



# REAL ESTATE BULLETIN

EDMUND G. BROWN JR., Governor

Winter 1977

DAVID H. FOX, Commissioner

## LEGISLATIVE SUMMARY

Here is a DRE summary of the 1977 legislation passed by the California legislature which is of particular interest to all real estate licensees. Unless otherwise indicated, the operative date of these bills is January 1, 1978. A copy of any of the bills may be obtained by writing the Legislative Bill Room, Sacramento, Ca., 95814.

### DEPARTMENTAL SPONSORED LEGISLATION

#### Real Estate Salesperson

AB 960-McVittie—Ch. 392: Declares in the general provisions part of the Real Estate License Law that whenever the term salesman is used in the said license law, the Subdivided Lands Act, or in the rules and regulations of the Commissioner it means salesperson. A licensee, however, may elect to refer to the licensed status as real estate salesman, real estate saleswoman or real estate salesperson.

#### Statute of Limitations—Real Estate Licensees

AB 1446-Agnos—Ch. 546: Expands the time for filing accusations against licensees in those cases in which the alleged acts involve fraud, misrepresentation or false promise to one year after the date of discovery by the aggrieved party or three years from occurrence, whichever is later, but in no event later than ten years from the occurrence.

#### Information Brochures—Real Estate Transactions

SB 510-Petris—Ch. 826: Authorizes the Real Estate Commissioner to prepare a pamphlet or brochure dealing with disclosures of information in residential real estate transactions. The cost of preparation and distribution may be paid from the education and research account of the Real Estate Fund. The pamphlets or brochures are to be made available to sellers, buyers and real estate licensees at cost, and the fees collected are to be reimbursed to the said education and research account.

#### Good Reputation—Licensing and Education

AB 825-Mori—Ch. 247: Conforms Real Estate License Law to overriding general law by eliminating good reputation requirement for real estate license applicant and deletes the requirement for an attestation from the employing broker certifying that the applicant is honest and truthful. Also grants

greater flexibility in the utilization of the funds in the education and research allocation account of the Real Estate Fund to the office of the Real Estate Commissioner by allowing such funds to be used to contract with qualified corporations or associations for research in the field of real estate. Present law limits such funds for research projects in the field of real estate by contracts with any state university accredited by the Western Association of Schools and Colleges.

#### Interest on Repayment to Recovery Account

AB 832-Calvo—Ch. 153: Increases the rate of interest on amounts repaid to the separate account in the Real Estate Fund established for recovery purposes from the present four percent to a sum equal to the prevailing legal rate applying to court judgments, which is presently established by the Constitution at seven percent.

### RELATED LEGISLATION

#### Redlining—Discrimination—In Home Lending

SB 7-Holden—Ch. 1140: Prohibits financial institutions (banks, savings and loan associations, or other institutions, including a public agency) which regularly make, arrange, or purchase loans for the purchase, construction, rehabilitation, improvement, or refinancing of housing accommodations (real property used as an owner-occupied residence of not more than four dwelling units) from engaging in discriminatory loan practices.

No financial institution shall discriminate in their financial assistance wholly or partly on the basis of consideration of race, color, religion, sex, marital status, national origin, or ancestry. Nor will it consider the racial, ethnic, religious, or national origin composition of trends in a neighborhood or geographic area surrounding a housing accommodation. The foregoing is qualified by a demonstration that such consideration in

(Continued on page 4)

### DRE TRUST ACCOUNT EXAMINATIONS PROVE EFFECTIVE

by Jean Fredriksen, Supervising Auditor  
Southern Regulatory Area

As part of the Department's consumer protection program, DRE auditors make official visits at brokers offices, selected at random, to perform what are called "Trust Account Examinations". The auditors are, and have been, concerned with many sections of the Real Estate Law and Regulations, not just with the proper handling of trust funds.

A recent review of the Department's program revealed it is very effective. When auditors first started performing trust account examinations, more than half revealed violations of the Law and/or Regulations. Now only about a quarter of the examinations disclose violations. Encouragingly, the number of violations per broker are also down—from about three or four to just one or two.

When a trust account examination reveals a violation, or violations, one of four things happen:

- compliance is achieved on the spot, and the case is closed
- a "corrective action letter" is sent the broker, and a follow-up examination is made to determine compliance
- a desist and refrain order is issued, with a follow-up examination to determine compliance
- the examination, or the follow-up examination, results in an accusation being filed against the broker.

The review disclosed that just six of the

(Continued on page 8)

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SEASON'S BLESSINGS  
RICHLY REST ON ONE  
AND ALL



The DRE Staff 1977

**REAL ESTATE BULLETIN**

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Member, National Association of Real Estate  
License Law Officials

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## STATE OF CALIFORNIA

EDMUND G. BROWN JR., Governor  
DAVID H. FOX

Real Estate Commissioner

**PRINCIPAL OFFICE**

714 P St., Sacramento 95814  
Telephone 916-445-3995

JOHN A. DIBETTA, Assistant Commissioner  
Transaction Activities Division  
JOHN E. HEMPEL, Assistant Commissioner  
Policy and Planning Division  
W. JEROME THOMAS, Chief Legal Officer  
WILLIAM A. WIGGINS, Assistant Commissioner  
Administration Division  
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Licensing  
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Examinations and Qualifications  
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Education  
RUTH M. FENNEL, Senior Deputy  
Editor  
LINDA A. HIDLEY, Special Assistant for Consumer  
Relations

**NORTHERN REGULATORY AREA**

RICHARD D. CARLSON, Assistant Commissioner

**District Offices**

San Francisco, Second floor, 1 Hallidie Plaza 94102  
Telephone 415-557-2136

JOHN R. LIBERATOR, Chief Deputy  
Sacramento, Rm. 300, 4433 Florin Rd. 95823  
Telephone 916-445-6776

BETTY R. LUDEMAN, Supervising Deputy  
Fresno, Rm. 3084, 2550 Mariposa St. 93721  
Telephone 209-488-5009

RICHARD H. McADOO, Supervising Deputy

**SOUTHERN REGULATORY AREA**

RAYMOND L. ROYCE, Assistant Commissioner

**District Offices**

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

LEIGHTON J. PEATMAN, Chief Deputy  
San Diego, Rm. 324, 1350 Front St. 92101  
Telephone 714-236-7345

JOHN C. KAMPS, Supervising Deputy  
Santa Ana, Rm. 324, 28 Civic Center Plaza 92701  
Telephone 714-558-4491

WILLIAM H. WALL, Chief Deputy

**SUBDIVISIONS**

RAYMOND M. DABLER, Assistant Commissioner  
Sacramento Hdqtrs. Rm. 1400, 714 P St. 95814

FRANK J. RYAN, Chief Deputy

SHIRLING R. LONG, Chief Deputy

San Francisco, Second floor, 1 Hallidie Plaza 94102

PAUL E. MARKEY, Chief Deputy

Los Angeles, Rm. 8107, 107 S. Broadway 90012

RICHARD E. RANGER, Chief Deputy

**Disciplinary Action—July-September 1977**

REB—Real estate broker

RRB—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

**FOR YOUR INFORMATION**

The following are brief summaries of the numerical code sections listed after each licensee's name. The full context of the various sections is found in the Business and Professions Code and the Regulations of the Real Estate Commissioner, both of which are printed in the Real Estate Law book available for purchase from the Department of Real Estate at \$2.50 plus tax. Code sections summarized will vary from issue to issue as they will correspond with the particular disciplinary listings.

<i>Business and Professions Code</i>				
	10176(a)	making any substantial misrepresentation	10177(f)	conduct that would have warranted denial of a license
490	10176(c)	commingling trust funds	10177(h)	failure to supervise salesmen
	10176(i)	fraud or dishonest dealing in licensed capacity	10177(i)	fraud or dishonest dealing not in licensed capacity
10130	10177(a)	procuring a real estate license by misrepresentation or material false statement	10177.5	civil fraud judgment based on licensed acts
10137	10177(b)	conviction of crime	11010	failure to file notice of intention to sell or lease subdivision
	10177(d)	violation of real estate law or regulations	11018.2	illegal subdivision sales (sale of subdivision lots without public report)
10145		trust fund handling		

**LICENSES REVOKED**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Drake, Michael Dean (REB)	16706 S. Pioneer Blvd., Artesia	6/23/77	10177.5
*Millan, Ray Jr. (RES)	4350 W. 171st St., Lawndale	6/23/77	10176(i)
*Park Realty, Inc. (RREC)	16706 S. Pioneer Blvd., Artesia	6/23/77	10177.5
*Smith, Edmund Niels (REB)	8125 Sunset Ave., Fair Oaks	6/29/77	490, 10177(b)
Miller, Sandra Kay (RES)	1015 Manchester St., National City	7/5/77	490, 10177(b)
Watt, Randall Douglas (RES)	5544 Balboa Arms Dr., #D-1, San Diego	7/5/77	490, 10177(b)
Ivey, William Loyce (REB)	1741 W. Katella Ave., Anaheim	7/12/77	490, 10177(b)
Woods, Louis Charles (REB)	1222 E. Rosecrans, Compton	7/22/77	490, 10177(b)
Peri, Joseph John Jr. (RES)	17962 Van Buren Blvd., Riverside	7/26/77	10176(a)(e)(g), 10177(d)
Richardson, Kenneth Paul (REB)	P.O. Box 456, La Canada	7/26/77	490, 10177(b)
Syndicate Management Corporation (REC)	8333 Clairemont Mesa Blvd., Ste. 209, San Diego	7/26/77	10176(a)(e)(g), 10177(d), 10177.5
Anguiano, Sara (RES)	552 North 2nd St., Fresno	8/8/77	10176(e)(g), 10177(i)
Draper, Robert Wilson (REB) (REO) Officer - Allied Developers Inc.	3291 Fair Oaks Blvd., Sacramento	8/8/77	490, 10177(b)
Mosiman, Leland John (RES)	8345 Reseda Blvd., Northridge	8/8/77	490, 10177(b)(f)(g)
Warner, Dana Elaine (RES)	4500 Greenholme Dr., #2, Sacramento	8/8/77	490, 10177(b)
Levis, William Patrick (RES)	1830 W. Olympic Blvd., #206, Los Angeles	8/9/77	490, 10177(b)
Morgan, Seth David (RES)	552 Vallejo St., San Francisco	8/10/77	490, 10177(b)
Nichols, James Joseph (RES)	3246 Santa Isabela Ct., Union City	8/10/77	490, 10177(b)
Self, Thomas Michael (RES)	26030 Gading Rd., #7, Hayward	8/10/77	490, 10177(b)
Winter, Arlee Louise (RES)	3665 Benton St., #149, Santa Clara	8/10/77	490, 10177(b)
Winter, Herbert Anthony (RES)	3665 Benton St., #149, Santa Clara	8/10/77	490, 10177(b)
Guillebeau, Sylvia Ann (RES)	375 Bangor St., Pomona	8/11/77	490, 10177(b)
Guillebeau, Ulysses (RES)	375 Bangor St., Pomona	8/11/77	490, 10177(b)
Hadji, Anthea (RES)	1155 N. La Cienega Blvd., Los Angeles	8/16/77	490, 10177(b)
Wertz, Robert Bruce (RES)	1750 Prefumo Canyon Rd., #44, San Luis Obispo	8/17/77	10137, 10176(g), 10177(d)
Wilson, David Cooper (REB)	17735 Redwood Rd., Castro Valley	8/17/77	10145, 10176(e)(i), 10177(d)(f)(g), 2731, 2740
Billinger, Robert Henry (REB)	1411 S. Long Beach Blvd., Compton	8/23/77	490, 10177(b)
Morgan, John Earl (RES)	1535 Cantara, Pomona	8/23/77	490, 10177(b)
Peterson, Richard David (RES)	2131 N. Berkley Ave., Turlock	8/23/77	10177(i)
Pipersky, Natalie Maritsa (RES)	15001 Condon Ave., #26, Lawndale	8/25/77	490, 10177(b)
Cassidy, Richard William (REB) Db2 - The El Dorado Company	518 Haddon Rd., Oakland	9/7/77	10177.5
Brown, Jaime Louise (RES)	522 49th St., Oakland	9/8/77	10145, 10176(e)(i), 10177(d)
Arneson, Jack Thomas (REB)	625 Broadway, Ste. 721, San Diego	9/9/77	490, 10177(b)
Chames, George Maurice (REB) Db2 - George M. Chames Company Associated Brokers of Oroville	759 Oro Dam Blvd., Oroville	9/12/77	490, 10177(b)
Donati, Edward David (RES)	2027 Dublin Way, San Mateo	9/12/77	490, 10177(b)

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.

Statement on *Real Estate Bulletin* issued quarterly was filed with postmaster on September 29, 1977. Location of office of publication and headquarters of publishers is 714 P Street, Room 1550, Sacramento, California 95814. Publisher: David H. Fox, Commissioner, State of California; Editor: Ruth M. Fennell, Senior Deputy Commissioner, Department of Real Estate; Managing Editor: William A. Wiggins, Assistant Commissioner, Department of Real Estate; all with offices at the address given above. Owner: Department of Real Estate, State of California, 714 P Street, Sacramento, California 95814. Bondholders, mortgagees and other security holders: none. Average number of copies each issue during preceding 12 months: 260,598; paid circulation through dealers, etc.: none; mail subscriptions, 255,871; total paid circulation: 255,871; free distribution: 1,500; total distribution: 257,371; office use, left over, etc.: 3,227; total press run: 260,598. Actual number of copies of single issue published nearest to filing date: 279,650; sales through dealers and carriers, etc.: none; mail subscriptions: 274,095; total paid circulation: 274,095; free distribution: 1,500; total distribution: 275,595; office use, left over, etc.: 4,055; total press run: 279,650.

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

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
Fuller, James (RES) (Right to RRES license on terms and conditions)	2932 Madison Ave., San Diego	7/26/77	490, 10177(b)
Vasu, Lee L. (REB) (REO) (Right to RREB license on terms and conditions)	3395 El Cajon Blvd., San Diego	7/26/77	10177.5
Meza, Maryann Susan (RES) (Right to RRES license on terms and conditions)	1021 Wheeler, Seaside	8/9/77	490, 10177(b)
Anderson, Lawrence Forsyth (RES) (Right to RRES license on terms and conditions)	333 Willow, Alameda	8/10/77	490, 10177(b)
Nichols, Roger Walter (RES) (Right to RRES license on terms and conditions)	3085 Lawrence Expressway, Santa Clara	8/10/77	490, 10177(b)
Selby, Richard S. (REB) (Right to RREB license on terms and conditions)	2090 Willow Pass Rd., Concord	8/10/77	10177(f)(i)
Coats, Janet O. (RES) (Right to RRES license on terms and conditions)	222 Sharp Ave., Campbell	8/15/77	490, 10177(b)
Ball, Ella Mae (RES) (Right to RRES license on terms and conditions)	3322 West 112th St., Inglewood	8/16/77	490, 10177(b)
Becker, John Robert (REB) (REO) Officer—Home Realty, Inc. (Right to RREB license on terms and conditions)	9020 Reseda Blvd., #206, Northridge	8/16/77	490, 10177(b)
Green, James William (RES) (Right to RRES license on terms and conditions)	13117 Casa Linda Ln., Garden Grove	8/16/77	490, 10177(b)
Green, Linda Louise (REB) (REO) Db a—Pacific Equities Officer—Sherwood Sales (Right to RREB license after 90 days on terms and conditions)	9636 Garden Grove Blvd., Ste. 2, Garden Grove	8/16/77	490, 10177(b)
Harrison, Donna Rebecca (RES) (Right to RRES license on terms and conditions)	1958 88th Ave., Oakland	8/16/77	490, 10177(b)(f)
Bivins, William Charles (RES) (Right to RRES license on terms and conditions)	12372 Euclid Ave., Garden Grove	8/17/77	490, 10177(b)
Rankin, Larry Douglas (RES) (Right to RRES license on terms and conditions)	4348 W. Pacific Coast Hwy., Torrance	8/18/77	490, 10177(a)(b)(f)
Arcos, Elizabeth C. (RES) (Right to RRES license on terms and conditions)	5031 La Palma, La Palma	8/23/77	490, 10177(b)
Doudna, James Robert (RES) (Right to RRES license after 150 days on terms and conditions)	1118 7th St., Hermosa Beach	8/23/77	490, 10177(b)
Zuzula, Joseph Michael (REB) Db a—Red Carpet Realtors (Right to RREB license after 15 days on terms and conditions)	1839 N. Central Ave., Ceres	8/29/77	10176(i), 10177(d)(f)
Perez, Norris Benedict (RES) (Right to RRES license after 120 days on terms and conditions)	15832 Maybrook, Westminster	8/31/77	490, 10177(b)

**LICENSES SUSPENDED**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
Sinclair, Robert Guy (RES) (180 day suspension to become effective when licensee reinstates inactive license)	3357 Ocotillo Way, Modesto	8/8/77 180 days	10130, 10137
Bartleson, Bruce Edwin (REB) (REO)	Corner of Hwy. 49 & Hwy. 16, Plymouth	8/29/77 30 days	10177(d), 11018.2
Elordi, Frank (REB)	1621 Terrace Way, Santa Rosa	9/16/77 15 days	10177(h)
Forsyth, Robert Allan (REB) (REO)	450 College Ave., Santa Rosa	9/16/77 15 days	10177(h)
Giordano, Gordon Louis (REB) Db a—Red Carpet Realtors	1017 College Ave., Santa Rosa	9/16/77 15 days	10177(h)

**LICENSES SUSPENDED WITH STAYS**

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
Kolb, Jerome J. (REB) (REO) Officer—MJB Realty (All but 60 days stayed for 1 year on condition)	2485 E. Chapman Ave., Fullerton	7/22/77 90 days	10176(a)(b)(i)
Long, Marie L. (RES) (All but 60 days stayed for 1 year on condition)	2485 E. Chapman Ave., Fullerton	7/22/77 90 days	10176(a)(b)(i)
MJB Realty (REC) (All but 60 days stayed for 1 year on condition)	2485 E. Chapman Ave., Fullerton	7/22/77 90 days	10176(a)(b)(i)
Goldsmith, Stanley (RES) (All but 30 days stayed for 1 year on terms and conditions)	1923 Overlook Rd., Fullerton	8/2/77 45 days	10145, 10176(a), 10177(d)
Kelley, Ingeborg Tillisch (REB) Db a—Century 21 Inky Kelley Realtor (Stayed for 1 year on condition)	406 Primrose Rd., Burlingame	8/8/77 60 days	10176(a), 10177(d)(h)
Wainwright, Clifton (REB) Db a—C. Wainwright Realty Co. (All but 30 days stayed for 1 year on terms and conditions)	10901 MacArthur Blvd., Ste. 6, Oakland	8/22/77 90 days	10176(e), 10177(d)
Brown, Clarence Carter (RES) (Stayed for 2 years on terms and conditions)	2203 Wellington Rd., Los Angeles	9/15/77 90 days	10145, 10177(d)
Singleton, Robert Ross (REB) (All but 15 days stayed for 1 year on conditions)	5338 Lenora Ave., San Jose	9/20/77 30 days	11010, 11018.2

**INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS**

Name	Address	Date	Fund Payout
Johnson, Edison E. (RES)	1851 W 54th St., Los Angeles	7/11/77	\$4,398.03
Cassidy, Richard William (REB)	518 Haddon Rd., Oakland	7/12/77	\$6,088.70
Crosby, Donald R. (REB)	1677 N. Main St., Walnut Creek	7/27/77	\$5,478.00
Link, Kurt Helmut (RES)	10 E. First St., National City	8/5/77	\$10,000.00
Bugbee, Arthur Lewis (RES)	2969 S. Coast Hwy., Laguna Beach	8/12/77	\$20,000.00
Gedik, Erhan Eric (RES)	2052 Newport Blvd., Tustin	8/12/77	\$20,000.00
Golka, Edward S. (RES)	2001 E. Fourth St., Ste. 104, Santa Ana	8/12/77	\$20,000.00
Tucker, James Preston (RES)	2052 Newport Blvd., Tustin	8/12/77	\$20,000.00
Choukair, Chuck (RES)	7373 University Ave., La Mesa	8/29/77	\$9,000.00

**THINK BEFORE YOU SQUEEZE**

...is an old admonition still given frequently to Notaries Public. This professional warning refers to the use by the notary of the official metal pressure seal with which some notaries continue to authenticate all official acts performed by them. It means "Before you affix your official seal, think again about the lawful correctness of your act."

Real estate licensees should carefully note that Senate Bill 599, effective January 1, 1978, gives Notaries Public a lot more to think about before, during, and after the official notarial acts they perform. This bill has new prohibitions and provisions which must be understood and studiously followed by individuals who have a notary public commission.

This bill provides, among other things, that:

- the notary public keep a sequential journal containing specified information for all official acts, including:

- (a) Date, time and type of each official act
- (b) Character of every instrument acknowledged or proved before the notary
- (c) The signature of each person whose signature is being notarized
- (d) The type of information used to verify the identity of the parties whose signatures are being acknowledged
- (e) The fee charged for the notarial service.

- when requested, and upon payment of not more than thirty cents (\$.30) per page, a notary public shall provide to any person a certified copy of any page from the journal

- when a notary has a direct financial or beneficial interest in a transaction, the notary is prohibited from performing any notarial act in connection with the transaction (A direct financial or beneficial interest includes: (1) with respect to a financial transaction, the notary is named individually as a principal (2) with respect to a real property transaction, the notary is named individually as a grantor, grantee, mortgagor, mortgagee, trustor, trustee, beneficiary, vendor, vendee, lessor or lessee. A notary has no direct financial or beneficial interest in a transaction where notary acts as an agent, employee, insurer, attorney, escrowee or lender of a person who does have a direct interest.)

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# COMMISSIONER EMPHASIZES GOALS TO CAR CONVENTIONEERS



Speaking in San Diego on October 8th before the Annual Convention of the 112,000 member California Association of Realtors, Commissioner David H. Fox made clear that his number one priority for the coming year will be intensified consumer protection.

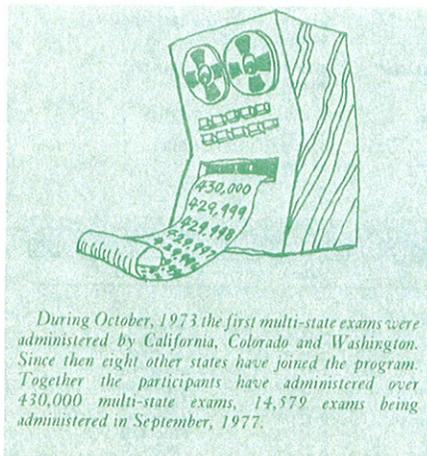
- The Commissioner pledged that within the next 12 months the Department will produce concise, simplified, easy to understand basic real estate documents retaining complete legal integrity. It is his hope that California may soon become the first state in the nation to design and use simplified real estate documents "written in plain English so that anyone can understand them". Fox, also an attorney, urged all licensees to support this program and make full use of the forms when they become available.
- Fox plans that the Department will present, for the first time, more than 80 DRE sponsored one-day home buyer seminars throughout the state where interested consumers will receive instruction in the basics of home buying and selling. Seminar topics will include: home selection guidelines, choosing a real estate agent, basic budgeting, home inspection checklists, new versus used versus building considerations, financing, insurance, buyer's obligations, seller's obligations, and analysis of basic real estate forms. Fox stressed that "one of the most important public services we can perform is to increase the consumers' awareness of the basic factors to be considered before entering into any real estate transaction".
- Fox cited a Department sponsored independent statewide survey which concluded that from 48 to 90 percent of real estate buyers and sellers don't understand such frequently used terms as: "escrow", "trust

deed", "mortgage", "acceleration clause", and "personal property". He also pointed to a recent Department commissioned independent study to determine the need for simplified documents in which all 75 real estate brokers, escrow and savings and loan officers interviewed responded that their clients do not understand the documents routinely used. The study also disclosed that the readability of the most common real estate forms ranged from "difficult" to "extremely difficult" when tested by the widely used Flesch Reading Ease Formula.

- While noting that during the last year the Department revoked, restricted, suspended, or denied over 500 real estate licenses, Fox observed that "all too often, the public only hears the bad news while the good work of the vast majority of the real estate profession goes unnoticed."
- To correct this imbalance during the coming year, the Commissioner explained that the Department, for the first time, will be giving Extraordinary Public Service Awards to a limited number of deserving salespersons, brokers, and real estate companies performing extraordinary public services. The awards will be based on such factors as the extent of community service, use of the simplified documents, distribution of consumer brochures, and the absence of licensee disciplinary actions. (More details on this new award program will be forthcoming.)

## NEW RESEARCH REPORT

*Speculation in Redlined Areas*, an investigation into the relationship between the practice of redlining, speculation in redlined areas, and neighborhood deterioration is now available from DRE, 714 P Street, Sacramento, California 95814. This study is by D. W. Urguidi, Faculty Coordinator, Daniel Leighton, Assistant Coordinator, and Burt Hubbard, Research Director, Department of Political Science, California State University, Los Angeles. Cost \$1.50 plus tax.



During October, 1973 the first multi-state exams were administered by California, Colorado and Washington. Since then eight other states have joined the program. Together the participants have administered over 430,000 multi-state exams, 14,579 exams being administered in September, 1977.

## Summary (Continued from page 1)

the particular case is required to avoid an unsound business practice.

Among other things, the Secretary of the Business and Transportation Agency is empowered to issue rules, regulations and guidelines for enforcement of the act, to investigate lending patterns and practices, and to attempt to conciliate complaints.

Financial institutions are to notify loan applicants of the existence of the act.

### Personal and Confidential Information Records—State Agencies

SB 170-Roberti—Ch. 709: Creates the Information Practices Act of 1977 pertaining to records of state agencies defined therein as "confidential information" and "personal information." Declares the legislative intent to protect the privacy of individuals subject of personal information files maintained by state agencies.

### Dedication of Land and Fees—Subdivisions

SB 201-Smith—Ch. 955: Authorizes a city or county to require (by ordinance) dedication of lands or pay a fee, or both, for classroom and related facilities as a condition to the approval of a residential development. Rezoning to allow residential use or approval of a tentative subdivision map within an attendance area where overcrowding exists in a school district is to be conditional upon such an ordinance or a finding of other overriding factors.

### Subdivisions—Tentative Maps

SB 239-D. Carpenter—Ch. 883: Provides that the period of time after which a tentative map would expire would be extended by any period during which a water or sewer moratorium is in effect, provided the moratorium does not exceed five years. In any case, if a moratorium has been in effect, the tentative map would be valid for at least 120 days. Applies to tentative maps approved or conditionally approved prior to January 1, 1978, including any map which expired during a moratorium imposed after April 1, 1977.

### Discrimination in Housing

SB 610-Dunlap—Ch. 1187: Expands the application of the Rumford Act in the prohibition of discrimination in housing in making it apply to all housing accommodations, including single-family houses, except it will not apply to renting or leasing to a roomer or boarder in a singlefamily house provided that no more than one roomer or boarder is to live within the household.

The term "discrimination" includes refusal to sell, rent, or lease housing accommodations, including misrepresentation as to availability, inferior terms, cancellations, etc. Prohibits for sale or rent advertisements to contain discriminatory information. Establishes a hearing procedure to be conducted by the Fair Employment Practices Commission in the same manner

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**REAL ESTATE LICENSE STATISTICS**  
 Department of Real Estate  
 As of July 1, 1977

COUNTY	POPULATION	TOTAL LICENSES ISSUED		PER CAPITA LICENSE REPRESENTATION		1975 PER CAPITA LICENSE REPRESENTATION	
		ACTIVE	TOTAL	ACTIVE	TOTAL	ACTIVE	TOTAL
Alameda	1,092,800	8,867	13,021	123	84	147	102
Alpine	850	8	10	106	85	165	110
Amador	16,000	260	349	62	45	86	61
Butte	125,900	1,101	1,638	114	77	130	93
Calaveras	16,500	191	283	86	58	102	67
Colusa	12,750	30	40	43	32	525	360
Contra Costa	598,700	5,073	7,825	118	77	147	94
Del Norte	15,900	65	84	24	19	276	222
El Dorado	65,600	1,309	1,877	50	35	55	38
Fresno	463,700	3,363	4,400	138	105	171	131
Glenn	20,000	90	115	222	174	262	198
Humboldt	105,500	527	747	200	141	254	188
Imperial	86,900	251	318	346	273	429	341
Inyo	17,450	91	121	191	144	276	197
Kern	357,900	1,691	2,689	212	133	228	123
Kings	70,300	238	287	295	245	399	335
Lake	26,850	403	528	67	57	82	59
Lassen	18,850	141	185	134	102	181	142
Los Angeles	7,023,800	66,707	94,311	105	74	130	90
Madera	49,000	271	334	180	147	221	178
Marin	221,400	2,383	3,807	93	58	111	73
Mariposa	8,925	75	87	119	103	144	120
Mendocino	60,200	404	567	149	106	187	135
Merced	121,400	467	655	260	185	318	237
Modoc	8,200	44	55	186	149	218	192
Mono	7,475	174	208	43	36	60	49
Monterey	271,700	1,920	2,716	142	100	186	130
Napa	92,700	618	943	150	98	184	121
Nevada	37,350	667	937	56	40	68	49
Orange	1,768,000	25,881	36,984	68	48	93	64
Placer	96,800	1,331	1,802	73	54	104	76
Plumas	14,400	137	180	105	80	119	87
Riverside	560,400	5,309	7,524	106	74	130	92
Sacramento	706,300	6,567	9,697	107	73	148	97
San Benito	20,650	74	99	279	209	323	237
San Bernardino	723,800	5,942	8,436	122	86	152	108
San Diego	1,656,800	20,052	29,988	83	55	98	66
San Francisco	662,700	7,200	9,743	92	68	119	87
San Joaquin	304,400	1,474	2,087	207	146	260	185
San Luis Obispo	133,500	1,450	1,967	92	68	131	94
San Mateo	584,600	5,593	8,237	105	71	134	90
Santa Barbara	285,800	2,739	4,024	104	71	131	88
Santa Clara	1,202,100	12,864	18,094	93	66	124	86
Santa Cruz	164,500	1,661	2,443	99	67	116	77
Shasta	99,300	849	1,094	117	91	164	122
Sierra	2,980	9	11	33	27	373	261
Siskiyou	37,150	294	462	126	80	126	77
Solano	197,500	940	1,384	210	143	274	182
Sonoma	256,700	2,377	3,534	108	73	137	92
Stanislaus	234,500	1,408	1,958	166	120	214	149
Sutter	48,150	365	495	132	97	154	119
Tehama	33,850	183	242	185	140	214	162
Trinity	10,200	62	88	164	116	169	124
Tulare	214,300	1,110	1,487	193	144	246	184
Tuolumne	27,400	316	449	86	61	131	89
Ventura	457,800	4,349	6,115	105	75	157	106
Yolo	106,000	477	678	222	156	253	188
Yuba	45,850	242	319	189	144	217	175
OUT-OF-State/Country	N/A	N/A	3,364	N/A	N/A	N/A	N/A
<b>TOTAL</b>	<b>21,671,030</b>	<b>208,684</b>	<b>302,022</b>	<b>104</b>	<b>72</b>	<b>131</b>	<b>89</b>

**Summary** (Continued from page 4)

and with the same powers as applies in cases of unlawful employment practices.

**Licensing Agencies—Business and Professions Code**

SB 953-Song—Ch. 886: Allows state agencies under the Business and Professions Code authorized to issue licenses or certificates to publicly reprove a licensee or certificate holder for any act which constitutes grounds to suspend or revoke a license or certificate. Proceedings for public reproof alone or coupled with a suspension or revocation (of a license or certificate) shall be conducted under the Administrative Procedure Act.

**Criminal Investigation**

SB 1053-Roberti—Ch. 891: Provides that at the request of a prosecuting attorney or the Attorney General, any state agency, bureau, or department may assist in conducting an investigation of any unlawful activity which involves matters within or reasonably related to the agency's jurisdiction. Such an investigation may be made in cooperation with the prosecuting attorney or the Attorney General.

**Condominium Conversions—General Plans**

SB 1168-Deukmejian—Ch. 923: Exempts subdivisions consisting of existing structures which are converted to condominiums from the requirement that the map be disapproved unless a finding is made that the proposed subdivision is consistent with applicable general and specific plans and various other findings. A finding of consistency will be required if the applicable general or specific plans contain definite objectives and policies directed to condominium conversion projects.

**Leases—Damages**

AB 13-McAlister—Ch. 49: Allows an unlawful detainer action to proceed as an ordinary civil claim for damages in these cases in which the tenant has delivered possession of the property prior to trial or before judgment is entered. If, however, the landlord chooses to sue for the unpaid rent for the balance of the term or any other damages not recoverable in an unlawful detainer action, the landlord must first amend the complaint pursuant to applicable sections of the Code of Civil Procedure.

**Landlord—Tenant**

AB 94-Rosenthal—Ch. 971: Defines security as inclusive of any payment, fee deposit, or charge, thereby eliminating the distinction between payments or deposits made to secure performance of a lease or rental agreement and payments or deposits to require execution of a lease or rental. Specifically provides that an advance payment of rent may operate as security.

Expressly limits the amount of security that may be demanded or received to two

(Continued on page 7)

**NEW RESEARCH STUDY AVAILABLE**

Water, Sewerage, and Water-related Land Use Controls in the Tahoe-Truckee Area: A Study in Overlapping Programs by Donald F. Wood, School of Business, San Francisco State University, is available from the DRE, 714 P St., Sacramento, CA 95814. Cost \$1.50 plus tax.

According to the California State Board of Equalization, August was the first billion-gallon month in history as California motorists shattered all gasoline records.

August 1977 usage was:

1.7 percent greater than July 1977

7.4 percent greater than August 1976, and

10.1 percent greater than August 1975.

## REVOCATIONS

The unlawful activities of three California real estate brokers have resulted in the revocation of their licenses by the Real Estate Commissioner.

### FALSE STATEMENT TO HUD

In the United State District Court for the Central District of California, following the entry of a guilty plea, a broker was convicted of the crime of violating Title 18 United States Code, Section 1012;2(b) (False statement to Department of Housing and Urban Development; Causing an Act to be Done) a crime involving moral turpitude.

The acts for which this broker was convicted were committed by him while he was employed as manager for another employing real estate broker in the Los Angeles area. The unlawful conduct involved the filing of a false statement verifying the employment status of a purchaser to obtain federal financing for the purchase of a single family residence.

The broker (then manager) signed the false employment verification which showed the purchaser of the residence to be a person also employed by the same real estate broker who employed him as manager. Broker knew this information was untrue and that the false verification was being submitted for loan purposes to the federal government.

Federal financing was obtained and the sale of the property completed to yet another person, the actual purchaser for whose benefit this fraud was intended.

Later at the subsequent DRE administrative hearing, the broker maintained he had no intent to defraud, that when he signed the verification it was in blank and his signature was obtained by a co-employee real estate licensee. According to broker, this other licensee represented to him that the correct employment information and true name of the actual purchaser would be ultimately inserted in the verification.

Broker's testimony at the hearing contradicted his earlier testimony to the F.B.I. agent who took from him a signed written statement reflecting broker's actions in the transaction to be as first above described.

Based upon the provisions of B & P Code Sections 10177(b) (crime involving moral

turpitude) and 490 (crime which relates to qualifications, functions and duties of a licensed real estate broker), broker's license was revoked.

### EXAM CONSPIRACY

A licensed real estate salesperson, a friend of a real estate broker, was routinely scheduled by the Department of Real Estate to take the California real estate broker examination in San Diego, California.

Prior to the time of the examination, the broker and the salesperson entered into a conspiracy whereby broker would appear at the examination and by falsely representing himself to be the salesperson broker would take the examination for salesperson in the salesperson's place.

The salesperson gave broker the salesperson's admittance card (required to gain admittance into the examination room) and his social security card, but did not give broker his driver's license. By reason of their physical characteristics both men are easily distinguishable from one another.

In furtherance of the conspiracy, broker appeared at the exam site. He exhibited salesperson's admittance and social security cards, falsely representing himself to be salesperson for the purpose of taking the examination in salesperson's place.

When the chief examination proctor asked the broker for additional identification, broker left the place of the examination. He met immediately with salesperson, explained he was unable to gain admittance and returned salesperson's cards to him. Salesperson then proceeded to the place of the examination, presented the admittance card and his driver's license and was permitted to take the examination.

Following formal administrative hearings later conducted by DRE, and appeals by licensees through the Superior Court of the State of California for the County of San Diego, the real estate licenses of both licensees were revoked. Grounds for revocation existed under the provisions of Sections 10177(a)(f) of the B & P Code (attempt to procure a real estate license by fraud and deceit) and (conduct that would have warranted denial of a license).

### TRUST FUND MISHANDLING

A real estate broker, for or in anticipation of compensation for performing property management duties under agreements with other real property owners, negotiated leases and accepted rental deposits, security and cleaning fees, and monthly rents. He failed to handle all of the deposits, fees and rents accepted by him in accordance with terms of the management agreements and failed to handle said funds in the manner permitted or required by Section 10145 of the Business and Professions Code of California.

Instead, broker commingled the said deposits, fees and rents with his own moneys and converted to his own use and benefit a portion of said moneys, all without the knowledge, consent or authority of the respective property owners.

Broker failed to account for or to deliver to the owners that portion of the moneys he converted to his own use. These moneys were trust funds handled by broker in a manner contrary to the agreements and not in a fashion permitted by Section 10145 of the B & P Code, constituting commingling, conversion, and dishonest dealing.

Accordingly, broker's license was revoked pursuant to the provisions of Sections 10176(e)(i) and Sections 10177 (d)(j) of said code.

### Think (Continued from page 3)

- if a notary public resigns or leaves office for any reason (without reappointment), *all notarial records and public documents* shall be delivered within 30 days to the clerk of the county in which the notary public's current official oath of office and bond are on file—neglect or failure to do so results in notary being guilty of a misdemeanor and personally liable to any person injured by such inaction or action
- official notary bond be increased from \$5,000 to \$10,000
- notaries public furnish Secretary of State, upon written request, within 30 days of receiving said request, with information relating to any official acts performed by the notary
- notary shall notify Secretary of State by certified mail within 30 days as to any change in the location or address of the notary's principal place of business
- for official misconduct or neglect, notary and sureties are civilly liable for all damages sustained by injured party.
- certain other activities are unlawful and violators may suffer revocation of commission

Even though a real estate licensee is not a Notary Public, all licensees should be very familiar with lawful notarial procedures. The client who may suffer from unlawful notary practices could be your own.

### ABOUT THE PROFESSIONAL PLAN

"Rumor travels faster, but it don't stay put as long as truth"—Will Rogers

There is no foreseeable change in the real estate license law that will affect applicants for either sales or broker licenses during the 1978 year. The Professional Plan is undergoing extensive deliberation and study. More on that later.

*From 1963 until 1969 there were very few common interest subdivisions such as condominium projects or planned developments in California; however, in 1969, according to DRE records, the number of this type of development began to accelerate. Since 1969 the Department of Real Estate issued Subdivision Final Public Reports on 3,445 condominium projects involving 161,670 units. In addition, the Department issued Public Reports on 3,384 planned developments comprised of 223,756 lots.*

*(These figures are through the fiscal year 1976-77.)*

## Summary (Continued from page 5)

months' rent in the case of unfurnished residential property, and an amount equal to three months' rent in the case of furnished residential property, in addition to any rent for the first month paid on or before the initial occupancy, except as specified.

Landlord is to furnish a tenant with an itemized written statement of the basis for, and the amount of, any security received from the tenant and the disposition of such security made by the landlord. Requires that the accounting and the return of any unclaimed portion of the security to the tenant be made no later than two weeks after the tenant vacates the premises.

Prohibits the characterization of any security as "nonrefundable" in a lease or rental agreement. Provides that any provision of a lease or rental agreement of a dwelling waiving the rights or remedies of the tenant is void as contrary to public policy.

Applies to tenancies created or renewed after January 1, 1978.

### Map Act—Exemptions

AB 153-Craven—Ch. 234: Provides for numerous cleanup provisions to the Subdivision Map Act, including amendments having the following effects: empowers local government to provide for an agreement with the subdivider as to the time for completion of construction; adds to land divisions not applicable to the act (1) lot line adjustments which do not create another parcel and (2) boundary line agreements relating to tide and submerged land; adds to the definition of a subdivision "... the division by any subdivider" and declares the addition to be declaratory of existing law; limits further subdivisions to *one* time per assessment year, meaning the most any particular parcel can be subdivided during an assessment roll year is twice; provides for subdivided property to be merged and resubdivided by simply conforming with the Map Act without the necessity of going through the reversion of acreage procedure; and expressly includes a purchaser under a real property sales contract as well as the legal owner of the land as being eligible for a permit to develop the land and for a certificate of compliance.

Contains an urgency clause and became law on July 7, 1977.

### Notices of Sale of Real Property

AB 463-Suitt—Ch. 139: Changes the language relating to the identification of real property in notices of sale under foreclosure or as a result of a writ of execution.

### Contracts—Liquidated Damages

AB 570-McAlister—Ch. 198: Amends the law regarding liquidated damages in those cases where a buyer fails to complete the purchase of real property as well as other agreements.

### Subdivision Map Act

AB 716-Young—Ch. 412: Adds an additional exception to the Map Act—subdivisions of four parcels or less for

construction of removable commercial buildings having a floor area of less than 100 square feet, in those cases where a local ordinance so provides.

### Discrimination by Licensees—Physical Handicap

AB 779-Chappie—Ch. 293: Adds applicants for service having a physical handicap to the list of protected classes (race, color, religion, etc.) that will subject a licensee (under the Business and Professions Code) to discipline for refusing to perform a licensed activity.

### Unimproved Real Property Sales Contracts

AB 815-McVittie—Ch. 1228: Requires real property sales contract entered into after January 1, 1978, describing property created *after* and *before* that date, to contain a statement by the vendor that the parcel or parcels conveyed either comply with the Subdivision Map Act or meet other criteria.

### Cal-Vet Loans

AB 943-Fazio—Ch. 813: Revises the Cal-Vet loan program as follows:

- permits the purchase of a mobilehome, as defined, for not to exceed \$30,000 amortized over not more than 25 years. It specifies that a mobilehome for these purposes may be composed of one or more modules, as defined.
- continues the five percent downpayment requirement only for homes costing more than \$35,000 to the department, and would require a three percent downpayment for those costing \$35,000 or less.
- allows the Department of Veterans Affairs to expend up to \$43,000 for a home and would delete the limitation of \$35,000 or 95 percent on the purchase of property subject to a participation contract.
- raises the amount the Department of Veterans Affairs may pay for a farm to \$120,000 and would reduce the purchaser's required initial payment from ten percent to five percent of the selling price.
- contains an urgency clause and is now in effect.

### Jurisdiction Transfer of Real Estate Syndicates

AB 983-Knox—Ch. 991: Repeals the Real Estate Syndicate Act and transfers the jurisdiction over such real estate syndicates from the Real Estate Commissioner to the Corporations Commissioner.

Expressly exempts real estate brokers from the licensing requirements of the Corporate Securities Law to engage in transactions involving real estate syndicate securities which they are presently authorized to sell, i.e., a syndicate owned beneficially by no more than 100 persons, etc.

Adds a subsection to the disciplinary provision of the Real Estate License Law to empower the Real Estate Commissioner to suspend, revoke a license or deny a license on

## A COSTLY AD



Following a recent agreement with state Attorney General Evelle J. Younger and state Real Estate Commissioner David H. Fox, a real estate broker entered into a \$2500 settlement as part of a stipulated judgment filed in a Los Angeles Superior Court Case.

The settlement was reached in connection with broker's continued advertising of a home that had already been sold.

Although the house was in fact sold on February 7, 1977, the broker's firm continued to:

- advertise it for sale from March 13 to March 24, 1977
- inform prospective purchasers the property was still for sale
- take no action to stop the advertising.

The \$2500 civil penalties will be paid one-half to Los Angeles County and one-half to the State.

Do you

- have an ad that brings splendid results
- know when to stop a good thing
- keep a close watch on your own advertiser's "specials"----?

Others do.

*Statistics compiled by U.S. Department of Commerce for housing starts and building permits show that during the first eight months of this year 1,331,500 housing units were started. During the same period in 1976 construction began on 1,002,800 living units.*

the basis the actor has violated the new Corporations Code statute or regulations of the Corporations Commissioner pertaining thereto.

An application to amend, extend, modify, revoke, or set aside any existing permits issued under the repealed act shall be filed with the Corporation Commissioner. Any application pending under the Real Estate Syndicate Act is to be processed by the Real Estate Commissioner pursuant to that act's provisions until such application is granted or denied.

### Escrow Agent Referrals

AB 1324-Nestande—Ch. 679: Prohibits any person from requiring, as a condition precedent to entering into any transaction involving the transfer of real property containing a single family residence, that the escrow be conducted by any specified agent. However, a failure to comply with the act shall not invalidate the transfer.

### Administrative Adjudication: Order of Restitution

AB 1575-Mori—Ch. 680: Adds to the Administrative Procedure Act provisions pertaining to terms of probation in connection with a stay of execution of a decision imposing discipline against a licensee.

## Trust Accounts

(Continued from page 1)

commissioner's regulations account for more than 90% of all the violations. The regulations are: 2725, 2726, 2731, 2831, 2831.1, and 2832.

Regulation 2725 concerns proof of adequate supervision over the activities of salespersons. Violations of Regulation 2725 usually result from the broker failing to initial any documents prepared by salespersons in his employ. On occasion the violation is due to improper delegation of authority by the broker.

Regulation 2726 covers broker-salesman relationship agreements. Violations generally concern lack of written relationship agreements. Sometimes the violation is that a manager does not have his duties or authority properly delegated or specified by the broker in the agreement.

If a broker uses a fictitious name, or "dba", that name must appear on his license. Regulation 2731 sets forth this requirement. Violations of this regulation usually reveal the broker has properly recorded the fictitious name statement in the county where he does business, but has failed to add the name to his real estate license through proper notice to DRE Licensing Department.

Regulation 2831 deals with trust fund records. Two violations are very common:

- broker fails to maintain an adequate record of trust funds not placed in his trust account
- the trust account records fail to contain a daily balance of the trust account funds.

When trust funds are placed in a trust fund bank account, Regulation 2831.1 requires

that a separate record be prepared and maintained for each beneficiary and transaction. The usual violation here is that no separate records are ever prepared.

Regulation 2832 specifies how brokers must handle all trust funds coming into their possession. DRE auditors found the usual violation of this regulation results from the unauthorized holding by broker of earnest money deposits until the seller accepts the offer or until the escrow holder calls for the funds. *Note: If the offer or deposit receipt form contains a provision allowing the broker to hold the funds, there is no violation of Regulation 2832 as long as the broker is within the limits of said provision.*

Other violations uncovered include:

- Section 10176(e), Commingling
- Section 10177(g), Negligence and/or Incompetence
- Regulation 2834, Unauthorized Signatures on Trust Accounts
- Regulation 2835, Unauthorized Custody and Control of Trust Funds, and
- Section 10163, Branch Offices without Licenses.

Incidentally, property management brokers are quite often in violation of Regulation 2832.1 in that they use trust funds belonging to one owner or beneficiary to pay current expenses of other owners or beneficiaries.

Trust account examinations are conducted by DRE auditors on a daily basis. If you are a broker in business for yourself, it would be wise for you to assure your own compliance with the mentioned Laws and/or Regulations.

## AGENCY

The courts have unequivocally held that an agent cannot acquire any secret interests adverse to his principal; that he cannot lawfully make a secret personal profit out of the subject of the agency; that if an agent conceals his interest in the property sold he is liable to his principal for all secret profits made by him; that where an agent falsely represents the figure at which property can be purchased and then purchases it himself at a lower figure, charging his principal the larger price and pocketing the difference, he will be compelled to disgorge the secret profits; that the fact that the principal was willing to pay the larger amount or that the property may have been worth the amount charged the principal is immaterial.

## Real Estate Law

The 1977 Real Estate Law is now available from any office of the Department of Real Estate for \$2.50 plus sales tax.

The book can be obtained in person or by mail. If ordered by mail send check or money order payable to Department of Real Estate at 714 P Street, Sacramento, CA 95814. Attention: Law Book