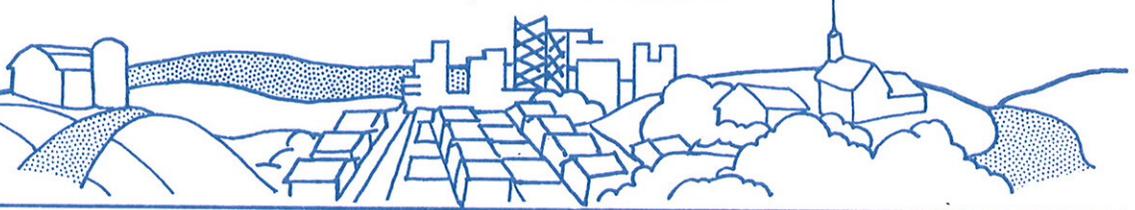




REAL ESTATE BULLETIN

Official Publication of the California Department of Real Estate



EDMUND G. BROWN JR., Governor

Fall 1982

E. LEE BRAZIL, Commissioner

Notary Law—The Legislature Responds

By March Fong Eu
California Secretary of State

After months of haggling and agonizing, a real, bona fide buyer finally meets with a relieved seller at the escrow office. Everything is in order . . . the papers, the certified check, the two sets of house keys. The papers are signed. Everyone shakes hands. But the smiles fade when it is discovered that the grant deed cannot be notarized because the resident office notary public doesn't personally know the seller. The real estate agent who has put together the deal offers to swear to the identity of the seller as a "credible witness" but that option disappears when it is discovered that the title insurance company will not insure title based on such an acknowledgment. Closing is delayed until the next day while the seller finds a notary public who personally knows him or is willing to ignore the rules and certify to the acknowledgment notwithstanding the law that personal knowledge is prerequisite to the standard acknowledgment.

This scenario was played out thousands of times in offices throughout the state after the decision in *Allstate Savings and Loan Association v. Lotito* on March 21, 1981. In that case the State Court of Appeal for the Second District held that a notary public could not rely on commonly accepted forms of paper identification to establish the identity of a client for the purposes of taking an acknowledgment. Although that conclusion had been hinted at by several cases going all the way back to the late 1800s, this was the first time that an appellate court had addressed the issue directly.

In the meantime, the practice had become well established in California's highly mobile society for a notary, in taking an acknowledgment, to rely on a driver's license or some other commonly accepted document in order to establish "personal knowledge." Arguably the Legislature implicitly approved of this practice when it amended the notary laws in 1977 to require that the notary specify

in his or her notarial journal "the type of information used to verify the identity of the parties whose signatures are being acknowledged."

Interestingly, the court in *Allstate* did not address that statutory amendment. But the court did indicate, without qualification, that "personal knowledge" did not mean reliance on paper identification while at the same time conceding that this standard was "harsh and somewhat unrealistic." Justice Kaus, writing for the court of appeal, said that if the law was to be changed, it must be done by the Legislature or the State Supreme Court. Justice Kaus was later appointed to the State Supreme Court but not before the high court refused to overturn the decision of the court of appeal in *Allstate*.

It soon became clear that the Lotito decision, if faithfully applied, would cause considerable havoc in the real estate, business, and financial communities. Realizing that *Allstate* was having a significant and undesirable impact in California, I appointed an advisory committee and assigned to it the duty to draft a legislative solution to the Lotito problem. My committee consisted of some twenty men and women representing all segments of the impacted industries including notaries, escrow agents, real estate brokers, title insurance companies, banks, savings and loans, and so forth.

I met with the committee personally and we discussed various alternatives. After several drafts by the committee and after receiving input from a variety of different sources, I went to the legislature and asked that my proposal be introduced. The proposal became Assembly Bill 2353, carried by Assemblyman Frank Vicencia of Paramount, and enjoyed enthusiastic support by everyone. The bill breezed through the Legislature with only

(Continued on page 4)

Law & Regulation Changes

The following are summaries of emergency changes in the Real Estate Law as well as Regulation change highlights. These changes will appear in the second Supplement to the 1981 Real Estate Law book. It is anticipated the Supplement will be available about mid-November. Regulations are effective June 12, 1982, unless indicated otherwise.

LAW CHANGES

DRE Jurisdiction Over Certain Types of Subdivisions Removed. Amendments to Business and Professions Code Sections 11010.3 and 11010.6 remove from DRE jurisdiction (under the Subdivided Lands Law) the sale, lease or financing of interests in (1) expressly zoned industrial subdivisions limited in use to industrial purposes (2) expressly zoned commercial subdivisions limited in use to commercial purposes and (3) subdivisions offered by public agencies. (Effective as an emergency measure on April 4, 1982.)

(Continued on page 7)

LICENSE FEES INCREASE— BOTH NEW AND RENEWAL

(See Notes from Licensing page 4)

REAL ESTATE BULLETIN

Official Publication of the
California Department of Real Estate

Vol. 42, No. 3 Fall 1982

STATE OF CALIFORNIA
EDMUND G. BROWN JR., Governor

E. LEE BRAZIL
Real Estate Commissioner

PRINCIPAL OFFICE

1719-24th Street, Sacramento 95816
Telephone (916) 445-3995
General Information Telephone (916) 445-5741

WILLIAM A. WIGGINS, Chief Deputy Director
W. JEROME THOMAS, Chief Legal Officer
RICHARD D. CARLSON, Assistant Commissioner,
Policy, Planning and Transaction Activities
RAYMOND ROYCE, Assistant Commissioner,
Subdivisions

LARRY W. SMITH, Real Estate Manager IV
Licensing and Examinations
Education and Research
Course Approvals
Continuing Education
RUTH M. FENNELL, Real Estate Specialist III,
Publications—Editor

NORTHERN REGULATORY AREA

JOHN R. LIBERATOR, Real Estate Manager IV

District Offices

San Francisco, Room 5816, 185 Berry Street, 94107
Telephone 415-557-2136

EDWARD V. CHIOLO, Real Estate Manager III,
Regulatory

Sacramento, 1719-24th Street 95816
Telephone 916-445-6776

DUANE AASLAND, Real Estate Manager III,
Regulatory

Fresno, Rm. 3070, 2250 Mariposa St. 93721
Telephone 209-445-5009

ROBERT E. MCCABE, Real Estate Manager II,
Regulatory

SOUTHERN REGULATORY AREA

LEIGHTON J. PEATMAN, Real Estate Manager IV

District Offices

Los Angeles (Main Office, Southern Area)
Rm. 8107, 107 S. Broadway 90012
Telephone 213-620-5903

RANDOLPH BRENDA, Real Estate Manager III,
Regulatory

San Diego, Rm. 5008, 1350 Front St. 92101
Telephone 714-237-7345

CARL LEWIS, Real Estate Manager II,
Regulatory

Santa Ana, Rm. 324, 28 Civic Center Plaza 92701
Telephone 714-558-4491

THOMAS MCCRAIDY, Real Estate Manager III,
Regulatory

SUBDIVISIONS

Sacramento Hdqtrs: 1719 24th Street 95816
RAYMOND M. DABLER, Real Estate Manager IV
FRANK J. RYAN, Real Estate Specialist IV

Los Angeles, Room 8107, 107 S. Broadway 90012
ROBERT C. ARNOLD, Real Estate Manager III

Sacramento, Suite 250, 4433 Florin Road 95823
BETTY R. LUDEMAN, Real Estate Manager III

San Francisco, Room 5816, 185 Berry Street 94107
WILLIAM O. KEWLEY, Real Estate Manager III

**STATE REAL ESTATE ADVISORY
COMMISSION MEMBERS**

RAY C. CARLISLE Berkeley	CLARK WALLACE Moraga
EMMETTE T. GATEWOOD, JR. Los Gatos	DONALD E. WERRY San Francisco
GEORGE M. MARCUS Palo Alto	DOROTHY COLTON Beverly Hills
ALBERTA (PEPPY) MAYER Fremont	GARY W. LEFKOWITZ Beverly Hills
TONG S. SUIHR Alhambra	PAUL SEPULVEDA Santa Ana

The Real Estate Bulletin (USPS 456600) 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. Postmaster, send address changes to Real Estate Bulletin, 1719-24th Street, Sacramento 95816.

Disciplinary Action — March–May 1982

REB—Real estate broker
RREB—Restricted real estate broker
RES—Real estate salesperson
RRES—Restricted real estate salesperson
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 application is taken on the disciplinary action stayed, until the stay is dissolved. Names of persons to whom licenses are denied upon application are not published.
* Not previously published

FOR YOUR INFORMATION

The following are brief summaries of the numerical code sections listed after each licensee's name. The full context of the various sections is found in the Business and Professions Code and the Regulations of the Real Estate Commissioner, both of which are printed in the Real Estate Law book available for purchase from the Department of Real Estate at \$5.00 plus tax. Code sections summarized will vary from issue to issue as they will correspond with the particular disciplinary listings.

Business and Professions Code

- 490 relationship of conviction to licensed activity
- 10085 failure to submit to Commissioner prior to use advance fee agreements or advertising
- 10086 violation of order to desist and refrain performing acts for which a license is required without the appropriate license
- 10130 unlawful payment of compensation
- 10137 unlawful payment of compensation
- 10138 unlicensed activity
- 10145 trust fund handling
- 10146 failure to handle advance fees as trust funds or to furnish verified accounting to principal
- 10147.5 notice re negotiability of commission office abandonment
- 10162 making any substantial misrepresentation
- 10176(a) making false promise
- 10176(b) course of misrepresentations through salespersons
- 10176(c) commingling trust funds
- 10176(f) listing agreement without definite termination date

Regulations

- 10176(g) secret profit or undisclosed compensation
- 10176(i) fraud or dishonest dealing in licensed capacity
- 10177(b) conviction of crime
- 10177(c) false advertisement
- 10177(d) violation of real estate law or regulations
- 10177(f) conduct that would have warranted denial of a license
- 10177(g) negligence or incompetence as licensee
- 10177(h) failure to supervise salespersons
- 10177(j) fraud or dishonest dealing not in licensed capacity
- 10177(k) violation of restricted license condition
- 10177(n) violation of real estate syndicate provisions of corporate securities law
- 10234 failure of broker to record trust deed in loan transaction or to cause recorded assignment of trust deed in sale of note secured by trust deed
- 11010 failure to file notice of intention to sell or lease subdivision
- 11012 material change in subdivision without notice
- 11013.2(a) violation of subdivision blanket encumbrance impound requirements
- 11023 criminal violation of subdivision law

- 2715 brokers failure to maintain current address with DRE
- 2725 failure of broker to review agreements
- 2731 unauthorized use of fictitious business name
- 2785(a)3 failure by agent to disclose material facts to principal
- 2830 failure to maintain trust fund account
- 2831 inadequate trust fund records
- 2831.1 inadequate trust fund records
- 2832 improper handling of earnest money deposit
- 2832.1 trust fund accountability
- 2834 trust account withdrawals by unauthorized person
- 2901 modifications to contract by licensee
- 2905 delivery of pest control documentation
- 2950 broker controlled escrow violation
- 2950(c) failure by broker to make escrow records available for inspection
- 2970 misleading advance fee advertising material
- 2972 advance fee accountings

LICENSES REVOKED

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Lewis, Mary Ann (REB)	2409 Alicia St., West Covina	2/9/82	10176(i)
*Jones, Margaret Kaiohelo (RRES)	8939 Villa La Jolla Dr., Ste. 203, La Jolla	2/18/82	10176(a)(i), 10177(k)
Rodriguez, Michell Adeline (RES)	2963 55th Ave., Oakland	3/1/82	490, 10177(b)(f)
Cardozo, Geraldine Carol (RES)	P.O. Box 276, Route 1, Quincy	3/1/82	10176(a)(j), 10177(j)
Griffiths, William Loring (REB) (REO)	1405 Hanchett Ave., San Jose	3/1/82	490, 10177(b)
Alberts, Douglas Eugene (RES)	8470 Citrus Ave., Fontana	3/2/82	490, 10177(b)
Amar, Joseph (RES)	110D Via Escuela, Palm Springs	3/2/82	490, 10177(b)
Evans, Tommy Lee (RES)	170 N. Lake Blvd., P.O. Box 6928, Tahoe City	3/8/82	490, 10177(b)(f)
Skar, Gilbert Lawrence (RES)	2405 Monte Vista Ave., Modesto	3/9/82	490, 10177(b)
Ramirez, Mike Aranza (RES)	3632 Truman Ct., Bakersfield	3/16/82	490, 10177(b)
Wilson, Marilyn Beth (RES)	2809 Delburn St., Bakersfield	3/17/82	490, 10177(b)
Gessele, Barry K. (RES)	45-661 Panorama Dr., Palm Desert	3/23/82	10176(a), 10177(d)(j)
Rettke, Monte J. (RES)	846 Tioga, Millbrae	3/23/82	10176(a), 10177(j)
Henn, Patrick Louis (REB)	1313 N. Hill Ave., Pasadena	3/24/82	10145, 10176(a)(b)(c)(e)(i), 10177(d)(j)(n)
Theobald, Michlene R. (RES)	2277 Panoramic Dr., Concord	3/31/82	490, 10177(b)(f)
King, George III (REB)	4704 Christmas Tree Ln., Bakersfield	3/31/82	490, 10177(b)
Levine, Sandy (RES)	320 Spinnaker Ct., Foster City	4/1/82	490, 10177(b)(f)
Arnold, James Herbert (RES)	1538 Quincy St., Orange	4/1/82	490, 10177(b)
Brownlee, Leonard Dewaine (RES)	14222 Avenue 336, Visalia	4/1/82	10176(a)(j)
Pope, D. Jean (RES)	72-830 Hornstead Rd., Palm Desert	4/6/82	490, 10177(b)
Holmes, Donald Charles (RES)	4286 Cherrywood Ct., Concord	4/8/82	490, 10177(b)(f)
Kellogg, Thomas Ray (RES)	5526 College Oak Dr., Sacramento	4/12/82	490, 10177(b)(f)
Williams, Thomas Edward (RES)	20377 Acacia, Santa Ana	4/13/82	490, 10177(b)
Corrigan, Kevin Tracy (RES)	3652 Howard Ave., Los Alamitos	4/13/82	490, 10177(b)
Lee, Pan Newton (RES)	1236 19th St., San Francisco	4/13/82	490, 10177(b)(f)
aka—Woodside, Pan Newton			
Hanchett, Charles Lenard (RES)	21515 Hawthorne Blvd., Ste. 400, Torrance	4/13/82	10176(a), 10177(j)
Leslie, Peter Fales (RRES)	5506 Thornwood Dr., San Jose	4/14/82	490, 10177(b)(f)
Golden State Home Loans (REC)	1213 A St., Hayward	4/15/82	2832.1, 10145, 10176(a)(i), 10177(d)(j)
Schock, Darrell Marlow (REB) (REO)	1213 A St., Hayward	4/15/82	2832.1, 10145, 10176(a)(i), 10177(d)(j)
Figuerola, Carlos Alejandro (REB)	2601 Mission St., Ste. 804, San Francisco	4/16/82	10176(a)(b)(g)(i), 10177(j)(g)
McNeil, Myrtle June (RES)	373 Coombs St., Napa	4/19/82	490, 10177(b)
Edelson, Samuel (RES)	1441 Creekside Dr., #2077, Walnut Creek	4/19/82	490, 10177(b)(f)
Wong, Victor Shiu-Kam (REB)	970 Post St., #6, San Francisco	4/19/82	490, 10177(b)(f)
Harbor Center Realty, Inc. (REC)	555 Francisco Blvd., San Rafael	4/19/82	2830, 2832.1, 10145, 10176(c)(i), 10177(d)(j)
Graf, Arnold Charles Jr. (REO)	555 Francisco Blvd., San Rafael	4/19/82	2830, 2832.1, 10145, 10176(c)(i), 10177(d)(j)
Pittman, Tillery Forest Jr. (RES)	954 B Amistad Ct., El Cajon	4/22/82	490, 10177(b)
Webb, Donald Ellsworth (RES)	15236 La Plata Ct., Ramona	4/22/82	490, 10177(b)
Erickson, John Milton (RES)	1050 Ralston Ave., Belmont	4/28/82	490, 10177(b)
Roberts, Frankie Lee (RES)	1106 West 50th St., Los Angeles	4/29/82	490, 10177(b)
Berry, Kenneth Robert (RES)	1243 Oak Dr., Vista	4/29/82	490, 10177(b)
Jordan, Milton Walter (RES)	4685 1/2 E. Mountain View Dr., San Diego	4/29/82	490, 10177(b)
Macias, Anthony R. (RES)	6666 Rosemead Blvd., Pico Rivera	5/3/82	10176(a)(b)(i), 10177(j)
Moore, William Barrie (REB)	547 Anson, Rohnert Park	5/4/82	10177(c)(j)
Reyes, David (RES)	7820 Apple Valley Court, Fair Oaks	5/4/82	490, 10177(b)(f)
Goldstein, Martin Keith (REB) (REO)	2476 Overland Ave., #301, Los Angeles	5/4/82	2832.1, 2950, 10145, 10176(i), 10177(d)(j)
Dbas—Coastwide Investment Company			
Civic Home Loan (REC)	Off—Civic Home Loan		
Off—Goldstein, Martin Keith	2476 Overland Ave., Ste. 301, Los Angeles	5/4/82	2832.1, 2950, 10145, 10176(i), 10177(d)(j)
Muse, Ralph Lawrence (RES)	8450 Riverland Dr., Space 16, Redding	5/6/82	490, 10177(b)
Filipp, William Carl (REB)	40465 Poppy Dr., Hemet	5/6/82	10176(i), 10177(d), 11012
Tomczak, Lee James (RES)	P.O. Box 366, Clearlake Highlands	5/17/82	490, 10177(b)
So, William Kee-Lap (RES)	685 Pacheco St., San Francisco	5/17/82	490, 10177(b)

LICENSES REVOKED

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Wynn, Connie Mae (REB) Dba—Alabama Estates	1333 West 98th St., Los Angeles	5/18/82	2831, 2831.1, 2832, 2832.1, 10145, 10148, 10176(a)(i), 10177(d)(j)
Ziegler, Dow Lee (RES)	6805 Swarthmore, Anaheim Hills	5/18/82	490, 10177(b)
Welsh, James Leroy III (RRES)	7885 West Bell, Atwater	5/18/82	10176(a)(i), 10177(j)
Hensin, Larry Paul (RES)	2313 San Anselme, Long Beach	5/18/82	490, 10177(b)
Viren, Frederick Joseph (REB) (REO) Dba—Guide You Sell Dba—Viren Realty III	2851 W. Lincoln Ave., Anaheim Off—Viren Realty Inc., #1 Off—Viren Realty Inc., #2	5/18/82	2715, 10145, 10162, 10165, 10177(d)
Viren Realty Inc., #1 (REC) Off—Viren, Frederick Joseph	9451 Moody St., Cypress	5/18/82	2715, 10145, 10162, 10165, 10177(d)(f)
Viren Realty Inc. #2 (REC) Off—Viren, Frederick Joseph	9451 Moody St., Cypress	5/18/82	2715, 10145, 10162, 10165, 10177(d)
Harney, Michael James (RES)	912 W. Shorb, Alhambra	5/19/82	10130, 10176(a)(g), 10177(d)(j)
Donner, Ruth W. (RES)	27071 Calle Juanita, Capistrano Beach	5/20/82	10177(d)(f)(j), 10234
Fiore, Frank Angelo (RES)	5639 Sahara Dr., Carmelien Bay	5/24/82	490, 10177(b)
Myers, Paul Elmo (RES)	1141 W. Barstow, Fresno	5/24/82	10130, 10176(a)(c)(i), 10177(d)
Creative Financial Concepts Corp. (REC) Dba—CFC Corp. Off—Grant, Robert L.	537 W. Main St., Merced	5/24/82	2830, 2832.1, 2834, 10130, 10145, 10176(e), 10177(d)(j), 10231, 10234
Blake, Christian (REB)	1437 Calle Santa Fe, Solana Beach	5/24/82	10130, 10176(e), 10177(d), 10234
Maese, Albert Gomez (RES)	111 Heatherwood Ct., Porterville	5/24/82	490, 10177(b)
Goodrich, Robert LeRoy (REB)	2350 Sepulveda, Ste. F, Torrance	5/27/82	2831, 2950(e), 10176(a)(j), 10177(d)
Juarez, Alan Jack (RES)	2739 58th St., Sacramento	5/31/82	490, 10177(b)

LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
*Berendowsky, Gary Lee (REB) (Right to RREB license on terms and conditions)	61 Oceanaire Dr., Rancho Palos Verdes	3/11/81	490, 10177(b)
*Lovejoy, Anne Pierog (RES) (Right to RRES license on terms and conditions)	4728 West 1st St., Santa Ana	2/15/82	490, 10177(b)
*Nishiyama, Toki O. (RES) (Right to RRES license after 90 days on terms and conditions)	421 N. Atlantic Blvd., Monterey Park	2/23/82	10177(f)(j)
*Howarth, Richard Wayne (RES) (Right to RRES license after 90 days on terms and conditions)	2403 Narbonne, Costa Mesa	2/23/82	2970, 2972, 10085, 10130, 10137, 10146, 10177(d)
Kaligovar, Elyas (RES) (Right to RRES license on terms and conditions)	19601 McKeen Rd., San Jose	3/1/82	490, 10177(b)
Smith, Nancy Jean (RES) (Right to RRES license after 30 days on terms and conditions)	7119 Brundage Rd., Palo Cedro	3/1/82	490, 10177(b)
Shelton, Stanley Neal (REB) (REO) Dba—Esbec Off—Stan Shelton Investment Co., Inc.	7991C Folsom Blvd., Sacramento	3/1/82	2830, 2831, 2831.1, 10145, 10177(d)
(Right to RREB license after 60 days on terms and conditions) Stan Shelton Investment Co., Inc. (REC) Off—Shelton, Stanley Neal	2277 Fair Oaks Blvd., Bldg. A, Ste. 205, Sacramento	3/1/82	2830, 2831, 2831.1, 10145, 10177(d)
(Right to RREB license after 60 days on terms and conditions) Houle, Barbara Marie (RES) (Right to RRES license on terms and conditions)	418 N. Hickory, #32, Escondido	3/3/82	490, 10177(b)
Miller, Merle Roger (RES) (Right to RRES license on terms and conditions)	23054 S. Moneta, Carson	3/3/82	490, 10177(b)
Johnson-Baldwin, Kimberly Ann (RES) aka—Johnson, Kimberly Ann (Right to RRES license after 20 days on terms and conditions)	1644 Klamath Dr., Rancho Cordova	3/8/82	490, 10177(b)
Burns, Marilyn Ashley (RES) (Right to RRES license on terms and conditions)	8364 La Mesa Blvd., La Mesa	3/9/82	490, 10177(b)
Jones, Eric Conrad (REB) (Right to RREB license after 90 days on terms and conditions)	1329 Crenshaw Blvd., Torrance	3/16/82	10177(j)
Gebell, Charles Vincente (RES) (Right to RRES license on terms and conditions)	1520 Orchard St., Santa Rosa	3/23/82	490, 10177(b)(f)
Ballinger, Benjamin Jr. (REB) (REO) Dba—Apollo Real Estate Company Off—Apollo Estates, Inc. (Right to RREB license on terms and conditions)	5150 S. Normandie Ave., Los Angeles	3/23/82	10177(d)(j)
Apollo Estates, Inc. (REC) Off—Ballinger, Benjamin Jr. (Right to RREB license on terms and conditions)	5150 S. Normandie Ave., Los Angeles	3/23/82	10177(d)(j)
Demecs, Ida Catherine (RES) (Right to RRES license on terms and conditions)	927 Winnie Way, Arcadia	3/24/82	490, 10177(b)
Bower, Hilda L. (RES) (Right to RRES license on terms and conditions)	754 Dubanski Dr., San Jose	3/25/82	490, 10177(b)(f)
Stepken, Richard Noel (REB) (Right to RREB license on terms and conditions)	2724 Pacific Ave., Stockton	3/29/82	10137
Sill, Hugh Kevin (REB) (REO) Dba—Sill-Teagarden Realtors (Right to RREB license on terms and conditions)	1111 Truxton Ave., Bakersfield	3/29/82	10176(a)(i), 10177(d)(j), 11012, 11013.1, 11013.2(a), 11019, 11023
Ward, Donald Laverne (REB) (REO) REO—Thrifty Plan dba Charter Mortgage Company REO—Oceanside Financial Services, Inc. (Right to RREB license on terms and conditions)	531A Vista Bella, Oceanside	3/29/82	10145, 10176(e), 10177(d)
Thrifty Plan (REC) Dba—Charter Mortgage Company (Right to RREB license on terms and conditions)	531A Vista Bella, Oceanside	3/29/82	10145, 10176(e), 10177(d)
Oceanside Financial Services, Inc. (REC) (Right to RREB license on terms and conditions)	531A Vista Bella, Oceanside	3/29/82	10145, 10176(e), 10177(d)
Belton, Robert Lee (RES) (Right to RRES license on terms and conditions)	3901 West 54th St., Los Angeles	4/1/82	10176(a), 10177(g)
Greenway, Claud Edward (RES) (Right to RRES license on terms and conditions)	8466 S. Crenshaw Blvd., Inglewood	4/6/82	490, 10177(b)
Aubry, Eugene A. (RES) (Right to RRES license on terms and conditions)	2322 Haste St., Ste. 21, Berkeley	4/13/82	10176(a)(f)(i)
Nogara, Benito (RES) (Right to RRES license on terms and conditions)	164 Main St., Los Altos	4/14/82	490, 10177(b)(f)
Montoya, Raul Gilbert (REB) (Right to RREB license on terms and conditions)	11828 E. Washington Blvd., Whittier	4/15/82	490, 10177(b)
Villarreal, Samuel Gil, Jr. (RES) (Right to RRES license after 30 days on terms and conditions)	555 Francisco Blvd., San Rafael	4/19/82	10234, 10176(a)(f), 10177(d)(f)(j)
Borough, Rex (RES) (Right to RRES license on terms and conditions)	2428 Duraznitos Rd., Ramona	4/20/82	490, 10177(a)
Olson, Gordon Robert (RES) (Right to RRES license after 90 days on terms and conditions)	6760 Crest, Riverside	4/20/82	10176(a)
Boodry, Joe (RES) (Right to RRES license on terms and conditions)	205 Solano St., Suisun	4/21/82	490, 10177(b)(f)
Jacobson, Annabelle (RES) (Right to RRES license on terms and conditions)	196 Sunset Dr., Vista	4/27/82	490, 10177(b)

(Continued on page 7)

This article is intended to provide both factual information about the continuing education program, to correct certain inaccuracies and rumors that have come to our attention, and to comment on other occurrences in the classroom environment that are disturbing to everyone involved in the program.

The following hints should assist licensees to obtain offerings of some value instead of the dissatisfactions that may otherwise be encountered.

- Plan ahead. Obtain a list of approved continuing education offerings from DRE (\$4.50) well in advance of your license renewal date. This listing contains all available offerings by title, sponsor name, address and telephone number and credit hours.
- Contact the sponsor direct. The sponsor can provide information concerning the level of the offering (basic, intermediate or advanced), the cost, the refund policy (including what happens to your money if the offering is cancelled), location and time.
- Check out the instructor's qualifications and experience.

Offering fees vary considerably, as evidenced by the applications received by DRE. Ranges from no charge to over \$15.00 per hour are common depending on the sponsor.

Since the inception of the program through June 1982, DRE has processed 1,937 CE offering applications. Currently there are over 900 approved offerings available through nearly 400 sponsors, including various professional societies and organizations, private vocational schools, correspondence institutions, University of California, California State Universities and Colleges, California Community Colleges, other institutions of collegiate grade and private entities and individuals.

Nearly 63,000 licensees have now renewed evidencing completion of almost 3 million hours of CE offerings. There are, of course, many more licensees who have partially or fully satisfied the 45 hour CE requirement but haven't renewed licenses yet. Presently there are 24 approved offerings which meet the three-hour ethics, professional conduct and legal aspects combined requirement for licensees renewing on and after January 1, 1983. Four offerings are available through correspondence and two by video presentations.

Attending CE offerings can be rewarding, as reported by many licensees—or it can be not so rewarding, as reported by others. It is recognized there may be disruptive individuals in attendance as well as persons

(Continued on page 4)

NOTARY LAW (Continued from page 1)

minor amendments and became law on May 12, 1982, effective immediately.

Chapter 197 recognizes and approves of the long accepted practice in this state of permitting paper documentation to establish identity in certain cases. It does so by amending Civil Code section 1185 to read as follows:

"The acknowledgment of an instrument must not be taken unless the officer taking it personally knows, or has satisfactory evidence that the person making the acknowledgment is, the individual who is described in and who executed the instrument."

Thus, under the new law, identity can be established *either* by personal knowledge *or*



Secretary of State March Fong Eu chaptering and filing notary public bill.

by *satisfactory* evidence. Personal knowledge is defined as

"... having an acquaintance, derived from association with the individual in relation to other people and based upon a chain of circumstances surrounding the individual, which establishes the individual's identity with at least reasonable certainty."

This definition merely codifies existing case law definition.

The new law goes on to define "*satisfactory evidence*" to mean the absence of any information which would lead a reasonable person to believe that the client is not the

individual claimed to be *and* any one of the following: First, the oath of a credible witness who is personally known to the notary that the person making the acknowledgment is personally known to the witness. This, again, merely recodifies existing law. Second, reasonable reliance on a California driver's license or DMV identification card or a United States passport which is current or issued within the last five years. Third, reasonable reliance on a foreign passport, an out-of-state or Canadian or Mexican driver's license, a non-California state identification card, or a U.S. Military identification card provided that these documents are current or have been issued within the past five years, contain a photograph and description, the signature of the person, and an identifying number or stamp (and, in the case of a foreign passport, has been stamped by the United States Immigration and Naturalization Service).

We have looked at these forms of identification very closely and we believe that they are sufficiently credible to permit their use for purposes of taking an acknowledgment. Of course, they aren't foolproof. We once uncovered during a notary public investigation an individual that had 44 California driver's licenses under different names. But having some sort of standard short of personal knowledge is necessary as a practical matter and I think this law takes the right approach.

There are a few other things which the law does which are of interest. First, it puts the burden on a challenger rather than a notary in the event a lawsuit is filed accusing the notary of not properly identifying a client.

Secondly, it changes the certificate of acknowledgment forms to reflect the new law. Although the old forms will be accepted by recorders through December 31, 1982, a notary who establishes identity based on "*satisfactory evidence*" must use the new certificate language.

It should be noted that, with respect to the corporate, partnership, and public entity acknowledgment forms, a notary will be certifying only to the identity of the signer *and not* to the position the signer holds. This is a change from current law.

I think these new standards for identification in California are both realistic and workable and if they meet the test of actual experience as I believe they will, other states may wish to follow the California lead. The passage of Assembly Bill 2353 also indicates just how effective we can be in obtaining legislative responses to problems of concern to notaries and others involved with notarial services when we get together, organize, and lobby for common objectives. Ultimately that may be the most far reaching lesson we can learn from the *Allstate* experience. 

property for tax assessment purposes. The base value of a floating home is its 1979 full cash value instead of the 1975 full cash value for real property under Proposition 13.

The primary distinction between a vessel and a floating home is that a vessel is designed for travel through water but a floating home is designed and built to be used as a stationary waterborne dwellingplace.

NOTES FROM LICENSING

by
Larry W. Smith, Real Estate Manager IV

With the enactment of AB 3030 (Vicencia) an increase in real estate license fees became effective for all licensees renewing on and after August 1, 1982 whether on time or late. The same fee increase applies to applicants for original licenses and to those who may hold a restricted license. Provisions of the bill also increase the Real Property Securities Dealer Endorsement that may be added to a broker or corporation officer license. The fees described break down as follows:

Renewal Fees	Broker	Salesperson
On time	\$165	\$120
Late	\$220	\$160

Original License Fee

License	\$165	\$120
Fingerprint Processing	\$10	\$10
Restricted License Fee	\$165	\$120

The fingerprint charge reflects an increase in costs incurred in processing fingerprints through other state agencies.

License examination fees are unaffected by the bill that raised license fees and remain as follows:

	Broker	Salesperson
Examination	\$50	\$25
Re-examination	\$50	\$25
Re-schedule Examination	\$15	\$10

C. E. (Continued from page 3)

who annoy by displaying obvious disinterest. Certain instructors may not be as interesting or dynamic in their approach to and presentation of the subject matter as some licensees would like. Also, the offering material may be of limited benefit to some attendees while at the same time be practical and worthwhile to others.

No program will ever be perfect in the eyes of everyone attending—in varying degrees some shortcomings or problems will exist. This is not to say, however, that improvements in the offering programs will not be made. To the contrary, the DRE, organized real estate groups, individuals, and sponsors are all striving for program changes and enhancements that will be of benefit to all concerned.

The continuing education program is only one and one-half years old. With experience gained thus far meaningful improvements are anticipated. Licensees can help shape these changes by voicing their feelings to instructors and sponsors when they encounter situations and offerings not to their liking. Instructors and sponsors should welcome receiving from attendees constructive criticism and suggestions.

The DRE also invites constructive comment from licensees at any time concerning any aspect of the CE program. 

On February 17, 1982, Governor Brown signed into law Assembly Bill 1506. This emergency statute effective for the 1982 lien date adds Revenue and Taxation Code Section 229 which provides guidelines for the assessment of "floating homes." Legislative intent seems to have been not to classify floating homes as either real or personal property, but simply to treat them as if they were real

AUDIT

*Interview with Betty Barnes
Supervising Auditor Southern Regulatory Area*

Bulletin: When did DRE first start its practice of auditing real estate brokers and subdividers?

Barnes: Auditors have been part of the DRE Staff for over 20 years. Prior to the passage of Proposition 2 in November 1979, DRE's auditors concentrated the bulk of their work on random spot audits of licensees, as well as on investigative audits in situations where trust funds were allegedly missing. Complex records and shortages in excess of \$10,000 were relatively rare. Since Proposition 2 the mortgage loan broker (MLB) business has mushroomed, requiring complex trust fund handling and sophisticated accounting systems for large dollar volumes. This situation, in today's depressed economy and the slow real estate market, has resulted in some instances in heavy losses of trust fund monies through violations of Real Estate Law, either from accounting or money-handling shortcuts. Currently, the main area of DRE audit activity is in MLB operations, although we still perform other types of audits, both routine and investigative.

Bulletin: How can brokers avoid problems with DRE regarding record-keeping and trust fund-handling?

Barnes: An ultra-simplistic explanation, whether operating with a manual or a data processing system, is that there must be a record of all trust funds received and disbursed by the broker (Regulation 2831); that these trust funds must be accounted for and identified as received from a specific client and as disbursed for/to a specific client (Regulation 2831.1); and that the trust records must be available for DRE inspection upon reasonable notice (Section 10148).

To eliminate the possibilities of trust funds mishandling, sound accounting principles must be followed.

Bulletin: Do all DRE offices have an auditing staff?

Barnes: Northern Regulatory Area audit staff is based in the San Francisco, Sacramento and Fresno offices. The Southern Regulatory Area audit staff is based in the Los Angeles District Office, handling all of Southern California.

Bulletin: What kind of audits does DRE conduct and which type gets top priority?

Barnes: We perform investigative audits, mortgage loan broker examinations, property management examinations, broker-escrow examinations, subdivision impound examinations, and real estate trust account examinations, to determine broker compliance with the Real Estate Law and Regulations. Follow-up examinations are performed on those brokers' records when prior examinations reveal non-compliance which resulted in disciplinary action or formal notice of violations.

Top priority is given to investigative audits concerning complaints which appear to

involve trust fund mishandling. For the last 2½ years the most serious complaints have involved mortgage loan brokers' and property management brokers' activities.

Bulletin: What can trigger a DRE audit of a brokerage?

Barnes: A consumer complaint alleging trust fund-mishandling receives priority, as I just mentioned. These complaints are received by our office from the public, attorneys retained by victims, and, in some cases, referrals from law enforcement/regulatory agencies.

Bulletin: Let's assume DRE regulatory investigators are investigating a series of complaints from property owners with rental units which indicates there possibly has been a mishandling of trust funds by a broker. How might the DRE apply its audit procedures to this case?

Barnes: Ordinarily, in this case, one of our auditors would call the broker and make an appointment for the audit. During the initial interview, the auditor would review the overall brokerage operation which would enable him to then follow the flow of funds through the property management operation. Depending on the size of the operation, the auditor or an audit team would then proceed to audit the books and records of the broker. The auditor would perform a trust account bank reconciliation and accountability to ensure that each owner's funds had been properly received and disbursed to his individual property account, with special attention to those owners' accounts for which the complaints had been received.

Bulletin: You mentioned serious complaints involving property management. Can you give us an example?

Barnes: Yes. One audit we conducted about a year ago which resulted in the Department's issuance of an Accusation involved a broker who originally had been performing property management services for a few friends. He had opened one trust account for each owner and he kept good records. However, his property management business grew and became cumbersome. It was hard for him to maintain so many checking accounts; besides, sometimes the rents would not be collected before the broker paid the owner's bills and the broker's trust account would have an overdraft at the bank because of that practice.

Unfortunately this problem, instead of alerting the broker to his unsound business practice and causing the broker to seek expert accounting advice, was resolved by the broker's opening one trust account for all his property management trust funds. Then he made sure he never over-disbursed the total trust funds in his trust account by watching his bank balance. However, compliance with Regulation 2831.1 requires that individual records be maintained for each property owner so that all receipts and disbursements

will be posted to each account to enable the broker to ascertain that he does not spend more money for one property owner than that owner has deposited to his account.

Our broker in this case didn't experience any more trust account bank overdrafts, but the DRE audit revealed that he was actually paying expenses for five property owners from the total trust funds of other property owners. This mishandling of trust funds resulted in an Accusation being filed to discipline his license by revocation or suspension.

Bulletin: Suppose a broker manages ten properties for clients and three properties of his own, transacting business for all 13 of the properties in one accounting system, maintaining good records, depositing rents collected from all 13 properties into his broker's trust account, and disbursing the funds properly. Is this "commingling"?

Barnes: Yes. By law a true trust account is an account which contains only clients' funds. The account should be designated a trust account and should name the broker as trustee. By definition, broker trust funds are monies received by a broker on behalf of someone else in the performance of an act for which a real estate license is required. Including personal funds in a designated trust account puts the trust funds in jeopardy (subject to attachment) in the event legal action were to be initiated against the broker.

Bulletin: If an Accusation against a licensee is to be prepared based on the audit, is the auditor generally further involved with the DRE investigative specialist and the legal staff?

Barnes: In some cases the auditor and investigator coordinate areas of investigation during the course of a field audit.

The auditor substantiates the audit findings and then submits the audit report and audit file to the supervising auditor for review. When approved the audit report is sent to the Regulatory Section. That audit report is incorporated into the case file. If disciplinary action is recommended by the investigator, the file is sent to the Legal Section. The auditor usually discusses his findings with the assigned attorney, and the auditor often is called as a witness to testify to the results of his audit.

Bulletin: Is the auditor directly concerned with disclosures the Broker must make by law (e.g., that the property is in an earthquake zone)?

Barnes: Yes. The auditors report all violations of the Real Estate Law that they find. These include instances where the broker is an undisclosed party to the real estate transaction. Or failure to disclose that the broker has an ownership interest in the escrow company involved. Another example is nondisclosure that the broker is the lender of funds in a loan transaction.

Bulletin: Does an audit usually take you to places such as the county recorder, courts, banks, and title companies?

Barnes: Yes, those are some of the places we visit, when necessary, for completion of our audits. Also, many brokers perform their

(Continued on page 6)

ETHICS and YOU

What happens when a conflict arises between one real estate licensee's personal rules of ethics and the "questionable moral values" displayed by another licensee cooperating in a joint real estate transaction?

A dilemma is created for both licensees, of course. Objectively, what can the licensee do whose personal sense of ethics has been offended, other than to engage in a meaningless "my opinion is . . ." exchange with the other licensee?

For California real estate licensees an Ethics and Professional Conduct Code exists and is known as Commissioner's Regulation 2785. This regulation is divided into three subsections: (a) conduct which is unlawful; (b) conduct which is unethical; and (c) conduct which is beneficial.

This Code became effective on June 17, 1981. It was adopted in order to enhance professionalism in the entire real estate industry in California and furnish maximum protection to persons dealing with real estate licensees.

Any licensee who disregards subsection (a) of Regulation 2785 has committed a violation of law. The provisions of subsection (b) are intended to guide a real estate licensee into a high level of business practices by pointing out activities which should be avoided at all times; subsection (c) lists beneficial business practices which all licensees should engage in to

serve the best interests of individuals using their services.

Any real estate licensee dealing with another licensee whose ethical sensibilities are seemingly in doubt in light of Regulation 2785, should discuss any questionable activity with his management and/or attorney. Sharp, questionable or fraudulent practices are not to be condoned. Sometimes all that is needed is for one licensee to point out to another the proper way to go and the "misguided" licensee is immediately accepting of the leadership which demonstrates ethical dimensions, personal responsibility and moral obligation in the particular circumstances.

For each of us the word "ethics" probably holds a different meaning. For those engaged in business enterprises of whatever nature, in its deepest, broadest and most idealistic sense ethics should hopefully mean, "Whatever ye would that men should do to you, do ye even so to them." By exercising this Golden Rule standard in business relationships, individuals would not then need to try to impose their own sometimes faulty personal values or preferences on others.

There is wide public interest in how real estate practitioners conduct their brokerage businesses. If the individual ethical performances of brokers and salespersons become too deficient, more government regulations are probable. This need not be if each real estate broker makes proper ethical decisions for his own business enterprise, recognizing that the best interests of the citizens in his community should be served before his own.



AUDIT (Continued from page 5)

own escrows, so we will obtain escrow information from the broker or a public escrow company, as applicable.

Bulletin: If a routine DRE audit simply shows a broker needs to correct an office procedure to be in compliance with the Real Estate Law and Regulations, what action does the auditor normally take?

Barnes: The auditor explains his audit findings to the broker and discusses various methods of correction with the broker. The auditor also explains the reasons for the proper procedures, since understanding the purpose of a requirement encourages compliance.

If the violation could affect proper handling of trust funds and/or if there have been several areas of non-compliance noted, or an unlicensed dba used, a more formal notice of the violations may be issued.

Bulletin: Do you often discuss the compliance findings of your audit with the broker's/subdivider's outside CPA or bookkeeping service?

Barnes: As I just mentioned, we always discuss the audit findings with the broker. If the broker or his CPA are having record-keeping problems, our auditors are always happy to explain proper accounting procedures. The DRE has reproduced Chapter 24 of the Reference Book in booklet form, and this booklet details guidelines for trust account record-keeping. Whenever the auditor cites record-keeping violations, he leaves one of these booklets with the broker for clarification and reference.

Bulletin: In what major respects would a routine audit of a mortgage loan broker differ from that conducted for a broker dealing only in sales and exchanges of homes?

Barnes: Basically, the audits would be conducted in the same manner. Naturally, the scope of the MLB involves more detail than residential resales. Also, the MLB would probably involve bank reconciliations and accountabilities for at least three trust accounts: an escrow trust account, a collection trust account, and a payoff trust account. The residential brokerage would probably have only one trust account, a client's trust account, which would be reconciled.

Bulletin: In your experience as Supervising Auditor, Southern Regulatory Area, what violation of law by brokers and subdivider is most common?

Barnes: Non-compliance with the Commissioner's Regulations concerning the proper maintenance of trust fund records and the proper handling of trust funds are the most common and potentially serious violations. The importance of good accounting records cannot be overemphasized.

Currently, new types of violations are surfacing due to the fact that today's economy has encouraged development of some "creative" business practices which are not available to a broker under the Real Estate Law and the Commissioner's Regulations.

(Continued on page 8)

PREPAID RENTAL LISTING SERVICES

Operators of prepaid rental listing services (PRLS) who wish to change their principal location, main office, branch location or branch office to a new address must give notice of the change to each prospective tenant with whom the operator (PRLS licensee or real estate broker operating the service) has an unexpired contract.

This notice must be given *prior to effecting the move*. The notice is to include the address and telephone number of the new location. It is to be given in a way reasonably determined to be adequate to reach all prospective tenants (Regulation 2852).

As of August 1, 1982, the DRE records show the following regarding PRLS licensed operations:

PRLS licensees statewide	52
Real estate broker operated services	61
TOTAL	113

Article 2.3 of Chapter 3 of Part I of the Real Estate Law governs the activities of those engaged in the PRLS business. Since DRE was given jurisdiction of PRLS activities effective January 1, 1981, the Department has issued several desist and refrain orders for unlicensed PRLS activities. Of the complaints registered with us against PRLS licensees, the following are the most common violations charged:

- failure of the PRLS employee to supply rental listings in accordance with the prospective tenant's specifications
- the furnishing of lists which still contain rental listings for properties rented days earlier
- reluctance or failure to refund part of the fees paid when the PRLS licensee is unable to perform as agreed.

Rental housing is growing scarcer in many areas in the state. PRLS licensees and brokers dealing in these services should, where appropriate, tighten supervision of employees so that false or misleading information is not sold to the public, inviting prosecution for violation of the PRLS laws and regulations.

According to the Fair Housing Investigation Coordinator of the Fair Housing Council of the San Fernando Valley, for the months January-June 1982 their activities included handling discrimination cases as follows:

Racial	21
Interracial	3
National Origin	7
Marital Status	3
Religious	12
Child	8
Age	3

The Council staff also counseled 1,860 clients on tenant/landlord and general housing and discrimination problems.



LAW CHANGES (Continued from page 1)

Fee Increases. Amendments to Business and Professions Code Sections 10201, 10209.5, 10210, 10214.5, 10215 and 10224, respectively make the following fee changes: the late renewal fee is an amount equal to 1-1/3 times the regular renewal fee; increases the fee for a restricted broker license from \$110 to \$165 and the fee for a real estate broker license from \$110 to \$165; increases the fee for a restricted salesperson license from \$80 to \$120 and the fee for a real estate salesperson license from \$80 to \$120; increases the fee for a real property securities dealer endorsement for broker license from \$50 to \$100. (Effective as an emergency measure on August 1, 1982.)

REGULATION CHANGES

2792.16(e)(4). Reasonable Arrangements—Assessments and Liens. Deletes reference to the imposition by owners' associations of special assessments on individual members to reimburse costs of enforcement of the association governing instruments, because new subdivision (c) of Section 2792.26 now provides that owners' associations may not impose monetary penalties on individual members by means of special assessments.

2801.5. "Subdivider" Defined. Amends definition of "owner" and "subdivider" by adding a definition of "any person" as that term is used in Business and Professions Code Section 11010, as amended in 1980, to the terms "owner" and "subdivider."

SECTION 2846 IS REPEALED.

New Section 2846 is Adopted. Approved Lender/Purchaser Disclosure Statement. New Business and Professions Code Section 10232.5, effective January 1, 1982, requires a covered real estate broker dealing in loans, promissory notes, trust deed and real property sales contract transactions to provide a prospective lender or purchaser with a disclosure statement containing specified information. This regulation provides that the Commissioner shall make available an approved format and content for such disclosure statement.

Adopt New Section 2846.5. Report of Annual Trust Fund Accounts Review. New Business and Professions Code Section 10232.2, effective January 1, 1982, requires any covered real estate broker who negotiates or intends to negotiate each year 20 or more new loans and sales or exchanges of contracts or notes of a volume of at least \$2,000,000 or more, to annually submit an independent public accountant's report containing financial information obtained in a review of the broker's trust fund accounts. This regulation requires the accountant's annual report to include certain confirmations including one that the trust funds are maintained and handled in accordance with Department of Real Estate regulations. A broker may satisfy the law by submitting a

(Continued on page 8)

LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Horn, Ronald Craig (RES) (Right to RRES license on terms and conditions)	5543 Trinidad Way, San Diego	4 29 82	490, 10177(b)
Abes, Gerald Stephen (RES) (Right to RRES license on terms and conditions)	8641 Glenoaks Blvd., #118, Sun Valley	4 29 82	490, 10177(b)
Phillips, George Harold (REB) (Right to RREB license after 6 months on terms and conditions)	15771 Royal Ridge Rd., Sherman Oaks	4 29 82	10177(d)
Yoon, Gil Woong (REB) (Right to RREB license on terms and conditions)	4457 E. Slauson Ave., Maywood	4 29 82	490, 10177(b)
Duffy, John Leonard (REB) (Right to RREB license on terms and conditions)	851 E. Valley Pky., Escondido	4 29 82	10176(i), 10177(j)
Bolanos, Richard Delfino (RES) (Right to RRES license on terms and conditions)	P.O. Box 1841, La Mesa	4 29 82	490, 10177(b)
Marchetti, Paul Kirk (RES) (Right to RRES license on terms and conditions)	530 Chestnut, #16, San Carlos	5 3 82	490, 10177(b)(f)
Pearson, Cathy Ann (RES) (Right to RRES license on terms and conditions)	7792 16th St., Westminster	5 18 82	490, 10177(a)
Saterbak, Gerald A. (REB)(REO) Dba Fidelity Realtors (Right to RREB license after 3 months on terms and conditions)	4607 Panchoy Dr., La Mesa	5 18 82	10176(a)(i)
Walters, Gerald Warren (REB) (Right to RREB license after 60 days on terms and conditions)	1235 Columbia Pl., Pasadena	5 19 82	10130, 10139, 10177(d)
Trenev, Yordan (RES) (Right to RRES license after 30 days on terms and conditions)	12142 Huston St., North Hollywood	5 20 82	2832, 10145, 10176(a)(i), 10177(d)
Bandi, Elias Jacob (RES) (Right to RRES license on terms and conditions)	1419 Standiford, Ste 2, Modesto	5 24 82	490, 10177(b)
Pierson, Jon Micken (REB)(REO) Off—Pierson & Planamento, Inc. (Right to RREB license on terms and conditions)	140 W. Shaw, Fresno	5 24 82	10086, 10138, 10147.5, 10176(a)(c)(i), 10177(d)(h)
Pierson & Planamento, Inc. (REC) Off—Pierson, Jon Micken (Right to RREC license on terms and conditions)	1186 W. Shaw Ave., Fresno	5 24 82	10086, 10138, 10147.5, 10176(a)(c)(i), 10177(d)(h)
Grant, Robert L. (REB)(REO) Off—Creative Financial Concepts Corp. (Right to RREB license after 180 days on terms and conditions)	124 Castle Crest Rd., Walnut Creek	5/24/82	10176(e), 10177(h)
Silvers, Gregory Stephen (RES) (Right to RRES license on terms and conditions)	1717 Daless Ln., Pinole	5/24/82	10177(g)
Palma, Praxedes (RES) (Right to RRES license on terms and conditions)	4127 Beck Ave., Apt. A, Bell	5/25/82	490, 10177(b)
Bard, James A. (RES) (Right to RRES license on terms and conditions)	13980 Edgewater Dr., Norwalk	5/25/82	10176(i)
Cassidy, Alfred Hugh (REB)(REO) (Stayed for 2 years on conditions; Suspended 60 days)	1443 Noriega St., San Francisco	4/19/82	2901, 10176(a)(i), 10177(d)(j)

LICENSES SUSPENDED

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Robinson, Charles Albert (RES) (180 days)	110 Riviera Ct., San Bruno	3/9/82	10130, 10176(a), 10177(d)(j)
Barfield, Tommy L. (REB)(REO) (30 days)	11 Embarcadero West, Ste. 145, Oakland	3/12/82	10145, 10176(e), 10177(d)
Steiger, John Anthony (REB) (10 days)	711 3rd St., Oceanside	4/13/82	2832, 10145, 10177(d)
Buckert, Virginia Dare (RES) (5 days)	711 3rd St., Oceanside	4/13/82	2832, 10145, 10177(d)
Jenkins, William Thomas (RES) (60 days)	1000 Texas St., Ste. D, Fairfield	4/26/82	2905, 10176(i), 10177(d)
Pettit, Jack Richard (RES) (15 days)	Star Route, Box 31, Copperopolis	5/17/82	10137, 10176(a)(i), 10177(d)(j)
Sakamoto, Roy B. (REB) (60 days)	6515 N. Fine, Fresno	5/24/82	10177(g)
Pappin, Lorraine Rose (RES) (10 days)	224 Frederick Dr., Napa	5/26/82	10177(g)
Pool, Donald Lee (RES) (15 days)	P.O. Box 999, Twain Harte	6/1/82	10137, 10176(a)(i), 10177(d)(j)

LICENSES SUSPENDED WITH STAYS

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
*Turgeon, Normand Thomas (REB)(REO) Off—Pavadena Golden State Mortgage Co. (Stayed for 1 year on condition)	739 E. Walnut St., Pasadena	2 23 82 (90 days)	2970, 2972, 10085, 10130, 10146, 10177(d)
Edgeworth, Michael Joseph (RES) (All but 15 days Stayed for 2 years on terms and conditions)	2129 E. Fulare Ave., Fulare	3 23 82 (60 days)	10176(a)(i), 10177(j)
Jones, Garry Lawrence (REB)(REO) (All but 1 day Stayed for 1 year on terms and conditions)	2230 W. Sunnyside, Visalia	3 23 82 (5 days)	2725, 10177(d)(h)
Oldfield, Bruce Frances (RES) (Stayed for 1 year on condition)	5440 Mehta Rd., Santa Rosa	3 31 82 (60 days)	10176(e), 10177(f)(g)
Welsh, James Leroy (REB) (All but 30 days may be stayed subject to terms and conditions)	1826 K St., Merced	4 12 82 (until 2 6 84)	2715, 10162, 10177(d)
Jorn, Louis Edward (RES) (Stayed for 1 year on terms and conditions)	66-126 1st St., Desert Hot Springs	4 23 82 (90 days)	10177(g)
Powers, John George (REB) (Stayed for 1 year on condition)	10 Katherine Ave., Salinas	5 4 82 (30 days)	10177(h)
Pine, Eric M. (RES) (All but 15 days Stayed for 1 year on condition)	1269 S. Main, Salinas	5 4 82 (60 days)	10177(f)(g)
Weiss, Myrtle Esther (RES) (Stayed for 1 year on terms and conditions)	4022 Gold Run Way, San Jose	5 5 82 (60 days)	10177(f)(g)
Johnson, Clifford Rolston (RES) (Stayed for 1 year on terms and conditions)	1660 Decker Ave., San Martin	5 5 82 (60 days)	10177(f)(g)
Mauvais, John Ayres (REB) Dba Shingle Springs Realty (Stayed for 2 years on condition)	4270 Mother Lode Dr., Shingle Springs	5 12 82 (45 days)	2731, 10177(d)(h)
Romelli, Donald Joseph (RES) (All but 15 days Stayed for 1 year on terms and conditions) (Subject to late renewal of respondents license)	340 Nancy Way, Fort Bragg	5 17 82 (30 days)	10177(f)(g)
Marcum, George Charles (RES) (All but 5 days Stayed for 1 year on terms and conditions)	1425 Sonoma Ave., Santa Rosa	5 17 82 (30 days)	10177(f)(g)
Imhoff, Robert Arthur (REB)(REO) (Stayed for 1 year on terms and conditions)	572 S. Van Ness Ave., San Francisco	5 19 82 (60 days)	2832.1, 10145, 10177(d)

INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS

Name	Address	Date
Wilson, Robert William (RES)	48 Cambridge Heights, Novato	3/17/82
Trimble, Earvin Herman (REB)	1819 North E St., San Bernardino	4/7/82
National Home Loan Company (REC)	1555 W. Olympic Blvd., Los Angeles	4/16/82

PUBLIC REPROVALS

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Warner, Madelyn Joy (RES)	7177 Brockton Ave., Ste. 112, Riverside	4 1 82	490, 10177(b)

LAW CHANGES (Continued from page 7)

report by a California independent public accountant containing specified information.

Adopt New Section 2846.7. Delayed Filing of Trust Account Report. New Business and Professions Code Section 10232.2, effective January 1, 1982, requires covered brokers to file accountants' reports of their trust fund statements within 90 days after each broker's fiscal year ends, unless extended for cause by the Commissioner. This regulation extends to May 31 of each year the deadline for filing the trust fund statements of brokers whose fiscal year ends between the last day of November and the last day of February.

Amend Section 2847. Voluntary Submission of Proposed Advertising. A real estate broker who is not required to submit advertising to the Department under Section 10232.1 of the Code may submit for departmental approval, in accordance with the provisions of Section 2847.1 hereof, advertising proposed to be used in connection with the performance of acts for which a real estate license is required pursuant to Section 10131.1 or subdivision (d) or (e) of Section 10131 of the Code.

Amend Section 2847.1. Advertising Submission and Clearance Procedures. This regulation specifies the Department

procedures to be followed in the submission and clearance of proposed advertising. This amendment makes various changes in these procedures, including use of a transmittal form designating the Los Angeles office of the Department as the advertising submittal office, and providing for disapproval of advertising if Department procedures are not followed.

SECTION 2847.2 IS REPEALED.

New Section 2847.2 is Adopted. Advertising Identification System. Current law provides that covered brokers will submit proposed advertising to the Department of Real Estate for clearance prior to public dissemination. This regulation requires brokers to use the Department's assigned identification number in all approved visual advertisements, with certain exceptions for advertising predating January 1, 1982.

Amend Section 2848. Advertising Criteria. This regulation specifies the content in advertising which is considered false, misleading or deceptive. As amended it changes the appropriate reference to the Business and Professions Code, adds prospective purchasers to the class of persons protected by the regulation, adds "safe" and "sound" to the words and phrases considered false, misleading, or deceptive without accompanying statements of fact, and permits advertising reference to the existence of a

Department of Real Estate permit for the advertising.

SECTION 2849 IS REPEALED.

Adopt a New Section 2849. Annual Report Format. New Business and Professions Code Section 10232.2, effective January 1, 1982, provides that covered brokers will file an annual report with the Department of Real Estate regarding business activities related to loans, trust deed sales, real property sales contracts, promissory notes, and related information. This regulation adopts a format for the required annual report.

SECTION 2849.1 IS REPEALED.

Adopt New Section 2849.1. Reporting 1982 Business Activity. This regulation clarifies the reporting period for submitting annual reports covering 1982 business activities pursuant to new Business and Professions Code Section 10232.2, effective January 1, 1982.

Amend Regulation 2978. Advertising. As amended this regulation now reads: The provisions of Sections 2847.1, 2847.2 and 2848 of these regulations shall apply to advertising submitted pursuant to Section 10237.7 of the Code for proposed use in connection with the offering of real property securities. 

AUDIT (Continued from page 6)

Section 10145 details the proper handling of clients' funds. Regulations 2830 and 2830.1 clearly preclude a broker from depositing trust fund monies in savings and loan accounts, Certificates of Deposit, Money Market accounts or other certificates or accounts which can require prior written notice of withdrawal of funds or which accounts are not Federally insured.

The only exception is for an impound account for payment of annual property

taxes, etc., relating to real property containing only a one to four residence, as specifically stated in Regulation 2830.1.

Bulletin: What advice can you offer licensees for maintaining their business operations in "audit-clean" condition?

Barnes: Compliance with the Commissioner's Regulations, Article 15, Sections 2830-2835, would give the licensee good internal control of his business, fulfill his fiduciary responsibilities, and ensure his brokerage operation was 90% "audit-clean."

The other 10% simply involves good business practices, such as reasonable daily supervision of his staff's activities (Regulation 2725); obtaining a licensed dba for any fictitious business name under which he is performing acts for which a license is required (Regulations 2731-2732); notifying DRE of any change in his main and/or branch office addresses not later than the next business day following the change (Regulation 2715); as well as having his records available for DRE inspection as stated in Section 10148 of the Real Estate Law. 

Official Publication

CALIFORNIA DEPARTMENT OF REAL ESTATE

1719-24th Street

Sacramento, California 95816