



W. A. Savage is New Commissioner

Governor Brown Announces Appointment to Office As of March 1, 1959

Governor Edmund G. Brown appointed Mr. W. A. Savage of San Bernardino to the post of California Real Estate Commissioner, effective March 1, 1959, as successor to Fred W. Griesinger, Arcadia, who held the position for approximately two years. Mr. Savage's appointment has been confirmed by the State Senate.

In addition to his duties as Real Estate Commissioner, Mr. Savage will serve as a member of the Governor's Council and becomes a voting member of the State Public Works Board.

The new head of the Division of Real Estate has had extensive experience in real estate, having been actively engaged in the real estate and appraisal business as a broker since 1937. At the time of his appointment, Mr. Savage had general real estate and appraisal offices in San Bernardino, where he had been located for more than 23 years.

The new commissioner has served as President of the San Bernardino Real Estate Board and as Regional Vice President of the California Real Estate Association and had been an honorary life director of the association for the past 10 years. He has been a director of the National Association of Real Estate Boards for the past three years, and was just starting a second three-year term. He has also served as a member of the Realtors Washington Committee, the National Committee on Economics and as a delegate to the National Rivers and Harbors Congress. Mr. Savage is a member of the American Institute of Real Estate Appraisers, having been secretary of its Southern California Chapter in 1956 and president of the chapter in 1958.

During recent years much of his time has been spent appearing as an expert witness in superior and federal courts in Southern California, as most of his appraising has been in connec-

tion with condemnation actions brought by public bodies, such as the Department of Justice, the Corps of Engineers, the Navy, and the Division of Highways of the State of California and many agencies of the Council. (Cont. on page 389, col. 1)



W. A. SAVAGE
Real Estate Commissioner

Regulation of Advance Fee Operators Considered

U. S. Senate Hears Final Report of Its Investigation; Considers Legislation

"False or misleading representations incident to the procurement in interstate or foreign commerce of certain contracts for advertising" would be punishable by stiff penalties if Senate Bill 550, recently introduced in the U. S. Senate, becomes law. The proposed legislation, designed to curb the activities of advance fee operators who have been promising (and collecting for) a great deal more than they deliver, would make infractions punishable by a fine of not more than five thousand dollars (\$5,000) or imprisonment for not more than five years, or both. A companion bill will probably be introduced in the House of Representatives.

Senate Committee Reports on Investigation

A final report by the U. S. Senate Committee investigating misrepresentations incident to the collection of advance fees for "advertisement" of real properties points out that "a substantial number of businessmen are being defrauded of millions of dollars annually by advance fee firms which enter into contracts with them to advertise their businesses on a national scale. The salesmen for these firms make use of all types of oral decep-

tion and are able to convince the victim that, if he signs the contract, his business will be sold in a very short period of time. The oral misrepresentations made by the salesman and the wording of the contract are not in the least related. The business is merely listed in one or two classified ads in newspapers or in a catalogue put out by the firm. Resulting sales are less than one-half of 1 percent."

Senate Bill Is Supported

Lending support to the bill in the U. S. Congress are: (1) the Real Es- (Cont. on page 387, col. 3)

REAL ESTATE BULLETIN
*Official Publication of the
 California Division of Real Estate*

March-April 1959

Published Bimonthly in Sacramento by the
DIVISION OF REAL ESTATE
 STATE OF CALIFORNIA
 EDMUND G. BROWN, Governor

W. A. SAVAGE
Real Estate Commissioner

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DISCIPLINARY ACTION—DECEMBER, 1958, AND JANUARY, 1959

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, 1958,
 And January, 1959**

Name	Address	Effective date	Violation
Freed, Arthur Jackson Real Estate Broker Business Opportunity Broker	1211-A Fourth St., Santa Monica	12/ 2/58	Secs. 10177(d), (f) & 10302(c)
Solomon, Lewis Real Estate Broker	905 Seventh St., San Diego	12/12/58 (Granted right to restricted license on conditions)	Secs. 10177(d) & (f)
Williams, Robert Earl Real Estate Salesman	300 E. Las Tunas, San Gabriel	12/19/58 (Granted right to restricted license)	Secs. 10177(b) & (f)
Cervantez, Edward Vazquez Real Estate Broker Real Estate Salesman	3520 E. First St., Los Angeles	12/23/58	Secs. 10176(e), (i); 10177(d) & (f)
Dudley, Joseph Lee Real Estate Broker	7731 S. Eastern Ave., Bell Gardens	12/23/58	Secs. 10176(a), (e), (i) & 10177(f)
Hereford, Carl Ellis Real Estate Broker	848 Sixth St., Santa Monica	12/23/58	Secs. 10177(b) & (f)
Rutherford, William Gray dba Rutherford Realty Real Estate Broker Business Opportunity Broker	17 E. Blithedale Ave., Mill Valley	12/24/58 (Granted right to restricted licenses)	Secs. 10176(e), (i); 10177(f); 10302(e); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Brown, Carl M. dba Carl M. Brown Mortgage Company Real Estate Broker	601 S. First Ave., Arcadia	12/30/58 (Granted right to restricted license on conditions)	Secs. 10176(a), (d), (i); 10176.1; 10177(d), (f), Sec. 2844 of R.E. Comm. Rules and Regulations
Southern California Trust Deeds Inc. Carl M. Brown, President Real Estate Corporation	601 S. First Ave., Arcadia	12/30/58 (Granted right to restricted license on conditions)	Secs. 10176(a), (d), (i); 10176.1; 10177(d), (f); Sec. 2844 of R.E. Comm.
Holland, Jesse Harold dba Accurate Realty Company Real Estate Broker Business Opportunity Broker	540 E. Ladenny Dr., Ontario	12/31/58	Secs. 10176(a), (e), (i); 10177 (d), (f) & 10302(e)
Parkening, O. H. Real Estate Broker	5215 Hollywood Blvd., Los Angeles	12/31/58	Secs. 10165; 10176(a), (e), (f); 10177(d) & (f)
Freed, Edward Real Estate Salesman	1607 Terminal Ave., San Jose	1/ 6/59 (Granted right to restricted license)	Secs. 10177(b) & (f)
Fuller, James dba Miracle Mortgage Co. dba Miracle Realty Co. Real Estate Broker	2737 W. 42d St., Los Angeles and 8910 Wilshire Blvd., Beverly Hills	1/ 6/59	Secs. 10176; 10177(d); Sec. 2831 of R.E. Comm. Rules and Regulations
Fallis, Willis Dan Real Estate Salesman	1810 N. Kingsley Dr., Los Angeles	1/ 9/59	Sec. 10177(b)
Fuller, Forrest Fay dba F.F. Fuller Realty & Rental Service Real Estate Broker	6321 N. Figueroa St., Los Angeles	1/ 9/59 (Granted right to restricted license on conditions)	Secs. 10176(e); 10177(d) & (f)
Hastey, Junie Hastey Restricted Real Estate Broker	385 Ridge Way, Yuba City	1/12/59	Secs. 10176(a), (b), (e), (f), (g), (i); 10177(b) & (f)
Leonard Realty Co. Jos. A. Leonard, President Real Estate Corporation Business Opportunity Corpora- tion	575 El Camino Real, Redwood City	1/12/59 (Granted right to restricted licenses on conditions)	Secs. 10176(e), (i); 10177(d), (f); 10302(e); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Whaley, Monroe Lawrence Real Estate Broker Business Opportunity Broker	SW. Cor. Davis St. & Hwy. 40, Vacaville	1/12/59	Secs. 10176(i); 10177(f) & 10302(e)
Liles, Evan Zedford Real Estate Broker	561 E. Washington St., El Cajon	1/13/59 (Granted right to restricted license)	Secs. 10177(a) & (f)
Beck, Howard James dba Beck & Rice Real Estate Broker Business Opportunity Broker	1210 E. Green St., Pasadena	1/15/59	Secs. 10176(e), (i); 10177(d), (f) & 10302(e)
Rankel, Robert Edward Real Estate Salesman	15316 Vanowen St., Van Nuys	1/15/59 (Granted right to restricted license on conditions)	Secs. 10176(a), (e); 10176.1 & 10177(f)
Renfro, Richard Farrow dba Guaranty Investment Co. Real Estate Broker	7254 Sepulveda Blvd., Van Nuys	1/15/59 (Granted right to restricted license on conditions)	Secs. 10176(a), (e); 10176.1 & 10177(f)
Rubin, Philip Real Estate Salesman	8043 Truxton Ave., Los An- geles	1/15/59	Secs. 10137; 10177(d) & (f)
West Valley Investment Co. Glenn Andrew Rankel—Mem- ber William Joseph Rankel—Mem- ber Real Estate Partnership	15316 Vanowen St., Van Nuys	1/15/59	Secs. 10176(a), (e); 10176.1 & 10177(f)
Spano, Anthony Fed. Real Estate Broker Business Opportunity Broker	16911 Bolsa Chica, Hunting- ton Beach	1/20/59 (Granted right to restricted licenses on conditions)	Secs. 10177(b) & (f)

**Employees Honor Retiring
 Real Estate Commissioner**

Fred W. Griesinger, retiring Real Estate Commissioner, was honored by 75 Division of Real Estate employees at a luncheon meeting February 27 at Los Angeles.

Assistant Commissioner Donald McClure presented Mr. Griesinger with an AM-FM clock radio and white marble bookends as gifts from the employees.

(Cont. on page 387)

Commissioner's Message

This is written just after my appointment as your Commissioner by Governor Brown was confirmed by the State Senate. It goes almost without saying that I am extremely gratified by this expression of confidence and am honored by the opportunity to be of service to fellow citizens of California and to the real estate business.

Becoming chief officer of the Division of Real Estate impresses me as taking over the leadership of a team which has consistently given a good account of itself. I hope and expect to contribute to the conscientious and efficient functioning of the Division as time goes on.

In the meantime, my broad aims may be briefly stated. It is one of my objectives that all licensed brokers and salesmen and the Division of Real Estate give the best possible service to the people of California. I do want the public to understand and appreciate better the services which the well-equipped broker and salesman have to offer in any matters pertaining to real estate. To achieve this, we must strive to make the license privilege meaningful of true qualification in respect to knowledge, competence and ethical standards.

Sincerely,



W. A. SAVAGE
Real Estate Commissioner

Licenses Revoked During December, 1958, And January, 1959—Continued

Name	Address	Effective date	Violation
Hartford, John Edmund dba Associated Land Real Estate Broker	9075 Balboa Ave., Northridge.	1/22/59	Secs. 10176(i) & 10177(f)
Garner, Thomas Laverne Real Estate Broker	P.O. Box 351, Upper Lake....	1/26/59	Secs. 10177(b) & (f)
Kiewert, Charles Louis dba Mariners Realty Vice President of The Marin County Mortgage Corpora- tion Real Estate Officer	626 Tamalpais Dr., Corte Madera	1/28/59	Secs. 10176(c), (i); 10177(d), (f); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Mitchell, John Lewis Real Estate Salesman	1329 45th Ave., San Francisco.	1/28/59	Secs. 10176(a), (c), (i); 10177 (d), (f) & Sec. 2834 of R.E. Comm. Rules and Regula- tions

Licenses Suspended During December, 1958, And January, 1959

Name	Address	Effective date and term	Violation
Haines, Pauline Riggs dba Pauline Riggs Realty Real Estate Broker	8737 Firestone Blvd., P.O. Box 129, Downey	12/23/58 30 days	Sec. 10177(h)
Kralik, Earl Walter Real Estate Salesman	42357 N. 50th St. West, Quartz Hill	12/23/58 30 days (Stayed for one year on conditions)	Secs. 10176(a), (i) & 10177(f)
Hardeiman, Theodore Robert dba Urban Investment Com- pany Real Estate Broker	3236 Adeline St., Berkeley....	1/28/59 60 days	Secs. 10176(a), (b), (i) & 10177(f)
Baum, Ruth Real Estate Salesman	11901 E. Valley, El Monte ...	1/22/59 10 days (Stayed for one year on conditions)	Sec. 10177(f)
Higgs, Leo C. Real Estate Broker	2842 Sacramento St., Berkeley	1/28/59 120 days	Secs. 10176.1; 10177(f) & (j)
Hill, Phillip Maurice dba Maurice Hill Real Estate Broker	159 University Ave., Palo Alto	1/28/59 30 days (Stayed for one year on conditions)	Secs. 10176(a), (b), (i); & 10177(f)

Partnership License Required if Partnership Is Implied

A partnership form of license is required where two or more persons individually licensed as real estate brokers are in fact operating as a partnership. Likewise, when two or more licensees operate under a fictitious name implying a partnership, a partnership license is necessary.

So says the Attorney General in an official opinion which also pointed out that courts have repeatedly held that partnerships not having a proper license are operating illegally and their contracts may be unenforceable.

Let us assume that John A. Brown and Robert B. Jones are individually licensed brokers. If they advertised as in any one of the examples set forth below, partnership would be implied and a partnership license required.

John A. Brown and Robert B. Jones
John A. Brown—Robert B. Jones
Brown and Jones
Brown and Jones Realty
Brown and Jones, Associates
Brown, Jones and Associates
Brown—Jones
Brown-Jones Realty
Brown-Jones Realty Company
Brown-Jones Associates

National Legislation

(Cont. from page 385, col. 3)

tate Commissioner and the Attorney General of the State of California; (2) the National Association of License Law Officials of which California's Assistant Commissioner Donald McClure is a director and chairman of the Advance Fee Racket Committee; (3) California Real Estate Association; (4) the National Association of Real Estate Boards; and (5) the Federal Trade Commission.

Special Report: State of Montana Legislature has enacted new legislation which provides for a penalty of from one to five years in prison for advance fee operators who are guilty of misrepresentation, or failure to disclose pertinent facts.



News From the Capitol

Important Real Estate Legislation Before 1959 State Legislature

A number of bills of direct interest to California real estate brokers and salesmen have been introduced during the first half of the 1959 Session of the State Legislature. Eight of these bills were recommended by the State Real Estate Commission and offered to the Legislature at the request of the Real Estate Commissioner, after clearance with the administration.

The recommended legislation is briefed as follows:

A. B. 1046. Regulation of mortgage dealers (Unruh)—Would require licensure as brokers for persons who, as principals or agents, make a business of buying, selling or exchanging promissory notes secured by mortgages or deeds of trust. Would also require a license to operate a place of business where the public may deal in such notes.

Would permit the Real Estate Commissioner to issue a temporary cease and desist order if he believed the continued public sale of such notes unfair or inequitable to purchasers, or if the dealer was not properly licensed.

A. B. 1047. Strengthened regulation of advance fee agents (Unruh)—Would tighten the regulation of advance fee agents by: broadly defining "listings"; requiring prior approval by the commissioner of advance fee contract forms, advertising, etc.; including in the definition of real estate brokers and salesmen the solicitation of borrowers or lenders; and requiring advance fee collections to be treated as trust funds, properly accounted for.

A. B. 1051. Real estate rental fees (Rees)—Would provide that every real estate licensee who, for a fee paid in advance, furnishes rental information to a prospective tenant, shall also give him a receipt or contract, under the terms of which the licensee agrees to repay the fee if the prospective tenant does not obtain the rental.

A. B. 1052. Subdivision reports (Rees)—Would enact into law the provisions of an existing regulation that a copy of the Real Estate Com-

missioner's public report on a subdivision shall be furnished to the prospective purchaser or lessee of any lot or parcel therein, prior to the execution of the purchase or lease contract.

A. B. 1053. Loans secured by real property (Rees)—Would stipulate that the Mortgage Loan Broker's Statement and all other records relating to a loan transaction where such statement is required shall be subject to inspection and audit by the Real Estate Commissioner at any time up to three years following the termination date of the original note.

A. B. 1054. Condition to restricted licenses (Rees)—Would correct technical error in the section of the law authorizing the commissioner to require the furnishing of a surety bond as a condition to the issuance of a restricted business opportunity broker license.

A. B. 1055. Subdivisions (Rees)—Would make a cross-reference between the subdivision law, as administered by the Real Estate Commissioner, and the Subdivision Map Act.

A. B. 1056. Revocation or suspension of licenses by the Real Estate Commissioner (Rees)—Would permit the commissioner to revoke or suspend the license of a real estate licensee, business opportunity licensee or mineral, oil and gas licensee or deny such licenses for conduct which constitutes fraud or dishonest dealing done not necessarily in connection with transactions for which licenses are required.

ADDITIONAL BILLS INTRODUCED THIS SESSION

Other bills which would change the Real Estate Law and affect the real estate industry have been introduced in addition to those requested by the division. Briefly described, some of them are:

A. B. 122. Mortgage Loan Law (Chapel, et al)—Continues the operation of the Real Property Loan Brokerage Law beyond 1959.

A. B. 278. Renewal of License (Francis)—Provides for two years' grace period for renewal of license.

A. B. 444. Penalties for Discrimination (Burton, Elliott)—Provides for disciplinary action if licensee discriminates in sale, rental or lease of real property on account of race, color, religion, national origin, or ancestry; would continue as grounds for disciplinary action the unauthorized use of trade organization designation or insignia only if the organization does not exclude applicants from membership solely because of race, color, religion, national origin, or ancestry.

A. B. 1179. Land Locators (Kilpatrick, et al)—Would require licensure of those who assist persons in filing applications for lands owned by the State and Federal Government. Would regulate the business of "land locating."

A. B. 1188. Escrow Transactions (Francis)—Transfers administration and enforcement of the escrow law from the Commissioner of Corporations to the Real Estate Commissioner. Also would require special licenses for escrow holders and escrow clerks.

A. B. 1696. Professional and Vocational Organizations (O'Connell)—Would provide for certain regulations to apply to organizations whose members are licensed, registered, or certificated by the State of California.

A. B. 1855. Mortgage Broker License (Unruh, et al)—Would regulate terms and conditions of mortgage loans and provide for special license as a mortgage broker.

Commissioner Savage Establishes Headquarters In Sacramento

Commissioner W. A. Savage has made Sacramento his personal headquarters since March 2. Assistant Commissioner McClure will also maintain his headquarters in the capital city. For the past four years, real estate commissioners have headquartered in either San Francisco or Los Angeles. However, the "principal" office has been and will continue to be maintained in Sacramento as specifically provided in the Real Estate Law. The functions of license issuance, preparation and grading of license examinations, recordkeeping, accounting, preparation of publications, and educational work are all centered in the Sacramento office.

New Commissioner

(Cont. from page 385, col. 2)

ties of San Bernardino and Riverside. His appraisal experience also includes assignments from utility corporations, individual property owners and privately owned corporations.

Early Experience

Before entering real estate as a broker in 1937, Mr. Savage was in the banking and real estate management business. In addition to his knowledge of the general brokerage business, he has a well-rounded background in the field of appraising, property management and subdividing. In 1933, he became associated with the Capital Company, an affiliate of the Bank of America, where he handled the bank's real estate holdings in the Counties of San Bernardino, Riverside, Orange and a part of Los Angeles County. Previously, for a period of five years, he was assistant manager of the Alhambra Branch of the Bank of America.

Born in Fort Worth, Texas, 56 years ago, Savage moved to Los Angeles in 1907 and graduated from the Alhambra High School in the class of 1921. Married for 33 years, he and Mrs. Savage have one married daughter and twin granddaughters.

Active in Community Life

Civic and fraternal affairs have claimed much of the new commis-

Real Estate Education and Research Program

The Real Estate Education and Research Fund, into which goes 25 percent of all license fees collected by the Real Estate Commissioner, was established by the Legislature to be used "in the advancement of education and research in real estate at the University of California, state colleges and junior colleges." Prior to the creation of this special fund in 1956, the University of California had been receiving yearly grants of \$100,000 from the Real Estate Fund (which supports the Division of Real Estate).

As a consequence, a well-established program in real estate education and research has been under way for some time at the university, now recognized as a national leader in the field of basic research. During the 1958-59 Fiscal Year, for the first time, the university has been the recipient of funds appropriated directly by the Legislature from the Real Estate Education and Research Fund rather than from the Real Estate Fund. Funds were provided to the university at both Berkeley and Los Angeles.

Additionally, the state colleges—among them: Los Angeles, San Jose, San Diego, Sacramento, San Francisco, and Chico—participated in the program for the first time.

Junior College Participation

Many junior colleges offer some real estate education and, as a group, they have thousands of enrollees in individual real estate courses. Junior college administrators have evidenced a strong desire to participate more fully in the real estate education program and to achieve a greater degree of co-ordination and uniformity in course offerings. To aid these purposes, Chaffey (junior) College is conducting a study of real estate education in California junior colleges and devising a program development plan intended for junior colleges. Orange Coast (junior) College is constructing a fundamental real estate course which will be available to all junior colleges in the State. This work is done on contract and costs are defrayed by appropriations from the

Commissioner's interest over the years. He has been a Rotarian for more than 30 years, an Elk for 35 years, a member of his local Chamber of Commerce, a Mason for 30 years, a Shriner for five years, and is a member of the First Congregational Church of San Bernardino.

Real Estate Education and Research Fund.

Incidentally, a selected percentage of brokers and salesmen throughout the State will receive questionnaires from Chaffey College. Those who receive the questionnaires are asked to complete and return them, thus contributing to the success of the study being undertaken by Chaffey College.

NEW FHA PROGRAM

Loan Insurance Processing For Areas Outside Metropolitan Centers

Under FHA's new certified agency program, processing functions preparatory to FHA insurance endorsement will now be carried out by local lending institutions in small towns and rural areas of California. Lending institutions which are qualified will be authorized to accept applications for insured mortgage loans on single family units, both for proposed construction and existing dwellings eligible under Section 203 of the National Housing Act.

The lender can use appraisers and construction inspectors employed on a fee basis and, after a review of the borrower's credit and the appraisal report, a commitment for a loan can be issued by the lender in accordance with limitations imposed by the National Housing Act. The entire transaction can be completed at the hometown level.

Delays in processing should be minimized by this program and maximum value derived from standards applied in accordance with sound local judgment, a problem heretofore slowing financing and construction in outlying areas.

Meetings between FHA officials and interested persons are being held throughout California to explain the new FHA Certified Agency Program.



WANT TO TEST YOUR EXAMINATION I.Q.?

Most Licensees Have Their License Examinations Far Behind Them; Many Took Examinations Much Less Comprehensive Than Today's; Some Were Licensed Before Examinations Required

A number of licensees in the above categories have manifested their interest in the type of questions asked in current examinations, particularly those for renewable license. So we publish below a sampling of fairly typical questions. It must be remembered that this reflects a random selection of subject area; the examinations themselves must necessarily cover a broader range of real estate activity than here indicated.

You may test yourself if you like; then check with the answers which have been reviewed for technical accuracy by the division's examination staff. Answers on the following page.

1. The maximum portion the Federal Government will guarantee under a Veterans Administration home loan to an individual is:
 - (a) \$2,000
 - (b) \$3,000
 - (c) \$6,000
 - (d) \$7,500
2. Occupancy regulations of the State Housing Act are enforced by local:
 - (a) building inspectors
 - (b) health officers
 - (c) safety engineers
 - (d) social welfare agents
3. You are asked when the second installment of the county real property taxes becomes due. Your reply should be:
 - (a) April 10
 - (b) February 10
 - (c) April 1
 - (d) February 1
4. John Brown, a real estate agent, negotiated new first and second loans secured by Mr. Frank O'Neill's residence. The first loan was made by a savings and loan association. The second loan was made by a private individual. Shortly after the loans were made, a "Request for Notice of Default" was recorded. Normally this is done as a safeguard for:
 - (a) trustor of second loan;
 - (b) trustee of first loan;
 - (c) beneficiary of second loan;
 - (d) beneficiary of first loan.
5. The value of a commercial property for investment purposes is most properly:
 - (a) based on the amount of past labors and materials expended on it;
 - (b) based on present and past actual gross income;
 - (c) based on reproduction cost plus current appreciation of improvements;
 - (d) based on the capitalization of prospective income.
6. One of the three primary approaches in ascertaining and establishing an estimate of value is the capitalization method which involves establishing a justifiable capitalization rate. Name at least five factors you should consider before choosing a capitalization rate.
7. You are a buyer's agent. Your principal is interested in buying a very old single family residence. He desires to know whether or not the house meets legal construction requirements.
 - (a) What agency should be contacted for this information?
 - (b) If the buyer instructs you to prepare a deposit receipt (offer) before the condition of the house could be determined, what safeguard might be placed in the offer?
8. A broker negotiates for a new amortized loan to be secured by property he has sold. He charges the maximum commission for negotiating the loan. The first trust deed note is for \$2,000 and the term is for 33 months.
 - (a) What is the maximum amount of commission the broker can charge without violating the law?
 - (b) What requirement of law must be observed in setting up the payment schedule?
9. Two State laws governing the subdivision of real estate are contained in the Business and Professions Code of the State of California. One of these laws is administered by the State Real Estate Commissioner.
 - (a) What is the other law known as and to whom does it grant jurisdiction?
 - (b) Under the law administered by the Real Estate Commissioner, a subdivision is known as land which is divided into five or more parcels for the purpose of sale or lease, whether immediate or in the future. How does this portion of the definition differ from the law set forth in your answer (a) above?
10. How many:
 - (a) feet in a mile?
 - (b) square miles in a township?
 - (c) acres in a standard quarter section?
11. Calculate the present depreciated value of a property, using the straightline depreciation method and assuming the economic life of the building to be fifty years from the time it was built, from the following: You purchased a vacant lot 15 years ago for \$1,500. One year later you had the building erected on the lot at a cost of \$6,500. To date the building has suffered a 5% loss due to functional obsolescence in addition to normal depreciation, and also the property as a whole has decreased in value another 5% due to economic obsolescence of the area. Show calculations.

CORRECT ANSWERS FOR EXAM QUIZ

1. (d) The maximum portion of the loan the VA will guarantee is \$7,500. This applies to home real estate loans at the present time.
2. (b) Normally, under the State Housing Act, occupancy and sanitation regulations are enforced by local health officers while construction regulations are handled by local building inspectors.
3. (d) The second installment of the real property tax is due on February 1 and becomes delinquent if not paid by April 10 at 5 p.m.
4. (c) All junior lienholders, in order to keep advised of the status of prior security instruments, should file a "request for notices of default and sale" with the county recorder.
5. (d) Value has to do with the combined factors of present and contemplated profit, whereas cost represents a measure of past expenditures in labor, materials, etc. For income property, value is established by capitalizing the prospective future income of the property.
6. Among acceptable answers are:
 - (1) Present stability of the location.
 - (2) Financing—now and anticipated.
 - (3) What is the condition and quality of the construction?
 - (4) Can it be easily converted to use of other tenants?
 - (5) Is property adaptable for single or multiple tenancy?
 - (6) Are present tenants economically strong, passable or weak?
 - (7) Is neighborhood appreciating or depreciating?
 - (8) What are the terms of existing leases?
 - (9) Is district central or outlying?
 - (10) Can the property be utilized for a better or higher use?

Note: On pages 265-266 in the 1959 *Reference Book* the selection of an appropriate capitalization rate is discussed.

7. (a) Most likely source: Local building departments of a city or county which may establish minimum construction requirements for all structures within the local jurisdiction. These regulations are designated as local building codes.
 - (b) The offer could be made contingent upon compliance with building code requirements or insertion of a contingency clause requiring the seller to agree to pay for any necessary corrective work.
8. (a) The maximum amount of commission a broker can charge on this first trust deed of less than three years is 5% or \$100 in this case.
 - (b) Loans covered by the Real Property Loan Brokerage Law for less than three years must provide for substantially equal payments, no installment to be greater than twice the amount of the smallest, including the final payment.
9. (a) The other law governing the subdivision of real estate is the Subdivision Map Act. Jurisdiction is granted to the governing bodies of cities and counties, i.e., the City Council or Board of Supervisors.
 - (b) The Subdivision Map Act, in part, defines a subdivision as improved or unimproved property which is divided for the purpose of sale or lease into five or more parcels *within any one-year period*. The time element is the difference between this portion of the two laws.
10. (a) 5,280 feet
 - (b) 36 square miles
 - (c) 160 acres

SUPPLEMENT TO REFERENCE BOOK IS DISCONTINUED

As an aid to those preparing for renewable license examinations, the *Supplement* to the *Reference Book* was published in 1957. The *Supplement* is now discontinued since the material contained therein has been absorbed in the new 1959 *Reference Book*.

The new *Reference Book* is recommended for those preparing for their license examinations as well as for those who desire a handy compendium of authoritative information for practicing brokers and salesmen.

11. Depreciation will amount to a 2% flat rate over the 50-year period on the building.

14 years \times 2% totals 28%

\$6,500 \times 28% = \$1,820, loss due to age

6,500 \times 5% = 325, loss

due to functional obsolescence

8,000 \times 5% = 400, loss

due to economic obsolescence

\$2,545 total loss

Cost of lot \$1,500

Cost of building 6,500

Cost of property 8,000

Less total loss 2,545

Answer: \$5,455 present depreciated value of property

EDITOR'S NOTE: The Commissioner would like to know if you think this type of article serves a worthwhile purpose for education and information. Send a postcard or letter addressed to the *Editor of the Bulletin*, Division of Real Estate, 1015 L Street, Sacramento, giving your opinion.

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JUST FOR THE RECORD . . .

**A Summary of Selected Items of Interest
Concerning Activities of the Division of Real Estate
As reported Monthly to the Governor . . .**

Advance Fee Legislation

Strong legislative measures to combat fraudulent advance fee operators appear likely in 1959. The big question is whether the U. S. Congress will enact some type of stronger federal control, such as federal licensing of these firms.

California legislators have asked for enactment of additions and amend-

ments to the Business and Professions Code to help prevent misrepresentation in selling advance fee contracts for "advertising" of properties and the "negotiation" of loans.

California Subdivision Activity

In 1958 subdivision filings reversed a two year downtrend and rose to a total of almost 2,500. The unusually large volume of tracts started in the second half of the year pushed the 1958 total 5 percent above 1957.

California land subdivided in 1958 totaled 75,530 acres, or 50 percent more than in 1957. The 135,322 new subdivision lots created in 1958 exceeded the 1957 total by nearly 40 percent. Gains over the year are reportedly due mainly to the sharp upturn in FHA-assisted financing and tremendous activity in desert and resort properties.

Complaint Investigations

Complaint assignments received in the district offices in 1958 totaled 4,306—an increase of 6 percent over a year ago. Although the number of formal disciplinary hearings showed a slight decline from 352 in 1957 to 338 in 1958, there were more disciplinary orders as fewer cases were dismissed.

One hundred and seven license applications were denied; 97 licenses

Willful Violator Receives Severe Sentence for Unlicensed Activity

On February 6, 1959, an unlicensed person who had taken it upon himself to act as a real estate agent pled guilty to a violation of Section 10130 of the Business and Professions Code (license requirement), as the result of a criminal complaint filed by a deputy real estate commissioner with the Justice Court of the Sanger Judicial District in Fresno County.

The judge sentenced the defendant to 120 days in jail, which was suspended, and imposed a \$350 fine; further putting him on three years' probation on condition of obedience to all laws and disassociation from any connections or dealings in real estate. **This sentence for unlicensed activity is one of the severest that the division has obtained against this type of violation in recent years.**

During the period of investigation, the deputy real estate commissioner assigned to the case warned the defendant to cease acting as an agent in real estate transactions. The defendant, however, continued to negotiate the sale of real property even after the criminal complaint was filed in court by the deputy commissioner.

were suspended; and 124 licenses were revoked during 1958. This compares with 85 license application denials; 89 suspensions; and 152 revocations in 1957.

IS OUR FACE RED!

Typographical errors in the January *Bulletin* article captioned "New M. O. & G. Exam" caused some readers to eye our information with considerable doubt, and rightfully so. In the article, our recommendation of certain material as a study source for the new M. O. & G. license examination should have referred to *Bulletin 176* and "*Summary of Operations*," Vol. 42, No. 1. *Bulletin 176* is published by the State Division of Mines and is available at all district offices at \$7.50 per copy. The *Summary of Operations*'s "*California Oil Fields*," Vol. 42, No. 1 is published by the State Division of Oil and Gas and is available at their offices free of charge.