Westminster Ave., Westminster	1/23/75	10177(b)
(Right to RRES license after 30 days on terms and conditions)			
Bray, Edith Cleone (RES)	2814 Portola Dr., Costa Mesa	1/28/75	10177(b)
(Right to RRES license on terms and conditions)			
Selly, Bert (REB)(REO)	7380 Clairemont Mesa Blvd., Ste. 110, San Diego	2/11/75	11000, 11010, 11018.2
Officer—Liberty Land Company	472 Mission Valley Center West, San Diego		
Officer—The Real Exchange Corp.	2000 N. Camino Del Rio, San Diego		
(Right to RREB license after 30 days on terms and conditions)			
White, Maury M. (REB)(REO)	15910 Ventura Blvd., Ste. 1101, Encino	2/11/75	10177(b)
Officer—Maury White Realty	1380 Garnet Ave. Ste. P, San Diego		
Db a International Realty			
(Right to RREB license after 90 days on terms and conditions)			
Stewart, Hubert E. (REB)	1053 Skylark Dr., La Jolla	2/13/75	10176(c)(i), 10177(d)(i)
(Right to RREB license on terms and conditions)			
Crumpley, Wayne E. (REB)(REO)	6111 Rampart Dr., Carmichael	2/19/75	10177.5
Officer—Wayne E. Crumpley and Associates, Inc.			
Officer—California Financial Enterprises, Inc.			
Officer—Cabrillo Financial Corporation			
(Right to RREB license on terms and conditions)			
Meredith, James Stanley (RES)	8671 Wilshire Blvd., 7th Floor, Bev. Hills	2/26/75	490
(Right to RRES license on terms and conditions)			
Scheidlinger, Max (REB)(REO)	4465 Mission St., San Francisco	2/28/75	10176(a)(b)(i), 10177(f)(i)
Officer—Embassy Realty, Inc.			
(Right to RREB license on terms and conditions)			
Smith, Albert Howard (REB)	205 So. Imperial, Brawley	3/4/75	10177(d), 11010, 11018.2
(REO) Officer—Smith-Carter Real Estate, Inc.			
(Right to RREB license on terms and conditions)			
Goehring, Charles Jerome (RES)	200 W. Lake St., Mt. Shasta	3/5/75	10176(a)
(Right to RRES license on terms and conditions)			

**LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE—Continued**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
Cruz, Abdon Anthony (REB)(REO) Officer—Hacienda Los Angeles, Inc. (Right to RREB license after 30 days on terms and conditions)	16957 Encino Hills Dr., Encino	3/13/75	11000, 11010, 11018.2
Pinkerton, Susan Kay (RES) (Right to RRES license on terms and conditions)	18330 Kingsdale, Redondo Beach	3/17/75	475, 490
McLaughlin, John Edward Jr. (RES) (Right to RRES license after 120 days on terms and conditions)	1495 Meadow Rd., El Cajon	3/18/75	10176(a)(i), 10177(f)
Minks, Evelyn Sippert (REB) (Right to RREB license on terms and conditions)	7828 E. 14th St., Oakland	3/18/75	10176(c), 10177(d)
Hodge, Bernard Earle (RES) (Right to RRES license on terms and conditions)	1943 W. Highland Ave., San Bernardino	3/19/75	475(b), 490, 10177(b)
Owens, Robert Lee (REB) (Right to RREB license on terms and conditions)	3134 Sacramento St., Berkeley	3/25/75	10177(d)(g), 10240, 10241(b), 10242(b)(c), 10244
Davis, Raymond Eugene (RES) (Right to RRES license on terms and conditions)	40777 Grimmer Blvd., Fremont	3/26/75	10176(c), 10177(d)(f), 11012, 11013.2

**LICENSES SUSPENDED**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Goodman, Jack Lloyd (RES)	1907 Mangrove Ave., Chico	12/21/74 120 days	10177(d), 11010, 11018.2
*Olson, Gerald Edward (RES)	#6 Rosemary Circle, Chico	12/21/74	10177(d), 11010, 11018.2
Turner, James Harold (REB)	6300 Wilshire Blvd., Los Angeles	1/14/75 60 days	10145, 10176(e)(i), 10177(d)
Ismailoff, Nina (RES)	222 Meda Ln., Mill Valley	1/16/75 90 days	10177(b)
Thurston, Paul James (REB)	17729 Bear Creek Rd., Boulder Creek	2/19/75 30 days	10162, 10177(d)
Alex, Clarence Joseph (RREB)	983 23rd St., Richmond	3/20/75 10 days	10162, 10177(k)
Orput, Fred Taft (RES)	20552 Crawford Dr., Sunnyvale	3/20/75 30 days	10177(b)
Uischner, Charles Walter (RES)	4018 Roland Dr., Concord	3/26/75 1 year	10176(c), 10177(d)(f), 11012, 11013.2

**LICENSES SUSPENDED WITH STAYS**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Stitch, Alvin Robert (REB)(REO) Officer—A & R Real Estate Development Co. (Stayed for 2 years on terms and conditions)	1359 Del Norte Rd., Camarillo	11/ 6/74 90 days	10177(b)
*Goodman, Betty Lou (REB) (All but 10 days stayed for 2 years on terms and conditions)	1907 Mangrove Ave., Chico	12/21/74 90 days	10177(d), 11010, 11018.2
*Loney, Mary Kathleen (REB) (All but 10 days stayed for 2 years on terms and conditions)	2635 Hamner, Norco	12/21/74 90 days	10177(d), 11010, 11018.2
Bullock, Ray Thomas (REB) (After 30 days, may be stayed on condition)	400 W. Foothill, #119, Glendora	1/ 7/75 to & incl. 5/ 6/75	10162, 10165, 10177(d)
Garofla, Donna Rosemarie (REB) (REO) Officer—Rental Finders Realty (Stayed permanently)	2759 El Camino Real, Redwood City	1/ 9/75 30 days	10143, 10177(d)
Liu, Tommy Jr. (REB)(REO) Officer—Rental Finders Realty (Stayed permanently)	2759 El Camino Real, Redwood City	1/ 9/75 30 days	10143, 10177(d)
Rental Finders Realty (REC) (Stayed permanently)	2759 El Camino Real, Redwood City	1/ 9/75 30 days	10143, 10177(d)
Arnold, Gary James (REB) (Stayed permanently)	41300 Fremont Blvd., Fremont	1/28/75 30 days	10176(a)(i), 10177(f)(i)
Lynch, John Richard (REB) (Stayed permanently)	38665 Fremont Blvd., Fremont	1/28/75 30 days	10176(a)(i), 10177(f)(i)
Bodden, Edward Michael (REB) (After 30 days, may be stayed on conditions)	1176 Boulevard Way, Walnut Creek	2/27/75 to & incl. 1/11/76	10162, 10177(d)
Webster Wiley Co. (REC) (All but 45 days stayed for 2 years on terms and conditions)	1502 Huntington Dr., S. Pasadena	3/10/75 90 days	10177(d), 11012, 11013.2
Wiley, Webster Goodall Jr. (REB) (REO) Officer—Webster Wiley Co. (All but 45 days stayed for 2 years on terms and conditions)	1119 Foothill Blvd., La Canada	3/10/75 90 days	10177(d), 11012, 11013.2
Arends, Paul William (RES) (Stayed for 1 year on conditions)	1208 Mangrove Ave., Chico	3/11/75 30 days	10177(d)
Horning, Melvin Harold (RES) (Stayed for 1 year on conditions)	660 Manzanita Ct., Chico	3/11/75 30 days	10177(d)
Santos, Jacqueline K. (RES) (Stayed for 1 year on conditions)	P.O. Box 321, Chico	3/11/75 30 days	10177(d)
Vietti, Robert Charles (RES) (Stayed for 1 year on conditions)	P.O. Box 1038, Chico	3/11/75 30 days	10177(d)
Vanderlip, Manford Jerome (REB) (All but 60 days stayed for 5 years on terms and conditions)	P.O. Box 609, 6500 Morro Rd., Atascadero	3/24/75 180 days	10176(a)(g)(i)
Lem, Bill (REB)(REO) Officer—Sun Yat-Sen Housing, Inc. (Permanently stayed)	831 Webster St., Oakland	3/25/75 10 days	10145, 10176(c), 10177(d)(f)
Ritchie, Robert Kenneth (RRES) (After 30 days, may be stayed on condition)	11438 Hayford St., Norwalk	3/31/75 to & incl. 11/23/76	10177(k)

**INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS**

Name	Address	Date	Fund Payout
Oren Enterprises, Inc. (REC)	4019 W. Magnolia Blvd., Burbank	1/21/75	
Western Management Services, Inc. (REC)	4019 W. Magnolia Blvd., Burbank	1/21/75	\$9,500.00
Wilton Associates, Inc. (REC)	6087 Sunset Blvd., Hollywood	1/21/75	
Johnson, Glenn Alden (REB)	4230 Los Coches, Sacramento	3/ 5/75	5,416.00

# Things And People...

*Did you ever miss the plane . . . or the train, or boat, or how about the Real Estate exam? After you studied diligently, sat for hours on a hard chair answering what seems like thousands of questions, you receive a card from the DRE that says you missed the exam by only a few points.*

—Can my score be raised by a couple of points?

—How can you say I'm not qualified when I only missed passing by a few points?

—I should get some extra points because some of the questions weren't very good.

—I missed some of the questions because I was nervous.

—Your computer is wrong!

—What's wrong?

These are some of the questions (pleas) and comments that are received by the DRE after an examination. It's only natural to feel badly when learning of a score so close to passing. But—like your arrival at 8:01 a.m. to see the 8:00 a.m. plane taking off without you, the facts remain that the examination was also missed and, it's better to be preparing to make the next one for sure.

\* \* \* \*

*Know who the chief examiner is for the DRE? He's Lee Sida, Chief Deputy in charge of examinations. He is a twenty year veteran in the Department. His staff administers over 50,000 license examinations each year.*

\* \* \* \*

*There are now nine jurisdictions which participate in the multi-state examination. The state of Alabama is the latest participant. The others are: California, Colorado, Washington, Oregon, Utah, Idaho, Georgia and Guam.*

## MOBILEHOMES . . .

(Continued from page 1)

owner should be asked by the agent to furnish his registration certificate.

Additional advertising provisions are set forth below. A violation of any advertising provisions of the mobilehome act would jeopardize the license of the agent.

### IT IS GROUND FOR DISCIPLINE IF THE REAL ESTATE AGENT:

- Fails to withdraw any advertisement of a mobilehome for sale, lease or exchange within 48 hours after receipt of notice that the mobilehome is no longer available for sale, lease or exchange. The law does not specify that

### NEW EXAM SUBJECTS

Because of several recent statutory changes which will affect real estate licensees, applicants will find some new test questions added to the license examinations in the near future.

New subjects are: Real Estate Settlement Procedures Act of 1974; Mobilehome Laws and Regulations (both subjects reported in this Bulletin) and Pest Control Changes (see Spring '75 Bulletin, p. 3).

a reason be given by the mobilehome owner. (Ads for non-existent motor vehicles were a substantial abuse in the past, leading to this specific restriction in the Vehicle Code. It has been carried over by the Legislature to apply to real estate licensees when selling mobilehomes.)

- Advertises or represents a mobilehome as a new mobilehome.
- Makes any representation that a mobilehome is capable of being operated as a vehicle on California highways if the mobilehome does not meet all of the equipment requirements applicable to mobilehomes, e.g., lights, brakes, etc. Division 12 (commencing

with Section 24000) of the Vehicle Code sets out equipment requirements. The failure to disclose any material fact respecting such equipment requirements is also ground for disciplinary action.

A careful analysis of the provisions of Division 12 of the Vehicle Code (some 200 pages) is necessary to determine which of the sections are applicable to mobilehomes being towed on highways. If a licensee has need to know the equipment requirements specifically applicable to the transport of mobilehomes on highways, it might be wise to obtain such information at that time from the Highway Patrol. More on Division 12 later.

- Advertises or otherwise represents, or knowingly allows to be advertised or represented on his behalf or at his place of business, that no down payment is required in connection with the sale of a mobilehome when a down payment is, in fact, required and the buyer is advised or induced to finance such down payment by a loan in addition to any other loan financing the remainder of the purchase price of the mobilehome. (This, too, stems from a carryover in the Legislature of the thinking based on abuses which existed in the past in the sale of motor vehicles and mobilehomes. It places a burden upon real estate licensees which is not typical of restraints dealing with other aspects of residential sales.)

### OTHER GROUNDS FOR DISCIPLINE ARE:

- Fails or neglects to cause the proper endorsement, dating and delivery of the certificate of ownership of the mobilehome and, when having possession, fails to deliver the registration card to a transferee who is lawfully entitled to a transfer of registration. Except when the certificate of ownership is demanded in writing by a purchaser, the real estate licensee shall satisfy the delivery requirement of the Vehicle Code by submitting appropriate docu-

ments and fees to the Department of Motor Vehicles for transfer of registration in accordance with Sections 4456 and 5906 of the Vehicle Code and rules and regulations promulgated thereto.

- Includes as an added cost to the selling price of a mobilehome, an amount for licensing or transfer of title of the mobilehome as a vehicle, which amount is not due to the state unless, prior to the sale, such amount has been paid by the licensee (owner) to the state in order to avoid penalties that would have accrued because of late payment of such fees.
- Conceals any material fact or otherwise commits fraud in an application for registration of a mobilehome.

In short, the licensee who engages in mobilehome transactions must be very familiar with DMV requirements and particularly Division 12 of the Vehicle Code.

The real estate licensee must also have a working knowledge of the Health and Safety Code, beginning with Section 18000. This code gives authority to the Housing and Community Development Agency, Division of Codes and Standards, to develop rules and standards for mobilehomes. Information found in these 51 pages of the code pertain to occupancy, attachments to mobilehomes, accessories, waste discharge, plumbing, heating, electricity, alterations or conversions, insignia, fire prevention, enforcement and other things.

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### REAL ESTATE AGENT IMAGE STUDY

Now available for \$1.50 plus tax is a study titled *The Public Image of a Real Estate Agent . . . An Expanded Update*. The research study funded from Education and Research Funds, was prepared by B. E. Tsagnis, California State University, Fullerton. For your copy send request and check to DRE, 714 P Street, Sacramento, California 95814.

## MOBILEHOMES . . .

(Continued from page 4)

### Regulations of the Real Estate Commissioner

In order to implement the Real Estate Law sections pertaining to mobilehome sales, the Real Estate Commissioner has four regulations (expected to become effective July 1, 1975), which are Sections 2860, 2861, 2862 and 2863.

**Section 2860. Time of "sale" defined.** As used in this article and for purposes of applying Sections 10131.6 and 10131.7 of the Code:

- (a) When the transaction is to be consummated without an escrow the "sale" shall be deemed completed when the purchaser has paid the purchase price for the mobilehome or, in lieu thereof, has signed a purchase contract or security agreement and has taken physical possession or delivery of the mobilehome.
- (b) When the transaction is to be consummated through an escrow the "sale" shall be deemed complete upon the close of escrow.

**Section 2861. Notice of Transfer of Registration.** A real estate broker acting under authority of Section 10131.6 of the Code shall, not later than the end of the fifth calendar day after the day of sale of a mobilehome, not counting the day of sale, give written notice of the transfer to the Department of Motor Vehicles at its headquarters upon an appropriate form provided by the Department of Motor Vehicles.

**Section 2862. Submittal of Documents and Fees to Department of Motor Vehicles.** In those transactions where the certificate of ownership of a mobilehome is not demanded in writing by the purchaser, the real estate broker acting under Section 10131.6 of the Code shall submit the following to the Department of Motor Vehicles on behalf of the purchaser:

## ARE YOU PROPERLY ADVISING CONDOMINIUM UNIT PURCHASERS?

Subdivision laws and regulations are designed to apply to anyone who offers for sale five or more lots. The law also applies to owning two or more units in a condominium project when acquired for sale or lease.

Real estate licensees have a duty to disclose to buyers of two or more units that they are required to obtain a public report prior to offering one of two units, or more, for sale or lease.

Department of Real Estate investigations disclose many sales efforts, particularly in resorts, directed toward the sale of more than one condominium unit to a single purchaser. Some investors find it advantageous to own two units, one for personal use and the other as a rental. The subdivision laws and regulations applicable to condominium projects would apply to such owners when they offer one or more of the units for sale or lease for a period of over one year.

When a public report has been issued recently on an entire subdivision (or condominium project) it is usually a simple matter to obtain an amended public report. If considerable time has passed since the issuance of the last public report, then the owner of five lots (or two units) may find it more complex to meet the requirements for a public report for his lots/units.

- (a) All fees and penalties for transfer of registration of mobilehome within 20 days of the sale. (Whenever any application for a registration transaction is filed during the 60 days immediately preceding the expiration of registration of the mobilehome, the application shall be accompanied by the full renewal fee for the ensuing registration year in addition to any other fees then due and payable.)
- (b) The ownership certificate and last-issued registration card for the mobilehome along with any other supporting documents required by the Department of Motor Vehicles.
- (c) The use tax payable in the transaction.

**Section 2863. Use of Fictitious Name.** As used in Section 10177.2(a) of the Code, the term "fictitious name" does not include a fictitious business name registered by a licensee in accordance with Section 10159.5 of the Code.

### Failure to Comply with Law or Regulation

The commissioner may, upon his own motion, and shall upon the verified complaint in writing of any person, investigate the actions of any licensee, and he may suspend or revoke a real estate license at any time where the licensee in performing or attempting to perform any of the acts within the scope of Section 10131.6 has been guilty of any of the following acts:

- (a) Has used a false or fictitious name, knowingly made any false statement, or knowingly concealed any material fact, in any application for the registration of a mobilehome as a vehicle, or otherwise committed a fraud in such application.
- (b) Failed to provide for the delivery of a properly endorsed certificate of ownership of a mobilehome from the seller to the buyer thereof.

(Continued on page 8)

### RESEARCH REPORT AVAILABLE

*Recentralization—The Energy Crises as a Factor in Residential Location* by Peter Mlynaryk, California State University, Fullerton. Cost \$1.50 + tax—order from DRE, 714 P Street, Sacramento, CA 95814.

## CLOSING COSTS

(Continued from page 1)

settlement information booklets are to be distributed by HUD to all lenders who make federally related mortgage loans. The law further requires that each lender give a copy of the settlement information booklet to a loan applicant at the time that the loan application is submitted to the lender.

### Closing Cost Form

The act also requires that HUD develop a form for the itemizing of all closing costs imposed upon the borrower and seller to be used as the standard disclosure form in all transactions involving federally related mortgage loans. Any lender who agrees to make a federally related mortgage loan must provide a completed statement of closing costs to the prospective borrower, the prospective seller if any and to the federal agency not later than twelve calendar days prior to closing. This twelve-day requirement may be waived by the borrower or seller if the waiver is obtained in accordance with the terms and conditions prescribed by HUD regulations. If a lender fails to provide the disclosure required by the act, he may be liable to the borrower or seller for not less than \$500 plus court costs and attorney's fees incurred by the party alleging the failure to disclose.

### Real Estate Licensee's Note

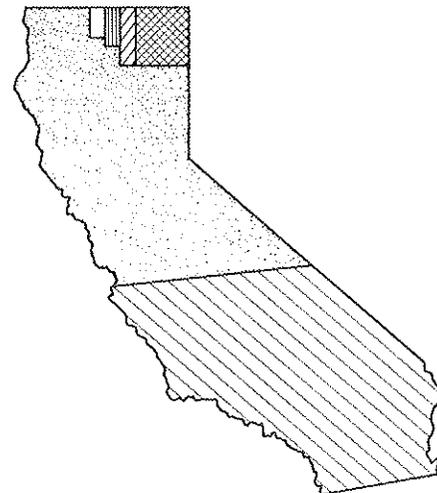
The act includes other provisions not directly related to the disclosure of closing costs. Under one of the sections, a lender is prohibited from making any commitment for a federally related loan on a residence, the construction of which was completed more than twelve months prior to the date of the commitment, unless the lender has confirmed that the following information has been given in writing by the seller or his agent to the prospective buyer:

- The name and address of the owner of the property.
- The date the property was acquired by the present owner.
- If the seller has not owned the property for at least two years before the date of the loan application and has not used the property as his place of residence, the date and price of the most

## Who Owns California?

If it were possible to lump together all the land owned by private parties, by the federal government, by the state, etc. and place them on a map of California, it would look something like this one. Perhaps a better perspective is gained in this manner of the land ownership division of California among government entities and private parties.

Ownership*	Acres*
Private .....	50,435,626
Federal .....	46,183,413
State .....	3,125,471
Cities .....	878,264
Counties .....	643,570
Other local .....	536,669



\* Source: Department of Parks and Recreation News and Views, August 1974.

recent arms-length purchase of the property and a description and a statement of the cost of improvements made to the property since the date of the last arms-length purchase.

If anyone knowingly furnishes false information to the buyer or otherwise willfully fails to comply with these disclosure requirements, he is subject to a fine of not to exceed \$10,000 or imprisonment for not more than one year, or both.

The act includes the following miscellaneous provisions of interest to real estate licensees:

- Kickbacks and other fees for referring business incident to a real estate closing service for a federally related mortgage loan are prohibited. Moreover, a charge made for the rendering of a service in the closing process may not be shared with another person except for services actually performed by that person.
- If a purchase is to be financed by a federally related mortgage loan, the seller of the property is prohibited from requiring as a condition to the sale of the

property that the buyer purchase title insurance from a particular company.

- Lenders making federally related mortgage loans are limited in the aggregate amount of the deposit that they may require from a borrower or prospective borrower for the payment of property taxes and casualty insurance premiums. This limitation is applicable to the deposit into an escrow account prior to the date of closing and to monthly payments by the borrower for the payment of taxes and insurance premiums.
- A lender may not make a federally related mortgage loan to an agent, trustee, nominee, or other person acting in a fiduciary capacity unless the identity of the person who will receive the beneficial interest of the loan is first revealed to the lender.
- A fee may not be charged by a lender for the preparation and submission of the settlement disclosure statement or the disclosure statement required by the Truth-in-Lending Act.

## REAL ESTATE ENDOWMENT ADVISORY COMMITTEE MEMBERS

Pursuant to 1973 and 1974 legislation real estate education endowment agreements have been completed with the Trustees of the State University and Colleges and the Board of Governors of the California Community Colleges.

Each agreement calls for the establishment of a committee to advise on the funding of projects and to conduct an annual review of those which receive funding.

### *CSUC Endowment Advisory Committee*

Real estate brokers Gary J. Herman of Los Angeles, William J. McGarvey of Fullerton and Morrell O. Moe of San Jose. Deans Robert O. Bess of the Chancellor's Office and Austin Gerber of CSU, Sacramento and Professor B. E. Tsagris of CSU, Fullerton.

### *Community College Endowment Advisory Committee*

Real estate brokers Richard G. Biglow of Castro Valley, Jerome Blank of Albany, Will Dodd of Los Angeles and Joseph Yousem of Los Angeles. William Allen, Educational Development Coordinator of Los Angeles Community College District, Dean Gervase E. Eckenrod of Fresno City College, Cecilia A. Hopkins, Real Estate Counselor at College of San Mateo, and Dr. Dale A. Miller, Superintendent/President Shasta-Tehama-Trinity Community College District.

A DRE representative will sit as a member of each committee. Anyone wishing to submit ideas relative to the endowments may send a letter to either or both committees or one or more members, care of Education Section, Department of Real Estate, 714 P Street, Sacramento, CA 95814.

### WARNING

Tougher auditing of your trust fund handling can be expected from the DRE. It will pay you to check your records and procedures before the auditor arrives!

## WHO SELECTS THE ESCROW?

The selection of an escrow agent in a real estate transaction is one of the terms of the contract subject to the meeting of the minds of the principals to the transaction. It is, however, not generally a critical term of the contract to either principal. As a consequence, it is not unusual for this decision to be made by an agent in the transaction with the consent of the principals.

There is nothing inherently wrong in the fact that an agent is the one who decides where the transaction will be escrowed. Problems may develop, however, when the licensee loses sight of the fact that the decision is his to make only if the principals have declined to express a choice, having been given an opportunity to do so. If the licensee erroneously believes that he has a vested, legal right to select the escrowholder, it can easily lead to a conscious or unconscious overreaching on his part. An example of such overreaching is the listing agreement containing a fine-print provision under which the owner purports to agree to the use of an escrow agent selected in advance by the listing broker. Such a provision—often overlooked by the owner when he signs the listing—may cause problems later when a buyer wants a particular escrow. It could cause a transaction to fail if the buyer and seller can not agree on the escrow.

### *Buyers Rights*

The rights of the buyer would be ignored if the following policy were adopted by a real estate multiple listing service:

"In the absence of a request by the seller, the listing office may select the escrow company. In the event the transaction concerns a guaranteed trade, the broker controlling the trade has the right to place the escrow, financing and title insurance."

A policy such as this may be perfectly acceptable where the purpose is to clarify the authority of the listing broker vis-a-vis the selling broker in the selection of an escrow agent, title insurer, etc. Oftentimes it operates to forestall disputes between agents on incidental matters which have been known to cause the collapse of real estate deals that were otherwise firm. On the other hand, the policy is completely objectionable where it operates to deprive one or both principals of the legal right to negotiate all of the terms of the contract between them.

### *Full Service*

The Real Estate Commissioner recognizes that many licensees pride themselves on offering full service—including an escrow service—to their clients. Clearly a plan or arrangement which contemplates providing such full service to the parties to a transaction is not per se illegal, unethical or improper. It may become objectionable—and conceivably the basis for disciplinary action by the department—if it usurps or ignores the rights of one or both of the principals, including the right to choose a mutually acceptable escrowholder.

## NARELLO Director

Donald M. Tallman, Chief Deputy, Education and Research, has been elected a member of the Board of Directors of the National Association of Real Estate License Law Officials for 1975 continuing a long tradition of activity of California in this national organization.

Serving as officers of NARELLO from California during the past twenty years have been former Real Estate Commissioners Dean Watson, Milton Gordon, Burton Smith and Robert Karpe, former Chief Deputy Director Donald McClure and Chief Deputy Director John Hempel.

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## MOBILEHOMES . . .

(Continued from page 5)

- (c) Has knowingly participated in the purchase, sale or other acquisition or disposal of a stolen mobilehome.
- (d) Has violated one or more of the terms and provisions of Division 3 (commencing with Section 4000), or Division 4 (commencing with Section 10500) of the Vehicle Code or Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code, or Chapter 2b (commencing with Section 2981) of Title 14 of Part 4 of Division 3 of the Civil Code; or a rule or regulation adopted pursuant thereto or pursuant to Section 1651 of the Vehicle Code.
- (e) Has submitted a check, draft, or money order to the Department of Motor Vehicles for any obligation or fee due the state and it is thereafter dishonored or refused payment upon presentation.

### Termination of Estates in Mobilehome Park

A tenant in a mobilehome park who has a tenancy in a mobilehome that cannot be legally moved without a permit may not normally have the tenancy terminated without written notice of not less than 60 days. Any purported waiver of the 60-day notice requirement by the tenant is declared by statute to be void as contrary to public policy.

### Park Management and Operation

Due to rapidly changing landlord/tenant relationships a licensee should consult his attorney in regard to the current law on termination of mobilehome park tenancies before advising a client who is interested in purchasing a mobilehome in a mobilehome park.

In general, the requirements for detailed disclosure in connection with the mobilehome sale are much more broad than those in connection with a typical sale of a single-family residence.

### NEW RESEARCH REPORT

A study entitled "A Vacancy Rate Estimation Model for Non-Metropolitan Areas" by Professor Robert Fischer and Kelly Black, Chico State University, is available from the DRE for \$1.50 plus tax.

A person contemplating entering the mobilehome sale market as an agent should familiarize himself with the local ordinances which apply specifically to the occupancy of mobilehomes. Since a large majority of occupied mobilehomes today are in mobilehome parks, rather than on individually owned sites, park rules can have a significant effect on the purchaser's rights to continue to occupy that site—and the site may have been a substantial inducement to purchase. Most mobilehome park rules and regulations are reduced to writing, and when securing a listing it would be wise to secure this information from the seller and obtain a copy of the park rules and regulations.

### Written Rental Agreement

It is important that written agreements be used in creating tenancies in spaces in mobilehome parks. With a written lease agreement, the chances for misunderstandings between landlord and tenant are substantially reduced.

It is also recommended that the park rules and regulations and pertinent sections of the Civil Code involving landlord/tenant rights and obligations be incorporated into the lease agreement.

Most local jurisdictions allow mobilehomes as a place of habitation in some fashion. Often the local jurisdiction only allows mobilehome uses on parcels of substantially larger size than those generally required for a single-family dwelling. Typical is that in many counties mobilehome uses are allowed only on parcels of ten acres or more—licensees should check carefully for the zoning requirements in their local jurisdiction.

One of the big markets for mobilehome subdivisions has been among the retired citizenry who generally desire less maintenance responsibilities and less space upkeep problems. It follows, then, that many of these subdivisions are planned developments or condominiums with the attendant involvement of property owners associations and the like.

### Summary

Real estate salesmen and brokers have been granted a new opportunity. A licensee's prospective future in the field of mobilehomes is limited, however, by the duty to familiarize himself with the many laws and regulations pertaining to mobilehomes.