



REAL ESTATE BULLETIN

EDMUND G. BROWN JR., *Governor*

Summer 1977

DAVID H. FOX, *Commissioner*

ANTI-DISCRIMINATION REGULATIONS

CAL-VET LOANS

As of May 1, 1977, the interest rate on all Cal-Vet loans will be reduced as follows:

- New loans reduced to 5.6%.
- Existing loans made prior to September 25, 1974, under the 1943 Farm and Home Purchase Act—4.4%.
- Existing loans made subsequent to September 25, 1974, under the 1974 Farm and Home Purchase Act—5.6%
- All contracts held by other than California veterans—7.6%

The basic contract term continues to be 25 years. All existing contracts will be reamortized within the remaining contract term. Most contract holders were given the option of a reduced installment or a shortened contract term due to the reduction in interest rate.

Secondary Financing

Secondary financing may now be permitted in connection with the original purchase of a Cal-Vet home under the following conditions:

- The Cal-Vet loan and the amount of secondary financing combined may not exceed 90% of the Department's estimate of value of the property.

- The amount of the secondary encumbrance may not exceed 50% of Cal-Vet loan amount.

- The combined average interest rate of the Cal-Vet loan and the secondary financing does not exceed the current Cal-Vet interest rate by more than 2%.

Since 1975 the provisions of Section 125.6 of the Business and Professions Code subject real estate licensees and any other person licensed under the Business and Professions Code to disciplinary action for engaging in specified discriminatory conduct. Examples include: refusal to perform licensed activity, aiding or inciting refusal to perform such licensed activity by another licensee, or making any discrimination, distinction, or restriction in the performance of licensed activities because of race, color, sex, religion or national origin.

To assist licensees in complying with the law, Commissioner Fox has, after full public hearings and due consideration, adopted detailed regulations spelling out prohibited

DISCRIMINATORY PRACTICES ... SPELLED OUT

conduct. These regulations have the full force and effect of law.

As of July 1, 1977, the department has added additional personnel to its anti-discrimination enforcement program. Every licensee is urged to make a careful study of these new regulations and to take appropriate measures for full compliance.

The regulations which implement and support Sections 125.6 and 10177 of the B & P Code are presented in full in this issue (centerfold). They are also included in the new *Real Estate Law* now available from the department (see article on page 7).

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- The purchaser's aggregate obligations are within his ability to pay and the secondary financing does not impair the Department's security interest in the property.

- Requests for Secondary Financing to be submitted to the Department with the application prior to the signing of an agreement to encumber the property or recording of the instrument securing the secondary financing.

Improvement Loans

Beginning May 1, 1977, improvement loans are available to veteran purchasers, surviving spouses, and

spouses of veterans killed or missing in action. Loans for improvements will be limited to: (1) Repairs or replacements necessary to conform

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REAL ESTATE BULLETIN

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

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

Disciplinary Action—January-March 1977

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

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 available for purchase from the Department of Real Estate at \$2.50 plus tax. Code sections summarized will vary from issue to issue as they will correspond with the particular disciplinary listings.

Business and Professions Code

- 490 relationship of conviction to licensed activity
- 10085 failure to submit to Commissioner advance fee agreements or advertising before using
- 10141.5 failure to record or deliver trust deed within one week
- 10145 trust fund handling
- 10146 failure to handle advance fees as trust funds or to furnish verified accounting to principal
- 10176(a) making any substantial misrepresentation
- 10176(b) making false promise
- 10176(d) failure to disclose dual agency
- 10176(e) commingling trust funds
- 10176(f) fraud or dishonest dealing in licensed capacity
- 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 salesmen
 - 10177(j) fraud or dishonest dealing not in licensed capacity
 - 10177.5 civil fraud judgment based on licensed acts
 - 10234 failure of broker to record trust deed in loan transaction or to cause recorded assignment of trust deed in sale of note secured by trust deed
 - 11012 material change in subdivision without notice
- Regulations**
- 2726 failure of broker to have written broker-salesman agreement with salesman
 - 2800 failure to notify Commissioner of change affecting value or utility of subdivision

- 2831 failure to maintain proper trust fund records
- 2831.1 failure to maintain separate records for each beneficiary and transaction
- 2832 failure to timely deposit trust funds
- 2900 use of document to be filled in after signing
- 2901 altering contract without consent of parties
- 2902 failure to give contract to signatory at time of signing same as B&P Code 10085
- 2970 use of unapproved advance fee agreements
- 2971 failure to provide proper accounting for advance fees
- 2972 failure to provide annual advance fee accounting to Commissioner
- 2974 failure to provide annual advance fee accounting to Commissioner

LICENSES REVOKED

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Richardson, Ray (RES)	5516 Huntington Ave., Richmond	5/12/76	10176(a) (i), 10177(d) (j), 2900, 2901, 2902
*Haan, Anthony Michael (RES)	2056 Wickshire, Hacienda Heights	12/21/76	10177.5
*Levin, David (RES)	645 S. Coast Hwy., Laguna Beach	12/21/76	490, 10177(b)
*Simpson, Romus Ray (RREB)	491 E. LaVerne Ave., Pomona	12/21/76	490, 10177(b)
*Fiedler, Allan R. (RES) (REB) (REO)	12445 Ventura Blvd., Studio City	12/29/76	490, 10177(b)
*Nelson, Wiley Christian (REB) (REO)	16800 S. Western Ave., Gardena	12/29/76	490, 10177(b)
*Berg, Charles (REB)	P.O. Box 4081, 1505 W. Warner, Santa Ana	12/30/76	490, 10177(b)
*Sherman, John Robert (RES)	518 1/2 Begonia, Corona Del Mar	12/30/76	490, 10177(b)
Ward, Jay Thomas (RES)	1587 San Elijo Ave., Cupertino	1/ 3/77	10176(e) (i), 10177(d)
Smith, John Lewis (REB)	705 N. Santa Fe Ave., Vista	1/ 4/77	490, 10177(b)
Dbas—Service Realty			
Camp, James Milton (REB) (REO)	1587 San Elijo Ave., Encinitas	1/ 6/77	10145, 10176(i), 10177(d)
Officer—Professional Realty & Mortgage Co.			
Officer—South Coast Mortgage, Inc.			
Joseph J. Thorman Development (REC)	P.O. Box 305, 4900 Somerset, Buena Park	1/ 6/77	10176(i)
Dbas—Trust Realty			
Newton, John Henry (REB)	2132 Daniels Ave., W. Covina	1/ 6/77	490, 10177(b)
Professional Realty & Mortgage Co. (REC)			
South Coast Mortgage, Inc. (REC)	2141 El Camino Real, Ste. J, Oceanside	1/ 6/77	10145, 10176(i), 10177(d)
Dbas—Professional Realty & Mortgage Company			
Thorman, Joseph Jerome (REB)	4900 Somerset, Buena Park	1/ 6/77	10176(i)
Dbas—Trust Realty			
Abke, Ronald Charles (RES)	990 Garden Grove St., Norco	1/ 7/77	490, 10177(b)
Hoover, Betty (RES)	7340 Circle Parkway, Sacramento	1/17/77	10176(a) (b) (e) (i), 10177(d) (g)
Hayward, Barbara Lou (REB)	4990 N. Holt Ave., #103, Fresno	1/24/77	490, 10177(b)
Dbas—West Mont Real Estate Company			
Tucker, George Westerly (RES)	3552 Madrid Dr., San Jose	1/24/77	490, 10177(b)
Leonard, Chester Ray (RES)	9212-6th Ave., Inglewood	1/26/77	490, 10177(b)
Dorsey, William Charles (RES)	125-133 Connemara Way, Sunnyvale	2/ 7/77	10145, 10176(a) (i), 10177(d) (f)
Gibraltar Pacific Realty, Inc. (REC)	300 S. San Antonio Rd., Los Altos	2/ 7/77	10177(d) (b)
Dbas—Century 21 Real Estate			

(Continued on page 3)

Continued from page 2) LICENSES REVOKED

mett, Elizabeth Ruth (RES)	2679 Pierdot, San Jose	2/ 8/77	490, 10177 (b)
Piette, Louis Gilbert (RRES)	117 Pinewood Ln., Los Gatos	2/ 8/77	490, 10177 (b)
Camuglia, Frank John (RES)	16348 Marilyn Dr., Granada Hills	2/ 9/77	490, 10177 (b)
Burke, Robert Alan (RES)	P.O. Box 5651, Carmel	2/22/77	490, 10177 (b)
Hein, Walter Adolf Sr. (RES)	20532 Sherman Way, Canoga Park	2/22/77	490, 10177 (b)
Wahl, Dale Lovern (REB)	P.O. Box 28, Cohasset Stage, Chico	2/22/77	10145, 10176(a) (d) (e) (i), 10177 (d) (f) (j), 2831, 2831.1
Lookingland, David Barchard (REB) (REO)	2001 E. 4th St., Ste. 104, Santa Ana	2/23/77	10177.5
Bridger, John William (RES)	1436 California St., Apt. 5, San Diego	3/ 1/77	490, 10177 (b)
Hawkins, Stanley Gene (RES)	1036 Redwood Ave., Apt. 23, El Cajon	3/ 3/77	490, 10177 (b)
Moore, Robert William (REB)	241 S. San Mateo Dr., San Mateo	3/ 3/77	10177 (d), 11012, 2800
Dbas—R. W. Moore & Assoc.			
Pahl, Vincent Francis (RES)	214 San Rafael Ave., Belvedere	3/ 3/77	10177 (d), 11012, 2800
Herb Holmes Realty Company, Inc. (RREC)	12039 Long Beach Blvd., Lynwood	3/ 4/77	10141.5, 10176(a) (i), 10177 (d), 2900, 2901
Holmes, Herbert Hoover (RREB) (RREO)	12039 Long Beach Blvd., Lynwood	3/ 4/77	10141.5, 10176(a) (i), 10177 (d), 2900, 2901
Officer—Herb Holmes Realty Company, Inc.			

LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Mariani, Peter Joseph (RES)	499 N. Canon Dr., Beverly Hills	12/21/76	490, 10177 (b)
(Right to RRES license on terms and conditions)			
*Mitchell, Alphonzo (RES)	1515-47th St., San Diego	12/28/76	2832
(Right to RRES license on terms and conditions)			
*Davis, Shirley Ann (RES)	16873 Pacific Coast Hwy., Sunset Beach	12/30/76	490, 10177 (b)
(Right to RRES license on terms and conditions)			
Escobar, Juan Jose (REB)	3017 Mission St., San Francisco	2/ 3/77	10145, 10176(i), 10177 (d) (f)
(Right to RREB license after 60 days on terms and conditions)			
Ballentine, Fred Tandy (REB) (REO)	180 University Ave., Palo Alto	2/ 7/77	10177 (d) (h)
Officer—Gibraltar Pacific Realty, Inc., 300 S. San Antonio Rd., Los Altos			
(Right to RRES license on terms and conditions)			
Atkinson, Zebbie Dee III (REB) (REO)	8753 Broadway, La Mesa	2/11/77	10176(a) (i), 10177 (d), 10234
(Right to RREB license after 30 days on terms and conditions)			
Rosendale, Stuart Leslie (REB)	18485 Allendale Ave., Saratoga	2/23/77	490, 10177 (b)
(Right to RREB license on terms and conditions)			
Cortani, Kathryn Fay (RES)	P.O. Box 372, Bethel Island	3/ 1/77	490, 10177 (b)
(Right to RRES license on terms and conditions)			
Tippin, Clifford Owen Jr. (RES)	624 San Antonio, San Diego	3/10/77	490, 10177 (b)
(Right to RRES license on terms and conditions)			
Johnson, Theopolis F. (RES)	1308 E. Julian St., San Jose	3/14/77	10176(a) (i), 10177 (f) (j)
(Right to RRES license on terms and conditions)			

LICENSES SUSPENDED

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
Byng, William Latimer (RES)	937 Darlington St., Placerville	1/24/77	490, 10177 (b)
		30 days	
Smith, John Alexander Gordon (REB)	3007 J St., Sacramento	2/14/77	10177 (j)
Dbas—The Gordon Smith Co.		10 days	
Newman, Carl Charles (REB) (REO)	433 N. Camden Dr., Beverly Hills	2/22/77	490, 10177 (b)
Officer—Exceptional Properties Co.	8500 Wilshire Blvd., Ste. 606, Beverly Hills	120 days	
Officer—Probe Unlimited, Inc.	732 N. Rodeo Dr., Beverly Hills		
Ferrante, Jake (RES)	14536 Roscoe Blvd., Panorama City	3/10/77	490, 10177 (b)
		180 days	
MacKenzie, Kenneth Reed (REB)	1368 Lincoln Ave., San Rafael	3/10/77	10085, 10146, 10177 (d) (f) (h), 2970, 2971, 2972, 2974
Dbas—Empire Mortgage		3 months	

LICENSES SUSPENDED WITH STAYS

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
Stipek, Lucy Mae (REB)	3106 School St., Fortuna	1/31/77	10177 (d), 2726
Dbas—Campton Heights Realty		15 days	
(Stayed for 1 year on terms and conditions)			
Ferrel, Edwin Walter (REB)	2106 College Ave., Modesto	2/16/77	10176(a), 10177 (g)
(Stayed for 1 year on condition)		30 days	
Nieuwsma, Franklin (RES)	704 Standiford Ave., Modesto	2/16/77	10176(a), 10177 (g)
(Stayed for 1 year on condition)		30 days	
Baum, Walter Herman (REB) (REO)	4040 Moorpark Ave., Ste. 200, San Jose	2/23/77	10145, 10177 (d)
(Stayed for 1 year on terms and conditions)		30 days	
Washington, Madeleine (REB)	1308 E. Julian St., San Jose	3/14/77	10177 (h)
(Stayed for 1 year on condition)		60 days	

INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS

Name	Address	Date	Fund Payout
ance, Robert L. (RES)	1000 Commonwealth Dr., Kingswood Village, Kings Beach	2/25/77	\$13,300.00
Trainer, Walter Elliott, Jr. (REB)	4960-8th Ave., Sacramento	3/ 4/77	\$4,232.50
Byers, Dow J. (REB)	4421 Granger St., San Diego	3/10/77	\$20,000.00
Fisher, Bill L. (REB) (REO)	501-10th St., Sacramento	3/17/77	\$20,000.00
Great Pacific Investment Corp. (REC)	501-10th St., Sacramento	3/17/77	\$20,000.00
Fraust, Leola Jones (RES)	2247 Moorpark, San Jose	3/29/77	\$10,000.00

Things And People . . .

DRE RETIREMENTS

Six department employees have recently retired this year as follows:

From the San Francisco Office—*Harold Miller*, Senior Deputy Commissioner and *Herman Ross*, Deputy Commissioner both of the Subdivision Section. From the Sacramento Office—*Austin Donahue*, Deputy Commissioner Regulatory Section, *Gerald E. Harrington*, Assistant Commissioner and division head of the Transaction Activities Division (see page 7 for Harrington Retirement article), *Anna Smith*, Clerk Typist in the Licensing Section and *Eunice Trudeau* also of the Licensing Section.

Miller, Lt. Col. U.S. Army retired, was a real estate licensee for four years prior to service with the DRE for 12 years. Ross has been involved in the real estate field since 1954, 14 years of which was with the department. Donahue was a real estate agent for 9 years prior to concluding 13 years with DRE. Smith concludes 7 years service with the Licensing Section and Trudeau a total of 21 years with the state, 13 of which was with the DRE.

Sacramento District Office

NEW LOCATION

The Sacramento District Office has recently moved to new quarters at 4433 Florin Road, Suite 300, Sacramento, CA 95823.

The move permits various sections of the department licensing services to gain much needed space previously occupied by the district office. The newly located district office is much more convenient for the public including ample parking space. The telephone number remains the same (916) 445-6776.

All headquarters functions including licensing, subdivisions, exam scheduling, accounting, and administration are still located at the 714 P Street address.

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THE INDEPENDENT ESCROW AGENT

Editor's Note: The following article is reprinted in part from the February issue of the *ESCROW NEWSLETTER* published by the California Department of Corporations.

The concept of the "independent escrow agent" is, to a great extent indigenous to California, and more particularly, to the Southern part of the State.

As of September 30, 1976, there were 423 escrow agents licensed by the Department of Corporations, with 229 branch offices for a total of 652 licensed locations. Of these, 612 locations are in the Los Angeles area, 21 locations are in the San Francisco area, and 19 locations in the Sacramento area.

Escrow agents are licensed and regulated by the Department of Corporations under the authority of the California Financial Code, Division 6, and are therein defined as any person engaged in the business of receiving escrows for deposit or delivery for compensation.

Exemptions

Title insurance companies, institutional lenders, real estate brokers, and attorneys are exempt from the requirements of the Escrow Law with some limitations. In the case of real estate brokers, the escrow transaction must be "in the course of" or "incidental to" his real estate business. The broker is further limited in that he must be the "selling" or "listing" broker. The exemption for attorneys is limited in that the attorney cannot be actively engaged without a license.

Title companies, institutional lenders (federally and state-chartered banks and savings and loan associations) and real estate brokers are regulated by their respective agencies and are governed by each agency's rules.

"Independents"

The companies under the jurisdiction of the Department of Corporations are commonly termed

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New Regulation

Article 4. Brokers

2729. Notice of Disciplinary Action. If the Department initiates an administrative proceeding to revoke or suspend a real estate salesman license or to deny a real estate salesman license to an applicant, the employing broker or prospective employing broker of the salesperson shall be served with a copy of the Accusation or Statement of Issues and with written notice of the time and place of hearing to be held on the Accusation or Statement of Issues.

Article 10. Discrimination

2780. Discriminatory Conduct as the Basis for Disciplinary Action. Prohibited discriminatory conduct by a real estate licensee based upon race, color, sex, religion, ancestry or national origin includes, but is not limited to, the following:

- (a) Refusing to negotiate for the sale, rental or financing of the purchase of real property or otherwise making unavailable or denying real property to any person because of such person's race, color, sex, religion, ancestry or national origin.
- (b) Refusing or failing to show, rent, sell or finance the purchase of real property to any person or refusing or failing to provide or volunteer information to any person about real property, or channeling or steering any person away from real property, because of that person's race, color, sex, religion, ancestry or national origin or because of the racial, religious, or ethnic composition of any occupants of the area in which the real property is located.
- (c) Discriminating because of race, color, sex, religion, ancestry or national origin against any person in the sale or purchase or negotiation or solicitation of the sale or purchase or the collection of payment or the performance of services in connection with contracts for the sale of real property or in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.
- (d) Discriminating because of race, color, sex, religion, ancestry or national origin against any person in the terms, conditions or privileges of sale, rental or financing of the purchase of real property.
- (e) Discriminating because of race, color, sex, religion, ancestry or national origin against any person in providing services or facilities in connection with the sale, rental or financing of the purchase of real property, including but not limited to: processing applications differently, referring prospects to other licensees because of the prospects' race, color, sex, religion, ancestry or national origin, using with discriminatory intent or effect, codes or other means of identifying minority prospects, or assigning real estate licensees on the basis of a prospective client's race, color, sex, religion, ancestry or national origin.
- (f) Representing to any person because of his or her race, color, sex, religion, ancestry or national origin that real property is not available for inspection, sale or rental when such real property is in fact available.
- (g) Processing an application more slowly or otherwise acting to delay, hinder or avoid the sale, rental or financing of the purchase of real property on account of the race, color, sex, religion, ancestry or national origin of a potential owner or occupant.
- (h) Making any effort to encourage discrimination against persons because of their race, color, sex, religion, ancestry or national origin in the showing, sale, lease or financing of the purchase of real property.
- (i) Refusing or failing to cooperate with or refusing or failing to assist another real estate licensee in negotiating the sale, rental or financing of the purchase of real property because of the race, color, sex, religion, ancestry or national origin of any prospective purchaser or tenant.
- (j) Making any effort to obstruct, retard or discourage the purchase, lease or financing

ns Spelled Out

of the purchase of real property by persons whose race, color, sex, religion, ancestry or national origin differs from that of the majority of persons presently residing in a structural improvement to real property or in an area in which the real property is located.

- (k) Performing any acts, making any notation, asking any questions or making or circulating any written or oral statement which when taken in context, expresses or implies a limitation, preference or discrimination based upon race, color, sex, religion, ancestry or national origin; provided, however, that nothing herein shall limit the administering of forms or the making of a notation required by a federal, state or local agency for data collection or civil rights enforcement purposes.
- (l) Making any effort to coerce, intimidate, threaten or interfere with any person in the exercise or enjoyment of, or on account of such person's having exercised or enjoyed, or on account of such person's having aided or encouraged any other person in the exercise or enjoyment of any right granted or protected by a federal or state fair housing law, including but not limited to: assisting in any effort to coerce any person because of his or her race, color, sex, religion, ancestry or national origin to move from, or to not move into, a particular area; punishing or penalizing real estate licensees for their refusal to discriminate in the sale or rental of housing because of the race, color, sex, religion, ancestry or national origin of a prospective purchaser or lessee; or evicting or taking other retaliatory action against any person for having filed a fair housing complaint or for having undertaken other lawful efforts to promote fair housing.
- (m) Soliciting of sales, rentals or listings of real estate from any person, but not from another person within the same area because of differences in the race, color, sex, religion, ancestry or national origin of such persons.
- (n) Discriminating because of race, color, sex, religion, ancestry or national origin in informing persons of the existence of waiting lists or other procedures with respect to the future availability of real property for purchase or lease.
- (o) Making any effort to discourage or prevent the rental, sale or financing of the purchase of real property because of the presence or absence of occupants of a particular race, color, sex, religion, ancestry or national origin, or on the basis of the future presence or absence of a particular race, color, sex, religion, ancestry or national origin, whether actual, alleged or implied.
- (p) Making any effort to discourage or prevent any person from renting, purchasing or financing the purchase of real property through any representations of actual or alleged community opposition based upon race, color, sex, religion, ancestry or national origin.
- (q) Providing information or advice to any person concerning the desirability of particular real property or a particular residential area(s) which is different from information or advice given to any other person with respect to the same property or area because of differences in the race, color, sex, religion, ancestry or national origin of such persons.
- (r) Refusing to accept a rental or sales listing or application for financing of the purchase of real property because of the owner's race, color, sex, religion, ancestry or national origin or because of the race, color, sex, religion, ancestry or national origin of any of the occupants in the area in which the real property is located.
- (s) Entering into an agreement, or carrying out any instructions of another, explicit or understood, not to show, lease, sell or finance the purchase of real property because of race, color, sex, religion, ancestry or national origin.
- (t) Making, printing or publishing, or causing to be made, printed or published, any notice, statement or advertisement concerning the sale, rental or financing of the purchase of real property that indicates any preference, limitation or discrimination because of race, color, sex, religion, ancestry or national origin, or any intention to make such preference, limitation or discrimination.

(Continued on page 7)

License Applicants

PROJECTIONS CONTINUE UP!

Real Estate examinations (broker and sales) given by DRE in 1975 totaled 52,750.

By 1976 a 48% increase had been recorded when the exam total reached 77,980 and 1977 is proving to be another record year. The first six months exams totaled 57,221 with the full year projected to exceed 100,000!

"REAL ESTATE COURSES THROUGH A FLEXIBLE EDUCATION SYSTEM"

A new research report produced by Herman F. Chew of the School of Business Administration, University of Southern California. Copies are available for \$1.50 plus tax from the DRE, 714 P Street, Sacramento, CA 95814.

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ESCROW AGENT

"independent escrow companies", and must be a corporation whose primary purpose is that of conducting business as an escrow agent.

The primary purpose of the Escrow Law is to afford the consumer protection and safeguards in the transfer of interests in property, which could, in some instances, involve the largest single transaction that the average person may enter into.

Fiduciary Responsibility

The escrow agent occupies a position of fiduciary responsibility to the principals to the escrow. To preserve the integrity of the industry, all escrow agents must vigorously exercise that degree of care necessary to protect the escrow trust account, and avoid conflicts of interest and kick-back schemes which can only serve to erode the confidence of the consuming public.

DRE SUSTAINED SUPERIOR ACCOMPLISHMENT AWARD



Louise Reil, Senior Stenographer, accepts award from Commissioner Fox for outstanding and sustained service to the DRE. Louise has been with the DRE since 1964 involved with the research and education programs, supervision of clerical staff and secretary to John E. Hempel, Assistant Commissioner, Policy and Planning Division. In addition to the award certificate, a \$150.00 check was presented as a token of gratitude for service dedication "beyond the call of duty".

(Continued from page 1)

CAL-VET LOANS

properties with local health and safety standards and code requirements; (2) Energy conservation installation; and (3) Public Improvement Assessments.

Improvement loans may range from a minimum of \$300 to a maximum of \$10,000, to be repaid over a term of from one to ten years at the interest rate charged on new Cal-Vet loans (currently 5.6%).

The combined outstanding balance of the purchase contract and the home improvement loan may not exceed 90% of the current appraised value of the improved property. The total loan, of course, will be limited to the statutory maximum (currently \$43,000), and the market value of the improvements may not exceed \$53,000 after the improvements are made.

The department also has a conditional commitment loan that will permit the veteran to purchase a home and refurbish it under one loan

at the low Cal-Vet interest rate (currently 5.6%). This loan is especially designed for neighborhood preservation and inner-city redevelopment projects. Room additions and remodeling can also be included at the time of purchase.

The current maximum Cal-Vet loan is \$43,000 for the purchase of a home and \$80,000 for the purchase of a farm. A mobilehome loan is also available for a maximum amount of \$12,500 and a maximum loan term of 15 years. A mobilehome loan requires fee ownership of the site as well as the mobilehome.

Funds are available for immediate processing of all loan applications at this time, covering the benefits now provided. The division is expanding its facilities in some locations and has arranged for outside appraisal help when needed to prevent a serious backlog situation that has occurred sometimes in the past.

Contact your local Cal-Vet loan office for further information or service on anything connected with the Cal-Vet loan program.

UNFAIR LENDING PRACTICES

Editorial Note: In the Spring 1977 issue of the Bulletin an article was presented entitled "Fair Lending Regulations." Brief mention was made of certain unfair lending practices. To gain a better understanding of what may be considered unfair lending practices by state licensed savings and loan associations, the Department of Savings and Loan has provided the following article.

An unfair lending practice might take the form of either a loan denial, an association's delay in responding to a written loan application (longer than 30 days), or unfavorable or more adverse loan terms and conditions than usual. If an apparently creditworthy applicant is subjected to one of these adverse actions on a loan application under one or more of the following circumstances, then the possibility of an unfair lending practice may exist:

- the security property is located in a neighborhood occupied by ethnic minorities or where the ethnic composition is noticeably changing or is noticeably different from that of surrounding neighborhoods;
- the security property is located in a neighborhood where the general neighborhood condition or characteristics is or is likely to become noticeably different from that of surrounding areas;
- the applicant, applicant's spouse or co-applicant is of a minority ethnic heritage or is a minority in relation to the neighborhood population;
- the applicant is relatively young or old;
- discrimination is suspected based on the applicant's age, sex, marital status, religion, race, color, national origin, or ancestry.

Unfavorable loan terms and conditions which might imply unfair discrimination could include:

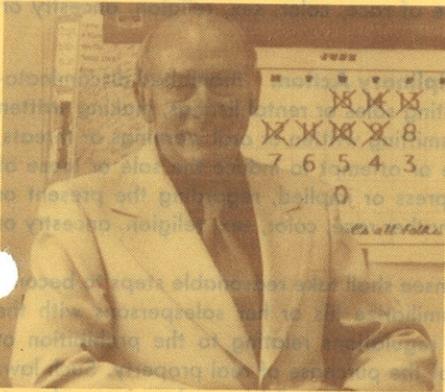
- an exceptionally low loan to value ratio;
- a sub-market appraisal by the association;
- an exceptionally short term to maturity;
- overly discounted spouse's or other income when used in assess-

(Continued on page 8)

G. E. HARRINGTON RETIRES

One of the department's top administrators retired June 22, 1977 after more than 24 years of service all with the Department of Real Estate.

Gerald E. Harrington, Assistant Commissioner, headed the Transaction Activities Division, one of four divisions with the DRE. This division includes over 65% of the department's personnel working in such functions as licensing, examinations, and enforcement located in all five district offices and the headquarters office in Sacramento.



"Jerry" is a graduate of the University of Southern California and saw service in the United States Air Force leaving with the rank of Captain. He was also experienced as a real estate broker and escrow officer prior to joining the department in 1953 as an investigative deputy in Los Angeles. Progression was rapid to Deputy-in-Charge of the Sacramento office and soon after to Senior Examination Deputy, Sacramento. By 1957 he was promoted to Supervising Deputy-in-Charge of the Los Angeles Office and two years later to Assistant Commissioner of the Southern California Area.

A reorganization of the then Division of Real Estate in 1964 caused the creation of a new position titled Assistant Commissioner, Regulatory Operations which was filled by Harrington. Since then, at various times over the years, he had responsibilities as Assistant Commissioner over virtually every aspect of DRE operations including education, adminis-

(Continued from page 5)

NEW REGULATIONS . . .

- (u) Using any words, phrases, sentences, descriptions or visual aids in any notice, statement or advertisement describing real property or the area in which real property is located which indicates any preference, limitation or discrimination because of race, color, sex, religion, ancestry or national origin.
- (v) Selectively using, placing or designing any notice, statement or advertisement having to do with the sale, rental or financing of the purchase of real property in such a manner as to cause or increase discrimination by restricting or enhancing the exposure or appeal to persons of a particular race, color, sex, ancestry or national origin.

This subdivision does not limit in any way the use of an affirmative marketing program designed to attract persons of a particular race, color, sex, religion, ancestry or national origin who would not otherwise be attracted to the real property or to the area.

- (w) Quoting or charging a price, rent or cleaning or security deposit for a particular real property to any person which is different from the price, rent or security deposit quoted or charged to any other person because of differences in the race, color, sex, religion, ancestry or national origin of such persons.
- (x) Discriminating against any person because of race, color, sex, religion, ancestry or national origin in performing any acts in connection with the making of any determination of financial ability or in the processing of any application for the financing or refinancing of real property.

Nothing herein shall limit the administering of forms or the making of a notation required by a federal, state or local agency for data collection or civil rights enforcement purposes. In any evaluation or determination as to whether, and under what terms and conditions, a particular lender or lenders would be likely to grant a loan, licensees shall proceed as though state-licensed savings and loan associations are in compliance with Subchapter 23 (Fair Lending) and Subchapter 24 (Guidelines Relating to Fair Lending) of Chapter 2, Title 10, California Administrative Code.

- (y) Advising a person of the price or value of real property on the basis of factors related to the race, color, sex, religion, ancestry or national origin of residents of an area or of residents or potential residents of the area in which the property is located.
- (z) Discriminating in the treatment of, or services provided to, occupants of any real property in the course of providing management services for the real property because of the race, color, sex, religion, ancestry or national origin of said occupants.
- (aa) Discriminating against the owners or occupants of real property because of the race, color, sex, religion, ancestry or national origin of their guests, visitors or invitees.
- (bb) Making any effort to instruct or encourage, expressly or impliedly, by either words or acts, licensees or their employees or other agents to engage in any discriminatory act in violation of a federal or state fair housing law.
- (cc) Establishing or implementing rules that have the effect of limiting the opportunity for any person because of his or her race, color, sex, religion, ancestry or national

(Continued on page 8)

tration, budgeting, accounting, licensing, examinations, publications and enforcement. He was widely known throughout the real estate industry during his years with the department.

Retirement for Jerry and his wife, Ruth, will be in a new home recently built to their own specifications. Both the DRE and the real estate industry extend best wishes in all future plans.

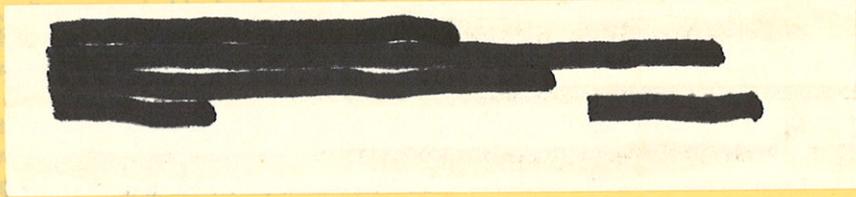
Real Estate Law

The 1977 *Real Estate Law* is now available from any office of the Department of Real Estate for \$2.50 plus sales tax.

The book can be obtained in person or by mail. If ordered by mail send check or money order payable to Department of Real Estate at 714 P Street, Sacramento, CA 95814.

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UNFAIR LENDING

ment of personal financial capability;
 OR
 • a relatively high effective interest rate.

Pamphlet Required

State-licensed savings and loan associations are required to have a pamphlet available to the public which explains the association's criteria for deciding whether or under what terms and conditions a one to four-family residential loan will be approved. Associations must provide the applicant with a copy of the pamphlet when such a loan application is denied or when it is approved with conditions more adverse than usual. Loan applicants and real estate sales agents can use these published criteria as a tool to detect discrimination.

The concern regarding unfair lending practices has been interpreted to apply to any loan or other financial assistance sought for the purpose of purchasing, constructing, improving, repairing, maintaining or refinancing of residential property.

Any real estate sales agent who suspects that a state-licensed savings and loan association has unfairly discriminated against a loan applicant is encouraged to have the applicant file a formal complaint with the Department of Savings and Loan at either of the locations indicated below:

- 600 South Commonwealth Ave.,
15th Floor
Los Angeles, CA 90005
(213) 736-2596
- 350 Sansome Street,
2nd Floor
San Francisco, CA 94104
(415) 557-3666

(Continued from page 7)
NEW REGULATIONS . . .

origin to secure real property through a multiple listing or other real estate service.
 (dd) Assisting or aiding in any way, any person in the sale, rental or financing of the purchase of real property where there are reasonable grounds to believe that such person intends to discriminate because of race, color, sex, religion, ancestry or national origin.

2781. Panic Selling as the Basis for Disciplinary Action. Prohibited discriminatory conduct includes, but is not limited to, soliciting sales or rental listings, making written or oral statements creating fear or alarm, transmitting written or oral warnings or threats, or acting in any other manner so as to induce or attempt to induce the sale or lease of real property through any representation, express or implied, regarding the present or prospective entry of one or more persons of another race, color, sex, religion, ancestry or national origin into an area or neighborhood.

2782. Duty to Supervise. A broker licensee shall take reasonable steps to become aware of and to be familiar with and to familiarize his or her salespersons with the requirements of federal and state laws and regulations relating to the prohibition of discrimination in the sale, rental or financing of the purchase of real property. Such laws and regulations include but are not limited to the current provisions and any amendments thereto of:

- (a) Sections 35700 through 35745 of the California Health and Safety Code (Rumford Act).
- (b) Sections 51 and 52 of the California Civil Code (Unruh Civil Rights Act).
- (c) Title VIII and IX of the United States Civil Rights Act of 1968 (Fair Housing).
- (d) Subchapters 23 and 24 of Chapter 2, Title 10, California Administrative Code.

Brokers—

CHANGING ADDRESS?

If you are a broker changing your business address or reinstating your license (from inactive status to active status) the DRE has a form (RE Form 204) for you to use.

Use of the form titled *Application for Broker Change of Address or Reinstatement*, will insure that all necessary information is submitted (including the \$4.00 fee) to effect the change desired without the need for additional and time consuming correspondence. The form can be obtained from any DRE office by a telephone call or a letter of request.

STATE OF CALIFORNIA
 DEPARTMENT OF REAL ESTATE
 714 P Street, Suite 1400
 Sacramento, CA 95814

FOR OFFICE USE ONLY

APPLICATION FOR
 BROKER CHANGE OF ADDRESS OR REINSTATEMENT
 FEE—\$4.00 (See instructions on reverse side)

Change of Address to: ACTIVE INACTIVE status

Date: _____ 19____ ID No. _____

1. NAME _____

NOTE: If change is being requested for a corporation, place the firm name on line 1.

2. PREVIOUS BUSINESS NAME _____ (Only list if currently appears on your license)

3. NEW ADDRESS _____ P.O. Box (if used) _____ Number and Street _____ City _____ State _____ Zip Code _____

FORMER ADDRESS _____ P.O. Box _____ Number and Street _____ City _____ State _____ Zip Code _____

IF CHANGE IS FOR A CORPORATION, LIST ALL LICENSED BROKER/OFFICERS BELOW AND REMIT A \$4 FEE FOR EACH.
 NOTE: If more than 4 officers, include a list on an attachment.

4. NAME _____ A. NAME _____

5. NAME _____ 7. NAME _____

SIGNATURE OF BROKER _____ (If change is for a corporation, form must be signed by a licensed broker/officer)

Residence Address _____ P.O. Box _____ Number and Street _____ City _____ State _____ Zip Code _____

Telephone Number () _____ Area _____ Address _____ Residence _____

THIS SPACE FOR OFFICE USE ONLY

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LICENSE LABEL CHANGED INDEXED FILED

AGENCY NO. AND DATE

COPIED BY _____

CHECKED BY _____

FILED _____

JUL 1977