

# REAL ESTATE BULLETIN

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

VOL. X

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No. 5

## GOVERNOR REAPPOINTS COMMISSIONER

Governor Earl Warren has announced the reappointment of Mr. D. D. Watson as Real Estate Commissioner for a full four-year term starting January 15, 1951. Mr. Watson also serves, by law, as a member of the Public Works Board which allocates financing of state projects such as office buildings, colleges, hospitals and mental institutions as well as county and agricultural fairs. Governor Warren also announced the reappointment of Mr. Curtis M. Robbins, prominent Stockton real estate broker, to a four-year term as a member of the State Real Estate Board.

State Real Estate Board members, who serve without compensation, must have been actively engaged as licensed real estate brokers in California for at least five years prior to the time of appointment. By law, the membership of the board is divided geographically—three members from Southern California and three from Northern California—plus the Real Estate Commissioner who is chairman of the board.

### PROGRESS MADE

Among the major accomplishments of the division during the past two years are the following:

1. Reorganization of the administration and enforcement staff.
2. Streamlining general office procedure for better efficiency and to provide better service to licensees and to the public.
3. Establishment of procedure for the handling of applications and petitions regarding qualifications for broker license on a fair and equitable basis for all concerned.
4. Strengthening all examinations for license applicants and at the same time making them more fair and equitable.
5. Issuing no licenses until fingerprints have been cleared by criminal identification agencies.
6. Publishing the names of disciplined licensees in the *Real Estate Bulletin*.
7. Addition of rules and regulations to require the maintenance of trust fund accounts by licensed brokers. Clarification of rules and regulations concerning the display of

(Continued on Page 3, Col. 1)

## No Fee for Cancellation or "Inactivation" of a License

No fee is charged for cancellation or "inactivation" of a license. If you wish to cancel or "inactivate" your license, you need merely send in the license with a note requesting that it be canceled until further notice.

A fee of \$1 must be paid upon *reinstatement* of the canceled or "inactivated" license anytime during the year of its issuance. Of course, the license, whether active or "inactive," must be renewed at the beginning of each new fiscal year and the renewal fee is the same whether active or "inactive."

## SUBDIVISION PUBLIC REPORTS

Copies of the commissioner's Subdivision Public Report are now required to be handed to every prospective purchaser of a subdivision parcel *before an agreement to purchase is taken*.

The commissioner is considering a rule that the copies delivered must be those prepared by the division—not reprints, unless reproduced with same size and style of type as the original.

## COMMISSIONER'S RESTATEMENT OF POLICY

Naturally I am pleased that Governor Earl Warren has indicated his confidence by reappointing me for a full term as your Real Estate Commissioner.

When first appointed Real Estate Commissioner, I announced my general guiding policy would be the exercise of "good common sense"; and that all licensees, whether conducting a large office or a "one-man" business would receive fair and equal treatment. I have endeavored to live up to that policy. I have also tried to see that the affairs of the Division of Real Estate are administered in a strict businesslike but friendly manner; that "red tape" is dispensed with, and that the intent of the law is carried out to the fullest extent for the benefit of the public and also for the benefit of those people who are engaged in the real estate business.

After two years, I believe I am better able to visualize and understand the purpose of this agency as intended by the law, the position that licensees of the Division of Real Estate assume in the civic and business structure of our State, the tremendous volume of real estate transactions in this State, and the intimate relationship of the real estate business to the lives and affairs of most of the citizens of California.

To keep the conduct of the real estate business by licensees on a high plane and to offer the ultimate in protection to the general public in its real estate transactions, it has been my practice—as it is my intention—"to make more scratches and to scratch deeper."

It is my firm conviction that the Division of Real Estate as an agency has still to realize its fullest measure of service in the real estate structure of this State. I pledge my continuous effort in this direction.

D. D. WATSON

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License Renewal Period

The next issue of the *Real Estate Bulletin* will carry general instructions in regard to the renewal of licenses prior to June 30th, the end of the 1950-51 Fiscal Year. Renewal forms will be sent out following distribution of the *May Bulletin* to the licensees. Please wait for these renewal forms and instructions before applying for a renewal of your license except in extremely unusual circumstances. It will help the department and assure prompt issuance of licenses.

NOTE: Many communications are received from "inactive" salesman licensees who are worried about the renewal of their license rights. "Inactive" licensees are required, of course, to renew their license status each fiscal year. Renewal applications are mailed to "inactive" broker licensees. We do not mail renewal applications to "inactive" licensed salesmen as we have no way of knowing what their present address might be. It is the responsibility of such salesmen licensees to obtain a

LICENSES SUSPENDED OR REVOKED IN  
JANUARY AND FEBRUARY

NOTE: Any person whose license has been suspended or revoked, or whose license application has been denied, has the right to file a petition for writ of mandate. Generally, this must be done within 30 days after the effective date of the decision.

Although a number of hearings are held on denials of licenses where the applicant's good reputation is concerned, the Real Estate Commissioner does not feel that any public purpose would be served by the publication of the names of those applicants to whom the privilege of licensing is denied.

LICENSES REVOKED DURING JANUARY AND FEBRUARY, 1951

Name	Address	Effective date	Violation
Nelson, John Arthur..... Real Estate Salesman	121 Claressa Ave., Avalon.....	1/ 3/51	Sec. 10177 (b), (f)
Robinson, Jere Long..... Real Estate Broker	4635 40th St., San Diego.....	1/ 3/51	Secs. 10176 (e), (i) & 10177 (f)
Shipper, Frank..... Real Estate Broker, Business Opportunity Broker	345 Stepney St., Inglewood.....	1/ 3/51	Secs. 10177 (b), (f) & 10302 (b), (e)
Long, George Aaron..... Real Estate Broker	416 W. Garvey Ave., El Monte....	1/19/51	Sec. 10177 (a), (f)
Tillery, Raymond Burns..... Real Estate Broker	103 E. St., P.O. Box 402, Broderick	1/31/51	Secs. 10176 (e), (i) & 10177 (f)
Powers, Francis Bernard..... Real Estate Broker Business Opportunity Broker	6045 Vineland St., N. Hollywood..	2/11/51	Secs. 10301 (a), (b); 10302 (e) & 10177 (f)
Hill, Charles Tatum..... Real Estate Broker Business Opportunity Broker	1918 W. 39th Place, Los Angeles..	2/11/51	Secs. 10301 (a), (b); 10302 (e) & 10177 (f)
Garn, Frank Newton..... Real Estate Broker Business Opportunity Broker	37707 Sierra Hwy., Lancaster.....	2/11/51	Secs. 10301 (a), (b); 10302 (e) & 10177 (f)
Ellis, Stanley Howard..... Real Estate Broker Business Opportunity Broker	1803 W. 3rd St., Los Angeles.....	2/11/51	Secs. 10301 (a), (b); 10302 (e) & 10177 (f)
Beisser, Albert..... Real Estate Salesman Business Opportunity Salesman	2332 Longwood Ave., Los Angeles..	2/11/51	Secs. 10301 (a), (b); 10302 (e) & 10177 (f)
Whittemore, Ray Irving..... Real Estate Broker Business Opportunity Broker	1330 Main St., Walnut Creek.....	2/15/51	Secs. 10177 (f); 10302 (e); 10176 (i) & 10301 (i)
Hackett, Mims..... Real Estate Broker	3810 S. Main St., Los Angeles.....	2/23/51	Secs. 10176 (e), (i) & 10177 (f)

LICENSES SUSPENDED DURING JANUARY AND FEBRUARY, 1951

Name	Address	Effective date and term	Violation
Ferraro, Joe..... Real Estate Broker	6401 S. Avalon, Los Angeles.....	1/ 3/51 30 days	Sec. 10177 (f)
Waldman, Albert..... Real Estate Broker	5225 Wilshire Blvd., Los Angeles..	1/ 3/51 60 days to and including 2/15/51 (Stay of execution issued 2/16/51, L.A. Sup. Ct. Case #582464)	Sec. 10177.5
Moore, Nellie Cleola..... Real Estate Salesman	4042 Highland Blvd., Hayward....	1/19/51 30 days	Secs. 10176 (a), (b) & 10177 (f)
Perry, Russell Marshall..... Real Estate Broker	1820 University Ave., Berkeley....	1/19/51 15 days	Sec. 10177 (f)
Moore, Henry M..... Real Estate Member MacArthur Brokers	5928 MacArthur Blvd., Oakland ..	2/19/51 60 days	Secs. 10176 (a), (b), (d), (g) & 10177 (f)

renewal application blank which may be secured by personal or mailed request.

The "inactive" salesman renewing his license right must have the signature of an employing broker on the renewal.

However, the notation "renew and cancel" written across the renewal application assures the signing broker that he is relieved of all responsibility in connection with the renewal of a license.

## Commissioner Reappointed

(Continued From Page 1, Col. 1)

- broker signs and a more rigid enforcement program.
9. Establishment of a stricter enforcement policy "making more scratches and scratching deeper," which has resulted in the elimination of many "borderline" operators and more protection for the public.
  10. Simplification of subdivision filing procedure to cut "red tape" that affects both the landowner and the subdivider.
  11. More thorough investigation of subdivisions, particularly water and drainage conditions.
  12. Carrying out an aggressive program to put a stop to "rackets" where real estate is involved.
  13. Placing the *Real Estate Bulletin* on a bimonthly schedule and attempting, within its pages, to answer "in simple language" those questions it is felt will be beneficial to all licensees.
  14. Establishment of close relationship with educational agencies, particularly the University of California and its Extension Service, so as to allow all licensees the benefit of these educational programs.
  15. Establishment of the "commissioner's 'Grass Roots' committee" with members in more than 130 communities to consult with the commissioner on local problems.

### EDITOR'S NOTE:

Mr. Watson, at the time of his original appointment as Real Estate Commissioner, could look back on a career which had provided him with valuable experience for the job he was to undertake. His experience in real estate extended well over 25 years. He had served two terms as a member of the State Real Estate Board—was President of the California Real Estate Association, Vice President of the National Association of Real Estate Brokers and for many years one of its directors. He had served as President of the National Farm Lands Division, as Vice President of the National Society of Industrial Realtors and in various other responsible capacities in organized real estate and community affairs.

Along with his basic real estate brokerage experience, he has been in business for himself during his business lifetime, and his activities have included the development of several hundred acres of irrigated fruit and vegetable lands, the operation of packing houses and general activity in engineering, developing and managing agricultural and industrial properties. For 10 years, he was the President and General Manager as well as Chairman of the Board of Directors and still is a major stockholder in a large farm machinery and tractor manufacturing company in Stockton.

## Notice to Subdividers and Agents

The Subdivision Public Reports issued by the Real Estate Commissioner are now mimeographed on sheets with larger printed headings. Prospective purchasers are notified in bold face type that they should read the report for their own information before purchasing. It is also pointed out that the Commissioner's Public Report is neither an approval nor a disapproval of the project.

When the public report is issued, the subdivider is mailed a normally sufficient supply of reports to hand to all prospective purchasers. If more reports are needed, they can be secured from the division at a nominal cost. **NOTE:** Subdividers are prohibited from offering to sell until the report has been issued, and are also prohibited from taking an offer to purchase unless the prospective purchaser has been handed a copy of the report, given an opportunity to read it, and his acknowledgment of same is taken indicating that these requirements have been met.

The commissioner has instructed all deputies to check the sale of subdivisions to see that reports are being given and receipts taken before prospective purchasers are asked to sign an offer to purchase, as required by law.

It is incumbent upon each subdivider to keep the receipts in a file available for inspection by a deputy.

Failure to comply with these rules covering the issuance of the Subdivision Public Report may be the basis for reviewing the violation at a formal hearing and possibly ordering the sale

of the subdivision stopped. It is, therefore, important that subdividers carefully comply with the rules requiring the issuance of a report.

In some instances it has been discovered that subdividers, or their sales agents, do not hand out copies of the Subdivision Public Report issued by the Real Estate Commissioner, but provide for a copy to be furnished through the escrow. This practice does not comply with the rules which specifically provide that the report must be given to the purchaser prior to the time that the purchaser is bound to the contract to purchase.

**NOTE:** Recently it has been noted that some subdividers have been "jumping the gun" by taking so-called "reservations" before the public report is issued. It has been found that most so-called "reservations" are in violation of the law. The commissioner is preparing to "crack down" on such violators and inflict all penalties prescribed by law in order to put a stop to this practice.

## Application of New Sign Regulations

Some questions arise concerning the application of the Real Estate Commissioner's new rules and regulations governing the size and location of office signs. The commissioner will endeavor to answer these questions from time to time in the *Bulletin*.

Typical questions covering specific conditions are answered below:

(1) **QUESTION:** May the title "realtor" be used instead of "licensed real estate broker" on the required sign? **ANSWER:** Yes, provided, however, that the user is authorized to use the designation "realtor" by the local real estate board entitled to grant the privilege.

(2) **QUESTION:** Does the word "realtor" also cover "Licensed Business Opportunity Broker" in fulfilling the sign requirements? **ANSWER:** No. The business opportunity license is a separate and distinct license from that entitling a person to engage in the real estate brokerage business; therefore, while a broker may use the term "real-

tor" he must also use the words "Licensed Business Opportunity Broker" if he is so licensed.

(3) **QUESTION:** Must each licensed officer of a corporation display his individual name as part of the sign required? **ANSWER:** It is sufficient for the name of the licensed corporation to be displayed together with the words "Licensed Real Estate Broker" (or "realtor" if so entitled, as explained under Question 1).

(4) **QUESTION:** Does this provision also apply to a corporation holding a

(Continued on Page 4, Col. 3)

## New Forms Are to Be Used for Subdivision Filings

In the January issue of the *Real Estate Bulletin*, it was announced that new forms called "Combined Notice of Intention to Sell or Lease and Subdivision Questionnaire" were available for use by subdividers. These new forms have now been fairly well distributed and, after April 1st, no filings will be accepted on the old filing forms which were called simply "Subdivision Questionnaire."

A number of questions whose answers demanded considerable research expense on the part of the subdivider have been left out of the new form. A study revealed many questions were nonessential for compiling the final Subdivision Public Report, or were at least not of sufficient importance to justify the burden of time and expense which they placed upon every subdivider.

Among the questions and requirements eliminated are the following:

- (1) Some which required the subdivider to break down his costs showing separately the cost of title, surveying, installation of roads, furnishing water to the subdivision, installing utilities, installation of sewers and other costs incurred in preparing the subdivision for the market.
- (2) A detailed statement of sales costs.
- (3) Certain information relating to the status of current or delinquent taxes which information is generally revealed at the time of filing of the map or in the title report.
- (4) Some of the details relating to lowest and highest lot prices, down payments, monthly payments, interest rate and whether interest is included in the monthly payments.
- (5) Detailed breakdown of terms and conditions of sale when the sale included the house. Questions were similar to those above in (4).
- (6) Certain details regarding the general direction of slope of land and regarding excavations in preparation of building sites when such information can be obtained from the inspection made by this division.
- (7) Those regarding surfacing of bounding roads when this information is revealed by inspection of the subdivided land itself.
- (8) A number of questions regarding soil conditions, location of various soils on the tract, depth to hardpan, existence of organic material matter, and other details which are important principally in agricultural rather than residential subdivisions.

The elimination of the above questions does not mean that these matters are not gone into by the division when the subdivision filing is being consid-

ered. The elimination of the questions means that each subdivider is not burdened with every detail which might not be relevant to the type of subdivision he is creating.

### FEATURES OF THE NEW QUESTIONNAIRE

The new Combined Notice of Intention to Sell and Subdivision Questionnaire requires the subdivider to explain fully the condition of the water supply for the proposed subdivision. If the subdivision is not connected to an existing and adequately proved water system, the subdivider must go on record as to the condition and source of the contemplated water supply. He must also make clear who is to defray the costs of the water system and give a true picture of the present and future condition of the water supply and distribution system.

### FIRE PROTECTION FOR SUBDIVISIONS

In the new questionnaire, the subdivider must give certain information regarding the fire protection available to the proposed subdivision. Usually the questionnaire must be accompanied by a letter from the fire protection authorities in the area in which the tract is located.

### Community Apartments

As we go to press, an Opinion of Attorney General Edmund G. Brown, No. 50/209, dated February 21, 1951, reaches the conclusion that the initial offering of apartments in a community apartment house in which each grantee receives an undivided interest in the property plus exclusive occupancy of an apartment, is subject to the Subdivision Law as set forth in Sections 11000 to 11021 of the Business and Professions Code.

## Appraisal Conference

A regional appraisal conference sponsored by the American Institute of Real Estate Appraisers will be held at the Biltmore Hotel, Los Angeles, on April 20th and 21st. The sessions will feature demonstration appraisals of major investment properties, and lecturers are chosen from the West's outstanding appraisers.

The sessions will be climaxed by a banquet the evening of April 21st, when Elmer S. Nelson, Economist, will speak on "Preparations for War and Its Probable Effect Upon Property Values." Applications for registration to the sessions should be made to the Institute Headquarters at 22 West Monroe Street, Chicago, Illinois. The fee is \$15.

## Sign Regulations

(Continued From Page 3, Col. 3)

business opportunity broker license? ANSWER: Yes, the same principle applies.

(5) QUESTION: If Brown, a licensed real estate broker, works as a salesman for Smith, out of Smith's office, must he display a sign giving his name and the phrase "Licensed Real Estate Broker"? ANSWER: The rules are very specific on this point. If Brown is a bona fide employee of Broker Smith and his employment arrangement is set forth in a "written agreement," he may display his license as provided for salesman licensees and it will be deemed sufficient. If Brown attempts to do any business on his own behalf as an independent broker, then he must comply with the rules and regulations in the same manner as any other independent broker such as Smith, for instance.

(6) QUESTION: Assuming Brown is a bona fide employee of Smith and in addition holds a business opportunity broker license, although Smith does not hold such a license, must Brown display the business opportunity broker sign with his name on it? ANSWER: Yes, for he cannot be Smith's employee under a license which Smith does not carry.