



# Real Estate Bulletin

Official Publication of the California Division of Real Estate

RONALD REAGAN, *Governor*

February 1967

BURTON E. SMITH, *Commissioner*

## BURTON E. SMITH TAKES OATH AS REAL ESTATE COMMISSIONER



### Governor Reagan Announces Appointment, Jan. 16, 1967

Governor Reagan appointed Mr. Burton E. Smith of Bellflower as California Real Estate Commissioner effective January 17, 1967. He succeeds Milton G. Gordon, who has reentered private business in southern California.

In addition to his duties as chief executive of the Division of Real Estate, the new commissioner is a member of the Board of Investment and Chairman of the State Real Estate Commission.

Mr. Smith was first licensed with the division on January 3, 1947, and has been owner since 1950 of the Burt Smith Company, Inc., a real estate brokerage firm with offices in Bellflower.

He has been an active worker in the Bellflower District Board of Realtors, where he served as a director, vice president, and in 1954 as president. In the same year, he was named the board's "Realtor of the Year."

In CREA, he served as director, regional vice president, chairman of the educational committee, on the execu-

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### REAL ESTATE BULLETIN RETURNS TO BLACK AND WHITE

Although the use of color in the format of the *Real Estate Bulletin* has received widespread approval, the recent increase in printing and postage costs causes our return to black and white. This enables us to stay within our printing budget without lessening in any way the quality of content.

Based on the enthusiastic response to the use of color, consideration will be given to resuming this format should it become economically feasible.

### COMMISSIONER'S MESSAGE

The real estate industry has offered me much in the way of challenge as well as satisfying years of service to the public and to my fellow licensees. Now, Governor Ronald Reagan has extended to me the privilege to serve the public and all real estate licensees as California's real estate commissioner.

I accepted the responsibility with a mixture of humble appreciation and the deep sense of commitment to the new administration's objective of the best of government for all of the citizens of California.

To know the letter and the import of real estate law and the regulatory statutes pertaining to it, as I have sought to know them since first becoming a licensee in 1947, is to appreciate both the tremendous potential of real estate as it grows toward full professional recognition, and the grave responsibilities of real estate licensees to the public they serve.

It is my hope, therefore, that all who read these words join with me and the personnel of the Division of Real Estate in a united effort—to rededicate ourselves to making adherence to high ethical standards and obedience to law the minimum level of practice—to make a fully developed sense of professional responsibility and performance our constant objective.

Burton E. Smith  
Real Estate Commissioner

**REAL ESTATE BULLETIN**

Official Publication of the  
California Division of Real Estate

February 1967

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**DIVISION OF REAL ESTATE**

STATE OF CALIFORNIA  
RONALD REAGAN, Governor

BURTON E. SMITH  
Real Estate Commissioner  
JOHN E. HEMPEL  
Chief Assistant Commissioner

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**DESIST AND REFRAIN ORDERS**

Issued for the Period Between November 1  
and December 31, 1966

Number of  
orders

Violations

Number of orders	Violations
4	IN-STATE Sale of real property securities without permit . . . and/or failure to comply with all applicable statutes and regulations.
5	Failure to comply with California subdivision requirements.
8	OUT-OF-STATE Failure to provide for subdivision public report, promised recreation facilities, proper permit or otherwise meet requirements of subdivision law.

**Disciplinary Action—September–October 1966**

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, until a final determination of the court action. Names of persons to whom licenses are denied upon application are not published.

REB—Real estate broker  
RREB—Restricted real estate broker

RES—Real estate salesman  
RRES—Restricted real estate salesman

**Licenses Revoked During September–October 1966**

Name	Address	Effective date and term	Violation
Phillips, Elwood Yates (RES).....	560 E. Rowland Ave., Apt. D-2, Covina	9/ 6/66	Sec. 10177 (a) and (f)
Held, Joseph Charles (RRES).....	18331 Ventura Blvd., Tarzana.....	9/ 7/66	Sec. 10177 (b), (f) and (k)
Kilz, Raymond John (REB).....	701 S. Glendora Ave., West Covina. dba Charter Realty	9/ 7/66	Secs. 10176 (i); 10177 (f) and (j)
Nunan, Dan Raymond (RES).....	707 N. 1st St., Ste. 2, San Jose.... (Stayed for 2 years on terms and conditions)	9/ 7/66	Sec. 10177 (b) and (f)
Ullman, Doris Jaffe (REB & RES)....	766 Sutter St., San Francisco..... (Granted right to restricted license on terms and conditions)	9/ 7/66	Sec. 10177 (b)
Mann, Margaret Chestine (RES)....	6255 Hollymont Dr., Apt. E, Hollywood	9/ 8/66	Sec. 10177 (b) and (f)
Nelson, Harold Eugene (REB).....	1379 Linda Mar Shopping Center, dba Sea Village Associates, Pacifica	9/13/66	Secs. 10145; 10162; 10176 (e), (i); 10177 (d) and Sec. 2832 of R.E. Comm. Reg.
Waymire, Olen (RES).....	3949 Clairemont Dr., San Diego....	9/20/66	Secs. 10176 (d), (e), (i); 10177 (b), (d), (f), (j). Secs. 2830 and 2832 of R.E. Comm. Reg.
Jacob, Donald Canon (RRES).....	11936 Burbank Blvd., North Hollywood	9/22/66	Sec. 10177 (b) and (k)
Stephen, John Wesley (REB).....	927 Wellpott Place, Vista.....	9/22/66	Secs. 10145; 10146; 10176 (e), (i); 10177 (d), (f), (j). Secs. 2971, 2972, 2973 and 2974 of R.E. Comm. Reg.
Sparkman, John Amos (RES).....	150 E. 10th St., Escondido.....	9/26/66	Secs. 10176 (a), (g), (i); 10177 (d) and (f)
Martin, Thomas Joseph (RES)....	2683 17th Ave., San Francisco.....	9/27/66	Sec. 10177 (b) and (f)
Petros, George John (REB).....	465 W. 7th St., San Pedro.....	9/29/66	Secs. 10176 (a), (i); 10177 (f) and (j)
Cameron, Patrick George (RES)....	617 N. 6th St., San Bernardino.... (Granted right to restricted license on conditions)	10/ 5/66	Sec. 10177 (b) and (f)
Inman, Clifford, Jr., (RES).....	12113 Curtis & King, Norwalk....	10/ 8/66	Secs. 10176 (a), (d), (g), (i); 10177 (f) and (j)
Bowdidge, Barry William (REB & RES)	123 1/2 W. Arrellaga, Santa Barbara.	10/14/66	Secs. 10176 (a), (i); 10177 (d), (f) and (j)
Bray, Thomas Edward (REB).....	2114 El Camino Ave., Sacramento. dba Mortgage Company of America	10/18/66	Sec. 10177 (g)
Collins, Michael Anthony (RES)....	3438 Broadmoor Way, Carmichael.	10/18/66	Secs. 10162 and 10177 (d)
Henderson, William Sherman (REB)	3889 Exmoor Circle, Sacramento.. (Granted right to restricted license after 45 days from effective date of decision on terms and conditions)	10/18/66	Secs. 10176 (e), (i); 10177 (d) and (g)
Jeffries, Alonzo Carl (REB).....	1412 21st St., Sacramento.....	10/18/66	Secs. 10145; 10176 (b), (i); 10177 (d), (f) and 10305
LaSalle Mortgage Financing Co. (RES).....	Rt. 2, Box 317 J, Linden 1412-B 21st St., Sacramento.....	10/18/66	Secs. 10145; 10176 (i); 10177 (d), (f) and 10305
Garrow, Robert Ray (REB).....	8546 N. Lake Blvd., Kings Beach.. (Granted right to restricted license after 60 days from effective date of decision on terms and conditions)	10/25/66	Secs. 10145; 10176 (e), (i); 10177 (d) and (f)
Anderson, Howard Floyd (RES)....	1105 S. Granada Ave., Alhambra..	10/27/66	Sec. 10177 (b) and (f)

**HIRING BROKERS AS SALESMEN**

Employment of brokers in a real estate office in the capacity of salesmen is a matter of contract, and it is good policy to have employment agreements in writing, covering all contingencies which can be foreseen. For instance, a broker might enter a written agreement not to engage in any real estate transaction "on his own" or independent of his employer. In that case, he would not need to hang his broker's sign at the entrance to the premises—mere posting of his license would comply with Commissioner's Regulation 2771 on the subject of identifying signs.

In passing, it might be noted that some brokers who hire other brokers as salesmen insist the latter inactivate their broker licenses, taking out licenses as salesmen.

**Education and Publications  
Chief Hospitalized**

Walter J. Miller has been hospitalized for several weeks as this edition goes to press. His staff and myriad of friends inside the Division, in the academic community and in the real estate industry wish him a speedy recovery.

**OPTION TERMINATION**

Section 1213.5 of the Civil Code provides that a recorded instrument creating an option to purchase real property ceases to be constructive notice within one year after it expires by its terms or by operation of law, providing no recorded evidence shows that the option has been exercised or extended.

## Licenses Suspended During September-October 1966

## Salesman's Right to Reinstatement License

Recent letters and telephone calls received in our offices indicate there is some misunderstanding as to what happens when a salesman's license is returned to the Division of Real Estate by the employing broker, and the salesman is notified his license has been canceled.

### Zip Codes Important

Please attach your zip code number to the return address on all correspondence, and forms of any kind submitted to the Division of Real Estate.

The misunderstanding revolves around the right of that salesman to reinstate his license. Some callers were concerned because they heard that the salesman must again qualify in the examination before his license could be reinstated. This is *not* the case, and the requirement for the broker to return the license and the right of the salesman to reinstate that license is set out clearly in Section 10161, which reads as follows:

**"Immediately upon the real estate salesman's withdrawal from the employ of the real estate broker, the real estate broker shall return the real estate salesman's license to the commissioner for cancellation. A license canceled but not suspended or revoked may be reinstated at any time during the period for which the license was issued, upon receipt of application therefor and the fee for the reinstatement of his license."**

Possibly the use of the word "canceled" in this section has created some of the misunderstanding and concern.

To reinstate the license a salesman need only complete a transfer application, have it signed by the new employing broker and file it with a \$4 fee.

If he does not intend to be active in the business and wishes to remain on the mailing list for *Bulletins*, renewal notices, etc., he may request an inactive license certificate. Ordinarily the certificate is issued showing the salesman's home address. A \$4 fee is required to reflect the change from the last broker's business address to the salesman's home address.

Name	Address	Effective date and term	Violation
Perea, Robert Silvas (REB).....	17730 Roscoe Blvd., Northridge...	9/ 1/66 30 days	Secs. 10176 (i); 10177 (f) and (j)
Eyman, Jack Richard (REB & RES).....	P.O. Box 546, Hesperia..... (Last 100 days stayed for 3 years on terms and conditions)	9/ 7/66 180 days	Secs. 10177 (d), (f); 11010; 11018.1. Secs. 2795 and 2795.1 of R.E. Comm. Reg.
Stanford, Harry George (REB).....	9494 7th St., Hesperia..... (Last 200 days stayed for 3 years on terms and conditions)	9/ 7/66 360 days	Secs. 10177 (d), (f); 10237.3, 10237.8; 10238.3; 11010; 11018.1. Secs. 2795 and 2795.1 of R.E. Comm. Reg.
Butler, Jack L. (RREB).....	1120 Virginia Ave., Modesto..... (After 30 days from effective date of decision, remainder or any portion thereof may be stayed on conditions)	9/ 8/66 to and including 12/21/66	Secs. 10160; 10162; 10164; 10177 (d) and (k)
Dinoto, John (REB).....	706 Mesagrove Ave., Whittier..... (RES)..... Box 1, Apple Valley	9/20/66 30 days	Secs. 10145; 10176 (e) and 10177 (d)
Rains Realty Company.....	222 Ojai Ave., Ojai..... O. Lynn Rains, President (Stayed for 1 year on terms and conditions)	9/20/66 15 days	Secs. 10145; 10176 (e), (i); 10177 (d), (f), (g) and (j)
Caldwell, Howard (REB).....	716 27th St., Manhattan Beach...	9/22/66 90 days	Secs. 10145; 10176 (e), (i); 10177 (d), (f) and (j)
Heinemann, Hertha (RES).....	12225 San Vicente Blvd., Los Angeles	9/22/66 60 days	Sec. 10177 (d), (f) and Sec. 2901 of R.E. Comm. Reg.
Hedrick, Clarence Eugene, Sr. (REB).....	1750 S. La Cienega Blvd., Los Angeles	9/23/66 45 days	Secs. 10175; 10177 (f) and (h)
dba Record Mortgage Company			
Kurstin, Sidney Abraham (RRES).....	1750 S. La Cienega Blvd., Los Angeles	9/23/66 45 days	Secs. 10175; 10176 (i); 10177 (d), (f), (j); 10240 and 10243
Mackey, William Bernard (RES).....	1750 S. La Cienega Blvd., Los Angeles	9/23/66 45 days	Secs. 10175; 10176 (i); 10177 (d), (f), (j); 10240 and 10243
Viek, Thelma Leola (REB).....	6500 Shattuck Ave., Oakland..... dba Pacific Cosmopolitan Company (Stayed for 2 years on conditions)	9/24/66 30 days	Secs. 10176 (e), (f); 10177 (d), (f), Secs. 2831 and 2831.1 of R.E. Comm. Reg.
Ng, Walter Joe (REB).....	1844 Foothill Blvd., Oakland..... (Last 5 days permanently stayed)	9/30/66 10 days	Secs. 10177 (d) and 10240
Strader, Virgil J. (RES).....	4646 Los Angeles Ave., Santa Susana	10/ 3/66 Indefinitely	Sec. 10177.1
Hayman, Jean (REB).....	5150 Geary Blvd., San Francisco... (RES)..... 2634 Octavia St., San Francisco... (Last 25 days permanently stayed)	10/11/66 30 days	Secs. 10176 (a) and 10177 (g)
Tidaback, Earl Ackerson (REB).....	1947 Market St., Long Beach..... dba Tidy's Realty	10/13/66 45 days	Secs. 10176 (a), (i); 10177 (f) and (j)
Collins, Michael Anthony (REB).....	2600 Auburn Blvd., Ste. 102, Sacramento (After 30 days from effective date of decision, remainder or any portion thereof may be stayed on conditions)	10/18/66 to and including 7/25/68	Secs. 10162 and 10177 (d)
Warren, Edward Douglas (RREB).....	10204 Compton Ave., Los Angeles. dba Warren Realty	10/24/66 Indefinitely	Sec. 10156.7
McDaniel, John Howard (REB).....	30 S. State St., Salt Lake City, Utah	10/25/66 180 days	Secs. 10137; 10177 (d), (f), (g); 11010 and 11018.2

## Coy Sanders Receives Golden C Award

In an effort to recognize the work and fine performance of state employees and individual California citizens who voluntarily work alongside them to build a greater California, the Golden C Award Program was initiated in March 1966. An award committee was appointed to select those persons whose service was particularly outstanding. All state administrators and department directors were asked to submit nominations covering employees who have made outstanding contributions to the work performed by their agencies.

The Division of Real Estate was honored when one of its employees, Coy Sanders, received one out of an approximate 20 awards awarded throughout the state for the past year.

Sanders, a senior deputy in the Education and Publication Section, has performed yeoman service as state-wide coordinator of real estate education in the junior college area. He has

### EASEMENT STATUTE

No use shall ripen into an easement by prescription, according to Section 1008, Civil Code, when the property owner posts signs which state in substance: Right to pass is by permission of owner and is subject to his control.

displayed initiative, resourcefulness, and dedication in community service through his active participation in charity groups and civil betterment programs.

He was nominated in 1964 and again in 1965 for the Sacramento City and County Chamber of Commerce Civil Service Award.

He has served as chairman and on the board of directors of many charity groups, and was general chairman of the Salvation Army Board for 1966, Sacramento Area Corps.

Despite the heavy demand of these extracurricular activities, he was also very busy in his church affairs and found time to write a column for the *Sacramento Union*.

# SUBDIVISION

DEVELOPMENTS • LAW • PROCESSING • CONTROLS

## Changes in Bylaws for Common Facility Subdivision

Subdivisions containing common facilities generally fall within the definitions of a planned development, condominium, stock cooperative or community apartment, and most such developments provide for an owners' association to participate in continuing management and maintenance.

Obviously, some associations are not aware of the provisions of Section 11018.7 of the Real Estate Law, which stipulates procedures to be followed if changes are contemplated in restrictions, bylaws, deeds, leases, or management contracts related to the development. Indeed, any change which would materially affect the restrictions on any lot and the rights of any persons who have purchased or leased in the development must be considered as falling within the purview of this section.

### Commissioner's Written Consent

Before any such changes become effective or legally binding upon the members of the owners' association, whether or not the subdivider still has an interest in the project, the statute requires prior written consent on the part of the Real Estate Commissioner. Procedurally, the applicant submits the proposed change in a form suggested by the commissioner together with a \$20 fee. The commissioner then notifies the applicant in writing of consent or denial of consent to the change. If denied, the applicant may request a hearing on his petition for change.

If the change as approved by the commissioner is adopted by members of the owners' association, the Division of Real Estate is to be so advised. Then, if there are lots, units, or stock interests yet unsold, the public report may be amended to reflect the adopted change.

## BRANCH OFFICE IN SUBDIVISION

In the active selling stage of a subdivision, the broker will usually have one or more salesmen "in residence," in the garage of a model home located on the property. Normally this becomes a branch office and the broker must obtain a branch office license for the location. The fee is \$4.

The address can be the name of the tract along with mention of the city or county in which it is located. Then the branch office may be moved from one location to another within the tract without having to obtain additional licenses.

The branch office broker license must be posted in the branch office, but all salesmen's licenses are posted in the broker's principal office. The sign required by Section 10164 of the Business and Professions Code must be displayed so that it shall be readily seen from the exterior of the branch office by anyone entering the premises through the main entrance. A sign containing only the words, "Sales Office" is not sufficient.

## Public Reports Issued in 1962 Will Start Expiring in May

Section 2795.3 of the Regulations of the Real Estate Commissioner, limiting the term of any Final Subdivision Public Report to five years, became effective May 5, 1962. This means public reports will start expiring in May 1967. The law provides that they can be renewed for additional terms of five years, without charge, unless a material change is involved.

Subdividers having unsold lots in subdivisions on which public reports will soon expire may obtain renewal application forms from any district office of the DRE.

## Don't Take Obligations As Employers Lightly

Some brokers fail to heed the old maxim, "a word to the wise is sufficient," when it comes to signing blank real estate salesman license applications, although numerous articles on this subject have appeared in the *Real Estate Bulletin* warning sponsoring brokers that when they sign blank or incomplete license applications, they have certified to the applicant's honesty, truthfulness and good reputation.

Recently, in one district office alone, there were five cases of this type of violation in which disciplinary action was taken by the commissioner after formal hearings.

### Case Cited

In one such case, in an attempt at mitigation, the broker established that he usually hired persons without real estate experience, advising them to take special courses. In this instance the broker signed the application in blank, with the understanding that the applicant would return it to him for review after he had completed it and the real estate course. The applicant didn't bother to see the broker again; he completed the application, and submitted it to the DRE. The application disclosed a criminal record.

Later, the broker claimed he had no knowledge of the criminal and arrest record of the applicant. The hearing officer, however, found that the signature and certification constituted an attempt to procure a salesman's license for another by making a false and material misstatement of fact in an application. Further, he said, the broker in signing the application certified he had read the answers to all the questions in the document and upon investigation had ascertained the applicant was honest, truthful and of good reputation. The hearing officer recommended revocation of the broker's license with the right to apply for a restricted license subject to specified terms and conditions.

The laxity and carelessness portrayed by this type of broker is a far cry from the image of an ethical, professionally oriented real estate broker.

## Board of Equalization to Implement New Tax Law

Hastened by investigations of questionable assessment practices, AB 80, a bill adding or changing codes governing property valuation, became effective October 6, 1966.

**EDITOR'S NOTE:** For more explanation of Chapter 147 of the Statutes of 1966—frequently referred to as AB 80, the State Board of Equalization, 1020 N Street, Sacramento 95814, has a limited supply of booklets intended for ready reference for those who have more than a casual interest in the impact of the law.

A pamphlet containing brief information of the law is also available at State Board of Equalization, Franchise Tax Board, Department of Motor Vehicles and most assessors' offices.

The law contains a number of "firsts" for California—a new appeal route for the overassessed property owner; improvement of procedure and personnel in assessor's offices, and more responsibility on the State Board of Equalization to see that the law's mandate for uniformity is carried out.

Responsibility for new rules and regulations for assessment practices as well as checks on assessor's offices were given to the state board by the law.

From now until 1971, each assessor must announce the percentage of market value at which he is assessing all property. The percentage must be between 20–25 percent of the full value. From 1971 on, all assessors must be using 25 percent of market value.

Real estate licensees will want to know how the new assessment law will affect property owners.

- 1) All property owners must be notified (usually in June) when their assessment is increased. The

notice, either a card or in the local newspaper, must have the market value, the assessed value and the assessor's announced ratio of assessed to market value used on all property.

- 2) Tax bills also must carry the same information in the fall.
- 3) Putting this information to use will require some simple multiplication on a property owner's part. The state board will announce a preliminary average ratio of assessed to market value for each county in July and a final ratio in August. If this average ratio varies *more than 15 percent* from the ratio for his property, it is evidence of an unfair assessment. The county board of equalization (or its counterpart, the assessment appeals board) must adjust his assessed value.

For example, suppose the assessor's notice says the owner's property is assessed at 25 percent of its market value. Fifteen percent of 25 percent is a 3.75-percent "tolerance." That allows a variation down to 21.25 percent. Suppose the state board finds an average of 20 percent; he should consider an appeal.

**But bear in mind that the assessor can bring in new evidence of his property's full value to the local board of equalization and that the board can raise his assessment as well as lower it.**

All these factors should be carefully considered when weighing a decision as to whether to appeal or not to appeal one's assessment.

## Today's Financial Terms Confuse Buyers and Sellers

A recent consumer survey disclosed that very few home buyers understood even the most basic economics involved in buying a home. Terms like "service charge," "points," "Fanny Mae," "assumption fee," etc., were beyond their comprehension. Interestingly, it was found that experience gained in buying a home made only a slight difference in the answers. For example, 63.3 percent of those who did not know the meaning of "points" were homeowners.

**This apparent lack of knowledge on the part of both buyers and sellers emphasizes the responsibility of licensees to make doubly sure that clients are given a clear understanding of financial fundamentals.**

### POINTS

#### FHA-Insured or VA-Guaranteed Loans

Discounts (or points) paid to lenders are, in effect, prepaid interest, and are used by lenders to adjust the effective interest rate so that it is equal to or nearly equal to the prevailing market rate (the rate charged on conventional loans). The discounts (points) are absorbed by the sellers. On FHA-insured and VA-guaranteed loans, buyers may be charged only 1 percent. This restriction, however, does not apply to conventional loans.

#### Conventional Loans

The charge for making a loan at most institutions is usually called a "loan fee," "service charge," "commitment fee" or may be referred to as "points to the buyer." These charges may vary considerably.

## POSITIVE STATEMENTS WITHOUT KNOWLEDGE OF FACTS CAN LEAD TO DISCIPLINARY ACTION

A licensee should be prepared to verify representations he makes regarding conditions material to a transaction. This has been discussed many times in the *Bulletin*, but disciplinary actions by the commissioner reveal that some licensees still overlook their legal and ethical responsibility in this area.

Thus, if a buyer's reason for purchasing a house was based upon the agent's incorrect affirmation that it was located in a certain school district,

the agent is subjecting himself to litigation. By implying that he has knowledge when he knows that he has not sufficient information to justify his statement, he may be found to have the intent to deceive. Indeed, it should be emphasized that an agent may be held liable for affirmative statements which are not true even though he believes them to be true. A cardinal rule to follow is to verify all important matters that are to be

relied upon by purchasers.

Even in small matters, it should be remembered if the public is taken advantage of in a transaction, those concerned are not likely to recommend the agent's services in the future. **In his transactions, an agent either can be recognized as being fair, competent and worthy of referrals, or he can be classified as an unscrupulous operator whose reputation ends when the sale is completed.**

## Education & Research Program

University of California • State Colleges • Junior Colleges

### New State College Studies Available for Purchase

**Multifamily Inventory and Vacancy Study—Arcata, Eureka, Fortuna and McKinleyville—1966**, By Russell R. Connett, Ph.D., and Vicki Lee Manni of Humboldt State College.

This was the fourth in a series of surveys to determine the multifamily inventory and vacancy rate in the larger communities of Humboldt State College's service area. Much of the work was done by Miss Manni, an advanced social science student at the college, who did a thorough and informative job under Dr. Connett's guidance.

Significant findings include: Overall vacancy rate for four communities covered in this study was 6.6 percent; 663 one-bedroom apartments accounted for 47 percent of the total inventory and showed a vacancy rate of 6.2 percent; two-bedroom units had the highest vacancy rate (8.7 percent); 59 percent of the total apartments were furnished and had a lower vacancy rate than unfurnished apartments. The most frequently quoted rental figure was in the \$130+ category (17 percent of the total), but the "less than \$50" units accounted for 13.7 percent of the inventory and showed the lowest vacancy rate (1.5 percent). The bulk of all units were less than five years old, and those 5-10 years old had the highest vacancy rate (23.5 percent). Of the units studied, 165 had experienced a \$10 increase in rental rates since last inventory—only 4.8 percent of those were vacant which indicates demand has been strong enough to support such increases. The authors conclude the long-range potential of this rental market is promising.

**A Study of Mobilehome Parks, Spaces, and Residents in Humboldt County, 1966**, By Diana L. Denny, Gary L. Mayes, and Russell R. Connett, Ph.D., of Humboldt State College.

Mobilehomes have been gaining an increasing share of the single-family residential market throughout the nation; for example, 17 percent of all single-family nonfurnished homes sold in 1965 were mobilehomes; so, this

study was undertaken to determine the place of the mobilehome as part of the housing inventory of Humboldt County. Vacancy rates were analyzed in relation to space rental and a variety of other variables including location, age of park, park size, size of spaces, park density and facilities pro-

#### REPORTS AVAILABLE

A limited supply of the following research reports are obtainable from the DRE's principal office, P.O. Box 2407, Sacramento, California 95811, at \$1 per copy, plus 4 percent state sales tax, if ordered in California.

- Fresno State College—*Statistical Approach to Real Estate Appraisal with Applications to Farm Lands*
- Humboldt State College—*Broker's Role in Attracting Industrial, Commercial and Recreational Development*
- Chico State College—*Evaluation of Management Practices in Small Real Estate Firms in Northern California*
- San Jose State College—*Characteristics, Preferences and Home Buying Intentions of Apartment Residents in San Jose*

vided. The results of a survey of mobilehome occupants have been analyzed and presented. Attitudes and preferences concerning conventional housing were examined and statistics are given showing age, occupation, income, family size and family composition of mobilehome residents. Also shown is the pattern of development of mobilehome park spaces in Humboldt County since 1960, along with a projection of future mobilehome park development in this area.

All of these studies were made possible by the Commissioner's Real Estate Education, Research and Recovery Fund and are available, in limited supply, from the Sacramento main office of the Division of Real Estate at \$1.04 per copy. To assure everyone access to study results, however, loan copies are made available at your nearest public library, state college library, or the libraries at University of California, Berkeley, or University of California, Los Angeles.

### State College Research Strengthens Education

Most licensees are familiar with the singularly successful California Real Estate Certificate program in real estate education sponsored by the Division of Real Estate at some 67 of the state's 75 junior colleges as well as with the University of California Extension Division's Continuing Education in Real Estate offerings, leading to the attainment of a certificate of equivalent value, but relatively few are equally aware of the real estate offerings of our state colleges.

Unlike the other institutions mentioned, state college real estate courses are given without any direct support from the Real Estate Education, Research and Recovery Fund. This article proposes, however, to show the relation between research, which does receive such support, in upbuilding and enriching the concomitantly offered real estate curricula at 13 of these four-year "senior" colleges.

Perhaps the best way to present the state college real estate picture may be to spell out the intimately related research and educational programs of a typical campus, in this instance San Diego State.

Proud of its status as one of California's oldest such institutions of higher learning, San Diego State College currently offers six real estate subjects, in both day and night classes, leading to B.S. and M.S. degrees in business with a major in real estate. Between the program's beginning in 1958, and 1966, approximately 480 students (a record number) had graduated with either or both of these degrees and major, and 200 more were registered for real estate courses during the fall semester of the current school year.

Much of this achievement, in the opinion of faculty, administrators and participating students, may be attributed to the encouragement and broadened study opportunities provided by a stimulating series of successful real estate research projects, findings of which have been made available to licensees and others through libraries, direct sale of published studies and by publication in the *Real Estate Bulletin* and other professional journals.

## REFERRALS—How Does Your Office Compare?

The present housing market has without doubt caused many real estate firms to scrutinize critically their overall business operations, perhaps not so much from the collective technical sales results angle, but rather from the standpoint of how effectively they have demonstrated their "know-how" and practiced good management principles in the face of a period of readjustment.

Since objectives are usually accomplished through effective management application, the following excerpts, taken from an article on "Do It Yourself" market research in a recent issue of the *Contra Costa Board of Realtors Research Newsletter*, illustrate how several firms made an effort to determine where their business was coming from in order to decide on the best expenditures of their time and money on advertising and selling.

### Maintaining Records

The following questions were raised: What media attracted the clients to the broker's office, and are records kept identifying the various sources?

Many offices maintain a record of the sources of their business and "the following reports show how this information can be broken down to indicate how sales and listings are being developed:

"During the last two years, one firm asked each owner and each buyer how he happened to do business with them. The results are given in percentages.

<i>Listings</i>	<i>Percent</i>
Canvassing by salesman .....	30
Direct response to newspaper ad for listings.....	4
Indirect response (call-ins) from owners reading classified section on ads placed in for sale column .....	19
Yellow pages, telephone directory .....	2
Radio commercials .....	4
Direct response (call-ins) from owners seeing the office caravan bus in their neighborhoods .....	5
Direct response (call-ins) from owners seeing "For Sale" and "Sold" signs in their neighborhoods .....	12
Home and garden show booth .....	2
Referrals by other clients, attorneys, bankers, etc. ....	22
<i>Sales</i>	<i>Percent</i>
Direct from newspaper advertisement of a property .....	16
From ads in newspaper (called on one property, purchased another) .....	54
"For Sale" signs .....	18
Home and garden show booth .....	2
Referrals by other clients, attorneys, bankers, etc. ....	10

"For another firm, the percent of business from various sources balanced out as follows for the past five years:

<i>Buyers</i>	<i>Percent</i>	<i>Listings</i>	<i>Percent</i>
Referrals .....	37	Referrals .....	51
Signs .....	32	Signs (all) .....	21
Newspapers .....	16	Direct mail .....	7
Walk-ins .....	7	Owners' ads .....	15
Miscellaneous .....	8	Miscellaneous .....	6

"Another firm came up with this tabulation:

<i>Source of Sales</i>	<i>Percent</i>
The salesman sees a prospect's need before the latter realizes it and helps him work out a solution .....	2
Institutional advertising and promotion of our firm by individual members of the staff .....	8
Programs to sell specific properties .....	32
Referrals made by satisfied customers and friends .....	58

"An interesting point is the differences between the three offices. For example, referrals as a source of sales were 10 percent, 37 percent, and 58 percent, respectively."

### SALE OF ASSETS USED IN A BUSINESS

A person who collects sales taxes in the course of his business and who sells that business for a lump sum should report to the State Board of Equalization (Sales and Use Tax Division) the fair retail value of the tangible personal property sold, except for that portion which is intended for resale, i.e., inventory.

The use tax is collected on receipts from the sale of tangible personal property held or used in the course of an activity for which a seller's permit is required, and acquired by the purchaser for use rather than resale. This does not normally apply to registered motor vehicles which might be transferred as part of the sale of a business.

### BURTON E. SMITH APPOINTED NEW COMMISSIONER

(Continued from Col. 1, Page 789)

tive committee, and as state president during 1966.

Throughout his career as a Realtor, Commissioner Smith has been an avid protagonist of education as a stepping-stone to professionalism within the real estate industry, lending particular emphasis to his conviction by serving as chairman of the real estate advisory board of Cerritos Junior College in Norwalk. He was an instructor in real estate subjects at Long Beach City College from 1959 to 1963, and also served as a member of the Commissioner's Real Estate Education and Research Advisory Committee (CREERAC).

He has been active in the civic affairs of his city, having served as the first chairman of the Bellflower Planning Commission from 1958 to 1962, president of the Rotary Club in 1960, president of the junior chamber of commerce for 1949 and 1950, and vice chairman of the chamber of commerce in 1955. He also served as chairman of his city's Red Cross, United Way and Y.M.C.A. fund raising drives.

He majored in business administration at the University of Southern California, where he received a bachelor of arts degree in 1941.

He and his wife, Betty, have two sons, Burton, Jr., 23, and Bradley, 18.

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**UNIVERSITY EXTENSION SETS  
SPRING PROGRAM**

Classes will be given by the University Extension, University of California, in Berkeley, Buena Park, Burbank, Glendale, Inglewood, Irvine Campus, Los Angeles (Downtown Center), Norwalk, Riverside, Rosemead, San Diego, San Francisco, Santa Barbara Area, San Rafael (Kentfield), Torrance, UCLA Campus, Van Nuys, and Walnut Creek.

For further information concerning courses get in touch with University Extension, University of California—2223 Fulton Street, Berkeley 94704, phone 845-6000, or 1100 South Grand Avenue, Rm. 315, Los Angeles 90015, phone 747-4321, Ext. 33.

**Cribbing in Exam Causes  
Salesman’s Downfall**

While taking an all-day salesman license examination, an applicant was observed consulting handwritten notes. This was in direct violation of Section 2763 of the Commissioner’s Regulations that states, “Examinees will not be permitted to refer to any notes, books or memoranda.”

Consequently, a hearing was held and the Real Estate Commissioner denied an application for a four-year salesman license because the applicant failed to establish “traits of honesty, truthfulness and good reputation required of real estate licensees.”

Cheating is a grave matter. Though everyone facing an examination is under pressure to some degree, it should be clear that the DRE’s examinations are closely monitored and no notes, books or memoranda are to be available during the examination session.