

1986 DRE Legislative Summary

by Eileen Parker, Manager of Legislation, Publications and Records, Sacramento

Real estate licensees should find this summary of 1986 legislation passed by the California Legislature of particular interest. All statutes will be effective January 1, 1987, unless otherwise noted.

The following brief descriptions of 1986 legislation are intended to alert you to the existence of pertinent changes to the law. They are not to be relied on as in-depth statements of the law. You should refer to the statutes for complete and accurate information.

SB 491 (Montoya) Chapter 1213. Continuing Education.

Amends Sections 10153.4 and 10170.5 of the Business and Professions Code.

Specifies that beginning on July 1, 1987 all real estate licensees must include among the required 45 hours of continuing education courses required for renewal, both a three-hour course in ethics and a three-hour course in agency relationships.

SB 2026 (Petris) Chapter 1414. Home Inspections.

Appropriates money from the Contractors License fund to study feasibility of licensing and also the educational and experience requirements necessary to license home inspection agents.

SB 2058 (Bergeson) Chapter 294. Common Interest Developments.

Adds Section 1365.5 to the Civil Code.

Requires the governing body of a common interest development to review, at least quarterly, a current reconciliation of the association's operating and reserve accounts, the latest bank statements, and an income and expense statement for the operating and reserve accounts and the current year's reserve position compared with the budget. Also specifies that withdrawal of funds from a reserve account would require the signature of two members of the governing body or an officer and a member of the governing body.

SB 2237 (Vuich) Chapter 618. Real Property: Notice.

Amends Section 2924e of the Civil Code.

Current law provides that lenders on real property containing one-to-four residential units may, with borrower consent, obtain notice of delinquency on senior liens of four or more months duration. This bill would extend that right to successors in interest to the original beneficiary or mortgagee.

SB 2400 (Seymour) Chapter 460. Real Property Transfers.

Amends Sections 1102, 1102.1, 1102.2, 1102.4, 1102.6, and 1102.12, and adds Section 1102.14 and repeals Section 1134.5 of the Civil Code.

Effective January 1, 1987, existing law requires specified written disclosures to be made to prospective transferees of real property in certain transactions. This bill expands the type of transactions in which a transferor of real property or his or her agent must make written disclosures concerning the condition of various aspects of the property and revises and modifies the statutorily required disclosure form.

SB 2484 (Roberli) Chapter 498. Real Property Disclosures.

Adds Section 1710.2 to the Civil Code.

Provides that no cause of action arises against the owner of real property or his or her agent, or any agent of the transferee of the property, for the failure to disclose that an occupant of that property was afflicted with the virus that causes Acquired Immune Deficiency Syndrome (AIDS).

AB 1034 (Connelly) Chapter 785. Real Estate Agency.

Amends Section 1717, adds Article 2.5 (commencing with Section 2373) to Chapter 2 of Title 9 of Part 4 of Division 3 of the Civil Code.

Makes changes in existing law dealing with attorney fees and costs and on and after January 1, 1988 requires specified written and oral disclosures concerning the duties owed by agents to their principals and their agency relationships to them to be made by real estate licensees to buyers and sellers in residential (one to four units) real property sale transactions.

AB 1738 (McAlister) Chapter 91. Mortgage Brokers: Loan Disclosure.

Amends Sections 10232.5 and 10241 of the Business and Professions Code. Requires disclosure of pertinent information to be given to borrowers and lenders in a mortgage loan transaction arranged by a "threshold" real estate broker concerning all liens which are or may become a lien against the securing real property.

AB 3060 (Hannigan) Chapter 1361. Taxes.

Adds Section 30, amends Section 24049.5 of the Business and Professions Code, amends Section 2924b of the Civil Code, adds Section 1666.5 to the Insurance Code, amends Sections 6069, 6071, 6366, 6366.1, 6368, 6368.1, 6452, 6455, 6776, 6777, 7154, 8404, 9355,

17299.8, 18681, 18681.6, 18684, 18817.5, 19254, 24447, 25934, 26423, and 32556, adds Sections 19276, 30481, and 40188, adds Article 4.5 (commencing with Section 9021) to Chapter 5 of Part 3 of Division 2 of, Article 6 (commencing with Section 18700) to Chapter 18 of Part 10 of Division 2 of, Article 2.5 (commencing with Section 41143) to Chapter 7 of Part 20 of Division 2 of, and Article 2.5 (commencing with Section 44186) to Chapter 6 Part 22 of Division 2, adds and repeals Section 18806.1, repeals and adds Section 8957 of, and repeals Section 7151 of, the Revenue and Taxation Code.

Section 1 of, the bill requires state licensing boards to request applicants and licensees at time of renewal, to furnish their social security numbers or federal employer identification numbers. State licensing boards will be required to report to Franchise Tax Board (FTB) persons who do not provide this information

AB 2980 (Bradley) Chapter 1360. Real Property Sales: Balloon Payments.

Amends Sections 2924i, 2957, and 2966 of the Civil Code.

Under current law a person holding a promissory note secured by a lien on residential real property is required to make certain specific disclosures to the borrower about the balloon payment at least 60 but not more than 150 days before it is due if the note was part of the purchase price for the property. This bill would increase the minimum required notice period from 60 to 90 days and would require the disclosure notice to be personally delivered or sent by first class mail with a certificate of mailing and containing clear information on the effect of extension of the due date of the note.

AB 4104 (Wright) Chapter 548. Common Interest Developments: Assessments.

Adds Section 1366.1 to the Civil Code.

Limits imposition or collection of assessments, fees and penalties to the amount necessary to carry out the purpose for which the assessment was levied by a homeowners association.

AB 4344 (Bane) Chapter 154. Subdivisions.

Provides that all sales made subject to a subdivision public report issued by the Department of Real Estate after January 1, 1980, and on or before June 30, 1984, are valid if the stock cooperative conversion and all sales thereunder were otherwise valid under the exemption that was repealed January 1, 1985. □

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JAMES A. EDMONDS, JR.
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DISCIPLINARY ACTION
June 1986 to August 1986

REB—Real estate broker **RES**—Real estate salesperson **PRLS**—Prepaid rental listing service
RREB—Restricted real estate broker **RRES**—Restricted real estate salesperson
RPRLS—Restricted prepaid rental listing service
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 on application are not 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 to the Real Estate Commissioner, both of which are printed in the Real Estate Law book. The Real Estate Law book is available for purchase from the Department of Real Estate for \$10.00 plus tax. An order form may be found on page 7 of this Bulletin.

Business and Professions Code

490 relationship of conviction to licensed activity
10130 acting without a license
10137 unlawful payment of compensation
10145 trust fund handling
10147.5 notice regarding negotiability of commission
10148 retention and availability of real estate broker records
10165 covers various violations
10167.9(a)(3) failure to include required terms in PRLS contract
10167.9(c) use of unapproved contract
10167.10(a) PRLS licensee's failure to make refund
10167.10(b) failure to refund deposit or portion thereof
10167.12 violation of crime by PRLS licensee
10176(a) making any substantial misrepresentation
10176(b) make false promise
10176(c) commingling trust funds
10176(h) 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(i) fraud or dishonest dealing not in licensed capacity
10231.2 failure to give self-dealing notice
10237.3 acting as real property securities dealer without endorsement
10237.4 failure to deliver specified statement to purchaser of real property security
10238.3 failure to obtain real property securities permit
10086 violation of order to desist and refrain

Regulations

2715 broker's failure to maintain current address with DRE
2725 failure of broker to review agreements
2726 broker-salesperson agreements
2731 unauthorized use of fictitious business name
2742 failure of corporate broker to file articles of incorporation
2785(a)(10) unauthorized earnest money refund
2791 unlawful subdivision purchase money disbursements
2830 failure to maintain trust fund account
2831 inadequate trust fund records
2831.1 inadequate trust fund records
2832 failure to comply with specific provisions for handling trust funds
2832.1 broker's failure to obtain permission to disburse trust funds from an account involving multiple beneficiaries
2904 failure to disclose compensation for obtaining financing
2910 crime or act done in perpetration of crime substantially related to qualifications, functions or duties of the real estate profession
2950 broker-controlled escrow violation
2950(d) failure of broker handling escrows to maintain records
2950(f) failure to deposit escrow trust funds
2950(h) failure to disclose broker's interest in agency holding the escrow

LICENSES REVOKED

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW
Krome, Nancy Mae (REB) Dba- Producers Realty	6232A Bethel Plaza, Bethel Island Rd., Bethel Island	6/3/86	10131.7(g), 10159.5, 10177(d)(g)
Proebstle, Betsy Elizabeth (RES)	1095 Marina Dr., Napa	6/4/86	10145, 10176(i), 10177(d)
Ciaccio, Robert Hall (RES)	1264 W. Knickerbocker Dr., Sunnyvale	6/5/86	490, 10176(b), 10177(f)
British American Real Estate & Mortgage Co. Inc., (REB)	20969 Ventura Bl., Ste 210, Woodland Hills	6/5/86	2725, 2785(a)(11), 2834, 2950(f), 10145, 10176(a)(i), 10177(d)
Byc, Randy Scott (RES)	2204 Rustic Park Ct., Thousand Oaks	6/5/86	2785(a)(11), 10176(a)(i), 10177(d)
Oster, George Dewey (REB)(REO)	13111 Ventura Bl., Studio City	6/10/86	10177(d)(g)
Pierce, Leland Stanford (REB)(REO)	950 E. Madison Av., #35, El Cajon	6/11/86	490, 10177(b)
Weber, Jack Herbert (RES)	401 S. Barrington Av., #111, Los Angeles	6/11/86	490, 10177(b)
Middlebrook, Joseph Douglas (RES)	P.O. Box 475, Dana Point	6/11/86	490, 10177(b)
Spiros, Deborah Kay (RRES)	5780 Corwin Ln., #C, Riverside	6/11/86	490, 10177(b)(k)
Ruddy, James Neilson (RES)	P.O. Box 8972, Mammoth Lakes	6/16/86	10130, 10177(d)
Juri, Michael Dennis (RES)	1521 Silver Creek Cir., Stockton	6/16/86	490, 10177(b)
Stark, Terry Waldon (RES)	490 Black Rice Rd., Diamond Springs	6/17/86	490, 10177(b)
Reynoso, Alfonso (RES)	725 W. Ralston, Ontario	6/17/86	490, 10177(b)

Disciplinary Action, continued on page 3

Disciplinary Action, continued from page 2

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Hanks, Ronald James (RES)	227 Crescent Glen, Glendora	6/17/86	490, 10177(b)
Grigsby, Margaret Ann (RES)	325 W. Elm St., Compton	6/17/86	490, 10177(b)
Boyce, Felix Edgar (RES)	20426 Roca Chica, Malibu	6/17/86	490, 10177(b)
Kindred, Allyson Luella (RES)	1026 Ave. B., Rindodo Beach	6/17/86	490, 10177(b)
Kennedy, Paul Ivan (RES)	511 King Dr., #6, Daly City	6/18/86	10177(d), 11013.1, 11013.2, 11018.2
Mendrin, Mike John (REB)	1609 Howard Rd., Madera	6/19/86	2715, 10148, 10162, 10177(d)
American Mortgage Brokers Inc. (REC)	2821 Porter St., Soquel	6/23/86	10176(a)(b)(i), 10177(j)
Cramer, Darrell J. (RES)	30249 Titan Wy, Coarsegold	6/25/86	10130, 10137, 10177(d)(f)
Fresno Business Brokers Inc (REC)	1186 W. Shaw, Ste. 101, Fresno	6/25/86	2725, 2726, 2831, 10137, 10177(d)(f)(g)(h)
Dbas-Ubi Business Brokers			2725, 2726, 2831, 10137, 10177(d)(f)(g)(h)
Turner, Randall Kevin (REB)(REO)	1405 W. Norwich, #102, Fresno	6/25/86	2725, 2726, 2831, 10137, 10177(d)(f)(g)(h)
Dbas-Fresno Business Brokers			
Ubi Business Brokers			
Off-Fresno Business Brokers Inc.			
Ghilarducci, Albert Salvatore (RES)	1540 River Park Dr., Sacramento	6/30/86	490, 10177(b)
Leach, Claudia Mae (REB)(REO)	19526 Ventures Bl, Tarzana	7/1/86	2830, 2830.1, 2831, 2831.1, 2832, 10145, 10148, 10176(a)(e)(i), 10177(d), 10177.5
Marrero, Maria (RES)	4944 Beck Av., Bell	7/1/86	2830, 2832, 10145, 10176(i), 10177(d)
Clark, Raymond Lee (RES)	121 W. Hemosa, Apt. G, Santa Maria	7/1/86	490, 10177(b)
Byrd, Howar Jean (RES)	317 East 184th St., Carson	7/1/86	490, 10177(b)
Zlatnik, Pamela Gail (RES)	27351 Allariz, Mission Viejo	7/1/86	490, 10177(b)
Wilcox, Loren Jasper (RES)	3770 Bell Rd., Auburn	7/7/86	490, 10177(b)
Gray, John Robert (RES)	1751 Highland Park Dr., Paso Robles	7/7/86	490, 10177(b)
Aylwin, Michael Blanchard (RES)	50 Corte Madera Av., Mill Valley	7/7/86	490, 10177(b)(f)
Meridian Home Loans, Inc. (REC)	3001 Arden Way, Sacramento	7/7/86	10145, 10176(i), 10177(d)
Black, Steven Robert (RES)	3001 Arden Way, Sacramento	7/7/86	10145, 10176(a)(i), 10177(d)
Rodd, Robert Duane (RES)	Star Rte. Box 944, Lakehead	7/10/86	490, 10177(b)
Okuley, Brian Nelson (RES)	1809 W. Bernardy Pl., Anaheim	7/10/86	10177(g)
California Pacific Funding Corp. (REC)	10900 East 183d St., Ste 160, Cerritos	7/10/86	10177(h)
Manwazen, Henry Clifton (REB)	355 Diane Ct., Merced	7/15/86	490, 10177(b)
Nichols, Kenra Jill (RES)	2450 College Dr., Costa Mesa	7/16/86	490, 10177(b)
Wright, Michael Andre (RES)	1522 Hi Point St., Apt. 5, Los Angeles	7/16/86	490, 10177(b)
Campbell, William Giles Jr. (REB)(REO)	1801 E. Parkcourt Pl., Bldg. B, Santa Ana	7/17/86	490, 10177(b)
Feinhandler, Morton Jay (REB)(REO)	5516 Corteen Pl., North Hollywood	7/22/86	2725, 2785(a)(11), 2834, 2950(f), 10145, 10177(d)(h)
Weith, James Stephen (RES)	901 Carmel St., Santa Cruz	7/31/86	490, 10177(b)(f)
Seabron, George Woodrow (REB)(REO)	3012 Wyda Way, Sacramento	8/11/86	10177(h)
Jackson, Mary Ann (RES)	380 West 15th St., Upland	8/26/86	10137, 10176(a)(e)(i)
Cano, Miguel Angel (REB)	2738 S. Cucamonga Av., Ontario	8/26/86	490, 10177(b)
Stem, Harvey I. (RES)	6555 Green Valley Cir., #109, Culver City	8/27/86	10177(f)
Moshfegh, Faramaz (REB)(REO)	12304 Santa Monica Bl., #100, West Los Angeles	8/27/86	10177(f)
Off-F M & Associates, Inc.			
Cantin, Michael James (REB)	P.O. Box 1182, Healdsburg	8/28/86	10177(f)(j)
Hunt Russell K. (RES)	2058 Soroma St., Rodding	8/28/86	490, 10177(b)

LICENSES REVOKED WITH A RIGHT TO A RESTRICTED LICENSE

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Tyler, Dennis C (REB) (Right to RREB license on terms and conditions)	1428 E. Chapman Av., Orange	6/11/86	490
Ferguson, Jack F. (REB) (Right to RREB license on terms and conditions)	7680 N. Lake Bl., Kings Beach	6/12/86	2725, 2726, 2795.1, 10177(d)(f)(g)(h)
Carroll, Nicholas (REB)(REO) Dba-Morgan Beckett Financial Serv. (Right to RREB license on terms and conditions)	1109 San Leon Ct., Solana Beach	6/12/86	490, 10177(b)
West, Martin Clifford (REB)(REO) (Right to RREB license after 14 days on terms and conditions)	245 Mr. Tom Rd., Bishop	6/16/86	2725, 2731, 2834, 10163, 10177(d)(f)(g)(h)
Nelson, Frederick James (REB)(REO) (Right to RREB license after 14 days on terms and conditions)	460568 Old Mammoth Rd., Mammoth Lakes	6/16/86	2725, 2731, 2834, 10163, 10177(d)(f)(g)(h)
Campos, Benito (RES) (Right to RRES license on terms and conditions)	3313 N. Maple, #228, Fresno	6/16/86	490, 10177(b)

New Law Helps Real Estate Buyers and Sellers Clarify Their Agents' Positions

A solution to a major problem faced by both real estate licensees and buyers and sellers of residential real estate has been achieved thanks to a bill recently signed by Governor George Deukmejian, A.B. 1034. The problem, undisclosed "dual agency," has been a concern of Real Estate Commissioner James A. Edmonds, Jr. since he assumed his post as chief regulator of California's real estate industry nearly four years ago.

"I have seen many instances in my 40 year career in which an agent or broker representing the seller of residential property, became the representative of the buyer in the transaction. While that may not seem inappropriate, there have been many instances in which the best interests of the buyer were not served by the representative whose first loyalty was to the seller seeking to make the most of the real estate transaction. Having a fiduciary obligation to the seller, the agent could not or would not bargain effectively on behalf of the buyer whom he had agreed to represent. That situation has caused a lot of 'bad will' and a substantial number of formal complaints by consumers against real estate licensees over the years."

The bill by Assemblymen Lloyd Connelly of Sacramento and Wayne Grisham of Los Angeles, was supported by sponsored by the Department of Real Estate and sponsored by the California Association of Realtors and becomes effective January 1, 1988. The effective date was delayed to provide adequate time to educate all licensees about the bill's requirements. According to the new law, listing and selling agents who offer to represent buyers and sellers of residential real property (one to four units) will now be required to provide them with a written disclosure of their relationship to the parties to the transaction and explain what that relationship may mean to each party. The written disclosure will also explain what duties are owed to the parties.

Commissioner Edmonds noted that although the new law does not interfere with the way in which real estate is marketed in California, it does provide an added measure of consumer protection to a real estate transaction, which may be one of the most significant and potentially difficult financial and emotional transactions a consumer may ever experience. Armed with information provided by the professional real estate agent, the consumer can now make a more educated and self-interested decision about whom to allow to represent him and what that should mean to his interests in buying or selling a home. □

Attention-

Licenses are required to notify the Department of Real Estate of any change of address. Please keep your address current by filing the appropriate DRE Change Application forms.

False or Misleading Advertising Could be Costly and Could Lead to Disciplinary Action

ABC Realty, a newly formed real estate brokerage, advertises that it has sold \$500,000 worth of property in its first week of business. In fact, ABC Realty has sold only one property valued at \$250,000, but both the listing and the selling agents were employed by ABC Realty. For purposes of computing the \$500,000 ABC Realty claims it is standard practice to count both the listing and the selling ends of a transaction.

ABC Realty has engaged in false or misleading advertising under Business and Professions Code Sections 10177(c), 17500 and 17505. While it may be common practice for both the listing and the selling brokerages to each count the sale toward their volume, that would be true only if those offices were separate brokerages. In this example, ABC Realty can only truthfully claim a sales volume of \$250,000 because, in fact, that is the amount of its sales volume.

In general, a real estate licensee who engages in false or misleading advertising is headed for trouble. Under the Unfair Trade Practices Law (Business and Professions Code Sections 17000 and following), a violator could be subject to an injunction and civil penalties of \$2,500 for each violation. A real estate licensee could face a license suspension or revocation under Business and Professions Code Section 10177(c).

It is impossible in a brief article such as this to describe all the forms of prohibited false or misleading advertising; however, a few general principles may be helpful:

1. Avoid any advertising in which the advertisement can be interpreted a number of different ways. If you are not willing to stand behind or live with all possible interpretations, you should not use the ad.

2. Avoid "half-truths" or inflated claims. The courts have consistently held that "half-truths" are equivalent to lies. If you are not prepared to defend (possibly in court) any claim made in your advertising, you should not make the claim.

3. Set forth clearly any limitations you intend to impose on offers made in your advertising. If, for example, you intend the \$500 rebate offered to someone listing their house for sale with you to be given only if you are the sole broker involved in the sale, you must include that limitation in your advertising.

4. Give some thought and pay some attention to the advertising you intend to use. The California courts (*People v. Superior Court* 96 Cal.App.3d 181) have held that negligent as well as intentional misleading ads violate the law.

Advertising is an important part of business. However, real estate licensees should recognize and avoid false or misleading advertisements. Failure to do so could result in license disciplinary action and civil penalties. □

Disciplinary Action, continued from page 3

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Lewis, William Mcford (REB)(REO) (Right to RREB license on terms and conditions)	2821 Porter St., Soquel	6/23/86	10176(a)(b)(i), 10177(g)
Mezker, Richard (REB)(REO) (Right to RREB license on terms and conditions)	22136 Clarendon, Woodland Hills	6/24/86	10177(h)
Professional Mortgage Corporation (REC) (Right to RREC license on terms and conditions)	20300 Ventura Bl., Ste. 110, Woodland Hills	6/24/86	2830, 2831, 2831.1, 10137, 10177(d)
Apartment Properties Inc. (REC) Dbas-Gaines & Co. Gaines Brothers Inc. (Right to RREC license on terms and conditions)	4351 Van Nuys Bl., Sherman Oaks	6/24/86	2715, 2834, 2930, 10137, 10162, 10177(d)
Gaines, Donald Bruce (REB)(REO) Off-Apartment Properties Inc. (Right to RREB license on terms and conditions)	4351 Van Nuys Bl., Sherman Oaks	6/24/86	10177(h)
Patterson, Ronald Duane (RES) (Right to RRES license on terms and conditions)	610 W. McKinley, #B, Fresno	7/2/86	11018.2, 10177(d)(f)
Veteran Real Estate Inc. (REC) Dbas-Veteran Housing Center Veteran Real Estate (Right to RREC license on terms and conditions)	4063 Birch St., Ste. 250, Newport Beach	7/3/86	10086, 10140.6, 10177(c)(d)
Mencini, James Michael (REB)(REO) Off-Veteran Real Estate Inc. (Right to RREB license on terms and conditions)	13281 Harbor Bl., Garden Grove	7/3/86	10177(h)
Newman, Jack (REB) Dbas-Palos Verdes Village Realty Re/Max Spring Realty-Palos Verdes Peninsula (Right to RREB license on terms and conditions)	3405 Sepulveda Bl., Manhattan Beach	7/3/86	10148, 10177(d)
Ouyang, Ren (RES) (Right to RRES license on terms and conditions)	48 Falcon Ridge Dr., Pomona	7/3/86	490, 10177(b)
Cabrillo Mortgage Inc. (REC) (Right to RREC license on terms and conditions)	1855 Thompson Bl., Ventura	7/3/86	2831, 2831.1, 2832.1, 2834, 2842.5, 2950(i), 10145, 10231.2, 10177(d)
Albrough, June Coral (REB)(REO) Off-Cabrillo Mortgage Inc. (Right to RREB license after 5 days on terms and conditions)	1300 W. Gonzalez Rd., Ste. 102, Oxnard	7/3/86	10177(h)
Parsons, Donald Edward Jr. (RES) (Right to RRES license on terms and conditions)	10102 Forrester Dr., Huntington Beach	7/8/86	10177(g)
Phelps, Anthony Dominic (REB)(REO) Dbas-Real Estate Unlimited Off-Visalia Professional Services Inc. (Right to RREB license on terms and conditions)	1441 S. Mooney Bl., Ste. D, Visalia	7/9/86	2731, 2832.1, 2834, 10137, 10145, 10159.5, 10176(a), 10177(d)
Visalia Professional Services Inc. (REC) Dbas-Professional Management Services Real Estate Unlimited (Right to RREC license on terms and conditions)	900 W. Main St., Visalia	7/9/86	2731, 2832.1, 2834, 10137, 10145, 10159.5, 10176(a), 10177(d)
Webb, Henry Arthur (RES) (Right to RRES license on terms and conditions)	1133 S. Pinkham, Visalia	7/9/86	10176(a)
LaRue, Beatrice Charles (RES) (Right to RRES license on terms and conditions)	2336 Delta Av., Long Beach	7/10/86	10177(g)
Ymzon, Ramon Almeda (REB) Dbas-Re-Prop Investment & Management Co. (Right to RREB license on terms and conditions)	731 5th Av., Ste. 1A, San Diego	7/10/86	490, 10177(b)
Morrison, Ronald Alton (REB) (Right to RREB license on terms and conditions)	3800 McHenry Av., Ste. M, Modesto	7/15/86	490, 10177(b)
McClanahan, Omer (RES) (Right to RRES license on terms and conditions)	2074 Weston Cir., Camarilla	7/17/86	490, 10177(b)
Zamorano, Manuel Osvaldo (RES) (Right to RRES license on terms and conditions)	11355 Abana St., Cerritos	7/17/86	2832, 10145, 10176(c)(i), 10177(d)
Bright, Janis Kathleen (REB) (Right to RREB license on terms and conditions)	P.O. Box 94, Santa Ynez	7/21/86	490, 10177(b)
Morris, William Jourdan (REB) (Right to RREB license on terms and conditions)	7266 Pondera Cr., Canoga Park	7/22/86	490, 10177(b)
Bonilla, Joseph (REB) (Right to RREB license on terms and conditions)	1714 Stockton St., San Francisco	7/29/86	490, 10177(b)(f)
Lambrecht, Donald Dale (RES) (Right to RRES license on terms and conditions)	9723A Folsom Bl., Ste. J192, Sacramento	7/29/86	10137, 10177(g)
Shaw, Richard Mason III (RES) (Right to RRES license on terms and conditions)	738 Esplanade, Redondo Beach	8/5/86	490, 10177(b)
Minami, Susumu (REB) (Right to RREB license on terms and conditions)	615 Las Tunas, Arcadia	8/14/86	490, 10177(b)
Ahem, Daniel John (REO) Off-Managing Directors Ltd. (Right to RREB license on terms and conditions)	1901 Avenue of the Stars, Ste. 1045, Los Angeles	8/14/86	2731, 2834(b), 10177(d)
Managing Directors Ltd. (REC) (Right to RREC license on terms and conditions)	1901 Avenue of the Stars, Ste. 1045, Los Angeles	8/14/86	2731, 2834(b), 10177(d)
Alonso, Victor (RES) (Right to RRES license on terms and conditions)	914 Fenrest Dr., Harbor City	8/20/86	490, 10177(b)

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Great Western Properties, Inc. (REC) (Right to RREC license on terms and conditions)	9080 Santa Monica Bl., Los Angeles	8/26/86	2830, 2832, 10137, 10145, 10177(d)
Bercola, Enitan Olusegun (RES) (Right to RRES license after 30 days on terms and conditions)	1275 Piedmont Rd., Ste. 16, San Jose	8/27/86	2832, 10145, 10177(d)
Williams, Jane Smith (REB) (Right to RRES license after 30 days on terms and conditions)	3224 Orange St., San Jose	8/27/86	10177(g)(h)
Chen, Tsang-Chi (RES) (Right to RRES license on terms and conditions)	1101 S. Winchester Bl., #H184, San Jose	8/27/86	490, 10177(b)(f)
Scharosch, Jerry Peter (REB)(REO) Off-Scharosch, Morton & Thomas, Inc. (Right to RREB license on terms and conditions)	3001 P St., Sacramento	8/28/86	10145, 10177(d)
Scharosch, Morton & Thomas, Inc. (REC) Dba-Kiernan Realtors (Right to RREC license on terms and conditions)	3001 P St., Sacramento	8/28/86	10145, 10177(d)

LICENSES SUSPENDED

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Leisure Realty & Management Co., Inc (REC) Dba-Leisure Properties	Hwy. 203 & Main St., Mammoth Lakes	6/1/86 (14 days)	2725, 2731, 2834, 10163, 10177(d)(f)(g)(h)
Sanders-Nelson Associates, A Corp. (REC)	460568 Old Mammoth Rd., Ste. 3, Mammoth Lakes	6/1/86 (14 days)	2725, 2731, 2834, 10163, 10177(d)(f)(g)(h)
Barbara Coleman & Associates Inc. (REC)	1717 Professional Dr., Sacramento	7/2/86 (90 days)	10177(d)(f)

LICENSES SUSPENDED WITH STAYS

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
McAndrews, Thomas Aloysius (REB) (Stayed for 2 years on terms and conditions)	1310A. S. Escondido Bl., Escondido	4/22/86 (15 days)	10176(a)
Gallo, Everett Edward (RES) (Stayed for 2 years on terms and conditions)	1310A. S. Escondido Bl., Escondido	4/22/86 (15 days)	10176(a)
Nemish, James Mitchell (RES) (Stayed for 2 years on terms and conditions)	419 Mar Lynn Ct., Escondido	4/22/86 (15 days)	10176(a)
Gjervold, Ann Christine (REB) (Stayed for 1 year on terms and conditions)	495 Mason St., #109, Vacaville	6/9/86 (10 days)	2831, 2831.1, 2832, 10177(d)
Ritz, Richard Howard (REB)(REO) Off-Ritz Properties Inc. (Stayed on terms and conditions)	10960 Wilshire Bl., Ste. 406, Los Angeles	5/28/86 (15 days)	2831, 2831.1, 10177(h)
Ritz Properties Inc. (REC) Off-Ritz, Richard Howard (Stayed on terms and conditions)	10960 Wilshire Bl., Ste. 406, Los Angeles	5/28/86 (15 days)	2831, 2831.1, 10177(d)
Patterson, Christine June, (RES) (All but 10 days may be stayed on terms and conditions)	610 W. McKinley, #B, Fresno	7/2/86 (30 days)	11018.2, 10177(d)
Gilkey, Ima Faye (RES) (All but 15 days stayed for 1 year on terms and conditions)	1153 W. San Jose, Fresno	7/14/86 (45 days)	10176(a)(i)
Pondoff Realty, Inc. (REC) (Stayed for 3 years on terms and conditions)	11409 E. Telegraph Rd., Santa Fe Springs	7/24/86 (120 days)	2950(g), 10177(d)
Pondoff, Nick Pete (REO) (Stayed for 3 years on terms and conditions)	11409 E. Telegraph Rd., Santa Fe Springs	7/24/86 (120 days)	2950(g), 10177(d)
Harris, Jean Leonard (REB) (All but 15 days stayed for 1 year on terms and conditions)	2441 E St., San Diego	7/30/86 (30 days)	490
Stevens, Andrew E. (REB)(REO) Off-Great Western Properties, Inc. (Stayed for 1 year on condition)	9080 Santa Monica Bl., Los Angeles	8/26/86 (60 days)	10177(h)

LICENSES SUSPENDED WITH A RIGHT TO A RESTRICTED LICENSE

NAME	ADDRESS	EFFECTIVE DATE	VIOLATION REAL ESTATE LAW REGULATIONS
Flores, Martha (REB) Dba-Liberty Realty (Right to RREB license on terms and conditions)	8 Coldbrook, Irvine	7/17/86 (1 year)	2830, 2832, 10145, 10177(d)(g)(h)
Finch, James Pulliam (RES) (Right to RRES license on terms and conditions)	1075 Cold Springs Rd., Santa Barbara	8/19/86 (1 year)	490, 10177(b)

Real Estate Transfer Disclosure Statement: New Requirement Effective January 1, 1987

Effective January 1, 1987, certain transferors of real property or residential stock cooperatives improved with or consisting of not more than four units will be required to provide the transferee with the real estate transfer disclosure statement as set forth in Section 1102.6 of the Civil Code. This disclosure statement will provide the transferee with pertinent information concerning the condition of the real property in which he or she is acquiring an interest. The law requires the disclosure statement to be given for all covered transfers, regardless of whether or not a real estate licensee is involved. The requirement to give the disclosure statement will be limited to transactions involving transfers by sale, installment land sale contract, lease with an option to purchase, or a ground lease coupled with improvements, and as noted the real property or residential stock cooperative must be improved with or consist of not more than four units.



With respect to the disclosure statement, sellers will be responsible for completing certain sections of the form, and if a real estate licensee is involved in the transfer, the listing and selling brokers or their agent must complete other specified sections of the form based on information they have obtained during their inspection of the property.

If two or more real estate licensees are acting as agents in the transaction, the agent who obtained the offer must deliver the statement to the transferee, unless the transferor has given other instructions in writing. If there is only one licensee taking part in the transaction, he or she must deliver the statement to the transferee. As indicated above, if no real estate licensee is involved in the transaction, the seller is responsible for completing and delivering the statement to the buyer.

When the transfer is by sale, the disclosure statement must be delivered to the prospective transferee as soon as practicable before transfer of title. With respect to the other types of transfers covered by the new law, the disclosure statement must be given as soon as practicable before execution of the contract which is defined as the making or acceptance of an offer.

The transferor must indicate compliance with the new disclosure law on the receipt for deposit, the real property sales contract, the lease or an addendum or on a separate document.

The disclosure statement may be delivered to the transferee either in person or by mail. If the transferee receives the disclosure statement after executing the purchase offer/agreement, the transferee then has the right to cancel the transaction within three days after delivery of

Disclosures, continued from page 5



the disclosure document in person or five days after delivery by mail. The right to cancel also applies if a material amendment is made to the disclosure statement after the purchase offer/agreement is executed. In either case, cancellation of the transaction is accomplished by delivering a written notice to the seller and/or his/her agent within the statutorily prescribed time period.

In the event the licensee responsible for delivering the disclosure statement is unable to obtain the completed document from the transferor, the licensee must then advise the transferee in writing concerning his or her right to receive the statement. The transfer of real property "as is" does not excuse the licensee and the transferor from their obligation to complete and deliver the disclosure form to the transferee.

If at the time of disclosure an item of information is unknown or not available to the transferor, and a reasonable effort has been made to ascertain the information, the transferor may use an approximation if it is clearly identified as such, is reasonable, based on the best information available, and the approximation is not used as a means of circumventing the disclosure requirements.

A real estate broker involved in a transaction which requires a real estate transfer disclosure statement must keep a copy of the completed statement for at least three years from completion of the transaction as required by Business

and Professions Code Section 10148. Certain types of transfers are exempt from the disclosure statement requirements. They include:

- Transfers requiring a public report pursuant to Business and Professions Code Section 11018.1 and transfers pursuant to Business and Professions Code Section 11010.4 where no public report is required;
- Transfers resulting from court order, such as probate sales and sales by a bankruptcy trustee;
- Transfers by foreclosure (including a deed in lieu of foreclosure) and transfers by beneficiaries who acquired property by foreclosure or deed in lieu of foreclosure;
- Transfers by a fiduciary administering a decedent's estate, guardianship, conservatorship or trust;
- Transfers from one co-owner to another co-owner;
- Transfers made to a spouse or to a direct blood relative;
- Transfers between spouses in connection with a marriage dissolution or similar proceeding;
- Transfers by the State Controller pursuant to the unclaimed property law;
- Transfers resulting from failing to pay property taxes;
- Transfers or exchanges to or from an government entity.

Real estate licensees should familiarize themselves with California Civil Code Sections 1102 through 1102.14 to insure compliance with this new disclosure law. □

Restructuring of the Real Estate Brokerage Industry

A new research report developed from Education and Research Funds under contract with the University of California at Los Angeles is now available from the Department. Orders for the research report, "Restructuring of the Real Estate Brokerage Industry" may be sent to the Department of Real Estate Publications, P.O. Box 160009, Sacramento, CA 95816. The report costs \$3.00 plus tax. □

Errata

In an article on page 7 of the Fall *Bulletin*, a typographical error and a misplaced line teamed up to create a very confusing item regarding licensing fees, a subject near and dear to every California real estate licensee.

The table referencing renewal fees should read as follows:

	Salesperson	Broker/Officer
On-time renewal	\$120.00	\$165.00
Late renewal (within 2-year grace period)	\$160.00	\$220.00

A Note from the Editor About the Bulletin Format

In the years since the *DRE Bulletin* publication size changed from the original letter-size to tabloid format, a significant number of readers have sent letters regarding their preference for the smaller 8½ X 11" publication size—for handling, storage, reference, and etc.

Since assuming responsibility for design and production of the *Bulletin*, we have learned that the larger tabloid format is necessary because of technology and cost limitations. The press run for the *Bulletin* is almost 300,000 issues. The Office of State Printing has automated its printing, folding, cutting, and labeling operations for press runs of this size to achieve both quality production and cost savings for the authoring department. The estimated cost to convert back to the letter-size publication would increase our production cost by more than 25% for manual stitching and labeling and increased press time and paper stock.

If and when we find a cost-effective way to change the size/format, we will be pleased to come out with a "more manageable" bulletin format. Until then, thanks for staying with us.

The Editor

Disciplinary Action, continued from page 5

INDEFINITE SUSPENSIONS UNDER RECOVERY FUND PROVISIONS

NAME	ADDRESS	EFFECTIVE DATE
Pierce, Kenneth (REB)	2392 University Av., Riverside	6/9/86
Greenwood, Mary Ann (REB)	715 Kelley Bl., Woodville, TX	6/9/86
Mission Mortgage Exchange Inc. (REC)	998 Monterey St., San Luis Obispo	6/19/86
McCadley, James Paul (REB)	115 Anita Rd., Burlingame	6/19/86
Wilson, Johnie Laffette (REB)	P.O. Box 4281, Carson	6/19/86
Miranda, Florencio Domingo (REB)	1587 Morgan St., Mountain View	6/19/86
July 1986	No Suspensions Issued	
Strong, Richard Henry (RES)	1571 W. Katella Av., Ste. E, Anaheim	8/19/86
Nash, John Charles (REB)	6869 Airport Dr., Ste. 301, Riverside	8/19/86
Nash, Marilyn (RES)	446 Shadow Ln., Laguna Beach	8/19/86
California Investment Corp. (REC)	4340 Stevens Creek Bl., Ste. 162, San Jose	8/19/86
Kendrick, Douglas Charles (REB)	P.O. Box 32068, San Jose	8/19/86
Huffaker, Craig L. (REB)	2305 Sandpiper Rd., Bakersfield	8/19/86

New Continuing Education "Agency" Course Requirement

by Thomas L. Mabry,
Managing Deputy Commissioner II

As a result of recently chaptered Senate Bill 491 (Montoya), completion of a 3-hour DRE approved "Agency" course is now required as part of the total 45-hours of continuing education credit for all real estate licenses renewable* on or after July 1, 1987. Also, a licensee whose license is due for renewal prior to July 1, 1987, but who renews on a late basis on or after July 1, 1987 will be required to show evidence of meeting the new "Agency" requirement. As is now the case with the "Ethics" course requirement, completion of the mandatory "Agency" course will also be necessary during each subsequent 4-year license period.

Attendance of a DRE approved "Agency" course will provide licensees with the opportunity to obtain valuable information relating to "Agency" relationships and duties required by law in the brokerage practice. Also, to be included in "Agency" approved courses will be instructions in the disclosures to be made and confidences to be kept in the various agency relationships between licensees and the parties to real estate transactions.

Licensees are strongly urged to check with the sponsor prior to enrollment in an "Agency" course to determine if the course being offered is approved by DRE to meet the new "Agency" requirement. Several courses addressing the general subject of agency have been approved for continuing education credit over the past years; however, unless specifically approved under the new requirements, they will only be acceptable for credit under the "Consumer Protection" category. They will *not* be acceptable under the new "Agency" category. Licensees who previously completed an "Agency" course

should contact the course sponsor or the Department of Real Estate to determine whether the course is acceptable.

It is expected many courses designed to meet the new "Agency" requirement will soon be approved and available to licensees. Again, you are strongly advised to check with the course sponsor prior to enrollment in any "Agency" course in order to determine if the particular course being offered will satisfy this new requirement.

***Note:**

The effective renewal date of a license with an expiration date of 6-30-87 is 7-1-87; thus completion of the new "Agency" course would be required for renewal. □

Notes from Licensing

by Lawrence J. Cannon,
Managing Deputy Commissioner I

Beginning July 1, 1987, all licensees submitting renewal applications must include as part of their 45-hour continuing education requirement, in addition to a three-hour course in ethics, evidence of having taken an approved three-hour course in agency. The three-hour course in agency was mandated by Senate Bill 491 (Montoya). As a result of this new change, all licensees who have a June 30, 1987 or later license expiration date or who renew on a late basis on or after that date will need to submit evidence of completing the three hour "Agency" course to complete their renewal

process. Continuing education requirements on and after July 1, 1987 will consist of:

- 3 hours in the category of "Agency;"
- 3 hours in the category of "Ethics;"
- A minimum of 18 hours in the category of "Consumer Protection;"
- The remaining 21 hours needed to meet the total 45 hour continuing education requirement may be obtained by completing courses in the "Consumer Service" category; however the entire 45 hours may be earned by completing the "Consumer Protection," "Ethics" and "Agency" type of offerings.

Licensees should keep in mind that courses which address the subject of "Agency" and were approved for continuing education prior to enactment of SB 491 cannot be utilized to fulfill the "Agency" requirement. Course sponsors who obtain approval for the new "Agency" course will advise prospective students that their offering has been approved for this purpose by DRE.

Salesperson licensees who obtained a license on or after January 1, 1986 and who came under the provisions of Senate Bill 1042 have been required to submit evidence of completion of a three unit course in "Real Estate Principles" before taking the salesperson license examination. In addition, those individuals have been required to submit evidence of completion of two additional three unit real estate courses within 18 months of receiving their license. For their first license renewal, those individuals previously were only required to submit evidence of a three hour "Ethics" course. Under SB 491, they are now also required to submit evidence of a three hour course in "Agency." □

Real estate licensees must have both a broad-based understanding of the many facets of real estate and a knowledge of the current Real Estate Law.

The Real Estate Law book is a working tool every licensee should own. The Supplement to the 1985 Real Estate Law book contains the additions, amendments and deletions made in the California Real Estate Law, and contains other pertinent excerpts from the California Codes which became effective January 1, 1986.

The 1985 Real Estate Law book, including the

Supplement costs \$10 plus tax. The price includes postage and handling. If the Supplement is purchased separately, the price is \$1 *including* tax, postage and handling.

The 1984-85 Reference Book includes 30 chapters covering topics such as agency, escrows, subdivisions, real estate finance and real estate transactions. Additionally, the Reference Book contains sample real estate forms and various useful charts and tables. A current edition of the Reference Book is a useful guide for both the novice and experienced professional.

The price for the 1984-85 Reference Book is \$10 plus tax.

A special 20% discount may be applied to the purchase of 25 or more copies of any one title. When purchased separately, the Law Book Supplement is not subject to this special discount.

When ordering any of the described publications, please use the order form on this page. Personal check or money order payable to the Department of Real Estate is acceptable.

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City of Los Angeles— Lien Disclosures Required of Escrow

from A. Garza, Division Engineer,
Assessment Division, Bureau of Engineering, City of Los Angeles

In view of recent State legislation and litigation regarding disclosure responsibilities, and because many properties within the City of Los Angeles are sold by owners or their agents located throughout California, the City of Los Angeles requested that this information be included in the DRE Bulletin.

Because of numerous complaints from buyers of residential property who had no prior knowledge of pending assessment liens (liens not yet recorded), the City of Los Angeles, on August 24, 1973, adopted an ordinance, now Sections 96.300 to 96.310 of the Los Angeles Municipal Code. These sections require sellers of residential property (or their agents) to issue a report to the buyer containing information of any pending liens against the property. Since

these liens are not recorded until confirmed, they do not appear in the standard title company search report. The City's report, "Report of Residential Property Records" (Form 9), is easily obtained upon the payment of a fee. The seller or his agent may request the City, through escrow, to issue this report before closing. The escrow officer generally processes this report as a matter of course.

Sellers of residential property (or their agents) in the City of Los Angeles may reduce their exposure to liability because of after-sale disclosure of pending liens by including in the escrow instructions that sellers will provide to buyers a City of Los Angeles pending lien report. For information or forms please call (213) 485-4399. □

From the California Franchise Tax Board...

According to recent studies, the Franchise Tax Board estimates that California loses approximately \$350 million annually in taxes due to unreported capital gains. A significant portion of this loss is related to unreported gains from real property transactions.

To deal with this situation, the Legislature enacted Revenue and Taxation Code Section 18802.3. This section authorizes the Franchise Tax Board to contact owners/transferees of real property (other than property granted a homeowner's exemption or not assessed by a California assessor) and request a taxpayer

identification number, the percentage of ownership interest in the property and other pertinent information as prescribed by regulation.

More than 5,000 transferees of Los Angeles County real property were the first to be contacted by the FTB to gather this information. Using a new return form, FTB 3900, the Board requested information concerning the 1985 sale or exchange of property including information regarding entity type (partnership, corporation, individual), taxpayer identification number, and percentage of ownership transferred. These first returns were to be completed and returned with-

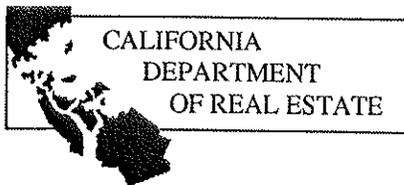
in 60 days. The information will be used to ensure that these transactions are properly reported.

An additional 75,000 information returns were issued to the remainder of those transferees of Los Angeles real property in November 1986. Transferees of real property located in other counties will be contacted in 1987 and later years.

Questions about the Franchise Tax Board program may be directed to LaVerne Gilbert, Supervisor of the Real Property Unit, (916) 369-4646. □



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