

# REAL ESTATE BULLETIN

Official Publication of the Division of Real Estate—D. D. Watson, Commissioner

Vol. IX

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No. 4

## Directory Supply Quickly Exhausted

Following the January *Bulletin* announcement of the availability of the Directory of Brokers and Salesmen, requests for the publication poured in at a rate that exhausted the supply in a few days. When the supply ran out, some 3,000 brokers had to be notified that their requests for directories could not be filled.

Last year, 6,000 copies of the directory were printed which proved to be an ample supply with a carry-over of several hundred copies. Based on that experience, the same number was printed this year, which estimate fell far short of the demand.

Those who have been unable to obtain directories can secure specific licensing information by contacting any division office. Also, all presidents and secretaries of real estate boards throughout the State and most title companies have directories. It is understood that these officers and organizations are pleased to allow all interested brokers the use of their copies.

In addition, next June, the California Real Estate Association will issue its Annual Blue Book which will contain a state-wide roster of all board members. Single copies of this edition may be ordered in advance.

With these channels of information open, it is hoped that all licensees will be in a position to get needed information concerning other licensed brokers and salesmen.

## Salesmen Barred as Corporation Officers

All officers of corporations or members of partnerships who are operating in the business for which the license is obtained must be qualified as brokers.

To put it another way, a licensed real estate salesman cannot be an officer of a corporation which is licensed to do business as a real estate broker. Nor can a licensed salesman be a member of a partnership which is licensed to do business as a real estate broker. To be an officer of a corporation or a member of a partnership and actively engage in the real estate business, he must first qualify as a real estate broker.

## WAIT FOR RENEWAL FORMS

As the time for the annual renewal of licenses approaches, licensees are asked to refrain from "beating the gun" with early renewal requests and fees.

Renewal forms will be mailed to all licensees in the latter part of May. Please wait for and use these forms for your license renewal requests.

Our plans for renewal are geared to this program. Therefore, your cooperation will simplify our "workload" problem and enable us to get your license to you earlier than otherwise.

## Bulk of Broker Applications From Salesman Licensees

Currently, 55 percent of the applicants for real estate broker license base their qualification claims on two years' or more active experience as salesmen. Forty-one percent of the applicants claim equivalent experience in general real estate or educational qualification, or a combination of experience and education.

Four percent of the applicants rely upon a combination of at least one year salesman experience, but less than two years, plus other real estate experience.

## Broker Examinations

Prior to the establishment of the present experience or educational qualifications for real estate broker applicants, about 44 percent of the applicants passed the examination. Experience counts in the examination as shown by the fact that in January, 59 percent of the examinees succeeded in passing the real estate broker test.

## MacPhee and Shattuck Reappointed to Real Estate Board

Governor Earl Warren has announced the reappointment of Mr. Chester R. MacPhee, San Francisco, and Mr. Charles B. Shattuck, Los Angeles, as members of the State Real Estate Board through January 15, 1954. Their previous appointments by Governor Warren expired January 15, 1950.

Mr. MacPhee, in addition to conducting an extensive real estate business, is active in civic affairs and is a member of the San Francisco Board of Supervisors.

Mr. Shattuck, well known in southern California real estate circles, is a Past President of the California Real Estate Association and Past President of the American Institute of Real Estate Appraisers.

Both men have taken a constructive interest in their work as Real Estate Board members. In addition to their usual advisory board duties, members now devote considerable time to the evaluation of the "equivalent experience" qualifications of broker applicants.

## Division Activities

During the past eight months, 1074 subdivisions have been inspected after notices of intention to sell have been filed, and 976 commissioner's public reports on subdivisions have been issued.

During the same period, the Division of Real Estate has received 2,297 complaints, resulting in the denial of 39 applications for licenses, the suspension of 62 and the revocation of 41 licenses.

The commissioner is still giving serious consideration to the policy of publishing in the *Bulletin* the names of all those whose licenses have been suspended or revoked—possibly starting with the next issue of this *Bulletin*—??

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**DIVISION OF REAL ESTATE**  
STATE OF CALIFORNIA  
EARL WARREN, Governor

D. D. WATSON  
Real Estate Commissioner

M. R. GRIFFIN, Administrative Assistant

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**OFFICES**

Sacramento, Principal Office... Fifth Floor, 1021 O Street  
Gaylord K. Nye, Chief Deputy  
Fresno ..... 1842 McKinley Avenue  
Long Beach ..... 537 American Avenue  
Los Angeles ..... Room 1101, Ninth and Hill Bldg.  
Ray D. Westcott, Chief Deputy  
Oakland ..... 505 California Building  
San Diego ..... 517 Bank of America Building  
San Francisco ..... Room 204, 1182 Market St.  
Saxon A. Lewis, Supervising Deputy

**Jail Sentence for Acting Without License**

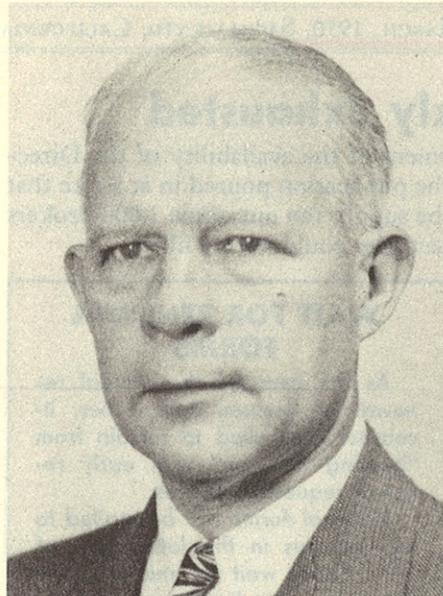
In Fresno Police Judge G. W. Huffman's court, Oliver W. Jackmon was found guilty of acting as a real estate broker without being duly licensed—a violation of Section 10130 of the Real Estate Law—and was held on \$1,000 bail. The defendant was charged with representing himself as a real estate broker and accepting \$600 for two lots, supposedly as the agent for the owner.

On January 6, 1950, Jackmon was sentenced to 180 days in the county jail, all but four days suspended on condition of good behavior during a two-year probationary period. He was also ordered to return the \$600 at the rate of \$150 a month.

Jackmon's prosecution was handled by Deputy District Attorney Harrington, assisted by Deputy Real Estate Commissioner George W. Mortimer, who investigated the case and gathered the evidence.

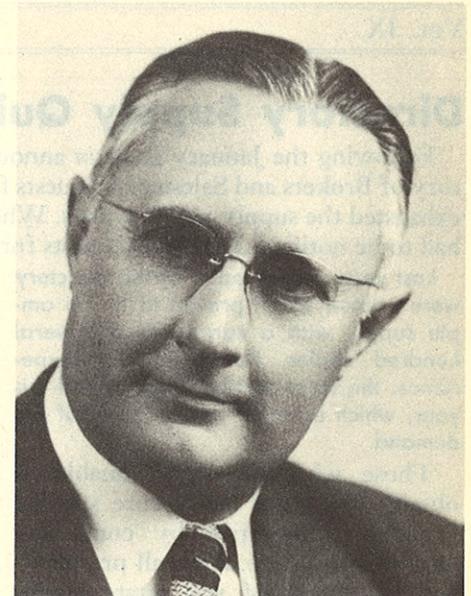
Jackmon was at one time a licensed real estate broker, but his license had been revoked on December 10, 1948, on charges involving the commingling of funds in violation of Section 10176 (e) of the Real Estate Law.

**MEET THE COMMISSIONER'S**



**RAY D. WESTCOTT**  
Chief Deputy—Los Angeles

*Appointed Chief Deputy, Los Angeles, February, 1950 . . . Supervising Deputy, Los Angeles office, several years . . . Joined division as Oil, Lands Investigator 1935 . . . Secretary, State Real Estate Board since 1937 . . . Executive Secretary, Long Beach Realty Board 1927 through 1934 . . . Attended State Teachers College, Milwaukee and University of Wisconsin . . . Married, two grown sons*



**GAYLORD K. NYE**  
Chief Deputy—Sacramento

*Appointed Chief Deputy, Sacramento, February, 1950 . . . Supervising Deputy and Hearing Officer, San Francisco office 1928 to 1950 . . . First employed by Division of Real Estate in 1921 . . . Longest continuous service any division employee . . . Educated Sacramento schools . . . 47 years of age . . . Married, one daughter now in college . . . moving residence from San Francisco to Sacramento*

**Cemetery Licensing by Cemetery Board**

The licensing of cemetery brokers and salesmen will soon be withdrawn from the jurisdiction of the Real Estate Commissioner. At the last legislative session, the Cemetery Act, authored by Senator Arthur H. Breed, Jr., was approved by the Legislature. The enactment repeals Chapter 5 of the Real Estate Law and places control and licensing of cemetery brokers and salesmen in a board composed of cemetery operators. This legislation becomes effective May 1, 1950.

The new Cemetery Act retains the exemption in its general brokerage regulations which allows a real estate broker or real estate salesman to handle the transfer of cemetery property when that transfer is purely incidental to a larger sale, lease or exchange of real property.

After May 1st, address all inquiries concerning cemetery licenses to the Cemetery Board, Business and Professions Bldg., 1020 N Street, Sacramento. The Cemetery Board will handle the renewal of all cemetery licenses for the 1950-51 Fiscal Year.

**Subdivision Filings Increase**

Through January, 833 subdivisions had been filed with the division during the 1949-50 Fiscal Year, an increase of 45 over the like period of the preceding year. 155 new subdivision filings were received in January—an unusually high number for that month.

Subdivision development in the San Diego and Los Angeles areas during December and January was exceptionally active. During those two months in the San Diego district, 41 subdivisions were filed, and in the Los Angeles area, 115 filings were received.

## ADMINISTRATIVE HEADS

## Commissioner Appoints Administrative Heads In Reorganization

The Real Estate Commissioner has elevated Gaylord K. Nye and Ray D. Westcott from supervising deputies to chief deputies in charge of the Sacramento and Los Angeles offices, respectively. Mr. Nye, in Northern California, and Mr. Westcott, in Southern California, will be directly responsible, under the commissioner, for all administration and law enforcement work.

Saxon A. Lewis, formerly deputy in charge of the Oakland office, succeeds Mr. Nye as supervising deputy in charge of the San Francisco office.

The position of assistant commissioner at Sacramento has been eliminated. Myron R. Griffin, formerly a deputy commissioner in the Los Angeles office, has been named Administrative Assistant to the Real Estate Commissioner. He will be assigned to specific administrative and enforcement problems throughout the State acting in the capacity of a "troubleshooter," as well as personal representative of the commissioner when necessary.

Mr. Watson believes that this reorganization and its accompanying personnel changes with distinct lines of authority and responsibility will result in smoother and more efficient operation of the Division of Real Estate, to the direct benefit of the licensees and the public.

### Baby Crop

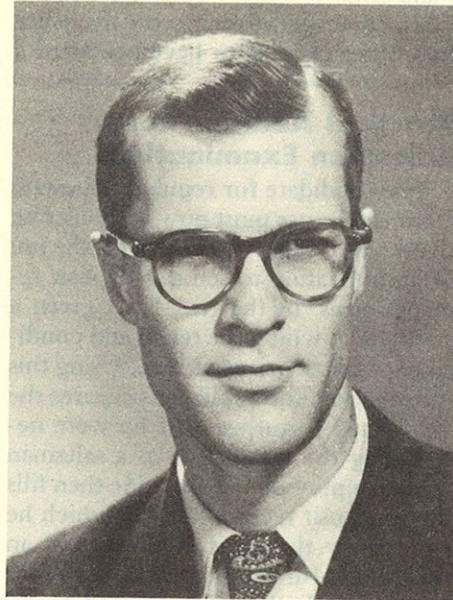
The "super-crop" of babies born during the war will result in a demand for two million extra homes over normal expectations in the early 1960's when these babies, then matured, start families of their own. Dr. Virgil D. Reed, Associate Director of Research for J. Walter Thompson Co., made this prediction in a recent issue of *The Appraisal Journal*. He explained, "Over a period of several years, there was a war baby bonus of approximately five million additional births above what normal peacetime rates would have brought on the scene."

Apparently, in California, the end of the war did not adversely affect baby production. The State's "baby crop" in 1949 reached an all-time record high of 245,000.



**SAXON A. LEWIS**  
Supervising Deputy—San Francisco

Appointed Deputy Real Estate Commissioner January, 1937 . . . 11 years in charge of Oakland office . . . Appointed Supervising Deputy, San Francisco office, February, 1950 . . . World War I veteran . . . Graduate University of California, major economics . . . various law school courses . . . Native San Franciscan . . . 51 years of age . . . Married, no children



**MYRON R. GRIFFIN**  
Administrative Assistant

Appointed Deputy Real Estate Commissioner June, 1949, making highest civil service examination grade in large field of candidates . . . Appointed Administrative Assistant to Real Estate Commissioner February, 1950 . . . Real estate broker from 1946 to 1949 . . . Lieutenant Commander in U. S. Naval Reserve (inactive) . . . 30 years old . . . Married, two children . . . Resides in Inglewood

### Survey of Offices

In the January *Bulletin*, brokers who are not actively engaged in the business and thus not maintaining an office, were warned that they must "inactivate" their licenses by turning them into the division with a request for cancellation. Licenses thus inactivated may be renewed each subsequent year and canceled at issuance upon request.

The article resulted in many reports of brokers who are not complying with the law so far as maintaining an office is concerned. All such cases are checked and the licensees must conform to the law by establishing offices or surrendering their active status.

Concerned by what seems to be rather widespread violation, the commissioner is launching a campaign of general office surveys. These points are emphasized:

- (1) Are the licenses of both broker and salesman prominently displayed in the office?
- (2) Is the required sign readily apparent to anyone entering the premises, and does it indicate that this is the office of a "licensed real estate broker"?

### New Phone Number S. F. Office

The telephone number of the San Francisco office, located on the second floor of the Marshall Square Bldg., 1182 Market Street, has been changed to Underhill 1-8700, Locals 880, 881 and 882. This is the central state exchange found in the telephone directory under "California, State of."

- (3) Are clients' funds or other property handled so as to eliminate any possibility of commingling with broker's funds?
- (4) In all sales and exchanges, are the seller and purchaser notified in writing of the sale price or given terms of the exchange within one month after the closing of a transaction?
- (5) Are true copies of listing agreements furnished in all cases?
- (6) Do exclusive listing contracts provide for a definite specified date of final and complete termination of such contracts?
- (7) If the broker uses listings allowing him the option to purchase, does he maintain a file showing employing principal's written approval and understanding of each transaction made on that basis?

## Business Opportunity Commission Case

Suit for a commission in the Los Angeles Municipal Court resulted in an interesting decision by Judge Ray Brockmann.

The broker brought suit against the buyer and seller to collect a business opportunity commission from each. The broker claimed an oral listing with the seller in connection with the sale of a cafe, and the broker claimed to have procured a buyer to purchase the business.

The broker's claim against the buyer was based on the fact that the buyer had signed a "send-out" list, by which he agreed to pay the broker's commission if he bought any businesses set forth on the list, and failed to do business through the broker. In each case the commission was to be 10 percent.

The buyer and seller completed the transaction ignoring the broker's office, and denied liability for any commission.

The court sustained the seller and denied a commission, calling attention to Section 10263 of the license law, which indicates the sale listing must be in writing, as this section requires the broker to give the principal a copy of the signed listing.

The court also denied judgment to the broker against the buyer, based upon a principle of agency which does not permit representing two opposing parties to a transaction without the knowledge and consent of both. The court indicated that the use of a "send-out" list obligating the buyer, while the broker holds at the same time an authorization to sell obligating the seller to pay a commission, constitutes a situation wherein neither law nor equity should permit recovery of a compensation.

The Division of Real Estate for some time has felt that the use of "send-out" lists obligating the prospective buyer to pay the commission, where the fact is not disclosed to the seller, constitutes questionable conduct on the part of the broker.

Applications for GI loans rose from a low of 20,500 in March of 1949 to an average of 40,000 per month in recent months.

### Practical Addition to Salesman Examination

The candidate for regular real estate salesman license must now demonstrate that he thoroughly understands the use of authorization to sell and deposit receipt forms. In the test, he is given a problem in which the terms and conditions of a listing are outlined. Using this information, the applicant prepares the completed form just as if he were negotiating the transaction as a salesman in the employ of a broker. He then fills out a deposit receipt form in which he must show the exact conditions of an offer made for the property previously listed. Standard CREA printed forms are used in the test.

It has often been emphasized that the majority of complaints against licensees arise from improperly or incompletely filled out forms. These misunderstandings can be avoided by including all the necessary terms, conditions and stipulations in the contracts so that they completely express the will of the parties.

### Thefts Reported

A warrant for the arrest of two women who steal removable property from furnished homes has been issued at Glendale. They have been posing as prospective buyers, and while one engages the salesman in conversation, the other steals anything she can carry out without detection. They have been operating in southern counties, in Glendale, San Bernardino and other areas, representing themselves as mother and daughter. Licensees should be alert to such operations.

### Ralph C. Harrison Dies

Ralph C. Harrison, who, on November 30, 1949, retired as supervising deputy of the Sacramento office because of the critical condition of his health, died Friday, January 6th, in the Letterman General Hospital, San Francisco.

Mr. Harrison, retired from the regular army as a major, was first employed by the division as a deputy in 1927. In 1945, he was appointed supervising deputy, a position which he held until his retirement. He is survived by his widow, two daughters, a son and five grandchildren.

### Winter "In" San Diego

James M. Winter has been transferred from Los Angeles to San Diego as deputy in charge of that office, succeeding John S. McVay, promoted to senior deputy in the Los Angeles office.

### Business Opportunity Broker License Eligibility

The person who holds a real estate broker license need show no other experience or educational qualification to be acceptable for examination and license as a business opportunity broker.

Section 10275.6 of the Business Opportunity Chapter of the Real Estate Law reads much the same as its companion section in the real estate licensing chapter, in that it requires two years' experience as an active real estate or business opportunity salesman, or certain education, to establish eligibility for business opportunity broker license. However, an exception is made in favor of the person already holding a real estate broker license and he is considered to be eligible, without further experience qualification, for a business opportunity broker license.

The reverse is not true. In itself, the possession of a business opportunity broker license does not qualify a person, so far as experience is concerned, to license as a real estate broker.