



Real Estate Bulletin

Official Publication of the California Department of Real Estate

RONALD REAGAN, *Governor*

Winter 1971-72

ROBERT W. KARPE, *Commissioner*

New changes in Commissioner's Regulations implement legislation enacted in 1971

Reduction in license fees; written employment agreements

To implement, interpret or make specific various portions of the Real Estate Law, the Real Estate Commissioner has adopted or amended sections of his regulations. The changes are summarized or quoted in full text below:

Sections 2791, 2792.1, 2792.2, 2792.7, 792.12, 2819.9 and 2819.95 have been repealed in their entirety.

Two added regulations—Sections 2716 and 2726—regarding reductions in license fees and broker-salesman relationship agreements should be of particular interest to most licensees.

"Subdivision interests"—fees

Section 2705(m) was added to read: "Subdivision interest" or "subdivision interests" as used herein shall include lots, parcels, units or undivided interests subject to regulation under the provisions of Chapter 1, Part 2, Division 4 of the Business and Professions Code.

Sections 2705, 2790.7, 2790.8, 2795, 2795.1, 2807, 2813, 2814, 2814.3, 2814.5, 2817, 2819 and 2819.5 were amended to comply with Section 2705(m).

Section 2716 was added to read: **License Fees:** All license fees shall be the maximum set forth in the Real Estate Law, except the following:

(1) The license fees under Sections



Ideas Solicited

To make the **Real Estate Bulletin** of more value, the commissioner asks for suggestions for articles, titles and ideas that might improve **Bulletin** readability—no holds barred!

Please write the editor at 714 P St., Sacramento 95814.

10209.5 and 10210 of the Business and Professions Code shall be \$75.

(2) The license fees under Sections 10214.5 and 10215 of the Business and Professions Code shall be \$50.

The one word change in Section 2725 clarifies the authority of a broker to delegate the review and initialing of agreements to more than one licensed real estate broker with whom he has a written agreement relating to such delegation.

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Regulation requires written broker-salesman agreement

The implementation of the Plan for Professionalization of the Real Estate Industry progressed a step further with the promulgation of Commissioner's Regulation 2726. This regulation, which will become effective on April 1, 1972, provides for every real estate broker licensee to have a written agreement with each of his salesmen, whether licensed as a salesman or a broker under a broker-salesman arrangement.

Broker responsibilities

The Plan for Professionalization visualizes increasing responsibilities being given to the broker for the actions of his salesmen. The regulation requiring a written agreement between broker and salesman is only one more definition of the criteria of what constitutes "reasonable supervision" by brokers over the activities of their salesmen. Regulation 2725, effective January 2, 1970, was the first step in spelling out the "reasonable supervision" criteria by requiring brokers to review real estate agreements prepared or signed by a salesman.

Under regulation 2726, there should be no doubt as to the status or position of the salesman or broker-salesman in the real estate organization since the agreement must cover material aspects of the relationship between the parties to the agreement. This must include the amount and type of supervision to be exercised by the broker, the duties of the parties and the compensation to be paid.

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Disciplinary Action—September–December 1971

REAL ESTATE BULLETIN

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

Vol. 32, No. 1 Winter 1971-72

STATE OF CALIFORNIA
RONALD REAGAN, Governor

ROBERT W. KARPE
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714 P St., Sacramento 95814

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94102

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Los Angeles 90012

District Offices

Los Angeles (Main Office, Southern Area)
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714 P St., Sacramento 95814

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

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

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

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

Licenses Revoked

Name	Address	Effective date	Violation R.E. Law/Regulations
*Payne, Robert Evert (REB).....	2426 E. Peralta Wy., Fresno.....	6/30/71	10177(b) (f)
Fricson, Lola Winona (RREB).....	1330 Brundage Ln., Bakersfield.....	9/ 6/71	10177(b) (k)
Jennings, Frank DeHart (RES)....	2230 Latham, Mountain View.....	9/ 8/71	10177(b)
Pyne, Raymond Edward (RES)....	316 E. Orange Grove, Burbank.....	9/21/71	10177(b)
Sorah, Michael Roy (RES).....	13662 Bowen St., Garden Grove.....	9/21/71	10177(b)
Waters, Richard Alton (RES).....	8723 Artesia Blvd., Bellflower.....	9/21/71	10177(b)
Lay, George Athol (REB).....	Opp. P.O., W. Si. Placer Hills Rd., Meadow Vista	9/29/71	10176(i), 10177(b) (j)
Fabozzi, Ralph Nicholas (REB)....	4300 S. Land Park Dr., Sacramento Dba Ralph Realty	10/ 6/71	10176(e) (i), 10177(d) (j); 2830
Olson, Mylo Gordon (REB).....	7816 E. Parkway, Sacramento.....	10/13/71	10145, 10148, 10176(c) (i), 10177(d) (j); 2831, 2832
Grado, John Leonard (REB).....	2904 N. Blackstone, Fresno.....	10/18/71	10176(c) (i), 10177(d)
Steiner, Raymond Gordon (RES)...	16692 Golden West, Huntington Beach	10/19/71	10177(b)
Mergi, Carlton William (RES)....	3250 Strandway, San Diego.....	11/ 3/71	10177(b)
Steinberg, John Milton (RES).....	2792 Marlborough, Redwood City..	11/ 4/71	10177(a) (b) (f)
Binz, Gordon Arthur (RES).....	127 Anne Wy., Los Gatos.....	11/ 9/71	10177(b) (f), 10177.5
Novak, Vladimir Steve (RES).....	32014 W. Kingspark Ct., Westlake Village	11/ 9/71	10177(a)
Sedlack, William Francis (RES)....	42 William Ct., Danville.....	11/ 9/71	10177(b)
Sharratt, Lawrence Alfred (RES)...	5755 N. Sycamore, Rialto.....	11/ 9/71	10177(b)
Stuhley, Roy Sinclair (RREB).....	1100 S. Harbor Blvd., Fullerton....	11/ 9/71	10177(b) (k)
Dba Sinclair Realty Co.			
Vincent, Richard Perley (RES).....	3319 E. 14th St., Oakland.....	11/ 9/71	10177(b)
Williams, Joseph Oscar (RRES)....	7427 E. 14th St., Oakland.....	11/ 9/71	10177(b) (k)
Woolf, Philip Frederick (RES).....	6322 Morse Ave., N. Hollywood.....	11/11/71	10177(b)
LeBrane, Sandy (REB).....	301 Randolph St., San Francisco..	11/18/71	10145, 10176(c) (i), 10177(d) (f); 2831, 2831.1, 2832
Dba Universal Realty			
Gardner, Richard Eugene (REB)....	4063 Radford, Studio City.....	12/ 9/71	10137, 10177(d) (f) (i)
Fisher, Donald Jay (RES).....	118 Logan St., Watsonville.....	12/21/71	10177(b)
Moulton, Gary John (RES).....	2510 E. Paladim, Anaheim.....	12/21/71	10176(a)
Boldrini, William August (RES)....	9100 Wilshire Blvd., Beverly Hills..	12/28/71	10176(a) (i), 10177(f)
Dooley, Dale Cecil (RES).....	225 Coronado Ave., Daly City.....	12/28/71	10177(c) (f) (i)
Gorrono, Joseph Ignatius (REB)....	1677 N. Main St., Walnut Creek... Towle Products, Inc. (REO).....	12/28/71	10176(a) (i), 10177(f)
American Cascade Land Co. (REO)	Bldg. 905, Oakland Airport, Oak- land		
Luntzel, James Reid (RES).....	36000 Fremont Blvd., Fremont.....	12/28/71	10176(a) (i), 10177(f)
MacFarlane, Russ (REB).....	19307 Ventura, Woodland Hills....	12/29/71	10177(b) (f)

Licenses Revoked With Right to Restricted License

Carmichael, James Noel (RES)....	307 W. Fifth St., Escondido.....	9/ 7/71	10177(b)
(Right to RRES license on terms and conditions)			
Davi, Robert Gabe (REB).....	1514 La Sierra Dr., Sacramento... (Right to RREB license after 120 days on terms and conditions)	9/16/71	10085, 10146, 10176(c) (i), 10177(b) (d); 2830, 2971, 2972, 2973, 2974
Graves, Larry Andrew (REB).....	1447 Bayshore Ave., E. Palo Alto.. Dba American Mortgage Asso- ciates	9/22/71	10145, 10176(c) (i), 10177(d); 2831, 2831.1
(Right to RREB license on terms and conditions)			
Lazar, Harry David (RES).....	1150 Anchorage Ln., San Diego... (Right to RRES license after 90 days on terms and conditions)	9/27/71	10176(a) (b) (g) (i), 10177(f) (j)
(Right to RRES license after 90 days on terms and conditions)			
Meislin, Jerome (REB).....	117 Lyford Dr., Tiburon..... Pres., Meislin Investment Co. (REO)	9/27/71	10176(a) (b) (g) (i), 10177(f) (j)
(Right to RREB or RREO license after 90 days on terms and conditions)			
Montgomery, Ramona Alice (REB)...	2805 El Camino Ave., Sacramento..	10/ 6/71	10176(i)
(Right to RREB license on terms and conditions)			
Gomez, Louis (RES).....	2356 Valwood Ave., El Monte.....	10/ 7/71	10177(a)
(Right to RRES license on terms and conditions)			
McClellan and Son, Inc. (REC).....	15233 Ventura Blvd., Sherman Oaks Pres., Richard Alan McClellan (REO)	10/24/71	10177(d) (f), 11010, 11018.2
(Right to RREB license after 30 days on terms and conditions)			
Ram Research, Inc. (REC).....	15233 Ventura Blvd., Sherman Oaks Pres., Richard Alan McClellan (REO)	10/24/71	10177(d) (f), 11010, 11018.2
(Right to RREB license after 30 days on terms and conditions)			
Vecchione, Ronald William (RES)...	1091 Foxworthy Ave., San Jose... (Right to RRES on terms and conditions)	10/27/71	10177(b)
(Right to RRES on terms and conditions)			
Place, Charles Peter (RES).....	3630 E. Almond Ave., Orange.....	11/ 3/71	10177(b)
(Right to RRES license on terms and conditions; must refrain from RE activities for 30 days)			
Romero, Roger Ivan (REB).....	309 Valencia St., San Francisco... (Right to RRES license on terms and conditions)	11/ 9/71	10145, 10176(c) (i), 10177(d) (f)
(Right to RRES license on terms and conditions)			
Thompson, Robert Lee (REB).....	230 Woodlawn Ave., Chula Vista... (Stayed for 3 years on terms and conditions)	11/18/71	10176(c); 2832
(Stayed for 3 years on terms and conditions)			
Mosser, Charles William (REB)....	5108 Geary Blvd., San Francisco... Dba Phillips Realty Co.	11/24/71	11010, 10177(d) (f) (i)
(Right to RREB license after 30 days on terms and conditions)			
Harris, Robert Edward (REB).....	5466 Coast Highway, Pacifica..... (Right to renew RES)	11/26/71	10145, 10176(c) (i), 10177(d) (f), 2731
(Right to RREB license after 15 days on terms and conditions)			
Gallagher, Kenneth Arthur (REB)...	337 S. Magnolia, Anaheim..... (Right to RREB license on terms and conditions)	12/14/71	10176(a) (i)
(Right to RREB license on terms and conditions)			
Doeg, John Hope (RES).....	9100 Wilshire Blvd., Beverly Hills.. (Right to RRES license after 30 days on terms and conditions)	12/21/71	10176(a) (b), 10177(f) (j)
(Right to RRES license after 30 days on terms and conditions)			
Gundling, Thomas Beattie (REB)...	19300 Vanowen, Reseda..... (Right to RREB license on terms and conditions)	12/21/71	10177(b)
(Right to RREB license on terms and conditions)			
Ballard, Wallace Lynn (RES).....	4915 Conroy St., San Diego..... (Right to RRES license on terms and conditions)	12/29/71	10177(f) (j)
(Right to RRES license on terms and conditions)			

* Not previously reported.

Licenses Revoked With Stays

ton, Leroy (REB)..... 8623 S. Normandie, Los Angeles... 10/19/71 10176(e), 10177(g); 2832
 Stayed for 1 year on terms and conditions; must refrain from RE activities for 5 days)

Licenses Suspended

Name	Address	Effective date	Violation R.E. Law/Regulations
Scarpino, James Leonard (RES)...	1576 W. Katella Ave., Anaheim...	10/ 5/71 60 days	10177(b)
Collier, Louis William (REB).....	Coffee Crk. Ctr., Hwy. 3, 8 Mi. No. of Trinity Center	11/ 2/71 90 days	10177.5
Warner, Malcolm Sterling (REB)...	27-767 Porter Dr., Palm Springs...	11/ 4/71 6 months	10176(e)
Warren, Bessie (RES).....	4643 W. El Segundo Blvd., Hawthorne	11/ 9/71 90 days	10177(b)
Anderson, Herman, Jr. (REB).....	6914 La Tijera Blvd., Los Angeles...	11/21/71 6 months	10177(b)
Lamb, Jeanne Louise (RES).....	8550 Garden Grove Blvd., Garden Grove	11/11/71 60 days	10177(b) (f) (j)
Morris, Doayne Ernest (REB).....	2402 Niagra Wy., Costa Mesa....	11/11/71 30 days	10177(b)
Huntley, Robert Lowell (RES)....	10451 Shangri-La Dr., Huntington Beach	11/24/71 30 days	10177(f) (j)
Mulvihill, Robert Leonard (REB)...	570 Valley Vista Dr., Camarillo...	12/ 7/71 90 days	10176(i), 10177(f)
Harvey, Josephine Edith (RES)...	3595 Elm, Long Beach.....	12/14/71 6 months	10177(d) (f)
Moorehead, Donald Edward (REB)...	1118 W. Orangethorpe, Fullerton...	12/29/71 10 days	10176(i)

Licenses Suspended With Stays

McDermott, Eileen Bernice (REB)...	1348 Linden, Long Beach.....	9/ 7/ 71 to & incl. 12/28/72	10162, 10165, 10177(d); 2754
Morr, Harold Francis (REB).....	17081 Beach Blvd., Huntington Beach	9/21/71 10 days	10177(g)
Borba, Lawrence John (REB).....	19359 Meekland Ave., Hayward...	11/ 2/71 90 days	10177.5
Merry, Charles H. (RES).....	191 W. Lewelling Blvd., San Lorenzo	11/ 2/71 90 days	10177.5
Bello, Isabelle (REO).....	24640 San Moritz Dr., Crestline...	11/ 3/71 90 days	10145, 10176(e) (i), 10177(d); 2830
Switzerland Chalets, Inc. (REC)...	24640 San Moritz Dr., Crestline...	11/ 3/71 90 days	10145, 10176(e) (i), 10177(d); 2830
Larson, Edward Leonard, Sr. (REB)...	858 Rubis Dr., Sunnyvale.....	11/23/71 45 days	10145, 10176(e), 10177(d)
English, Myron Ralph (REB).....	1084 Meridian Rd., San Jose.....	12/ 9/71 30 days	10176(a), 10177(g)
Annicelli, Frank Joseph (REB)....	354 Arguello, San Francisco.....	12/14/71 60 days	10176(a) (i), 10177(f) (i)
Kraemer, Edith (REB).....	2522 Fletcher Parkway, El Cajon...	12/21/71 6 months	10177.5

Section 10131(b) defines property manager's license activities

Section 10131(b) of the Real Estate Law, among other things, defines a broker as one who "leases or rents or offers to lease or rent, or places for rent, or solicits listings of places for rent, or solicits for prospective tenants, or negotiates the sale, purchase or exchanges of leases on real property, or on a business opportunity, or collects rents from real property, or improvements thereon, or from business opportunities" (emphasis added).

As quoted, the legal definition of a property manager/broker is all inclusive and would leave no room for unlicensed activity, even rent collection,

were it not for one related law (Section 10131.01), which states in essence that the manager of a hotel, motel, auto and trailer park; the resident manager of an apartment building, apartment complex or court; and the employees of such managers are exempt from the license requirement of Section 10131. As officially interpreted, these laws do require a license for anyone who hires an exempt person to perform the duties of a property manager for him. All non-resident managers of apartment buildings who perform any acts described in Section 10131(b) must be licensed.

Joseph B. Carnahan named 1972 president of CREA

Joseph B. Carnahan of Northridge was elected 1972 president of the California Real Estate Association at its annual convention held in Los Angeles in October. He took office in



JOSEPH B. CARNAHAN

January, succeeding Barnard S. Adams.

Carnahan is a partner and president of the real estate brokerage firm of Paul - White - Carnahan Realty Company with offices in the San Fernando Valley, La Canada and La Crescenta. He is vice president and secretary of Glen-Holly Investment Corporation, real estate investment firm.

Born in Akron, Ohio, he attended public school there and the University of Akron. He left college and moved to California in 1939, where he enrolled in the Sawyer School of Business. His education was interrupted by World War II; from March 1941 through January 1946. He served as a captain in the Tank Corps, European Theatre, where he was awarded the Bronze Star.

President of the Burbank Board of Realtors in 1953 and the San Fernando Valley Board of Realtors in 1961, he has been active in both boards.

In CREA, he has been a vice president, chaired the Education, Realtor-Public Relations, Multiple Listing and Resolutions Committees and was elected a director-for-life in 1965.

He is a director of the National Association of Real Estate Boards and has served on many of its national committees, chairing the Multiple Listing and Professional Standards committees.

In civic affairs Carnahan has been a member of the Burbank Police Commission, Water Commission of Hidden Hills, Mayor Yorty's Citizens Advisory Committee and numerous other committees involving his church and the Boy Scouts.

RECOVERY FUND

Claims made upon the Recovery Fund have now exceeded one and one-half million dollars. Since the fund was created in 1964, there have been 214 claims filed with the commissioner with demands totaling \$1,571,321.44. Claims paid totaled \$560,256.88.

The purpose of the recovery program is to indemnify the public's loss due to wrongful acts of licensees. This protection covers an unsatisfied civil court judgment against a real estate licensee when handling transactions requiring a real estate license. The judgment must be based upon the ground of fraud, misrepresentation or deceit by the licensee and relating to such transactions.

OBTAINING A FICTITIOUS BUSINESS NAME?

In order to acquire a fictitious business name on your broker license, the following requirements must be met: (Refer Section 17900 et seq. of the Business and Professions Code)

1. A Fictitious Business Name Statement must be filed with the County Clerk in the county in which your main office is located.
(More complete information relating to the procedure for obtaining the required documents is available at any County Clerk's office.)
2. A certified copy of the Fictitious Business Name Statement must be submitted to this office. This document must be acquired from the County Clerk, and it must be certified by him or his authorized deputy.
3. The fictitious business name must appear on your broker license and on all of your branch office licenses. A \$4 fee for each license affected must be remitted with the certified copy of the Fictitious Business Name Statement. The addition of a DBA to a broker's license does not affect the licenses of the salesmen in the broker's employ.

Applications invited for Deputy Commissioner I jobs

Opportunities to enter California state government service as Deputy Real Estate Commissioners Grade I will be offered in coming months. These positions are under state civil service and applicants must qualify by written and oral examinations. **Applications for examination must be made on official forms and filed on or before April 7, 1972. The date of examination is April 29.**

To qualify for examination, applicants must have one year full-time (40 hours a week) paid real estate experience in sale or exchange of farm, residential and business properties; real property management; or, making arrangements for real estate loans or escrows in a bank, realty, savings and loan, escrow or title company.

As an alternative, two years of full-time paid experience in field investi-

gation work is required.

The applicant's educational background must be equivalent to graduation from college or additional qualifying experience may be substituted for the required education on a year-for-year basis.

The jobs start at \$791 per month, rising over four years to \$959, with opportunity for advancement to higher grades. Some supervisory posts pay up to \$1,793 per month.

Any person interested in becoming a deputy real estate commissioner may obtain an application from the State Personnel Board, 801 Capitol Mall, Sacramento 95814, or at the board's offices in San Francisco or Los Angeles. Applications can also be obtained through any office of the State Department of Human Resources Development.

Private real estate schools to qualify for course approval

Passage of Assembly Bill 1578 enables private real estate schools to offer a curriculum which heretofore was offered only in California colleges and universities.

Amendments to several sections of the Business and Professions Code at the 1971 session have enabled applicants for a real estate broker license to complete one or more of the prerequisite courses (Law, Practice, Finance and Appraisal) in a private vocational school. Now, a certificate of completion or transcript of grades from a real estate school whose courses are approved by the Real Estate Commissioner will serve as an alternative to course completion at a college or university.

Definite academic standards

Private schools are required to meet definite standards of academic quality before he can approve their real estate courses. Prior to course quality being considered equivalent, particular offerings must contain sufficient classroom hours, curriculum content, outside assignments and examinations to equal those at the community colleges.

These new law changes will provide a review procedure for courses

to determine if they are equivalent to the curriculum offered by an accredited college. Since many real estate schools are offering "prep" courses, applicants for a broker examination, or students planning future educational programs, should make certain at the outset that the school they select for training in the statutory courses has been approved by the commissioner, and that it offers the training they desire. **Only those schools which file a formal application and are approved by the commissioner can claim to be offering courses which will qualify toward a broker license.** He will issue a *Certificate of Approval* which will permit private schools' administrators to identify themselves.

Students planning a regular college curriculum should understand that these courses, although approved by the commissioner, will probably not be accepted for unit credit at institutions of higher learning.

Inquiries pertinent to this "course approval" program should be directed to: Department of Real Estate, Real Estate School Approval Section, 714 P Street, Sacramento 95814.

Report Available

In his new study, *Impact of Corporate Moving Real Estate Trends of the Real Estate Broker*, Dr. Marshall H. Brenner, Research Institute of Business Economics, University of Southern California, discusses the increasing number of major business firms that are assisting employees who receive transfers or promotions to dispose of their residence. The types of plans developed by these firms present possible changes in the practices of real estate brokers.

This study examined the practices of a sample of large corporations and the implications of their plans for the real estate broker.

Order reports from Department of Real Estate, 714 P Street, Sacramento 95814. Price: \$1.50 per copy, plus 8 cents sales tax if ordered in California.

New law stiffens public report requirements

Willful failure to furnish the commissioner's public report to every adult or family head who, as a prospective purchaser, visits a land project, either casually or by appointment is a misdemeanor.

The NEW LAW which becomes effective March 4, 1972, requires that the public report be given to any member of the public upon oral or written request. The subdivider, salesman or agent must furnish the report to any prospect whose presence on the site is known or should have been reasonably known by the seller.

A receipt for the public report is not required when distribution is made to visitors at the project. If the "visitor" ultimately becomes a purchaser, a receipt for the public report must then be taken before the contract is signed or any money changes hands.

Copies of the subdivision final public report on land project subdivisions must be furnished to every prospective purchaser to whom promotional material, other than a preliminary solicitation, is sent.

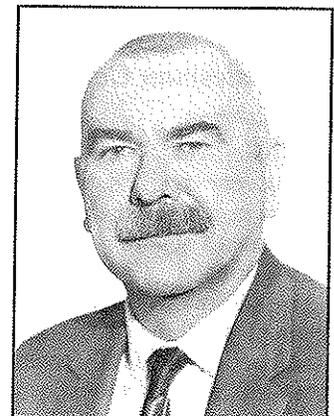
The buyer must sign a receipt indicating that he has received and read the report prior to signing a binding contract to purchase or lease any interest in the land project. The subdivider or agent *must* retain a copy of the receipt for the statutory three year period.

From deputy to attorney in charge

**DRE
success
story**



MICHAEL J. MASLACH



JAMES PASSMAN

Previously assigned as Associate Counsel, Michael J. Maslach has been promoted to Senior Counsel in charge of the department's San Francisco legal staff. Maslach succeeded W. Jerome Thomas who was appointed last year as Chief Legal Officer for the department.

A veteran of over 20 years service with the department, Maslach started his career with the state in 1940. He was special investigator for the Department of Corporations prior to appointment as a Deputy Commissioner in 1951. Previous to that he worked as investigator with the State Board of Equalization.

In 1956 he was appointed Deputy-in-Charge of Subdivisions for the Northern California Regulatory area and he served as Deputy-in-Charge of the Oakland office for a period of seven months in 1957.

While employed by the department he attended evening classes at Golden Gate College of Law, attaining the degree of Doctor of Jurisprudence. As a trial attorney for the department since 1961 he has prosecuted over 575 cases and handled the legal review of countless condominium and planned development subdivisions as well as real estate syndicates.

Maslach attended the University of California for three years prior to World War II and during the war he served overseas in the Philippines, Okinawa and Japan as a First Sergeant in the 11th Airborne Division.

James Passman has been assigned the duties as Senior Counsel in charge of the legal staff in the Los Angeles district office, a position vacated when Irving G. Halpern transferred to the Workmen's Compensation Appeals Board.

Passman joined the department as a Deputy Real Estate Commissioner in 1960. While employed as a deputy he attended evening law classes at Southwestern University and earned the degree of Doctor of Jurisprudence (cum laude). He was appointed by the commissioner as Assistant Counsel and two years later was promoted to Associate Counsel.

As a career soldier, Passman saw active duty in World War II and in the Korean conflict. He is a Colonel in the U.S. Army Reserve. Prior to entering state service he spent two years in the real estate business.

The advancement of Maslach and Passman "up-the-ladder" so to speak, is exemplary. They did not achieve their present niche through wishful thinking—it required "burning the midnight oil" and sacrifice—not only on their part but on the part of their families.

New changes in Commissioner's Regulations

Continued from page 1

Broker-Salesman Contracts

Section 2726 was added to read: Broker-Salesman Relationship Agreements: Every real estate broker shall have a written agreement with each of his salesmen, whether licensed as a salesman or as a broker under a broker-salesman arrangement. The agreement shall be dated and signed by the parties and shall cover material aspects of the relationship between the parties, including supervision of licensed activities, duties and compensation.

Signed copies of the agreement shall be retained by the parties thereto for a period of three (3) years from the date of termination of the agreement. The agreement shall be available for inspection by the commissioner or his designated representative on request. (Effective April 1, 1972.)

Subdivisions

Section 2790 as amended will incorporate the commissioner's discretion to waive the filing of a questionnaire and fee which appeared in Section 2791 (repealed).

Section 2790.1 as amended, places a ceiling of \$3,000 on filing fees for standard subdivisions and a \$5,000 ceiling on fees for all other types of subdivisions. In addition, it provides for less than the \$500 base filing fee for subdivisions other than standard subdivisions where there are less than ten lots, parcels, units or undivided interests being offered for sale.

The requirement for submission of a detailed pro forma budget in general terms has been incorporated as subsection (14) of Section 2792.6 as amended. This applies to planned development subdivisions.

Amended Section 2792.8, pertaining to both planned development and undivided interest subdivisions, eliminates certain fixed times and percentages and includes new items; e.g., a description of the areas or interests to be owned or controlled by owners in common and annexation of addi-

tional land to the existing development. This was a substantial revision and we recommend subdividers and their attorneys study the complete section.

Section 2792.9 is amended to more accurately reflect the purpose of the financial arrangements for operating and maintenance funds during start-up of condominiums and planned developments.

Section 2792.11 has been expanded to include undivided interest subdivisions and community apartment projects as well as stock cooperatives.

The addition of Section 2792.12 precludes partition in kind of the real property in an undivided interest subdivision, but at the same time, provides a vehicle for conveyance of all or a portion of the property if a percentage of the owners of all of the undivided interests agree that this is a proper course of action.

Section 2792.13 has been broadened to include all undivided interest subdivisions and the pre-subscription requirement is changed from 97% within one year after issuance of a public report to 60% within two years.

The amendment of Section 2795 does not effect any substantive changes in the requirements relating to the giving of a public report and the taking of a receipt for it. The changes involve simply the elimination of superfluous and ambiguous terms.

Public report

Section 2795.1 as amended, makes clear that the receipt for public report must be taken in those situations expressly covered by Regulation 2795, i.e., before the purchaser makes any written offer or deposit toward purchase or lease or a reservation of a subdivision interest. Section 11027 of the B&P Code requires the giving of a public report for a land project upon request and whether or not the party receiving the report intends to purchase, but expressly states that a receipt for the public report need not be taken in these cases.

The form of the receipt has also been altered to expressly cover the taking of a receipt for a preliminary subdivision public report. This has always been required under Section 2795, but heretofore there has been no reference to it in the approved form of receipt.

Section 2801 is amended to include within the definition of "material change" the sale of two or more units or shares in a community apartment project, condominium or stock cooperative even though two or more units in any of these developments is defined as a subdivision under Section 11004.5 (B&P Code).

Section 2801 as amended, will include within its coverage undivided interest subdivisions and the wording of the regulation has been revised to describe its application more accurately.

The amendment of Section 2819.6 merely changes the code section reference from 11024 to 11028 (B&P Code) to conform to the statutory change.

Land Projects

Section 2819.7 as amended brings the required notice of rescission rights into line with new Section 11028 (B&P Code).

New Section 2819.9 refers to the specific findings that are required of the commissioner under new B&P Code Section 11025 which prevents the commissioner from issuing a public report on a land project until he makes specific findings. Section 2819.9 specifies that the burden is upon the applicant for a public report on a land project to submit evidence, properly verified, as the basis for the findings required by Section 11025.

The code section reference in Section 2819.96 is changed to conform to new B&P Code Section 11029. The scope of the section is expanded to include subdivision interests other than lots.

Please turn to next page

Changes in Commissioner's Regulations

Continued from page 6

The additions of Sections 3000 through 3004 implement the provisions within Sections 10153.4 and 10153.5 (B&P Code) under which the commissioner may approve courses of study at private vocational schools or supervised courses of study deemed by the commissioner to be equivalent in quality to those offered at accredited institutions.

Section 3000 sets forth the conditions and criteria for establishing the equivalency of a course of study at a private vocational school, establishes instructor qualifications and describes what constitutes deceptive or misleading advertising. This regulation also establishes a hearing procedure if the commissioner refuses to approve a real estate course or supervised course of study.

Section 3001 enumerates the acceptable qualifications of persons who conduct supervised courses of study.

Section 3002 is a requirement for periodic reports to the commissioner relevant to a supervised course of study program and specifies the basic requirements for such a study program.

Section 3003 defines a "private vocational school" to include the simultaneous instruction of two or more students in the designated real estate courses.

Section 3004 states that the fee for approval of courses shall be that set forth in Section 10209 (B&P Code).

Duly adopted regulations have the force and effect of the law itself. The above adopted, amended or repealed regulations become effective January 9, 1972, excepting Sections 2716 and 2726 (effective April 1, 1972) and Sections 2819.6, 2819.7, 2819.9, 2819.95, 2819.96, 3000, 3001, 3002, 3003 and 3004 (effective March 6, 1972).

Supreme court rules on "Due-on-Encumbrance" clauses

Lenders who plan to recommend the insertion of a "due-on-encumbrance" clause in a deed of trust should thoroughly contemplate the effect of a recent California Supreme Court decision before relying on the enforceability of such clauses. Licensees who are called upon to explain the meaning of such clauses to their principals should also consider this case in which the court decided the question of the enforceability of such clauses.

In the instant case, the deed of trust secured a promissory note evidencing a purchase money first loan by an institutional lender.

The applicable part of the clause in question reads: "Should Trustor . . . further encumber said property, or any part thereof, or any interest therein, or agree to do so without the written consent of Beneficiary being first obtained, then Beneficiary shall have the right, at its option, to declare all sums secured hereby forthwith due and payable." In reliance upon enforceability of this clause, the lender had declared the first loan due

and payable on receiving notice that the borrower-trustor had executed a note secured by a second deed of trust on the same property that secured the lender's first note. The borrower then brought suit against the lender on a theory that the "due-on-encumbrance" clause constituted an invalid restraint upon alienation.

In effect, the Supreme Court declared that the "due-on-encumbrance" clause was neither valid nor invalid as a matter of law, and that a determination of enforceability would have to be made upon a finding of the trial court as to whether or not *in a particular fact situation*, enforcement of the clause is reasonably necessary to protect the lender's interests.

The probable practical effect of this decision will be to require a lender involved in any legal action brought to enforce such a clause to satisfy the trial court that the borrower's additional encumbering of the property endangered the lender's security and that enforcement of the clause is reasonably necessary to protect the lender's interests.

NEED INTERN SPONSORS

The commissioner and the California Real Estate Association will jointly sponsor a college level intern program again this summer. Sponsoring brokers are being sought to employ business students full-time during July and August. Details will be forwarded to local real estate boards and to the colleges listed in this bulletin. If you can help this program, contact a local real estate board or the nearest college.

Broker-salesman agreement

Continued from page 1

It is anticipated that fewer commission disputes will be the result of including the compensation arrangement in the employment agreement. Mutual obligations of broker and salesman, as well as working arrangements, would be spelled out, with areas of possible misunderstanding being discussed and ironed out in the beginning rather than developing later as a result of deficient communication between employer and employee.

No prescribed agreement form

There is no prescribed form for the agreement. It can be in the format of the broker-salesman contract form or the agreement for a broker working as a salesman form available through the California Real Estate Association, or, it could be as informal as a signed agreement between the broker and his salesman, that the office policy manual was their understanding of their working arrangement, providing the office policy manual covered the provisions in the regulations. The new regulation requires that copies of the agreement be retained by the parties thereto for a period of three years from the date of termination of the agreement. Also, the agreements must be made available for inspection by the Commissioner's deputies on request.

Although these agreements will be required of all licensees in the future, a large percentage of the more successful real estate companies have used such agreements as an integral part of their operation for many years.

CALIFORNIA DEPARTMENT OF REAL ESTATE
714 P Street
Sacramento, California 95814

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printed in CALIFORNIA OFFICE OF STATE PRINTING

Colleges Offering Real Estate Courses

The following community colleges, state colleges and universities offer a wide range of real estate courses. Those interested in enrolling should check with the college registrar as to what courses are being offered:

<i>Community Colleges</i>	<i>Location</i>	<i>Community Colleges</i>	<i>Location</i>	<i>Community Colleges</i>	<i>Location</i>
American River College.....	Sacramento	Los Angeles Southwest College.....	Los Angeles	College of the Sequoias.....	Visalia
Antelope Valley College.....	Lancaster	Los Angeles Trade-Tech College.....	Los Angeles	Shasta College.....	Redding
Bakersfield College.....	Bakersfield	Los Angeles Valley College.....	Van Nuys	Sierra College.....	Rocklin
Barstow College.....	Barstow	College of Marin.....	Kentfield	College of the Siskiyous.....	Weed
Butte College.....	Durham	Merced College.....	Merced	Solano College.....	Vallejo
Cabrillo College.....	Aptos	Merritt College.....	Oakland	Southwestern College.....	Chula Vista
College of the Canyons.....	Newhall	Mira Costa College.....	Oceanside	Ventura College.....	Ventura
Cerritos College.....	Norwalk	Modesto Junior College.....	Modesto	Victor Valley College.....	Victorville
Chabot College.....	Hayward	Monterey Peninsula College.....	Monterey	West Los Angeles College.....	Culver City
Chaffey College.....	Alta Loma	Moorpark College.....	Moorpark	West Valley College.....	Campbell
Citrus College.....	Azusa	Mt. San Antonio College.....	Walnut	Yuba College.....	Marysville
Columbia Junior College.....	Columbia	Mt. San Jacinto College.....	Gilman Hot Springs		
Compton College.....	Compton	Napa College.....	Napa	State Colleges	
Contra Costa College.....	San Pablo	Ohione College.....	Fremont	Cal State at Fullerton.....	Fullerton
Cuesta College.....	San Luis Obispo	Orange Coast College.....	Costa Mesa	Cal State at Long Beach.....	Long Beach
Cypress Junior College.....	Cypress	Palomar College.....	San Marcos	Sacramento State College.....	Sacramento
De Anza College.....	Cupertino	Palo Verde College.....	Blythe	San Fernando Valley State College.....	Northridge
College of the Desert.....	Palm Desert	Pasadena City College.....	Pasadena	San Francisco State College.....	San Francisco
Diablo Valley College.....	Pleasant Hill	Porterville College.....	Porterville	San Jose State College.....	San Jose
East Los Angeles College.....	Los Angeles	College of the Redwoods.....	Eureka	Humboldt State College.....	Arcata
El Camino College.....	Torrance	Rio Hondo College.....	Whittier	Cal State Polytechnic College.....	Pomona
Foothill College.....	Los Altos Hills	Riverside City College.....	Riverside	Cal State Polytechnic College.....	San Luis Obispo
Fresno City College.....	Fresno	Sacramento City College.....	Sacramento	Fresno State College.....	Fresno
Fullerton Junior College.....	Fullerton	Saddleback College.....	Mission Viejo	San Diego State College.....	San Diego
Gavilan College.....	Gilroy	San Bernardino Valley College.....	San Bernardino	Cal State College at Los Angeles.....	Los Angeles
Glendale College.....	Glendale	San Diego City College.....	San Diego	Chico State College.....	Chico
Golden West College.....	Huntington Beach	San Diego Evening College.....	San Diego		
Grossmont College.....	El Cajon	San Diego Mesa College.....	San Diego	University of California Extension	
Allan Hancock College.....	Santa Maria	City College of San Francisco.....	San Francisco	* Berkeley	
Hartnell College.....	Salinas	San Joaquin Delta College.....	Stockton	Los Angeles	
Imperial Valley College.....	Imperial	San Jose City College.....	San Jose	Davis	
Laney College.....	Oakland	College of San Mateo.....	San Mateo	La Jolla	
Long Beach City College.....	Long Beach	Santa Ana College.....	Santa Ana		
Los Angeles City College.....	Los Angeles	Santa Barbara City College.....	Santa Barbara	University of California	
Los Angeles Harbor College.....	Wilmington	Santa Monica College.....	Santa Monica	Los Angeles	
Los Angeles Pierce College.....	Woodland Hills	Santa Rosa Junior College.....	Santa Rosa	Berkeley	

* The Berkeley campus, Independent Study, offers correspondence courses.