



# REAL ESTATE BULLETIN

EDMUND G. BROWN JR., *Governor*

Fall/Winter 1976

DAVID H. FOX *Commissioner*

## FOX APPOINTED COMMISSIONER

You and I share a great public trust because we deal intimately with the most important investment decision most people make in their lifetimes—the purchase of a home. I am new on the job, and I want and need your help in carrying forward the traditions and responsibilities of a fine profession and an excellent Department. I want to voice some of my preliminary thoughts and see what you think.

First, I intend to evaluate each program currently carried out by the Department to see if it makes sense and serves the needs of the industry and the consumer to the best advantage of all concerned.

Second, I think we should do all we can to reduce the time lag between the initial planning and ultimate approval for sale of new subdivisions. After appropriate study, I hope to bring about expedited concurrent, rather than consecutive, permit approvals at all jurisdictional levels.

Third, I would like to see a mutually agreeable code of ethics for every licensee. Such a universally applicable code is one of the cornerstones of a well-respected profession.

### COMMISSIONER'S MESSAGE

Fourth, I would like to work with you to make basic educational materials, similar to the brochures printed by the Department, available to the public at each of your sales offices. You are selling the best product in the world and should be glad to have your customers fully informed about it.

Finally, I am impressed by the fact that the Department only finds it necessary to take formal enforcement action against a very small minority of licensees. This means that most of you are doing a very good job and should be recognized for it. At the same time, I think it is in our mutual best interests to have the laws vigorously enforced against that small minority whose unlawful actions tend to give a bad name to your entire profession.

I welcome input from every interested source before making a final determination. If you feel strongly about any of my ideas, please write and tell me what you think and why.

You are members of a great profession. It is my hope that together we will move ahead and continue to honor the public trust to the best of our abilities for the benefit of all the people of California. What we do now will have a profound effect on the lives of our fellow citizens not only today but far into the future.



Governor Edmund G. Brown Jr. has appointed David H. Fox as Real Estate Commissioner and Director of the Department of Real Estate, effective September 17, 1976.

Prior to being named Commissioner, Mr. Fox served as the Governor's Cabinet Secretary. He has been a licensed real estate broker since 1969 and has spent much of the past nine years in activities related to California real estate transactions. As an attorney, he worked with the firm of Fox and Hanover concentrating on real estate-related matters. For five years, he was an Assistant U.S. Attorney and Assistant and Acting Chief of the Criminal Division of the Los Angeles office, where he was involved in the investigation and prosecution of numerous real estate-associated cases.

Continued on page 7

## REAL ESTATE BULLETIN

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

Vol. 36, No. 3/4 Fall/Winter 1976

STATE OF CALIFORNIA  
EDMUND G. BROWN JR., Governor  
DAVID H. FOX  
Real Estate Commissioner

### STATE REAL ESTATE COMMISSION

ARTHUR HOUSTON JR. Los Angeles	ROBERT C. LINDSEY San Jose
JOHN COTTON San Diego	FRANK MACBRIDE, JR. Sacramento
HARLAN GELDERMANN Danville	PHIL SAENZ San Diego
ART LEITCH San Diego	L. H. "SPIKE" WILSON Fresno

### PRINCIPAL OFFICE

714 P St., Sacramento 95814  
WILLIAM A. WIGGINS, Assistant Commissioner  
Administration Division  
JOHN E. HEMPEL, Assistant Commissioner  
Policy and Planning Division  
GERALD E. HARRINGTON, Assistant Commissioner  
Transaction Activities Division  
W. JEROME THOMAS, Chief Legal Officer  
HENRY H. BLOCK, Assistant Commissioner  
Education and Research  
GEORGE E. DUNN, Assistant Commissioner  
Licensing  
FRANK E. HELLAND, Chief Deputy  
Examinations and Qualifications  
PAUL R. POPE, Chief Deputy  
Course Approvals  
DONALD M. TALLMAN, Chief Deputy  
Education  
LARRY W. SMITH, Senior Deputy  
Editor  
PREM L. HUNJI, Director of Consumer  
Education

### NORTHERN REGULATORY AREA

RICHARD B. NICHOLLS, Assistant Commissioner

### District Offices

San Francisco, Second floor, 1 Hallidie Plaza 94102  
JOHN R. LIBERATOR, Chief Deputy  
Sacramento, Rm. 1494, 714 P St. 95814  
JOSEPH P. HOFMANN, Supervising Deputy  
Fresno, Rm. 3084, 2550 Mariposa St. 93721  
RICHARD H. MCADOO, Supervising Deputy

### SOUTHERN REGULATORY AREA

JOHN A. DI BETTA, Assistant Commissioner

### District Offices

Los Angeles (Main Office, Southern Area)  
Rm. 8107, 107 S. Broadway 90012  
WILLIAM H. WALL, Chief Deputy  
LEIGHTON J. PEATMAN, Chief Deputy  
San Diego, Rm. 5008, 1350 Front St. 92101  
JOHN C. KAMPS, Supervising Deputy

### SUBDIVISIONS

714 P St., Sacramento 95814  
RAYMOND M. DABLER, Assistant Commissioner  
Sacramento Headquarters Rm. 1400, 714 P St.  
FRANK J. RYAN, Chief Deputy  
LEE V. SIDA, Chief Deputy  
RAYMOND L. ROYCE, Chief Deputy  
San Francisco, Second floor, 1 Hallidie Plaza 94102  
JOHN LAZUR, Chief Deputy  
Los Angeles, Rm. 8107 107 S. Broadway 90012  
RICHARD E. RANGER, Chief Deputy  
Sacramento, Rm. 1400, 714 P St. 95814  
RICHARD D. CARLSON, Chief Deputy

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

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

## Disciplinary Action—April–June 1976

REB—Real estate broker  
RREB—Restricted real estate broker

RES—Real estate salesman  
RRES—Restricted real estate salesman

REO—Real estate officer  
REC—Real estate corporation

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

### LICENSES REVOKED

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Carroll, Donald Fred (RES)	275 Lynn Dr., Ventura	3/16/76	490, 10177(b)
*Norman, Henry James (REB)	12203 Long Beach Blvd., Lynwood	3/16/76	490, 10177(b)
*O'Connor, Kitty Lorraine (RES)	43850 20th St., E., Lancaster	3/17/76	10145, 10176(e)(i), 10177(d), 2832
*Shore, Manly (RES)	5503 Costello Ave., Van Nuys	3/22/76	490, 10177(b)
*Dunlop, Van Frank, Jr. (RES)	317 N. Riverside Ave., Rialto	3/29/76	10177(b)
*Sanna, Alfred Patrick (RES)	4570 Campus Dr., Ste. 8, Newport Beach	3/29/76	490, 10177(b)
*Valencia, Nancy Jane (RES)	1333 4th St., #2, San Rafael	3/29/76	490, 10177(b)
Pole, Richard Allen (RES)	5117 V St., Sacramento	4/ 6/76	490, 10177(b)
Myers, Dixie Dee (RES)	709 Carlin Ct., Petaluma	4/ 8/76	490, 10177(b)(f)
Austin, Steve Rojas (RES)	1473 Farrington Dr., San Jose	4/20/76	490, 10177(b)(f)
Dusza, Janet Kerr (RES)	3333 Watt Ave., Ste. 210, Sacramento	4/23/76	490, 10177(b)
McNally, Brenda Joy (RES)	303 S. Glenoaks Blvd., Ste. 7, Burbank	4/28/76	490, 10177(a)(b)(f)
Montgomery, Frank Herman (REB)	104 Bridge St., Arroyo Grande	5/ 6/76	10145, 10176(e)(i), 10177(d)(f), 10177.5, 2832
Miles, Donald Harry (RES)	1844 Union St., San Francisco	5/11/76	490, 10177(b)(f)
Swetcoy, Marilyn Edith (RES)	4944 Cass St., San Diego	5/11/76	490, 10177(b)
Preston, Robert James (REB)	216 Glover Ave., Apt. C, Chula Vista	5/11/76	490, 10177(b)
Ritchie, Cecil Martin (RES)	779 3rd Ave., Chula Vista	5/19/76	490, 10177(b)
Gunderson, John (RES)	800 1st St., Encinitas	5/27/76	490, 10177(b)
Ness, James Edwin (REB)(REO)	251 W. Grand Ave., Escondido	6/ 1/76	10145, 10176(e)(i), 10177(d), 2831
Officer—Paradise Valley Realty Inc. Paradise Valley Realty, Inc. (REC)	251 W. Grand Ave., Escondido	6/ 1/76	10145, 10176(e)(i), 10177(d), 2831
Beatty, Sandra Carole (RES)	9762 Catherine Ave., Garden Grove	6/14/76	10177.5
Silvey, James Meredith (REB)	8172 Hynes Rd., Anaheim	6/14/76	490, 10177(b)
(REO) Officer—Washington Mortgage Corporation Washington Mortgage Corporation (REC)	9411 Chapman Ave., Garden Grove	6/14/76	10177.5
Phillips, Calvin (REB)	4828 S. Figueroa St., Los Angeles	6/17/76	490, 10177(b)

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

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Martin, Marty (RES)	1532 W. Amerige, Fullerton	3/30/76	490, 10177(b)
(Right to RRES license on terms and conditions)			
Plumlee, Robert Carroll (REB)	2518 N. Poplar, Santa Ana	4/ 8/76	490, 10177(b)
(Right to RREB license after 30 days on terms and conditions)			
Norman, Joan Patricia (RES)	1886 W. Willow St., Long Beach	4/12/76	490, 10177(b)
(Right to RRES license on terms and conditions)			
Piette, Louis Gilbert (RES)	1860 S. Bascom Ave., Campbell	4/19/76	490, 10177(b)
(Right to RRES license on terms and conditions)			
Teahen, Edward Michael (REB)	5842 Edinger Ave., Huntington Beach	4/21/76	10176(e)(i), 10177(d)
(Right to RRES license after 90 days on terms and conditions)			
Warde, Fred Bernard (REB)	3730 Hopyard Rd., Pleasanton	4/21/76	490, 10177(b)
(Right to RREB license on terms and conditions)			
Hubbard, Willard Norman (RES)	39 Ardrilla Rd., Orinda	4/28/76	490, 10177(b)(f)
(Right to RRES license on terms and conditions)			
Leavy, Louis Alexander (RES)	114 43rd St., Apt. 2, Newport Beach	5/ 1/76	10146, 10176(a)(e)(i), 10177(f)(j)
(Right to RRES license on terms and conditions)			
Penn, Henry Orlando (REB)	P.O. Box 5324, 366 Grand Ave., Oakland	5/ 3/76	490, 10177(b)
DbA—House of Lords Realty Company (Right to RREB license on terms and conditions)			
Smith, Ronald (REB)(REO)	3730 Hopyard Rd., Pleasanton	5/ 3/76	490, 10177(b)
DbA—Allied Brokers Officer—A. B. Realtors, Inc.	7000 Village Parkway, Dublin		
(Right to RREB license on terms and conditions)			
Cable, Roger Bill (REB)	1749 W. 13th St., Upland	5/ 4/76	490, 10177(b)
(Right to RREB license on terms and conditions)			
Denney, Judy Lee (RES)	2247 Lake Tahoe Blvd., South Lake Tahoe	5/ 6/76	490, 10177(a)
(Right to RRES license after 60 days on terms and conditions)			
Borelli, Eugene Victor (RES)	2446 Van Ness Ave., San Francisco	5/ 7/76	490, 10177(b)
(Right to RRES license on terms and conditions)			
Kressin, Robert Radig (REB)	P.O. Box 9999, 2002 Grand Ave., San Diego	5/11/76	490, 10177(b)

Statement on Real Estate Bulletin issued quarterly was filed with postmaster on November 8, 1976. Location of office of publication and headquarters of publishers is 714 P Street, Room 1550, Sacramento, California 95814. Publisher: John E. Hempel, Assistant Commissioner, State of California; Editor: Larry W. Smith, Senior Deputy Commissioner, Department of Real Estate; Managing Editor: Henry H. Block, Assistant Commissioner, Department of Real Estate; all with offices at the address given above. Owner: Department of Real Estate, State of California, 714 P Street, Sacramento, California 95814. Bondholders, mortgagees and other security holders: none. Average number of copies each issue during preceding 12 months: 232,504; paid circulation through dealers, etc.: none; mail subscriptions, 229,581; total paid circulation: 229,581; free distribution: 1,675; total distribution: 231,256; office use, left over, etc.: 1,248; total press run: 232,504. Actual number of copies of single issue published nearest to filing date: 237,000; sales through dealers and carriers, etc.: none; mail subscriptions: 235,501; total paid circulation: 235,501; free distribution: 1,499; total distribution: 237,000; office use, left over, etc.: none; total press run: 237,000.



(Right to RREB license after 90 days on terms and conditions)			
Kuhn, William Joseph (REB)....	4849 Van Nuys Blvd., Northridge.....	5/11/76	490, 10177(b)
(Right to RRES license on terms and conditions)			
Porter, Robert William (RES)....	453 N. Glenwood Pl., Burbank.....	5/26/76	490, 10177(b)
(Right to RRES license after 6 months on terms and conditions)			
Laing, Mary Ellen (RES).....	12361 Saratoga-Sunnyvale Rd., Saratoga	5/27/76	10176(a)(i)
(Right to RRES license on terms and conditions)			
Gessin, Steven Robert (RES).....	Route 3, Box 436, Escondido.....	6/ 2/76	490, 10177(b)
(Right to RRES license on terms and conditions)			

**LICENSES REVOKED WITH STAYS**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
Sroka, Marian Ethel (RES).....	1725 Grass Valley Highway, Auburn....	6/21/76	490, 10177(b)
(Stayed 1 year on condition)			

**LICENSES SUSPENDED**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Hoefer, John Pershing (RES)....	16701 Algonquin, Huntington Beach...	3/16/76	490, 10177(b)
		6 months	
*Williams, Kevin McClaran (RES)-	5302 Vantage Ave., N. Hollywood.....	3/23/76	490, 10177(b)
		60 days	
*Higbee, Guy Richard (RES).....	418 Newport Ave., Long Beach.....	3/29/76	490, 10177(b)
		90 days	
Shake, Jak Robert (REB).....	17611 Los Alimos St., Granada Hills...	4/ 1/76	10145, 10176(e)(i), 10177(d)
		6 months	
Coolidge, Catherine (REB).....	8440 Wayland Ln., Gilroy.....	4/ 5/76	10177(d)(h)
		45 days	
Cockrell, A. Ray (REB).....	413 W. Longden Ave., Arcadia.....	4/13/76	490, 10177(b)
		30 days	
Duzan, Harold Vahan (RES).....	3373 McGraw Ln., Lafayette.....	4/13/76	490, 10177(b)
		30 days	
Chenault, John Howard (REB)...	1700-100 McHenry Ave., Modesto.....	4/14/76	10176(a)(i), 10177(f)
		30 days	
Friedrich, Eugene Levon (RES)...	156 W. El Camino Real, Sunnyvale....	5/ 4/76	490, 10177(b)
		30 days	
Newton, T. Lawrence (REB).....	73700 El Paseo, Palm Desert.....	5/ 5/76	10177(d)(j), 11010, 11018.2
	Dbas—Newton Realty	240 days	
Segovia, Dorothy Lee (REB).....	3310 W. Beverly Blvd., Montebello....	5/19/76	10145, 10176(e), 10177(d), 2832
	Dbas—Sunshine Realty	15 days	

**LICENSES SUSPENDED WITH STAYS**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Hoekstra, Ursula Carolina (REB). 2500 Palos Verdes Dr., N., Rolling Hills Estates		3/30/76	10177(b)
		90 days	
(All but 30 days stayed for 2 years on terms and conditions)			
Isaacs, Raymond Sidney (REB) (REO).....	3392 Clayton Rd., Concord.....	4/19/76	10145, 10177(d), 2832
		5 days	
(Stayed for 1 year on terms and conditions)		4/28/76	10177(d), 11010, 11018.2
Rickey, Donald Raymond (RES) 414B Center St., Yuba City.....		90 days	
(All but 30 days stayed 1 year on terms and conditions)			
Donohue, Virginia Mary (RES)... 23322 Leonora Dr., Woodland Hills....		5/11/76	490, 10177(b)
		6 months	
(Stayed 2 years on condition)			
Emerson, Frederick Arthur (REB) 223 California Ave., Bakersfield.....		5/11/76	10176(e), 10177(d), 2831, 2831.1
		90 days	
(All but 30 days stayed 3 years on terms and conditions)			
Mares, Robert John (REB)..... 2020 N. Broadway, Ste. 203, Walnut Creek (Stayed for 1 year on terms and conditions)		6/ 1/76	10145, 10177(d), 2831.1
		30 days	
Carvalho, Joseph John (REB).... 15648 Gale Ave., Hacienda Heights....		6/ 2/76	10176(d)
	Dbas—Carvalho Company	90 days	
(All but 30 days stayed 3 years on terms and conditions)			

**INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS**

Name	Address	Date	Fund Payout
Montgomery, Frank Herman (REB).....	104 Bridge St., Arroyo Grande.....	4/ 2/76	\$10,000.00
Murray, Alfred T. (REB).....	1233 E. Ramsey, Banning.....	6/ 8/76	\$3,675.21

**TENANT RIGHTS**

A tenant may claim up to \$200 exemplary damages in small claims court if the landlord retains a "security deposit" in bad faith so long as the total monetary relief sought by the tenant does not exceed \$500 according to a recent opinion of the California Attorney General.

Civil Code Section 1950.5 prescribes the rights and obligations of landlords and tenants with regard to a "security deposit" which is a payment of money by a tenant to secure the performance of a rental agreement or some part of the agreement. This statute provides

that the landlord may claim only that portion of the security deposit which is reasonably necessary to remedy defaults in the payment of rent by the tenant, to repair damages caused by the tenant or to clean the leased premises upon termination of the tenancy.

It further provides that the balance of the deposit not used for any of the aforesaid purposes shall be returned to the tenant no later than two weeks after termination of the tenancy.

If a landlord retains a security deposit in bad faith in violation of Section 1950.5, he may be liable to the

tenant for damages not to exceed \$200 in addition to any actual damages suffered.

The California Supreme Court has previously held that consumer actions for damages which have been established by statute and which go beyond actual damages are within the jurisdiction of a small claims court, provided that the total damages assessed do not exceed the \$500 jurisdictional limit of the small claims court recovery. The \$200 exemplary damages authorized under Section 1950.5 falls within this rationale of the Supreme Court.

# Things And People...

## DRE Undergoes Change

Real Estate Commissioner David H. Fox has restructured the Department of Real Estate resulting in the following four divisions, each headed by an assistant commissioner reporting to Commissioner Fox.

- Administration Division—William A. Wiggins
- Transaction Activities Division—Gerald E. Harrington
- Policy and Planning Division—John E. Hempel
- Offering and Securities Division—W. Jerome Thomas

Each division, its activities, and the respective assistant commissioner will be subjects of articles in future issues of the Bulletin.

### PROMOTIONS:

- *Frank Helland*, Sacramento, to Chief Deputy Examinations;
- *Ruth Fennell*, Sacramento, to Senior Deputy Examinations and Qualifications;
- *Eugene Neufeld*, Los Angeles, to Senior Deputy, Regulatory;
- *John Liberator*, Los Angeles, to Chief Deputy, San Francisco District Office.

### TRANSFERS:

- *Chief Deputy Frank Ryan*, Sacramento, reassigned to statewide subdivision advertising screening function;
- *Chief Deputy Ray Royce*, San Francisco, reassigned to Out-of-State Subdivisions, Sacramento.

### RETIREMENT:

Senior Deputy Commissioner Robert B. Scholfield, Los Angeles District Office, after 22 years, retired from the DRE in October. Bob, a former real estate broker, headed one of the Department's regulatory and complaint sections in Los Angeles before leaving the DRE.



# LEGISLATIVE

Following is a brief summary of some of the 1976 legislative actions of interest to real estate licensees. The operative date of the bills is January 1, 1977 unless otherwise indicated. A copy of any bill of interest may be obtained by writing the Legislative Bill Room, Sacramento, CA 95814.

## DEPARTMENTAL SPONSORED LEGISLATION

### Loan Servicing Companies

AB 3054—Carpenter—Ch. 480: Requires loan servicing companies (functions limited to collecting and disbursement of loan payments) presently exempt from the real estate licensing law to have such exempt status approved by the Real Estate Commissioner provided they: 1. File an application (renewable annually) for exempt status together with a \$200 fee and a \$5,000 surety bond supplemented by a fiduciary or theft bond to cover the owner and his employee for the amount of the trust fund liability. 2. Agree to comply with those provisions of the Real Estate Law which deal with trust fund accounts and the keeping of records as well as any further conditions the Commissioner may establish.

The casual loan servicing operators, i.e. persons who make collections on 10 or less loans, or in amounts of \$40,000 or less, in any calendar year, are excluded in the bill.

### Condominium Conversion

AB 3153—Brown—Ch. 890: Requires that 120 days notice of intention to convert residential real property into a condominium or community apartment project be given to existing tenants of the property, and that those tenants be given a 60-day option to purchase their respective units on the same or more favorable terms than the unit will be offered to the general public. The legislative body of a local agency may not approve a final subdivision map for the conversion project unless it finds the tenants have been or will be given such notice and option.

As to the requirements of notice and the right of first refusal, this bill provides for state preemption. However, the city or county may establish other conditions of approval for apartment projects proposed to be converted to condominiums.

## RELATED LEGISLATION

### Imprisonment

SB 42—Nejedly—Ch. 1139: Changes state prison term for a violation of Sections 10238.6 and 11023 of the B & P Code from not to exceed five years to not to exceed one year. Makes similar changes to numerous other codes.

### Subdivision Instruments

SB 822—Nejedly—Ch. 395: Requires the owner of an interest (lot, apartment, stock or unit) in a planned de-

velopment, community apartment project, condominium project or stock cooperative to furnish a prospective purchaser with a copy of the restrictions, bylaws, articles of incorporation or other documents pertaining to the project as soon as practical before transfer of title or execution of a real property sales contract.

days of the mailing or delivery of a written request. The governing body may impose a fee for providing the documents not to exceed preparation and reproduction costs. Excludes from application of the bill the first sale in such subdivisions wherein the purchaser is required to receive a copy of the public report issued by the Department of Real Estate.

Imposes a monetary penalty (not to exceed \$500) for willful violation of the provisions of the bill. The prevailing party is to be awarded reasonable attorney's fees.

### Security Deposits

SB 1614—Deukmejian—Ch. 187: Expands the real property securities dealers bonding provision to allow as another alternative a cash deposit in a credit union doing business in California and whose share deposits are insured by the National Credit Union Administration or guaranteed by any other agency approved by the Department of Corporations.

### Consolidation of Department Funds

SB 1697—Stiern—Ch. 271: Abolishes the Real Estate Education, Research and Recovery Fund and provides for the transfer of funds to be deposited in a separate account in the Real Estate Fund.

**Note:** This measure in effect constitutes a method of streamlining the Department's accounting procedure and conforms with the Governor's program to eliminate as many special funds, as possible.

### Assessments—Planned Development—Subdivisions

SB 2107—Carpenter—Ch. 766: Provides a specific statutory procedure for establishing and enforcement of an assessment lien against parcels in a planned development subdivision. Parallels existing law authorizing such liens for nonpayment of condominium assessment.

### Usury Loan Limit

SB 2144—Greene—Ch. 927: Changes the provision in the Mortgage Loan

## ADVANCED REAL ESTATE COURSES

Principal researcher B. E. Tsagris, Professor of Finance at California State University, Fullerton and seven project consultants from other state universities have just released an *Outline for Advanced University/Colleges Courses in Real Estate* funded under the DRE Real Estate Education and Research program.

The outline, specially developed for four-year institutions, describes five major real estate courses and subject content suitable for adoption at universities and four-year colleges.

The curriculum outline is available from the DRE, 714 P Street, Sacramento, CA 95814 for \$1.50 plus tax.

In addition, the owners association (governing body of the project) for such subdivisions is required to furnish the said documents within ten



# SUMMARY

**Broker Law** pertaining to usury to conform with the technical, nonsubstantive changes in the Constitution by the passage of Proposition 14 on June 8, 1976.

#### **Subdivision Maps—Board of Education**

AB 1341—Priolo—Ch. 5: Establishes an optional procedure for school districts, to review tentative subdivision maps and report to the local governing body, with recommendations, the impact on the school district.

#### **Mortgage Loan Broker Charges**

AB 2159—Papan—Ch. 657: Increases the minimum and maximum charges that a mortgage loan broker can charge a borrower for costs and expenses for arranging a loan. Makes technical amendments to the same law.

#### **Homestead—Exemption Amount**

AB 2677—Rosenthal—Ch. 132: Increases the exemption amounts which can be claimed as a homestead to \$30,000. This change applies to heads of families and persons 65 years of age and older. As to any other persons (has reference to a single person), this bill increases the amount of homestead exemption that a single person can claim to \$15,000. Homesteads filed before the effective date of this bill (January 1, 1977) will enjoy the same exemption amounts as a new homestead subject only to the condition that the increase does not impair or defeat the right of a creditor to execute on the property if such right existed prior to the said date.

#### **Real Estate Commissioner Qualifications**

AB 2898—Lancaster—Ch. 180: Expands the qualifications for the office

of Real Estate Commissioner to provide as an alternative qualification one who possesses related experience associated with real estate activity in California for five years within the last 10 years. Contains an urgency clause and so it became law when filed—May 27, 1976.

#### **Real Estate Commissioner and Real Estate Commission**

AB 2926—Lancaster—Ch. 375: Expands the persons who can qualify for the office of Real Estate Commissioner by adding an alternative qualification so as to include persons who possess related experience associated with real estate activity in California for five years within the last ten years.

This bill eliminates the Real Estate Commission and in place thereof creates the Real Estate Advisory Commission which will consist of eight members five of whom shall be real estate brokers and three of whom shall be public members. The members of the Advisory Commission are to be appointed by the Real Estate Commissioner. The Commissioner is required to meet and consult and advise with the Advisory Commission on the functions and policies of this Department and make such recommendations and suggestions of policy as it deems beneficial and appropriate.

The meetings of the Advisory Commission are to be called at least four times each year and written notice of the time and place of such meetings shall be given to the members and other persons requesting same at least ten days before such meetings. The meetings of the Advisory Commission are to be open to the public and the view of both licensees and the public are to be solicited.

The Real Estate Commissioner is required to notify the Advisory Commission of his intention to adopt rules and regulations at least 30 days prior to such adoption.

#### **Mobilehome Park Tenancies**

AB 3055—Wilson—Ch. 438: Author-

izes a mobilehome park tenant to advertise the sale, exchange, rental or lease of the mobilehome, if lease or rental not prohibited per agreement.

#### **Mobilehome Park Definition**

AB 3345—Thomas, W.—Ch. 614: "Mobilehome park" is any area or tract of land where two or more mobilehome lots are rented or leased or held out for rent or lease to accommodate mobilehomes used for human habitation. The rental paid for any such mobilehome shall be deemed to include rental for the lot it occupies.

#### **Impound Accounts—Disbursement Accounting**

AB 3515—Gualco—Ch. 774: Adds to existing law in regard to accounting for disbursement of impound account funds in relation to mortgages and real property sales contracts. Clarifies and expands the items of disbursement to be specifically accounted for. Limits its application to one-to-four family residences. Law becomes operative December 31, 1978.

#### **Real Estate Investment Trusts**

AB 3890—Knox—Ch. 650: Redefines a real estate investment trust in terms of current federal law. Contains an urgency clause and now is law.

### RESEARCH STUDY AVAILABLE

A new research study called "Licensing of Real Estate Brokers as Underwritten Title Insurance Agents" by Bruce M. Owen, Department of Economics, Stanford University, is available from DRE, 714 P Street, Sacramento, Ca.

### RESEARCH REPORT AVAILABLE

*Reveille for the small brokerage firm: Economic influences in the 1970's.* An investigation to determine the impact of changing economic conditions on the small real estate brokerage firm using the Sacramento area for the study, by Josef D. Moorhead and Frank G. Navarrete School of Business and Public Administration, California State University, Sacramento. Cost \$1.50 plus tax. Order from Department of Real Estate, 714 "P" Street, Sacramento, California 95814.



## Continuing Education

Senate Bill 332, effective January 1, 1981 authorizes the Real Estate Commissioner to prohibit the renewal of an active real estate broker or salesman license unless the applicant has completed the then required continuing educational requirements.

The law requires the Commissioner to adopt regulations by January 1, 1978 imposing continuing educational requirements of 45 clock hours of specified courses, seminars, or conferences each 4-year period preceding renewal of licenses.

### *Standards Through Regulations*

Through regulation the Commissioner will establish standards to assure reasonable currency of knowledge as a basis for a level of real estate practice which will provide a high degree of consumer protection and service.

The Commissioner is empowered to appoint a committee of licensees and persons with expertise in real estate education to advise him regarding continuing education.

Provisions for extensions of licenses, reinstatement and issuance of temporary licenses under certain circumstances are also specified in the Continuing Education Bill.

Until such time that regulations are adopted the Department will be unable to advise licensees or instructors of the adequacy of their courses to comply with the requirement.

Further information will be announced in the Bulletin when the Commissioner has adopted regulations.

New telephone number for broker qualification information—

**SACRAMENTO**  
916-445-4011

## SPECIAL STUDIES ZONE ACT SUMMARIZED

**Editor Note:** The Bulletin, Winter 1975 and Fall 1974, published two articles concerning the Alquist-Priolo Geologic Hazard Zones Act, commonly called the earthquake "Special Studies Zone Act." Because of its importance the editors have summarized the Act in the following article:

The Alquist-Priolo Act, passed in 1972, has two very important provisions which all licensees should know and understand:

1. If a property being sold is within an area designated as a "Special Study Zone" the broker or seller (if no broker) must disclose the fact that the property is located within such zone to the buyer.

2. If property is within a "special study zone" and new construction or development is anticipated, a geologic report is required (unless waived) by the agency issuing building permits defining any hazard of surface fault ruptures. This provision only applies to new developments and construction which took place after May 4, 1975.

Geologic reports, referring to new construction, are not required:

- When the development does not contemplate human occupancy;
- When the development consists of single family wood frame dwellings not exceeding two stories in height, unless construction is part of development of four or more such dwellings;
- For mobile homes;
- For condominium conversions;
- For alterations or additions to existing structures which do not exceed 50% of the value of existing structures;
- If previous geologic report has been made or waived.

**THIS IS IMPORTANT:** Even though the property may be exempt from geologic report, if the property is within a "special study zone" disclosure of that fact still must be made to a prospective buyer.

To determine whether a property is within a "special study zone" maps are available which specifically set out where "special study zones" are located. The city or county planning director is required to maintain such maps.

### **Cities and Counties Affected by Special Studies Zones as of January 1, 1976**

To inquire about local government policies and regulations, or to consult (or obtain) copies of specific special studies zones maps, address the Planning Director of each County or City.

<b>Cities</b>	Desert Hot Springs	Long Beach	Rialto	South San Francisco	Marin
Antioch	El Cerrito	Los Angeles	Richmond	Union City	Mendocino
Banning	Fairfield	Martinez	Rohnert Park	Walnut Creek	Monterey
Benicia	Fremont	Millbrae	San Bernardino	Woodside	Orange
Berkeley	Hayward	Milpitas	San Bruno	<b>Counties</b>	Riverside
Beverly Hills	Healdsburg	Morgan Hill	San Fernando	Alameda	San Bernardino
Burlingame	Hemet	Oakland	San Jose	Contra Costa	San Diego
Carson	Hercules	Pacifica	San Juan	Humboldt	San Luis Obispo
Coachella	Hollister	Palmdale	Bautista	Imperial	San Mateo
Colton	Huntington Beach	Palo Alto	San Leandro	Inyo	Santa Clara
Compton	Indio	Pinole	San Pablo	Kern	Santa Cruz
Concord	Inglewood	Pleasanton	Santa Rosa	Lassen	Solano
Culver City	Loma Linda	Portola Valley	Seal Beach	Los Angeles	Sonoma
Daly City		Redlands	Signal Hill		Ventura

If your listed property is within a "special study zone" this fact should be disclosed either on the listing agreement, deposit receipt, or escrow instructions, and preferably in all three documents.

The "special study zone" act is directed only to the issue of earthquake fault displacement. There may be other disclosures which also are required concerning geologic conditions of the land being sold. Some cities, for example, have a seismic safety policy which requires a geological report concerning matters other than earthquake fault displacement.

Real estate licensees are required to disclose to a buyer any matter which would effect a purchase decision and this subject is within that category.

## NATIONAL FLOOD INSURANCE PROGRAM

Owners and prospective owners of real property in flood hazard areas of California and real estate licensees dealing in property in these areas should have at least a basic familiarity with the National Flood Insurance Program established by the National Flood Insurance Act of 1968 and expanded by the Federal Disaster Protection Act of 1973. Under this federal program, a property owner in a flood hazard zone may acquire flood insurance coverage at premium rates heavily subsidized by the federal government if the community where the property is located has qualified under the program. A "special flood hazard area" is identified as one where there is 1% chance of occurrence of inundation by flood waters in any given year, or to put it another way, it is an area likely to be flooded once every 100 years.

### Community Qualifications

To qualify under the program, a community designated by the Federal Insurance Administration (FIA) as being within a special flood hazard area must have agreed to adopt and enforce land use and control measures consistent with federal criteria. Once a community has been accepted into the program, local insurance agents are authorized to sell subsidized insurance policies. Coverage under the program is limited to \$35,000 on a single dwelling, \$100,000 on a multi-unit dwelling and \$10,000 on the contents of each dwelling unit.

If a community which is within or which contains a flood prone area has not established its eligibility to participate in the program, Federal or federally-related financial assistance is not available to property owners within the flood hazard zone. "Federal or federally-related financial assistance" includes not only Small Business Administration loans and VA and FHA mortgage loans, but also conventional loans from banks, savings and loan associations and credit unions insured by agencies of the federal government.

Obviously, the identification of flood hazard areas and the qualification of communities for participation in the program are matters of considerable importance to prospective sellers and buyers of real property. The federal law requires that federal instrumentalities responsible for the supervision of banks, saving and loan associations, etc., adopt regulations requiring that these lending institutions give written notice to the pur-



chaser or lessee—or obtain assurance that the seller or lessor has given such notice—of special flood hazards prior to the signing of the purchase agreement or lease.

### Disclosure

While an express burden of disclosure is placed upon the lending institution by statute, it is not unreasonable to believe that courts of law will hold that the lack of availability of federally-related financing of flood-prone areas is a latent defect which an owner himself is bound to disclose to a prospective purchaser at the time of negotiating a contract to sell the real property. If the owner owes this duty, a real estate licensee acting as agent of the owner in the transaction will be equally responsi-

ble with the owner to make appropriate disclosures to a prospective purchaser. Moreover, the licensee may have an independent duty by reason of his experience and expertise to advise the prospective seller concerning the flood insurance program and the ramifications of a community's having qualified or having failed to qualify for participation in the program.

### "Servicing Carrier"

The National Flood Insurance Program is operated by members of the National Flood Insurers Association in cooperation with the FIA of the U.S. Department of Housing and Urban Development.

HUD has appointed the Fireman's Fund Insurance Company as the "servicing carrier for the National Flood Insurance Program." Those requesting information as to flood areas or flood maps should contact the Fireman's Fund Insurance Company.

In the Los Angeles area, Fireman's Fund is located at 3223 West Sixth Street, Los Angeles 90020.

In the Northern California area, Fireman's Fund is located at 580 California Street, San Francisco 94104, P. O. Box 3136, San Francisco 94119.

For information concerning community participation in the program and for the identification of special flood hazard areas within the community, licensees should contact the appropriate local official who may be the planning director, the director of public works, the city engineer or the city building inspector.

(Continued from page 1)

## Real Estate Commissioner

Commissioner Fox received a B.A. in Political Science from California State University at Los Angeles with honors, and a J.D. from Stanford University School of Law, where he won first place in the Marion Rice Kirkwood Moot Court Competition.

He and his wife, Carolyn, live in Sacramento and have two children, Susie, 5, and Kevin, 3.

## STATE AND FEDERAL FAIR HOUSING LAWS

Following is a brief summary of State and Federal Housing Laws which deal with illegal housing discrimination in rentals, sales and real estate services:

### *State—Unruh Civil Rights Act* (Civil Code Sections 51 and 52)

This law prohibits discrimination in "all business establishments of every kind whatsoever." Court decisions define the term "business establishments" to include multiple dwellings of three units or more, tract developments and real estate brokerage offices.

### *State—Rumford Fair Housing Act* (Health and Safety Code Sections 35700-35744)

This law prohibits discrimination in public and redevelopment housing; publicly - assisted, owner - occupied, single-unit homes for sale, and apartments in structures of three or more units; transactions by real estate offices, builders, developers and lenders.

### *State—License Disciplinary Action* (Business and Professions Code, Section 125.6)

Every person who holds a license under the provisions of this code is subject to disciplinary action under the disciplinary provisions of this code applicable to him, if, because of the applicant's race, color, sex, religion,

ancestry, or national origin, he refuses to perform his licensed activity or aids or incites the refusal to perform such licensed activity by another licensee, or if, because of the applicant's race, color, sex, religion, ancestry, or national origin, he makes any discrimination, distinction, or restriction in the performance of his licensed activity. Nothing in this section shall be interpreted to apply to discrimination by employers with regard to employees

## AUTHOR WANTED!

The Education and Research Section of the DRE is looking for a top-notch author to write new instructor and student guides in the subject of responsibilities of real estate licensees.

For the past decade, the DRE has furnished thousands of copies of instructor and student guides at cost to many California community colleges.

We want an experienced author to help us develop these new educational tools. If you have the credentials (education and experience), the time, and interest to be part of real estate advancement, let us hear from you. The author selected will be paid and will receive recognition for the work.

To apply: Send a resume and samples of your work to the Education and Research Section, Department of Real Estate, Room 1550, 714 P Street, Sacramento, California 95814. (Information confidential).

or prospective employees, nor shall this section authorize action against any club license issued pursuant to Article 4 (commencing with Section 23425) of Chapter 3 of Division 9 because of discriminatory membership policy.

"License," as used in this section includes "certificate," "permit," "authority," and "registration" or any other indicia giving authorization to engage in a business or profession regulated by this code.

"Applicant," as used in this section means a person applying for licensed services provided by a person licensed under this code.

### *Federal—Civil Rights Act of 1968* (Fair Housing Section, 42 U.S. Code Sections 3601-3619)

This law prohibits discrimination in the sale or rental of residential property containing five units or more; buildings with four units or less if the owner does not live in the building; one-family houses sold or rented by the owner of more than three such houses; and all residential sales or rentals involving the services of a real estate broker, agent or sales person; mortgage or lending institutions.

### *Federal—Statute of 1966* (U.S. Code Section 1982)

The United States Supreme Court has determined that this law prohibits any racial discrimination in ANY kind of housing, regardless of whether the housing is covered under any other law.