



Loan Held Usurious When "Dummy" Third Party Discounts to Lender

The courts will look through subterfuge to detect and penalize usurious transactions as one lender found out when the First District Court of Appeals upheld a lower court finding of usury. The appellate court not only found for the victim of the usurious rate of interest, but denounced the lender's action in rather scathing language. (See quote on page 339, col. 3.)

According to the court's recital of the facts, a broker negotiated the loan which brought on the case. The note, secured by a second deed of trust, was for the face amount of \$4,700 at 6 percent interest. But the borrower received, less charges, only \$3,055.

Article XX, Section 22, of the State Constitution fixes the maximum amount of interest which may be charged on loans of this type at 10 percent per annum.

The borrowers were introduced to the broker who informed an investment company that the borrower wanted a loan on his property. A representative of the investment company inspected the property which was to be security for the loan. The borrowers were then told that the note must be for \$4,700 with the actual loan to be \$3,055, and that another party's name must be put on the note instead of the investment company's

because "to sell the note it had to be made to a third party."

The investment company then deposited \$3,055 with a title company, with instructions that the note was to be for \$4,700 and directing that the loan was to be assigned to the investment company.

The borrowers brought an action for relief alleging that the executed note was usurious. The investment company, in defense, claimed to be a bona fide purchaser of the note.

Evidence at the trial showed that the investment company actually engaged in a scheme to make it appear as a bona fide purchaser of the \$4,700 note discounted to \$3,055; that the payee was a dummy; that the investment company determined whether a loan should be made to the borrower and for how much; that it determined

(Continued on page 339, col. 3)

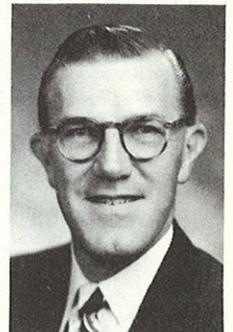
Governor Reappoints Rooney And Johnson to State Real Estate Commission

Governor Goodwin J. Knight announced the reappointment of Thomas R. (Tom) Rooney of Los Angeles and Willard L. Johnson of San Francisco as members of the State Real Estate Commission for new terms ending January 15, 1962.

Mr. Rooney was originally named to the commission in January, 1954, and Mr. Johnson was appointed in May, 1957, to complete the term of the late William J. Davis.



TOM R. ROONEY



WILLARD L. JOHNSON

Second Appointment for Rooney

Mr. ROONEY has spent 39 years in the real estate business in Chicago and Los Angeles. He was active in Los Angeles as early as 1920, and has been continuously in the real estate business in that city since 1938. He specializes in the trade and sale of industrial and commercial property and is Vice President for the State of California of the International Traders Club. Long active in veterans' affairs, chamber of commerce and service club work, he has one distinction of which he is justly proud! He has been elected a life member of Wilshire Post No. 319 of the American Legion

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COMMISSIONER WANTS YOUR ADVICE!

The Real Estate Commissioner wants **your ideas!**

He wants you to tell him what subjects you believe should be taught and what research should be conducted in the real estate field by the University of California, state and junior colleges. It is contemplated that an appropriation will be made of \$322,978 of your money, which is now on deposit in the Real Estate Education and Research Fund (this fund is created by law from 25 percent of all license fees collected by the commissioner).

This is your opportunity to speak out! By doing so, you will help the Real Estate Commissioner in advising these institutions what the entire real estate industry needs and wants by way of education and research. Send your ideas to F. W. Griesinger, Real Estate Commissioner, 541 South Spring Street, Los Angeles 13, California.

REAL ESTATE BULLETIN

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STATE OF CALIFORNIA
GOODWIN J. KNIGHT, Governor

F. W. GRIESINGER
Real Estate Commissioner

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DISCIPLINARY ACTION—DECEMBER, 1957, AND JANUARY, 1958

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. Names of persons to whom licenses are denied upon application are not published.

LICENSES REVOKED DURING DECEMBER, 1957, AND JANUARY, 1958

Name	Address	Effective date and term	Violation
Gruber, Mary Elizabeth.....	Apt. 7, 7236 Woodman, Van Nuys	12/ 4/57	Sec. 10177 (d) & (f)
Collins, Ola Vernell.....	2911 S. Norton, Los Angeles....	12/ 5/57	Sec. 10176 (i) & 10177 (f)
Jehl, Raymond H.....	1607 Freedom Blvd., Watsonville	12/11/57	Secs. 10177 (b), (f); 10302 (b) & (c)
Troutt, James Richard.....	1086-A Fulton St., San Francisco	12/11/57	Secs. 10176 (e), (i) & 10177 (f)
Dills, Wilson.....	447 San Mateo Ave., San Bruno 299 El Camino Real, San Bruno	12/16/57	Secs. 10176 (e), (i); 10177 (f); Secs. 2830 & 2832 of R. E. Comm. Rules and Regulations
Hirsch, Maurice B.....	1710 Wolfe Dr., San Mateo.....	12/17/57	Sec. 10177 (b) & (f)
Watkins, Chas. Stuart.....	Watkins Realty Bldg., 29 Palms Hwy., Yucca Valley	12/17/57 (Granted right to restricted license on conditions)	Secs. 10177 (d), (f) & 11020
Gunderson, David Elliott.....	10331 Loch Lomond Dr., Whittier	12/20/57	Sec. 10177.6
Mann, John.....	1347 Howard, Burlingame.....	12/20/57	Secs. 10176 (e), (i) & 10177 (f)
Coglietti, Joseph Valentino.....	11500 Firestone Blvd., Norwalk	12/27/57	Secs. 10176 (a), (b), (c), (i); 10177 (d), (f) & (g)
Curtice, William Hale.....	1388 47th St., San Diego.....	12/27/57	Sec. 10177 (b) & (f)
Fishman, Frederic Jay.....	945 Broadway, Chula Vista.....	12/27/57	Secs. 10176 (e), (i); 10177 (d) & (f)
Hanson, Jack Raymond.....	2264 Market St., San Francisco... dba Ray Hanson	12/27/57	Secs. 10176 (e), (i); 10177 (f); Secs. 2830 & 2832 of R. E. Comm. Rules and Regulations
Tyra, Vladimir James, Jr.....	10220 Rosecrans Blvd., Bellflower	12/27/57	Sec. 10177 (d), (f), (g) & (h)
Smith, Ivan Abbott.....	410 Broadway, Laguna Beach...	1/ 3/58	Sec. 10177 (b) & (f)
Lickers, Katharine Louise Cornelius.....	5405 Bajada Ave., Atascadero...	1/10/58	Secs. 10176 (i); 10177 (d) & (f)
Spurr, Robert Edgar.....	16551 E. 14th St., San Leandro...	1/13/58	Sec. 10177 (b) & (f)
Johnston, Gordon David.....	15658 Vanowen St., Van Nuys...	1/16/58	Sec. 10177.6
Wallace, Charles Homer.....	7120 Crenshaw Blvd., Los Angeles	1/22/58 (Granted right to restricted licenses)	Secs. 10177 (b), (f); 10302 (b) & (c)
Wishard, Rollie Arthur.....	12728 Garden Grove Blvd., Garden Grove	1/22/58	Sec. 10177 (b) & (f)
Forbrug, Steve Christian.....	1350 Main St., P. O. Box 133, Walnut Creek	1/24/58	Secs. 10176 (e), (i); 10177 (d), (f); Secs. 2830, 2831 & 2832 of R. E. Comm. Rules and Regulations
Shelton, James Jackson.....	438 E. 47th St., Los Angeles....	1/24/58	Sec. 10177 (b) & (f)

LICENSES SUSPENDED DURING DECEMBER, 1957, AND JANUARY, 1958

Name	Address	Effective date and term	Violation
Crumal, Glen Dorroh.....	600 W. Mineral King Ave., Visalia	12/20/57 15 days	Secs. 10177 (d), (f) & 11020
Seane, Jane Paula.....	1037 E. Green St., Pasadena....	12/20/57 5 days	Secs. 10176 (a), (i) & 10177 (f)
O'Brien, Joseph Raymond.....	495 Teresita Blvd., San Francisco	12/26/57 30 days	Sec. 10177 (a) & (f)
Ohanesian, John Leon.....	Rm. 10, 2044 Mariposa St., Fresno	12/27/57 15 days	Secs. 10176 (f) & 10177 (f)
Ohanesian, John Malcolm.....	Rm. 10, 2044 Mariposa St., Fresno	12/27/57 15 days	Secs. 10176 (f) & 10177 (f)
Rosenberg, Harold.....	5338 Laurel Canyon, North Hollywood	1/10/58 10 days (Stayed for 1 year)	Secs. 10176 (a), (i) & 10177 (f)
Abell, John Charles.....	308 W. 30th St., Newport Beach	1/13/58 90 days	Secs. 10176 (i) & 10177 (f)
McAdam, Clarence Eugene.....	654 Broadway, Sonoma.....	1/13/58 10 days (Stayed for 180 days)	Sec. 10177 (g)

DUPLICATE BULLETINS

By processing the same mailing tape for two issues of the *Bulletin*, the division saves considerable time and expense in the operation of its tabulating machines. A supplemental mailing list is made for new licensees and recent transfers.

This means that occasionally a licensee will receive duplicate *Bulletins*, but savings made by using the same mailing tape twice substantially exceed the cost of checking the entire run for the rare cases of duplication.

Mortgage Sales Might Be "Securities" Sales

Public offerings of whole or fractional interests in mortgages or deeds of trust under arrangements which provide for a variety of services to the investor may come within the scope of the Federal Securities Laws and the Corporate Securities Act of California, according to the California Corporations Commissioner. He cited a recent opinion of the Federal Securities and Exchange Commission on the subject.

In the opinion of the commission, such an arrangement may constitute an "investment contract," which is a "security" within the meaning of the securities laws; and the public offering and sale of these investment contracts may involve the registration provisions of the Securities Act of 1933 and other provisions of the laws.

What Makes an Investment Contract

Certain services and arrangements offered in relation to the mortgages or deeds of trust have come to the attention of the commission and they may give rise to the creation of "investment contracts" within the meaning of the securities laws.

Common ones are: (a) complete investigation and placing service; (b) servicing collection, payments, foreclosure, etc.; (c) implied or express guarantee against loss at any time or providing a market for the underlying security; (d) making advances of funds to protect the security of the investment; (e) acceptance of small uniform or continuous investments; (f) implied or actual guarantee of specified yield or return; (g) continual reinvestment of funds; (h) payment of interest prior to actual purchase of the mortgage or trust note; (i) providing for fractional in-

terests in mortgages or deeds of trust; (j) circumstances which necessitate complete reliance upon the seller, e.g., great distance between mortgaged property and investor; (k) seller's selection of the mortgage or deed of trust for the investor.

The wider the range of services offered and the more the investor must rely on the promoter or third party, the clearer it becomes that there is an investment contract in the opinion of the commission. While there may be circumstances under which one or more of these elements are present without constituting an investment contract, it is the position of the commission that each of them has a bearing on whether the investor is relying "solely on the efforts of the promoter or third party" to use the investor's money and through these efforts to return a profit to the investor—the essential test of an investment contract.

Requirements for Securities

The Securities and Exchange Commission also called attention to the fact that persons engaged in the business of buying and selling such investment contracts would be required to register with the commission, and that the antifraud provisions of the federal securities laws would apply to advertisements, literature and other representations made in the offer or sale of such securities. (Questions should be addressed to *W. H. Stephenson, Corporations Commissioner, Room 110, State Office Bldg. No. 1, Sacramento, California.*)

Usurious Transaction

(Continued from page 337, col. 2)

the figure to be inserted in the note; and that the note was executed pursuant to an agreement the company had previously made to lend the borrower \$3,055 in consideration of the repayment of \$4,700 and interest.

When a Loan Is Usurious

The court stated in effect that, if a transaction is one in which a note is purchased in good faith at a discount, it is not a usurious transaction. However, if the payee is a dummy and if the form of the transaction is a scheme and subterfuge to cover up the fact that the assignees actually loaned the money, then the "discount" is interest and the transaction obviously usurious.

In the court's own words:

"We have recounted the findings and evidence at some length, not because we have any doubts that they disclose a deliberate and illegal attempt to collect a usurious rate of interest, but because we think that the public interest will be served by exposing in full this illegal attempt to mulct a necessitous borrower. While the presumption in such cases is in favor of legality (*Garrick v. J. M. P., Inc.*, 150 Cal. App. 2d—(309 P. 2d 896); *Lindsey v. Campbell*, 132 Cal. App. 2d 746 (282 P. 2d 948)), here the presumption was clearly rebutted. It is obvious from the record that defendants engaged in a thinly veiled scheme to make it appear that they were the purchasers of the note at a big discount, when in fact they were the lenders of the money. The method used to camouflage the nature of the transaction was crude and illegal. Such tactics should not be condoned. They should be fully exposed to the end that necessitous people will not, in the future, be defrauded by such a scheme, and so that the beneficent purposes of the usury statute will not be evaded. In fact, the appeal, insofar as the contention is made that the transaction was not usurious, approaches the frivolous. It is too obvious to require detailed demonstration 'that G. was a dummy; that the defendants knew it; that defendants then determined the figure to be inserted in the G. note; and that defendants in fact, made the loan to plaintiffs'."

Conclusion

This case well illustrates the danger to licensees of becoming involved in possible usurious transactions. Such action could very easily result in disciplinary action by the Real Estate Commissioner. (Case reported—*Janisse v. Winston Investment Co.*, 154 A. C. A. 629.)

SUSPENSIONS—Continued

Name	Address	Effective date and term	Violation
Medak, Matthew Lawrence..... Real Estate Salesman	4304 Macdonald Ave., Richmond	1/13/58 30 days	Secs. 10176 (c), (i) & 10177 (f)
Hurlburt, Henry Louis..... Alba Commodore Realty Co. Real Estate Broker	4153 MacArthur Blvd., Oakland	1/26/58 40 days	Secs. 10176 (a), (b), (c), (e), (i); 10177 (d) & (f)
Smith, Guy Elmer..... Real Estate Salesman	4153 MacArthur Blvd., Oakland	1/26/58 30 days	Secs. 10176 (a), (b), (e), (i); 10177 (d) & (f)

Commissioner's Forum

This section is open to inquiries from licensees on matters of general interest concerning the Real Estate Law, subdivisions, and mortgage loan laws.

However, it is not intended to substitute for the practice of obtaining information from local branch offices of the division or deputies in the field in all possible instances.

Address your letter to The Editor of the Bulletin, Division of Real Estate, 1015 L Street, Sacramento.

Savings and Loan Trust Account

Q. In the last issue of the Bulletin, it was stated in the Commissioner's Forum that an ordinary checking account would not meet the requirements of a trust account.

Is it possible for a real estate broker to establish his trust account in a savings and loan company? —**W. M. O., Broker.**

A. To our knowledge, all savings and loan institutions provide that previous notice of withdrawal *may* be required for their accounts.

To conform with Commissioner's Regulation 2830, a trust account must be so set up that the funds in it may be withdrawn without previous notice. This requirement, of course, would prevent authorized trust accounts being established at savings and loan institutions.

What Constitutes Dishonest Dealing?

Q. I note in the Real Estate Law there is a section (10176(i)) which authorizes discipline of licensees for dishonest dealing. Exactly what constitutes "dishonest dealing"?

—**E. E. M., Salesman.**

A. This is difficult to answer since dishonesty may take so many forms. It is, as the dictionary says, "lack of honesty, probity or integrity." Section 10176(i) is a sort of "catch-all" section which states that dishonest dealing is conduct which may be grounds for revocation or suspension of a license.

Examples of dishonest dealing might be cited almost without end. Failure to return a deposit is one type of complaint warranting investigation for a possible case of dishonest dealing. Dishonesty must be proved, however, and mere failure to return a deposit is not necessarily dishonest. But if the offer was not submitted to the seller or if it was rejected by the seller and the deposit was not returned, dishonesty may usually be presumed.

License Fee Refund

Q. Your assistance is requested in settling a question that has been a topic of controversy among several of the brokers here.

If a \$50 license fee for a four-year broker license is paid and then the broker decides to work for another broker as a salesman, can credit be applied to the salesman license fee if the broker license is surrendered?

—**F. J. W., Broker.**

A. Were we in this position, we should certainly like to hear that part of the already paid broker fee could be credited to the \$30 fee for a four-year salesman license. Sorry—the full four-year salesman license fee of \$30 would have to be paid. The broker license would continue to run while inactive, but the individual concerned could activate it any time prior to its expiration by payment of \$1.

The Real Estate Law specifically bans refund of application or license fees in whole or in part. The pertinent section of the Business and Professions Code provides that "no part of any fee paid (for license, etc.) is refundable. It is deemed earned by the division upon its receipt."

Limited Salesman License

Q. Can a limited real estate salesman list a piece of property for his broker?

—**J. E. M., Broker.**

A. The limited real estate salesman cannot sign any contracts or agreements on behalf of his broker. Thus, the limited real estate salesman is largely restricted to making contacts with prospective customers, showing property and finding property for sale or lease which may be listed by his broker or by a regular salesman.

The limited salesman license is valid for only 120 days.

"Advance Fee" Firm's Activities Curtailed

A preliminary injunction restraining Business Mart of America, Inc. (formerly known as Charles Ford and Associates, Inc.), and its officers from soliciting for the sale of, or contracting for the sale of, its advertising services in the States of California, Arizona, Nevada, Oregon, Washington, Idaho, Montana, New Mexico and Utah was issued by Los Angeles Superior Court Judge Bayard Rhone on February 14, 1958.

Unlicensed Operators

The court's action climaxed another move in a concerted drive by California's Real Estate Commissioner and Attorney General against unlicensed operators engaged in collecting advance fees for advertising and purported sales promotion on real property and business opportunities.

Two of the three largest nationwide operators in this field have ceased operations since this campaign was started. The first, U. S. Buyers Report, Inc., formerly National Buyers Guide, Inc., left the field on or about November 1, 1956.

The third company, Universal Interchange, Inc., along with its affiliated companies and officers, has been ordered to show cause why it should not cease and desist from alleged unfair and deceptive acts and practices in commerce, at a hearing held before the Federal Trade Commission March 3-6 in Los Angeles and continued in the States of Oregon and Washington.

Assembly Committee

On January 27-28, 1958, numerous witnesses testified in Los Angeles against the practices of Business Mart and other operators in this field before the Assembly Subcommittee on Governmental Efficiency and Economy, of which James L. Holmes of Santa Barbara is chairman. Proposed amendments to clarify the "advance fee" law and plug certain loopholes in it were submitted. Next June in Santa Barbara, the committee will resume its investigation of advance fee operators.

Don't Let Your License Expire While You're Not Looking

Suppose you have a renewable broker or salesman license which you last renewed prior to July 1, 1957. Your last name is "Brower," so your current license expires April 30, 1958. Prior to that date, if you want to stay in business, it must be renewed for a four-year period.

Down the street is the "Credit Realty Co.," a corporation licensed as a broker. The corporation, because its name begins with the letters "CR," was licensed from July 1, 1957, through August 31, 1958, and, before the latter date, it should apply for and obtain a new four-year broker license.

You have a broker friend named "Princeton." Because his name begins with the letters "PR," his license runs for three years—from July 1, 1957, through June 30, 1960, and he doesn't have to think about renewal for at least a couple of years.

The point is: Licenses are running out practically "around the clock," and you should know when yours is due to expire and be prepared to renew it without lapse or extra cost.

An average of about 3,000 renewable licenses are scheduled to expire each month and will expire unless they are properly renewed. The expiration date appears on your license, and you should receive a renewal notice from the Division's Sacramento office about one month prior to that date.

Notice to Renew

The new punch-card machines installed in Sacramento automatically produce a renewal notice, which is sent to the licensee at the latest address reflected in the division's records.

Note: The renewal notice for a salesman is sent in care of his employing broker. Only if the salesman has properly inactivated his license is the notice sent to his home address.

Punch-card Licensing System— With the recent conversion to punch-card operation at Sacramento, a controlled check of license expiration dates and staggered renewal periods is now possible. The new key punch machine pictured here can produce detailed information cards for new, transferred or changed licenses at a rate of 150 per hour.



Protect Your Renewal Right

The Real Estate Law, however, does not offer relief if for some reason your notice to renew does not arrive in the mail. The final responsibility for keeping your license right rests with you!

This point was vividly illustrated by a recent distressing experience for all concerned. A prominent but semi-retired broker had to take an original license examination again after being in the real estate business for many years. He had overlooked his license expiration date and failed to renew during the one-year grace period.

IMPORTANT—Get in touch with the division's nearest office or send a request for renewal along with the proper fee if you do not receive a renewal form at least two weeks before your license expires. Four-year license renewal fees: broker, \$50; salesman, \$30.

Change in Processing Limited Salesman License Applications

After a close scrutiny of the careless way in which some brokers employ limited salesman licensees, the commissioner has been forced to tighten up on the issuance of these licenses.

As a result:

(1) Limited real estate salesman license examinations are not given on extremely short notice unless there is a special need and demonstrated urgency.

(2) Fingerprints of an applicant must be cleared prior to the issuance of the license unless there is unusual delay in receiving clearance from the Bureau of Criminal Identification.

(3) The limited real estate salesman examination has been strengthened.

Limited real estate salesman licenses run for 120 days, and are issued after the applicant has passed an elementary examination.

Reason for Change

It had become quite apparent that some brokers were sponsoring candidates for limited salesman license after only a very cursory examination of their backgrounds or perhaps none at all. "The limited salesman license, used with restraint and proper precautionary methods can serve a useful purpose," the commissioner has stated. "But I am sure our industry does not want undesirables using it—so to speak—as a back-door entrance to our business. Condoning such a possibility would tend to undermine public confidence in the licensing process."

MEMO TO EXAMINEES

If you are preparing for examination for renewable license, the *Supplement to the Reference Book* should prove a valuable study aid.

The *Supplement* sells for \$1.04 (includes sales tax), and will be sent to you postpaid from Sacramento upon receipt of order and remittance. It can also be purchased at any office of the division.

SIMPLIFIED TRUST FUND RECORD SYSTEM FOR USE BY REAL ESTATE BROKERS

"I know I must maintain a trust fund account with proper records or at least keep records of trust funds passing through my hands. How about some help in setting up an accounting system?"

In response to many requests from brokers throughout California, the Real Estate Commissioner has had the Auditors Section of the division prepare a simplified accounting system which might meet the needs of many real estate brokers operating small offices.

It is emphasized that the system described here is intended to be a *minimum* system. Obviously, more elaborate records may be desirable, and even necessary, depending on the size of the broker's business and how complicated it is. Furthermore, the advice of a competent accountant is desirable, and may be very necessary in case a more detailed system is set up.

Simplified System

The system described here is probably the easiest kind to keep because, for the most part, it uses the papers that are already involved in deals. These are:

1. Deposit receipt;
2. Bank deposit slip or escrow receipt;
3. Trust account check;
4. Bank statement.

However, since it is usually not convenient to keep all of these papers in one place, it is necessary to make a record of this information in some sort of a "journal" or on the check stubs of the trust account checkbook. This makes a fifth item that is necessary in this system.

The way these five items are used is described in more detail as follows.

Deposit Receipt (Fig. 1)

Most brokers use a standard form of Deposit Receipt and Offer-to-Purchase. In addition to the copies given to those who sign, the broker should keep a copy. This will show the date, the amount, from whom, and for what transaction the money is received.

Bank Deposit Slip

The bank deposit slips should be filled out in duplicate and one copy retained by the broker. On the left margin, the bank number and the purpose of the receipt can be shown on the deposit tag. This method provides an easy way to identify all funds placed in the trust account. (In some instances, the banks may prefer that

information other than the funds deposited be placed on the reverse side of the bank deposit tag.)

Deposits should be made not later than the next working day after the funds are received from the client. If the deposit is placed directly into escrow or is given directly to the

Written Authorization Required for Salesman To Handle Trust Funds

The commissioner has amended the official regulation which prohibits salesmen from handling trust funds except under certain specified conditions.

The broker is still ultimately responsible for any trust funds, but the amended regulation helps clarify the position of the salesman when his broker entrusts him with the handling of such moneys.

Text of Regulation

The text of the amended regulation which became effective March 2, 1958, follows:

Section 2834. Salesman Handling Trust Funds. A salesman shall not handle trust funds in any way without the express written authorization of his employing broker. A broker may authorize a salesman to place or withdraw trust funds on behalf of the broker anywhere the broker could himself place or withdraw them, but shall not authorize any other disposition.

A salesman may be authorized by his employing broker to place trust funds in the broker's trust account, in escrow or in the hands of his principal. A salesman shall not withdraw funds from the broker's trust account without express written authority from the broker in each case; a salesman shall not be permitted to withdraw funds by check unless the broker's signature is on the check.

In any event, a broker shall be held responsible for any trust funds he authorizes a salesman to handle.

seller, rather than being put into a trust account, a receipt should be obtained and kept on file.

Trust Account Check (Fig. 2)

By the use of a description column on the trust account check, a brief accounting can be given to the principal. However, the use of a description column is limited and it may be necessary to forward a separate accounting statement with the check. When withdrawing commissions from a trust account, by using the description space on the check you will be able to show what your commission is composed of and the manner in which it was calculated.

Figure 1

Deposit Receipt

..... Los Angeles, Calif. January 7, 1958

Received from Clem Derry
herein called Buyer, the sum of Four Hundred
Dollars (\$ 400.00) evidenced by cash , personal check , cashier's check , or

as deposit on account of purchase price of (\$12,000) Twelve Thousand
..... Dollars (\$ 12,000)

for the purchase of property, situated in 148 George Street, Los Angeles
..... County of Los Angeles, California, described as follows:

Accounting System

(Continued from page 342, col. 3)

Deposits received by the broker and placed in his trust account and then forwarded to the escrow company, etc., can be described on the face of the broker's check.

Journal Record (Fig. 3)

Especially in regard to this item, it is emphasized that only a minimum system is described in this article. The main difference between the system described here and other more elaborate systems is in the type of journals that are kept.

Set forth in Fig. 3 is a part of a sample type of page that may be used. The check stubs in the trust account checkbook may also be used in much the same manner as this journal. However, one or the other is absolutely necessary.

Bank Statement (Fig. 4)

At least monthly, and promptly upon receipt of the bank statement with the cashed trust account checks, a reconciliation should be made. This means that the checks written should be compared with those cashed, the outstanding checks should be listed, and a balance should be obtained between the bank statement, the checkbook and the journal records. This may be done as in Fig. 4:

The trust account should at all times contain 100 percent of all funds belonging to clients. In the reconciliation of the bank account and the preparation of the trial balance on the trust liability, the two ending balances should agree. If there is a difference between the book balance and the trust liability balance, the transaction should be rechecked to locate and correct the error. In recording the transactions of cash received and disbursed in the journal, the broker can simplify the preparation of the trust liability balance by checking off the amounts received when he turns the funds over to an escrow company or refunds a customer's deposit. In this manner, the trust liability will be composed of the unchecked receipts as of the end of the month.

Figure 2
SAMPLE TRUST ACCOUNT CHECK

Description		Amount	No. 39	
Manning Rentals			January 3, 1958	
Dec. '57		\$75.00	Pay to the order of L. D. Brooks	
Jan. '58		310.00	\$38.50	
		\$385.00	Thirty-eight and 50/100 Dollars	
Commission		\$38.50	L. D. Brooks Trust Account	
LONE BANK Los Angeles, California			L. D. Brooks	

Figure 3
SAMPLE TRUST ACCOUNT JOURNAL—RECORD OF CASH RECEIVED AND DISBURSED

Date 1958	Name	For the account of:	Receipt or Check No.	AMOUNT Re- ceived	Dis- bursed	Balance
	Balance Forward					\$200
2	Ralph Adams, Apt. D	Manning Apartments	682	\$75		
2	Bob Jones, Apt. A	Manning Apartments	683	80		
3	Margaret Franks, Apt. C	Manning Apartments	684	80		435

Figure 4
BANK RECONCILIATION—January 1, 1958

Balance per bank statement.....	\$800	
Deposits in transit and not entered by bank.....	50	
Subtotal.....	\$850	
Less checks outstanding:		
Check Number	Date	Amount
33	12/27/57.....	\$75
36	12/30/57.....	125
37	12/31/57.....	450
Total checks outstanding.....	\$650	
Balance per check record.....	\$200	

TRUST LIABILITY—January 1, 1958

Received from	For the account of	Amount
Ralph Adams.....	Manning Apartments.....	\$75
Dan Thomas.....	1682 Denning Road.....	125
Total accountability.....		\$200

RECONCILIATION OF BALANCE PER CHECK RECORD AND TRUST LIABILITY—January 1, 1958

Check Record.....	\$200
Trust Liability.....	200
Difference.....	—

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Educational and Sales Conferences Scheduled

The "1958 *Blueprint for Selling Real Estate*" will be the theme of the eleventh annual series of Educational and Sales Conferences offered by the California Real Estate Association, beginning April 7th in Anaheim and concluding in Eureka June 6th. (Schedule below.)

The theme describes the sales training portion of the conferences which will give the answers to many of the questions confronting salesmen in selling real estate today.

A nationally prominent speaker will open the conferences with suggestions on developing "New Business From Old."

During the morning sessions while the salesmen are attending the sales training seminar, the brokers will hear about "Today's Real Estate Brokerage Costs vs. Profits." Study and research on this subject have been so extensive that a special manual has been developed for distribution to brokers attending.

Salesmen will be given the keys for developing and building confidence, which every buyer and seller must sense to create a sale, in the conference subject entitled "Helping Sellers Sell Themselves."

A film developed especially for the conferences will be shown. Titled "Closing a Real Estate Sale," it is a visual presentation of the many techniques used in meeting and overcoming the common objections and problems faced by the salesman in closing a sale. Following the film, the subject "What Makes a Successful Salesman" will be presented by a dynamic and successful speaker.

Following lunch, salesmen and brokers will attend a joint session on "Extra Business Using Simple Exchanges." A case study presentation will be made of a simple exchange of a two-bedroom for a three-bedroom home.

Enrollment for any one of the Educational and Sales Conferences is by advance registration and is made through the local real estate board in your area.

EDUCATIONAL AND SALES CONFERENCE SCHEDULE

Date	City
April 7	Anaheim
April 8	Riverside
April 9	San Diego
April 10	Los Angeles
April 11	Whittier
April 21	Santa Barbara
April 22	Burbank
April 23	Pasadena
April 24	Hawthorne
April 25	Long Beach
May 12	Sacramento
May 13	Berkeley
May 14	Santa Rosa
May 15	San Francisco
May 16	San Jose
May 17	Fresno
June 2	Monterey
June 4	Red Bluff
June 6	Eureka

Commission Members Reappointed

(Cont. from page 337, col. 3)

—the only member of this post ever accorded that honor.

One of Many Posts for Johnson

Mr. JOHNSON has been actively engaged in the real estate business in California for nearly 30 years, as president of his own company located in his native city, San Francisco. He is well known for his active participation in community projects and in the affairs of organized real estate. Naming only a few of the many posts he has held: He has served as President of the San Francisco Real Estate Board; President of the National Institute of Real Estate Brokers of the United States and Canada, and President of the California Real Estate Association.

Functions of Commission

As commission members, Mr. Rooney and Mr. Johnson meet with the other members to advise with the commissioner and to inquire into the needs of the real estate licensees in California and the functions of the Division of Real Estate. They also sit with a committee of commission members to evaluate claims of qualification for real estate broker license based upon general real estate experience and/or education.