



# REAL ESTATE BULLETIN

EDMUND G. BROWN JR., Governor

Winter 1975

## Ready Reference For Complex Subjects

Editor Note: No place affords a more striking conviction of the growth and magnitude of the real estate business than a visit to the libraries of the University of California at Los Angeles and Berkeley. The Bulletin editor asked the real estate librarians of these two universities for a description of their respective libraries so our readers could take advantage of this wealth of knowledge. Both libraries have been in existence for about 25 years and are partially supported from the Department of Real Estate Education, Research and Recovery Fund. Their research capacity is almost unlimited on any current or past real estate or related subject.

*University of California,  
Los Angeles*

The Housing, Real Estate and Urban Land Studies Program has been an on-going unit within the Graduate School of Management, University of California, Los Angeles since 1951. Over the years with financial aid from The Real Estate Education, Research and Recovery Fund, an excellent library of books, journal articles, government publications and pamphlets in the field of real estate and urban land economics and related subject matter has been accumulated, so that it now is one of the outstanding special collections covering this field.

The collection contains approximately 2,800 books shelved alphabetically by author, plus a card file organized by title, author and subject matter. In addition, there are over 15,000 pamphlet items on various subjects, about 6,000 government documents, and the Program subscribes to approximately 44 serial publications.

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**Season's Greetings**

All the personnel at the Department extend best wishes to all for a Merry Christmas and a Happy New Year.

## FALSE AD CAUSES SUSPENSION

A real estate salesman, acting as office manager for a large brokerage firm, repeatedly placed a dishonest advertisement with several local newspapers over the protest of the seller who claimed the ads did not remotely describe the listed property.

The ads carried such expressions as famous actor's secluded estate; winding tree shaded drive; Olympic size pool and so forth, descriptions which did not fit the property offered.

Although the ad, according to witnesses, drew some 200 prospects, during a two month period, it was not canceled until the employing broker, learning of the activity, relieved the sales manager of his duties.

Exaggerations, false and misleading statements, have no place in any business, particularly in the competitive real estate community.

Incidentally, the deliberate and false statements of this licensee, after investigation and hearing, prompted the real estate commissioner to suspend his license.

## WHY ME?

Your records may be next in line for an audit, so keep your trust account records in good order.

The Bulletin featured good trust accounting procedures in its Fall 1975 issue. It also emphasized that over one-third of brokerage trust accounts checked were not sufficiently maintained to adequately protect the client's funds.

As a result of the DRE's continuing program of auditing broker's trust fund records a number of Desist and Refrain Orders (D & R) are being issued. Here is a sample of some that have crossed the editor's desk recently:

### D & R

Books and records examined. Bank trust account maintained. Finding: Broker authorized and/or permitted persons not listed in or complying with the provisions of Section 2834

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of the Regulations of the Commissioner to make withdrawals from said trust bank account.

### D & R

Books and records examined. Finding: Broker failed to maintain separate records for each beneficiary or transaction, accounting for all funds therein which have or should have been deposited into trust bank account.

### D & R

Books and records examined. Finding: Broker failed to maintain columnar records or separate cash receipts and disbursement journals pertaining to all funds received from or for the benefit of his principal(s). (Broker also did not have a written agreement with each salesman in his employ.)

\* \* \*

A Desist and Refrain Order has the

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**REAL ESTATE BULLETIN**

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**Disciplinary Action—June–September 1975**

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

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

**LICENSES REVOKED**

| Name  | Address                           | Effective date | Violation Business and Professions Code/Commissioner's Regulations |
|---|-----------------------------------|----------------|--|
| *Shirley, Philip L. C. (RES)                  | 34925 77th St., Littlerock        | 6/24/75        | 10177.5  |
| *Moore, Earl Lee (RES)                        | 3752 Arlington Ave., Riverside    | 6/26/75        | 10177(b)   |
| Jackson, William Sherman (RES)                | 25435 Via Cicindela, Carmel       | 7/1/75         | 480(a)(1), 10177(b)(f)   |
| Pacific National Financial Corp. (REC)        | 3003 Moorpark Ave., San Jose      | 7/1/75         | 10177(f)(g)  |
| Hellman, Theodore Albert (RES)                | 7045 Via Valverde, La Jolla       | 7/2/75         | 490  |
| Buchwalter, Kiki (RES)                        | 22635 Jameson Dr., Woodland Hills | 7/3/75         | 490  |
| Caldwell, Fredda Ann (RES)                    | 808 2nd St., Santa Monica         | 7/3/75         | 490, 10177(b)  |
| LaMontia, John Kester (RES)                   | 17104 Euclid, Garden Grove        | 7/9/75         | 10177(b)   |
| Roush, Donald Edward (RES)                    | 960 Butte St., Corning            | 7/16/75        | 490, 10177(b)  |
| Ruport, Robert M. (RES)                       | 404 W. Gibson Rd., Woodland       | 7/16/75        | 490, 10177(b)  |
| Barber, Gary Robert (RES)                     | 6606 Desmond Ct., Bakersfield     | 7/28/75        | 10176(a)(g)(i), 10177(j)   |
| Sorenson, Leslyn Gaye (RES)                   | 744 W. 8th, Escondido             | 7/29/75        | 490, 10177(b)  |
| Grundy, Paul Lawrence (RES)                   | 12880 Francine Pl., Poway         | 8/5/75         | 10130, 10137, 10145, 10176(c)(e)(g)(i), 10177(d)                   |
| Elliott, Jay N. (RRES)                        | 3325 Primera, #4, Hollywood       | 8/14/75        | 10177(b)   |
| Flick, Keith Evans (RES)                      | 13797 Quito Rd., Saratoga         | 8/19/75        | 480(1), 10177(b)(f)  |
| Bodden, Edward Michael (REB)                  | 1176 Boulevard Way, Walnut Creek  | 9/3/75         | 10145, 10176(a)(c)(g), 10177(d)(j), 2830, 2832                     |
| Calhoun, Francis Dale (REB)                   | 409 Richardson St., Grass Valley  | 9/3/75         | 490, 10177(b)  |
| Carpenter, Virginia Sue (RES)                 | 6610 24th St., Rio Linda          | 9/3/75         | 490, 10177(b)  |
| Eastburn, Bernard Dale (RES)                  | 1221 Noonan Dr., Sacramento       | 9/3/75         | 490, 10177(b)  |
| Gross, Philip Lawrence (RES)                  | P.O. Box 430, Carmichael          | 9/3/75         | 490, 10177(a)(b)   |
| Stewart, Hugh (REB)(REO)                      | 232 Regent St., Inglewood         | 9/4/75         | 10137, 10177(d), 2851  |
| Officer—Michael Gold & Arthur Lieberman Corp. |                                   |                |  |
| Officer—Rental Guide, Inc.                    |                                   |                |  |

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

| Name   | Address                             | Effective date | Violation Business and Professions Code/Commissioner's Regulations |
|--|-------------------------------------|----------------|--|
| *Savant, William Green (REB)                                     | 2509 W. Manchester, Inglewood       | 6/24/75        | 490, 10177(b)  |
| (Right to RREB license on terms and conditions)                  |                                     |                |  |
| Sakamoto, Donald Yoshiaki (REB)(REO)                             | 425 Payne Ave., San Jose            | 7/1/75         | 10177(f)(j)  |
| Officer—Pacific National Financial Corp.                         |                                     |                |  |
| (Right to RREB license after 30 days on terms and conditions)    |                                     |                |  |
| Van Niekerk, James Martin (RES)                                  | 4136 Towell Ave., La Crescenta      | 7/3/75         | 490  |
| (Right to RRES license on terms and conditions)                  |                                     |                |  |
| Lopez, Alexander John (RES)                                      | 914 W. Victoria, #190, Montebello   | 7/15/75        | 490, 10177(b)  |
| (Right to RRES license on terms and conditions)                  |                                     |                |  |
| Hranka, Frank J. (RES)   | 2859 El Cajon Blvd., San Diego      | 7/17/75        | 10176(a)(i), 10177(j)  |
| (Right to RRES license after 20 days on terms and conditions)    |                                     |                |  |
| Wolfinger, Andrew Frederick (RES)                                | 12400 Euclid Ave., Garden Grove     | 8/5/75         | 490, 10177(b)  |
| (Right to RRES license on terms and conditions)                  |                                     |                |  |
| Grundy, Felton Lafayette Jr. (RES)                               | 31858 Alvarado Blvd., Union City    | 8/6/75         | 10176(i), 10177(f)(g)  |
| (After 60 days, right to RRES license on terms and conditions)   |                                     |                |  |
| Moradi, Fred Zabolostani (RES)                                   | 7874 Girard, La Jolla               | 8/12/75        | 10177(a)(f)  |
| (Right to RRES license on terms and conditions)                  |                                     |                |  |
| Ross, Sanford Allan (RES)  | 11730 Oteago St., N. Hollywood      | 8/19/75        | 490, 10177(b)  |
| (Right to RRES license after six months on terms and conditions) |                                     |                |  |
| McClurg, Robert Dean (RES)                                       | 1908 Springs Rd., Vallejo           | 9/3/75         | 490, 10177(b)  |
| (Right to RRES license on terms and conditions)                  |                                     |                |  |
| Odekirk, Wayne Richard (REB)(REO)                                | 2415 S. Manchester, Ste. J, Anaheim | 9/9/75         | 10177(d), 11010, 11018.2   |
| Officer—Amrec Shelter & Recreational Developers, Inc.            |                                     |                |  |
| (Right to RREB license after 30 days on terms and conditions)    |                                     |                |  |

**LICENSES SUSPENDED**

| Name                       | Address                             | Effective date | Violation Business and Professions Code/Commissioner's Regulations |
|----------------------------|-------------------------------------|----------------|--|
| *Ewald, Maxwell Otto (REB) | 2729 Carlsbad Blvd., Carlsbad       | 6/24/75        | 10176(a)(i)  |
|                            |                                     | 30 days        |  |
| Citino, James Dennis (RES) | 5842 Edinger Ave., Huntington Beach | 8/12/75        | 10177(c)   |
|                            |                                     | 6 months       |  |

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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.

## HOMEOWNER ASSOCIATION DESK ESTABLISHED TO EASE CONDO PROBLEMS

Since the condominium style of living is relatively new as we know it today, many complex matters have developed causing significant problems for condominium purchasers.

### Condo—Problems, Problems, Problems—

Associations of condominium homeowners presently face significant operating problems, and these problems are likely to become more serious. The problems are exaggerated in situations where the association is unprepared for management responsibilities, or where there is no natural homeowner leader willing to invest substantial time and take a firm businesslike approach to the affairs of the association.

Because there are many condominium homeowner associations having operating problems, the DRE established a homeowner association desk. Lee Sida, Chief Deputy Subdivisions, is assigned to service and counsel homeowner associations. He will assist associations throughout the state in problems arising in HOA operations. Sida works out of Sacramento Subdivision Headquarters.

### Headway Made—

Like everything else, organization, management, maintenance, and upkeep

of condominium common interest areas takes money. If there are unsold units in the project, the developer/subdivider is required to pay the proportionate assessments on unsold lots/units but sometimes fails to do so. That is one point where DRE comes into the act. During the first 90 days of operation, the HOA desk was instrumental in collecting over \$21,000 from developers of unsold units who had failed to pay their assessments to various homeowners' associations.

### Condos Here to Stay—

The condominium form of property ownership has grown dramatically in the past five years. Reports indicate that approximately four million people now live in condominiums and cooperatives throughout the U.S. Most bought their unit in the last five years and the condo accounts for 25 percent of the housing starts in the U.S.

### Assistance Provided—

The HOA desk provides assistance in three primary areas:

1. Assists homeowner associations to organize. Normally the developer manages and operates the common area amenities until 51 percent of the units are sold, or six months after the first unit is sold.

2. Assists homeowner associations to

get cooperation from developers who have not yet lived up to their commitments, e.g., pay assessments on unsold lots, complete unfinished common facilities.

3. Assists homeowner associations to set up annual budgets for operation and future reserves.

### Condo Purchasers—

Outside of retirement and recreation areas, condominiums largely appeal to two groups, the "young married" childless couples and "empty nesters" whose children are no longer living at home. The young married couple often does not recognize the problems of communal living. As former renters, they had a landlord as an arbiter of disagreements and were unprepared for high-density ownership living. When there is confusion as to by-laws or rules of the condominium project, when there are numbers of unit renters, when persons of widely varying life styles are mixed in one project, or when the unit owners association is unable or unwilling to respond to complaints, the association has some pretty complex problems.

### Management Needed—

If the thought of involvement in property management distresses a buyer, then owning a condominium may not be the best form of shelter to keep the buyer's family comfortable and content.

## EXAM RESCHEDULING FEE INCREASED

If an applicant for any examination fails to take the examination on the date scheduled, he may make application in writing to the principal office of the department in Sacramento for a new date. **Although currently only \$4.00, a rescheduling fee of \$15.00 for brokers and \$10.00 for salesman must accompany the written request after December 31, 1975, for a new examination date.**

The new fee requirement was designed to alleviate an enormous rescheduling workload caused by the high volume of applicants, about 20 percent, who fail to show up for their scheduled test date. The new fees also will be more consistent with the actual costs involved in rescheduling.

### LICENSES SUSPENDED WITH STAYS

| Name   | Address                          | Effective date     | Violation Business and Professions Code/Commissioner's Regulations |
|--|----------------------------------|--------------------|--|
| Calhoun, Clarence Clement (RREB)<br>(75 days stayed for 1 year on condition)   | 669 Mary Evelyn Dr., San Jose    | 7/17/75<br>90 days | 10176(a)(i), 10177(k)  |
| Chamberlain, Jack Stephen (REB) (REO)<br>Officer—Intracoastal Investment & Mortgage Co.<br>(Stayed for 1 year on terms and conditions) | 2625 Fair Oaks Blvd., Sacramento | 8/12/75<br>30 days | 10177(d)(g)  |
| Sullivan, Joseph Albert (RES)<br>(20 days stayed permanently)  | 3938 State St., Santa Barbara    | 8/12/75<br>30 days | 10176(a)(i)  |
| Hatter, Wiley Bryant (REB)<br>(Stayed for 1 year on terms and conditions)  | 38463 Fremont Blvd., Fremont     | 8/14/75<br>30 days | 10145, 10176(a), 10177(d), 2832                                    |
| Saaf, Winston August (REB)(REO)<br>Officer—Holt, Janzen, Resener, Saaf, Inc.<br>(Stayed for 1 year on terms and conditions)            | 4835 N. 1st St., Fresno          | 8/14/75<br>30 days | 10176(a)   |
| Murray, Harry (REB)<br>(Stayed for 1 year on condition)  | 1508 150th Ave., San Leandro     | 8/15/75<br>5 days  | 10177(d)(g)(h), 2725, 2900, 2901, 2902                             |

### INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS

| Name                            | Address                           | Date    | Fund Payout |
|---------------------------------|-----------------------------------|---------|-------------|
| Priamos, Sophie (RES)           | 9027 Alondra Blvd., Bellflower    | 7/ 9/75 | \$10,000.00 |
| Franzalia, Ramon Sullivan (REB) | 13517 Ventura Blvd., Sherman Oaks | 9/ 4/75 | \$9,708.07  |

## CALIFORNIA HAS ITS FAULTS

In spite of its "faults", San Andreas, Calaveras, Hayward, San Jacinto, and others, to name a few, we still love California. But what would it be like to invest our life and savings in a well-planned home and early some morning have it rocked by a seven point quake? Anyone who has experienced even a slight tremor knows the potential wrath of mother nature.

Because California has so many earthquake faults and because some citizens like to build on cliffs as well as mountains, river bottoms and even over active faults or any other place that suits their imagination, building location becomes a public safety factor.

### *Alquist-Priolo Special Studies Zones Act*

Alquist-Priolo Special Studies Zones Act, formerly called the Geologic Hazard Zones Act (1972) is a zoning act designed to control development in the vicinity of hazardous faults for the benefit of public safety. The act is directed solely at the problem of surface fault rupture. Although seismic shaking effects are more damaging than fault rupture, the act is not directed at the other earthquake hazards.

A "special studies zone" is a special kind of geologic hazard zone, delineated by the State Geologist around traces of potentially active faults, where specific site investigations are needed to avoid inadvertent construction over traces of active (i.e. hazardous) faults. A zone normally extends one quarter of a mile or more in width, centering on the trace of a fault which may be hazardous for development or construction of a structure for human occupancy due to surface faulting or fault creep.

Under the former Geologic Hazard Zone Act, cities and counties were prohibited from approving the location of any development or structure for human habitation within a special studies zone if an undue geologic hazard would be created. Approval was generally withheld until a builder provided geologic studies to allow determination of the existence or ab-

sence of hazardous faults. Under the amended act, geologic reports are no longer required for single-family, wood-frame dwellings of one or two stories in projects of three units or less.

### *Recent Amendments to the Special Studies Zones Act*

Senate Bill 5, which amended the Special Studies Zones Act, effective May 4, 1975, beginning with Section 2621 of the Public Resources Code, not only exempted certain types of dwellings and changed the name of the statute but added certain provisions of utmost importance to the real estate community. The following message from Section 2621.9 of the Code is extremely important to real estate licensees.

*A person who is acting as an agent for a seller of real property which is located within a delineated special studies zone, or the seller if he is acting without an agent, shall disclose to any prospective purchaser the fact that the property is located within a delineated special studies zone.*

The act primarily provides guidelines, policies and criteria for city and county planners in the exercise of their responsibility to provide for the public safety in hazardous fault zones. The amended law is applicable to any "project" (defined below) upon issuance of the official special studies zones maps by the State Geologist, but does not apply to structures in existence prior to May 4, 1975.

### *Project Defined*

Section 2621.6 of the Public Resources Code defines "project" to mean:

- (1) Any new real estate development which contemplates the eventual construction of structures for human occupancy, subject to the Subdivision Map Act (commencing with Section 66410 of the Government Code).
- (2) Any new real estate development for which a tentative tract map has not yet been approved.
- (3) Any structure for human occupancy, other than a single-family wood frame dwelling not exceeding two stories.
- (4) Any single-family wood frame dwelling which is built or located as part of a development of four or more such dwellings constructed by a single person, individual, partnership, corporation, or other organization. No geologic report shall be required with respect to such single family wood frame dwelling if the dwelling is located within a new real estate development, as described in paragraph (1) or (2) of this subdivision, for which development a geologic report has been either approved or waived pursuant to Section 2623.

For the purposes of this chapter, a mobilehome whose body width exceeds eight feet shall be considered to be a single-family wood frame dwelling not exceeding two stories.

### *Other Situations Exempted*

The conversions of an existing apartment complex into a condominium does not trigger responsibility under the act, other than disclosure that the apartment/condominium is in the Special Studies Zone. The act does not apply to alterations or additions to any structure within the special studies zones the value of which does not exceed 50% of the value of the structure.

### *Important Point For Real Estate Agents*

The most important point for licensees to remember is disclosure to

(Continued on page 5)

### **Consumer Preferences in Housing**

This recently completed research report from San Diego State University by William H. Hippaka and Sarah M. Earley is available for \$1.50 plus tax from the Department of Real Estate, 714 P Street, Sacramento, California 95814.

## CALIFORNIA FAULTS

(Continued from page 4)

the buyer if the property for which he is interested lies in a special studies zone subject to earthquake hazards. This disclosure should be a written part of the offer to purchase.

### How to Get Zone Maps and Other Data

Real estate licensees who are involved in property transactions located near special studies zones should obtain information about that zone. The following references are available:

- Index to maps of special studies zones. This index, along with the text of the act, policies and criteria, and other pertinent information, is available as *Special Publication 42* for \$1.00 plus tax.
- Maps of special studies zones. These maps may be consulted at offices of cities and counties affected by the zones or at any district office of the California Division of Mines & Geology. Individual copies may be obtained from many local jurisdictions or they may be purchased from Blueprint Service Company, 149 Second Street, San Francisco, Ca. 94105—(Tel. 415-495-8700).
- Explanation of special studies zones maps. These are free.
- Guidelines to geologic and seismic report (CDMG Note 37). This is free.
- Model ordinance for cities and counties to implement the Alquist-Priolo Act. This is an informal set of regulations for guidance purposes only. Price is 25¢ plus tax.

The above items can either be obtained at California Division of Mines and Geology District Offices located at:

Sacramento—1416 Ninth Street  
San Francisco—Ferry Building  
Los Angeles—107 So. Broadway,  
Room 1065

or by mail from the California Division of Mines and Geology, P.O. Box 2980, Sacramento, CA 95812.

## SPECIAL PROCEDURES FOR HOME-OWNER ASSOCIATIONS

The Regulations of the Real Estate Commissioner as amended effective January 1, 1975, require that the controlling instruments for condominiums, planned developments and other common-interest subdivisions include special procedures that pave the way for resident-owner representation on the governing body of the home-owners' association as early as the organizational meeting of the association.

Section 2792.8(10) of the Commissioner's Regulations provides in part that there must be "special procedures to assure that at least one representative of the governing body is elected solely by the votes of owners other than the subdivider at any election in which the owners other than the subdivider do not have a sufficient percentage of the voting power of the association to elect at least one governing body member through the cumulating of all of their votes." Thus even though the subdivider has virtually all of the votes of the association through his ownership of unsold lots, the resident owners must be afforded the opportunity to elect at least one representative to the governing body at the earliest meeting of the association called for the purpose of electing members to the governing body.

This special procedure need not be made applicable to those elections when resident owners have sufficient votes to elect a governing board mem-

ber through cumulating of votes. Example: In a 100 unit subdivision, there are five director positions with concurrent terms to be filled by election at an annual meeting of the association. Under cumulative voting, there are 500 votes (five per lot owner) eligible to be cast for the five directors. Seventeen resident owners is all that is necessary to assure election of a candidate of their choice if these owners cumulate their 85 votes and cast them for a single candidate. Therefore, in this example, the special procedure under the regulation is required to be made applicable only so long as there are less than 17 resident owners eligible to vote at an election of governing body representatives.

Neither the special procedure nor the requirement of cumulative voting in the election and removal of governing body members assures that a resident owner will be a representative to the governing body during the time that the subdivider holds a majority of the voting power of the association. The regulations merely assure that resident owners will have the opportunity to elect a resident owner as a board representative. It is conceivable that resident owners will vote for the subdivider or his agent or employee rather than for a resident-owner candidate. However, experience has shown that the transition from developer control to resident-owner control is smoothest in those associations where there has been resident-owner representation on the board from the beginning.

## Over 160,000 Multi-State Exams Administered

Since the Multi-State Examination Program began in October 1973, eight participating states have administered 160,999 multi-state brokers and sales examinations as of October 31, 1975.

States participating in the program include California, Colorado, Georgia, Guam, Idaho, Oregon, Utah, and Washington. Simply stated, an applicant who passes the multi-state portion of the exam and becomes licensed in his home state may have that portion of the exam waived should he make application for licensure in another of the participating states. An

applicant must, however, meet all of the other requirements of the state in which he hopes to become licensed.

The multi-state examinations administered by all participants are uniform in scope. Each participating state administers an additional local supplement applicable to local real estate practices which maintains an element of local control.

The California Department of Real Estate distributes the multi-state portion of real estate licensing examinations to the participating states on a fully reimbursable basis.

## TEST YOUR KNOWLEDGE

Broker, who represented seller, received a check from buyer payable to broker's order in the sum of \$1,000 deposit toward purchase offer of \$10,000 property listed by broker.

Which of the following is consistent with broker's legal responsibility?

I. Endorse the check and give it to seller.

II. Deposit the check in broker's personal bank account and send his (broker's) personal check for \$1,000 to seller.

III. Deposit check in trust fund account and advise seller of deposit and offer.

IV. Endorse check and forward to escrow account.

V. Hold check until seller accepts offer.

Select one:

(a) I only, (b) III only, (c) both I and III, but not II, (d) I, II, and III, (e) IV, (f) V.

Answer on page 8.

## LICENSE NUMBERS

The July 1, 1975 real estate license tally shows 235,321 California real estate licenses issued. This total breaks down as follows:

|                         | Active  | Inactive |
|-------------------------|---------|----------|
| Broker licenses .....   | 67,124  | 10,701   |
| Salesman licenses ..... | 93,106  | 64,390   |
| Total .....             | 160,230 | 75,091   |

As might be expected the greatest number of licensees are located where the general population is greatest. Los Angeles County being first in both respects has 77,024 licenses while Orange County is second in both respects and has 26,284 licenses. Together these two counties account for 44 percent of all licenses. By contrast the two counties with the least population have 16 licenses. They are Alpine County with 6 licenses and Sierra County with 10 licenses.

## MORTGAGE LOAN ADVERTISING

There are a number of instances under the Real Estate Law where real estate licensees are required to submit advertising copy to the DRE for approval prior to use. One such instance is certain mortgage loan advertising.

Although a real estate broker may be classified as a mortgage loan broker (Sec. 10131.1 et seq) he need not submit advertising for review unless either of the following conditions exist:

1. At least four hundred (400) loans are negotiated within a year *or*
2. 5% of gross revenue (or a minimum of \$10,000) is expended for advertising within a year.

In addition to those who *must* submit their advertising, Regulation 2847 allows licensees in the mortgage loan business to voluntarily submit their advertising for review and approval prior to use.

All requests (state-wide) for advertising review relative to mortgage loan activity, are directed to the Los Angeles office of the Department of Real Estate. The norm for approval on primary submissions is about 50% and it is estimated that approximately 50% of the disapproved advertising is redesigned, resubmitted and subsequently approved for use.

The following general rules apply to submissions:

1. Advertising must be submitted in duplicate.
2. A sample of the advertising to be used together with all accompanying material must be submitted.
3. A disclosure of license status must appear in the advertising in some form acceptable under the requirement of Section 10140.6.
4. Advertising must be submitted and written approval obtained from the Department prior to use.
5. No advertising will be approved by telephone.
6. Advertising once submitted (and not disapproved) must be retained by the broker for three years from the date of approval whether or not the advertising is actually used.

The advertising criteria is broad in scope as relates to its application. Careful attention is given to examining use of words and phrases, and some problem areas are: the use of the term *will* (a promise) as opposed to *may be able to* (no assurance); superlative or comparative words or phrases, with undocumented or unsubstantiated claims or without material disclosure; or the implication of the Department's endorsement or approval of their activities; and, phone numbers or addresses which suggest branch offices when licensee has no branch offices.

Careful scrutiny of the material submitted must be made to determine compliance with the 15 subsections of Regulation 2848, relating to the advertising criteria.

After review, the advertising is either: (1) approved; (2) approved—subject to indicated changes, corrections and/or deletions; or (3) disapproved. The broker is notified in writing of the results of the review. The thrust of the advertising requirements is directed toward the *borrower* situation; however, *investor* oriented advertising is also reviewed for compliance.

## WHY ME?

(Continued from page 1)

full force and effect of law. Non-compliance with a D & R can be a criminal offense and may prompt further investigation leading to suspension or revocation of the broker's license; in the more serious cases an accusation will follow, and the D & R will have served its basic purpose as a

summary Order to correct conditions not in compliance.

### RESEARCH REPORT AVAILABLE

*Psychographic Profiles of Selected Groups of New and Used Home Buying Families* . . . Author, Charles A. Bearell, Jr.; California State University, Northridge . . . \$1.50 plus tax.

## THE LIFE OF AN EXAMINATION QUESTION

The following steps are traveled by each examination question prior to, during and subsequent to its use in a real estate broker or salesman examination booklet.

1. Prior to the actual writing of the question, the subject material is researched by using one or more of the texts contained in our research library. Books used must be of general circulation and

available to all applicants.

2. The majority of the questions are written by the Examination Section at Sacramento. They are also written and submitted by other deputies in the Department and outside sources such as colleges, industry, etc.
3. After writing, it is submitted to the Supervising Deputy—Examinations for review and further

research.

4. The Legal Department is the next step for the new question and here it is reviewed for legal sufficiency.
5. Subsequently it is returned to the Supervising Deputy—Examinations for review.
6. Assistant Commissioner Licensing and Examinations is the next level of review.
7. The question is forwarded to the Assistant Commissioner Administration for his review and suggestions.
8. The question then arrives at its final departmental review station with Chief Assistant Commissioner and his present screening committee.
9. The final step for the examination question is the screening by a committee composed of non-department personnel. This committee includes industry representatives and real estate educators, several of whom have active real estate experience. Questions proposed for the multi-state segment are also available for review by license law administrators from the states participating with California in the multi-state program.
10. After the question has been studied, changed, re-written and reviewed through all of the above steps, it is finally placed in the library of examination questions.
11. New questions are used in new examination series—customarily, no more than 5% of any new examination series.
12. After the new question has been tested in its first examination, it is again reviewed for validity, reliability, difficulty and discriminating coefficient.
13. After analysis in actual use, the question may be further revised or left in the library in its present form until additions warrant its removal or further revision.
14. Due to law change or other factors, the question may need to be rewritten, in which case the question goes through the above process again.

## DRE EDUCATION PROGRAMS

Programs for the advancement of real estate education are initiated and coordinated in the California institutions of higher learning. Continual staff efforts are directed toward upgrading the instruction and instructional materials, all with the aim of increasing knowledge and competence of the real estate student/practitioner. Specific programs developed include:

### *Teacher Credentialing Seminars*

Four to six seminars are financed and coordinated annually to upgrade the level of teaching and to qualify those with real estate expertise so that they may be credentialed for teaching through the Department of Education and through the Office of the Chancellor of the California Community Colleges.

### *Instructors and Student Guides*

Educational materials are developed and financed. The development of these materials is coordinated. These efforts are to add new text materials

and also standardize course offerings throughout California. Instructor guides and other teaching aids help attract the successful practitioner to the classroom to be an instructor.

### *Coordinators Conference*

An annual conference is funded and coordinated for those individuals in the community colleges who are responsible for coordination of the real estate programs in their schools. Teaching techniques, as well as procedures for coordinating real estate programs in the various colleges are discussed.

### *Instructor Education Workshops*

Two workshops are funded annually (1 in Northern California and 1 in Southern California) for educators and instructor/practitioners. The format provides for the interchange of teaching techniques, ideas and materials that have been proved effective in classroom.

### *Consumer Education*

Consumer brochures are published such as—"Buying Land? Investigate Before You Invest", "May We Help You?", "What the Borrower Should Know About Mortgage Loan Brokerage". A consumer film and several public service announcements for TV and radio have been produced and distributed. Under development are a high school real estate resource unit, a consumer education seminar resource unit and a TV real estate consumer education course.



Henry Block, Assistant Commissioner (left), in discussion with Real Estate Curriculum Editorial Board Members Lowell Anderson of Cerritos College, Norwalk; Erik Jorgensen, San Francisco, Broker/Attorney and Frank Battino of Merritt College, Oakland, California.

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## READY REFERENCE

(Continued from page 1)

Recent library users have found the collection helpful in developing information on such diverse subjects as shopping centers, marinas, housing and mortgage developments and statistics, environmental impact statements, condominiums, new towns and communities as well as many other topics.

The library collection is open as a service to the general public and the real estate community. Real estate brokers and salesmen might like to visit the facility at the UCLA Graduate School of Management, Room 4274 to become acquainted with resource materials even though there may not be a specific need at the time.

Books are available on a two-week loan basis, subject to renewal. Pamphlet and subscriptions materials must be used in the office. Machines are available in the building or nearby should copies of materials be desired.

The office is open from Tuesday to Friday. Library hours are: Tuesday and Thursday 8:00 to 12:00 Noon; Wednesday 1:00 to 5:00 P.M.; Friday 8:00 to 5:00 P.M.

### University of California, Berkeley

The Center for Real Estate and Urban Economics, a research unit of the University of California in Berkeley, also partially funded from The Real Estate Education Research and Recovery Fund, maintains one of the nation's most complete and up to date collections of technical publications on real estate economics and closely related subjects, including trade and

professional journals, newsletters, statistical material, research reports, analytical works, textbooks and descriptive literature.

Now available for use at the Center are files containing excerpts of the most relevant recent published commentary and factual information on a number of topics of principal interest to the real estate community today. Among these "current issues" files are some on: Redlining, Local Growth Control, Condominium Conversion, Rehabilitation Financing, Settlement Procedures, Flood Insurance, State

#### ANSWER:

(b) is correct answer: I incorrect because seller hasn't accepted. II is violation of law. III (b) is correct answer because check drawn on trust account is buyer's money until acceptance by seller. IV is incorrect because escrow not appropriate until acceptance. V is incorrect because buyer did not instruct broker to hold check and possibility that check is invalid. Of course, the best procedure would be to ask buyer for instruction pertinent to his check.

Housing Finance Agencies, Revenue Sharing.

The library at the Berkeley center contains approximately 10,000 cataloged items including some 1,800 books, 200 serials and 8,000 "pamphlets"—a library term for one-time reports not in hard cover form.

The Center's Library is housed in the former Anna Head School Property in Berkeley, at 2420 Bowditch Street, Berkeley, California 94720. It is open weekdays from 8 a.m. to noon

and 1 p.m. to 5 p.m. For those who do not have convenient opportunity to visit the Center, they will gladly respond to written requests for suggestions about the most useful things to read on particular subjects that fall within the realm of real estate and urban land economics.

The Center will soon commence publication of summaries, selected reading references and a brief commentary on each of the "current issues." Topics not now on the Center's "current issues" list will be added to it and new files started as each newly emerging major concern of the real estate community is identified.

### Inquiries Invited

Both the Los Angeles and Berkeley Real Estate Library centers broaden their informational resources by the raising of pertinent questions which the Centers may have overlooked. For example, a California broker recently inquired whether an income property broker is able to serve as a Keogh plan trustee. A search of the Berkeley Center's collection identified several very informative articles on the Keogh plan in recent issues of financial trade journals, but none covered this particular point. A graduate research assistant tracked down the necessary information, and the Center has now acquired a copy of the relevant federal law as well as a just-published technical guide. Thus in responding to one broker's business-related question, information was gathered which is now conveniently available to any other individual or agency with an interest in that subject.