

REAL ESTATE BULLETIN

Official Publication of the Division of Real Estate

GOODWIN J. KNIGHT, *Governor*

Sacramento, January, 1955

D. D. WATSON, *Commissioner*

Suspension Terminates License Privileges

**Attorney General Clarifies Status of Brokers and Salesmen Under Suspension
Opinion Throws Light on Broker-Salesman Relationship and Obligations of Agency**

"The suspension of a real estate broker's license by the Real Estate Commissioner terminates all rights and privileges of a real estate broker granted by such license, and he may not perform any of the privileges or functions authorized by his license during the period of suspension. A real estate salesman may not act as such when the license of the broker for whom he is employed is suspended, but he may seek employment with other licensed real estate brokers," said Attorney General Edmund G. Brown in an official opinion dated January 6, 1955.

The official opinion was requested by the Real Estate Commissioner to serve as an authoritative guide in answering many questions about the status of pending transactions, contracts, and commissions which very often come up when a real estate broker or salesman license is suspended.

The opinion also gives valuable information on many important and often misunderstood phases of the broker-salesman relationship and on their position as agents. For that reason most of its highlights are included in this article and it is recommended reading for all licensees.

Limitations on License Right

In his analysis of the subject, the Attorney General cited and summarized from leading cases on licenses. He stated: "A license issued by the State in the exercise of its police power authorizing the licensee to perform those acts and functions, which without a license would otherwise be unlawful, is not a contract and conveys or vests the licensee with no vested rights. The licensee, by virtue of his license, is privileged to perform certain acts and functions under limitations and regulations * * * (but) the licensee acquires no vested right to continue in possession of that which is a menace or contrary to public welfare, health and safety."

It was pointed out that the court in *Graybar Electric Co. v. Lovinger*,

SUBJECT INDEX IN THIS ISSUE

Starting at page 175 of this issue is a subject index covering all articles published in the *Bulletin* since January, 1953.

The index is provided as a convenience for those who maintain binder files of the *Bulletin*.

A FEW DIRECTORIES STILL AVAILABLE

The 1954-55 Directory of Real Estate Salesmen and Brokers has been delivered to those who had reserved copies by ordering prior to publication. The directory, this year, contains reprints of the Real Estate Law and the Commissioner's Rules and Regulations and is of record size.

A couple of hundred copies of the new directory are still available to brokers on a "first-come, first-served" basis. The price to brokers is \$1.03—to all others, \$3.61.

Mail check and order immediately to Division of Real Estate, 1021 O Street, Sacramento, if you want a copy.

81 Cal. App. 2d 936-8, adopted the definition of "suspend" as given by Webster's New International Dictionary: "To suspend" means "to cause

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Governor Knight Retains Watson as Commissioner

Governor Goodwin J. Knight has announced he will retain D. D. Watson as Real Estate Commissioner. Mr. Watson was first appointed to the post by former Governor Earl Warren in 1948, being reappointed in 1951.

As Real Estate Commissioner, Mr. Watson is a member of Governor Knight's council, serving also as a member of the State Public Works Board which, among other duties, allocates financing and chooses sites for such state projects as colleges, office buildings, mental institutions and penal and correctional institutions.

[EDITOR'S NOTE: *Commissioner Watson was recently elected President of the National Association of License Law Officials, an organization of real estate licensing administrators in the United States, Canada and the Territory of Hawaii.*]

Prior to his original appointment as Real Estate Commissioner, Mr. Watson had headed his own real estate firm for over 25 years. He had served as a member of the first State Real Estate Advisory Board under appointment by former Governor Frank Merriam. He is a Past President of the California Real Estate Association and has been Vice President and Director of the National Association of Real Estate Boards, and has also served as Vice President of the National Society of Industrial Realtors.

After service in World War I, Mr. Watson entered the real estate brokerage business but managed to combine other activities with this basic interest. He developed several hundred acres of irrigated fruit and vegetable land and also operated packing houses and engaged generally in engineering, developing and managing agricultural and industrial properties.

For 10 years Mr. Watson was president of a large farm machinery manufacturing company.

REAL ESTATE BULLETIN

Sacramento, January, 1955

Published Bimonthly by the
DIVISION OF REAL ESTATE

STATE OF CALIFORNIA

GOODWIN J. KNIGHT, Governor

D. D. WATSON

Real Estate Commissioner

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DISTRICT OFFICES

SACRAMENTO, Principal Office—1021 O Street
Arthur M. Day, Deputy-in-Charge (Sacramento District)
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SEND LICENSE CHANGE REQUESTS TO SACRAMENTO

When you want to change the status of your license in any way, send the signed request and the proper fee directly to the Division's Sacramento office, 1021 O Street, rather than putting your request through one of the Division's branch offices.

This applies to license changes of all kinds, such as a salesman transferring from one employing broker to another, or a broker changing his business location or requesting a fictitious business name or establishing a branch office.

All licenses are issued from the Sacramento office and all license changes are effected there. When you request a license change at one of the Division's branch offices, it just means double handling of your request, adds to the Division's cost of operation, and delays the issuance of the new or changed license.

DISCIPLINARY ACTION

NOTE: Any person whose license has been suspended or revoked, or whose license application has been denied, has the right to seek a court review. This must usually be done within 30 days after the effective date of the commissioner's decision.

Therefore a list of actions is not published in this *Bulletin* until the period allowed for court appeal has expired; or if an appeal is taken, until a final determination of the court action. A list of persons to whom licenses are denied upon application is not published.

LICENSES REVOKED FROM OCTOBER 1 THROUGH NOVEMBER 30, 1954

Name	Address	Effective date	Violation
Nicholson, Embert William dba San-Lin Real Estate Company Real Estate Broker	1644 Balboa St., San Francisco	10/12/54	Secs. 10176 (c), (i); 10177 (f); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Bick, Edith dba Bick Realty Real Estate Broker	4141 Park Blvd., San Diego	10/14/54	Secs. 10176 (b), (g) & 10177 (f)
Eldred, Arthur Gordon Member A. G. Eldred & Company Real Estate Broker	325 N. Broadway, Santa Ana	10/15/54	Secs. 10177 (f) & 10302 (e)
Business Opportunity Broker			
Loveland, Karl Linke Real Estate Broker	Box 607, Carson City, Nevada	10/15/54	Secs. 10177 (b), (f)
Harville, Clyde Real Estate Salesman	568 Liberty St., San Francisco	10/19/54	Secs. 10177 (b), (f)
Horowitz, Monroe Business Opportunity Broker	4514 S. Western Ave., Los Angeles	10/26/54	Secs. 10176 (a), (g), (i); 10177 (f) & 10302 (e)
Real Estate Salesman			
Horowitz, Sam dba Land Realty Co. Real Estate Broker	4514 S. Western Ave., Los Angeles	10/26/54	Secs. 10176 (a), (g), (i), & 10177 (f)
Holloway, William Evans Real Estate Salesman	15129 Ventura Blvd., Sherman Oaks	10/27/54 (Granted right to restricted license)	Secs. 10177 (b), (f)
Evans, Gareld Elmer Real Estate Salesman	154 Granville Way, San Francisco	11/ 4/54	Sec. 10177 (a), (d), (f)
Nelson, Lawrence Herman Real Estate Broker	660 Amador St., Richmond	11/ 8/54	Sec. 10177 (f)
Love, William Henry dba Love Investment Company Real Estate Broker	1305 Polk St., San Francisco	11/17/54	Secs. 10176 (a), (g), (i), (e); 10301 (a), (g), (i), (e); 10177 (f); 10302 (e); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules & Regulations
Business Opportunity Broker			
Catania, Salvatore Joseph Real Estate Broker	1208 Fremont Extension, Seaside	11/17/54 (Granted right to restricted license)	Secs. 10177 (b), (f)
Catania, Salvatore Joseph Member, Seaside Realty Co. Real Estate Broker	Cor. Broadway & Del Monte Hwy., Seaside	11/17/54 (Granted right to restricted license)	Secs. 10176 (e), (i); 10177 (d), (f); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules & Regulations
Joseph, Walter James dba General Realty & Construction Real Estate Broker	1924 Courtland Ave., Oakland	11/19/54	Secs. 10141; 10176 (a), (b), (d), (g), (i) & 10177 (d) & (f)
Cody, William A. Real Estate Broker	8937 MacArthur Blvd., Oakland	11/22/54 (Granted right to restricted license)	Secs. 10141; 10176 (a), (b), (d), (g), (i); 10177 (d), (f) & 10180
Clarke, Harold Victor Member of Martin and Clarke Real Estate Broker	15803 E. 14th St., San Leandro	11/22/54 (Granted right to restricted license)	Secs. 10141; 10176 (a), (b), (d), (g), (i); 10177 (d), (f) & 10180
Clarke, Harold Victor Business Opportunity Salesman	22678 Wildwood, Hayward	11/22/54 (Granted right to restricted license)	Secs. 10141; 10176 (a), (b), (d), (g), (i); 10177 (d), (f), & 10180
Eisenhower, Gerald Victor dba Eisenhower Inv. Co. Real Estate Broker	8255 Beverly Blvd., Los Angeles	11/23/54 (Granted right to restricted license)	Secs. 10177 (b), (f)
Eisenhower, Gerald Victor President, Golden State Service Co. Real Estate Broker	10602 W. Pico Blvd., Los Angeles	11/23/54	Secs. 10177 (b), (f)
Ellsworth, John Willard dba Bill Ellsworth Real Estate Broker	750 E. Santa Clara, San Jose	11/30/54 (Granted right to restricted license)	Secs. 10176 (e), (i); 10177 (f); 10302 (e); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules & Regulations
Business Opportunity Broker			

LICENSES SUSPENDED FROM OCTOBER 1 THROUGH NOVEMBER 30, 1954

Name	Address	Effective date and term	Violation
Lopez, Rae B. dba Rae Real Estate Real Estate Broker	9819 E. Valley Blvd., El Monte	9/21/54 60 days	Secs. 10176 (a), (i) & 10177 (f)
Johanson, Arthur Valdemar dba Valley Home Realty Co. Real Estate Broker	11370 Ventura Blvd., North Hollywood	10/15/54 10 days	Secs. 10177 (d), (f); 11010; Secs. 2790, 2790.5, 2794 & 2795 of R.E. Comm. Rules & Regulations
Hennessy, James Elmer Real Estate Broker	85 Junior Terrace, San Francisco	10/15/54 6 months	Secs. 10176 (a), (g), (i), & 10177 (f)
Johnson, Melvin Belmont dba M. B. Johnson Co. Real Estate Broker	520 El Camino Real, Box 725, San Carlos	10/22/54 120 days	Secs. 10176 (a), (g), (i); 10177 (f) & 10302 (e)
Business Opportunity Broker			
Burt, Percy De Long Real Estate Broker	416 S. Glenoaks Blvd., Burbank	10/28/54 3 days (stayd)	Secs. 10176 (g), (i) & 10177 (f)
Sanders, James Otis Real Estate Broker	9 Sutter St., San Francisco	11/ 2/54 90 days	Sec. 10177 (f)
Van Ness, Marc Albert dba Marc Van Ness & Co. Real Estate Broker	677 N. Palm Canyon Dr., Palm Springs	11/ 4/54 30 days	Secs. 10176 (a), (b), (c), (i); 10177 (f) & 10302 (e)
Business Opportunity Broker			

Titles Cannot Be Clouded Recklessly by the Broker

There are laws which make it a criminal matter to record fictitious claims against property in order to cloud the title.

A number of years ago before the law was amended, it was possible for a broker to have his own signature acknowledged on a listing agreement and therefore make it eligible for recordation. This is no longer possible, as the signature of the property owner must be acknowledged before recordation, and of course a property owner would be suspicious if a broker were to ask for his signature before a notary.

Unfortunately, once in a while some broker still devises some means of clouding a title as a means of driving a commission bargain. Fairly recently, one broker recorded a claim against a property based upon an alleged earned commission, and complaint was made to the Commissioner. A formal hearing was held.

Whenever a hearing officer determines that any broker or salesman is guilty of recording some fictitious claim against property to cloud the title, the offender probably will not remain in business.

What Industrial Growth Means in Dollars and Cents

The impact of new industry on the economy of a community is evidenced by a recent survey conducted by the U. S. Chamber of Commerce.

The chamber found that each 100 of new industrial workers also meant 74 new jobs in other lines of work, 112 more households and a population increase of 296. At the same time, retail sales zoomed \$360,000, personal income grew \$590,000, and bank deposits rose \$270,000.

Industrial growth also added four new retail establishments per 100 workers, 107 new car registrations, 38 truck and bus registrations and 70 new residence telephones.

Of the increased retail sales, grocery stores received \$70,000 per 100 workers—the largest share, while auto

Making a License Inactive

When a broker wants to cancel or "inactivate" his license for one reason or another, he should mail his personally signed request for inactivation to the Division's Sacramento Office, 1021 O Street. The license and pocket identification card should accompany the request, along with a \$1 fee to change his address (if new address) on the records of the Division.

The "inactive" licensee receives a certificate showing his mailing address and evidencing his status.

The same procedure and fee apply when a salesman inactivates his license, except that the salesman's employing broker is expected to send in the salesman's license. The salesman sends a \$1 fee to cover the charge for his "inactive" license certificate showing his mailing address.

Under the Commissioner's Rules and Regulations, the holder of an "inactive" license certificate must keep the Division informed of his whereabouts. By so doing, he also benefits by receiving the Division's publications, renewal applications and any other information sent out or made available to active licensees.

For each change of address on the division's records, a \$1 fee is required.

The "inactive" licensee can reinstate his license—that is, put it back on an active basis—any time during the current license year merely by making request and paying a \$1 reinstatement fee. The "inactive" license must be renewed each year just as is the active license and the same fees are required—\$2 for the salesman and \$5 for the broker.

dealers received \$50,000; department, drygoods and variety stores \$45,000; and eating and drinking places \$30,000.

Nine counties, mostly in the South, were covered by the survey, and none of the counties was a part of a metropolitan area. The survey is published in a pamphlet entitled "What New Industrial Jobs Mean to a Community," and can be ordered from the Economic Research Department, Chamber of Commerce of the U. S., Washington 6, D. C., for 50 cents.

Millions Still Eligible for VA Guaranteed Home Loans

More than 3,000,000 additional World War II and post-Korea veterans will buy homes with the aid of GI loans before their respective deadlines, Veterans Administration officials estimate.

July 25, 1957, is the deadline date for World War II veterans and before then at least 1,000,000 more of them are expected to use their privileges under the GI Bill of Rights in acquiring new homes.

The Veterans Administration points out that about 12,000,000 World War II veterans have not used their privileges at all and an additional 2,000,000 have unused entitlement left.

Home Ownership by Vets

Much of the increase in home ownership since 1950 is attributed to World War vets and their families who now own their own homes in almost the same proportion as other families. VA concludes that this "indicates not only a large number of eligible World War II veterans—probably about 3,000,000—already own or have acquired homes without the use of a GI loan, but also that nearly half of the families of veterans of World War II do not now own their own homes."

Most veterans of World War II are in the age bracket that approaches peak earning capacity, says VA, and "many of those who have not purchased homes are finding the terms of home purchase increasingly attractive, some are finding that increased family size dictates the desirability of larger housing accommodations, and others are seeking supplemental loans to build additions to their present homes."

Those veterans with service since June 27, 1950, the beginning of the Korean conflict, have GI rights until January 31, 1965. VA estimates that there will be 7,500,000 veterans in this classification in civil life in 1960 and that at least 2,000,000 GI home loans will be made to them.

Veterans have invested nearly \$17,000,000,000 in new homes with the assistance of GI loans.

Real Estate Certificate Program

Spring Schedule Offers U. C. Extension Real Estate Courses in a Number of Cities

A variety of professional level real estate courses is again being offered by University of California University Extension this spring. The state-wide program is presented in cooperation with the California Division of Real Estate and the California Real Estate Association.

These courses are designed to help brokers and salesmen broaden their knowledge of the various phases of their vocation. Many licensees do not have the advantage of formal education in real estate subjects; as a matter of fact, only comparatively recently have an appreciable number of colleges and universities offered specialization in the field of real estate. The university extension real estate specialty courses, therefore, have been welcomed and appreciated by those people desirous of gaining a better formal educational background in real estate to supplement their experience in the field.

Certificate in Real Estate

A certificate in real estate is awarded by the university extension to anyone completing, with satisfactory grades, eight courses in the program. If enrollment is made in two courses each term, it is possible to obtain the certificate in two years' time. Looking toward increased earn-

ings through better and more knowledgeable service to their clients, more brokers and salesmen have been taking the courses. The certificate in real estate has been gaining recognition as a measure of the professional stature of its holder.

This is a state-wide program and courses will be offered by the university extension in any community where sufficient demand exists. Anyone interested in bringing the program to a particular area or city should contact the nearest real estate board, asking that the request for the program be relayed to the University Extension, University of California.

Following is the spring schedule giving place, starting date and class hours of the courses. Some courses consist of 18 meetings, others of 12. If interested in attending, you may register with the University Extension, 813 South Hill St., Los Angeles, or 540 Powell St., San Francisco; or contact your local real estate board; or appear at the first meeting.

SOUTHERN AREA

- LOS ANGELES: Hill Street Building
Elements of Real Estate and Urban Land Economics XL 180—Tues., Feb. 8, 7-9.30 p.m.
Real Estate Practice 804AB—Tues., Feb. 8, 7-9.30 p.m.
Legal Aspects of Real Estate 824AB—Wed., Feb. 9, 7-9.30 p.m.
Real Estate Finance 841AB—Tues., Feb. 8, 7-9.30 p.m.
Advanced Real Estate Appraisal 887ABC—Wed., Feb. 9, 7-9.30 p.m.
Property Management 842AB—Thurs., Feb. 10, 7-9.30 p.m.
Real Estate Exchanges and Taxation 822AB (An approved Group Three Elective)—Wed., Feb. 9, 7-9.30 p.m.
- WESTWOOD: U. C. L. A. (B. A. E.)
Elements of Real Estate and Urban Land Economics XL 180—Mon., Feb. 14, 7-9.30 p.m.
Real Estate Practice 804AB—Wed., Feb. 16, 7-9.30 p.m.
Legal Aspects of Real Estate 824AB—Mon., Feb. 14, 7-9.30 p.m.

- Real Estate Finance 841AB—Wed., Feb. 16, 7-9.30 p.m.
Advanced Real Estate Appraisal 887ABC—Mon., Feb. 14, 7-9.30 p.m.
Property Management 842AB—Mon., Feb. 14, 7-9.30 p.m.

- COSTA MESA: Orange Coast College, Harbor Blvd. (Rm. 9, Home Economics Bldg.)
Legal Aspects of Real Estate 824AB—Tues., Feb. 8, 7-9.30 p.m.

- DOWNEY: South Junior High School (Music Room 92)
Legal Aspects of Real Estate 824AB—Thurs., Feb. 10, 7-9.30 p.m.
Advanced Real Estate Appraisal 887ABC—Mon., Feb. 7, 7-9.30 p.m.

- LONG BEACH: John Dewey High School (Rm. 206)
Real Estate Finance 841AB—Wed., Feb. 9, 7-9.30 p.m.

- ONTARIO: Chaffey Junior College (Rm. 16)
Real Estate Practice 804AB—Wed., Feb. 9, 7-9.30 p.m.
Legal Aspects of Real Estate 824AB—Thurs., Feb. 10, 7-9.30 p.m.

- Advanced Real Estate Appraisal 887ABC—Mon., Feb. 7, 7-9.30 p.m.

- PASADENA: John Muir High School (Rm. 106)

- Real Estate Practice 804AB—Mon., Feb. 7, 7-9.30 p.m.

- Legal Aspects of Real Estate 824AB—Tues., Feb. 8, 7-9.30 p.m.

- Advanced Real Estate Appraisal 887ABC—Wed., Feb. 9, 7-9.30 p.m.

- Economic Aspects of Residential Construction and Design X 486AB

(Not open to students who have credit for Engineering X 419AB, Architectural Design and Construction for the Realty Profession)

(An approved Group Three Elective)—Thurs., Feb. 10, 7-9.30 p.m.

SAN DIEGO:

- Real Estate Finance 841AB—Tues., Feb. 8, 7-9.30 p.m., Rm. 303, San Diego High School

- Valuation of Real Property XL 181—Thurs., Feb. 10, 7-9.30 p.m., Bung. 10, Roosevelt Junior High School

- SANTA MONICA: Postal Employees Bldg., 1040 Pico Blvd.

- Legal Aspects of Real Estate 824AB—Tues., Feb. 8, 8-10.30 a.m.

- VENICE: Venice Realty Board Bldg., 12937 Venice Blvd.

- Legal Aspects of Real Estate 824AB—Tues., Feb. 8, 7-9.30 p.m.

NORTHERN AREA

- CONCORD: East Contra Costa Junior College, 214 New Library Bldg.

- Real Estate Practice 804AB—Wed., Feb. 9, 7-9.30 p.m.

BERKELEY CAMPUS:

- Legal Aspects of Real Estate 824AB (223 Dwinelle Hall)—Mon., Feb. 14, 7-9.30 p.m.

- Principles of Real Estate Appraisal 860-ABC (89 Dwinelle Hall)—Mon., Feb. 14, 7-9.30 p.m.

- Real Estate Finance 806AB (229 Dwinelle Hall)—Wed., Feb. 23, 7-9.30 p.m.

- HAYWARD: 21144 East 14th Street, Conference Room

- Real Estate Practice 804AB—Tues., Mar. 1, 7-9.30 p.m.

OAKLAND: 1730 Franklin Street

- Economics of Real Estate 886AB—Thurs., Feb. 24, 7-9.30 p.m.

- Real Estate Practice 804AB—Wed., Feb. 9, 7-9.30 p.m.

- Property Management 842AB—Mon., Feb. 14, 7-9 p.m.

- FRESNO: Fresno Realty Board Auditorium, 2123 Amador Street

- Real Estate Finance 806AB—Mon., Feb. 14, 7-9.30 p.m.

- MARIN COUNTY: San Rafael High School, Room 61

- Legal Aspects of Real Estate 824AB—Mon., Feb. 21, 7-9.30 p.m.

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Cal-Vet Loans

What the Broker Should Know About Them

By J. MARVIN RUSSELL, Director, State of California Department of Veterans Affairs

It should first be understood that the Department of Veterans Affairs cannot be classed as a lending agency created for the same purposes, and operating on the same basis, as those typical of the commercial lending field. Nor is it in any sense an emergency housing program.

Education—Northern Area, Continued

MODESTO: Modesto Junior College, North Hall, Room N-21

Real Estate Practice 804AB—Wed., Feb. 9, 7-9.30 p.m.

NAPA: Napa Junior College, Room 19

Real Estate Practice 804AB—Wed., Feb. 16, 7-9.30 p.m.

BURLINGAME: Burlingame High School, Rm. 16

Real Estate Practice 804AB—Thurs., Feb. 17, 7-9.30 p.m.

Principles of Real Estate Appraisal 860-ABC—Tues., Feb. 8, 7.30-10 p.m.

PALO ALTO: Jordan Junior High School, Room F-5

Legal Aspects of Real Estate 824AB—Wed., Feb. 9, 7-9.30 p.m.

SACRAMENTO: 1020 N Street, Room 102

Legal Aspects of Real Estate 824AB—Thurs., Feb. 10, 7-9.30 p.m.

Real Estate Finance 806AB—Tues., Mar. 1, 7-9.30 p.m.

SALINAS: Hartnell College, Rm. 2

Legal Aspects of Real Estate 824AB—Mon., Feb. 14, 7-9.30 p.m.

SAN FRANCISCO:

Economics of Real Estate 886AB (Rm. 401, 540 Powell)—Wed., Feb. 16, 7-9.30 p.m.

Real Estate Practice 804AB (Rm. 304, 140 Montgomery)—Thurs., Feb. 10, 7-9 p.m.

Legal Aspects of Real Estate 824AB (Rm. 202, 140 Montgomery)—Tues., Feb. 8, 7-9.30 p.m.

Principles of Real Estate Appraisal 860-ABC (Rm. 202, 140 Montgomery)—Mon., Feb. 7, 7-9.30 p.m.

Real Estate Finance 806AB (Rm. 203, 140 Montgomery)—Tues., Feb. 15, 7-9 p.m.

Commercial and Investment Properties 880AB (Rm. 207, 540 Powell)—Thurs., Feb. 10, 7-9.30 p.m.

SANTA CRUZ: Santa Cruz High School, Library

Principles of Real Estate Appraisal 860-ABC—Tues., Feb. 8, 7-9.30 p.m.

STOCKTON: Stockton College, Room 211, Library

Real Estate Finance 806AB—Wed., Feb. 23, 7-9.30 p.m.

VISALIA: Mt. Whitney High School (Rm. B-25)

Principles of Real Estate Appraisal 860-ABC—Mon., Feb. 21, 7-9.30 p.m.

The Cal-Vet loan plan is a special deal intended solely to provide opportunities for California veterans to acquire permanent farms and homes, meeting the long-term needs of their families through low-cost, nonprofit financing and owner-occupancy. It is not designed to enable a veteran to speculate in real estate or acquire income-producing residential property.

The veteran must have sufficient cash to pay the amount of the purchase price, over and above the department's loan; secondary financing is not permitted. The maximum loan on a home is \$8,500, but to be eligible for a Cal-Vet loan, the property cannot exceed \$12,500 in value. Maximum farm loan is \$15,000, provided the value of the property does not exceed \$18,500.

Vet Resides on Property

The veteran must reside on the property as long as he chooses to remain under contract with the department. He cannot assign, transfer, or rent except under extenuating circumstances, and then only with the written consent of the department under such conditions as it may prescribe.

The department as a lender does not use mortgage instruments such as trust deeds. It takes fee title to the property for the account of the veteran, and resells it to him under a long-term purchase contract.

Because fee title is taken at the time a Cal-Vet loan is made, the department is obligated to consider all foreseeable underwriting risks in the interests of both the veteran and the State. If a purchase is unsound, the veteran's equity is forfeited first, and therein lies a basic reason for the department's viewpoint in looking

after the veteran's interest at the time of purchase.

Many Factors Considered

The Department of Veterans Affairs is concerned with the usual lending factors—security of investment and credit status of borrowers. In addition it has the legal responsibility to determine that the property will suitably meet the long-term needs of the veteran and his family. This requires a careful appraisal, not only of the security offered, but also of the adequacy of living space, soundness of construction and design characteristics which provide relative freedom from excessive maintenance costs.

It also requires a careful appraisal of the neighborhood in which the home is located, including the probability of its remaining a desirable single family home section with continuing market appeal to typical purchasers.

A farm must qualify on its merits as an economic unit, in addition to providing a desirable homestead.

All of the above factors are considered from the long-term viewpoint.

To compensate for the possible lack of knowledge of real estate by the prospective veteran purchaser, the department, of necessity, takes the position of representing his interests. This is a logical relationship in view of the law and the objectives of the program.

Under this rather unconventional setup, a real estate broker may well wonder what he can do to facilitate consummation of a sale through Cal-Vet financing. The answer lies in a thorough understanding of the department's required procedures and the conditions under which loan applications are processed. It would be impossible to go into detail here, and impractical for the department to attempt to contact personally the thousands of licensed brokers and salesmen in California.

Broker Participation Welcomed

However, any broker interested in the type of sales falling into the Cal-Vet category is cordially invited to come in and discuss the plan with

(Cont. on Page 174, Col. 1)

Effect of Suspension of Broker or Salesman

(Cont. from Page 169, Col. 2)

to cease for a time." So it can be concluded that "the suspension of a real estate broker's license by the Real Estate Commissioner puts an end to and terminates all rights and privileges granted the real estate broker by such license during the period of suspension."

Salesman License Dependent on Broker's

The opinion went on to say that "the right of a salesman to exercise the privileges granted by the real estate salesman's license is dependent upon the employment of the salesman by a licensed real estate broker. When the license of the employing real estate broker is suspended, the salesman finds himself in the position of not being employed by a licensed real estate broker and he may not act as a real estate salesman. It cannot be said the salesman's license is also suspended, but it becomes *inoperative*, and, until the period of suspension is terminated or the salesman secures employment with another broker, he cannot * * * exercise any rights or privileges granted him by his salesman's license."

Effect on Exclusive Listings

In discussing the effect on the broker's exclusive listing contracts when his license is suspended, the Attorney General said that the broker, as agent for the listing person, cannot use "due diligence" in procuring a purchaser when his license is in a suspended state. He, therefore, concludes that "the effect of the suspension of the real estate broker's license upon the exclusive listing contract is to render it voidable."

This also applies to certain executory contracts between the broker and the principal which have not been completed or concluded and under which certain acts remain to be performed by the broker at the time of his suspension.

Collecting Commission and Rentals

In regard to the right to collect commissions, the opinion stated: "Where the commission has been earned at the time of the suspension, and only the ministerial acts and duties are required in making payment, the commission may be paid to the broker or salesman during the period of suspension." In other words, a commission due and

payable at the beginning of a period of license suspension may be paid and collected during the time when the license is suspended.

However, "during the suspension, the broker or salesman may not collect rents or make reimbursement of same." Rents previously collected may be forwarded to the person for whose account they have been collected.

In regard to pending deals involving salesmen, the opinion said: "Transactions and deals brought into a broker's office by the salesman employed by the broker in effect become the transactions and deals of the broker. The broker is required to process the deals and transactions with diligence and the salesman is entitled to his share of the commissions earned.

"Such deals and transactions during the period of suspension cannot be processed by either the broker or salesman; they may not perform any service as a broker or salesman in regard to any deal or transaction during the period of suspension. Pending deals in which a salesman is involved are of a similar status as any other executory contract (may be voidable at will of principal). The salesman is entitled to his commission on any deal or transaction that has been earned at the time of suspension, and such payment may be made after the suspension becomes effective."

More About Cal-Vet Home and Farm Purchase Plan

(Cont. from Page 173, Col. 3)

members of our staff in any one of our six district and seven subdistrict offices. We will be more than glad to furnish detailed information about the type of property we can approve, and also to explain how a broker may help to facilitate the closing of his deals.

The department wants to process applications as promptly as possible. The law, however, requires us to take sufficient time in each case to insure that the property meets with all objectives. Processing time may be as short as a week to 10 days in some instances, and could require 30 days or longer in others. Nonconventional

construction and marginal locations oftentimes present problems which simply cannot be solved as quickly as everyone concerned would like.

Sometimes it is difficult for veterans and others to understand why we cannot approve a loan as quickly as a person can buy a new suit of clothes or a pair of shoes. But considering that it may take 20 years to complete the purchase of a farm or home, the care and effort put into the department's appraisal and underwriting should be appreciated.

No Cost to Taxpayers

In the last 33 years the department has made over 77,000 loans, totaling

more than a half billion dollars. Experience on this scale has furnished a substantial fund of knowledge concerning the purchase of real estate in the particular field in which we operate. Naturally, the department has made mistakes, and undoubtedly will make more, but the small proportion of errors compared to the instances in which sound judgment has governed is best reflected by the outstanding success of the program.

The program has been administered without cost to the taxpayers of this State, who have underwritten the bond obligations from which our investment funds have been derived.

BULLETIN SUBJECT INDEX — JANUARY, 1953 THROUGH 1954

Editor's Note: This index covers articles appearing in all issues of the *Real Estate Bulletin* from January, 1953, through November, 1954. The January, 1953, *Bulletin* contained an index listing previous articles.

Since July, 1951, when the *Bulletin* became an eight-page publication, the issues have been paged consecutively as if they were part of one volume. For example, the first page of the January, 1953, *Bulletin* was "page 73"; the first page of the following issue, March, 1953, was "page 81," and so on.

This index is published for the benefit of those readers who have been keeping complete *Bulletin* files. We have been assured that a number do this, and for their convenience the *Bulletins* are punched for maintenance in a three-ring binder.

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