



REAL ESTATE BULLETIN

Official Publication of the California Department of Real Estate



EDMUND G. BROWN JR., Governor

Winter 1979

DAVID H. FOX, Commissioner

LEGISLATIVE SUMMARY

Following is a DRE summary of the 1979 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, 1980. A copy of any of the bills may be obtained by writing the Legislative Bill Room, State Capitol, Sacramento, CA., 95814.

DEPARTMENTAL SPONSORED LEGISLATION

Negotiability of Real Estate Commissions

AB 802—Agnos—Ch. 800: Requires printed real estate listing agreements for the sale of four or less residential units to contain a specified statement that commissions are not fixed by law and may be negotiable. Also prohibits the preprinting of commission amount or rate. Becomes effective July 1, 1980.

Prohibition of Rebates/Home Protection Companies

AB 963—W. Brown—Ch. 439: Adds home protection companies to the list of firms from which real estate licensees may not demand or receive a rebate or other consideration.

Responsible Corporate Officer

AB 985—Hannigan—Ch. 595: Requires that officer designated by corporate broker licensee be responsible for the supervision of corporate licensed acts. Allows delegation of supervisory responsibility to other broker officers. Becomes effective July 1, 1980.

Distribution of Public Reports

AB 1271—Rosenthal—Ch. 31: Will require the posting of a copy of the public report at any office where sales or offers to sell are regularly made along with a statement that a copy of the report may be obtained. Requires that a copy of the public report be given to any member of the public upon request. Becomes effective July 1, 1980.

Continuing Education/Advance Fee Rentals

SB 1112—Presley—Ch. 959: (1) Makes technical change to correct previous drafting error relating to hardship extension of continuing education requirements. (2) Requires any person (rather than real estate licensee) acting as advance fee rental agent to comply with advance fee regulatory structure. Increases service charge from \$10 to \$25. Limits term of contracts to 90 days.

RELATED LEGISLATION

Definition of Mobilehome

AB 887—Gage—Ch. 1160: Among other things, this bill would permit a mobilehome to be installed on a permanent foundation. Where a mobilehome is installed on a permanent foundation, the home, for certain purposes (e.g., registration, taxation) would no longer be classified as a mobilehome. Revises sales tax provisions relating to mobilehomes.

Mobilehome Loans

SB 333—Robbins—Ch. 203: Allows savings and loan associations to make 30-year loans for purchase of mobilehomes. (Prior limit was 20 years.)

Mobilehome Taxation

SB 1004—Presley, et al—Ch. 1180: Makes any mobilehome sold on or after July 1, 1980 which is installed for occupancy as a residence subject to local property taxation rather than vehicle taxation. Specifies that senior citizen owner occupant of mobilehome on rented land shall qualify only for homeowners assistance. Eliminates personal income tax renters credit for such persons. Also revises sales tax provisions relating to new mobilehomes and provides that sales tax will be assessed to retailer rather than consumer.

Mobilehome Parks—Change of Use

SB 1170—Carpenter—Ch. 945: Defines "change of use" of a mobilehome park. Definition includes conversion to condominium, planned development, stock cooperative or ownership where spaces in park will be sold. In addition to 12-month written notice, of change of use, tenant must be given 15-days written notice of management's appearance before local government to request change of use permits. Requires also that prospective tenant be given notice.

ADVANCE FEE LAW

The average real estate licensee is well versed in the provisions of the Real Estate Law applicable to a conventional brokerage business. By "conventional" is meant listing and selling of real estate and arranging of real estate loans. Without a working knowledge of those rules the licensee treads on shaky ground indeed.

Some parts of the Real Estate Law are not so universally known. One such is the so-called advance fee law, which comprises Business and Professions Code Sections 10026, 10027, 10085, 10131.2 and 10146. The regulations adopted by the Commissioner for implementing these statutes are Sections 2970 through 2974.

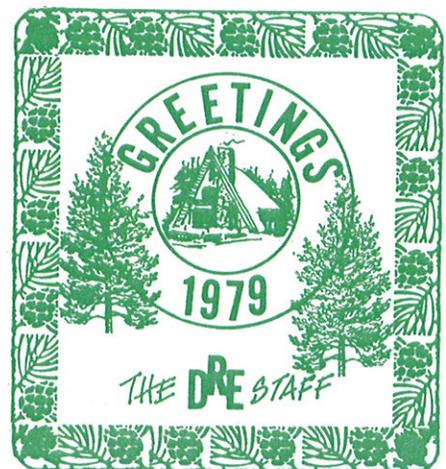
Briefly stated the statutory purpose is to regulate persons who collect money from the public before rendering services in promoting the sale of real estate or business opportunities or in arranging loans secured by real property.

Usually statutory schemes such as the advance fee law are enacted to curb an abuse. The advance fee law is no exception.

The opportunity for the misuse of funds advanced to a broker is obvious and contrasts with the conventional commission which is usually collected only after the transaction negotiated by the broker has been consummated to the satisfaction of the parties.

The original advance fee law became

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DAVID H. FOX
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The *Real Estate Bulletin* (USPS 456600) is a quarterly published by the State of California. Department of Real Estate, as an educational service to all real estate licensees in the state under the provisions of Section 10083 of the California Business and Professions Code.

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Disciplinary Action—July–September 1979

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

NOTE: A list of actions is not published in this *Bulletin* until the 30-day period allowed for court appeal has expired; or if an 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.

Business and Professions Code

490	relationship of conviction to licensed activity	10176(e)	commingling trust funds	10177(k)	violation of restricted license condition
10137	unlawful payment of compensation	10176(i)	fraud or dishonest dealing in licensed capacity	10177.5	civil fraud judgment based on licensed acts
10145	trust fund handling	10177(a)	procuring a real estate license by misrepresentation or material false statement		
10148	retention and availability of real estate broker records	10177(b)	conviction of crime		
10176(a)	making any substantial misrepresentation	10177(c)	false advertisement	2830	failure to maintain trust fund account
10176(b)	making false promise	10177(d)	violation of real estate law or regulations	2832	improper handling of earnest money deposit
10176(c)	course of misrepresentations through salespersons	10177(f)	conduct that would have warranted denial of a license	2985.3	mishandling of real property sales contract payment
10176(d)	failure to disclose dual agency	10177(j)	fraud or dishonest dealing not in licensed capacity		

Regulations

LICENSES REVOKED

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
* Koepple, Robert John (REB)(REO) Off—Pre Builder Land Corporation Off—California Land Brokers, Inc.	9701 Wilshire Blvd., Ste. 1200, Beverly Hills..	4/ 5/79	10176(a)(c)(i), 10177(c)(j)
* Pre Builder Land Corporation (REC)..... Off—Koepple, Robert John	15300 Ventura Blvd., Ste. 421, Sherman Oaks	4/ 5/79	10176(a)(c)(i), 10177(c)(j)
* Pre Builder Land Management Corp. (REC) .. Db—PBL Management Corporation Off—Gleave, Leslie Dahl	15250 Ventura Blvd., Ste. 403, Sherman Oaks	4/ 5/79	10176(a)(c)(i), 10177(c)(j)
* Pre Builder Land Resale Corporation (REC) .. Db—PBL Resale Corporation Off—Gleave, Leslie Dahl	8540 S. Sepulveda Blvd., Los Angeles	4/ 5/79	10176(a)(c)(i), 10177(c)(j)
* Troy, Nick (RES)	23009 Gershwin Dr., Woodland Hills	4/ 5/79	10176(a)(c)(i), 10177(c)(j)
Williams, Leon (RES)	1642 Powell Ct., San Jose	7/ 3/79	10177(a)(b)
Henson, Noble Edward (REB)	329 E. Regent St., Inglewood	7/ 5/79	10177.5
Maistro, John (RES)	4652 Via Mamma, Marina Del Rey	7/ 5/79	490, 10177(a)
Perry, Ralph Graves, Jr. (RES)	12190 Arkansas Pl., Aurora, Colorado	7/ 5/79	490, 10177(b)
Wood, Warren Stannard (RES)	P.O. Box 15420, Las Vegas, Nevada	7/ 5/79	490, 10177(b)
Alcivar, Maria Luisa (RES)	1516 Valverde Pl., Glendale	7/10/79	490, 10177(b)
Ipsen, Victor Moorman (RES)	9649 Remer St., South El Monte	7/10/79	490, 10177(b)
Liken, Douglas Scott (RES)	1738 East 4th, #3, Long Beach	7/10/79	490, 10177(b)
Petersen, John Leland (RES)	1715 Glen Park, Pomona	7/10/79	490, 10177(b)
Preedy, Jack Kelvin (RES)	4290 Mt. Abernathy Ave., #26, San Diego	7/10/79	490, 10177(b)
Rosenkrantz, David (RES)	201 Broadway, Santa Monica	7/10/79	490, 10177(b)
Rubin, Morton Lester (RES)	13436 Cumpston St., Van Nuys	7/10/79	490, 10177(b)
Rude, Helen Mildred (RES)	535 Oleander, Los Angeles	7/10/79	490, 10177(b)
Solowski, Donald Joseph (RRES)	1777 Vista Way, El Cajon	7/10/79	10177(b)(k)
Wetzel, Ray Charles (RES)	17572 Manchester, Irvine	7/10/79	10177(b)
Yusuf, Evelyn (RES)	13332 Jefferson St., Hawthorne	7/10/79	490, 10177(b)
Franco, Angelo Gomez (RES)	27014 El Retiro, Mission Viejo	7/11/79	490, 10177(b)
Booth, John Joseph (REB)	1331 12th St., Modesto	7/30/79	10176(c)(i), 10177(d)(j)
Db—Capitol Real Estate			
Jacobs, Mary Kathleen (RES)	2663 Ponselle Ct., San Jose	7/30/79	10177(b)
Leone, Paul John (RES)	625 31st St., Richmond	7/30/79	10176(a)(i), 10177(d)(j)
Mosier, Larry Findlay (RES)	1318 Alabama St., Vallejo	7/30/79	490, 10177(b)
Parlagreco, Joseph Frank (RES)	21281 Kahlert Ave., Castro Valley	7/30/79	490, 10177(b)
Thomas, Carlton Roy (REB)	1308 E. Julian, San Jose	7/30/79	10176(c)(i), 10177(d)(j), 2830, 2832
Db—Carlton Properties Red Carpet Realtor Evergreen			
Van Der Horst, Cornelis (RES)	18394 Montpere Way, Saratoga	7/30/79	490, 10177(b)
Wharton, Victor D. (RES)	4140 Sharwood Way, Sacramento	7/30/79	10176(i), 10177(d)(j)
Bahman, Barbara Marie (RES)	112 Oakhill Dr., Lompoc	7/31/79	490, 10177(b)
Berglund, Steven Dale (RES)	17252 Halsted St., Northridge	7/31/79	490, 10177(b)
Carson, Michael Scott (RES)	1132 N. Benton Way, Los Angeles	7/31/79	490, 10177(b)
aka—Ludlow, Michael Scott			
Carter, Renee Christine (RES)	430 Dalehurst, Los Angeles	7/31/79	490, 10177(a)
Fontenot, John Barry (RES)	12672 Gain St., Pacoima	7/31/79	490, 10177(b)(f)
Jones, Fred Len (RES)	2129 Saticoy St., Pomona	7/31/79	490, 10177(b)
Lesse, Floyd John (REB)	13620 Roscoe Blvd., Van Nuys	7/31/79	10177(d)(j)
Longstreth, Charles Allen (RES)	32135 Highway 18, Lucerne Valley	7/31/79	2985.3, 10177(j)
Mosely, Clayton Leroy (RES)	4321 Kling, Apt. 34, Burbank	7/31/79	490, 10177(b)
Shapiro, Eleanor (RES)	208 S. El Camino Dr., Beverly Hills	7/31/79	490, 10177(b)
Smith, Frederick Lee (RRES)	5015 La Sierra Ave., Riverside	7/31/79	490, 10177(b)(k)
Stiffler, Leonard Jefferson Jr. (RES)	303 N. Placentia Ave., Fullerton	7/31/79	490, 10177(b)
Swett, Donald Monroe Jr. (REB)	232 N. Lake Ave., Pasadena	7/31/79	490, 10177(b)(f)
Db—Acme Real Estate			
Whittington, Charles Jerome (REB)	9656 S. Western Ave., Los Angeles	7/31/79	10145, 10148, 10176(e)(i), 10177(d)
Williams, Judge (RES)	12826 Corlett Ave. Los Angeles	7/31/79	490, 10177(b)
Hill, Irene Ritchie (REB)	43-445 Illinois Ave., Palm Desert	8/ 2/79	10177(b)
Db—Reliable Rentals & Realty Co.			
Grundy, Felton Lafayette Jr. (RRES)	3577 La Mesa Dr., Hayward	8/ 6/79	10176(a)(b), 10177(d)(f)(j)(k)
Tricom, Russell Joseph (RES)	567 Beverly Ave., San Leandro	8/ 6/79	10177(b)
Krakower, Ted (REB)	40 W. Yale Loop, Irvine	8/ 7/79	10177.5
Db—Southern Counties Investment Co.			
Morrissey, Robert Michael (RES)	206 Sir Francis Drake, San Anselmo	8/23/79	10176(c)(i), 10177(f)(j)

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LICENSES REVOKED

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
Feagin, Fred Earle (REB)	1391 Filbert, Chico	8/27/79	490, 10177(b)
Hiller, Benjamin William (RES)	466 E. Wyandotte, Stockton	8/27/79	490, 10177(b)
Scott, Patricia Jean (RES)	7741 Bahama Ct., Fair Oaks	8/27/79	490, 10177(b)
Smith, Sylvia J. (RES)	3481 Margaret Dr., Loomis	8/27/79	490, 10177(b)
Zeigler, Zachary Lon (RES)	5344 Olive Dr., Concord	8/27/79	490, 10177(b)
Mingleton, Asworth Bagnerise (REB)	3900 Carmona Ave., Los Angeles	8/28/79	490, 10177(b)
Db-a—Mediterranean Mortgage & Investment			
Sanderson, Gregory A. (RES)	1370 Linda Vista, Pasadena	8/28/79	10177(b)
Ellis, Meynard Allen (RES)	544 Bluefield Dr., San Jose	8/30/79	490, 10177(b)(f)
MacPherson, Donald Edwin (REB)	450 Grant St., Palo Alto	8/30/79	490, 10177(b)
Ramirez, Henry David (RES)	10603 Arleta, Mission Hills	8/30/79	490, 10177(b)
Smith, Daniel Thomas (RES)	1200 Sacramento, San Francisco	8/30/79	490, 10177(b)
Del Rossi, Paul Anthony (RES)	1263 Willow Glen Lane, San Dimas	9/ 4/79	490, 10177(b)
Darmody, Kathleen E. (RES)	3056 H Street, San Bernardino	9/ 5/79	490, 10177(b)
Harris, James Ware (RES)	7488 Bridgit Dr., #3, Rohnert Park	9/ 6/79	490, 10177(b)
McIntosh, Delores (RES)	7728 La Mancha, Sacramento	9/ 6/79	10145, 10176(a)(i), 10177(f)(j)(k)
Warren, Morris Glen (RES)	2040 Stanton Ave., Apt. 2, San Pablo	9/10/79	490, 10177(b)
Marlin, Barry Steven (REB)(REO)	1900 Ave. of the Stars, Ste. 1825, Los Angeles	9/11/79	490, 10177(b)(f)
Off—Acquisition Development Advisors, Inc.			
Poehls, C. Robert (RES)	P.O. Box 5439, Salinas	9/11/79	490, 10177(b)
Young, Francis Roman, Jr. (RES)	28111 Oak Springs Canyon Road, Canyon Country	9/11/79	490, 10177(b)
Carriere, Michael John (RES)	1852 West 78th Street, Los Angeles	9/12/79	490, 10177(b)
Marcus, Moises (RES)	22025 S. Ocean Ave., Torrance	9/12/79	10177(b)(f)
Tyson, Claudell (RES)	403 Benrud, Duarte	9/20/79	490, 10177(b)
Berry, Charles Wesley (RES)	23030 Hatteras St., Woodland Hills	9/25/79	490, 10177(b)
Duistermars, Karl Anthony (RES)	10607 Amanita Ave., Tujunga	9/25/79	490, 10177(b)
Allen, Dorothy Louise (RRES)	1438 S. Coast Hwy., Laguna Beach	9/26/79	490, 10177(b)(f)(k)
Lasker, Yale (RES)	8400 Edinger Apt. V-102, Huntington Beach	9/26/79	490, 10177(b)
Woodson, Bennie Everett (RES)	2175 Mallul Drive #322, Anaheim	9/26/79	490, 10177(b)

Notes from Licensing

by Senior Deputy
Larry W. Smith



As mentioned in previous articles, DRE has incorporated into the license record system the capability of retaining for each licensee a mailing address of the licensee's choice in addition to the required business address.

This mailing address offers the greatest assurance that each licensee will receive all mailings from DRE, including the quarterly Real Estate Bulletin, license renewal application, general correspondence, and real estate license certificates. Experience has shown that many real estate licensees, particularly salespersons, have had difficulties in receiving DRE mailings when sent to the broker's business address. These difficulties stem from such situations as; large office environments, working from branch locations where mail was not sent, and salespersons not always known at office location by post office, which resulted in returned mail.

The mailing address selected by each licensee will nearly always assure proper delivery as most of the selections will probably be the residence address, which is usually more permanent than the business location address.

Some brokers are asking salespersons, particularly new licensees, to select the broker's business address as the licensee's mailing address, whether this is the licensee's personal selection or not. This, apparently, is believed by the broker to assure delivery of an original salesperson license to the broker's office. However, the same problems encountered under the previous mailing system then remain, and the new mailing address system is defeated.

The system was created to provide greater assurance that licensees receive what is mailed to them from DRE. We believe it will work and offer the service intended if all licensees make appropriate use of the mailing address capability.



**\$4.00 DBA
FEE ELIMINATED**

Effective December 3, 1979, a \$4.00 fee will no longer be charged to add a fictitious business name to a broker license. A Broker Change Application (RE Form 204) must still be submitted to DRE along with a certified copy of the Fictitious Business Name Statement as filed with the county clerk. A new license certificate will still be issued showing the addition of the fictitious business name.

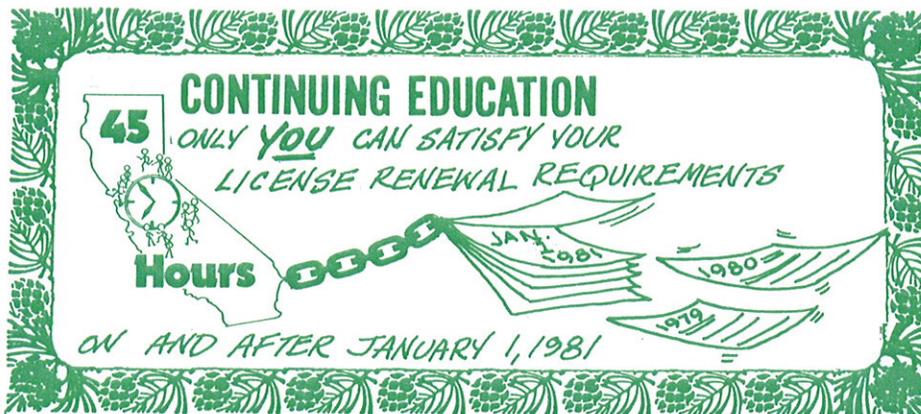
LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
*Hill, Dennis Paul (REB)(REO) Off—Arneson, Hill & Associates (Right to RREB license on terms and conditions)	1050 Roscerans St., Ste. L, San Diego	6/ 9/78	10177(b)
*Katz, Milton S. (REB) Db-a—Property Investment Associates (Right to RREB license after 45 days on terms and conditions)	14515 Ventura Blvd., Ste. B, Sherman Oaks	6/29/78	10177(f)(j)
*Arneson, Richard Wendell Jr. (REB)(REO) Off—Arneson, Hill & Associates (Right to RREB license after 90 days on terms and conditions)	1050 Roscerans St., Ste. L, San Diego	11/22/78	490, 10177(b)
Calafato, Doris Marie (RES) (Right to RRES license after 15 days on terms and conditions)	3837 Underwood Dr., #1 San Jose	7/ 2/79	490, 10177(a)(b)(f)
Jackson, Everett Jewell (RES) (Right to RRES license on terms and conditions)	2370 N. Rodeo Gulch Rd., Soquel	7/ 2/79	490, 10177(b)
Souza, George Victor (REB) (Right to RREB license after 120 days on terms and conditions)	2405 Moffett Rd., Ceres	7/ 2/79	10176(c)(i), 10177(d)
Byrd, Shirley Jean (RES) (Right to RRES license after 30 days on terms and conditions)	9354 Ridgeside Ln., Orangevale	7/ 3/79	10176(a)(i), 10177(f)(j)
Green, David Maurice (REB)(REO) Db-a—Red Carpet Realtors Off—Kohreen, Inc. (Right to RREB license after 30 days on terms and conditions)	9833 Aldea Ave., Northridge	7/ 5/79	10176(a)(d)(i), 10177(j)
McDonough, Edmund William Jr. (RES) (Right to RRES license on terms and conditions)	12311 Inglewood Ave., Hawthorne	7/ 5/79	490, 10177(a)
Wise, Woodrow Wilson Jr. (RES) (Right to RRES license on terms and conditions)	3717 W. Clark Ave., Burbank	7/ 5/79	490, 10177(b)
Glass, Joseph Wayne (RES) (Right to RRES license after 30 days on terms and conditions)	2342 Toby Place, Simi Valley	7/10/79	490, 10177(b)(f)
Wayman, Dorothy L. (REB) (Right to RREB license after 90 days on terms and conditions)	15585 Monterey Rd., Morgan Hill	7/10/79	10177.5
Swenson, Harlan Lee (REB) Db-a—Lee Swenson Investment Co. (Right to RREB license on terms and conditions)	959 W. Arrow Hwy., Glendora	7/12/79	490, 10177(b)
Clemons, Wavery Burton (RES) (Right to RRES license after 90 days on terms and conditions)	422 10th St., #22, Sacramento	7/25/79	490, 10177(b)
Stewart, Doris Jean (RES) (Right to RRES license after 30 days on terms and conditions)	6616 Spring Park Ave., #1, Los Angeles	7/31/79	10176(a)(i)
Gikas, Anna Jean (RES) (Right to RRES license on terms and conditions)	21316 Amulet Dr., Cupertino	8/20/79	10177(b)(f)
Acton, Jeanne Virginia (REB) (Right to RREB license on terms and conditions)	1012 Clinton Rd., Sacramento	8/28/79	490, 10177(b)
Cooper, Lawrence Gordon (REB) (Right to RREB license after 30 days on terms and conditions)	484 S. Main #1, Salinas	8/28/79	10145, 10176(i), 10177(d)
Smith, Drexell Lloyd (RES) (Right to RRES license after 30 days on terms and conditions)	379 McKinley St., Willits	8/29/79	10176(a)(i), 10177(j)
Kaye, Albert Robert (RES) (Right to RRES license after 30 days on terms and conditions)	17301 Keelson Ln., Apt. 67, Huntington Beach	8/30/79	490, 10177(a)(b)
Hurst, Harvard M. S. (RES) (Right to RRES license on terms and conditions)	1931 Mission Avenue, San Diego	9/ 5/79	10137, 10176(i), 10177(d)(j)
McGowan, Richard Ivey (RES) (Right to RRES license on terms and conditions)	2928 4th Street, Santa Monica	9/ 5/79	490, 10177(a)
Speer, Edwin Henry (RES) (Right to RRES license on terms and conditions)	852 5th Street, Imperial Beach	9/ 5/79	490, 10177(b)(f)
Frace, Howard R. (REB) (Right to RREB license on terms and conditions)	6242 Warner Ave., Ste. 21D, Huntington Beach	9/25/79	490, 10177(b)

LICENSES SUSPENDED

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
Graves, Lawrence J. (RES)	5300 Fairview, Los Angeles	7/10/79 30 days	10176(a)(i), 10177(a)(d)(j)
De Luna, Pat Mario (REB)	2293 Walnut Grove Ave., San Jose	8/29/79 30 days	10145, 10177(d)

(Continued on Page 6)



In the Summer 1979 edition of the Bulletin we informed readers Department representatives monitor continuing education offerings to determine such things as whether approved instructors conduct the offering, the program follows the offering outline submitted to the Department, and attendance controls ensure that continuing education credit certificates are issued only to those licensees who meet the continuing education attendance requirements. That article also presented a summary of facts which resulted in the Department filing an Accusation which seeks to suspend or revoke the real estate salesperson license of a licensee who prepared a fraudulent continuing education attendance verification form.

Recently a continuing education sponsor whose offering was approved for six hours of continuing education credit applied for annual renewal of offering approval.

During the processing of the renewal application the Department learned the

offering length at a presentation was substantially shortened without written notice to the Commissioner as required by Section 3007.2 of the Commissioner's Regulations (said Section reads: "3007.2. **Material Change in Course Offering.** Whenever there is a material change in an approved offering (e.g., curriculum, course length, instructor) the entity shall promptly notify the Commissioner in writing.") and that after such shortened presentation the approved sponsor certified to the attendance of licensees who were not physically present during at least 90% of the approved offering time of six hours, in violation of Section 3006(b)(1) of the Commissioner's Regulations.

Due to the noted violations the application for renewal of approval was denied.

Both licensees and continuing education offering sponsors should take seriously the continuing education requirements. The DRE does.



REPORTING CHANGE OF OWNERSHIP OF REAL PROPERTY

Revenue and Taxation Code Section 480 which was enacted by the 1979 Legislature and became effective on July 10, 1979, requires the transferee of real property to file a signed change in ownership statement with the assessor of the county in which the real property is located. The following notice which must be printed in the change in ownership statement explains the requirement and the penalties if a transferee fails to file the statement within 45 days after the change in ownership:

"The law requires any person acquiring an interest in real property to file a change in ownership statement with the county recorder or assessor. The change in ownership statement must be filed within 45 days of the date of recording or, if the transfer is not recorded, within 45 days of the date of the change in ownership. The failure to file a change in ownership statement within 45 days after receipt of a written request by the assessor results in a penalty of One Hundred Dollars (\$100) or 10 percent of the current year's taxes on the real property, whichever is greater. This penalty will be added on the current assessment roll and becomes a lien against real property in the same manner as any other property tax, unless paid by the end of the month following the month in which it is enrolled. Thereafter, the lien will be subject to interest and penalties as any other delinquent tax on real property."

The State Board of Equalization has indicated that it will be responsible for the development of the form to report a change in ownership. The Board's Assessment Standards Division will prepare a draft of the form to be used by assessors and recorders until a final form has been approved.

Board of Equalization chairman William Bennett has stated that public hearings will be held in Sacramento during the first quarter of 1980 before there is an official adoption of the form of the change of ownership statement.

Licensees should advise principals purchasing real property of this requirement.

WHAT'S IN YOUR TRUST ACCOUNT?

Is there unclaimed money in your trust account?

What should you do with such funds when a transaction is incomplete and your prospect leaves town with no forwarding address or transaction parties deliberately choose not to give you needed authorizations as to the disposition of funds and later they cannot be found?

CASE IN POINT

A broker called the DRE and said that he had accepted a substantial deposit for a rental. The landlord had rejected the prospective tenant's offer. The broker said he then tried to return the deposit but could not locate the prospective tenant who had apparently left the community without a forwarding address. Quite properly the broker placed the funds in his trust account.

UNCLAIMED PROPERTY LAW

Under the Unclaimed Property Law (Code of Civil Procedure Sections 1500 et seq.) tangible and intangible personal property must be reported and turned over to the State Controller after it has remained unclaimed by owner for a specified number of years (seven years for properties held by fiduciaries).

Types of unclaimed property required to be turned over to the State include bank accounts, money orders, travelers checks and similar instruments, contents of safe deposit boxes, life insurance policy funds, stocks and dividends, unclaimed distributive shares of a dissolved corporation or partnership, and other property held for another person in the ordinary course of the holder's business.

The Unclaimed Property Law has as one of its objectives the restoration of the property to its rightful owners through publication statewide in newspapers of the names and last known addresses of the owners. If the owners still cannot be located, the property must escheat to the State of California, but it remains subject to claim by the owner or the owner's heirs at any time.

RELIEF FROM LIABILITY

If a real estate broker or other holder has unclaimed funds retained in trust for seven years or more, the broker should release them to the Division of Unclaimed Property, State Controller, State Capitol, Sacramento, CA 95814. The controller will furnish the necessary forms. Following the procedures of the law relieves the broker (fiduciary) from liability as the holder of escheated funds to the extent of the value of the funds.

With the Controller's permission unclaimed property may also be relinquished prior to the running of the full statutory time period. For example, when a broker is going out of business the broker could receive permission to relinquish unclaimed property in his or her possession.

The total amount of unclaimed property deposited over the years with banks, trustees, agents and so forth and then forgotten is unknown, but during fiscal year 1978-79 the State Controller received from holders over \$32,131,736 in unclaimed property money and paid 5,777 rightful owners over \$4,593,183.



TAX PRORATION

A recent news release from the Los Angeles County Assessor's Office directed to buyers, brokers and escrow officers stated that last year there was a great deal of confusion about how to prorate taxes between a real property buyer and seller due to the enormous changes in tax procedures caused by Proposition 13. In many instances a proration agreed to by buyer and seller turned out to be inaccurate.

The assessor pointed out, "The same problem will exist for the 1979-80 tax year."

"Escrow officers and brokers will be doing their clients a tremendous service, and protecting the interest of both buyer and seller if they ask two simple questions at the start of the transaction:

- (1) Did the current seller purchase the property between March 1, 1978 and February 28, 1979 (the lien year for taxes to be levied for July 1, 1979-June 30, 1980)?
- (2) Did new construction take place on the property between March 1, 1978 and February 28, 1979?

"It is also important to remember that even if the proration is being done after the November tax bill has been received, there is still the possibility of a supplemental tax bill. The Assessor's Office has the duty to find and enroll all transfers and new construction which occurred during the lien year, and may do so at any time. So ask the same questions.

"If there is a 'yes' answer to either one, the prorator will have a better perspective on tax impact if he or she understands this example:

"Recent Sale—Seller says his last year's tax bill was for \$537. Seller further says that he purchased the property subsequent to March 1, 1978. If the proration between seller and buyer is based on \$537, the buyer is going to overpay taxes, and the seller escapes his rightful share of the burden. [Because the

buyer will undoubtedly be hit with a supplemental tax bill several months after the close of the escrow based upon a "full cash value" of the property as determined by the seller's purchase price. To avoid this, we suggest*] Ask the seller what he paid for the property. Estimate that 1 1/4% of that price will be the tax for July 1, 1979 through June 30, 1980.

"For instance, the seller says he paid \$100,000 for the property. 1 1/4% of this is \$1,250. Ask the seller if he or she had a homeowner's exemption. If so, deduct \$88 (this deduction is standard for all properties, regardless of value) from \$1,250 and make the proration between the seller and the new buyer on the basis of \$1,162 tax burden."

While the news release from the Los Angeles County Assessor's office speaks only of a sale in which the seller acquired the property subsequent to March 1, 1978, the significant date under Proposition 13 is the March 1, 1975 lien date.

In counties other than Los Angeles there may be properties that were sold between March 1, 1975 and July 1, 1978 (effective date of Proposition 13) which have been assessed for the 1979/1980 tax year according to the fair market value on March 1, 1975 rather than the fair market value at the time of the post-March 1, 1975 sale. If and when the assessor gets around to a reassessment of the property according to the full cash value as of the date of the post-March 1, 1975 sale, a supplemental tax bill to the buyer as in the case of the example cited in the news release quoted above is almost inevitable. For that reason it is strongly recommended that pertinent information concerning assessment of the property in the transaction be obtained from the County Assessor's office in order to prorate property taxes as equitably as possible.

*(Bracketed portion is DRE notation.)



A real estate agent is obligated to disclose to a principal the true nature of any deposits received by the agent from a purchaser under the purchase contract. Is the deposit a note, personal check, post-dated check, cash, or other? The seller is entitled to know.

An important difference between a note and a personal check is that a note is a promise to pay at a given future time money which the promisor may not have at the time the note is executed. The check indicates the check amount is available at the drawee bank at the time the check is written. However, the check is not "cash" until it is paid by the bank.

Entering A Storm-Damaged Building

(Reprinted from "Consumer News," Department of Health, Education & Welfare, September 1, 1977.)

Erratic and severe weather recently has upset the lives of many Americans. Floods, tornadoes and hurricanes take their toll. For those who may suffer the consequences, or may be called to assist those who do, Housing and Urban Development Dept.'s (HUD) Federal Disaster Assistance Administration (FDAA) is calling attention to the following precautions for entering a storm-damaged building after making certain it is not about to collapse:

- Turn off gas at meter or tank and let structure air several minutes to remove foul odors or escaped gas. Do not smoke or use open flame until it is safe to do so. Do not turn on an electrical system—it may have become short-circuited. Use a flashlight to avoid igniting escaped gas. Watch out for holes in floor or loose boards with exposed nails.

- Flooding may have swollen doors shut. When entrance must be forced because of warped or mud-packed doors, enter by window or other opening. Lift the pins from door hinges with screw driver and hammer. Be sure door is unlocked, then carefully push in from outside to avoid further damage.

- Loose, wet ceiling plaster is heavy and dangerous. Knock down hanging plaster before moving around in building; watch for loose plaster as the structure dries out.

- Use even greater caution if damage results solely from high winds. Tornadoes may demolish some buildings and move others almost intact some distance from their foundations. Before entering or cleaning a tornado-damaged building be sure wall, ceiling and roof are in place and that structure rests firmly on the foundation. Watch out for broken glass and, even more important, downed power lines.

(For more information ask any FDAA local office for a free copy of *When You Return to a Storm-Damaged Home* or write for a copy to HUD-FDAA, 451 7th St., SW, Washington, DC 20410.)

Continuing Education Notice



A list of approved continuing education courses is available from the Department of Real Estate. The list is updated on a monthly basis as new courses are continually being added. Updated lists will be available on or before the 15th of each month.

Sponsors of the courses appear on the list in

alphabetical order.

The list costs \$4.50. The complete fee must be received prior to the list being shipped.

PLEASE DO NOT SEND STAMPS OR C.O.D. ORDERS. MAKE CHECKS OR MONEY ORDERS PAYABLE TO: DEPARTMENT OF REAL ESTATE. MAIL TO:

Department of Real Estate
Accounting Section
714 P Street, Suite 1476
Sacramento, CA 95814

1979 QUARTERLY EXAM RESULTS

	SALES		BROKERS	
	Took	Passed	Took	Passed
July	8,394	3,403	1,260	562
August	9,396	3,872	1,702	785
September	7,619	3,224	1,365	631
TOTAL	25,409	10,449	4,327	1,978

REAL ESTATE COMMISSIONS

The recently enacted Assembly Bill 802 (Agnos), effective July 1, 1980, is of extreme importance to the real estate industry. Both the legislative counsel's digest and the new law adding Section 10147.5 to the Business and Professions Code are printed below.

LEGISLATIVE COUNSEL'S DIGEST

AB 802, Agnos. Real estate: commissions. Existing law does not fix the amount of real estate commissions.

The bill would require any printed or form real estate agreement for the sale of specified residential property to contain a notice that the amount or rate of a real estate commission is not fixed by law but set by each broker individually and may be negotiable between the seller and broker.

This bill would prohibit the printing of the rate of commission in such agreements, and would specify a date on which the bill would become operative. It would specifically not affect the validity of a transfer of title to real property.

The people of the State of California do enact as follows:

SECTION 1. Section 10147.5 is added to the Business and Professions Code, to read:

10147.5 (a) Any printed or form agreement which fixes the compensation to be paid to a real estate licensee for the sale of residential real property containing not more than four residential units shall contain the following statement in not less than 10-point boldface type immediately preceding any provisions of such agreement relating to compensation of the licensee:

Notice: The amount or rate of real estate commissions is not fixed by law. They are set by each broker individually and may be negotiable between the seller and broker.

(b) The amount or rate of compensation shall not be printed in any such agreement.

(c) Nothing in this section shall affect the validity of a transfer of title to real property.

SEC. 2 This act shall become operative on July 1, 1980.

Corporate Broker In The Statutory Scheme

To engage in the real estate brokerage business in California, a corporation must be licensed through a so-called designated individual broker licensee. The corporation may then engage in acts for which a real estate license is required through the designated broker or through other broker-officers of the corporation for whom the corporation has obtained licenses to act in the corporate name.

In a recent decision, Division One of the First District Court of Appeal declared that the designated real estate broker for a corporation must be more than a figurehead in the corporation's carrying out its obligations to members of the public under the Real Estate Law and the regulations of the Commissioner. The court observed that the designated broker "must reasonably be charged with responsibility for the corporate

NEW INTEREST RATE LIMITS

Proposition 2 on the November 6 Special Statewide Election ballot had its origin in the 1979 Legislature as Assembly Constitutional Amendment 52. It received the approval of voters and became effective on November 7, 1979.

Proposition 2 makes several significant changes to the constitutional provisions on usury. The most meaningful of these changes to those who are involved in real estate financing is the one which exempts any loan "made or arranged by . . . a real estate broker . . . and secured . . . by . . . real property" from any interest rate limitation.

A real estate broker, whether acting as a principal or agent in a real property loan transaction, is now exempt from the constitutional and statutory prohibitions against usury which were revised by Proposition 2 to be (1) 10 percent per annum for loans "primarily for personal, family or household purposes" and (2) an annual rate not to exceed the prevailing Federal Reserve discount rate plus 5 percent for loans other than those made primarily for personal, family or household purposes. Real estate brokers will now enjoy the exemption from interest rate limitations that has existed for so-called institutional lenders and certain other enumerated lenders for the past 45 years.

Subdivision (c) of Section 10242 of the Real Estate Law was effectively repealed by the adoption of Proposition 2. The other provisions of the Mortgage Loan Brokers Law (Article 7 of Chapter 3 of the Real Estate Law) were not affected by Proposition 2.

While there is obviously no prohibition against a real estate broker lending his own funds in a real property loan transaction, it remains the position of the Department of Real Estate that a real estate broker purporting to act in an agency capacity under Article 7 may not directly or indirectly lend his own funds in the transaction. The requirement of subdivision (j) of Section 10241 and of Regulation 2840 that a Mortgage Loan Disclosure Statement include a statement that the real estate licensee (broker, and salesperson if any) is not the lender either directly or indirectly was not changed by Proposition 2.

The Constitution permits the Legislature to prescribe statutory maximum interest rates that may be charged by those entities that are exempt from constitutional interest rate limitations. The Legislature has in the past done so for some of the exempt lenders. Whether it will do so in the case of real property loans made or arranged by real estate brokers remains to be seen.



LICENSES SUSPENDED WITH STAYS

Name	Address	Effective date	Violation Business and Professions Code/Commissioner's Regulations
<i>(Continued from Page 1)</i>			
Wilson, Gerald Edwin (REB)(REO)	2833 Marconi Ave., Sacramento	7/ 2/79	10145, 10177(d)
Dbas—Pacific Investments		30 days	
Off—Wild Wood Real Estate Sales, Inc.			
Off—Pacific Sierra Properties, Inc.			
Off—Pacific Sunrise Industries, Inc.			
(All but 15 days stayed for 1 year on conditions)			
Holm, Fred Willis (REB)	P.O. Box 523, 5491 Pony Express Trail, Pollock Pines	7/ 3/79	10177.5
(Stayed for 1 year on terms and conditions)		30 days	
*Bucher, Dorothy Riordan (REB)	302 South E St., Santa Rosa	7/16/79	10176(a)(i), 10177(D)(j)
(All but 15 days stayed for 1 year on terms and conditions)		25 days	
DePuy, Quentin Roger (RES)	314 Graves Ct., El Cajon	8/ 9/79	10176(a)
(All but 15 days stayed for 1 year on terms and conditions)		30 days	

INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS

Name	Address	Date
Municipal Investments, Inc. (REC)	8730 Sunset Boulevard, Los Angeles	7/24/79
Rich Investment Mortgage Corp. (REC)	3940 W. Compton Blvd., Ste. C, Lawndale	8/ 1/79
Syndicate Management Co. (REC)	8333 Clairemont Mesa Blvd., Ste. 209, San Diego	8/15/79
Sather Gate Mortgage Company, Inc. (REC)	5801 Christie Dr., Emeryville	8/22/79
Wilson, David C. (REB)	P.O. Box 2213, Castro Valley	8/24/79

compliance with the Real Estate Law . . . for otherwise with no such fixed responsibility, the statutory purpose would be frustrated."

In this case the designated broker was disciplined for acts and omissions done in the name of the corporation though the designated broker had nothing to do with the transactions that constituted violations of the Real Estate Law. (*Norman v. Department of Real Estate* (1979) 93 Cal. App. 3d 768)



According to statistics from the U.S. Department of Agriculture (August 1979), farmland prices increased an average of 14 percent for the year ending February 1, 1979, up from 9 percent the year before but near the average annual rate since 1972.

The total value of farm real estate was \$584 billion on February 1, up \$72 billion from last year. Building values accounted for \$98 billion or 17 percent of the total value. The national average value per acre was \$559, with State averages ranging from \$100 an acre in New Mexico to \$2,222 an acre in New Jersey.

REAL ESTATE LICENSES ISSUED & IN EFFECT AS OF JULY 1, 1979 (By County)

COUNTY OF	POPULATION	CORPORATION		OFFICERS		BROKERS		SALESPERSONS		TOTAL	TOTAL 1978
		ACTIVE	INACTIVE	ACTIVE	INACTIVE	ACTIVE	INACTIVE	ACTIVE	INACTIVE		
ALAMEDA	1,098,600	375		50		2,861	260	7,187	3,517	14,250	13,164
ALPINE	1,160	1		1		6	0	5	2	15	15
AMADOR	18,500	11		1		95	9	205	80	401	359
BUTTE	133,500	52		11		481	48	894	467	1,953	1,774
CALAVERAS	19,450	11		1		97	8	189	70	376	321
COLUSA	13,000	4		0		13	1	33	7	58	347
CONTRA COSTA	618,200	398		40		2,083	175	4,298	2,552	9,546	8,394
DEL NORTE	17,250	3		1		42	1	54	13	114	98
EL DORADO	79,000	86		20		551	32	1,297	482	2,468	2,140
FRESNO	479,700	184		30		1,170	54	3,345	1,005	5,788	4,983
GLENN	20,750	1		0		35	1	84	17	138	133
HUMBOLDT	106,800	19		3		210	23	490	151	896	792
IMPERIAL	90,900	8		0		100	6	229	59	402	358
INYO	18,200	0		0		42	14	94	19	169	148
KERN	372,500	76		16		625	54	1,668	664	3,103	2,719
KINGS	71,000	3		0		74	3	262	41	383	323
LAKE	33,000	15		2		195	18	446	125	801	644
LASSSEN	20,550	4		1		57	2	207	39	310	206
LOS ANGELES	7,125,700	3,499		406		22,995	2,070	56,835	23,443	109,248	100,620
MADERA	54,700	8		2		160	7	320	106	583	441
MARIN	222,300	205		26		1,096	99	1,721	1,328	4,475	4,053
MARIPOSA	10,650	7		1		35	1	65	20	129	105
MENDOCINO	64,400	6		0		197	9	411	162	785	662
MERCED	126,400	13		0		176	8	406	203	806	718
MODOC	8,775	3		0		20	1	27	9	60	65
MONO	8,550	12		1		53	2	209	38	315	242
MONTEREY	277,500	114		11		740	62	1,639	690	3,256	2,944
NAPA	93,900	32		0		267	26	492	287	1,104	1,024
NEVADA	46,300	48		5		302	21	660	281	1,317	1,089
ORANGE	1,851,000	1,509		235		8,576	668	24,464	10,630	46,082	41,855
PLACER	109,900	82		7		544	35	1,200	537	2,405	2,169
PLUMAS	16,200	11		1		58	5	148	36	259	204
RIVERSIDE	619,900	307		38		2,393	259	4,852	2,105	9,954	8,682
SACRAMENTO	745,400	394		56		2,443	178	6,206	2,896	12,173	10,471
SAN BENITO	21,550	5		0		27	3	51	23	109	109
SAN BERNARDINO	787,300	300		28		2,254	222	5,616	2,230	10,650	9,401
SAN DIEGO	1,767,500	1,340		194		8,456	703	16,957	8,489	36,139	32,217
SAN FRANCISCO	657,200	468		51		2,967	213	5,406	2,095	11,200	10,231
SAN JOAQUIN	316,600	97		6		363	47	1,333	624	2,670	2,381
SAN LUIS OBISPO	142,900	57		11		628	54	1,287	522	2,559	2,297
SAN MATEO	586,000	404		42		2,135	190	4,679	2,245	9,695	8,820
SANTA BARBARA	293,700	150		21		1,024	91	2,668	1,206	5,160	4,498
SANTA CLARA	1,235,300	712		103		4,513	258	10,670	4,719	20,975	19,129
SANTA CRUZ	175,500	96		8		736	66	1,259	684	2,849	2,567
SIERRA	111,600	46		4		372	20	878	345	1,665	1,378
SIERRA	3,410	0		0		11	1	11	8	31	31
SISKIYOU	38,750	15		2		118	12	296	108	551	458
SOLANO	213,900	79		8		343	33	1,061	489	2,013	1,675
SONOMA	274,300	163		30		1,039	107	1,899	1,100	4,338	3,811
STANISLAUS	249,600	66		16		554	30	1,366	552	2,584	2,251
SUTTER	49,500	22		1		140	11	314	104	592	522
TEHAMA	36,300	10		2		89	3	146	60	310	272
TRINITY	11,950	3		3		36	1	50	28	121	105
TULARE	227,500	50		8		468	25	1,038	328	1,917	1,683
TUOLUMNE	33,600	3		0		151	21	339	125	644	544
VENTURA	488,900	246		35		1,499	109	4,302	1,875	8,066	6,949
YOLO	107,100	48		2		194	13	428	215	900	780
YUBA	47,700	10		0		109	3	144	89	355	347
OUT OF STATE & OUT OF COUNTRY	N/A	0		8		0	1,236	0	3,213	4,457	3,746
MINERAL OIL & GAS TOTAL	N/A	8		0		27	16	0	0	51	49
GRAND TOTAL	22,471,000	11,904		1,549		77,225	7,648	182,840	83,557	364,723	328,162

advance fee advertising materials before use, to prescribe the form of advance fee agreements and to regulate the method of accounting by advance fee agents.

Two years later the regulatory design was essentially completed with the enactment of Section 10131.2 requiring a real estate broker license of a person who engaged in the "business of claiming, demanding, charging, receiving, collecting or contracting for the collection of an advance fee . . ."

Effective on January 2, 1966, the business opportunity broker law was repealed and various provisions previously applicable to business opportunity brokers were incorporated into appropriate sections of the law applicable to real estate brokers.

The regulatory provisions for advance fee activities today remain essentially as they were in 1961. While the law has been effective, it has not totally eliminated unscrupulous advance fee operators, licensed and unlicensed. As recently as 1977, the Commissioner adopted a decision affirming an Order to Desist and Refrain against an unlicensed company operating out of Denver, Colorado, which had engaged extensively in advance fee activities for business opportunities in California and other states.

In recent years advance fee activity in connection with real property loans has been more of a regulatory problem than advance fee activity in promoting sales. In the advance fee loan business, the inducement offered to persons looking for funding for expensive developments such as shopping centers, bowling alleys, motels, etc., is the promoter's money-finding expertise. The typical advance fee loan operator's spiel emphasizes the ready availability of eastern money if the loan application is properly packaged including a computerized feasibility study. More often than not the advance fee which is collected from the customer is purportedly for the purpose of satisfying the prospective lender concerning the applicant's good faith in applying for the loan.

Not all persons who collect fees in advance of the rendering of services in promoting the sale of real estate or loans secured by real estate do so with the intent of mulcting the customer. There are many reputable firms involved in negotiating loans secured by real property which do collect advance fees as evidence of the bona fide intent of the customer. Likewise there are firms whose business is that of promoting real property sales who collect advance fees which are then disbursed to cover the costs of advertising or otherwise promoting the sale of the property.

All too frequently, however, persons negotiating advance fee transactions are not real estate licensees and sometimes when they are, their purpose in collecting the fee is to obtain the funds necessary to defray their regular business operating expenses.

In dealing with a person who demands the payment of money in advance of the rendering of services for promoting real estate sales or loans, a member of the public is well advised to first determine if the individual is properly licensed and secondly to seek independent legal and real estate investment advice before parting with any funds.



Advance (Continued from Page 1)

effective in 1955. At that time Section 10026 was added to the code in substantially its present form. It defines an advance fee. In 1955 a section was also added to the Real Estate Law, the effect of which was to require that an advance fee operator be licensed as a business opportunity broker. Another section applicable to business opportunity brokers was enacted requiring them to account for advance fees within three months after collection.

The 1955 law was directed at abusive practices later described by United States Senator Henry Jackson at a hearing before a Senate subcommittee as follows:

"Basically, the firms contract with businesses to advertise the latter on a national scale. The salesmen for these firms make use of all types of oral deception and fraud and, through inferences and innuendo, are able to convince the victim that his business will be sold in a very short period of time at an inflated price.

"They also employ various types of imaginative sales gimmicks, such as flashy catalogs, fancily engraved performance bonds and impressive credentials.

"If the victim hears from the firm at all, it is generally to notify him of one or two classified ads in newspapers or a mere listing in a catalog put out by the company."

The 1955 California legislation was not effective in controlling advance fee activities. Two advance fee operators obtained injunctions preventing DRE from enforcing the new law. At a State Assembly hearing in 1958 a representative of the Department testified that under the laws then in effect, there was very little that could be done to restrain the continuing fraudulent activities of advance fee operators.

In 1959 the California Legislature amended Sections 10026 and 10305 and added Sections 10027 and 10085 to the Real Estate Law. At that time the Commissioner adopted regulations under the new statutes which had conferred upon him the authority to review

Summary (Continued from Page 1)**Administrative Procedure**

AB 1111—McCarthy—Ch. 567: Creates the Office of Administrative Law replacing the Office of Administrative Hearings. Revises procedures for adopting emergency regulations. Authorizes the office to review departmental regulations and disapprove them if they do not meet specified standards. Authorizes the Governor to overrule disapproval of a regulation. Requires that Department proposing regulations include in its notice a general statement of the basis for and purpose of the regulation. Except for the provisions relating to departmental review of regulations, the bill becomes effective July 1, 1980.

Criminal Convictions—Professional License Applicants

AB 1752—Nolan—Ch. 876: Adds nolo contendere to definition of conviction for purposes of Sections 480 and 490. Also provides that a license applicant must satisfy the Department's criteria of rehabilitation even though the applicant has obtained a certificate under Penal Code Section 1203.4.

Information Practices Act

AB 1752—Nolan—Ch. 876: Adds nolo contendere to definition of conviction for purposes of Sections 480 and 490. Also provides that a license applicant must satisfy the Department's criteria of rehabilitation even though the applicant has obtained a certificate under Penal Code Section 1203.4.

Unlawful Activities—Foreclosures

AB 510—Fenton, et al—Ch. 810: Makes unlawful the insertion of unconscionable provisions in contracts. Authorizes courts to refuse to enforce such provisions. Prohibits financial institutions from entering into contracts which allow for certain forms of reassignments. Imposes additional notice and publication requirements prior to foreclosures arising from contracts for the sale of goods or services. Provides that any conveyance of title subject to the bill occurring within 45 days after notice of default is voidable. Requires sale of property pursuant to a power of sale to be held in the county where the property is located. (Urgency statute, takes effect immediately.)

Foreclosures

AB 827—Hughes, et al—Ch. 655: Makes it unlawful to take unconscionable advantage of a property owner in foreclosure. Provides for rescission of such transactions. Requires notice of default to contain more conspicuous and understandable instructions on how to cure defaults. (Urgency statute, takes effect immediately.)

Insolvent Trustees

AB 1800—Greene—Ch. 763: Makes it unlawful to recommend a trustee who is insolvent or is about to become insolvent. (Urgency statute, takes effect immediately.)

Mortgages—Default and Sale

SB 1126—Smith—Ch. 1015: Requires notice of default in foreclosure with power of sale to be sent to the trustor or mortgagor. Revises the form of the notice and requires the notice to contain a statement of the unpaid balance and the costs and expenses incurred. Requires sale to be conducted by person not having an interest in the property or the sale. Allows for postponement of sale. Makes it a crime to fix or restrain bidding on property. Requires new notice of sale if there is a substitution of trustees.

Increase in Real Estate Recovery Fund Limits

SB 617—Roberti—Ch. 464: For losses incurred after January 1, 1980, would increase Recovery Fund per transaction limit from \$10,000 to \$20,000 and per licensee limit from \$40,000 to \$100,000.

Home Equity—Sales Contracts

SB 1128—Smith—Ch. 1029: Makes legislative findings relating to sale of residences in foreclosure and "mortgage foreclosure consultants." Requires contracts for sale of residences in foreclosure or for the services of foreclosure consultants to contain specified provisions. Allows for rescission of such contracts under specified conditions. Makes violation of provisions relating to such contracts a crime and provides for treble damages, attorney fees and costs and equitable relief. Creates a presumption that a grant to an equity purchaser with an option to repurchase is a loan transaction.

Stock Cooperatives

SB 823—Petris—Ch. 1192: Includes stock cooperative conversions in the Subdivision Map Act.

Prepayment Penalties

AB 304—Deddah—Ch. 391: For loans executed after January 1, 1980, prepayment penalty provisions apply where a loan is for residential property of four units or less (instead of \$100,000 or less). Applies five year limit on prepayment penalties to residential real property of four units or less, instead of owner occupied single-family dwelling.

Implementation of Proposition 13

AB 1019—Hannigan—Ch. 1161: Clarifies and revises various provisions of Chapter 242 of the Statutes of 1979. Requires the Board of Equalization to prescribe the information required in a change of ownership statement. Provides that the penalty for failing to file such a statement shall be added to the tax roll. (Urgency statute, takes effect immediately.)

Implementation and Definition of Proposition 13

AB 1488—Hannigan—Ch. 242: Implements and defines various provisions of Proposition 13 relating to property taxation. (Urgency statute, takes effect immediately.)

Limited Equity Cooperatives

AB 1364—Bates—Ch. 1068: Defines "limited-equity housing cooperatives" and provides rules for their creation and operation.

Independent Contractor

ACR 46—McVittie—Res. Ch. 87: Requests Franchise Tax Board after consultation with the Employment Development Department and taxpayer groups to promulgate guidelines and regulations under the Administrative Procedure Act to be used in determining the characteristics of an independent contractor relationship in the real estate industry. Requires report back to Legislature by March 1, 1980.

Coastal Development Permit Process

AB 643—Calvo—Ch. 919: Defines "new development." Modifies voting requirements for approval process (i.e., majority of those members present, for most purposes). Exempts replacement structures where destroyed by natural disaster. Revises many Coastal Commission procedures.

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CALIFORNIA DEPARTMENT OF REAL ESTATE

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