



## DRE's New P.O. Boxes for Sacramento

The Department has new Post Office Boxes serving the correspondence needs of licensees and the public writing to the Sacramento Principal Office.

The new P.O. Boxes are:

Division	P.O. Box	Zip Code
General *	187000	95918-7000
Examination	187001	95858-7001
Original License	187002	95858-7002
Salesperson Section	187003	95858-7003
Broker Section	187004	95858-7004
Subdivision	187005	95858-7005

\* Use the General Mail box for all divisions not listed.

## Errata — New Law Book Correction

Commissioner's Regulation 2792.16 in the 1987 Law Book is incomplete. Section (a)(2)(B) is missing and should be added after Section (a)(2)(A).

Commissioner's Regulation 2792.16 Section (a)(2)(B) reads:

*"(B) The common facility has been placed into use."*

In this same Regulation in Section (c)(2) line 1, "or" should read "of."

These sections may be found on page 229 of the Real Estate Law.

## Looking for a Specialist

by Commissioner James A. Edmonds, Jr.

**"B**eware When Looking for a Specialist." That's the heading of a recent news article concerning the medical profession. This heading could just as easily apply to the real estate profession in the State of California.

The article stated that if you turn to the Yellow Pages looking for a doctor who specializes in a particular field, you could end up with a doctor who is unqualified in the advertised speciality, i.e., he/she has virtually no training in the advertised area. The article cited a recent study which concluded that 12% of the doctors who held themselves out as specialists in one city's telephone directory did not have certifications in the specializations which they were advertising. That is a frightening conclusion when a person's life hangs in balance on the decisions to be made by that "specialist", says the study.

With respect to real estate, did you ever consider that a person's estate may be put at risk because a real estate licensee is holding himself/herself out as a specialist in an area in which he/she has no training or experience?

Presently, the California Statutes do not require a real estate licensee to have any special training or education in those areas of the real estate profession which are considered to be specialized. This means that a real estate licensee can pass a license examination administered by the Department of Real Estate, complete his application, submit a check to the Department and be licensed by the DRE to commence business in a specialized field upon receipt of the license.

It is not my intention to imply that the California real estate license be "fractionalized" — but rather, that there be some form of prerequisite training and education for those specialized areas

in which a licensee desires to conduct business.

What I am suggesting is that a real estate salesperson who just received a license should not be able to affiliate with a real estate broker and then be able to immediately advertise himself/herself in any brochure, Yellow Pages or newspaper as a specialist, without adequate experience and/or training in the subject area.

The recently completed Arthur Young &

Company study entitled "Review of California's Continuing Education Program" recognized the "Non-Residential Active Licensee" and offered some insight into their educational



needs. These licensees do not appear to be fully satisfied with the available continuing education curricula which, because of demand, appears to favor those licensees conducting business primarily in the residential field.

All licensees should recognize that the move toward specialization in the real estate practice is a change in the historical way real estate licensees have done business and as far as consumers, administrators, and regulators see it, the skilled specialist offers a practical means to serve the diverse needs of the consumer.

All real estate licensees must recognize the changes in thought and theory that are coming about as a result of deregulation and that we are now in an era in which consumers have come to expect more services from professionals for the dollars that are paid for their services.

In conclusion, I believe that a possible answer to the issue of professional specialization and consumer service is to adopt a license endorsement procedure whereby an endorsement is issued to the real estate licensee's license after certain prerequisites have been met, which endorsement identifies the licensee's area(s) of specialized knowledge.

It's a start!

## Notes from Licensing

### Fingerprint Fee Reduction

An applicant for an original real estate license is required to submit one classifiable fingerprint card, acceptable to the Department of Justice, unless he or she is currently licensed or has held a license which expired within two years prior to the date



the application was filed. A fingerprint processing fee is required in addition to the original license fee.

The Department of Justice has reduced the fee charged to DRE for processing fingerprint cards. Therefore,

by Darlene K North  
Office Services Supervisor III, Sacramento

effective November 1, 1987, the fingerprint processing fee will be reduced to \$17.00. The fee reduction will apply to all original license applicants who submit their application on or after November 1, 1987, regardless of the date they passed the license examination.

**REAL ESTATE BULLETIN**

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STATE OF CALIFORNIA  
GEORGE DEUKMEJIAN, Governor

JAMES A. EDMONDS, JR.  
Real Estate Commissioner

**EXECUTIVE OFFICE**

107 South Broadway, Room 8107, Los Angeles 90012  
Consumer Information (213) 620-5903

**PRINCIPAL OFFICE**

2201 Broadway, P.O. BOX 187000, Sacramento, 95818-7000  
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**DISCIPLINARY ACTION**  
**December 1986 to February 1987**

- REB - Real estate broker
- RES - Real estate salesperson
- PRLS - Prepaid rental listing service
- REO - Real estate officer
- RREB - Restricted real estate broker
- RRES - Restricted real estate salesperson
- RPRLS - Restricted prepaid rental listing service
- 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 on application are not 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 to the Real Estate Commissioner, both of which are printed in the Real Estate Law book. The Real Estate Law book is available for purchase from the Department of Real Estate for \$10.00 plus tax.

**Business and Professions Codes**

- 490 relationship of conviction to licensed activity
- 10085 failure to submit advance fee materials
- 10086 violation of order to desist and refrain acting without license
- 10130 unlawful payment of compensation
- 10137 failure to record or deliver trust deed within one week after close of transaction
- 10141.5 failure to deliver copy of agreement to signatory trust fund handling
- 10142 failure to handle advance fees as trust funds or to furnish verified accounting to principal retention and availability of real estate broker records
- 10145
- 10146

- 10177(j) fraud or dishonest dealing not in licensed capacity
- 10177(k) violation of restricted license condition
- 10177.5 civil fraud judgment based on licensed acts
- 11012 material change in subdivision without notice
- 11013.1 sale of subdivided lands under blanket encumbrance
- 11013.2 sale of subdivided lands subject to blanket encumbrance without compliance with conditions

**Regulations**

- 10167.10(b) failure to refund deposit or portion thereof
- 10167.11(a) referral of unavailable or non-existent rental property
- 10167.11(b)(1) false, misleading or deceptive advertising or description of a rental property
- 10167.11(b)(4) false, misleading or deceptive advertising or description of a rental property
- 10167.11(c) offering unauthorized rental property
- 10167.12 violation or crime by PRLS licensee
- 10176(a) making any substantial misrepresentation
- 10176(b) making false promise
- 10176(c) commingling trust funds
- 10176(g) secret profit or undisclosed compensation
- 10176(i) fraud or dishonest dealing in licensed capacity
- 10177(a) procuring a real estate license by misrepresentation or material false statement
- 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

- 2715 broker's failure to maintain current address with DRE
- 2725 failure of broker to review and initial agreements
- 2731 unauthorized use of fictitious business name
- 2785(a)(10) unauthorized earnest money refund
- 2830 failure to maintain trust fund account
- 2831 inadequate trust fund records
- 2831.1 inadequate trust fund records
- 2832 failure to comply with specific provisions for handling trust funds
- 2832.1 broker's failure to obtain permission to disbursement trust funds from an account involving multiple beneficiaries
- 2834 trust account withdrawals by unauthorized person
- 2972 advance fee accountings
- 2950(e) failure by broker to maintain and make escrow records available for inspection
- 2950(f) failure to deposit escrow trust funds
- 2950(g) broker-controlled escrow violation
- 2950(h) broker escrow: failure to disclose broker's interest in agency holding the escrow
- 2950(i) broker-controlled escrow violation
- 2972 advance fee accountings

**LICENSES REVOKED**

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Trafton, H. Gregory (REB)	1060 Duncan Av., Ste. B., Manhattan Beach	9/3/86	2830, 2834, 10145, 10159.5, 10177(d)(h)
Jungers, Mylo Clarence (RES)	3230 W. Lincoln, #101, Anaheim	3/3/87	490, 10177(b)
Wiggan, Heman Nicholas (REB)	347 Hayes, San Francisco	3/12/87	2831, 10145, 10176(i), 10177(d)(f)
Dollar Home Loan (REC)	2441 Moorpark Av., San Jose	3/12/87	10176(a)(3), 10177(f)
Mohases, Mohamad R.M. (RES)	2021 E. 4th St., #203, Santa Ana	3/18/87	490, 10177(b)
Kennedy, Frank Milo (RES)	22501 Old County Wy, Valencia	3/25/87	490, 10177(b)
Conrad, Penne Dianne (RES)	432 34th St., Manhattan Beach	3/27/87	10176(a), 10177(g)
Ursin Realty Incorporated (REC)	500 Esplanade Dr., Ste. 1460, Oxnard	3/30/87	2830, 2831.1, 2832.1, 10145, 10177(d)
Ursin, James Victor Jr. (REB)(REO)	500 Esplanade Dr., Ste. 1160, Oxnard	3/30/87	2830, 2831.1, 2832.1, 10145, 10177(d)
First Transate Financial Group, Inc. (REC)	16000 Ventura Bl., Ste. 1105, Encino (formerly Amiran Financial Group, Inc.)	4/2/87	2830, 2834, 10176(e), 10177(d)

**Disciplinary Action, continued from page 2**

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
A M S Mortgage Funding Inc. (REC)	16000 Ventura Bl., Ste. 1201, Encino	4/2/87	2970, 2972, 10146, 10176(a)(e)(i), 10177(d)
Amiran, Ron (REB)(REO)	16000 Ventura Bl., Ste. 1201, Encino	4/2/87	2830, 2834, 2970, 2972, 10146, 10176(a)(e)(i), 10177(d)
Off - First Transstate Financial Group, Inc.			
Off - A M S Mortgage Funding, Inc.			
Hallen-Allison, Barbara (REB)	5449 N. Woodson, Fresno	4/14/87	490, 10177(b)
Dodson, Michael Haig (RES)	1535 N. Cedar Av., #122, Fresno	4/15/87	490, 10177(b)
Kelly, Charles Edward (REB)	2005 Short Dr., Hanford	4/15/87	10176(a)(e)(i), 10177(d)
Guerrero, Ramiro Gomez (RRES)	1688 Pelican Point Ct., Chula Vista	4/28/87	2830, 2832, 10145, 10176(a)(i), 10177(d)(g)
Sherry, Andrew William (RES)	19145 Parthenia, Ste. B, Northridge	4/28/87	490, 10177(b)
Locators 281-Move, Inc. (REC)	321 E. Grand Av., Escondido	4/28/87	10167.10(b), 10167.11(a), 10167.11(b)(1), 10167.11(b)(4), 10167.12, 10177(d)
Riley, David Woolbert (REB)(REO)	7777 Alvarado Rd., Ste. 309, La Mesa	4/28/7	10167.10(b), 10167.11(a), 10167.11(b)(1), 10167.11(b)(4), 10167.12, 10177(d)
Off - Locators 281-Move, Inc.			
Martinez, Hank V. (RES)	18478 Prospect Rd., Saratoga	4/29/87	490, 10177(b)(f)
Brown, Lois (RES)	P.O. Box 160, Claremont	4/30/87	10176(a)(i), 10177(g)(j)
Shumaker, David (RES)	P.O. Box 1294, Lafayette	5/4/87	490, 10177(b)(f)
Branca, Budd Barry (RES)	1915 W. Glenoaks Bl., Ste. 200, Glendale	5/6/87	490, 10177(b)
Villa, Al (REB)(REO)	666 W. Shaw, Ste. 334, Fresno	5/13/87	10177(f)(j)
Switz, Robert William (RES)	642 Brussels, San Francisco	5/18/87	490, 10177(b)(f)
Lo, Yin-Shiun (RES)	8077 Park Villa Cir., Cupertino	5/18/87	490, 10177(b)
Hall, Robert Nathaniel (RES)	10610 Mariposa Ln., Lynwood	5/19/87	490, 10177(b)
Cortes, Jose Angel (REB)	4606 S. Central Av., Los Angeles	5/19/87	2830, 2831, 2831.1, 10145, 10148, 10176(a)(e)(i), 10177(d)(g)
Flores, Maria H. (REB)(REO)	812 1/2 W. 40th Pl., Los Angeles	5/19/87	10176(a)(e), 10177(j)
Robinson, Noel James (RES)	3333 Delta Av., Long Beach	5/26/87	490, 10177(b)
Talbot, Christopher (RES)	5428 Desirée Av., Livermore	5/26/87	490, 10177(b)(f)
Valenzuela, Jose Gonzalez (RES)	625 S. Balcom, Fullerton	5/28/87	10145, 10176(i), 10177(d)

**Mortgage Loan Brokers - Special Requirements**

by *Hermie S. Briones, Chief Auditor, Sacramento*

**D**o you negotiate real estate loans? Do you negotiate sales or exchanges of real property sales contracts? Do you collect payments on behalf of owners of notes secured by real property?

If you do, and if the volume of your transactions not exempt under Business and Professions Code Sec. 10232.(c) exceeds the amounts provided under B & P Sec. 10232.(a), you are required to:

1. Submit periodic financial reports to the Department of Real Estate;
2. Give to your prospective lenders a disclosure statement before receiving funds from them; and
3. Submit your proposed advertising to DRE for approval.

**Who is Covered?**

According to B & P Sec. 10232(a), you must comply with the above if you intend or reasonably expect in any successive 12 months to do either of the following:

"(1) Negotiate any combination of 20 or more of the following transactions pursuant to subdivision (d) or (e) of Section 10131 or Section 10131.1 in an aggregate amount of more than two million dollars (\$2,000,000):

"(A) Loans secured directly or collaterally by liens on real property or on business opportunities as agent for another or others.

"(B) Sales or exchanges of real property sales contracts or promissory notes secured directly or collaterally by liens on real property or on business opportunities as agent for another or others.

"(C) Sales or exchanges of real property sales contracts or promissory notes secured directly or collaterally by liens on real property as the owner of such notes or contracts.

"(2) Make collections of payments in an aggregate amount of five hundred thousand dollars (\$500,000) or more on behalf of owners of promissory notes secured directly or collaterally by liens on real property, owners of real property sales contracts, or both." (This part of the criteria became effective January 1, 1986.)

There is a rebuttable presumption that you will meet the above criteria if you negotiate any combination of five or more new loans and sales or exchanges of existing promissory notes and real property sales contracts of an aggregate amount of more than \$500,000 in any three successive months, or any combination of ten or more new loans and sales or exchanges of existing promissory notes and real property sales contracts of an aggregate amount of more than \$1,000,000 in any successive six months. (B&P Sec.10232.(b) )

For purposes of applying these criteria,

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

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Long Beach Property Management (REC)	4549 E. Anaheim St., Long Beach	2/17/87	2832.1, 10130, 10177(f)
(Right to RREC license on terms and conditions.			
Hutchison, Elaine W. (REB)(REO)	4549 E. Anaheim St., Long Beach	2/17/87	10177(h)
Off - Long Beach Property Management			
(Right to RREB license on terms and conditions)			
Blasquez Michael George (RES)	5827 Muldrow Rd., Sacramento	3/2/87	10176(a)(i)
(Right to RRES license on terms and conditions)(Suspended for 90 days)			
Tossunian, Ara (RES)	10632 Melvin, Northridge	3/5/87	490, 10177(b)
(Right to RRES license on terms and conditions)			
Jaslowski, Henry Frank (REB)	2930 Cowley Wy, Ste. 102, San Diego	3/9/87	10177(f)(j)
(Right to RREB license after 60 days on terms and conditions)			
Kahan, Marvin (RES)	1133 Saratoga-Sunnyvale Rd., San Jose	3/12/87	490, 10177(b)(f)
(Right to RRES license on terms and conditions)			
Alfinito, Alfred (REB)(REO)	2441 Moorpark Av., San Jose	3/12/87	10176(a)(i), 10177(f)
Dbn - Space Realty			
Off - Dollar Home Loan			
(Right to RRES license on terms and conditions)			
Jefferis, Thomas Keith (RES)	2160 sunset Av., A, Morro Bay	3/25/87	10177(a)
(Right to RRES license on terms and conditions)			
Ruiz, Javier Omar (RES)	3315 N. Stanford, Fresno	3/26/87	10130, 10176(a)(i), 10177(d)(j)
(Right to RRES license on terms and conditions)			
Forsyth, Bruce Claude (REB)(REO)	140 North A St., Oxnard	3/26/87	10145, 10177(d)
(Right to RREB license on terms and conditions)			
Peinado, Manuel Jesus (REB)	11889 Skyline Bl., Oakland	3/30/87	490, 10177(b)(f)
(Right to RREB license after 45 days on terms and conditions)			

**Threshold**, *continued from page 3*

persons under common management, direction or control in conducting the activities described in the preceding paragraphs are considered as one person. However, if two or more brokers who are not under common management, direction or control, cooperate in the negotiation of a loan or the sale or exchange of a promissory note or real property sales contract and share in the compensation for their services, the dollar amount of the transaction will be allocated according to a percentage equal to the compensation received by each broker divided by the total compensation received by all brokers for their services in negotiating the loan or sale or exchange.

When you first meet the B&P Sec. 10232.(a) and (b) criteria listed above, you must inform the Department within 30 days after such a determination. Use DRE Form RE 474 (MLB Notification) for the purpose, available from DRE field offices.

If you have met and still meet the criteria but have not yet notified DRE, you also must submit DRE Form 474.

Send the form to:

Mortgage Lending Activities Section  
Department of Real Estate  
P.O. Box 187000  
Sacramento, CA 95818-7000  
Attention: Harold McDonald,  
Deputy Commissioner III

**Exempt Loans**

The following types of loans or real property sales contracts are not counted in determining whether you meet the B&P Sec. 10232.(a) and (b) criteria:

(1) Loans where the lender or purchaser is the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, a bank, a bank holding company, a wholly-owned subsidiary of a bank holding company, a savings and loan association, a savings and loan association holding company, a credit union, an insurance company, or a pension trust.

(2) Loans or sales negotiated, or loans or contracts being serviced for the owner, under authority of a permit issued pursuant to the provisions of Article 6 (commencing with Section 10237) of the Business and Professions Code or applicable provisions of the Corporate Securities Law of 1968 (Section 25000 et seq. of the Corporations Code).

**Reports To File**

The following reports must be submitted to DRE if you meet B&P Sec. 10232 criteria:

**1. Quarterly Trust Fund Status Report—**

This report is due within 30 days after the end of each of the first three quarters of your fiscal year. It should include the representation, statements and schedules listed under B&P Section 10232.25. You may use DRE Forms RE 586 and RE 587 for this report.

**2. Mortgage Loan/Trust Deed Annual Report—**

This is due within 90 days after the end of your fiscal year. B&P Sec. 10232.2(c) lists the

**Disciplinary Action**, *continued from page 3*

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Arora, Dean (REB) (Right to RRES license on terms and conditions)	1945 E. Riverside Dr., #8, Ontario	4/8/87	2725, 2831(a)(6), 2831.1, 2832, 2834, 2950(f)(h), 10176(a), 10177(d)(g)(h) 10176(a), 10177(g)
Arora, Patricia Louise (RES) (Right to RRES License on terms and conditions)	6042 Kenwick Cir., Huntington Beach	4/8/87	
Luzinski, John Serge (RES) (Right to RRES license after 60 days on terms and conditions)	74 N. Calle Vista, Camarillo	4/13/87	490, 10177(b)
Dreier, Robert H. (RES) (Right to RRES license on terms and conditions)	6484 Ramblewood Dr., San Jose	4/15/87	490, 10177(b)(f)
Parayno, Ramon Alano (REB) Dbas - International Real Estate Network Woodside Realty Zurich Financial Resources (Right to RREB license on terms and conditions)	435 N. Azusa Av., City of Industry	4/15/87	2725, 10137, 10177(d)
Ja, Mary H. (RES) (Right to RRES license on terms and conditions)	21113 Christensen Dr., Cupertino	4/20/87	490, 10177(b)
Williams, Frank Marion (REB) (Right to RREB license on terms and conditions)	4951 N. State St., A-4, Ukiah	4/29/87	490, 10177(b)(f)
Leong, Amy Yim-May (RES) (Right to RRES license on terms and conditions)	400 Primrose Rd., Burlingame	4/29/87	2785(a)(10), 2832, 10145, 10177(d)
Hayes, Sharon Sue (RES) (Right to RRES license after 45 days on terms and conditions)	1338 S. School, Lodi	4/29/87	490, 10177(b)
De Proto, Michael James (RES) (Right to RRES on terms and conditions)	P.O. Box 418, Guerneville	5/4/87	2830.1, 10130, 10137, 10145, 10177(d)
Santa, Donald Lawrence (RES) (Right to RRES license on terms and conditions)	77 E. Crescent Dr., San Rafael	5/4/87	490, 10177(b)(f)
Knapp, Mark S. (RES) (Right to RRES license on terms and conditions)	1171 Torino, Pomona	5/5/87	10177(g)
Holan, Peter Z. (RES) (Right to RRES license on terms and conditions)	1641 Beck Dr., San Jose	5/11/87	490, 10177(b)(f)
Bhroozzi, Taghi (RES) (Right to RRES license on terms and conditions)	7806 McLaren Av., Canoga Park	5/12/87	490, 10177(b)
Dennick, David (REB)(REO) (Right to RREB license on terms and conditions)	2850 Pio Pico Dr., Carlsbad	5/12/87	10177(h)
Ross, Carolynne Helena (RES) (Right to RRES license on terms and conditions)	2050 Ralston Dr., Hillsborough	5/14/87	490, 10177(b)(f)
Anshadi, Reza (RES) (Right to RRES license on terms and conditions)	4714 Park Granada, #201, Calabasas	5/19/87	2832, 10145, 10176(i), 10177(d)(g)
Campbell, Sherman Lee (REB)(REO) (Right to RREB license on terms and conditions) (Suspended for 30 days)	1066 4th St., 2nd Fl., Santa Rosa	5/27/87	2831, 10145, 10176(e), 10177(d)
Beischart, Barbara Jean (RES) (Right to RRES license after 90 days on terms and conditions)	41096 Davila Ct., Fremont	5/29/87	10177(d)(g), 11013.1, 11013.2

**Disciplinary Action**, *continued on page 5*

information to be included. Use DRE Form RE 581 for this report.

**3. Annual Report of a Review of Trust Fund Financial Statements—**

This report should be prepared by a licensed California independent public accountant, and should include the information and the public accountant's confirmations required under B&P Sec. 10232.2(a) and Commissioners Regulation 2846.5. It is due within 90 days after the end of your fiscal year, unless your fiscal year ends between November 30 and February 28/29 inclusive, in which case you have until the following May 31 to submit the report.

**Other Requirements**

In addition to filing periodic reports with the DRE, a "Sec. 10232 broker" is also required to submit to DRE for approval prior to use, any advertising in connection with the conduct of activities described in subdivisions (d) and (e) of B&P Sections 10131 and 10131.1. To request approval, submit two copies of the Mortgage Loan Advertising Submittal (RE 584) and three

copies of the proposed advertisement to the Mortgage Lending Activities Section.

In making solicitation to a particular person and in negotiating with that person to make a loan secured by real property or to purchase a real property sales contract or a note secured by a deed to trust, a "Sec. 10232 broker" is also required to deliver to the person solicited a completed "lender disclosure statement" as described in B&P Sec. 10232.5. This statement, to be signed by the prospective lender or purchaser and by the broker, or by a real estate salesperson licensed to the broker, must be delivered before the broker or his/her agent receives the funds from such lender or purchaser. For more information regarding these provisions, refer to B&P Sections 10232.1, 10232.4 and 10232.5, and Regulations 2846, 2847, 2847.1 and 2848. These sections may be found in the Real Estate Law Book.

Readers who have questions regarding the B&P Code Section 10232 criteria and the reporting requirements should contact the Mortgage Lending Activities Section at (916) 739-3580.

**Disciplinary Action**, *continued from page 4***LICENSES SUSPENDED**

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Caldwell, Paul (REB)(REO) Dba - Caldwell Realtor	1437 Westwood Bl., Westwood	4/14/87 (30 days)	2731, 10167.9(c), 10167.10(b), 10167.12(a)(1), 10177(d)
Dignan, David P. (RES)	3336 W. Dovewood, Fresno	5/25/87 (60 days)	10177(g)
Johnson, Floyd Lester (REB)(REO)	2692 W. Escalon, Fresno	5/26/87 (120 days)	10177(g)
Floyd Johnson Real Estate, Inc. (REC)	1043 W. Fremont, Fresno	5/26/87 (120 days)	10177(g)

**LICENSES SUSPENDED WITH STAYS**

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Wathen, Spalding Gabriel (RREB)(RREO) (All but 60 days stayed for 2 years on terms and conditions)	4470 N. Effie St., Fresno	3/16/87 (2 years)	10177(d), 11012
Roberts, Wilburn Lee (Jr.) (REB)(REO) (Stayed for 6 months on terms and conditions)	1233 Ski Run Bl., South Lake Tahoe	3/26/87 (5 days)	2970, 10085, 10177(d)
Forsyth Realty, Inc. (REC) (Stayed for 1 year on terms and conditions)	140 North A St., Oxnard	3/26/87 (30 days)	10145, 10177(d)
Forsyth, Rosmarie (REB)(REO) Off - Forsyth Realty, Inc (Stayed for 1 year on terms and conditions)	140 North A St., Oxnard	3/26/87 (30 days)	10177(h)
Graef, John Marshall (REB) (May be stayed after 30 days on condition)	2844 El Cajon Bl., San Diego	4/24/87 (Indefinitely)	2715, 10177(d)
Sample, Kenneth Martin (REB) (Permanently stayed)	13114 Briarwood Av., Cerritos	4/28/87 (30 days)	10137, 10177(d)
Giannetta, Gerald Anthony (RES) (All but 15 days stayed for 1 year on terms and conditions)	537 E. Fremont, Fresno	5/26/87 (30 days)	10177(g)

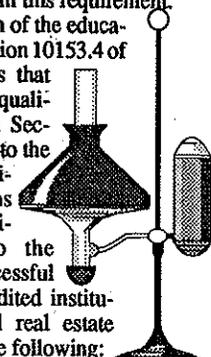
**INDEFINITE SUSPENSIONS  
UNDER RECOVERY FUND PROVISIONS**

NAME	ADDRESS	EFFECTIVE DATE
Oswald, Joseph Paul (RES)	2159 Sugartree Dr., Pittsburg	3/10/87
Sanassarian, Shahan (RES)	389 Ensign Ln., Redwood City	3/11/87
Kraemer, Larry M. (REB)	7419 Tierra Wy., Fair Oaks	3/11/87
Funayama, Robert Takashi (REB)	731 E. Lewelling Bl., Hayward	3/16/87
Sukhu, Satyandra Kumar (RES)	825 Covington Rd., Belmont	3/16/87
Jones, Bill Ira (RES)	5021 Jackson St., North Highlands	3/23/87
Billinger, Mattie Mae (REB)	609 S. Long Beach Bl., Compton	3/23/87
Kraemer, Larry M. (REB)	7419 Tierra Wy., Fair Oaks	3/26/87
Brown, Devertis (RES)	2486B Mission St., San Francisco	4/1/87
McNigh, Robert (RES)	1050 Geneva Av., San Francisco	4/1/87
Zacky, Shirley (RES)	9585 Reseda Bl., #235, Northridge	4/1/87
Leach, Claudia Mae (REB)	17110 Nannette St., Granada Hills	4/1/87
Roa, Jesus Chaves, Jr. (RES)	2867 Tyler St., Long Beach	4/3/87
Gonzalez, Teofilo (REB)	1075 Post St., San Francisco	4/3/87
Kane, Pamela Sue (RES)	P.O. Box 4245, Redding	4/16/87
Capineri, James Carl (REB)	1734A El Camino Real, Mountain View	4/4/87
Fishman, Marilyn Pearl (RES)	9685 Santa Monica Bl., Beverly Hills	4/4/87
Marty Trugman & Associates, Inc. (REC)	9685 Santa Monica Bl., Beverly Hills	4/4/87
Bradley, Dorothy Pederson (REB)	P.O. Box 465, San Carlos	5/1/87
Pond, James Lavern (RES)	1579 Monteal Ln., San Jose	5/1/87
Civic Home Loan (REC)	2476 Overland Av., Ste. 301, Los Angeles	5/14/87
Coastwide Investment Co., Inc. (REC)	2476 Overland Av., Ste. 301, Los Angeles	5/14/87
Goldstein, Martin Keith (REB)	2476 Overland Av., Ste. 301, Los Angeles	5/14/87
Hannigan, Colleen Josette (RES)	3723-20 Country Club Dr., Long Beach	5/12/87
Janson, Nancy Lee (RES)	1451 Danville Bl., Ste. 105, Alamo	5/12/87
Mortgage Bankers Capital, Inc. (REC)	438 E. Katella Av., Ste. D, Orange	5/27/87

**Reminder —  
Mandatory Salesperson  
Course Completion  
Requirements**

In order to take a real estate salesperson examination on or after January 1, 1986, Section 10153.3 of the California Business and Professions (B&P) Code requires an applicant to submit evidence satisfactory to the Commissioner of successful completion, through an accredited institution, of a three-semester unit course (or the quarter equivalent thereof) in Real Estate Principles. Only those applicants who are members of the California State Bar are exempt from this requirement.

As a further extension of the educational requirements, Section 10153.4 of the B&P Code requires that every salesperson who qualified in accordance with Section 10153.3 shall, prior to the issuance of the original license, or within 18 months after issuance, submit evidence satisfactory to the Commissioner of successful completion, at an accredited institution, of two additional real estate courses selected from the following:



- Real Estate Practice
- Real Estate Appraisal
- Accounting
- Business Law
- Property Management
- Legal Aspects of Real Estate
- Real Estate Finance
- Real Estate Economics
- Escrows
- Real Estate Office Administration

Salespersons who qualified to take their original license examination by completing only the Real Estate Principles course shall have their licenses automatically suspended, effective 18 months after issuance of the conditional license, UNLESS the two additional courses have been completed and verification submitted to the Department within that time period. The suspension will not be removed until the licensee has submitted the required evidence of completion of the remaining courses, and the Commissioner has given written notice to the licensee of lifting the suspension.

For those licensees renewing their salesperson licenses for the first time on or after January 1, 1990, only six hours of continuing education courses will be required (i.e., a three-hour course in Ethics, Professional Conduct and Legal Aspects of Real Estate, and a three-hour course in Agency Relationships and Duties in a Real Estate Brokerage Practice). However, when those salespersons renew their licenses for the second and subsequent times, the law currently requires that 45-hours of continuing education courses be completed, including the aforementioned "Agency" and "Ethics" courses, with a minimum of 18-hours in the category of "Consumer Protection." The remaining 21-hours can be completed in either the "Consumer Service" or "Consumer Protection" categories.

## Steering to Escrow, Title and Home Protection Companies Prohibited

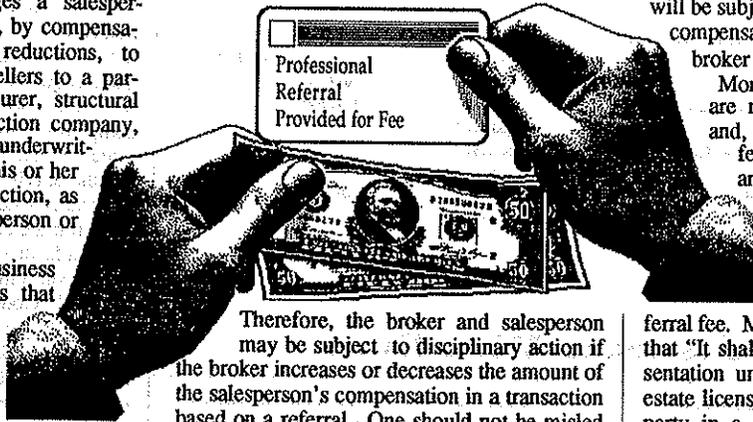
### Special Note on Mortgage Referrals

by Sean Crahan, Real Estate Counsel, Los Angeles

**A** broker who encourages a salesperson or other licensee, by compensation increases or reductions, to steer buyers and sellers to a particular escrow agent, title insurer, structural pest control firm, home protection company, controlled escrow company or underwritten title company may subject his or her broker license to disciplinary action, as well as the license of the salesperson or other licensee involved.

Section 10177.4 of the Business and Professions Code provides that "...the commissioner may, after hearing...suspend or revoke the license of a real estate licensee who claims, demands, or receives a commission, fee or other consideration, as compensation or inducement, for referral of customers to any escrow agent, structural pest control firm, home protection company, title insurer, controlled escrow company, or underwritten title company...." Exemptions from the term "other consideration" are limited to reasonable payments for goods, facilities or services furnished by the licensee, the furnishing of advertising or educational materials customary in the real estate business and available on a similar or equal basis to all customers or agents of the furnisher, and moderate expenses for meals or beverages in the context of customary business, educational or promotional practices.

A violation of Section 10177.4 is not limited to those situations in which the licensee receives the consideration from the business to which the buyer or seller was referred. The source of the consideration is irrelevant to a violation. What is relevant is the claiming, demanding or receiving of any consideration as compensation or inducement for a referral.



Therefore, the broker and salesperson may be subject to disciplinary action if the broker increases or decreases the amount of the salesperson's compensation in a transaction based on a referral. One should not be misled into thinking that it is only the licensee who "receives" the consideration who will be subject to disciplinary action. If the broker encouraged the salesperson to steer clients to a particular escrow agent, etc., by promise of a higher commission percentage, or by a reduction thereof if the client takes that business elsewhere, the broker's conduct may well be viewed as being in "willful...disregard" of the Real Estate Law and will be subject to disciplinary action under Section 10177(d).

Section 10177.4 is not simply a disclosure statute. It prohibits the receipt of consideration for referrals. With respect to broker-controlled escrows held under the exemption of real estate brokers in Section 17006(d) of the Financial Code, the fee paid by buyers and sellers to the broker is, presumably, a reasonable fee for the escrow services provided, and the broker, under whose license the escrow was performed, is not subject to discipline under Section 10177.4 for the receipt of that escrow fee. However, that broker and the salesperson or other licensee

will be subject to discipline if the salesperson is compensated for steering customers to the broker controlled escrow company.

Mortgage companies and other lenders are not mentioned in Section 10177.4 and, thus, payments to licensees for referrals of clients to mortgage lenders are not per se prohibited. However, the general law of agency and the provisions of Section 10176(g) require a broker to disclose to his or her principal the payment, or expected payment, of such a referral fee. Moreover, Regulation 2904 provides that "It shall constitute a substantial misrepresentation under Section 10176(a)...for a real estate licensee who acts as the agent for either party in a transaction for the sale, lease or exchange of real property, a business opportunity or a mobilehome...and who receives compensation, or anticipates receiving compensation, from a lender in connection with the securing of financing for the transaction, to fail to disclose to both parties, prior to the closing of the transaction, the form, amount and source of compensation received or expected."

It should be noted that under Regulation 2904 a licensee only has to disclose to the parties to the transaction the receipt or anticipated receipt of compensation from the lender whereas under Section 10177.4, the claiming, demanding or receipt of commission, fee or other consideration is prohibited, and that the licensee, as an agent, must still disclose its receipt to the parties. Additionally, Regulation 2904 only applies to a sale, lease or exchange transaction in which the licensee acted as an agent, while Section 10177.4 applies to any referral by a licensee, whether or not that licensee has performed acts in that transaction requiring a license.

It should be noted that under Regulation 2904 a licensee only has to disclose to the parties to the transaction the receipt or anticipated receipt of compensation from the lender whereas under Section 10177.4, the claiming, demanding or receipt of commission, fee or other consideration is prohibited, and that the licensee, as an agent, must still disclose its receipt to the parties. Additionally, Regulation 2904 only applies to a sale, lease or exchange transaction in which the licensee acted as an agent, while Section 10177.4 applies to any referral by a licensee, whether or not that licensee has performed acts in that transaction requiring a license.

## Corporate Officer Licensing Exemption Change

by Ed Chiolo, San Francisco Regulatory Office

**P**rior to January 1, 1986, Section 10133(a) of the Business and Professions Code provided a licensing exemption for "Anyone who directly performs any of the acts within the scope of this chapter with reference to his own property or, in the case of a corporation which, through its regular officers receiving no special compensation therefor, performs any of the acts with reference to the corporation's own property." This exemption allowed an officer of a corporation to buy, sell, or lease real property on behalf of the corporation without obtaining a DRE license, as long as he/she received no special compensation for these activities. The exemption also included a corporate officer in the situation in which the corporation was lending its own funds to a borrower (on a loan secured directly or collaterally by a lien on real property), where the officer, again, re-

ceived no special compensation.

Effective on January 1, 1986, SB 1105 (Chapter 476, Statutes of 1985) amended Section 10133 of the Business and Professions Code to provide for a licensing exemption for "A regular officer of a corporation or a general partner of a partnership with respect to real property owned or leased by the corporation or partnership, respectively, or in connection with the proposed purchase or leasing of real property by the corporation or partnership, respectively, if the acts are not performed by the officer or partner in expectation of special compensation." This amendment not only added an exemption for a general partner of a partnership dealing with partnership property, but also, in specifically limiting the exemption to the sale, lease or purchase of real property, it effectively abrogated the exemption for a corporate officer when the corporation is lending its own funds.

Thus, after January 1, 1986, when a corporate officer arranges a loan of corporate funds to a borrower on a loan that is secured directly or collaterally by a lien on real property, that officer would no longer be able to claim a licensing exemption. This would be the case regardless of whether the officer received special compensation for the transaction.

Under provisions of Section 10131(d) of the Business and Professions Code, a corporate officer would need to be licensed by the DRE for this lending activity, since he/she would be acting as an agent for the corporation in arranging for the loan from the corporation to the borrower, and since he/she would be conducting this activity for or in expectation of compensation, insofar as he/she would be receiving a salary or some other form of remuneration for his/her services as an officer.

## Mobilehome Park Conversions to Resident Ownership

"A Guide to Mobilehome Park Purchases by Residents" is a consumer information booklet developed by the California State University, Sacramento-Real Estate and Land Use Institute under contract with DRE.

Information contained in the booklet is the result of an extensive survey of persons connected with successful conversions of mobilehome parks to resident-ownership. The booklet generally describes the steps involved in the conversion process.

The Guide provides information designed to help residents in understanding their role in the conversion and offers some solutions to common situations which may arise during the process. The booklet also describes the various subdivided interest options available to residents contemplating individual ownership or some form of exclusive occupancy right of their respective spaces.

Single copies of the Guide are available at no cost by submitting a written request. Additional copies are available for \$1.00 each.

## Lightning Strikes



On Sunday, October 11, 1987, the telephone service pole outside DRE's Sacramento office was struck by lightning. The strike burned out the Department's main phone lines and knocked the computer licensing system off-line.

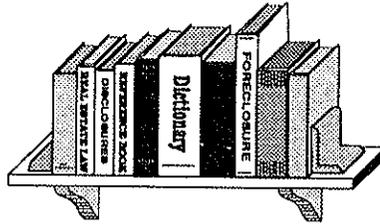
Although the licensing system was brought back on-line immediately, the phones remained out of service for the balance of the week, awaiting replacement parts.

The staff of DRE offers apologies for the inconvenience associated with the interruption in telephone service.

## DRE Publications Available

The Department of Real Estate has available two new booklets for licensees and the public; Disclosures in Real Estate Transactions and A Homeowner's Guide to Foreclosure in California.

The California Legislature has enacted disclosure laws in recent years to increase consumer protection and reduce the trend toward litigation resulting from complex and costly real estate transactions that can go awry. This booklet provides, in a single source, a summary of the required disclosures with citations and case refer-



ences. It is available in English and Spanish language versions.

A Homeowner's Guide to Foreclosure in California provides a brief overview of California's current foreclosure laws, procedures and vocabulary. Covering both judicial and non-

judicial foreclosure methods, this booklet is intended to be a general source of information for those interested in foreclosure. It includes some suggestions and recommendations for actions that can help avoid foreclosure, where and how to find help, and how to deal effectively with the process once it has begun. Like Disclosures in Real Estate Transactions, A Homeowner's Guide to Foreclosure in California was produced under an education and research project funded by the DRE and is available for a total cost of \$1.50.

An order form for these and other Department of Real Estate publications appears on this page. The Department cannot accept cash, C.O.D. or credit card orders for its publications.



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Review of California's Continuing Education Program Including Testing Requirements (1987) (Report)		6.00	
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		+ California Tax	
		<b>TOTAL ENCLOSED</b>	<b>\$</b>

ANY ORDER NOT INCLUDING CALIFORNIA STATE SALES TAX WILL BE RETURNED UNFILLED.

## "Fair Market Value" Defined for Financial Institutions

by Commissioner James A. Edmonds, Jr.

Assembly Bill 731 (Lancaster) was signed into law by Governor Deukmejian on June 17, 1987 as an urgency statute. This bill revises the definition of "fair market value" for the purposes of the Holden Act and provides that financial institutions using the statute's definition in an appraisal on or after July 1, 1986, do not thereby violate the Holden Act.

"Section 1. Section 35805 of the Health and Safety Code is amended to read:

35805. As used in this part:

(b) 'Fair market value' means the most

probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. The use of this definition of fair market value by a financial institution in an appraisal made at any time on or after July 1, 1986, does not violate the provisions of this part.

(c) 'Financial institution' includes any bank, savings and loan association, or other institution in this state, including a public agency that

regularly makes, arranges, or purchases loans for the purchase, construction, rehabilitation, improvement, or refinancing of housing accommodations.

"In order to ensure that Section 35805 of the Health and Safety Code is not interpreted to be in conflict with standards promulgated by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, it is necessary that this legislation take effect immediately."

## Real Estate Educators' Conferences

California Community Colleges Real Estate Educators' Conferences will be held at a Northern and Southern California location this fall for the benefit of real estate instructors throughout the state.

Conferences will be conducted Friday, November 6, 1987 at the Oakland Hilton Hotel

Oakland Airport  
One Hegenberger Rd.  
Oakland, CA 94621  
(415) 645-5000  
and

Friday, December 4, 1987 at the Registry Hotel  
18800 MacArthur Blvd.  
Irvine, CA 92715  
(located near the Orange County Airport)  
(714) 752-8777.

The California Community Colleges Chancellor's Office and Real Estate Education Center sponsor instructor conferences each semester which are funded by earnings from the Community Colleges Real Estate Education Advancement Endowment Fund. The endowment was established in 1975 by a grant from the Department of Real Estate to the California Community Colleges Board of Governors.

The Conference theme this fall is "Excellence in Real Estate Education."

Real Estate Commissioner James A. Edmonds Jr. will be the keynote speaker at each conference.

In addition to community college real estate instructors, conference registration is also

open to all real estate instructors, both public and private. Advance registration is required, and there will be a conference fee for educators who are not affiliated with a community college.

The conferences will feature instructional workshops with emphasis on teaching techniques. Workshops include: Legal Aspects of Real Estate, Real Estate Appraisal, Real Estate Economics, Real Estate Finance, Real Estate Office Administration, Real Estate Practice, Real Estate Principles, and Real Property Management.

For registration information, contact the California Community Colleges Real Estate Education Center, P.O. Box 4065, Modesto, CA 95352 or telephone (209) 575-6465.



Official Publication

CALIFORNIA DEPARTMENT OF REAL ESTATE

P.O. BOX 187000

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