



REAL ESTATE BULLETIN

Official Publication of the California Department of Real Estate



GEORGE DEUKMEJIAN, Governor

Winter 1983

JAMES A. EDMONDS JR., Commissioner

CONTINUING EDUCATION TESTING ON THE WAY

With the recent passage of SB 1018 (Montoya) Chapter 413, requiring testing for Continuing Education credit, many questions have been raised about this issue. The following provides the basic facts as they now stand.

- The Continuing Education Program has been extended through 1988.
- Currently, the only Continuing Education offerings that require testing are correspondence courses. This requirement has been in effect for the past five years.
- SB 1018 requires that the Commissioner develop and adopt regulations during 1984 to prescribe an appropriate form of testing, examination, or evaluation for all Continuing Education offerings.

Commissioner announces Tentative Timetable for Proposed Continuing Education Testing Regulations. See Timetable at the right.

What all this means to each licensee is that he or she should be prepared to pass an examination to receive credit for any Continuing Education offering attended after the date for universal testing is established.

Continuing Education credit earned prior to the implementation of testing will, of course, be accepted for license renewal provided it is within the four-year time limit specified in regulations.

This legislation also allows a new category of offering to be conducted (up to a maximum of 21 hours) toward meeting the 45 hour

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TENTATIVE TIMETABLE FOR IMPLEMENTING SENATE BILL 1018

As the *Bulletin* goes to press, this is the Tentative Timetable for implementing the provisions of Senate Bill 1018. Unless unanticipated problems occur in the approval of the draft regulations by the Office of Administrative Law, this will be the schedule.

	Dates
1. Submit Proposed Regulations to Continuing Education Subcommittee of the Education and Research Advisory Committee	Nov. 23, 1983
2. Continuing Education Subcommittee Meeting	Dec. 1, 1983
3. Publish Notice and Make Public Distribution of Proposed Regulations to Persons on Department of Real Estate Regulations Mailing List	Dec. 19, 1983
4. Public Hearing on Proposed Regulations	Apr. 2, 1984
5. Anticipated Effective Date of Regulation Changes	July 1, 1984

LEGISLATIVE SUMMARY

Real estate licensees should find this summary of 1983 legislation passed by the California Legislature of particular interest. All statutes will become effective January 1, 1984, unless otherwise noted.

The following brief descriptions of 1983 legislation are intended to alert you to the existence of pertinent changes to the law. They are not to be relied upon as definitive statements of the law. You should refer to the statutes for complete and accurate information.

AB 13 (Katz) Chapter 445. State Agencies: Litigation Expenses. Amends Code of Civil Procedure Section 1028.5 to provide for an

award of costs up to \$7500 if an administrative agency loses an action against a licensee or a small business that was initiated without "substantial justification." "Small business" for a licensee means a business whose gross receipts are \$1,000,000 or less per year.

AB 195 (Cortese) Chapter 862. Prepaid Rental Listing Service. Amends Business and Professions Code Sections 10167.10 and 10167.11 to require partial refund of fees by licensee within ten days after demand by the prospective tenant. Prohibits PRLS licensees from making false, misleading or deceptive statements about their services.

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Happy Holidays

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Official Publication of the
California Department of Real Estate

Vol. 43, No. 4 Winter 1983

STATE OF CALIFORNIA
GEORGE DEUKMEJIAN, Governor
JAMES A. EDMONDS JR.
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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.

From the license renewal fee, \$1 is allocated to cover subscription to the Bulletin. Second Class Postage paid at Sacramento, California. Postmaster, send address changes to Real Estate Bulletin, 1719-24th Street, Sacramento 95816.

Disciplinary Action—June-August 1983

REB—Real estate broker
RES—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 for \$7.00 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
- 495 public reproval
- 10130 performing acts for which a license is required without the appropriate license
- 10137 unlawful payment of compensation
- 10145 trust fund handling
- 10167.10 failure of prepaid rental listing service broker to refund advance fee paid
- 10167.11 failure of prepaid rental listing service broker to verify availability of rentals
- 10176(a) making any substantial misrepresentation
- 10176(b) making false promise
- 10176(d) failure to disclose dual agency
- 10176(e) commingling trust funds
- 10176(f) fraud or dishonest dealing in licensed capacity
- 10177(a) procuring a real estate license by misrepresentation or material false statement

- 10177(b) conviction of crime
- 10177(d) violation of real estate law or regulations
- 10177(f) conduct that would have warranted denial of a license
- 10177(g) negligence or incompetence as licensee
- 10177(h) failure to supervise salespersons
- 10177(j) fraud or dishonest dealing not in licensed capacity
- 10177.5 civil fraud judgment based on licensed acts
- 10231 accepting loan funds for pooling
- 10231.1 retaining lender's funds for more than 60 days
- 10232.2 failure of broker engaging in transactions in trust deeds/real property sales contracts to file annual reports
- (a)(c)
- 10237.4 failure to deliver specified statement to purchaser of real property security
- 10237.6 failure of real property security dealer to deliver appraisal to buyer
- 10238.3 failure to obtain real property securities permit

Regulations

- 2785 failure by agent to disclose material facts to principal
- (a)(3)
- 2830 failure to maintain trust fund account
- 2831 inadequate trust fund records
- 2831.1 inadequate trust fund records
- 2832 improper handling of earnest money deposit
- 2832.1 trust fund accountability
- 2834 trust account withdrawals by unauthorized person
- 2910 crime or act done in perpetration of a crime substantially related to qualifications, functions or duties of the real estate profession
- 2950(d) failure of broker handling escrows to maintain records
- 2950(g) broker controlled escrow violation—unauthorized payment from escrow account

LICENSES REVOKED

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Goodman, Randolph A. (RES)	601 Las Tunas Dr., Arcadia	3/24/83	10177(j)
Moreno, Ray Herbert (RES)	541 Ranchito Rd., Monrovia	3/24/83	10177(j)
Riecke, Fredric William (RES)	5332 Allessandro, Temple City	3/24/83	10177(d)
McElroy, Eugene F. (RES)	1447 Royal Oaks Dr., Bradbury	4/22/83	10177(j)
Saber, Samuel AI (RES)	11812 S. Acacia Ave., #1, Hawthorne	6/1/83	490, 10177(b)
Plemister, Andrew (RES)	1457 N. Cuyamaca Dr., El Cajon	6/1/83	490, 10177(b)
Thayer, Jerome Frederick (RES)	4541 Rhode Island St., San Diego	6/1/83	490, 10177(b)
Heathcote, Gerald Rowland (RES)	911 Elnora Ct., Napa	6/6/83	490, 2910
Judd, Frank Case, Jr. (RES)	P.O. Box 420232, Sacramento	6/7/83	2832.1, 10130, 10137, 10145, 10176(i), 10177(d)
Mankins Enterprises, Inc. (REC)	2277 Fair Oaks Blvd., Ste. 405, Sacramento	6/7/83	2832.1, 10145, 10177(d)
Off—Mankins, Dona Allene			
Keshishian, Frank (RES)	1295 N. Kenwood St., Burbank	6/9/83	490, 10177(b)
Carpentier, Angelo Mario (RES)	7422 Weaver St., East Highland	6/9/83	490, 10177(b)
Wenger, Laurence Henry (RES)	141 N. Meridith, Pasadena	6/14/83	490, 10177(b)
Rogers, Suzanne Elizabeth (RES)	235 Montana, Santa Monica	6/14/83	490, 10177(b)
Wilhelm, Eva Earl (RES)	2549 E. Paladin, Anaheim	6/14/83	490, 10177(b)
Klug, Denise Marie (RES)	5525 Iroquois St., Lakewood	6/14/83	490, 10177(b)
Reinbarcz, Alexander (RES)	P.O. Box 3038, San Clemente	6/14/83	490, 10177(b)
Magbanua, Manuel Rabang (RES)	5953 Altamont Dr., San Diego	6/14/83	490, 10177(b)
Hannigan, Colleen Josette (RES)	3723-10 Country Club Dr., Long Beach	6/15/83	10130, 10176(i), 10177(d)(j)
Gerlach, David Shrader (REB) (REO)	1519 Locust St., Walnut Creek	6/24/83	10176(a)(i), 10177(f)(j)
Zwenke, Arlene J. (RES)	28927 Eagleton St., Agoura	6/30/83	2830, 10145, 10231, 10231.1, 10176(a)(i), 10177(d)(g)(j)
Raphael, Ardythe Laverne (RES)	15517 Via Cantare, Bel Air	6/30/83	2830, 10145, 10231, 10231.1, 10176(a)(i), 10177(d)(g)(j)
Tarzana Equities, Inc. (REC)	20969 Ventura Blvd., Ste. 12, Woodland Hills	6/30/83	2830, 10145, 10231, 10231.1, 10176(a)(i), 10177(d)(g)(j)
Scott, Terry L. (RES)	1412 Butler Ave., #17, West Los Angeles	7/5/83	490, 10177(a)
Jones, George W. (RES)	1202 East 150th St., Compton	7/5/83	490, 10177(b)
Heckman, Thomas E. (RES)	9286 Espada, Hesperia	7/5/83	490, 10177(b)
Fralk, Charles Louis (RES)	1147 N. Clark St., Los Angeles	7/5/83	490, 10177(b)
Liebman, David Leon (RES)	2166 Pasetta Dr., Apt. 1, Santa Clara	7/5/83	490, 10177(b)(f)
Haymond, Gerald Steven (RES)	649 Moraga Way, Orinda	7/5/83	490, 10177(b)(f)
American Home Mortgage Corporation (REC)	230 Newport Center Dr., Ste. 200, Newport Beach	7/5/83	2950(d), 10177(d)
Beck, Raelynne P. (RES)	22665 K Street, Santa Margarite	7/7/83	10145, 10176(i), 10177(d)(j)
Lattie, Keith Emerson (RES)	2727 Pacific #44, Highland	7/11/83	10176(i), 10177(d), 10231
Marsh, Melvin Derrell (RES)	2487 N. Sierra Way, San Bernardino	7/11/83	10176(i), 10177(d), 10231
Burton, Wayne (REB)	2487 N. Sierra Way, San Bernardino	7/11/83	10176(i)
Beech, Kenneth John (RES)	3270 Winkle Ave., Santa Cruz	7/14/83	490, 10177(b)(f)
Beckers, Charles Paul (RES)	1442 Irvine Blvd., Ste. 213, Tustin	7/14/83	490, 10177(b)
Brooks, Andrew A. (RES)	Tahoe Valley Station, General Delivery, South Lake Tahoe	7/18/83	490, 10177(b)
Thompson, Cletus Guen (RES)	1308 Muirwood Way, Modesto	7/18/83	490, 10177(b)
Armstrong, Keith Eugene (RES)	1600 Sunrise, Ste. 14, Modesto	7/18/83	490, 10177(b)
Moulton, Douglas Scott (RES)	237 Placerville Dr., Placerville	7/18/83	490, 10177(b)
Mounds, David L. (RES)	P.O. Box 303, Rio Linda	7/18/83	490, 2910, 10177(b)
Bell, Larry David (REB) (REO)	1029 56th St., Sacramento	7/18/83	490, 10177(b)
Booker, Nathaniel Jr. (RES)	2655 W. Almos Ave., #219, Fresno	7/20/83	490, 10177(b)
Schommarz, Eberhard (REB) (REO)	517 E. Olive St., Turlock	7/20/83	2832.1, 10145, 10176(i), 10177(d)
Schommarz, Inc. (REC)	517 E. Olive St., Turlock	7/20/83	2832.1, 10145, 10176(i), 10177(d)
Off—Schommarz, Eberhard			
Mazur, Bertram Leroy (REB) (REO)	18850 Ventura Blvd., #110, Tarzana	7/29/83	2950(g), 10145, 10177(d)(g)(h)
Off—Tarzana Equities Inc.			

Statement on Real Estate Bulletin issued quarterly was filed with postmaster on September 8, 1983. Location of office of publication and headquarters of publisher is 1719 24th Street, Sacramento, California 95816. Publisher: James A. Edmonds Jr., Commissioner, State of California; Editor: Ruth M. Fennell, Department of Real Estate; Managing Editor: Robert P. Martinez, Chief Deputy Commissioner, Department of Real Estate; all with offices at the address given above. Owner: Department of Real Estate, State of California, 1719 24th Street, Sacramento, California 95816. Bondholders, mortgagees and other security holders: none. Average number of copies each issue during preceding 12 months: 283,860; paid circulation through dealers, etc.: none; mail subscriptions: 281,860; total paid circulation: 281,860; free distribution: 1,063; total distribution: 282,923; office use, leftover, etc.: 937; total press run: 283,860. Actual number of copies of single issue published nearest to filing date: 267,263; sales through dealers and carriers, etc.: none; mail subscriptions: 265,263; total paid circulation: 265,263; free distribution: 1,100; total distribution: 266,363; office use, leftover, etc.: 900; total press run: 267,263.

LICENSES REVOKED

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Conway, Charles Elwood (RES)	25098 Sherwood Rd., Willits	8/1/83	490, 10177(b)(f)
Childers, Jo Ann (RES)	3579 Benton St., Santa Clara	8/1/83	490, 10177(b)(f)
Phillips, Noel William (RES)	1212 Lincoln, Burlingame	8/1/83	10177(i)(j)
Albers, Jennifer Jean (RES)	795 Sunset Glen Dr., San Jose	8/2/83	490, 10177(b)(f)
Conrad, Carl Kenneth (RES)	200 Williamette Ave., Placentia	8/3/83	10177(j)
Professional Controls, Inc. (REC)	1921 N. Tustin Ave., Santa Ana	8/3/83	2832.1, 10145, 10177(d)
Ferguson, Gary Duane (RES)	1319 Mills, Redlands	8/9/83	10176(a)(b)(i)
Drimmer, Stephen Mark (REB) (REO)	12233 W. Olympic Blvd., Ste. 380, Los Angeles	8/10/83	10177(h)
Euro-Cal Development Company (REC)	1900 Avenue of the Stars, Ste. 2630, Los Angeles	8/10/83	10176(i)
Professional Funding Corporation (REC)	12233 W. Olympic Blvd., Ste. 380, Los Angeles	8/10/83	10176(j)
Professional Lease Funding, Inc. (REC)	12233 W. Olympic Blvd., Ste. 380, Los Angeles	8/10/83	2830, 2832.1, 10137, 10145, 10176(e)(i) 10177(d)
Golden West Holding Corporation (REC)	12233 W. Olympic Blvd., Ste. 380, Los Angeles	8/10/83	10176(i)
Tekeyan, Robert R. (RES)	4724 La Villa Marina, Marina Del Rey	8/10/83	2832.1, 10130, 10145, 10176(e)(i), 10177(d)
Kasik, Michael Wayne (RES)	516 E. Washington, Sunnyvale	8/12/83	490, 10177(b)(f)
Abrahami, Doran Samuel (RES)	4316 Sunnyslope, Sherman Oaks	8/16/83	490, 10177(b)
Rahmaan, Mursih Nabeeh (REB)	2110 S. Bronson Ave., Los Angeles	8/18/83	490, 10177(b)
Downey, Mark Alan (RES)	4147 Polaris St., Union City	8/25/83	490, 10177(b)(f)

LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Pena, Gary Gilbert (REB) (REO) (Right to RRES license on terms and conditions)	4586 Clairemont Dr., San Diego	1/21/83	10176(i)
Werts, Wilbur Dean (RES) (Right to RRES license after 90 days on terms and conditions)	668 Main St., Ramona	6/2/83	10177(g)
Mankins, Dona Allene (REB) (REO) Off - Mankins Enterprises, Inc. (Right to RREB license on terms and conditions)	860 Coronado Blvd., Sacramento	6/7/83	2725, 10177(d)
Thaller, James T. II (RES) (Right to RRES license on terms and conditions)	7921 Moon Shadow Cir., Huntington Beach	6/14/83	490, 10177(b)
Humphries, Lowell Ralph (RES) (Right to RRES license on terms and conditions)	2461 Murray Ridge Rd., San Diego	6/14/83	10231, 10177(d)
Jones, Drusilla (REB) (Right to RREB license after 1 year on terms and conditions)	2316 West 152nd St., Compton	6/15/83	10177(h)
Cardinali, Ross F. Jr. (REB) (REO) Off - Stockton Mortgage Incorporated (Right to RREB license after 30 days on terms and conditions)	1755 W. Hammer Ln., Ste. 12, Stockton	6/16/83	2832.1, 10145, 10176(d)(e)
Stockton Mortgage Incorporated (REC) Off - Cardinali, Ross F. Jr. (Right to RREC license on terms and conditions)	1755 W. Hammer Ln., Ste. 12, Stockton	6/16/83	2832.1, 10145, 10176(d)(e)
Scott, Elizabeth Jane (RES) (Right to RRES license on terms and conditions)	733 Applewood Dr., El Cajon	6/30/83	490, 10177(b)
Barbaglia, Randall Mario (REB) (Right to RREB license on terms and conditions)	430 1st St., Ste. B, Gilroy	6/30/83	2830, 2832, 10145, 10176(a), 10177(d)
Danis, Rose Vern (RES) (Right to RRES license on terms and conditions)	1351 43rd Ave., Sacramento	7/18/83	490, 10177(b)
Hutchison, Robert (RES) (Right to RRES license on terms and conditions)	4605 Lankershim Blvd., North Hollywood	8/1/83	490, 10177(i)
Lang, Vivian H. (REB) (Right to RREB license on terms and conditions)	3502 College Blvd., Oceanside	8/1/83	10176(a)
White, Robert Wilson (RES) (Right to RRES license on terms and conditions) (30 day suspension after issuance of restricted license)	7806 Madison Ave., Ste. 100, Fair Oaks	8/1/83	2832, 2832.1, 10130, 10145, 10176, 10177(d)
Hughes, Charles Howard (REB) (Right to RREB license on terms and conditions)	484 E. Shrode, Duarte	8/2/83	10177.5
Gregory, Elmo Murray (RES) (Right to RRES license after 60 days on terms and conditions)	52701 Idylmont Rd., Idylwild	8/2/83	10231, 10177(d)
Wilcoxon, Steven Alan (REB) (Right to RRES license on terms and conditions)	25251 Paseo De Alicia, #208, Laguna Hills	8/2/83	490, 10177(b)
Jackson, Frances Katherine (REB) (Right to RREB license after 10 days on terms and conditions)	1333 8th Ave., #601, San Diego	8/3/83	2832.1, 2950(g), 10145, 10177(d)
Thacker, Beverly Janet (REB) (REO) (Right to RES license on terms and conditions)	17070 San Bruno, Fountain Valley	8/3/83	10177(h)
O'Donnell, Michael John (RES) (Right to RRES license on terms and conditions)	805 Fletcher Ln., #2, Hayward	8/10/83	490, 10177(b)(f)
Pu vs. Lou Ann (RES) (Right to RRES license on terms and conditions)	13906 Ventura Blvd., Sherman Oaks	7/5/83	490, 10177(b)
Hoyt, Henry R. Jr. (RES) (Right to RRES license on terms and conditions)	1612 Espinosa Cir., Palos Verdes Estates	7/5/83	490, 10177(b)
Khatib, Arif (RES) (Right to RRES license after 6 months on terms and conditions)	1531 48th Ave., Oakland	7/5/83	10145, 10176(e)(i), 10177(d)(f)
Sanchez, Gerald A. (RES) (Right to RRES license on terms and conditions)	18944 Gregory, Bloomington	7/6/83	490, 10177(b)
Chiu, Thomas (RES) (Right to RRES license on terms and conditions)	141 S. Michigan, Pasadena	7/7/83	10231, 10177(d)
Bailer, Paul F. (RES) (Right to RRES license on terms and conditions)	1343 W. San Bernardino Rd., #51, Covina	7/7/83	10231, 10177(d)
Butler, Susan Bauer (RES) (Right to RRES license after 20 days on terms and conditions)	8388 Vickers, San Diego	7/7/83	10176(i)
Williams, Dale Leon (REB) (REO) (Right to RREB license after 20 days on terms and conditions)	7874 Girard, La Jolla	7/7/83	10176(i)
Lin, Steven Chi Dung (RES) (Right to RRES license on terms and conditions)	1280 Buckingham Way, Hillsborough	8/10/83	490, 10177(b)(f)
Gore, Howard Leonard (RES) (Right to RRES license on terms and conditions)	434 Porter Ln., San Jose	8/10/83	490, 10177(a)(f)
Pickering, Aileen Lois (REB) (REO) (Right to RRES license on terms and conditions)	13369 Ventura Blvd., Sherman Oaks	8/10/83	10177(h)
Gonzalez, Vincent (REB) (Right to RREB license on terms and conditions)	2020 Assunta Way, San Jose	8/12/83	490, 10177(b)(f)
Jones, Paul Wesley (RES) (Right to RRES license on terms and conditions)	13356 Bryant St., Yucaipa	8/16/83	10231, 10177(d)
McCowan, Tonna May (RES) (Right to RRES license on terms and conditions)	10849 Willowbrook Way, Cupertino	8/17/83	490, 10177(b)(f)
Hoskins, Bernard Claude (REB) (REO) (Right to RRES license on terms and conditions)	133 N. Stanislaus, Stockton	8/17/83	10167.10, 10167.11, 10177(d)(g)(h)(j)
Michal, John Arthur (RES) (Right to RRES license on terms and conditions)	534 Mountain View, Fullerton	8/18/83	490, 10177(b)

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**L. J. PEATMAN
RETIRES**

Jim Peatman, former Manager of the DRE Southern Regulatory Area, retired from DRE effective November 1, 1983. Since joining the department in 1964, Jim's career was spent in the Los Angeles District Office performing regulatory duties.



First employed as a Deputy Real Estate Commissioner II in 1964, Jim advanced to a Grade IV in December of 1975 and was appointed Deputy Real Estate Commissioner V in January 1979. His title was later changed to Real Estate Manager IV in charge of the Southern Regulatory Area, which area includes the Los Angeles, San Diego and Santa Ana offices. Jim's career at DRE proved to be varied and interesting.

During World War II he rose to the rank of Major, Counterintelligence, United States Army Air Force. From 1946 to 1953 he was employed by United Airlines in that company's security department and was instrumental in creating their investigation section. He resigned to engage in farming in Madera County and was self-employed in that work from January 1954 until January 1963, at which time he became a real estate salesman for about a year and a half, after which time he joined DRE.

Jim is a talented writer and had an avocation of writing motion picture and television scripts. He is married and has three grown sons. Jim and his wife Uhlma make their home in the Pacific Palisades. She is currently employed by Los Angeles County and plans retirement in February 1984. They subsequently intend to catch a slow boat (freighter) to Europe and spend a year visiting the European countries.



*Notes from
Licensing*

by
*Thomas R. Hensley
Real Estate Manager II*

The passage of Assembly Bill 492 (Moorhead) Chapter 95 provides the DRE as well as numerous other licensing agencies with substantially greater control over the security of their licensing examinations. This Bill adds Sections 496 and 497 to the Business and Professions Code, effective January 1, 1984.

Existing real estate law provides that the Department may deny a license on the grounds that an applicant has been convicted of a crime, committed an act involving dishonesty, fraud or deceit, knowingly made a false statement on an application for licensure, or performed any act which, if done by a licensee,

(Continued on page 4)

CE TESTING (Continued from page 1)

requirement. This new category is termed Consumer Service offerings. The following excerpt from SB 1018 specifies the mix of offering types that are required for meeting the Continuing Education obligations.

10170.5. On and after January 1, 1985, no real estate license shall be renewed unless the commissioner finds that the applicant for license renewal has, during the four-year period preceding the renewal application, successfully completed the 45 clock hours of education provided for in Section 10170.4, including all of the following:

- (a) A three-hour course in ethics, professional conduct, and legal aspects of real estate, which shall include, but not be limited to, relevant legislation, regulations, articles, reports, studies, court decisions, treatises, and information of current interest.
- (b) Not less than 21 clock hours of courses or programs related to consumer protection, and designated by the commissioner as satisfying this purpose in his or her approval of the offering of these courses of programs, which shall include, but not be limited to, forms of real estate financing relevant to serving consumers in the marketplace; land use regulation and control; pertinent consumer disclosures; agency relationships; capital formation for real estate development; fair practices in real estate; appraisal and evaluation techniques; landlord-tenant relationships; energy conservation; environmental regulation and consideration; taxation as it relates to consumer decisions in real estate transaction; probate and similar disposition of real property; governmental programs such as revenue bond activities, redevelopment, and related programs; business opportunities; and mineral, oil, and gas conveyancing.
- (c) Other courses and programs which will enable a licensee to achieve a high level of competence in serving the objectives of consumers who may engage the services of licensees to secure the transfer, financing, or similar objectives with respect to real property, including organizational and management techniques which will significantly contribute to this goal. 

USURY

New Civil Code Section 1916.1 becomes effective January 1, 1984. It clarifies several provisions in the California Constitution on the usury exemption and explains the meaning of the term "made or arranged" relating to loans by a broker.

Section 1916.1 reads:

"1916.1. The restrictions upon rates of interest contained in Section 1 of Article XV of the California Constitution shall not apply to any loan or forbearance made or arranged by any person licensed as a real estate broker by the State of California, and secured, directly or collaterally, in whole or in part by

(Continued on page 8)

COMMISSIONER EDMONDS ANNOUNCES DRE PROMOTIONS

Raymond L. Royce has been appointed Assistant Commissioner, Transaction Activities, effective November 1, 1983. Royce served as Assistant Commissioner, Subdivisions from October 1, 1980 until this appointment. He formerly served for several years as Chief Deputy in charge of the San Francisco Office before moving to Southern California as Assistant Commissioner in charge of the Southern Regulatory Area with headquarters in Los Angeles. He has been involved in regulatory and subdivision operations for DRE since he began his career with the department in 1962 at the former Oakland office.



John R. Liberator has been named Mortgage Lending Activities Manager. This is a newly created position. Just previous to this appointment, John served as Regional Manager of the Northern Regulatory Area, with office in the San Francisco District Office. John began his career at DRE in 1970 at the Los Angeles District Office as a Deputy Real Estate Commissioner. In 1976 he was promoted to District Office Manager of the San Francisco Office. In 1978 he was promoted to Regional Manager of the Northern Regulatory Area in which position he served until September 1, 1983, when he was named to his new position in mortgage lending activities. John received his Juris Doctorate degree from Southwestern University School of Law. He is presently headquartered at the San Francisco Office.



Martin F. Dingman is DRE's newly appointed Assistant Commissioner, Subdivisions. A twenty-one year veteran with the department, Dingman, an attorney, has had extensive experience in the legal, subdivision and regulatory functions of DRE. He has also served as the department's legislative representative. In his new position he will direct statewide subdivision activities of the department from his office located at the DRE Principal Office in Sacramento.



Betty R. Ludeman was promoted on September 1, 1983, to Regional Manager of the Northern Regulatory Area and assumed responsibility for the Sacramento, San Francisco and Fresno regulatory offices. Ludeman was appointed Deputy Real Estate Commissioner in 1974, Supervising Deputy Commissioner in 1977, Chief Deputy, Sacramento Regulatory Office in 1980, and served from 1981 until her most recent promotion as Manager in charge of the Sacramento Subdivision Section. Ludeman maintains her office at DRE's Principal Office in Sacramento.



Robert Arnold has been appointed Regional Manager of the Southern Regulatory Area, with responsibility for the Los Angeles, San Diego and Santa Ana regulatory offices. His office is in the Los Angeles District Office. Prior to joining DRE in 1974 as a Deputy Real Estate Commissioner, Bob was an active real estate broker for 9 years. In December 1978 Bob was appointed Manager of the Regulatory Section in Los Angeles and served in that position until May of 1981 when he assumed the duties of Manager in charge of the Los Angeles Subdivision Section. 

**NOTES** (Continued from page 3)

would be grounds for suspension or revocation of a license.

Sections 496 and 497 provide that the Department may deny, suspend, revoke, or restrict the license of an applicant or licensee who subverts or attempts to subvert a licensing examination. Conduct that may violate the security of examinations is explicitly identified and includes: removing exam material from a test site without authorization; using paid test-takers for the purposes of reconstructing an exam; using improperly obtained test questions to prepare persons for examinations; selling,

distributing, or buying exam material; cheating during an examination; possessing unauthorized equipment or information during an examination; or impersonating an examinee or having an impersonator take an examination.

This law also provides for the issuance of superior court injunctions or restraining orders upon application of a board (department), the Attorney General, or district attorney who believes a person or persons is about to engage, or has engaged, in such acts or practices. 

SAN FRANCISCO AND SACRAMENTO SUBDIVISION OPERATIONS MERGE

On August 17, 1983, Real Estate Commissioner James A. Edmonds, Jr. announced the intention of the Department of Real Estate to merge the subdivision processing operations of its San Francisco and Sacramento Offices—the merged operation to be located in Sacramento. The decision to combine these two subdivision offices was made only after extensive consultation with the California building industry and other interested parties.

The merger will mean greater cost effectiveness, better uniformity in treatment of subdivision applications, improved management control, and equal or better processing time and service to the industry and consumers.

William Kewley, former Manager in the San Francisco Subdivisions Office, transferred to Sacramento on November 1, 1983, and assumed the duties of Manager of the Sacramento Office. He also has responsibility for the San Francisco Office until that office is formally closed on or before June 30, 1984.

The Department appreciates the support and cooperation we have received in making the transition as smooth as possible.



TRUST FUNDS

May a broker transfer trust funds from his or her broker trust account to the broker's general business account for the purpose of closing a transaction? No. This constitutes commingling of trust funds and personal funds. The broker should disburse the trust funds directly from the trust account to the entitled person.



FINANCIAL STATEMENTS AND CC&Rs—WHO DELIVERS?

Civil Code Section 1360 has been amended as an emergency measure effective September 29, 1983, to provide that the owner of a lot or unit in a specified common-interest subdivision provide a prospective purchaser with a copy of the most current financial statement for the project as soon as practicable before transfer of the unit. Section 1360 already provided that the owner furnish the buyer a copy of the covenants, conditions and restrictions, articles or incorporation or association by-laws and any delinquent assessment information as soon as practicable before the transfer.

The real estate agent as the professional in the transaction and as representative of the seller should ensure that the buyer receives a copy of each of the instruments. Section 1360 provides that if the seller willfully violates the requirements, the seller is liable to the buyer for actual damages sustained, reasonable attorney's fees and a \$500 penalty.



COMMISSIONER APPOINTS NEW ADVISORY COMMISSION MEMBER

James A. Edmonds, Jr., Real Estate Commissioner, has appointed Robert J. Waller, corporate businessman, to serve as a public member on the State's Real Estate Advisory Commission. Waller took the oath of office on October 7, 1983, at the Advisory Commission meeting in San Diego.



Mr. Waller is Vice President of Business Development for U.S.D. CORP., formerly U.S. Divers Co., a subsidiary of Liquid Air Corp. of North America. He is responsible for developing and coordinating long-range corporate and divisional goals and objectives, including financial and marketing analysis, for a wide range of industries and consumer

LEGISLATION (Continued from page 1)

AB 225 (Hannigan) Chapter 74. Mortgage Impound Accounts. Amends Civil Code Section 2954.1 to limit tax, insurance, etc., impounds to the Federal RESPA limits.

AB 464 (Chacon) Chapter 51. For Sale Signs. Amends Civil Code Sections 712 and 713 to allow signs advertising real property for lease or exchange as well as FOR SALE signs. A sign which is legal under a local ordinance is declared to be of "reasonable size and dimension" within the meaning of the statute.

AB 492 (Moorhead) Chapter 95. License Exams. Amends Business and Professions Code Section 477 and adds Section 496. Allows denial, suspension or revocation of a license for "subverting" an examination. "Subverting" is defined to include virtually all known methods of cheating on examinations.

AB 528 (Lancaster) Chapter 268. Overhaul of MOG Law. Business and Professions Code Sections 10050 et seq. Amends and repeals many sections of the MOG law and incorporates by reference various provisions of the Real Estate License Law to MOG brokers. Substantive changes are minimal.

AB 629 (McAlister) Chapter 1217. Creative Financing Disclosure "Cleanup" and Foreclosure Fee Limits. Amends Civil Code Sections 2924c, 2957 and 2963. Adds Civil Code Section 2924d. Exempts lawyers and real estate licensees acting as principals from the creative financing disclosures required by Civil Code Section 2957 et seq. if either party to the transaction is represented by a real estate licensee. Sets monetary limits on fees and charges in foreclosure under power of sale.

AB 637 (M. Waters) Chapter 638. Tenants: Notice to Quit Upon Sale or Foreclosure. Amends Section 1161a of the Code of Civil Procedure. When real property is sold either voluntarily, under a writ of execution or by foreclosure, a tenant is entitled to a notice to quit given for a period

equivalent to the term of the tenancy up to 30 days before the tenant may be removed from the premises.

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equivalent to the term of the tenancy up to 30 days before the tenant may be removed from the premises.

AB 739 (Harris) Chapter 101. Maintenance of the Codes. Makes technical amendments to Business and Professions Code Sections 10161.75, 10171.6, 10249.2, and 11017.

AB 883 (Lancaster) Chapter 548. Administrative Adjudication. Amends Section 11517 of the Government Code. Provides that an administrative agency may, if it does not adopt the decision of the hearing officer, decide the case on the record without the transcript of the hearing, but only if the parties to the action so stipulate.

AB 1120 (Sher) Chapter 114. Probate Sales: Commissions and Compensation. Amends Section 760 of the Probate Code. Requires probate court to consider cooperating broker agreements in confirmation of probate sales of real property.

AB 1121 (Sher) Chapter 384. Recovery Fund. Amends various sections of the Business and Professions Code relating to real estate. Allows simplified service upon the judgment debtor of the claim against the Fund. Requires claimant to move to set the claim for hearing thereby granting DRE additional time for investigation and discovery. Also prescribes the form of notice to be given to the judgment debtor by the claimant when effecting service on the judgment debtor.

AB 1200 (Connelly) Chapter 1224. Map Act. Amends the Subdivision Map Act (Government Code Sections 66463, 66464, 66492, and 66493) to apply certain filing procedures to parcel maps in addition to final maps.

AB 1390 (Harris) Chapter 142. Maintenance of the Codes. Makes a technical amendment to Business and Professions Section 11003.4, relating to "limited-equity housing cooperatives."

(Continued on page 7)

RICHARD D. CARLSON RETIRES

Richard D. (Dick) Carlson, who has headed up DRE's regulatory activities since October 1980, retired on October 31, 1983, after 21½ years of state service, 19 of them with DRE.



Carlson, a native of South Dakota, attended high school in Fullerton and graduated from UCLA after three years of World War II service in what was then the Army Air Corps.

Following graduation from college, Carlson served as an FBI special agent, engaged in insurance claims and investigative work, and was self-employed as a general insurance agent before joining the State Department of Insurance in 1962.

During his tenure with DRE, all of which was served in Sacramento, Dick demonstrated his managerial versatility as deputy in charge of (1) the out-of-state subdivision program (2) the in-state subdivision operations for 30 northern and central California counties (3) northern California regulatory activities (4) the statewide licensing and examination program and (5) subdivision operations statewide before his Career Executive Assignment as Assistant Commissioner for regulatory activities and policy and planning.

In his employment with DRE, Dick has done it all and done it well, frequently under extremely trying circumstances. Within four months after he assumed responsibility for regulatory activities statewide, Atlas Mortgage Company, the first of many large mortgage loan broker failures in 1981 and 1982, closed its doors in Sacramento. In the ensuing two years, Carlson carried the overall responsibility for investigations and civil and disciplinary actions by DRE against more than 100 mortgage loan brokers.

Dick's many years with the Department afforded him more opportunities than most public officials to act the part of the unthinking, unfeeling bureaucrat. To his credit he will undoubtedly best be remembered by licensees, subdividers, other members of the public and his fellow employees as the antithesis of a bureaucrat.

Dick and his wife Marion are residents of Fair Oaks. Marion, who has been a teacher in the San Juan School District for 19 years, expects to join Dick in retirement next year. Those of us who have had the pleasure of working with Dick wish him and Marion all the best.



According to the State Board of Equalization, the assessed value of property in California increased by 8.2 percent from the 1982-83 tax year to the current 1983-84 tax year. The total value of state-assessed and county-assessed property rose to \$797.4 billion, up \$60.3 billion (8.2 percent) from last year's \$737.1 billion.

ABUSES OF THE ESCROW EXEMPTION BY REAL ESTATE BROKERS

In August 1983 the Los Angeles County District Attorney announced partial settlement of a civil suit brought against 19 defendants for alleged illegal escrow practices. Fourteen of the 17 defendants who stipulated to the settlement are real estate brokers.

While they were not required to admit to any wrongdoing, the 14 defendants consented to the entry of a judgment under which they are enjoined from (1) paying or receiving commissions or fees for the referral of customers to escrow agents and (2) fixing escrow fees or exchanging price information regarding escrow transactions. In addition, the 17 defendants agreed to pay a total of \$24,000 in civil penalties and costs of the investigation and lawsuit. Two of the broker-defendants in the complaint did not join in the settlement, and are continuing to contest charges that they were guilty of illegal escrow practices.

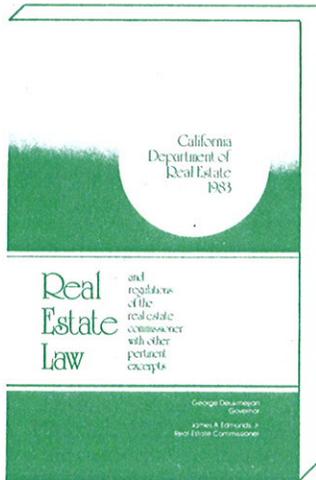
The suit was brought by the District Attorney in cooperation with the California Department of Corporations. The practices in question were originally brought to the attention of the Department of Corporations by the Department of Real Estate auditors who detected potential violations of the Escrow Law while conducting routine examinations of the books and records of some of the real estate brokers involved.

The charges of unfair competition, price fixing, and payment of illegal referral fees were the outgrowth of an alleged unlicensed escrow business operated from April 1980 through March 1983 at 11480 South Street in Cerritos, first as Stoveken Real Estate Escrow Department and later as Golden Eagle Real Estate Escrow Department.

Under Section 17006(d) of the Financial Code (Escrow Law), a real estate broker may act as an escrow agent without an escrow license "while performing acts in the course of or incidental to a real estate transaction in which the broker is an agent or a party to the transaction and in which the broker is performing an act for which a real estate license is required." As has been pointed out in several *Bulletin* articles in recent years, some real estate brokers have been guilty of abuses of this exemption that may jeopardize its continued availability to those brokers genuinely desiring to give "full service" to their customers.

This recent investigation and action by the Los Angeles County District Attorney and the Department of Corporations has brought to light yet another arrangement designed to maximize compensation to real estate licensees in transactions through the use of so-called broker-escrow cooperatives. By involving themselves in such arrangements, even those licensees who merely refer their transactions to the unlicensed entity for the escrow services risk criminal and license disciplinary actions as well as civil penalties such as were imposed by stipulation in this action.

Is it really worth it?



The 1983 *Real Estate Law* book is now available for \$7 plus tax, which includes handling and mailing.

Real estate licensees are charged with knowing the *Real Estate Law* and the Regulations with which they must comply in the every day practice of real estate.

The *Real Estate Law* book contains a convenient and readable copy of these laws and regulations as well as other portions of law applicable to real estate practice. Every licensee is encouraged to have a current edition of the *Real Estate Law* available at all times in home and office.

You may use the order form shown at the right. 20% discount on purchase of 25 or more.

To: Department of Real Estate
Accounting Section
P.O. Box 160009
Sacramento, CA 95816

Please send _____ copy of 1983 *Real Estate Law* book to:

Name _____

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	-Discount	_____
	Tax	_____
	TOTAL	\$ _____

DO NOT SEND CASH

() Check

() Money Order

LEGISLATION (Continued from page 5)

AB 1485 (Sher et al) Chapter 1092. Increase Fines. Amends hundreds of sections of the codes, including Sections 10085, 10138, 10139, 10238.6, 10510, 10511, and 11023 of the Real Estate Law to increase fines that may be imposed for crimes. The increases will be used to accumulate money in a Restitution Fund for victims of crimes.

AB 1508 (Bader) Chapter 910. Subdivision Map Act. Amends Government Code Section 66462.5 to change the time limit within which a local agency must obtain title to land to be used for offsite improvements required as a tentative map condition from the present 90-day limitation to 120 days.

AB 1589 (Sher) Chapter 976. Stock Cooperatives. Amends Section 8 of Chapter 1192, Statutes of 1979. Extends the "grandfather" date for exemption of stock cooperative conversions from local regulation under the Subdivision Map Act for one year.

AB 1600 (Hayden & Davis) Chapter 1094. Balloon Payments. Adds Section 2924i to the Civil Code. Requires the holder of a balloon note secured by an owner-occupied dwelling of four or fewer units to give 90 to 150 days warning of the due date of the balloon payment. Applies to owner-occupied dwellings of four or fewer units. Construction loans, loans for which creative financing disclosure has been made, and loans made before January 1, 1984, are exempt from the requirement. The effect of the bill is to convert future demand notes on residences to "demand plus notice" notes.

AB 1605 (N. Waters) Chapter 163. Condos: Handicapped Access Modifications. Adds Section 1361 to the Civil Code. Allows handicapped to modify condominium unit and necessary common area to accommodate the handicapped subject to association approval which can be denied only for good cause. Modification must be removed when no longer needed.

AB 1717 (Leonard) Chapter 677. Map Act. Amends the Map Act (Government Code Sections 66499.35, 66499.36, and 66499.52) to allow an official map to be prepared by a private surveyor at the applicant's expense.

AB 2010 (Cortese) Chapter 845. Map Act. Repeals Government Code Section 66424.2, adds Article 1.5 (commencing with Section 66451.10) and adds Article 1.7, (commencing with Section 66451.25) for the purpose of resolving the question of whether contiguous parcels owned by the same person have merged or will merge.

AB 2034 (Bradley) Chapter 635. Administrative Hearings: Recordings. Amends Section 11512 of the Government Code. Allows for electronic recordings of hearings before administrative law judges if all parties agree.

AB 2155 (Johnston) Chapter 1288. HOA Financial Reports. Amends Section 1360 of

(Continued on page 8)

LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Johnson, Michael Alan (RES) (Right to RRES license on terms and conditions)	P.O. Box 16048, South Lake Tahoe	8/22/83	490, 10177(b)
Leal, Luvia Marielena (RES)	3202 S. Joane Way, Santa Ana	8/25/83	2832, 10145, 10176(a)(i), 10177(d)
Forman, Ward Harned (RES)	1340 Miracle Cir., Tulare	8/25/83	10130, 10145, 10177(d)
May, Mitchell Lee (REB)	1220 W. Kern, Tulare	8/25/83	10145, 10177(d)(h)
Locey, Ronald Edward (REB)	1930 Wharf Rd., #3, Capitola	8/25/83	490, 10177(b)(f)
Avilla, Fernandes Joaquin Jr. (RES)	2607 Mabury Square, San Jose	8/29/83	10176(a)(i)

LICENSES REVOKED WITH STAYS

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Jennings, Edward Clinton III (REB) (REO) ... Off - Jennings Financial Corporation (Stayed for 2 years on terms and conditions) (Suspended for 30 days)	133 Skowhegan Ct., San Jose	6/30/83	2830, 2832.1, 10145, 10177(d)(f)
Jennings Financial Corporation (REC)	1754 Technology Dr., Ste. 288, San Jose	6/30/83	2830, 2832.1, 10145, 10177(d)(f)

LICENSES SUSPENDED

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Mini, Dan Ray (RES)	550 N. Camino Alto, Vallejo	6/30/83 (60 days)	490, 10177(b)(f)
Lynch, Toni (RES)	27251 Via Amistoso, Mission Viejo	7/5/83 (30 days)	10130, 10137, 10177(d)
Johnson, Harry (RES)	557 Redwood Hwy, Mill Valley	8/3/83 (60 days)	10177(d), 10237.4, 10237.6, 10238.3
Colistra, John Anthony (REB) (REO)	1565 The Alameda, Ste. 200, San Jose	8/3/83 (60 days)	10177(d), 10237.4, 10237.6, 10238.3
Off - Marin County Home Investment Co. Marin County Home Investment Co. (REC)	1565 The Alameda, San Jose	8/3/83 (60 days)	10177(d), 10237.4, 10237.6, 10238.3
Off - Colistra, John Anthony Domuret, Allan John (REB) (REO)	6000 J St., Sacramento	8/22/83 (120 days)	490, 2910, 10177(b)

LICENSES SUSPENDED WITH STAYS

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Lec, Franklin D. (REB) (REO)	19132 Pioneer Blvd., Cerritos	4/7/83 (90 days)	10176(a), 10177(g)
Off - Cerritos Center Financial Services, Inc. Off - Real Estate Center of Cerritos (All but 30 days stayed for 2 years on condition)	19132 Pioneer Blvd., Cerritos	4/7/83 (90 days)	10176(a), 10177(g)
Real Estate Center of Cerritos (REC)	19132 Pioneer Blvd., Cerritos	4/7/83 (90 days)	10176(a), 10177(g)
Off - Lec, Franklin D. (All but 30 days stayed for 2 years on condition)	1397 Marsh St., San Luis Obispo	7/7/83 (5 days)	10177(h)
Smyth, Larry D. (REB) (REO)	1457 Marsh St., San Luis Obispo	7/7/83 (5 days)	10177(h)
Off - Smyth, Larry D. (Stayed for 6 months on terms and conditions)	5008A Main St., Coulterville	7/20/83 (15 days)	10145, 10177(d)
Lawson, Robert Charles (RES)	1230 E. Orangeburg, Modesto	8/1/83 (45 days)	10176(a), 10177(g)
Levin, Louis Michael (REB)	1126 Riderwood Ave., Hacienda Heights	8/2/83 (60 days)	10176(a)
Herigstad, Mark Reynold (RES)	3220C Brea Canyon Rd., Diamond Bar	8/25/83	2832.1, 10232.2(a)(c), 10145, 10177(d)(g)
Home Loan Company (REC)	2700 N. Main St., 12th Floor, Santa Ana	8/25/83	2832.1, 10232.2(a)(c), 10145, 10177(d)(g)
Off - Richardson, Larry (Stayed for 2 years on terms and conditions)			
Richardson, Larry (REB) (REO)			
Off - Home Loan Company (Stayed for 2 years on terms and conditions)			

PUBLIC REPROVALS

Name	Address	Effective Date	Violation Business and Professions Code/Commissioner's Regulations
Butters, Lois P. (REB)	6621 Clark Rd., Paradise	8/29/83	495

INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS

Name	Address	Date
Bingham, Robert L. (REB)	2520 Barona Pl., Santa Rosa	6/16/83
Blair, Donald James (REB)	35012 Peco St., Union City	7/20/83
Mulford, James L. (REB)	4630 Geary Blvd., San Francisco	7/20/83
Moss & Moss (REC)	343 G St., Lincoln	8/9/83
Rawlings, Robert (RES)	4229 Indigo Dr., San Jose	8/10/83
Roberts, Clay Victor (REB)	2240 Skyfarm Blvd., Hillsborough	8/10/83
Hobbs, Stephen J. (REB)	9709 Felton Ave., Inglewood	8/12/83
Afshar, John (RES)	359 El Camino Real, South San Francisco	8/17/83
Ruiz, Selso Hernandez (REB)	354 N. Capitol Ave., San Jose	8/25/83

LEGISLATION (Continued from page 7)

the Civil Code; adds Section 1730 to that code; and amends Government Code Section 66412. Requires common interest subdivision associations to make annual financial reports to the membership, including:

1. A budget which must contain:
 - A. Estimate of income and expense.
 - B. Amount of reserves on hand.
 - C. Estimate of remaining life of major systems of the project and the means to finance repairs and replacement.
2. Financial statement within 120 days after the end of the fiscal year along with:
 - A. A review of the statement by a licensed accountant if the income to the association exceeded \$75,000.
 - B. A statement of the policies and procedures that will be employed to enforce the collection of assessments.

The bill also requires that the latest financial report be given to buyer of a common interest unit by the seller (other than the subdivider) and by the association on request.

SB 52 (Marks) Chapter 84. Map Act. Amends Section 66452.50 of the Government Code to exempt multifamily rental units from certain insurance requirements if financed by tax-exempt bonds. (Effective June 13, 1983.)

SB 217 (Beverly) Chapter 1110. Timeshare Tax. Section 998 Revenue and Taxation Code. Provides uniform method of assessing timeshare units for property tax. Excludes non-real property attributes of the project.

SB 417 (Mello) Chapter 1013. Map Act. Amends Government Code Section 66412 to exempt certain dwelling units from the Map Act.

SB 494 (Keene) Chapter 1115. Prepayment Penalties. Adds Section 2954.10 to the Civil Code. Prohibits imposition of prepayment penalties upon exercise of due-on-sale clauses if the secured property is residential property of four or fewer units. Borrower may contract to pay a prepayment penalty on acceleration or may waive in writing the right to prepay without penalty.

SB 495 (Petris) Chapter 473. Kickback. Section 12765, Insurance Code. Continues a special exemption from the insurance law

anti-kickback provisions for certain real estate broker franchisees.

SB 680 (Seymour) Chapter 1195. Bond Release. Amends Sections 66445 and 66499.7 of the Government Code (Subdivision Map Act) to require release of subdivider's bonds under certain conditions.

SB 686 (Boatwright) Chapter 307. Usury. Adds Section 1916.1 to the Civil Code. Makes clear that the usury law does not apply to a loan secured by a lien on real property made by a real estate broker whether the broker is acting under his/her real estate license or as a principal in the transaction.

SB 813 (Hart) Chapter 498. Supplemental Tax Bill. As part of an education reform bill, requires cities and counties to re-assess real property as of the date of its transfer or completion of construction and send the owner a supplemental property tax bill. A developer may avoid assessment on completion if he notifies the assessor in writing that the buildings will be offered for sale and not for other purposes. Various codes are affected.

SB 1018 (Montoya) Chapter 413. Continuing Education. Extends the continuing education requirement for a four-year renewal cycle. The bill also:

1. Requires tests for all courses.
2. Requires not less than 21 hours of consumer protection courses and at least three hours in a course on ethics, professional conduct, and legal aspects of real estate.
3. Provides that DRE-approved courses completed before enactment of SB 1018 will qualify for license renewal.

This bill amends Section 10170.4; adds Section 10170.5; amends Section 10171; amends and renumbers Section 10171.1 as added by Chapter 263 of the Statutes of 1980, this Section being renumbered 10171.5, and repeals Section 11 of Chapter 1346, Statutes of 1976.

SB 1107 (Ayala) Chapter 704. Map Act. Amends Government Code Sections 66485 and 66486 to permit local government to require added improvements by subdividers and to provide reimbursement.

SB 1110 (Ellis) Chapter 443. Receivers—Trust Funds. Amends Sections 10058, 10081, 10237, 10237.1 and repeals Section

10233.1 of the Business and Professions Code. Authorizes the Real Estate Commissioner to petition the Superior Court for appointment of a receiver for a broker's business if there is satisfactory evidence that violations of the law threaten trust funds in broker's custody.

SB 1185 (Craven) Chapter 1076. Manufactured Homes. Applies the law relating to sale, resale, manufacture, and transfer of title that now applies to mobilehomes to "manufactured homes." "Manufactured home" is redefined to include not only mobilehomes, but any transportable dwelling that is at least 8×40 feet in size. Various sections of the Civil Code and Health and Safety Code relating to housing are affected.

A copy of any bill may be obtained by writing direct to the Legislative Bill Room, State Capitol, Sacramento, CA 95814. **DRE**

USURY (Continued from page 4)

liens on real property. The term "made or arranged" includes any loan made by a person licensed as a real estate broker as a principal or as an agent for others, and whether or not the person is acting within the course and scope of such license."

The Legislature also made a finding which should interest *Bulletin* readers. It is quoted here.

"The Legislature finds that the Legislature in adopting ACA [Assembly Constitutional Amendment] 52 in 1979 (Res. Ch. 49, Stats. 1979), and the people in approving that measure as Proposition 2 in November of 1979, established an additional class exempt from interest rate limitations for persons licensed as real estate brokers by the State of California on the basis that real estate brokers are qualified by the state on the basis of education, experience, and examination, and that the licenses of real estate brokers can be revoked or suspended if real estate brokers perform acts involving dishonesty, fraud, or deceit with intent to substantially benefit themselves or others, or to substantially injure others."

Whether acting as agent or principal, loans made or arranged by real estate brokers secured by liens on real property, are exempt from usury. (Senate Bill 686—Boatwright—Chapter 307.) **DRE**

Official Publication

CALIFORNIA DEPARTMENT OF REAL ESTATE
1719-24th Street
Sacramento, California 95816