



REAL ESTATE

Bulletin

EDMUND G. BROWN, *Governor*

March-April 1960

W. A. SAVAGE, *Commissioner*

Broker's Responsibility In Multiple Listing Service

By H. L. Breed of the Oakland Bar

QUESTION: What are the duties and responsibilities of members of any multiple listing service other than the listing broker—in short, of all brokers save the one originally employed to sell the property? Does the co-operating and/or selling broker have the same responsibility and duty as the listing broker in the matter of selling or otherwise dealing with the property as exists between the owner, who is the principal, and the listing broker, who is the agent?

The question is prompted by this case: A co-operating member, who is a member of a "multiple," sees the listing, believes the price is very good and possibly low. That member knows that he can sell the property promptly and at a profit. He therefore buys it himself on his theory that he can do so properly. In the case cited, the co-operating broker used a dummy. The use of the dummy presumably is to escape such prompt detection as would arise if he used his own name.

Fiduciary Relationship Governs

Answer: All agents, whether in or out of a "multiple", are acting in a fiduciary capacity. Each so acting is just as responsible as a trustee and owes the same duties to his principal.

No agent or broker can deal with the property unless he makes to the principal, the owner, a full, fair and complete disclosure of all matters relating to the transaction, especially the broker's interest therein.

It is my opinion that the law holds any licensee dealing with the property, whether the original listing broker or a co-operating member of a "multiple," in such position. I believe that is both the law and the equity of such a situation.

I have examined the forms of several multiple service listings. All of

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them refer to the fact that the listing broker is a member. All but one require the listing broker within a very limited period, like 24 hours, to submit to "multiple" his listings. All but one provide that any member of the listing service can procure a purchaser according to the price and terms set forth. All but one expressly authorizes the other members to act as subagents. One form says they shall not be subagents but may cooperate in the sale. That statement does not in any manner broaden the

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RESEARCH PROJECT

Selection of Real Estate Sales Personnel

Undergoing preliminary testing are the real estate sales personnel selection tests which a Los Angeles State College research team has been constructing under a grant from the Real Estate Education and Research Fund. When completed and verified, the tests will be made available for use by the real estate industry.

Applicants for original real estate salesman license, as well as successful salesmen and brokers, are being invited to give two or three hours of their time as a contribution to the study of the predictive value of the tests and to the general future improvement of the industry.

Developing Data

Work on this project commenced in 1958-1959. The first phase was designed to develop a reservoir of data for the construction of individual predictive items relating to success in the real estate sales. This purpose was accomplished by three methods: (1) reviewing and excerpting pertinent information from published studies of real estate sales; (2) obtaining vital information about salesmen by a mail questionnaire to brokers throughout

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JOB OPPORTUNITIES AS ASSISTANT RIGHT-OF-WAY AGENT

Opportunities to enter California state service as assistant right-of-way agent will open in coming months. The jobs start at \$505 per month, rising over four years to \$613 per month with opportunity for advancement. Applicants must qualify by written and oral examination. June 17, 1960, is the final date for filing applications which must be made on official forms. The written examination will be held July 9, 1960.

Application forms and further information can be obtained from the State Personnel Board or any office of the State Department of Employment.

REAL ESTATE BULLETIN

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TIRED BLOOD??

Frequently, the commissioner is called upon to perform services beyond the scope of normal business. An 81-year-old applicant filed for examination for original license recently. The applicant passed the test.

It appears that many of us complain too frequently of our physical condition; we get nervous when we take an examination; we are prone to sympathize with our weaknesses; we exaggerate our ills beyond human endurance. Should we not realize that we must be quite healthy to have so many ills?

Oh, yes, we forgot to mention the old gentleman was blind, too!

DISCIPLINARY ACTION—DECEMBER, 1959, AND JANUARY, 1960

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, 1959, and January, 1960

| Name | Address | Effective date | Violation |
|---|---|--|---|
| Hunter, Gay Real Estate Salesman | Ste. 3, 841 Woodside Rd., Redwood City | 12/ 7/59 | Secs. 10177(b) & (f) |
| Morris, Vernon Bernhart dba Shattuck Realty Real Estate Broker | 2049 Ashby Ave., Berkeley | 12/ 7/59 (Granted right to restricted license on conditions) | Secs. 10176(e), (i) & 10177(f) |
| Lieb, Charles William Real Estate Salesman | c/o J. D. McAleanny, Hesperia Star Rt., Hesperia | 12/ 8/59 | Secs. 10177(b) & (f) |
| Norton, Erwin Seifert Real Estate Salesman | 143 S. Saltair Ave., West Los Angeles | 12/ 8/59 | Secs. 10177(b) & (f) |
| Owens, Dick Real Estate Salesman | 520 E. McFadden, Santa Ana | 12/ 8/59 | Secs. 10177(b) & (f) |
| Marchese, Michele John Real Estate Broker | 1741 N. Western Ave., Hollywood | 12/14/59 | Secs. 10177(b) & (f) |
| Bankers Mortgage and Loan Association Charles Mortimer Northrup, President | Rm. 1003, 629 S. Hill St., Los Angeles | 12/17/59 (Granted right to restricted license on terms and conditions) | Secs. 10176.1; 10177(i) & (j) |
| Beresford, William Frederick Real Estate Broker | 3052 Sierra Hwy., P.O. Box 566, Rosamond | 12/17/59 (Granted right to restricted license) | Secs. 10176(e) & 10177(f) |
| Bertok Corporation, The dba The Beresford Co. William Frederick Beresford, President | 8373 Sunset Blvd., Los Angeles | 12/17/59 | Secs. 10176(e) & 10177(f) |
| Northrup, Charles Mortimer Real Estate Broker Business Opportunity Broker | Rm. 1003, 629 S. Hill St., Los Angeles | 12/17/59 (Granted right to restricted licenses on terms and conditions) | Secs. 10176.1; 10177(i), (j) & 10302(e) |
| Meano, Paul Anthony Real Estate Salesman | 6704 Tobias St., Van Nuys | 12/18/59 (Granted right to restricted license on terms and conditions) | Secs. 10137; 10176(a), (i); 10177(d) & (h) |
| Prillerman, Delbert McCulloch, Jr. Real Estate Salesman | 5927 S. Hoover St., Los Angeles | 12/18/59 (Granted right to restricted license on terms and conditions) | Secs. 10130; 10137; 10176(i) & 10177(f) |
| Ring, John Andrew Real Estate Broker | 2104 N. Orange Grove Ave., Pomona | 12/18/59 | Secs. 10176(a), (i) & 10177(f) |
| Cal-Air Land Sales Inc. | 7935 Woodley Ave., Van Nuys | 12/30/59 | Secs. 10137; 10177(f), (g) & (h) |
| Shannon, Kenneth Welcome Vice Pres., Cal-Air Land Sales Inc. | 7935 Woodley Ave., Van Nuys and 7133 Darby St., Reseda | 12/30/59 | Secs. 10137; 10177(d), (f), (g) & (h) |
| Morgan, William Comer Real Estate Salesman Real Estate Broker | 933 E. Raymond St., Indianapolis, Ind. | 12/30/59 | Secs. 10176(e), (i); 10177(d), (f) & Sec. 2834 of R.E. Comm. Rules and Regulations |
| Streeter, William Henry Real Estate Salesman | 3033 Foothill Blvd., La Crescenta | 12/30/59 | Secs. 10177(b) & (f) |
| Ward, John Patrick Real Estate Salesman | 8475 Byrd Ave., Inglewood | 12/30/59 | Sec. 10177(f) |
| Wicker, Winton W. Real Estate Salesman | 1658 W. 70th St., Los Angeles | 12/30/59 | Secs. 10177(b) & (f) |
| Brown, Starr Henry Real Estate Salesman | 8929 Wilshire Blvd., Beverly Hills | 1/ 6/60 (Granted right to restricted license on conditions) | Secs. 10177(b) & (f) |
| Boulevard Mortgage Exchange Ray A. Harris—Vice-Pres. | 2232 El Cajon Blvd., San Diego | 1/ 9/60 | Secs. 10176(i) & 10177(f) |
| Harris, Ray A. Real Estate Broker | 2232 El Cajon Blvd., San Diego | 1/ 9/60 | Secs. 10176(i) & 10177(f) |
| Bellante, Joseph John Real Estate Broker | 23001 Hawthorne Blvd., Torrance | 1/20/60 (Granted right to restricted license on terms and conditions) | Secs. 10141; 10176(a), (d), (i); 10177(f) & (g) |
| Bentley, Sara Jane Real Estate Salesman | 5258 Whitsett, No. Hollywood | 1/20/60 | Secs. 10177(b) & (f) |
| Browne, Harry Truman Vice Pres., All American Investment Corporation | 906 E. Green St., Pasadena and 4320 W. Imperial Hwy., Inglewood | 1/23/60 | Secs. 10142; 10177(d), (f); 11012; 11020; Secs. 2794, 2795 & 2811 of R.E. Comm. Rules and Regulations |
| Allenthorp, Robert Jene Real Estate Salesman | 1659 Chester Ave., Bakersfield | 1/25/60 (Granted right to restricted license on terms and conditions) | Secs. 10177(b) & (f) |
| Engle, Jerrold Stevens Real Estate Broker | 486 University Ave., Palo Alto | 1/25/60 | Secs. 10177(b) & (f) |
| Johnson, Flossie Mae Real Estate Broker Business Opportunity Broker | 367 Meridian Rd., San Jose | 1/25/60 (Granted right to restricted licenses on terms and conditions) | Secs. 10176(e), (i); 10177(f); 10302(e); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations |

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Readers Write Well and Think Right

In the January-February edition of the *Bulletin*, this question was posed to readers: "Should All Offers Be Submitted"? The volume of response was surprising. Out of several hundred replies, only a handful of licensees gave other than a firm affirmative answer. If it were possible, we would like to publish many of the letters in their entirety; however, space permits only a few extracts:

"Assume any possible set of circumstances and I cannot visualize one in which I would commend a broker for not bringing all offers to my attention if I were the seller. If the first offer is not as good as the second or even if it were better, I would still like to make my own decisions based on all the information available. Suppose the listing broker had the first offer, would he ever get

co-operation from another broker if he refused to submit the second offer that was brought to him? How long would a Multiple Listing Service continue to function under such circumstances? Our MLS even states in the by-laws that the listing broker will submit 'forthwith' all offers submitted until the seller has accepted one."

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DISCIPLINARY ACTION—Continued

| Name | Address | Effective date | Violation |
|--|----------------------------------|---|--|
| Wottring, William Edward Real Estate Salesman | 8222 Beverly Blvd., Los Angeles. | 1/31/60 (Granted right to restricted license on terms and conditions, not to be issued until the lapse of 90 days from effective date) | Secs. 10130; 10137; 10139; 10161.7; 10177(d) & (f) |

Licenses Suspended During December, 1959, and January, 1960

| Name | Address | Effective date and term | Violation |
|--|--|---|--|
| Burns, Gilbert (Bert) Carlton dba Bert Burns & Co. Real Estate Broker | 147 S. Auburn St., Grass Valley | 4/ 1/59 60 days | Secs. 10176(a), (b), (i) & 10177(f) |
| Leavitt, Lewis Carl, Jr. dba San Gabriel Valley Land and Mortgage Company Real Estate Broker | 19316 E. Alosta, Glendora | 12/ 8/59 30 days (Stayed for one year on conditions) | Secs. 10176(e), (f); 10177(d), (f); Sec. 2830 of R.E. Comm. Rules and Regulations |
| Baker, Leland Alfred Member, Baker & Baker Real Estate Broker | 316 Chester Ave., Bakersfield | 12/15/59 90 days | Secs. 10176(a), (i) & 10177(f) |
| Yarbro, Albert Real Estate Broker | 601 S. Vermont Ave., Los Angeles | 12/17/59 25 days | Secs. 10137; 10177(d) & (f) |
| Atkinson, Wilfred Randolph Frederick, Jr. Real Estate Broker | Rm. 5, 14200 Ventura Blvd., Sherman Oaks | 12/18/59 60 days | Secs. 10137; 10177(d), (f) & (h) |
| Basso, Arthur Real Estate Broker Business Opportunity Salesman | 245 E. Weber Ave., Stockton | 12/18/59 30 days | Secs. 10176(i); 10177(f); 10177.5 & 10302(e) |
| Carr, Charles Donald Real Estate Broker Real Estate Salesman | 24293 Mission Blvd., Hayward | 12/29/59 180 days | Secs. 10176(g) & (i) |
| Miles, Thomas James Restricted Real Estate Salesman | 3001 Grove St., Oakland | 12/29/59 15 days (Stayed permanently) | Secs. 10156.5(a); 10156.6; 10156.7; 10177(d) & (f) |
| Knoblock, Donald Spencer Vice Pres., Spencer Mortgage Corporation and Benton Mortgage Corporation | 12327 Ventura Blvd., Studio City | 1/ 5/60 10 days | Secs. 10176(a), (i); 10177(d) & (f) |
| Hann, Maldon Nelson Real Estate Broker | 6112 Slate Way, Carmichael | 1/16/60 90 days (Last 75 days stayed for 2 years on terms and conditions) Conditions were met; only 15 days suspended | Sec. 10177(h) |
| Pendergraft, Hugh T. Real Estate Salesman | 6112 Slate Way, Carmichael | 1/16/60 90 days | Secs. 10176(i); 10177(d), (f), (f) & Sec. 2902 of R.E. Comm. Rules and Regulations |
| Dozier, Anna Katherine Real Estate Broker | 223 N. Market St., Inglewood | 1/19/60 to and including 3/5/62 | Secs. 10177(d) & (f) |
| Riggle, George Merrick Munger Real Estate Broker | 12327 Ventura Blvd., Studio City | 1/21/60 30 days | Secs. 10176(i) & 10177(f) |
| Wottring, William Edward Real Estate Salesman | 8222 Beverly Blvd., Los Angeles | 2/ 1/60 60 days (To run concurrent with above revocation) | Sec. 10177(b) |

Real Estate Education and Research Conference

Called by the commissioner, the Real Estate Education and Research Conference held at the University of California Extension Division Conference Center in Southern California, February 26-28, was generally hailed as extremely successful in achieving its purposes. The conference, probably the first of its kind ever held in the United States, brought together 71 individuals having extensive experience and interest in real estate education in these fields: junior colleges, state colleges, the State Department of Education, University of California, University of California Extension Division, the real estate industry, and the commissioner's office.

One purpose of the conference was to arrive at better understanding of the problems inherent in a state-wide, correlated program of real estate education and research. More particularly, the conferees attempted to isolate problems in the areas assigned for group study and explore means of active solution.

There were seven study groups, each assigned to explore one of the following areas: (a) Research needs, planning and distribution of results; (b) Industry short-range educational needs; (c) Industry long-range educational needs; (d) Possible revisions in license law; (e) Fundamentals of integrated real estate education; (f) Questions relating to teachers. Who? How many? What standards? How recruited and trained?; and (g) Implementation and maintenance of communication between those interested in real estate education and research.

Invitees Nominated by Committee

Invitees were nominated by the conference planning committee, comprised of one representative of each of the interested elements. Almost everyone invited appeared; there were a very few last minute cancellations due to illness or urgent business. Prior to the conference all prospective conferees were furnished with

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Roger Roelle Appointed To State Real Estate Commission

Governor Edmund G. Brown has appointed Roger J. Roelle of Covina as a member of the State Real Estate Commission, succeeding Edward Loftus of Los Angeles whose term expired January 15, 1960.

Mr. Roelle, 42, a Southern Californian since 1939, entered real estate after successful experience in agriculture and in the manufacture and sale of concrete building blocks. His own transactions whetted Roelle's interest in the development of real estate; in 1948 he obtained his broker license and opened his first office in Covina, now expanded to "Roger Roelle Enterprises, Inc." with the new commission member as president. His firm specializes in real estate investments and subdivision development.



Mr. Roelle is a navy veteran of World War II and a member of the Howard T. Douglas American Legion Post in Covina. Always active in community affairs and interested in good government, he, for a time, operated and maintained a youth center in Covina for local high school youngsters. He was a member of the 1958 Los Angeles County Grand Jury, serving as the chairman of the Committee on Narcotics.

Married for 21 years, Mr. Roelle and his wife Pat have eight children. They reside in West Covina, making their summer residence at Lake Arrowhead.

Mortgage Loan Advertising Curbs Listed

The Commissioner has defined in detail what constitutes false, misleading or deceptive advertising in connection with real property loan transactions.

Section 3081.922 of the Civil Code provides that "*No person shall advertise, print, display, publish, distribute, telecast or broadcast or cause or permit to be advertised, printed, displayed, published, distributed, televised or broadcast, in any manner any statement or representation to the rates, terms, or conditions for making or negotiating loans, which is false, misleading, or deceptive.*"

The new regulations implement the false advertising section, describing just what acts or practices are prohibited. The full text of the new regulations which became effective February 12, 1960, appears below:

2848. Real Property Loan Advertising. With reference to Section 3081.922 of the Civil Code, the following acts or practices in connection with real property loan brokerage advertising are considered to constitute false, misleading or deceptive advertising:

(a) The use of the terms "lowest," "highest," "oldest," "strongest," "largest," "unlimited" and other terms of superlative degree unless the matters to which such terms apply exceed in that respect those obtainable through, or applicable to, every other real property loan broker in California, or unless it is fully explained in what respect such superlative term applies.

(b) The use in regard to rates, terms and conditions of the terms "lower," "higher," and other terms of comparative degree unless the matters to which such terms apply exceed in that respect the customary rates, terms and conditions obtainable through, or applicable to, other real property loan brokers in California, or unless it is fully explained in what respect such comparative term applies.

(c) The use of the terms "guaranteed," "assured," "secured" and other similar terms relating to the security of funds or earnings of investors or lenders without fully explaining in what respect, by whom and to what extent such funds or earnings are given security.

(d) The use in relation to the security of funds or earnings of investors or lenders of the terms "sure," "positive" or other terms indicating there is no possibility of loss.

(e) The use of the terms "bonded" or "insured" or other similar terms relating to the real property loan broker without fully explaining in what respect, by whom and to what extent such bond or insurance exists.

(f) Any statement relating to a history or record of absence of losses by clients of the broker without explaining the period of time and the volume of business for which such statement is made.

(g) The stating of any specific interest rate without stating clearly whether the rate applies to first loans or to junior loans.

(h) The stating of any specific interest rate regarding an amortized loan when interest is to be charged on other than the declining balance of the loan without stating fully the manner in which it is to be charged.

(i) The stating of any specific monthly or installment payment without stating the amount of the loan and any balloon payment required, and without stating that it does not include principal and interest if it does not.

(j) The stating of any specific interest rate, amount of installment payments, the number of visits to obtain a loan, the time within which a loan may be secured, examples of amortization schedules, or that loans are available up to a specific percentage of value unless a material number of loans have been negotiated by the broker within a reasonable time preceding the advertisement under such terms and conditions and such terms and conditions are then readily available through such broker.

(k) Stating that no commissions or fees are charged, unless the broker never makes such charges, without fully explaining when such charges are not made.

(l) Listing the number of any telephone that is not located at the address at which he actually does business without also stating the nature of the service available at such number, such as "answering service only."

(m) Any statement or inference that the broker is lending his own funds in any advertisement referring to his activities as a broker without clearly distinguishing the positions in which he is acting.

(n) Any statement or inference that the broker is a representative of any financial institution unless he is a duly authorized representative and he has obtained all necessary licenses to act in such capacity.

Explanation of any statements or terms as required by the above rules shall be in the same type size as the statements or terms explained.

In addition to a literal compliance with the above rules, the form, make-up, text, color, art, and all features of a presentation shall not be so combined as to circumvent the requirements of these rules or the law.

Records supporting claims of compliance with the above rules shall be maintained for a period of three years subject to inspection by the commissioner, his deputies, or authorized representatives.

DON'T SEND CASH

When making a remittance for any publication or service provided by the Division of Real Estate, please don't send cash. Personal checks or money orders are acceptable.

Have You Checked Your Forms Lately?

—By Coy Sanders, Deputy, Examination Section

He who contemplates achieving success in real estate, like a contestant in a beauty contest, had better know how to fill out a form properly!

A plumber without his pipe wrench, a carpenter without his square and saw, an engineer without his slide rule; none of these is half so helpless as a real estate licensee who has not learned how to set forth accurately the terms of a transaction on the appropriate standard form provided for that specific purpose.

No competent broker or salesman will question this obvious fact, and yet those Division of Real Estate deputies, to whom the commissioner has assigned the responsibility of digging their way through mountain after mountain of examination books, never cease to be amazed at the number of experienced licensees, seeking to prove themselves qualified for renewal licenses, who treat a deposit slip, a sales contract, or an exchange agreement as if it were a total stranger staring them in the face for the very first time.

The "Party of the First Part" and the "Party of the Second Part" suddenly become Siamese twins spouting gibberish. "Assume", "subject to", "contingent upon", become shadowy terms signifying nothing. The whole of a selling price becomes either more or less than—but never the same as—various components of the financing involved. Those nice clean spaces, so carefully devised and provided by the form's creators, seem doomed to be filled in, scratched out, and refilled with reckless and ink stained abandon; and, sadly enough, with facts not too closely related to those upon which the buyer and seller had reached a meeting of minds!

See sad exhibit →

Examinees Not New to Business

This is not the handiwork of novices! Each of these people; in addition to academic preparation, has had a minimum of nine full months experience supposedly handling actual transactions in the pursuit of his daily bread, while many of them look

back upon two or more years as licensed trustees of public confidence. This is something to be concerned about.

That the problem is widespread, and not limited to men and women unnerved by the stresses and strains of an all-day examination, is substantiated by the writer of a recent FHA letter, intended for the eyes of key people in real estate and real estate financing, who makes mishandling of forms his point of major emphasis.

Speaking of the processing of loan applications, this authority says, "We have observed that much delay can

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CHECK YOUR APPLICATION BEFORE MAILING!

One out of five applications filed with the division is not properly completed and requires correspondence. Last month the division processed over 11,500 applications for licenses of all types. More than 3,000 letters were required to supplement the deficient applications. Not only is this time consuming and an added workload, but, most important, it delays the issuance of your license!

You can help us give better service by reviewing applications carefully to see that all questions are answered, that the applications are signed and that the correct fee is attached.

Deposit Receipt

Received from Paul Porter 515 South St, Apt 1411 April 14 1959
 herein called Buyer, the sum of One thousand Dollars ✓
 Dollars (\$ 1000) evidenced by cash personal check cashier's check or _____
 as deposit on account of purchase price of Thirty Two thousand one hundred Dollars ✓
 Dollars (\$ 32,000)
 for the purchase of property, situated in the City of Tipton
 County of Kern California, described as follows:
Lot 10, Block 4, Tract #284, recorded in Book 18, at Page 4, of Official Records of Kern County, also identified as 1411 East Street, Tipton, California
 The balance of the purchase price is to be paid within 60 days from the date of acceptance hereof by Seller, as follows: Buyer
to pay eleven thousand Dollars cash (11000) including the above deposit plus 5% down and obtain a loan of 21000 Dollars from the Golden State Savings and Loan Association. Just during the period of this property payable over 92.4 months including 6% interest per annum.
After the seller to give back a second trust deed and note in the amount of 10000 including 7% interest all due and payable May 1, 1967.
Adjustments to be computed as of July 14, 1959
Second trust deed to have a subordination clause making it all payable & sold sooner.
 A sample deposit receipt filled out by a broker applicant for a renewal license

8/16/60

return \$1000 Dollars

subordination clause

RESEARCH PROJECT

(Cont. from Page 433, Col. 2)

the State; and (3) conducting job analysis of a selected sample of salesmen employed by brokers in the Los Angeles metropolitan area to obtain detailed job requirements. When consolidated and analyzed, the mass of data thus obtained revealed many leads to the manifold basic dimensions of sales work, such as personality, special aptitudes, interest, achievement, mental ability, personal and work history, training requirements, and measurements of job success. The initial phase of this study ended with a submission of a report and conclusions to the Division of Real Estate.

Construction of Test Items

From July 1959 to the present, research efforts have been directed toward constructing test items covering the dimensions revealed during phase one. To date, over 1,000 items have been prepared, reviewed and refined. Simultaneously, items were selected and grouped into sub-tests designed to measure individual dimensions or areas of sales work. The next step was the combination of items into several sub-tests for use on a trial basis to determine their predictive value.

Considerable progress has been made toward formulating various indices to be used as evaluation or criterion measures. These criteria are essential in ascertaining the worth of item and test predictors.

Pilot Study of Effectiveness

The remainder of the fiscal year of 1959-1960 will be utilized in making a pilot study of the effectiveness of the developed selection instruments. The test batteries are being administered to groups of applicants for real estate licenses; will also be administered to sales personnel currently employed, and graduating college real estate classes. As most suitable test items are identified, they will be assembled in final forms of the sub-tests. The above-mentioned tasks encompass the research aspects of phase two of the project, or the pilot study.

Future plans are to complete large-scale statistical studies of the pilot

findings. These studies will be the focus of phase three.

Determinations from phase three should result in standardized real estate sales selection batteries, or tests which can be utilized by brokers in selecting prospective sales personnel additions for their staffs, with anticipated savings in training costs. The real estate sales aptitude tests have no relation whatever to the license examinations administered by the Real Estate Commissioner.

Personnel connected with the research project, working under the general supervision of Dr. Floyd Simpson, Chairman of the Division of Business and Economics, and Professor Frank J. Hill, Head of the Department of Finance and Law, are: Dr. Donald G. Mortensen, Co-ordinator; Dr. Robert R. Morman, Research Director; Dr. Vern Steward, Consultant; Dr. Frank A. Nugent, Dr. Norman W. Kettner, Mr. Joe W. Kennedy, Research Associates; Mrs. Evelyn Rowe, and Mr. Malcolm Edmunson, Student Assistants. Walter J. Miller and Paul R. Pope have co-ordinated the participation of the Division of Real Estate in the project.

Future research findings will be discussed in the *Bulletin* and other real estate publications.

California's Public Lands

One of the largest single "school land sale" transactions ever handled was consummated when the State Lands Commission approved the sale of 11,151 acres of desert land in San Bernardino County at a cash price of \$168,565, an average of \$15 per acre. Not too long ago \$1.25 per acre was the "going price" for such lands.

Sales of this type are indicative of the current strong economic trend and of the faith the public has in California's future. For the first half of the current fiscal year, the commission has approved sales in excess of \$750,000. A recent publicity release by the commission regarding the availability of these lands inundated the commission's offices at Los Angeles and Sacramento with inquiries.

Since 1853 California has pursued a policy of selling its public (school) lands into private ownership. Of the 5,534,000 acres granted the State by

SUBMIT ALL OFFERS

(Cont. from Page 435, Col. 2)

"Basic ethical honesty can make the answer nothing but 'Yes'."

"Again, should I receive an offer through another broker whom I have solicited to help me in a sale which I honestly believe my client would and should accept and I don't present because I'm hoping to develop a like deal or better so I will get all of the commission, then I believe I should be liable to the broker, my client, the prospective buyer and the State of California."

Not a Matter of Opinion

In summary, the answer to this query is really not a matter of opinion. The law on the subject is quite definite. The broker as agent of the seller is charged with the duty of disclosing all offers, regardless of terms, received prior to the seller's acceptance of any particular offer, so that the seller may have the benefit of the entire product of the broker's activity as agent before exercising his discretion as a principal. The broker cannot exercise his judgment as a substitute for the seller's, unless he is specifically authorized to do so. The agent is charged with the duty of fullest disclosure of all material facts concerning the transaction that might affect the principal's decision.

As expressed succinctly in the Code of Ethics adopted by the National Association of Real Estate Boards:

"In the event that more than one formal offer on a specific property is made before the owner has accepted a proposal, all written offers should be presented to the owner for his decision."

(For more complete treatment of this subject, see division's Reference Book, page 174 et seq.)

LICENSES DO EXPIRE!

Watch the expiration date of your license! Although a renewal notice is sent about 30 days prior to expiration, it may be misdirected or lost in mail.

the United States all but approximately 500,000 have been sold and placed on the tax rolls.

M/L RESPONSIBILITY

(Cont. from Page 433, Col. 3)

power of the co-operating broker-member. I do not believe that any language could waive the principles of equity and the broker's responsibility equivalent to that of a trustee. The fiduciary relationship exists, irrespective of the language used.

Cooperation is Keynote of System

Obviously, the multiple listing system is one of co-operation. The object is to get better results for the owner by having a large number of brokers working on the proposition. Brokers are stimulated to work for their split of the commission.

Many multiple bylaws refer to the Code of Ethics and the propriety and necessity of co-operation between brokers. No broker by any process except full and frank disclosure to the owner, his principal, can gain any advantage or make any side profit through any device. If he does, the result would be to jeopardize his license and the loss of his commission, as well as the loss of the secret profit.

EDITOR'S NOTE:

This article presents its author's opinion based on the facts as he understood them in the hypothetical question posed. Mr. Breed, longtime member of Breed, Robinson and Stewart, suggests that anyone interested in more details on the general principle involved consult his article on the same subject on page 12 of the California Real Estate Magazine, January, 1960.

STATE AUCTIONS PUBLIC LAND IN NORWALK AREA

The State of California will offer for sale at public auction three parcels of unimproved land located in Norwalk and Santa Fe Springs—10 acres (residential) on Shoemaker south of Foster Road; 23 acres (industrial) on Bloomfield Avenue north of Imperial, and one acre (industrial) on Imperial between Bloomfield and Shoemaker (all acreages approximate).

The auction will be held May 10, 1960, at James Hall, Metropolitan State Hospital, Norwalk. For description of properties and conditions of sale write to: Property Acquisition Division, Department of Finance, 5154 State Capitol, Sacramento 14, California.

EDUCATION CONFERENCE

(Cont. from Page 435, Col. 3)

booklets containing background information and reports on current programs and policies in real estate education and research.

A report of the conference findings and conclusions has been transmitted to the Commissioner's Real Estate Education and Research Advisory Committee (CREERAC) to aid it in formulating recommendations for future planning and action, to the end that the real estate commissioner may be aided in carrying out his responsibility under the law "in the advancement of education and research in real estate at the University of California, state colleges and junior colleges."

THE TOWNSHIP NUMBERS GAME

All land in the United States is by survey divided into imaginary squares called townships, each six miles square and containing 36 sections each one mile square.

| | | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|-------|
| 114 | 6 | 5 | 4 | 3 | 2 | 1 | 108 |
| | 7 | 8 | 9 | 10 | 11 | 12 | = 21 |
| | 18 | 17 | 16 | 15 | 14 | 13 | = 57 |
| | 19 | 20 | 21 | 22 | 23 | 24 | = 93 |
| | 30 | 29 | 28 | 27 | 26 | 25 | = 129 |
| | 31 | 32 | 33 | 34 | 35 | 36 | = 165 |
| 111 | 111 | 111 | 111 | 111 | 111 | 111 | 666 |
| | | | | | | | 111 |

Either by coincidence or planned method, the numbers of sections in each column of a township when added total 111. Likewise, each horizontal row, beginning at the top, adds up as follows: 21; 57; 93; 129; 165; 201; when added totals 666, which divided by 6 equals 111.

Diagonally, the section numbers from 1 to 31 add up to 108. The diagonal sections from 6 to 36 equal 114; add these two totals together and divide by 2 and the answer is 111. (114 + 108 = 222 divided by 2 = 111.)

PART-TIMERS REGULATED

The Kentucky Real Estate Commission recently adopted Rule 29 which provides that "no property shall be listed for sale by a broker not regularly engaged in the real estate business without first making the true facts known to the listing owner." The commission feels that the true consideration in an exclusive contract is the promise of the broker to make use of his time and the facilities of his office to find a purchaser for the property and that a part-time broker cannot properly and adequately discharge this promise.

A recent newsletter of the commission points out that "under Rule 29 the listing owner is deemed to have been aggrieved when, unknown to him, his property is listed by one who has limited time and office facilities or who works for a firm unwilling or unequipped to service the listing in his absence, and when, in fact, the services he has a right to expect and receive are not rendered."

Land Withdrawn From Homesteading, Desert Entry

Continuing its program to classify public domain lands and promote their proper development, the Department of the Interior announced in January that approximately 100,000 acres in Southern California have been classified for nonagricultural use because of a lack of assured water supply, and are thus not open to homestead or desert entry filing.

The action brings the area in Southern California classified as unsuited to irrigated farm development to approximately 1,100,000 acres. The lands are in San Bernardino, Riverside, Imperial, Inyo, and Kern Counties.

"The determination that the lands are not suited to irrigation farming will open the way to other types of classification, permitting them to be used for recreation or for urban and industrial expansion," said a spokesman for the land office.

BULK RATE
U. S. POSTAGE
PAID
Permit No. 157
SACRAMENTO, CALIF.

FORMS CHECKED?

(Cont. from Page 437, Col. 2)

be traced to *incomplete or incorrect submissions.*" And again he drives home the point by saying, "An increasing number of cases are submitted with *deposit receipts which obviously do not represent the initial agreement of sale.*"

Reason for Examination

It was to provide against this very weakness that the drafters of the Real Estate Law, in charging the commissioner with the responsibility of conducting examinations to determine the qualifications of those who might seek to become real estate brokers or salesmen, explicitly stipulated that effectual knowledge of "the use and effect of the instruments common to the real estate business" was to be one of his major concerns.

The lack of this effectual knowledge is not only costly in terms of lost deals and commissions, it is even more costly to principals and clients. Misunderstanding, bitterness, expensive investigative procedures, litigation, lowered public respect for and confidence in the real estate profession; all these are costs chargeable to the account of carelessness in the use of a real estater's simplest and most essential tools.

To return to our introductory figures of speech: whether you want to maintain status in your chosen profession or whether you stand at the bottom of the ladder looking hopefully upward, check well your forms. Your slips may be showing; and these slips cannot only be embarrassing, they can be disastrous!

Caution Suggested When Selling Boarding Homes

Licenses from the State Department of Social Welfare are required under the Welfare and Institutions Code for the operation of homes and institutions for aged person, homes and institutions for children under 16 years and for day nurseries.

Brokers and salesmen should know that licenses cannot be transferred to another person or another location. Sale of a building (or lease) to another person automatically cancels a license. The purchaser of the property may apply for a license, but the fact that the property has been approved for prior use as an institution in no way guarantees that a new operator will be granted a license nor, if a license is granted, that it will be for the same capacity and type of program.

Institutions and boarding homes planning to sell buildings are required to notify the department at the earliest possible time.

Licensing requirements include many specific building requirements covering such things as type of construction, fire safety (exits, width of halls and doors), size of bedrooms, facilities required (living room, dining room, kitchen, offices, work areas, etc.).

In addition to building requirements, the regulations of the State Department of Social Welfare cover administration, finances, personnel and various aspects of the program. The applicant for a license must establish substantial conformity with

You Mean... I Need a License?

Found guilty of acting or purporting to act as a real estate broker without being so licensed, a Los Angeles man was sentenced in January to 15 days in jail on each of two counts, terms to run concurrently. A \$100 fine was also levied, but the jail sentence was suspended and probation granted for one year provided the accused made restitution of moneys he collected while unlawfully acting as a real estate agent.

The division's Los Angeles office was alerted to the would-be broker's operations and investigation revealed that he was engaging in activities which brought him within the purview of Section 10130 of the Business and Professions Code, which defines activities for which a real estate license is required.

A deputy real estate commissioner preferred the complaint in the Municipal Court of the Los Angeles Judicial District alleging two specific violations and prosecution was undertaken by the office of the Los Angeles city attorney. The defendant plead not guilty, but the judge ruled otherwise.

BROKER TO PROSPECT: "Yes, I do have a house in your price range, but it's in Guatemala."

all regulations before a license will be issued. Operation without a license is a misdemeanor.