



REAL ESTATE BULLETIN

RONALD REAGAN, *Governor*

Fall 1972

ROBERT W. KARPE, *Commissioner*

Professionalization

DRE District offices will furnish license information . . . local offices do not maintain license files . . . if you need license information, however, they will obtain it for you from Sacramento—available to you when you call next day. Best deal is to have information mailed to you directly from Sacramento. If you are in a rush, call Sacramento directly by dialing (916) 445-5741.

Bill signed by Governor Reagan—(SB 810, Grunsky) . . . amends Section 10177.1 of Real Estate Law. Under this law the commissioner can suspend license of any person who obtains real estate license by fraud or misrepresentation in application . . . misrepresenting licensee no longer gains vested property right in license for 90-day period. Previously the burden was on the commissioner to prove licensee obtained the license by fraud. New law places burden on the dishonest applicant to prove he is entitled to license. Commissioner can order suspension of license within 90 days after date of issuance of license and have hearing later. License applicants with criminal records strongly advised to make full disclosure on application . . . fingerprints checked with FBI and State Bureau of Identification and Investigation.

(AB 364, Priolo) . . . exempts agents licensed by the Savings and Loan Commissioner from requirements of licensure by Real Estate Commissioner when acting for the savings and loan association.

(SB 1329, Lagomarsino) . . . requires fingerprinting of all applicants for a real estate license. Before, it was required only by regulation. FBI said fingerprinting requirement for licensees must be statutory before they would process the prints . . . FBI now satisfied.

(AB 1986, Powers) . . . deletes the citizenship requirement for specified business and professional licenses. Would delete citizenship requirement for real estate broker license and mineral, oil and gas license. Bill implements Supreme Court decision recently declaring citizenship for admission to the Bar or to specified occupations unconstitutional.

(SB 366, Burgener) . . . enables the commissioner to repay funds previously transferred from the Recovery Fund to the Real Estate Fund. In 1967, the Real Estate Fund was very low and Recovery Fund had a surplus. Legislation permitted the transfer of approximately \$400,000 from the Recovery Fund to the Real Estate Fund. However, there was no provision to permit repayment.

Law provides bills effective 61st day after adjournment of veto session of legislature. Best estimate is early 1973.

Some landowners, developers and licensees attempt to circumvent state and local subdivision law by making what is commonly referred to as 4-4-4 split. Divide large acreage into four parcels . . . then control division of each of the parcels into four smaller parcels, etc. Ultimately, can be an "expensive" route to take. Licensees who accept listings on, and offer for sale or lease, lots and parcels in illegal subdivisions located in California or out-of-state, subject themselves to possible disciplinary proceedings against their license. Also, local problems—counties have a say in this, now. Could be a felony. (See page 11.)

Vignettes from DRE. Harold Wells retires . . . DiBetta heads Southern Regulatory Area. Block replaces Wells. See Page 10 for other items of interest.

Full text of revised Plan for Professional Development of Real Estate Industry appears on Pages 5-9. Revised plan developed at meeting with representatives of organized real estate . . . Realtors and Realists . . . basic concept and overall timetable retained . . . flexibility added.

Salesmen should become familiar with Plan—goals sought and method of attainment—check timetable. Salesmen aspiring to broker status should start taking mandatory courses soon.

Broker Convicted of Syndicate Violation

A San Diego real estate broker has been sentenced to serve up to ten years in State Prison for violation of the Real Estate Syndicate Act, fraud and grand theft. This is believed to be the largest grand theft real estate securities fraud case in San Diego County's history.

Staff members from the Department of Real Estate's San Diego and Los Angeles offices, teamed up with the San Diego County District Attorney's office to bring about the conviction on 25 counts of grand theft, two counts of fraudulent sale of securities and two counts of violation of the Real Estate Syndicate Act.

The broker sold real estate syndicate securities in a San Diego hotel and motel to investors without obtaining a permit from the Real Estate Commissioner. Approximately \$500,000 of investors' funds were involved in both transactions. The properties involved have been foreclosed.

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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.

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KICKBACK DRAWS SUSPENSION

A real estate agent has no right to obtain an interest adverse to his principal, therefore, he is not allowed to profit as an agent unless he makes full disclosure of all facts to his principal.

This pertains also when the employer happens to be another real estate broker. In other words, a violation of the agency concept can occur even though the matter seems innocuous be-

(Continued on page 3)

Disciplinary Action—April—June 1972

REB—Real estate broker RES—Real estate salesman REO—Real estate officer
RREB—Restricted real estate broker RRES—Restricted real estate salesman REC—Real estate corporation

NOTE: A list of actions is not published in this Bulletin until the 30-day period allowed for court appeal has expired; or if an appeal is taken on the disciplinary action stayed, until the stay is dissolved. Names of persons to whom licenses are denied upon application are not published.

Licenses Revoked

Name	Address	Effective date	Violation R.E. Law/Regulations
Palmateer, Donald Maurice, Jr. (RES)	P.O. Box 4902, S. Lake Tahoe	3/21/72	10177(b)
Banks, Norman Dean (RES)	2702 Cardinal Dr., Costa Mesa	4/ 4/72	10177(b)
Stow, Donald Herbert (RES)	228 35th Pl., Manhattan Beach	4/ 4/72	10177(b)
Elliff, Arthur Garland (REB)	750 Oro Dam Blvd., Oroville	4/20/72	10176(i), 10177(d); 2830
Byrnes, Betsy (RES)	231 Campo Dr., Long Beach	4/21/72	10148, 10177(d)
Leahy, Charles Francis (RRES)	219 Brentwood Dr., So. San Francisco	5/ 2/72	10177(b)
Martin, Wayne Allen (RES)	23120 Mulholland Dr., Woodland Hills	5/ 2/72	10177(b)
Gardner, Jerry Altus (RES)	9492 Jurupa Rd., Riverside	5/ 5/72	10177(b)
Provence, Harold F. (REB)	4050 Tahoe Blvd., So. Lake Tahoe	5/ 9/72	10176(e) (i), 10177(d) (f); 2832
Whitman, Ronald Brown (RREB)	4262 Campus Dr., Newport Beach	5/12/72	10177(k)
Stinson, Gilmore (REB)	12478 San Pablo Ave., Richmond	5/16/72	10145, 10176(a) (b) (i), 10177(d) (f)
Romero, Roger Ivan (RES)	279 St. Catherine Dr., San Francisco	5/24/72	10177(f) (j)
Mosser, Charles William (RREB)	5108 Geary Blvd., San Francisco	5/27/72	10145, 10176(d) (i), 10177(d) (f) (g) (j); 2830, 2832
Rabreau, Sallie De Shields (RES)	678 23rd St., San Pedro	6/ 1/72	10177(b)
Harris, Robert Edward (RREB)	5000 Coast Hwy., Pacifica	6/ 8/72	10145, 10176(a) (e) (i), 10177(d) (f) (j); 2832
LaBar, Charles Whitmore, Jr. (RES)	750 Welch Rd., Palo Alto	6/ 8/72	10177(a) (f)
Watson, Robert Bruce (REB)	510 Third St., Eureka	6/ 8/72	10145, 10176(e) (i), 10177(d) (f)
Mariner, Herbert Maurice (RES)	3707 Roosevelt Cir., Buena Park	6/13/72	10177(a) (b)
Buechler, Donald John (REB)	12345 Ventura Blvd., Studio City	6/15/72	10177(f) (j)
Westfour (REC)	12345 Ventura Blvd., Studio City	6/15/72	10177(f) (j)
Pres., Buechler, Donald John (REO)			
Ticknor, Joseph Robert, Sr. (REB)	475 Oro Dam Blvd., Oroville	6/20/72	10176(e) (i)
Gambina, Frank Joseph (REB)	13366 Ramona Blvd., Baldwin Park	6/21/72	10176(a) (c) (i), 10177(f) (j)
Pres. Citizens First Investment Co. (REO)	2229 Cameron Ave., W. Covina		
Sims, Joseph Vincent (RES)	2239 Vista Hogar, Newport Beach	6/21/72	10176(a) (i), 10177(f) (j)

* Not previously reported.

Licenses Revoked With Right to Restricted Licenses

Name	Address	Effective date	Violations R.E. Law/Regulations
Kelso, Charles Clayton (REB)	6815 Mission St., Daly City	4/ 4/72	10177(b)
(Right to RREB license after 30 days on terms and conditions)			
Pinder, Richard Edward (RES)	7813 Glengarry Ave., Whittier	4/ 6/72	10177(b) (f)
(Right to RRES license after 90 days on terms and conditions)			
Bolduc, Joseph Francis (REB)	9886 Garden Grove Blvd., Garden Grove	4/ 6/72	10177(b)
Co., Pres., County Realty Company (REO)			
(Right to RREB license on terms and conditions)			
Hudson, L. V. Buck (REB)	220 F St., Waterford	4/24/72	10176(i), 10177(d) (f) (g); 2900
(Right to RREB license after not less than 180 days on terms and conditions)			
Corenson, Richard Henry (REB)	9000 Sunset Blvd., Los Angeles	5/10/72	10177(b)
Co., Dba Realty Equities Co.			
(Right to RREB license after 90 days on terms and conditions)			
Linger, Reuben Ovid (REB)	1382 Stockbridge Dr., San Jose	4/11/72	10145, 10176(e), 10177(d)
Carter, Ernest Davidson (REB)	6706 Lucille St., Oakland	4/15/72	10145, 10176(e), 10177(d) (f) (g) (i); 2830, 2831, 2831.1
Chambers, James Leroy (RES)	1478 Conventry Rd., Concord	4/25/72	10177(a) (f)
Cooper, Boris Leonid (RES)	5349 Geary Blvd., San Francisco	5/ 4/72	10177.5
Dunton, Richard Ivan (REB)	10200 Miller Ave., Cupertino	5/30/72	10177(b)
Dba Ford Realty Co.			
Watkins, Earl Thomas, Jr. (RES)	2421 Sixth St., Berkeley	5/30/72	10177(b)
Dominick, William R. (REB)	337 14th St., Oakland	6/ 8/72	10145, 10176(e)
Dba Property Mortgage & Loan			
Burch, Natalie (RES)	10320 Saratoga-Sunnyvale Rd., Cupertino	6/27/72	10177(b)
Galper, Harvin (REB)	1850 Westwood Blvd., Los Angeles	6/27/72	10177(d), 11010, 11018.2
Dba Moss Development Co.			
Sackler, Allen B. (REO)	1850 Westwood Blvd., Los Angeles	6/27/72	10177(d), 11010, 11018.2
Vice Pres., Walik Associates, Inc. (REO)			
Pres., Moss Securities Co., Inc. (REO)			

(Continued from page 2)

cause it basically does not require a real estate license.

Reported recently is the case wherein a real estate broker, acting as exclusive agent for another broker/tract developer, received kickbacks from a prominent advertising company. The practice subsequently resulted in a 90-day suspension of his license.

Investigation disclosed that the employee-broker had been employed as exclusive agent for the sale of several improved subdivisions, with authority to contract for outdoor advertising regarding the property. The advertising costs, amounting to several thousand dollars, were paid by the developer.

During his employment, the selling agent organized a sign company under

a fictitious name for the purpose of negotiating for advertising regarding the tracts. For over one year, the agent contracted for advertising and signs for which his employer paid. Facts showed that during an eight-month period the agent, through his own sign company, secretly received over \$4,500 in refunds or "kickbacks" from the producing sign company.

The courts have unequivocally held that an agent cannot acquire any secret interest opposed to his principal; when he does, he is compelled to disgorge the secret profit. Note that while the principal in the above delineation paid the going price for his signs, that fact was immaterial.

PRIVATE SCHOOLS NOW OFFERING REQUIRED COURSES

The growth of real estate education in California continues. With over 50,000 real estate enrollments in the community colleges, the 1971 Legislature authorized private vocational schools to instruct the four statutory real estate broker courses.

The advent of the private real estate school offerings makes it possible for the broker license applicant to accelerate his training at a faster pace than can generally be offered in public schools under the semester or quarter unit program. Accelerated curriculum has proven to be popular, particularly among adults.

Some 43 requests for real estate correspondence and residence courses have been filed for approval with the commissioner since March 6, the effective date of the enabling statute. Thirty-eight courses consisting of the four basic subjects, Legal Aspects of Real Estate, Real Estate Finance, Real Estate Practice and Real Estate Appraisal have been approved.

A provision in the law obligates the commissioner to approve private vocational courses provided he finds the course(s) "equivalent in quality to real estate courses offered by the colleges and universities accredited by the Western Association of Schools and Colleges."

To insure equivalent in quality programs, the commissioner promulgated regulations which outline some prerequisites essential to "quality" education. The requirements follow the pattern set by California's community college system. Part of these requisites are: at least 45 classroom hours per course, curriculum standards and vocational teacher qualifications.

The private school seeking approval of the courses required for a broker license must file a formal application and the proposed curriculum. Personal data concerning the prospective teacher is reviewed. A department official, experienced in qualifications and curriculum development, oversees, reviews curriculum, studies the texts and lesson features and compares the teachers' qualifications with those of college instructors. He then inspects the teaching facilities and classrooms. If find-

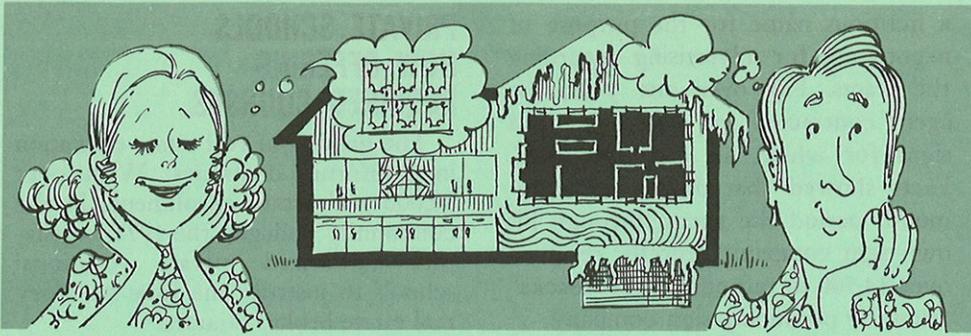
(Continued on page 12)

Licenses Suspended

Name	Address	Effective date	Violation R.E. Law/Regulations
Armijo, George (RES)	731 E. Arrow Hwy., Glendora	4/ 4/72 45 days	10176(a) (i), 10177(f)
Davis, Paul VanCott (RES)	2512 Noriega St., San Francisco	4/ 4/72 5 days	10176(a)
Alex, James John (RREB) Db a Alex Realty Co.	458 Old Country Rd., Pacifica	4/15/72 120 days	10177.5
Gray, David Phillip (RES)	4636 Avocado Blvd., La Mesa	5/ 2/72 15 days	10176(a) (b) (i), 10177(f) (j)
Lesperance, Clarence Orlo (REB) (Right to Renew RES) Db a Mercury Mortgage Co.	915 Arrow Hwy., Glendora	5/ 2/72 30 days	10177(d); 2731, 2834
Bowman, Ivan L. (REB) (Right to Renew RES)	Inters. Hwy. 88 & Volcano Rd., Pine Grove	5/18/72 12 mos.	10177(d), 11010, 11018.2
Wiebe, Donald John (REB) (Right to Renew RES) Db a Pioneer Real Estate	So. Si. of Hwy. 88, Pioneer	5/18/72 12 mos.	10177(d), 11010, 11018.2
Courtney, Mae (REB)	12345 Ventura Blvd., Studio City	6/15/72 60 days	10176(a) (i), 10177(f) (g) (j)

Licenses Suspended With Stays

Name	Address	Effective date	Violation R.E. Law/Regulations
Clark, Thomas Paul (RES) (Stayed for 3 years on condition)	2101 Market, San Francisco	4/ 7/72 90 days	10177(d) (f) (g); 2900, 2901
Reinaldo, Hector Joseph (REB) Db a Medallion Realty (Stayed for 2 years on conditions)	7215 Lindale Dr., Sacramento	4/17/72 90 days	10145, 10176(e), 10177(d) (g) (j); 2830, 2831, 2831.1, 2832
Karlovich, Raymond Joseph (REB) (15 days stayed one year on condition)	241 S. San Mateo Dr., San Mateo	4/18/72 30 days	10177(d), 11012, 11013.4
Pacific States Land Company (REC) Karlovich, Raymond Joseph, Pres. (REO) (15 days stayed for one year on condition)	241 S. San Mateo Dr., San Mateo	4/ 18/72 30 days	10177(d), 11012, 11013.4
Braidwood, Neil Blair (REB) (After 30 days remainder or any portion thereof may be stayed on terms and conditions)	717 Brasher Ct., Santa Rosa	4/27/72 to & incl. 12/18/72	10162, 10177(d); 2715, 2754
Ewing, Evelyn Etta (REB) (After 30 days, remainder or any portion thereof may be stayed on terms and conditions)	1760 California St., Mountain View	4/27/72 to & incl. 3/ 1/74	10162, 10177(d); 2715, 2754
Metzger, Beth (REB) Db a Beth Metzger & Associates, Realtor (After 30 days, remainder or any portion thereof may be stayed on terms and conditions)	9012 Soquel Dr., Aptos	4/27/72 to & incl. 2/10/73	10162, 10177(d); 2715, 2754
Lewis, Pauline Donifay (REB) (After 30 days, remainder or any portion thereof may be stayed on terms and conditions)	1131 Fay Ln., Anaheim	5/ 2/72 to & incl. 6/ 8/74	10165, 10177(d)
Wall, Ed Rudolph (REB) (After 30 days, remainder or any portion thereof may be stayed on terms and conditions)	12222 Venice Blvd., Los Angeles	5/ 2/72 to & incl. 4/30/73	10165, 10177(d)
Pavese, Francis Jerome (REB) (Stayed for one year on condition)	1204 E. Orchid Dr., San Bernardino	5/15/72 30 days	10141, 10177(d); 2950
Powers, Richard Harvey (REB) (After 30 days, remainder or any portion thereof may be stayed on terms and conditions)	522 Main St., Mendocino	6/ 8/72 to & incl. 6/ 2/74	10162, 10177(d); 2715, 2754
Gilson, Sally Sekiko (REB) Pres., Hearth Realty, Inc. (REO) (45 days stayed for one year on condition)	18440 Devonshire St., Northridge	6/15/72 60 days	10177(f) (g)
Walik Associates, Inc. (REC) Db a Moss and Company Tres., Liebes, John Martin (REO) ice-Pres., Tamkin, Ronald Phillip (REO) Pres., Kirshner, Morton (REO) (Stayed for one year on terms and conditions; one condition being a 5-day suspension)	1850 Westwood Blvd., Los Angeles	6/27/72 1 year	10177(d), 11010, 11018.2
Hewitt, Jerry A. (REB) (After 30 days, remainder or any portion thereof may be stayed on terms and conditions) (Right to Renew RES)	13042 Gilbert, Garden Grove	6/29/72 to & incl. 6/ 7/75	10162, 10165, 10177(d)



A Study Measuring the Differences Between Male and Female Preferences

Mr. Paul Hatt, Chairman of the Department of Finance, Insurance and Real Estate at California State Polytechnical College, Pomona announced completion of a research study on the "Buyers' Profile Analysis of Factors Relating to the Home Buying Decision" by that college. This project was funded by the Department of Real Estate. A questionnaire was utilized to measure the opinions, motivations and intentions of recent home buyers. All respondents were personally interviewed and were chosen randomly from a group which had not owned their homes for more than six months. Both the husband and wife were requested to complete a questionnaire in order to measure differences between male and female preferences. Several interesting facts were gleaned from this research report.

Husbands felt that the floor plan was important to them and showed a tendency toward air conditioning as being extremely important. Wives felt that an extremely important factor in the home buying decision was "cabinet space".

When the respondents were asked how they had found their homes, an average of 53 percent answered, "by driving around", while 37 percent stated that they utilized the services of a real estate broker. These figures varied with the community being studied. The high percentage of people who did not use the services of a broker raises interesting questions. The first of these is whether the home buyer did not realize that he was dealing with a broker who was the builder's representative. The second question involves a possible source of new business for real estate brokers.

The value of advertisement of homes for sale was also measured during this project. An average of 20 percent of all people surveyed found their homes through a newspaper advertisement.

The study may be obtained from the Department of Real Estate, 714 P Street, Sacramento 95814. Cost \$1.58, tax included.

SYNDICATE RESEARCH STUDY AVAILABLE

The research report, *A Study of Factors and Qualifications Required For Sales of Syndicate Interests* by California State University, Sacramento, is now available from the Department of Real Estate, 714 P Street, Sacramento 95814, at \$1.58 per copy (includes sales tax). This report was developed through the Real Estate Education and Research Fund administered by the Real Estate Commissioner.

The purpose of the study was to determine what actions, if any, should be taken to improve the secondary market for real estate syndicate securities and to determine what actions should be taken to insure that salesmen of syndi-

cate interests are qualified to properly serve the public.

Among other things, researchers concluded reporting standards are very important as are syndicate credit reports. They also concluded no special license should be required by real estate salesmen to enable them to sell syndicate interests. Considerable advice to syndicate investors was included.

This report should be of interest to those real estate agents and attorneys who deal with syndicates as well as those who are unfamiliar with syndication and wish to know more about this type of real estate transaction.

COORDINATOR-TEACHER WORKSHOPS

The last in a series of four conferences held for real estate coordinators and teachers recently concluded with a meeting at Fresno City College. The other conferences were held at Foothill, Cerritos and San Diego Mesa colleges. All conference costs were funded through the real estate education and research program.

A total of over 400 coordinators and teachers of real estate courses in the community colleges attended the four sessions. These coordinator-teacher meetings replaced the former single conference held each year for the benefit of only community college real estate coordinators.

The new format provides communication directly with the teachers and allows them to gain a better understanding of education and teaching methods, new programs and innovations in real estate education. Coordinators were given an opportunity to expand their knowledge of ongoing programs and solve common problems through discussions with other community college coordinators. The entire effort is geared to improving the quality of California real estate education.

Earthquake Instrumentation Program Begins

The department has been advised by the Division of Mines & Geology that California has more earthquakes than any state except Alaska. Since California became a state over 120 years ago, nearly 1,000 people have died and nearly two billion dollars worth of property has been destroyed by earthquakes. Most of this loss involved or took place in buildings which collapsed or were badly damaged.

When scientists and engineers have information on the forces to be expected in an earthquake, they are better able to design buildings and other structures (such as dams, bridges, highways) that can withstand the strong ground shaking during earthquakes. However, the information presently available on the motions and forces developed is severely limited. In an effort to help obtain this vitally needed information, the Legislature enacted S.B.

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Revised Plan for the Professional Development of the Real Estate Industry in California

History

In 1966, the Real Estate Commissioner's office drafted and distributed a "Blueprint for Professionalization of the Real Estate Business in California." The Blueprint was designed to provide a proposed and flexible procedure designed to elevate the standards of real estate practitioners.

In 1968, the Commissioner revised the initial Blueprint, based upon the development of educational opportunities in the interim, using as the "starting point" departmental legislation to make four real estate courses at the college level mandatory to qualify for the issuance of a real estate broker's license.

During the period through 1970 the California Real Estate Association and other groups supported legislation raising licensing standards, thereby providing increased protection to the public dealing through licensees and enlarging opportunities for licensees to increase their knowledge and improve their skills.

For example, real estate licensees' funds have been utilized totaling nearly seven million dollars, to lay the groundwork to make courses available throughout California which cover the real estate field. A recent survey showed 82 community colleges participated in the program by giving one or more real estate courses each semester. Seventy-six of these give all four of the courses which under present law became mandatory January 2, 1972, and 74 of these offer AA degrees. Among the state colleges, 13 offer a B.S., M.S., or M.B.A. with a specialization in real estate. The University of California and several of the private institutions of higher learning also offer courses.

Thus, a further step in the process appeared to be ready to take in 1970. Work began toward developing a Plan which might be acceptable and arrive at the early attainment of professional recognition.

A committee drafted such a Plan after many meetings and the consideration of dozens of alternative measures. Finally the Plan was accepted by both the DRE and the CREA during 1970 and 1971.

Another move toward broadening the availability of college level courses was taken with the passage in 1971 of A.B. 1578. This makes it possible for the Commissioner to approve courses given at private, vocational schools and as supervised courses of study when

the level is equivalent to that of "institutions of higher learning."

This further broadens the availability of real estate education and should do no damage to the overall concepts—since educational equivalency is dealt with in substantial measure throughout this 1972 revised Plan.

With this initial exposure to the organized real estate industry, and the full range of educational opportunity developed, it was felt that the time had arrived to work toward a consensus with all organized industry groups and throughout the ranks of all who have a genuine interest in the long-range professional development of the real estate industry in California.

Toward that end, several revisions of the "1970 Plan" have been incorporated in this 1972 effort and will be found under the calendar year headings which follow through the various annual steps outlined below.

The 1970 version of the Plan was widely circulated, and some of the revisions appearing in the current Plan stem from feedback from the field, from members of CREA, from non-organizationally oriented licensees and from representatives of the California Association of Real Estate Brokers.

A joint meeting of the Real Estate Commissioner and some of his staff with top level representatives of the CREA and the CAREB was held in Los Angeles in the Fall of 1971. Those present approved the Plan in concept, with the thought that further consideration should be given to the "grandfathering" concept as it might relate to the voluntary certification program. That is, with such a long period set forth in the 1970 version of the Plan for the existence of a voluntary certification, those who did not qualify would, in a sense, have a six-year span of service in a lesser capacity until the prescribed "grandfathering" would take place. It was also felt that the fidelity bonding concept could not be implemented until bonding or some suitable alternative has been proven to be universally available. It was also suggested that further consideration be given to broadening the approach toward equivalent educational opportunities.

The 1972 version of the Plan attempts to come to grips with each of these points; it was developed after a meeting in May of 1972 with representatives of CREA and CAREB.

Introduction to the Plan

Studies formally undertaken by academic institutions, by the DRE and by the organized real estate industry relating to the image of the real estate business have shown that some real estate licensees are thought to be inadequately prepared for the complex field in which they operate. A "good image" is clearly a desirable attribute in furthering public confidence in dealing through real estate licensees.

Professional recognition by the public is not likely unless all of the basic ingredients of the professional are present in the prequalification process.

In general, this includes a test in-depth of competence, a substantial amount of experience, a broad academic base and an acceptance of a full measure of responsibility.

A realistic approach suggests that the industry, itself, must generate and sustain enthusiasm for the concept if real estate industry support is to be retained and the Legislature and the Administration are to be convinced that the necessary statutory changes are really needed.

The Plan avoids lengthy discourse on the history of the educational effort that began in 1956 when a portion of every licensee's fees was first set aside for the advancement of education and research. The development of educational opportunities during the intervening years, along with the growth of research and the developing body of knowledge of real estate, is recognized as a basic building block in the entire professionalization effort.

If the program is to move ahead, we must maintain a wide availability of college level courses in real estate, the acceptance by real estate brokers of their responsibilities, and the dedication of thousands of licensees to build upon the work which has already been done.

This cadre of professionals and devotees to the professionalization effort provides the necessary thrust for implementation of the Plan.

A good example of this exists in the growing dialogue among academicians in California with respect to establishment of the "part-time degree" program, where much of the work can be done off campus, and the growing interest in the development of a three-year degree program, especially in those fields which are approaching professional status. There is no reason why, if the academic community were

to develop a three-year degree program, for example, the Plan could not be revised to accommodate these new concepts when such programs are universally available. No conflict need arise in connection with efforts toward the establishment of "part-time degree" programs. On the contrary, those interested in the whole real estate professionalization effort would probably want to promote this concept.

The Plan accommodates the economic needs of the industry without sacrificing any of the basic ingredients of the recognized professions. Yet, it is a program unique to the real estate industry, as well it should be. There are no exact parallels of activity in any other area of the business or professional scene.

The reader should recognize as he reviews each step in the Plan that work toward each step must be undertaken sufficiently in advance so that all concerned will have ample notice and the legislation will provide a fair amount of lead time.

Finally, it should be clearly stated that every member of the real estate industry is not expected to agree with every feature of the Plan. However, the Plan is presented as the product of many meetings and in the belief that it affords a dynamic opportunity for the real estate industry and the general public of California to benefit from its implementation.

The Plan in Summary

The following narrative describes the elements of a new concept for the development of real estate licensure. Both the academic and experience qualifications are considered in a progressive relationship which will provide the opportunities to the individual to attain professional status.

Before detailing the steps which will be necessary during the '70s in connection with each category of license, a feeling for what is being attempted may best be obtained by the brief summary which follows. It should be noted that some of the earlier thinking on the national scene relating to the "single license concept" is not reflected in this Plan. On the contrary, the economic needs of the real estate community appear to compel the retention of a salesman status; further, the long road between entry at the salesman level and the attainment of the professional designation has led to a provision for an intermediate or Associate step. The Plan could be the catalyst for similarly oriented efforts elsewhere in the United States and Canada. The framework will accommodate other devel-

oping programs in other jurisdictions. The three-category proposal is:

Certified Real Property Broker

The category will come into being when the Plan is fully implemented, hopefully by 1980. At that time qualification as a Certified Real Property Broker will be mandatory in order to perform those acts which are today included within the definitions of acts for which a real estate broker license is required. At the terminal date all current real estate broker licensees will be "grandfathered" without the need to meet the additional requirements for this category.

The basic ingredients in order to qualify for the designation will be a baccalaureate degree (or any of a number of equivalent variations), four years salesman experience, passing the prescribed examination and acknowledgment by the broker of his full responsibility for the real estate activities of his salesmen.

A voluntary certification for this category may become available earlier. During the transitional period substitution of additional experience in lieu of education and the examination requirement will be allowed for those who apply for the voluntary certification.

Real Estate Salesman Licenses

The examination for real estate salesman license will be gradually strengthened as the Plan progresses. If, eventually, some educational requirements should be added they can be considered at later stages of review of the Plan.

For example, as educational requirements for salesmen become better accepted and a basic course (such as Principles of Real Estate) is universally available and could be approved through private vocational schools or under a supervised course of study—it might be feasible and appropriate to add such a prelicensing requirement. Some states are following this route, and their experience can be watched closely pointed toward the possible inclusion of such a requirement on or about the time the broker educational requirements are raised to the educational equivalent of two years of college level course completion.

Real estate salesmen after 1980 will not be allowed to supervise other salesmen or manage a branch or main office for a Certified Real Property Broker.

Associate Broker

A new category of Associate Broker will be established, effective in 1980. This category of licensee will be an

intermediate category for salesmen moving toward the Certified Real Property Broker status. The Associate will be required to have completed a portion of the educational requirements or equivalents and to have completed a moderately difficult examination. This category of license will be available to either the degree holder with no salesman experience or the real estate salesman with a mix of academic accomplishment and experience; he will be allowed to supervise salesmen or manage an office for a Certified Real Property Broker; the Associate could be delegated to "initial" contracts for the Certified Real Property Broker.

Note:

As seen in a review of the details of the Plan, which follows, the opportunity to acquire academic knowledge outside the rigid format of a degree program has been woven into the Plan at every juncture where additional educational requirements are involved. A sampling of existing real estate licensees showed that as far back as 1970, roughly 75 percent of those holding broker licenses had completed at least two college level courses in real estate. Fifty percent or more had completed two years of college. Thus, it can be seen that the eventual "grandfathering" concept will not only meet a practical need but should be generally acceptable—since such a small group to be "grandfathered" might be thought to have marginal qualifications for the Certified Real Property Broker designation. Further, the possible existence of the voluntary designation prior to the target date will serve as an inducement for licensees to remedy any academic deficiencies.

The reader, comparing this version with the 1970 Plan for Professionalization, will find reference to mandatory audits and fidelity bonds missing. These are both matters which deal with the responsibility that real estate brokers will be expected to assume as they move toward professional recognition. The Commissioner currently maintains educational liaison between educators and real estate associations. He will intensify emphasis toward development of a broadly based educational program to reach all licensees in the areas of broker activity where improper handling of funds could have the most significant adverse effects on the public.

If mandatory fidelity bonds should be sought, such legislation can be obtained outside the framework of a "Plan." It is thought a mandatory fidel-

ity bonding program should not be implemented until it can be shown that bonding is available to every honest real estate broker licensee at a reasonable price. This suggests further attention to the Recovery Fund setup, the possibilities of some sort of blanket bonding arrangement, and/or the development of an assigned-risk plan similar to that involved in automobile liability insurance.

TIMETABLE FOR IMPLEMENTATION OF THE PLAN

1972

Effective January 2, 1972, completion of 12 units of college level courses is a prerequisite to taking the real estate broker license examination. (For those new broker license applications filed on or after that date these are: Three units in Real Estate Law; three units in Real Estate Practice; three units in Real Estate Appraisal; and three units in Real Estate Finance.)

The courses may be completed at institutions of higher learning, or at private vocational schools or under a supervised course of study approved by the Real Estate Commissioner.

It is felt that the effective date of this second phase of the course requirement legislation completes the groundwork for the professional development plan which follows:

1973

Legislation will be sought with an effective date of January 1, 1974, adding a requirement for the completion of two additional courses of 3 units each in two related business subjects. (For example, real estate courses in addition to the four existing required courses, advanced courses in this same subject area, Marketing, Accounting, Business Math, Office Administration or other related subjects.) This will bring to a total of 18 the number of units of college level work which must be completed.

Since lead time for the broker candidate who applies on or after January 1, 1974, should be provided, it is anticipated that the proposed legislation must permit a grace period of one year after the effective date of the legislation for the broker to complete the courses. In a sense, the broker license would be probationary during that period of time. This grace period would not apply to candidates applying after January 1, 1975.

1974

The maximum time during which an inactive licensee can remain inactive without being required to take

an examination to reinstate will be reduced from the existing 10 years to 3 years.

This proposal appears to be consistent with interest being shown in the Legislature for continuing education for licensees. That is, continuing education for active licensees is considered necessary to assure their continued competency. Serious questions of competency arise if a person is inactive and out of touch with the market and existing laws for more than three years.

1975

Broker applicants will be required to make a showing that they have completed at least four years full-time experience as a salesman licensee.

It is contemplated that the legislation requiring four years experience will not be effective until the end of 1977, because 1975 legislation will not be effective until the end of 1975, and current salesman licensees at that time should have the opportunity to gain the additional experience without adversely affecting their long-range plans for securing broker license status.

Presently, the Code provides for an automatic waiver of the two-year experience requirement for broker applicants who have completed a four year college or university course which includes a specialization in real estate. The increase in the experience requirement and the educational requirements of the Plan will require an amendment to this section to phase out the educational substitute for experience to mesh with the effective date of the lengthened experience requirement (1977).

1976

Legislation to be effective January 1, 1978 will require real estate broker applicants to have completed 60 units of college level courses. This college work could be in any field but would, of course, include the 18 units previously required (see 1973); this would be the equivalent of a specialization in real estate at the two year college level.

Broker applicants who have not completed two years of college level work will be able to apply on a basis similar to the various equivalents which are provided for qualification at the terminal date of the Plan when a four-year college course completion educational equivalent would be required. These equivalents appear under the voluntary certification category on subsequent pages. Translating these to equivalents of two years of college would be to allow the Commissioner to accept educational accomplishment

similar to the following: Completion of at least 60 units of college level work must be either: as a matriculated student; through extended day or evening classes; or, through Extension Divisions or correspondence courses. Since 18 of these units are required (see 1972 and 1973), this would include the right of the applicant to take the courses under a supervised course of study or through a private vocational school. Combination of these accepted means of academic accomplishments could be approved; in addition, the applicant could be allowed to complete college level examinations administered by an agency such as the Educational Testing Service of Princeton, New Jersey, in the areas of English, The Humanities, Mathematics, The Social Sciences and History—geared to lower division college course completion standards. Thus, as with each entry in the Plan dealing with educational requirements, an application will be allowed to submit educational accomplishment equivalent to the basic requirement.

1977

Legislation will be sought with an effective date of January 1, 1978, to allow candidates to apply, voluntarily, for a new designation of Certified Real Property Broker. The requirements for this certification will be:

1. Pass a state-administered examination designed to establish competency at a higher level than that being required of real estate brokers. At such time as this CRPB designation is available the examination would be waived for a broker with 15 years active experience as a salesman or broker; at least 3 of which must have been as an active broker; and
2. If the applicant does not qualify for the examination waiver, *he must have* at least four years full-time experience as a real estate salesman or broker licensee. It is contemplated that the statute, as it does today, will provide a means by which equivalent experience must be measured. That is, experience as a licensee in another state or in large-scale activities as a principal dealing in real estate could be considered as well as full-time salesman and broker experience; and
3. Possession of a baccalaureate degree or a showing that the applicant completed sufficient college level work to qualify for a degree

as if all of the completed courses had been taken as a matriculated student in a degree program. A further educational equivalent in connection with the voluntary certification will be included and is set forth below:

Voluntary Certification Education Equivalent

In lieu of the degree or its direct equivalent, the Commissioner shall be authorized to accept any one of the following as meeting the educational requirement for voluntary certification as a Certified Real Property Broker during the period of voluntary certification (1978 through mid 1980):

- a. Two years experience as an active salesman or broker licensee in lieu of each year (30 units) of college course completion (based on 120 units of college work constituting the equivalent of a baccalaureate degree program). This experience would be in addition to the basic four-year experience requirement as either a salesman or broker; or
- b. Educational alternatives similar to those set forth in the Business and Professions Code to qualify for the designation of Certified Public Accountant. The Certified Real Property Broker voluntary certification program would accept: An applicant with a degree which included a specialization in real estate, or a degree which included evidence of study substantially the equivalent of a real estate major, including courses in real estate or related courses in business administration; or a degree will also be considered a "degree with a specialization in real estate" if it is any degree (or degree equivalent) in which the overall educational accomplishments include the 18 mandatory units (see 1973 and 1976 and 1977, paragraph 3).

— OR —

Evidence of having successfully completed a two-year course of study at the college level or received an Associate in Arts degree from a community college plus evidence that the applicant has studied, under appropriate supervision, real estate and related business administration subjects for a period of at least four years.

— OR —

A showing satisfactory to the Commissioner that the applicant has some combination of the above educational qualifications or in some other manner

has had the equivalent of the education qualifications required by either of the above, or shall pass a preliminary written examination approved and administered by an agency approved by the California State Department of Education to determine that he has the equivalent of the educational qualifications required for the Certified Real Property Broker category.*

The voluntary certification will permit the successful applicant to use this designation in his advertising and other indicia, but would confer upon him no additional functional authority beyond that exercised by other brokers.

Note:

The voluntary certification program, as can be seen, provides for a substitution of experience for education and the examination. With a basic four-year experience requirement plus two years additional experience in lieu of each year (30 units) of college level course completions, the broker applying for a certification could do so without college level education and without taking the examination if he has had at least 15 years active experience as a real estate licensee. Due to attrition, and existing educational requirements in effect during the preceding ten years, only a small proportion of brokers who were endowed with substantial experience in the field would be applying for certification without having met all or most of the contemplated degree equivalent requirements.

1978

This would be the year of implementation of several of the major steps contemplated—the four-year experience requirement, the two years of college level work requirement, and the voluntary certification.

Also, it would be a year of intensive activity in determining whether or not the final step in the Plan was now ready for development into legislative form for introduction the following year.

1979

Assuming the developing standards justify retaining the original 1980 target date, legislation will be sought

* By way of clarification, it is felt the pattern followed by the Board of Accountancy would fit this situation. That is, the candidate would be allowed to successfully complete at his own cost college level examinations administered by an agency such as the Educational Testing Service of Princeton, New Jersey (the firm has a branch in Berkeley, California), in five areas: English, The Humanities, Mathematics, the Social Sciences and History.

in 1979 with a July 1, 1980 effective date to provide for the Certified Real Property Broker designation and the establishment of the new Associate Broker category.

The Certified Real Property Broker designation will become mandatory for all applicants who desire to perform the acts for which a real estate broker license is required prior to the effective date of the mandatory certification.

After that date voluntary certifications will no longer be issued, and the mandatory requirements will include all of those set forth for voluntary certification **except that experience as a real estate licensee could no longer be used as an equivalent for education or examination.** The three basic educational equivalents to a degree in real estate (see 1977—voluntary certification educational equivalent category in paragraph "b" above) would continue to apply. To restate briefly, a means is provided by which a four-year college course, with the real estate course requirements which are already in effect and which would be supplemented in 1973, may be deemed equivalent to a degree in real estate; or two years of college plus verification of four years' supervised study in business fields (equivalent in content to upper division college work); or completion of a battery of tests to be administered by an independent testing agency; or any **reasonable combination thereof as determined by the Real Estate Commissioner to show educational attainment equivalent to that which would be gained through a four-year college degree program.**

Real estate broker licenses as we know them today will not be issued after this date. All real estate brokers on and after the 1980 effective date will be "grandfathered" as Certified Real Property Brokers.

In all movements of this type some sort of grandfather clause is a practical necessity. A view of the ten-year Plan and contemplation of the expected attrition rate, plus a recognition that all real estate brokers licensed from 1972 on will have completed at least 12 units of college work—plus the progressively higher standards, thereafter—all suggest that the majority of licensees to be "grandfathered" to the Certified Real Property Broker class will substantially meet the requirements then applicable.

Certified Real Property Brokers will be the only licensee class after the 1980 effective date which will be allowed to employ other real estate licensees.

**New Class of License—Associate Broker—
Also Effective July 1, 1980**

This new category of license will be available as a step upward for real estate salesman licensees with two years of college (or the previously described equivalents thereto) plus two years of experience, and who pass the prescribed examination—which will be designed to be equivalent to the real estate broker license examinations given prior to 1980.

The requirements for Associate Broker will also be met if one has a baccalaureate real estate degree, or its equivalent in general educational attainment, but lacks the required four years' experience in order to qualify as a Certified Real Property Broker. This will make it possible for purely academically trained people to enter the real estate business as a career at an intermediate level.

It is emphasized that the basic educational equivalents to a two-year college level course and to a four-year college level course in real estate will also apply in connection with these educational requirements for Associate Broker. Wherever educational degree or degree equivalent requirements are added, the statute should provide the Commissioner with the authority to prove combinations of educational accomplishment.

Associate Brokers will be required to work under a written agreement with Certified Real Property Brokers, and will be allowed to carry on office management functions in either a branch or a main office.

Adequate lead time or a grace period will be provided to permit qualified salesmen to secure Associate Broker status on July 1, 1980. In this manner, no qualified salesman working as an office manager need be displaced.

During the period covered by the Plan for Professionalization the Real Estate Commissioner would expect to continue to work closely with all the educational institutions involved to see that course offerings fit the practicalities of the real estate industry; special attention would be given to including more instruction on the preparation of contracts—especially listings and deposit receipts.

In addition to the educational requirements established by law for attainment of the various classes of licenses, all organized real estate groups should continue to offer and expand "service" education in the many specialized fields of the real estate business. Both the practitioner and the public benefit from these educational programs.



Commissioner Karpe (left) receives a "Governor's Program to Reduce Occupational Injuries" award from Business and Transportation Agency's Secretary Frank Walton for DRE's "near perfect" safety record for 1971.

**CORPORATIONS COMMISSIONER ESTABLISHES
GUIDELINES FOR RETURN OF DEPOSITS**

Editor's Note: The following article appeared in the April 1972 issue of Escrow Newsletter (published by the California Department of Corporations) and it is reprinted in its entirety. Real estate practitioners should be conversant with the guidelines outlined below.

* * * * *

"The department (Corporations) has received numerous inquiries concerning the practice of accepting funds into escrow prior to the receipt of signed escrow instructions.

"This practice is covered by Section 1738.2, Title 10, California Administrative Code, which reads as follows: 'An escrow agent shall use documents or other property deposited in escrow only in accordance with the written instructions of the principals to the escrow transaction, or if not otherwise directed by written instructions, in accordance with sound escrow practice, or pursuant to order of a court of competent jurisdiction.'

"The practice of accepting funds into escrow prior to the receipt of signed escrow instructions creates a problem of proper distribution of funds should the escrow never open (instructions are not signed by both parties).

"To ensure that the parties to the escrow receive the funds to which they are entitled should the escrow fail to open, the following guidelines should be used:

"If funds are deposited with an escrow agent, without benefit of signed escrow instructions, and the transaction is not consummated, the funds shall be:

"1. Returned to the broker if the funds deposited with the escrow

agent were from the broker's trust account;

"2. Returned to the broker if the maker's check was made payable to the broker, who in turn endorsed the check in favor of the escrow agent;

"3. Returned to the buyer if the buyer deposited the funds into the escrow account directly.

"In order for the above procedure to be effective, the escrow agent's deposit receipt must contain sufficient information to properly identify the source of the funds.

"If the escrow agent obtains a 'Third Party Deposit Receipt', which contains provisions for the return of funds in the event the escrow is not opened, the foregoing guidelines need not apply.

"In all instances, prior to the release of funds, the individual concerned must submit instructions which effectively state that since escrow will not open, the funds are to be returned to him."

Any Suggestions?

The last issue of the Bulletin was printed on blue paper with black ink. In this issue, some copies were printed on all-white or on all-green paper with black ink. The commissioner would appreciate knowing your preference on the different color combinations that you have received.

VIGNETTES from DRE

HAL WELLS RETIRES

Harold H. Wells, Assistant Commissioner in charge of the Department of Real Estate's Northern California Regulatory Area, retired in June after over 37 years of distinguished service to the state.



HAROLD H. WELLS

After a few months with the Department of Motor Vehicles, Wells joined the department in 1935 as an account clerk, and two years later was promoted to senior. In 1946 he was appointed a Deputy Real Estate Commissioner.

In 1950 he was promoted and assigned as chief deputy in charge of the Oakland office. In 1953, he was elevated to chief deputy in charge of the licensing operation in the Sacramento office and in 1960 he was promoted to Assistant Commissioner of Licensing and Services statewide, with jurisdiction over licensing, examinations and the accounting office.

In 1967, Wells became head of the Central Regulatory Area. He assumed his latest position with the department in 1970. During his state career, Wells served under nine Real Estate Commissioners.

Sacramento born, he was educated in the schools of that city, including Sacramento City College.

His retirement plans include traveling, fishing and pursuing several other hobbies.

25 YEAR AWARDS

Raymond M. Dabler, Assistant Real Estate Commissioner in charge of education, publications and qualifications, and Frank J. Ryan, Chief Deputy in charge of out-of-state subdivisions were recently awarded certificates and pins for 25 years of state service.

Prior to joining the department in 1958, Dabler worked for the State Board of Equalization and Department of Employment. After promotions to Senior Deputy in 1960, as supervisor

of license examinations in Sacramento, then Chief Deputy in charge, he transferred to San Francisco to head the district office in law enforcement and subdivision regulations.

In 1968, Dabler was promoted to Assistant Commissioner in charge of the Northern Regulatory Area. He transferred back to Sacramento in 1970 to head the statewide real estate education, examinations, broker qualifications, publications, deputy training and private real estate course approvals functions.

Frank J. Ryan

Ryan entered state service in 1947 with the State Board of Equalization and was assigned as investigator in the alcoholic beverage control division. After 10 years, he transferred to the State Department of Professional and Vocational Standards and in 1957 came to work with the department in San Francisco. Ryan was promoted to Chief Deputy in charge of the Los Angeles District Office in October 1970. Since May 1972 he has headed the department's out-of-state subdivision section located in Sacramento.

RECENT PROMOTIONS

John A. DiBetta was recently promoted to Assistant Commissioner and now heads the Southern Regulatory Area which includes the area served by the Los Angeles and San Diego Offices.



JOHN A. DiBETTA

This post was vacated by Henry Block, who transferred to Sacramento as Assistant Commissioner in charge of the Northern Regulatory Area which was headed by Harold Wells, who retired from state service on June 9, 1972.

DiBetta entered state service in September 1964 as a deputy commissioner in the Los Angeles District Office. Five years later, he was promoted to chief deputy in charge of the San Francisco District Office.

Prior to his service with the DRE, DiBetta was with the Los Angeles Police Department Detective Bureau, Fraud Division, where he was in charge of investigating major fraud cases (including corporate securities and real estate).

While engaged in police work, he took college courses in police administration and criminal law, and received extensive supervisory training at the L.A.P.D. Academy.

During World War II, DiBetta served as a petty officer with the United States Coast Guard.

Raymond L. Royce

Raymond L. Royce, formerly a senior deputy in the San Francisco District Office, was promoted to fill the chief deputy position vacated by DiBetta.

Royce began his career with the department in May 1962 as a deputy commissioner in the former Oakland office. In March, 1971 he was appointed a senior deputy.

A native of Missouri, Royce graduated from Missouri University, where he earned a BS degree in Business Administration with a Finance major. He served in the Air Force during the Korean Conflict as a Finance officer.

Fred W. Parsons

Fred W. Parsons spent several years in the real estate business before entering state service with the department in June 1966. On July 3, 1972 he was appointed to the senior deputy assignment formerly held by Royce.

Parsons retired as a Commander from the U.S. Coast Guard after 32 years of service. He then completed his education at San Jose State where he graduated with a BS degree in Business Administration.

SANDERS HEADS SACRAMENTO U.S.O.

Senior Deputy Coy Sanders is currently devoting 40 or more hours every week to the investigation of the department's most complicated subdivision filings. This would be enough work for an ordinary man, but in his "spare" time he contributes much to community betterment programs. Sanders has always been concerned with youth programs. In the past he organ-

(Continued on page 11)

SANDERS HEADS U.S.O.

(Continued from page 10)

ized and directed youth club programs in the Long Beach area.

Currently serving his second term as President of the USO, Sacramento area, he chairs a committee of 30 leading citizens who establish policies for its activities.

Sanders acts as liaison between the USO and the military establishment in the Sacramento area and serves as Chairman of the Agency Relation Committee of the United Crusade from which USO draws support.

Not satisfied with this amount of public service, he is also a member of the Board of Directors of the Salvation Army, greater Sacramento area.

Disciplinary Action 1971-72 Fiscal Year

For the fiscal year ending June 30, 1972, the commissioner revoked 169 broker and salesman licenses, 55 of the revoked licensees were given the right to apply for a restricted license.

During the same period 81 orders were issued suspending broker and salesman licenses and 104 applications for license were denied: Of these, 79 of the applicants were given the right to apply for a restricted license.

One hundred twenty-five Desist and Refrain Orders were issued directing respondents to discontinue illegal activities such as offering or selling subdivided land without a public report, false and misleading advertising and operating a brokerage business without a license.

In Memoriam

Anthony Francis Kiraly, a native of Ohio, was stricken with a fatal heart attack on August 4, 1972. Tony, as his friends called him, resided in California for 28 years, living in Fresno for the past 13 years.

Tony was a veteran of World War II, serving in the U.S. Navy, and was a Deputy Real Estate Commissioner for the past nine years. He graduated from Sacramento State University and taught English at the Elk Grove Union High School in 1950, subsequently entering the real estate business as a salesman.

He entered state service in 1954 in the Department of Alcoholic Beverage Control and transferred to the Department of Real Estate, Fresno district, in 1963.

Tony is survived by his wife Alta.

4-4-4ing is usually illegal

The laws controlling the sale and development of lands in California are included in the Business and Professions Code. They consist of the Subdivided Lands Act and Subdivision Map Act. The Subdivided Lands Act is under the jurisdiction of the Real Estate Commissioner, assuring purchasers protection during the marketing of the land.

The Subdivision Map Act defines certain regulatory powers and procedures reserved to the governing bodies of cities and counties and provides for orderly design and improvement of lands.

Before lots or parcels in a subdivision can be offered for sale, the seller is required to file a *Notice of Intention* to subdivide and must obtain a subdivision final public report from the commissioner. A copy of the public report must be given to the purchaser prior to his entering into a binding contract. A public report is issued only when the development also meets the requirements of the Map Act.

Most home builders and land developers comply with the law. A few, however, subdivide land and sell in violation of the law. Some of the violations are due to ignorance and a few are deliberate.

By not complying, the land owner avoids the expense and time involved in meeting the requirements set up by law to protect the purchasers. Land operators have tried several schemes to sell their land while circumventing the subdivision law. Since a subdivision involves division of one parcel into five parcels, the plan most often used is known as the "4-4-4" procedure. This plan works as follows:

Mr. Divider purchases 160 acres of land. He cuts the land into four 40-acre parcels and conveys each of the four parcels to four separate corporations of which he owns controlling interest; or he may convey the four parcels to relatives or close business associates with the understanding that each 40-acre parcel is to be further divided into four parcels and then offered for sale to the public. A total of sixteen illegally divided parcels are thus created.

This procedure has been refined down to where the final offering was

reduced to 2½-acre parcels or less, creating a subdivision of a substantial number of parcels from the original 160-acre parcel.

Failure by the owner to meet the protective requirements of the law can and does result in damage and loss to an unsuspecting purchaser. The buyers of such illegally divided land will ordinarily be denied the protection the law is supposed to provide.

Consider some of the protection, value and guarantees the buyers would lose because of Mr. Divider's disregard of the subdivision law:

1. No assurance that he will ever receive title to his land; a prior blanket lien may wipe out his interest in case of foreclosure on the developer's interest.
2. Those purchasing by means of real property sales contracts may find that after years of monthly payments the seller no longer has title to the land to convey to them when the contract payments are completed.
3. Perhaps because of the failure to comply with the local requirements, a building permit may be denied, or a great amount of money must be expended to meet the requirements for a permit.
4. The parcel might be "land locked", with no means of ingress or egress, making the land worthless until after a lengthy, expensive civil suit may provide the needed easements.
5. The land, due to zoning, physical "layout" or other restrictions may not be used for the purpose for which it was purchased.
6. The purchaser's deposit and downpayment may be lost because of the owner's failure to impound as required by the commissioner.

Illegal subdivision activities are on the high priority list for enforcement by the Department of Real Estate. Penalties for violation are severe, involving fines up to \$5,000, imprisonment up to five years or both. In the final analysis, it could be more practical and profitable for the "4-4-4" operator to comply with the subdivision laws.

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Written	Fall—954	Non-Exempt Franchise, Sale of	Sum.—942
Processing Delays, Examination	Fall—955	Non-Exempt Franchise, Sale of	Fall—953
California Real Estate Bookshelf	Spr.—934	Notary Public	Sum.—947
Check, Handling	Sum.—945	Option, Termination of	Sum.—946
Commissioner, Real Estate:		Pest Control Act	Spr.—937
Karpe, Robert W., Appointed	Spr.—933	Private Schools:	
Changes in Regulations	Spr.—933	Qualifying for Course Approval	Win.—4
Changes in Regulations	Win.—1	Obtaining Approval of	Sum.—943
Commissioner's Desk	Spr.—936	Professionalism, Plan for	Spr.—940
Explains Exams Prerequisites	Sum.—941	Professional Development, Plan	Fall—956
Regulations, Adoption of	Sum.—944	Recovery Fund:	
Revokes Salesman's License,		Claims Exceeds Pay-outs	Fall—956
Dishonesty	Sum.—946	Claims Paid	Win.—4
Message to Industry	Fall—951	Real Estate Courses, Colleges	
Court Cases:		Offering	Win.—8
Weber v. Jorgensen		Real Estate Intern Rewards	Fall—956
(16 CA 3d 74)	Sum.—945	Real Estate Law, Enforcement of	Spr.—933
de St. Germain v. Watson, 1950		Real Estate Student Profile	Fall—952
(95 Cal App. 2d 862)	Sum.—945	Realists, Convene	Sum.—944
Hoar v. Taley (12 CA 3d 344)	Sum.—946	Reference Book, Revised	Sum.—941
Abell v. Watson		Research, Real Estate	
(155 CA 2d 158)	Fall—951	State Universities	
CREA:		San Francisco Real Estate	
Carnahan, Joseph B.	Win.—3	Market 1958-1970	Sum.—948
Deficiency Judgment	Fall—954	University of Southern California	
Department of Real Estate:		Impact of Corporate Moving	Win.—5
Syndicate Activity	Spr.—937	Salesmen, Real Estate:	
Reference Book, Two Volumes	Sum.—941	Broker-Salesman Agreement	Win.—1
Deputy Trainee Exam	Fall—952	Subdivisions:	
Maslach, Michael J., Promoted	Win.—5	Thirty-Year Study	Sum.—943
Passman, James, Promoted	Win.—5	Public Report, Survey of	Fall—952
Deputy Commissioner I,		Public Report, Requirements	
Applications for	Win.—4	Stiffened	Win.—5
Thomas, W. Jerome, Appointed	Spr.—936	Syndication, Advertised Seminars	Sum.—944
"Due-on-Encumbrance" Clauses	Win.—7		

Broker Convicted of Syndicate Act Violation

(Continued from page 1)

The department's auditor testified at the trial that the respondent did not maintain a trust account as required by law but maintained an open account. He testified that a total of \$200,000 in investors' funds had been expended by the broker between September 1, 1970 and October 12, 1970. The audit revealed that investors' funds went into various enterprises of the broker and also large sums were used for personal expenses such as dental bills, advance salaries to the broker, and auto racing expenses.

Although there is no sure way to prevent fraud, if the broker had complied with the law and obtained a syndicate permit from the commissioner, safeguards would have been required thus hopefully lessening likelihood of losses to investors.

PRIVATE SCHOOLS

(Continued from page 3)

ings are favorable, recommendations for approval are made.

The new statutes also provide for the approval of the offering of a "supervised course of study" which allows a candidate for the broker examination to be "tutored" individually in each of the specialized fields of real estate. Again the commissioner has imposed regulations which set the standards for such an offering. One regulation provides that enrollment of *two or more students* in a "supervised course" constitutes a "vocational school" and its operation would fall under the private vocational school standards.

Earthquake Program Begins (Continued from page 4)

1374 to establish, develop, and regulate a statewide strong motion-seismograph instrumentation program. This program would provide for placement of state-owned instruments in selected areas throughout the state. The instruments would record ground motion

data which would be made available to the housing industry.

Information on this new program can be secured from:

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