

# REAL ESTATE BULLETIN

EDMUND G. BROWN JR., Governor

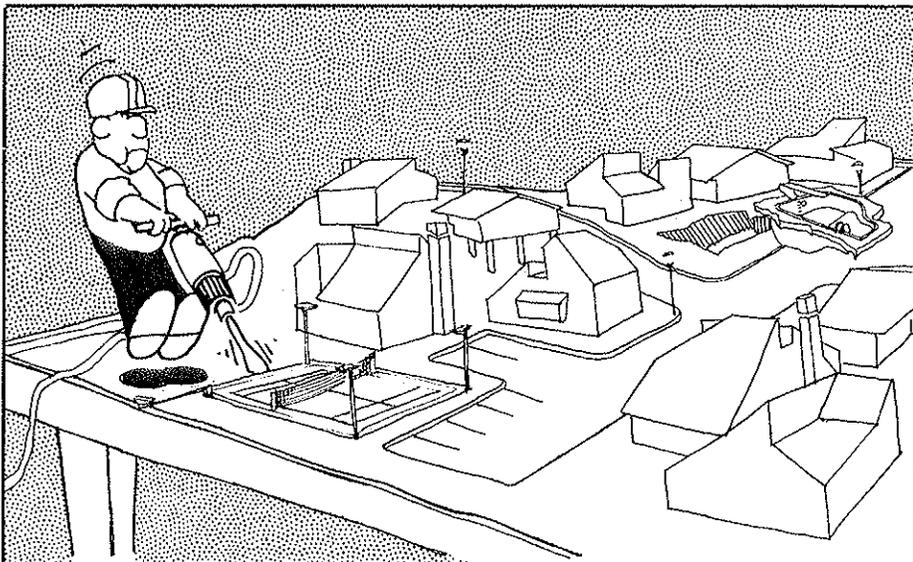
Fall 1977

DAVID H. FOX, Commissioner

## THE SAND TRAP

By Stirling R. Long,  
Chief Deputy, Out-of-State Subdivisions

Real property salespersons who are involved in selling parcels of land in new subdivisions with improvements *yet to be constructed* are familiar with the typical subdivision layout tables customarily located in a very conspicuous part of the subdivision sales office. The layout tables, sometimes called sand models or sand tables, artistically detail the contours of the project. These sand models usually include in miniature streets, roads, street lights and replicas of the improvements to be placed in the proposed project. Beautiful park-like areas of pools, tennis courts, trees and grass appear in great detail.



In come the prospective home purchasers. They are confronted with the models, the layouts, and then invited to select a lot. A prospect carefully goes about choosing a site from available parcels shown on the sand model, considering proximity to a "tot lot" playground, park, tennis courts or other amenities. Factors such as noise and traffic are weighed before making a final selection.

After this beautiful sand model has been used to sell a portion of the lots, the subdividers find a change in the layout may assist the marketing program. A swimming pool may be deleted entirely or moved to a new location when the next phase or increment of the subdivision is developed. These changes are often made without consulting a buyer who has already purchased a lot with the intention of having

these amenities located exactly as they were displayed on the subdivision layout exhibit.

One buyer with small children purchased a lot in the first phase of a subdivision because the sales office layout table clearly showed that when the second phase of the development was completed a "tot lot" would be conveniently located close to their own home in the first phase.

When the second phase was finally constructed, however, the "tot lot" had been moved to an entirely different location. A tennis court now occupied the space where the "tot lot" originally had been shown on the layout table. The purchasers were indignant because they had purposely avoided selecting a home near the noisy,

(Continued on Page 6)

### THINKING OF SPECULATION? KNOW YOUR OBLIGATIONS

Almost daily we hear and read of rising used home prices and some cases of buyers standing in line hoping to have an opportunity to purchase a new subdivision house.

As we know, the purpose of becoming a real estate agent is to serve your client. Part of this involves giving your expert opinion on, among other things, the proper price an owner should ask for a property and a realistic estimate of value on a property for prospective buyers.

Section 10177(h) of the Real Estate Law gives a broker a measure of responsibility for salespersons licensed to them. Also, Commissioner's Regulation 2727 requires all licensed salespersons to disclose principal transactions to their broker within five days from the execution of the agreement or before the consummation of the transaction, whichever occurs first.

Whether broker or salesperson, if you do buy property for yourself or associates, you must disclose your true position. Further, anyone who says they will occupy a property when they won't (falsification of loan application) is running a risk of getting into serious trouble. Federal authorities as well as the DRE are actively seeking out this type of law violator.

The staff of the Department has been advised to give priority to investigations based on information that the holder of a real estate license may be involved in abuses spawned by today's speculative climate.

### DEPARTMENT OF REAL ESTATE OPENS SANTA ANA OFFICE

On September 19th the DRE officially opened a new branch office in Santa Ana to provide services directly for Orange and Riverside County residents.

The new office (located in Room 324 of the State Building, 28 Civic Center Plaza, 92701, telephone 714-558-4491) is part of the DRE's stepped up enforcement program to increase consumer protection and afford better enforcement through closer community contact with consumers and licensees.

William H. Wall, Chief Deputy Commissioner, supervises the activities of this office.

**REAL ESTATE BULLETIN**

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License Law Officials

Vol. 37, No. 3

Fall 1977

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

**PRINCIPAL OFFICE**

714 P St., Sacramento 95814

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Administration Division
- JOHN E. HEMPEL, Assistant Commissioner  
Policy and Planning Division
- JOHN A. DOBETA, Assistant Commissioner  
Transaction Activities Division
- W. JEROME THOMAS, Chief Legal Officer
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Education

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RICHARD D. CARLSON, Assistant Commissioner

**District Offices**

- San Francisco, Second floor, 1 Hallidie Plaza 94102  
JOHN R. LIBERATOR, Chief Deputy
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BETTY R. LUDEMAN, Supervising Deputy
- Fresno, Rm. 3084, 2550 Mariposa St. 93721  
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**SOUTHERN REGULATORY AREA**

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**District Offices**

- Los Angeles (Main Office, Southern Area)  
Rm. 8107, 107 S. Broadway 90012  
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- San Diego, Rm. 5008, 1350 Front St. 92101  
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- Santa Ana, Rm. 324, 28 Civic Center Plaza 92701  
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- RAYMOND M. DABLER, Assistant Commissioner  
Sacramento Hdqrs. Rm. 1400, 714 P St. 95814  
FRANK J. RYAN, Chief Deputy
- SHIRLING R. LONG, Chief Deputy  
San Francisco, Second floor, 1 Hallidie Plaza 94102  
PAUL E. MARKEY, Chief Deputy
- Los Angeles, Rm. 8107, 107 S. Broadway 90012  
RICHARD E. RANGER, 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 1977**

REB—Real estate broker  
REBE—Restricted real estate broker

RES—Real estate salesman  
RESR—Restricted real estate salesman

REO—Real estate officer  
REC—Real estate corporation

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

**FOR YOUR INFORMATION**

Many Bulletin readers have inquired about the meaning of the code sections listed as having been the basis for disciplinary action against a licensee. This column will appear as a regular feature and provide a brief summary of each code section appearing in the disciplinary listings. We believe these summaries will give more meaning to the disciplinary information.

Code section summaries will vary from issue to issue as they will correspond with the sections appearing in the disciplinary listings in the particular Bulletin issue.

*Business and Professions Code*

|       |  |          |  |          |  |
|-------|--|----------|--|----------|--|
| 480   | denial of real estate license on grounds of conviction of crime, dishonest or fraudulent act, or act which would warrant suspension or revocation of license | 10145    | trust fund handling  | 10177(p) | negligence or incompetence as licensee   |
|       |  | 10148    | retention and availability of real estate broker records                         | 10177(q) | fraud or dishonest dealing not in licensed capacity  |
|       |  | 10176(a) | making any substantial misrepresentation   | 10177(k) | violation of restricted license conditions   |
| 490   | relationship of conviction to licensed activity  | 10176(c) | commingling trust funds  | 10270    | offering illegal real estate syndicate securities  |
| 10103 | continuing jurisdiction over lapsed, suspended, or surrendered license   | 10176(G) | fraud or dishonest dealing in licensed capacity                                  | 10271    | failure to qualify real estate syndicate securities  |
| 10130 | performing acts for which a license is required without the appropriate license  | 10177(a) | procuring a real estate license by misrepresentation or material false statement | 11010    | failure to file notice of intention to sell or lease subdivision                           |
| 10137 | unlawful payment of compensation   | 10177(b) | conviction of crime  | 11013.1  | sale of subdivided lands under blanket encumbrance   |
| 10143 | failure to deliver contract or receipt to prospective tenant by rental agent   | 10177(d) | violation of real estate law or regulations                                      | 11013.2  | sale of subdivided lands subject to blanket encumbrance without compliance with conditions |
|       |  | 10177(f) | conduct that would have warranted denial of a license                            |          |  |

**LICENSES REVOKED**

| Name                                     | Address   | Effective date | Violation Business and Professions Code/Commissioner's Regulations |
|--|---|----------------|--|
| *Conley, James Flavell (REB) (REO)       | 3700 Mt. Diablo Blvd., Lafayette                  | 2/17/77        | 490, 10177(b)  |
| Dbx Metropolitan Real Estate Investments | 2532 Castro Valley Blvd., Castro Valley           |                |  |
| *Boydzie, Mary Theom (RES)               | 55 Daryl Ave., Novato                             | 3/2/77         | 490, 10177(a)(b)   |
| *Jones, Tom Bartlett (REB)               | 4418 S. Hoover St., Los Angeles                   | 3/24/77        | 490, 10177(b)  |
| Dbx Down to Earth Realty                 |   |                |  |
| *Mullen, Edgar Hugh (REB)                | 1720 S. Hill, Oceanside                           | 3/24/77        | 10177(a)(f)  |
| *Ronaldo, Rene Raymond Jr. (RES)         | P.O. Box 1278, 1025 S. Santa Fe, Vista            | 3/24/77        | 10177(a)(f)  |
| *Liberatore, Hadrian John (REB)          | 4038 Bundry St., San Diego                        | 3/25/77        | 490, 10177(b)  |
| Dbx H.J. Liberatore Realty Co.           |   |                |  |
| Rauen, Kenneth B. (RES)                  | 3228 Williamsburg Dr., #1, San Jose               | 4/4/77         | 490, 10103, 10177(b)(f)  |
| Gold, Philip (RES)                       | 1287 Lawrence Station Rd., Sunnyvale              | 4/5/77         | 490, 10177(b)  |
| Micheluechi, Charles Norman (RRRES)      | 418 W. Maple Way, Woodside                        | 4/5/77         | 490, 10177(b)  |
| Pepper, Frank Raymond (RES)              | 16206 Alam Rock Ave., San Jose                    | 4/12/77        | 10176(a)(i), 10177(f)(i)   |
| Lapinosa, Leo (REB)                      | 2607 Del Rosa Ave., San Bernardino                | 4/13/77        | 490, 10177(b)  |
| Rammco Investment Corporation (REC)      | 8730 Wilshire Blvd., 5th Floor, Beverly Hills     | 4/30/77        | 10176(a)(i), 10177(d)(g)(i), 10270, 10271                          |
| Bardon, John Richard (RES)               | 1436 California, #5, San Francisco                | 5/9/77         | 10130, 10143, 10176(i), 10177(d)(f)                                |
| Crouch, Stephen Burke (RES)              | 11126 Acama St., N. Hollywood                     | 5/9/77         | 10177(i)   |
| Grover, Alvin Allen (REB)(REO)           | 15 S. Sacramento St., Lodi                        | 5/9/77         | 10177(f)(i)  |
| Officer The Scotsflat Corporation        |   |                |  |
| Price, David Lauren (RES)                | 5137 Carri Ave., San Jose                         | 5/9/77         | 10130, 10143, 10176(i), 10177(d)(f)                                |
| Skause, John Charles (RES)               | 6210 La Jolla Mesa Dr., La Jolla                  | 5/9/77         | 10143, 10177(d)  |
| Holman, Meriner Charles (REB)            | 6723 Long Beach Blvd., Long Beach                 | 5/10/77        | 490, 10177(b)  |
| Dbx Century 21 Holman & Associates       |   |                |  |
| McCutley, Ralph Price (RES)              | 2113 W. Gage Ave., Fullerton                      | 5/10/77        | 490, 10177(b)  |
| Meuris, Pierre Julien (RES)              | 11150 Sunburst Ave., Lakeview Terrace             | 5/10/77        | 490, 10177(b)  |
| Molshy, Margery Belle (RES)              | 1530 S. Fairfax Ave., #8, Los Angeles             | 5/10/77        | 10176(a)(e)(i), 10177(d)   |
| Garrett, Edward Raymond (RES)            | 4553 Wilks Ave., Sherman Oaks                     | 5/11/77        | 490, 10177(b)  |
| Barlow, Fred Ray (RES)                   | 5409 Bartlett St., San Gabriel                    | 5/12/77        | 10137, 10176(e)(i)   |
| Kaylor, John Edward (RES)                | 850 E. La Habra Blvd., La Habra                   | 5/13/77        | 490, 10177(b)  |
| O'Neil, Elvis John (RES)                 | 25232 McIntyre St., Laguna Hills                  | 5/16/77        | 490, 10177(a)(f)   |
| Anderson, Joann Stanley (RES)            | 383 Trailview Rd., Encinitas                      | 5/17/77        | 490, 10177(b)  |
| DuBarr, Robert (RES)                     | 323 E. Neece St., Long Beach                      | 5/17/77        | 490, 10177(b)  |
| Krasny, Larry Alan (RES)                 | 12126 Sunset Blvd., Los Angeles                   | 5/17/77        | 490, 10177(b)  |
| Moncharr, Robert William (RES)           | 517 Begonia, Corona Del Mar                       | 5/17/77        | 490, 10177(b)(k)   |
| Richards, John Earl (RES)                | 2119 Garfield Rd., San Diego                      | 5/17/77        | 10176(e)(j), 10177(d)(j)   |
| Arnisdorf, Sherry Kay (RES)              | 956 W. 14th St., Upland                           | 5/18/77        | 490, 10177(b)  |
| Clackler, Jerald Wayne (RES)             | 272A Landis Ave., Chula Vista                     | 5/18/77        | 490, 10177(b)  |
| Maciel, Eugene Frank (REB)               | 1029 56th St., Sacramento                         | 6/8/77         | 490, 10177(b)  |
| Graves, Larry Andrew (RREB)              | P.O. Box 266, 1586 Bay Rd., E. Palo Alto          | 6/9/77         | 10177(f)(i)  |
| True, Charles (REB)                      | 55 Van Buren St., San Francisco                   | 6/9/77         | 10145, 10176(e)(f), 10177(d)                                       |
| Copeland, Willis M. (REB)                | 3765 Jurupa Ave., Riverside                       | 6/14/77        | 490, 10177(b)  |
| Eduard, Don Curry (RES)                  | P.O. Box 78, Desert Hot Springs                   | 6/14/77        | 490, 10177(b)  |
| Chate, Gerald Harry (RES)                | 1491 Baker St., Costa Mesa                        | 6/15/77        | 490, 10177(b)  |
| Simmons, Wesley Francis (RES)            | 113 N. San Vicente Blvd., Ste. 210, Beverly Hills | 6/15/77        | 490, 10177(b)  |
| Moore, Jethroe (RES)                     | 3221 Napa Dr., San Jose                           | 6/30/77        | 10177(a)(b)(f)   |

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

| Name  | Address                                       | Effective date | Violation Business and Professions Code / Commissioner's Regulations |
|---|---|----------------|--|
| Cameli, Wilda Lois (REB)<br>(Right to RREB license on terms and conditions)   | 679 Hermitage Ave., San Jose                  | 4 4 77         | 490, 10177(b)(f)   |
| Lindstrom, Gary Dean (RES)<br>(Right to RRES license on terms and conditions)   | 4096 Mother Lode Dr., Shingle Springs         | 4 11 77        | 10177(d), 11013.2  |
| Fambler, Gary John (REB)<br>(Right to RREB license on terms and conditions)   | 2560 C St., San Diego                         | 4 14 77        | 490, 10177(d)  |
| Taylor, Ruby (RES)<br>(Right to RRES license on terms and conditions)   | 1034 Cajon Ave., W. Covina                    | 4 14 77        | 490, 10177(b)  |
| Schwyn, Bernard S. (REB) (REO)<br>Officer Rammeo Investment Corporation<br>(Right to RREB license on or after 8 1 77 on terms and conditions) | 8730 Wilshire Blvd., 5th Floor, Beverly Hills | 4 30 77        | 10176(a)(i), 10177(d)(g)(i), 10270, 10271                            |
| Buecher, Virginia Susan (RES)<br>(Right to RRES license on terms and conditions)  | 3941 Voltaire St., San Diego                  | 5 10 77        | 480, 10177(b)  |
| Thompson, Thomas Haskell (RES)<br>(Right to RRES license on terms and conditions)   | 795 Burnett Ave., #2, San Francisco           | 6 9 77         | 490, 10177(b)(f)   |
| Thomas, George Andrew (REB)<br>Dba George A. Thomas Realty & Investment Co.<br>(Right to RREB license on terms and conditions)                | 3405 W. Imperial Hwy., Ste. 410, Inglewood    | 6 13 77        | 490, 10177(b)  |
| Guardalibene, Samuel Lorne (RES)<br>(Right to RRES license on terms and conditions)   | 9918 Mission Blvd., Riverside                 | 6 16 77        | 490, 10177(b)  |

**LICENSES SUSPENDED**

| Name   | Address                              | Effective date     | Violation Business and Professions Code / Commissioner's Regulations |
|--|--------------------------------------|--------------------|--|
| Cox, John Russell (REB)<br>Dba Real Estate Consultants | 2502 Caterbury Ln. East, Seattle, WA | 4 5 77<br>30 days  | 10177(g)   |
| Horton, Lucile (RES)                                   | 212 N. Pardee St., San Diego         | 5 12 77<br>30 days | 10176(a), 10177(g)   |
| Norby, Ellen Caroline (RES)                            | 7371 Viar Ave., San Diego            | 5 12 77<br>15 days | 10176(a), 10177(g)   |
| Norby, Peder (REB)<br>Dba Gardens Realty               | 5227 University Ave., San Diego      | 5 12 77<br>30 days | 10176(a), 10177(g)   |

**LICENSES SUSPENDED WITH STAYS**

| Name  | Address  | Effective date     | Violation Business and Professions Code / Commissioner's Regulations |
|---|--|--------------------|--|
| Van Rossum, Jacob J. II (REB)<br>Dba Lassen Pacific Land & Realty Company<br>(All but 10 days stayed for 1 year on condition) | 468 Manzanita, Chico                           | 4 1 77<br>30 days  | 10177(i)   |
| Aparton, Paul (REB)<br>(All but 30 days stayed for 3 years on conditions)   | 8905 Burchell Rd., Gilroy                      | 5 19 77<br>90 days | 10177(d), 11010, 11018.2   |
| Geier, Neil Harmon Jr. (REB)<br>(All but 1 month stayed for 1 year on terms and conditions)                                   | 6114 Ostenberg Dr., San Jose                   | 6 9 77<br>1 year   | 10148, 10177(d)  |
| Austin, George Gene (RES)<br>(Stayed completely)  | 2025 Cloverfield Blvd., #G, Santa Monica       | 6 14 77<br>30 days | 10177(k)   |
| Ploutz, Lloyd Gene (REB)<br>Dba Lloyd Ploutz Enterprises<br>(All but 15 days stayed for 1 year on condition)                  | P.O. Box 4035, 928 12th St., Ste. 308, Modesto | 6 29 77<br>30 days | 10177(j)   |

**INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS**

| Name   | Address                               | Date    | Fund Payout |
|--|---------------------------------------|---------|-------------|
| Stewart, Hubert E. (REB)                                     | 1053 Skylark Dr., La Jolla            | 4 11 77 | \$4,500.00  |
| Belda, Wayne (RES)   | 8647 Sepulveda Blvd., Sepulveda       | 4 15 77 | \$20,000.00 |
| Bodden, Edward M. (REB)<br>Dba Red Oak Realty                | 1176 Boulevard Way, Walnut Creek      | 4 15 77 | \$8,573.00  |
| Chabon, John B. (REB)<br>Dba Recreation and Ranch Properties | 19241 Nashville St., Northridge       | 4 15 77 | \$20,000.00 |
| Chase, Daniel (REB)<br>Dba Earth Resources Ltd.              | 2280 Diamond Blvd., Ste. 590, Concord | 6 9 77  | \$5,000.00  |

**REAL ESTATE LICENSE POPULATION**

July 1, 1977

|                    | CORPORATIONS  |              | BROKERS       |               | SALESMEN       |                | BRANCHES       | TOTAL         |                |
|--------------------|---------------|--------------|---------------|---------------|----------------|----------------|----------------|---------------|----------------|
|                    | Inactive      | Active       | Inactive      | Active        | Inactive       | Active         |                | Inactive      | Active         |
| RE                 | 2,607         | 8,140        | 10,787        | 66,133        | 80,028         | 134,376        | 13,283         | 93,422        | 208,649        |
| MOG                | 0             | 8            | 16            | 27            | 0              | 0              | 0              | 16            | 35             |
| <b>TOTAL</b>       | <b>2,607</b>  | <b>8,148</b> | <b>10,803</b> | <b>66,160</b> | <b>80,028</b>  | <b>134,376</b> | <b>13,283</b>  | <b>93,438</b> | <b>208,684</b> |
| <b>GRAND TOTAL</b> | <b>10,755</b> |              | <b>76,963</b> |               | <b>214,404</b> |                | <b>302,122</b> |               |                |
| As of 7/1/76       | 8,857         |              | 71,275        |               | 174,104        |                | 254,236        |               |                |

**WHAT SHOULD AGENT DO?**

A condominium project containing two or more units is by law a subdivision requiring issuance of a public report by the Department of Real Estate prior to sale or lease.

Unlike the typical five or more lot standard subdivision, condominium ownership of two or more units makes the owner or his agent responsible for amending the original subdivision public report if one or both units are offered for resale or long term lease.

Many people purchase more than one unit in the same project. One unit likely becomes a residence and the other a close-by rental. The act of buying two units or more does not trigger a violation of law but the offering for sale or long term lease of one of two or more units automatically casts the owner and his agent into the role of subdivider, which then requires an amendment to the original condominium public report.

The DRE issued well over 3,445 condominium public reports consisting of about 138,136 housing units in the past six year period. Sales records show a surprising number of double sales (two unit purchases.)

After acquiring two units in the same project, suppose the owner decides to sell one? What should the agent do? The real estate licensee, before accepting a listing, should tell the owner that an amended public report should be obtained from the DRE...it is a matter of law.

The amendment costs \$100.00 and can usually be accomplished within a couple of weeks. The prospective buyer must be furnished a copy and sign a receipt for it before entering into a contract.

The resale of one of two condominium units under single ownership without benefit of an amended public report is unlawful. This mandatory requirement is for the protection of the buying public.

Failure to notify the DRE of the intended resale and obtain an amended public report could invalidate the transaction and the acts or omissions on the part of the agent may result in disciplinary action against the agent's real estate license.

Those engaged in the resale of condominium property should notify the homeowner association when listings are taken and especially when sales are made. Such notification allows the association time to arrange for collection of due or delinquent monthly assessments from the seller and the escrow officer can be instructed to prorate payment of the assessments.

## People & things

### PROMOTIONS:

**LOS ANGELES:** *JOHN A. DiBETTA*, from Assistant Commissioner, Southern Regulatory Area to Assistant Commissioner, Transaction Activities Division, Sacramento; *STIRLING R. LONG*, from Senior Property Appraiser to Chief Deputy, Out-of-State Subdivisions; *ROBERT HAENKE*, from Legal Counsel to Staff Counsel I; *MARCIA LISTER*, from Deputy II Subdivisions to Deputy III Regulatory; *ESTEBAN HERMOSISIMA*, from Senior Clerk Legal to Deputy I Subdivisions.

**SACRAMENTO:** *RAYMOND L. ROYCE*, from Chief Deputy Subdivisions to Assistant Commissioner, Southern Regulatory Area; *RICHARD D. CARLSON*, from Chief Deputy Subdivisions to Assistant Commissioner, Sacramento; *BETTY LUDEMAN*, from Deputy II Subdivisions to Deputy III Regulatory and Supervising Deputy of Sacramento District Office; *DUANE AASLAND*, from Deputy II to Deputy III, Subdivisions; *MARGRET STROH*, from Supervisor II to Deputy I Subdivisions; *PEGGY KERSHELL*, Senior Clerk Legal to Deputy I Regulatory; *TOM DAY*, from Subdivision Clerk to Deputy I Subdivisions.

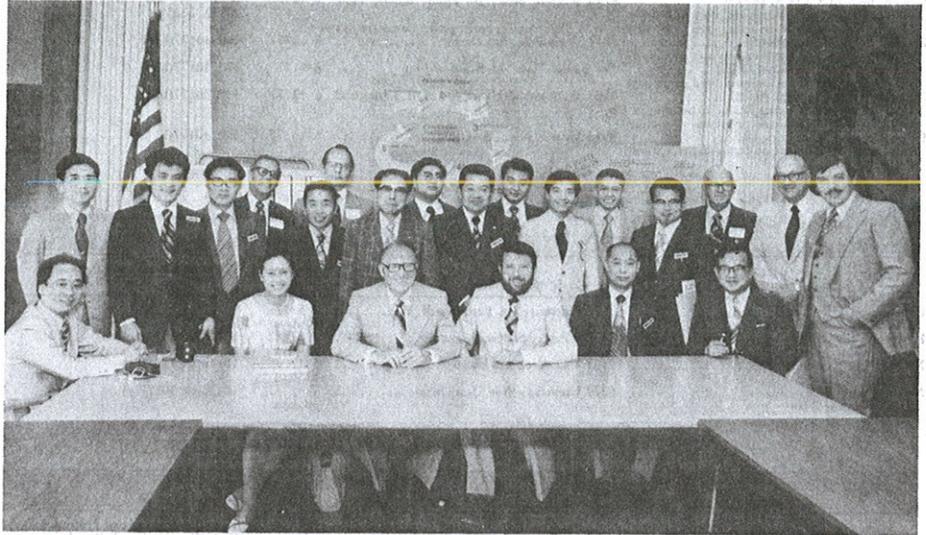
**SAN FRANCISCO:** *MAXINE MON-AGHAN*, from General Auditor II to General Auditor III; *WILLIAM KEWLEY*, from Deputy II to Deputy III Regulatory.

### RETIREMENTS:

**SENIOR DEPUTY HENRY L. GONZELL**, Los Angeles District Office, retired in July after 11½ years with the DRE. Gonzell, a former real estate broker, headed a regulatory team of deputies charged with real estate law enforcement responsibilities. Prior to joining the department in 1966, he worked as an investigator with the Los Angeles County Bureau of Public Assistance and as a deputy court clerk.

Retirees last quarter include *LURENE B. CLARK*, Clerk Typist II, and *DOREEN M. CHRISTOPHER*, Personnel Assistant I, both of Sacramento Headquarters Office, and *LILLIAN F. PHELAN*, Clerk Typist II, of San Francisco District Office. *Mrs. Clark* and *Mrs. Christopher* each completed over 13 years service with DRE, while *Mrs. Phelan* completed 4½ years.

## TOURING JAPANESE REAL PROPERTY EXPERTS VISIT SACRAMENTO DRE



Seated left to right: Makoto Asada, Mrs. Yayoi Iguchi, Jerome Blank, Commissioner David H. Fox, Hiroaki Asano, Shohei Fujimaru. Standing right: William A. Wiggins. First row standing: Akikazu Inomata, Matsuo Shono, Masahiro Kinoshita, Yoshiyuki Fujimoto, Fukuo Watanabe, Toshiya Furukawa, Masaaki Hattori, Saburo Inoue and John A. DiBetta. Last row standing: Henry Block, W. Jerome Thomas, Toshio Azusawa, Hiroshi Sano, Shigeru Yoshida and John E. Hempel.

During an all day conference recently hosted at Sacramento by the DRE, seventeen visiting top-level Japanese real estate brokers, property management experts, builders and developers learned much from Commissioner Fox and other DRE administrators about California's emphasis on both consumer protection and increased efforts to increase professionalism among real estate licensees.

Planned activities included a tour of a single family home subdivision and a condominium development, a visit to the Sacramento DRE Headquarters Office, and a luncheon attended by David H. Fox, DRE

Commissioner; Larry Kurmel, Deputy Secretary of the Business and Transportation Agency; Jerome Blank, President of California Association of Realtors; W. Jerome Thomas, Chief Legal Counsel of DRE; and Assistant Commissioners William A. Wiggins, John E. Hempel, Henry H. Block and John A. DiBetta.

Following the briefings given by DRE staff members at headquarters, the touring group of visitors agreed that the DRE was "the most advanced agency in real estate administration, not only in the States, but in the world".

## NEW STATE OFFICE AIDS BUSINESS

State government is lending a sympathetic ear to business people who have complaints about bureaucratic red tape.

The Office of Business Development was established in mid-February by Governor Brown to help improve California's business climate. Personnel in the new Office already have been in touch with several out-of-state firms interested in relocating to the west coast. Since the Office began operations, it has acted successfully as an intermediary between a variety of businesses and government agencies.

A toll-free number, 800-952-5502, has been installed in the new Office of Business Development to help both small and large

businesses cope with government regulations and to serve as an advocate in resolving their problems. The Office also responds to inquiries from the business community and assists industries that are seeking to locate or expand in California.

Marx Cazenave is the Director of the Office of Business Development, and Denny Amundson serves as Deputy Director. They may be contacted on the toll-free number listed above, or by writing:

Office of Business Development  
Business and Transportation Agency  
P.O. Box 1139  
Sacramento, Ca. 95805

## PROGRESS REPORT—SAVINGS AND LOAN ASSOCIATIONS

Fair Lending Regulations prohibiting redlining and other discrimination against home loan applicants by State-licensed savings and loan associations became effective in August of 1976. Saul Perlis, California Savings and Loan Commissioner, reports that in the first year since adoption of the Regulations only 87 loan denial and discrimination complaints were filed with the Department of Savings and Loan.

Real estate sales agents are reminded that any complaint against a State-licensed savings and loan association may be filed with Department of Savings and Loan at either address shown below.

Certain rights of real estate loan applicants are briefly described in a one page brochure published by the Department. The reverse side of the brochure is a form which may be used to file a loan discrimination or other type of complaint.

A limited supply of this publication will be available upon request from the Department of Savings and Loan at either of the following locations:

600 South Commonwealth Avenue  
Los Angeles, California 90005  
Phone: (213) 736-2798

350 Sansome Street  
San Francisco, California 94104  
Phone: (415) 557-3666

The brochure may be distributed by real estate agents as a public service to their clients.

The Savings and Loan Commissioner regulates 87 associations in California with assets in excess of \$47 billion.

## "ON ICE" "FROZEN"

Sound like references to some sort of drink or a cold dessert? Of course neither is correct.

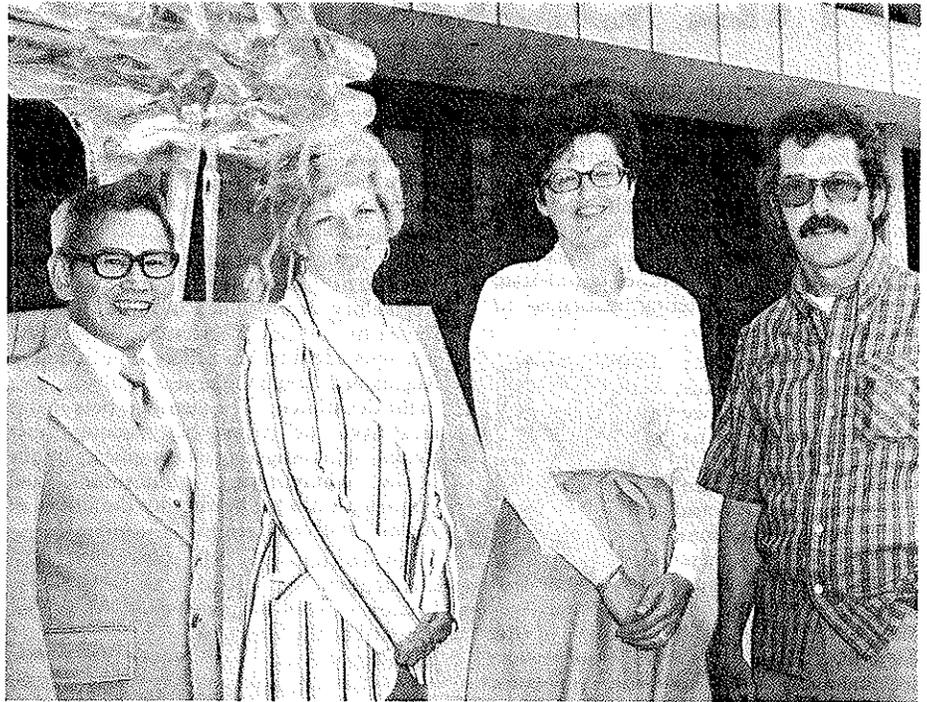
Most licensees will recognize these phrases as jargon in common use in the real estate field, referring to an inactive real estate license. When a license is made inactive it is commonly stated to be "on ice" or "frozen".

It seems that in some licensees' minds however, these phrases also connote some sort of suspended animation...that time stops on a "frozen" license. Not true! Time ticks on whether the license is active or inactive.

This becomes a serious problem to those inactive licensees who later find their license expired, and a late renewal fee is due...or worse, that the license is no longer renewable and the examination and possible college courses are required to be licensed again!

Even though the DRE sends renewal notices, the responsibility remains for each licensee to keep close watch on the license expiration date and make an appropriate renewal. This is especially true for the inactive licensee for whom renewal time may easily pass unnoticed.

## WITH PRIDE WE MENTION.....



Left to right: Esteban Hermosissima, Margret Stroh, Peggy Kershell and Tom Day.

The members of the Department of Real Estate take particular satisfaction in the recent promotions of Esteban Hermosissima, Margret Stroh, Peggy Kershell, and Thomas Day from clerical positions to Deputy Real Estate Commissioner I status.

This is a "first-time" happening. Only recently did the Deputy I class become recruiting and developmental class for the Deputy Real Estate Commissioner series.

To win their deputy status, each former clerk worked long and steadily to not only meet the educational and experiential qualifications for the designation but also to demonstrate particular knowledge and abilities in various areas of real estate.

A typical work day for our new deputies will soon find them engaged in duties and responsibilities encompassing:

- Broker office surveys
- Investigation of complaints made by the public against real estate licensees
- Examination of records of brokers, escrow holders, county recorders, courts, etc.
- Preparation of subdivision public reports
- Subdivision inspections
- Preparation of case analyses leading to possible disciplinary action against licensees.
- Prior to joining the department, Tom Day was employed as a licensed real estate salesman. Assigned Subdivision

duties, Tom looks forward to a long career as a deputy commissioner.

- In May 1963, Peggy Kershell was employed by DRE as a junior stenographer. She won promotions through the clerical ranks to senior legal stenographer and for about nine years was secretary to the legal department's Chief Counsel. Peggy earned her Bachelor of Science Degree at California State University, Sacramento. She is now in DRE's Regulatory Section.
- Since January of 1960, Margret Stroh, a business college graduate, has worked in the Regulatory, Subdivision, and Licensing Sections, advancing from clerk to Supervisor II Licensing in 1976. In this demanding position Margret supervised 64 clerical personnel while assuming the duties of deputy commissioner post licensing. Long range plans include acquiring a degree in business with a concentration in real estate.
- Esteban Hermosissima joined the department in November of 1973 as a clerk typist. From July 1974 until his promotion to Deputy I he worked as a senior legal clerk typist. Prior to coming to the United States and the DRE, he was a member of the Philippine Bar and employed as personnel manager and counsel for an industrial complex in Cebu City for 8½ years.

# DRE Spotlights....

## SUBDIVISIONS

Assistant Commissioner Raymond M. Dabler has statewide responsibility for the management of the department's Subdivision Section. His headquarters office is responsible for such varied functions as the screening of proposed subdivision advertising, processing of applications for permits to sell out-of-state subdivisions, and rendering assistance to homeowner associations.

The Sacramento, Los Angeles and San Francisco District Office subdivision sections process applications for Public Reports on California subdivisions, including condominium projects. Currently these offices are handling between 300 to 400 new applications per month—the most in the history of the department. Approximately 50 employees are assigned to subdivision functions, including deputy commissioners, appraisers, and clerical staff. A substantial amount of support is also furnished by the department's legal section.



Dabler has been with the department since 1958, progressing from enforcement deputy in the Los Angeles Office to his present position as Assistant Commissioner, which he has held since 1968. He has also been in charge of regulatory operations for northern California and administered the Real Estate Education, Research and Publication Section for 2½ years.

Prior to joining the department, Dabler served as an investigator with the State Department of Employment and the State Board of Equalization.

## TRANSACTIONS ACTIVITIES DIVISION

John A. DiBerta is the recently appointed Assistant Commissioner in charge of statewide Transaction Activities Division, Sacramento.

Just prior to this appointment, he was Assistant Commissioner Southern Regulatory Area, which includes the areas served by the Los Angeles, San Diego, and just opened Santa Ana offices. The Southern Regulatory Area is the largest regulatory area in the department. The district offices in this area have the responsibility, among other things, of investigating all complaints by the public, administering examinations, and preparing cases for hearing by the Office of Administrative Hearings.

Approximately 90 Department of Real Estate employees are assigned to the Southern Regulatory Area.

DiBerta entered state service in September 1964 as a deputy commissioner in the Los Angeles District Office. At this time he was assigned to subdivision processing and investigating complaints. Five years later he was promoted to Chief Deputy in charge of the San Francisco District Office.

Prior to beginning his service with the DRE, DiBerta was employed by 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 completed college courses in Police Administration and Criminal Law.



## LICENSING AND EXAMINATIONS

George E. Dunn, Assistant Commissioner, heads up the department's Licensing and Examinations Section.



Licensing and Examinations has approximately 23% of the workforce. Without doubt it is the busiest section within the department in terms of mail volume and the resulting workload created. Such volume stems from the present license population of approximately 302,000 and an examination rate of 99,772 during fiscal 1977. Services performed include issuance of original and renewal licenses, all changes to licensee records, creation of real estate examinations and the scheduling, proctoring and scoring of them.

Dunn has been with the Department of Real Estate since 1950 when he was employed as an office supervisor. Prior service with the state began in 1937 at the Department of Motor Vehicles, Department of Corrections, 1945 to 1950, then to the Department of Real Estate. Dunn advanced through the deputy commissioner ranks, being promoted to his present position of Assistant Commissioner in 1973.

Over the span of 27 years with the department, Dunn has worked under seven real estate commissioners, was responsible for the first mechanized licensing system, has seen the real estate licensee population in California more than triple, and the examinations for real estate licenses increase nearly ten times. December of this year will see George retiring after 40 years of state service.

## THE SAND TRAP

(Continued from Page 1)

night-illuminated tennis court, originally shown several blocks distant from the lot they chose.

Suddenly the sand table becomes a *sand trap* for the salesperson, based upon misrepresentation. The misrepresentation may not be the fault of the salesperson if the developer failed to indicate his intention to make these changes in the layout of the subdivision as it was further developed. Together the salesperson and developer may have created a problem that need never have existed if Regulation 2799.1(4) of the Regulations of the Real Estate Commissioner

had been followed. This regulation provides that no improvement, facility or utility service may be advertised unless it has been completed or installed and is available for use or unless completion and availability for use are assured through bonding or other arrangements approved by the Commissioner.

Also, the developer's change in the location or the deletion or addition of a recreational facility may be considered to be a material change under Section 11012 and/or 11018.7 of the Business and Professions Code. Such changes may have to be cleared through the Department of Real Estate prior to being made and if sales in the subdivision have already been made on representation of

certain recreational facilities being available at a particular location, then the Commissioner may not approve any such changes.

The subdivision layout table may look like it is composed of sand. Legally, it may be cast in concrete.

## In Memoriam

Florence Genevieve Watson, 81, wife of D.D. Watson, Real Estate Commissioner 1948-1957. The Watsons were married in 1919.



**REVOKED**  
**REVOKED**  
**REVOKED**

The illegal Butte County subdivision scheme of real estate broker George M. Chames has resulted in the Justice Court of the Oroville Judicial District ordering Chames to:

- make restitution to lot purchasers in the amount of \$2,300
- pay a fine of \$6,250
- and serve 60 days in jail.

Based upon Chames' no contest plea, the DRE revoked Chames' license. The total value of the illegally subdivided land was \$318,000.

Through the illegal method of subdividing land known as "four-by-fouring", Chames unlawfully subdivided real property in the area known as "Black Bart". He failed to obtain from the DRE the required public reports before offering for sale to the public any parcel of the real property resulting from the division of the land into more than four lots. The unlawful sales promotion included the East Bay and Northern California areas.

"Four-by-fouring" is the unlawful device of dividing a large original land parcel into four parts, which four parts are then transferred to "strawmen" controlled by the promoter. In turn, each "strawman" further divides his part into four smaller parcels and transfers these four parcels to other strawmen, who repeat the process until the final parcels of desired size are ultimately conveyed to purchasers from the buying public at large. This illegal procedure circumvents the requirements for legal subdividing, including obtaining the necessary public report, a vital consumer protection document.

In a recent press release Commissioner Fox urged all individuals encountering sales of subdivided land without being furnished the public report to promptly contact the Department of Real Estate. Full cooperation from real estate licensees is expected.

The revocation of Chames' license follows closely an enforcement action in illegal subdivisions wherein the DRE entered into a \$75,000 settlement with Butte County Title Company in connection with similar

fraudulent land sales. This illegal activity involved property valued in excess of \$3 million comprised of over 700 parcels.

Commissioner Fox has signed an order revoking the real estate broker license of San Francisco real estate broker Charles True. This revocation was based on True's violation of Section 10145 of the Business and Professions Code, leading to disciplinary action against his license under the provisions of Sections 10176(i), 10176(e), and 10177(d) of said code.

In accordance with the terms of sellers' counter-offer to buyers and buyers' acceptance thereof, buyers delivered to True their check for \$8,600 for a parcel of real property.

As specifically required under Section 10145, True intentionally and fraudulently failed to place the check or funds from said check:

- into the hands of the sellers
- into a neutral escrow depository
- or into a trust fund account maintained by True or his employing broker.

Instead, True caused the buyers' check to be deposited into a personal checking account maintained by him, which resulted in the commingling of funds from said check with his own funds. True then converted and appropriated funds from buyers' check to uses and purposes not authorized by the buyers.

Bottom line—real estate broker status revoked!

The Commissioner recently revoked both the individual and the corporate real estate broker licenses of an experienced licensee. Grounds for the revocations included proven violations of the provisions of Business and Professions Code Sections 10176(a) (substantial misrepresentation); 10176(i) (fraudulent and dishonest dealings); 10177(d) (willfully disregarding provisions of commissioner's regulations 2900 (filling in blank spaces in a document after signature obtained) and 2901 (making additions or modifications to terms of instrument previously signed by a party); and 10141.5 (failure to cause recordation of trust deed). These multiple violations occurred in a single real estate transaction involving the sale of income real property.

Of California's approximately 209,000 currently active licensees, the great majority values the right to a license, understanding and following the provisions of the laws of real estate and the commissioner's regulations. Those licensees who may have become careless in keeping current on such matters are reminded of the importance of keeping abreast of all law and regulation changes affecting real property. Proper "know-how" will help safeguard professional careers in real estate.

## SPOT CHECKS DISCLOSE VIOLATIONS

Whenever a real estate transaction is conditioned upon certification or preparation of a structural pest control report, the real estate broker, acting as agent, is required by regulation 2905 to make certain that the inspection report, certification and work completion notice are delivered to the buyer and action noted accordingly.

*The real estate broker responsible for the transaction is required to maintain a record of such action for at least three years.*

DRE auditors recently "spot checked" several brokerage firms to ascertain compliance with the regulation. Almost nine per cent of the 146 transaction files inspected failed to disclose a record or notation that the pest report had been delivered to the buyer despite the fact that the sale was conditioned upon the pest control report.

If we audit your records, what will we find?

## OPENING A BRANCH OFFICE?

We have a form for you! If you are opening a branch office or offices a form is available from any DRE office to assist you in providing all necessary information to the department to assure license issuance.

Simply telephone any DRE office or send a letter requesting *Application for Branch Office License(s)* (RE Form 203). If more than three branch offices are opened at any one time, request additional forms. Each form will accommodate three branch office requests.

## ANOTHER ADDITION TO MULTI-STATE PROGRAM

New Mexico becomes the 10th and newest addition to the growing list of jurisdictions administering the multi-state examination program.

The other nine multi-state participants are Alabama, California, Colorado, Georgia, Guam, Idaho, Oregon, Utah, and Washington.

Persons who pass the multi-state portion of the exam and obtain a real estate license in one of the participating jurisdictions may have that portion of the exam waived when applying for the license exam in another participating jurisdiction.

## SMALL CLAIMS COURT

Small Claims Court limits were increased from \$500 to \$750 effective January 1, 1977, with the passage of Assembly Bill 3885.

Other provisions of the bill include evening and Saturday small claims court sessions, "reasonable efforts" by the court to make available to the parties a list of interpreters, use of simple, non-technical forms in the proceedings, and (at the option of each small claims division) preparation of a manual on small claims court rules and procedures for public distributions.

# '77

## REAL ESTATE LAW

Contains Commissioner's new Anti-Discrimination Regulations.

Available now for purchase at any office of the Department for \$2.50 (plus 6% sales tax if ordered in California).



Order in person or by mail. If by mail, send check or money order for the exact amount payable to:

Department of Real Estate, 714 P Street  
Sacramento, CA 95814.  
Attention: Law Book

## DRE BOND AWARD



Real Estate Commissioner David H. Fox accepting a *Minuteman Flag* from Marianne Weigil, U.S. Savings Bond Division representative from the U.S. Treasury Department. The award is in recognition of DRE employee participation achievement in the 1976 savings bond campaign. An impressive 84% of DRE employees participated in 1976, the highest percentage of any state department. The stars also being presented by Ms. Weigil represent 11 years of over 50% DRE employee bond campaign participation. Flags are displayed in the Sacramento, San Francisco, and Los Angeles offices of the department.

## A GOOD LISTING IS HALF SOLD

Although fully aware of neighborhood market values, some real estate agents are nonetheless delighted in accepting an overpriced listing in hope that time and repeated submission of low offers will wear down the listed figure. Most likely the overpriced listing becomes one more page in the office inventory with little chance of becoming a sought after property—with the seller gradually becoming more irritated.

As in all other human activities, honesty is important in the shelter business. Still, many agents grab the opportunity simply to "tie up" a property.

The real estate world includes some people who enjoy listing property at unrealistically high prices, counting on their salesmanship to later honestly influence a seller into asking less for his "castle".

The fiduciary relationship created by every listing agreement demands the broker render lawful obedience to his principal whether or not the sale price reflects exaggeration. However, if the price is too high, the chance of sale is remote. The seller should be told this at the time of negotiation for listing.

Of most concern here is a practice which, if proven, will result in discipline against a licensee: to deliberately evaluate a property far in excess of its reasonable market value just to get the listing. In this scenario, the broker has acquired both a buyer and a seller "selling" job to perform, neither of which springs from honesty.