



Real Property Loan Brokerage Law Urgency Amendments Legislature in Special Session Passes Four Bills Relating to Real Estate Financing and Licensing

Following a special call by Governor Edmund G. Brown, the 1960 Legislature had before it proposed changes in the Real Property Loan Brokerage Law, additions to the law regulating the use of land contracts of sale, and a few technical changes in the real estate license law. In the closing hours of the session, after hearing the views of industry representatives and the Commissioner, the lawmakers enacted as emergency measures four bills with real estate implications, which were later signed by the Governor. The individual bills are carried in full text below, each preceded by a brief explanation.

Definition and Bonding of Mortgage Loan Broker

A.B. 80 was sponsored by the Real Estate Commissioner primarily to plug a technical loophole in the definition of a mortgage loan broker and to make the bonding provisions of the law more effective. The act amended Civil Code Sections 3081.01, 3081.02 and 3081.05 and added Section 3081.81. These sections are all in a portion of the Civil Code beginning at Section 3081.01 and commonly known as the Real Property Loan Brokerage Law.

The amended law makes it clear that anyone acting in the capacity of a real property loan broker must first have a real estate broker license and be registered as a real property loan broker. Although, where applicable, bonds are still required in specified amounts (minimum fidelity bond for a corporation \$25,000; surety bond for an individual or copartnership \$5,000), it now becomes the responsibility of the corporation to raise its bond coverage as necessary to match the aggregate of moneys entrusted to it.

The required surety or "fraud" bond for the individual or copartner does not vary in amount, remaining at \$5,000 regardless of amounts handled for clients. The reason for this change: Many bonding companies were reluctant or refused to write bonds which might subject them to what amounted to open-end or unlimited liability. Their liability is now limited to the sum specified in the bond.

The law now specifically exempts from the operation of the Real Property Loan Brokerage Law those persons who are selling or exchanging promissory notes secured by mortgages or deeds of trust on real property under authority granted by the Commissioner of Corporations. Possible example: A corporation whose business is the buying and selling of trust deeds for profit, using capital accrued from the sale of stock or share certificates.

A.B. 80 (Ch. 77, Stats. 1960)

3081.01. It is unlawful for any person to act as a real property loan broker within this State without first having obtained a real estate broker's license and having registered as a real property loan broker with the Division of Real Estate.

Any violation of this section shall be grounds for disciplinary action by the Real Estate Commissioner pursuant to Section 10176 of the Business and Professions Code.

When used in this chapter, "person" includes an individual, corporation, copartner-

ship, association, joint stock company, trust or any unincorporated association.

3081.02. A real property loan broker within the meaning of this article is any

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Suggestions for Speed-Up Of License Changes

When application for change of address, transfer, or reinstatement is made, the license reflecting this change is ordinarily issued effective the date the application is received in an office maintained by the Division of Real Estate.

When the application is taken personally to one of our offices where it can be checked for completeness and a receipt issued for the fee, the broker may immediately commence operation at his new address or the salesman may immediately operate under the new employing broker, even though the license reflecting this change may not be received from Sacramento for some time. (Note: When requesting a change in person, be prepared to present your pocket card.)

This points up the advantage of filing license change requests personally at one of the Division's offices. On the other hand, a person may mail his request for change to Sacramento and go on with his business as a broker or salesman, but he cannot be sure that he is properly licensed as occasionally mail does go astray or something else goes wrong. Thus the person who relies on the mail proceeds to operate at his own risk and takes a chance on loss of earned commissions due to a technically deficient license.

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**NEW SUBDIVISION
MANUAL**

A new and enlarged edition of the Subdivision Manual is available at all offices of the division.

In addition to explaining the Commissioner's jurisdiction in the subdivision process and procedures connected therewith, the manual includes material on economic aspects of subdividing, the application of the Subdivision Map Act, functions in land subdivision and standards of design, abstracted from a subdivision study published by the State Senate in 1959.

The manual sells for 52 cents, including tax. When ordering by mail, send order and check to Division of Real Estate, 1015 L Street, Sacramento.

DISCIPLINARY ACTION—FEBRUARY, 1960, AND MARCH, 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 February, 1960, and March, 1960

Name	Address	Effective date	Violation
Sack, Frank Lawrence Real Estate Salesman	24277 Mission Blvd., Hayward..	2/ 4/60	Secs. 10177(b) & (f)
Harris, Jack Real Estate Broker	315 Ranelagh Rd., Hillsborough	2/ 9/60	Secs. 10177(b) & (f)
Schrater, Edgar Real Estate Broker	9831 W. Pico Blvd., Los Angeles	2/ 9/60	Secs. 10177(b) & (f)
Woods, John Ellsworth Member of J. E. Woods & Co. Real Estate Broker Business Opportunity Broker	583 Eddy St. and 3627 Mission St., San Francisco	2/ 9/60	Secs. 10177(f); 10301 (c), (i); 10302(c); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Auguston, Gordon Russell dba Syndicate Sales & Develop- ment Co. Real Estate Broker	2063 Mountain Blvd., Oakland..	3/ 2/60 (Granted right to restricted license on conditions)	Secs. 10177(b) & (f)
Allen, Robert Edward Real Estate Salesman	8211 Brookhurst Ave., Anaheim	3/ 4/60	Secs. 10177(b) & (f)
Froner, Ruth Charlotte Real Estate Broker	7575 Melrose Ave., Los Angeles..	3/ 4/60 (Granted right to restricted license)	Secs. 10176(a), (i) & 10177(f)
Froner Stephen Real Estate Broker	7575 Melrose Ave., Los Angeles..	3/ 4/60 (Granted right to restricted license)	Secs. 10176(a), (i) & 10177(f)
Murdock, Lawrence Duane Real Estate Salesman	115 Pine Ave., Long Beach....	3/ 4/60	Secs. 10177(b), (f) & 10177.6
Schmidt, Claire Sophia Real Estate Salesman	1826 W. 45th St., Los Angeles..	3/ 4/60 (Granted right to restricted license on conditions)	Sec. 10177(b)
Pulliam, Howard David Real Estate Salesman	4927-29 W. Adams Blvd., Los Angeles	3/10/60 (Granted right to restricted license on conditions)	Secs. 10177(b) & (f)
Waters, Richard Alton Real Estate Salesman	9663 Angell, Downey.....	3/10/60 (Granted right to restricted license on conditions)	Secs. 10177(b) & (f)
Solis, Joseph Donald Restricted Real Estate Salesman	2757 Donovan Ave., Santa Clara..	3/23/60	Secs. 10176(c), (i); 10177(d), (f) & Sec. 2834 of R.E. Comm. Rules and Regulations
Douglas, Carol Birch Real Estate Broker	17705 Ventura Blvd., Encino....	3/31/60	Secs. 10177(b) & (f)
Kelley, George Real Estate Broker	1208 Gould Lane, Hermosa Beach	3/31/60 (Granted right to restricted license on terms and con- ditions)	Secs. 10176(e), (i); 10177(d) & (f)
Rodman, William Musgrave Real Estate Salesman	2140 Hillhurst Ave., Los Angeles	3/31/60	Secs. 10176(a), (g), (i) & 10177(f)

Licenses Suspended During February, 1960, and March, 1960

Name	Address	Effective date and term	Violation
Collier, Arlene Clarice Member of Collier Realty Real Estate Broker Business Opportunity Broker	3848 Geary Blvd., San Francisco	2/ 9/60 30 days	Secs. 10176(c), (i); 10177(d), (f); 10302(c); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Keresey, H. Donn, Jr. Restricted Real Estate Salesman	361 E. 17th St., La Mesa.....	3/ 4/60 15 days	Secs. 10177(d) & (f)
Lowe, Helen Elizabeth Real Estate Salesman Real Estate Broker	7328 Westwood Dr., and 975 S. Western Ave., Los Angeles	3/ 4/60 60 days	Secs. 10176(i); 10177(d) & (f)
Lynn, Doyle Real Estate Salesman	1700 Newport Blvd., Costa Mesa	3/ 4/60 10 days	Secs. 10176(a), (i) & 10177(f)
Bergman, Robert Real Estate Broker	Rm. 224, 407 N. Maple Dr., Beverly Hills	3/16/60 90 days	Sec. 10177(f)

(Cont. on next page)

OUR TROUBLESOME TURNOVER

By COY SANDERS, Deputy

That was a significant moment in history when Old Snaggletooth, the cave man, after a long meditative look from the granite entrance to his rocky retreat, turned to his opposite number and said, "You know something, Flat Nose, a rolling stone gathers no moss!"

At that particular point in time a cliché was born, which writers have penned, presses have stamped, and orators have thundered ever since.

Although this endless repetition has worn the phrase tissue thin, if Mr. Snaggletooth could exchange his pre-historic cave for a desk in the Licensing Section of the Division of Real Estate and his shifting rocks for itinerant licensees, the old boy could still quite accurately exclaim, "You know something, Smug Mug, these perambulating licensees gather neither cash nor prestige nor professional acumen!"

And his transplanted Eve of Caveville—women being as they are—would probably turn to him and say, "So? Well, Blabber, my boy, why don't you justify the shine on the backside of your Hart Schaffner and Marx by doing something about it!"

Thousands of Transfers and Changes

This is, of course, an imaginary conversation, but it is not an imaginary problem. It is a matter of genuine concern to the Commissioner and his deputies and should be of even greater concern to every serious-minded licensee or potential licensee in the California real estate field.

The magnitude of the problem can best be indicated, perhaps, by recent statistics from division files. License transfers and changes, not including cancellations and reinstatements for the fiscal year 1959-60, averaged over 4,700 per month. A section head, three clerks and five typists have been assigned full-time duty at this single op-

eration and, even so, find themselves all but buried under a backlog of better than 6,000 transfers.

Why this terrific turnover affecting brokers and salesmen alike? If the often repeated statement of personnel managers that "happy people stay put" is true, real estate would seem to be a most unhappy occupation.

Unquestionably, outstandingly successful professionals from one end of the state to the other will quickly deny that this is true and offer reams of evidence to back their denial. They will be right, and their evidence will be valid, but the everlasting migration from office to office, town to town, county to county goes on!

Implications of Excessive Turnover

The problem of processing license transfers by the division is a matter of mechanics and its solution relatively simple, but the problem of nomadic licensees in the field is neither simple nor insignificant. It demands serious inquiry and intelligent research as to cause and cure. It offers an intriguing challenge to everyone interested in the attainment of professional status and prestige. It poses questions as to the adequacy of real estate education, both prelicense and postlicense. It demands the focusing of more attention upon the elements of efficient office operation, satisfactory broker-salesman relations, inter-staff relations, licensee-clientele relations.

Why Not Print Specific Descriptions Of Law Violations?

Many readers have suggested that a specific description of the manner in which the law was violated accompany each *Bulletin* notice of suspension or revocation of license. While there may seem to be considerable merit in this suggestion, it is impractical to carry out.

In most disciplinary actions, the allegations and findings are quite lengthy, and it is extremely difficult to evaluate them briefly without misleading emphasis or implications.

Trying to describe a violation by a brief note would also be misleading in many cases. For instance, a common charge in disciplinary hearings is that of "conversion," which is usually alleged as a violation of Section 10176(i). However, Section 10176(i) actually refers to "dishonest dealing." Therefore, a description of "conversion" as "dishonest dealing" does not really show the true infraction.

Reference By Section

Under these circumstances, it seems best to continue the policy of listing disciplinary actions with side notes calling attention to actual section of the laws or the Commissioner's Regulations which have been violated. In the future, we hope to devote more space to narrative descriptions of violations which have resulted in disciplinary action.

Certain it is that more—much more—is needed than the ever ready cry "Let's pass a law!" The legislative approach must be—and is—kept always in mind by both the Commissioner and forward-looking leaders in the real estate business; but the real solution, when it comes, will probably emerge from behind the desks of licensees who have made themselves aware that the height of real estate success, like the height of a tree, is directly related to the depth and permanence of the practitioner's roots.

DISCIPLINARY ACTION—Continued

Name	Address	Effective date	Violation
Ideal Mortgage Co., Robert Berginan, President	Rm. 224, 407 N. Maple Dr., Beverly Hills	3/16/60 90 days	Sec. 10177(f)
Hernandez, Mary Dolores dba Metropolitan Realty Co. Real Estate Broker Real Estate Salesman	General Delivery, Al Tahoe and 3125 Broadway, Sacramento	3/23/60 45 days	Secs. 10177(f) & (h)
Wackerly, Manco William Real Estate Salesman	9832 MacArthur Blvd., Oakland	3/23/60 30 days	Secs. 10176(a), (b) & 10177(f)

More on Real Property Urgency Measures

(Cont. from Page 441, Col. 3)

person, other than those expressly exempted by Section 3081.7, who for compensation payable by a borrower or lender, either directly or indirectly, or from the proceeds of a loan, negotiates or solicits a prospective borrower or lender, for the purpose of negotiating a loan to be secured by real property; or who in this State as principal or agent engages in the business of buying, selling or exchanging promissory notes, secured by mortgages or deeds of trust on real property, or makes collateral agreements for buying and selling or for the performance of services in connection with said mortgages and deeds of trust, and who engages in such activities as a main or principal business or vocation or maintains a regular place of business where the public may sell, purchase or exchange such promissory notes.

3081.05. The applicant shall if a corporation file and maintain with the commissioner a fidelity bond issued by an admitted corporate surety insurer, in a minimum amount of twenty-five thousand dollars (\$25,000) and at all times in a principal amount that is equal to or in excess of the total aggregate amount of all moneys held by or under the control of the mortgage broker at any one time for the account of others. Said fidelity bond shall be in favor of the applicant and shall provide for the recovery by him for any loss of such funds held by him or his agent or employees arising out of a defalcation, misappropriation or theft of such funds by such agent or employees. If the applicant is an individual or a copartnership, the individual or copartner shall file with the application in lieu of said fidelity bond, a bond in the sum of five thousand dollars (\$5,000) issued by an admitted corporate surety insurer, approved by the commissioner, in which the applicant is the obligor. Any debtor or lender claiming to be injured by the fraud, deceit, or willful negligence of any individual or copartnership real property loan broker may bring action upon said bond against both principal and surety in any court of competent jurisdiction to recover the damages caused by such fraud, deceit, or willful negligence, or the failure to comply with the provisions of this chapter. The provisions of this section shall not be applicable to the negotiation of a loan or loans by a licensed real estate broker in which he does not actually or constructively in any way keep, have charge of, or otherwise handle any of the funds involved in the loan.

It shall be the responsibility of the broker and not of the surety to maintain the bond in the form and in the amount prescribed by this section. In no event shall the aggregate liability of the surety for all breaches of the conditions of the bond exceed the principal amount set forth in the bond.

3081.81. Any person who sells or exchanges promissory notes secured by mortgages or deeds of trust on real property pur-

suant to authority granted by the Commissioner of Corporations is not required, insofar as such transactions are concerned, to comply with the provisions of this chapter. Such person is not exempt from the provisions of this chapter relating to the negotiating of loans to be secured by real property.

Land Locators

A.B. 81 sponsored by the Real Estate Commissioner and known as "the land locator bill" requires persons engaging in the business of helping or purporting to help individuals locate or "homestead" or otherwise enter claims upon lands owned by the state or federal government to be licensed as real estate agents. Ostensibly this same legislation was approved by the 1959 legislature, but it was lost on a technicality.

A.B. 81 (Ch. 45, Stats. 1960)

10131. A real estate broker within the meaning of this part is a person who, for a compensation or in expectation of a compensation, sells or offers for sale, buys or offers to buy, lists or solicits for prospective purchasers, or negotiates the purchase or sale or exchange of real estate, who, for a compensation or in expectation of a compensation, solicits borrowers or lenders for or negotiates loans on real estate, leases or offers to lease, or negotiates the sale, purchase, or exchange of leases, rents or places for rent, or collects rent from real estate, or improvements thereon, for another or others, or who, other than as an officer or employee of the State or federal government, for a compensation or in expectation of a compensation, assists or offers to assist another or others in filing an application for the purchase or lease of, or in locating or entering upon, lands owned by the State or federal government.

10132. A real estate salesman within the meaning of this part is a natural person who, for a compensation or in expectation of a compensation, is employed by a licensed real estate broker to sell, or offer for sale, or to list, or to buy, or to offer to buy, or to negotiate the purchase or sale or exchange of real estate, or to solicit the prospective purchasers of real estate, or to solicit borrowers or lenders for or negotiate a loan on real estate, or to lease, or to negotiate the sale, purchase or exchange of leases, or offer to lease, rent or place for rent, any real estate, or improvements thereon, or to assist or offer to assist another or others in filing an application for the purchase or lease of, or in locating or entering upon, lands owned by the State or federal government.

10134. One act of buying or selling real estate of or for another for a compensation or in expectation of a compensation, or offering for another to buy or sell or exchange

real estate, or negotiating the purchase or sale or exchange of, or listing or soliciting prospective purchasers of real estate, or soliciting borrowers or lenders for or negotiating a loan on or leasing or renting or placing for rent real estate, or collecting rent therefrom, or, other than as an officer or employee of the State or federal government, assisting or offering to assist another or others, for compensation or in expectation of compensation, in filing an application for the purchase or lease of, or in locating or entering upon, lands owned by the State or federal government, constitutes the person performing such act a real estate broker or real estate salesman within the meaning of this part.

"Ten Percenters"

A.B. 84 was introduced by Assemblyman Richard T. Hanna to curb certain abuses apparent in dealings in notes secured by deeds of trust. Principally it goes to the operations of the so-called "ten percenters" or discount dealers, but some of its provisions apply to any real property loan broker. The real property loan broker who "specializes" * in the sale of discounted trust deeds or mortgage notes must furnish to the purchaser full details concerning the note and its security before consummation of the transaction. The detailed statement must be set forth on a form prescribed by the Real Estate Commissioner (for **Official Discount Broker's Statement**, see page 446).

The new legislation further provides that a real property loan broker must record in the name of the purchaser or lender, or his nominee (who shall not be the broker), each deed of trust or mortgage he sells. This must be done within the time stipulated by the Real Estate Commissioner (for **Commissioner's Regulation on this subject**, see page 446).

Also, all funds accepted by real property loan brokers for purchase of promissory notes shall be maintained in a trust account in a legal depository or in an independent licensed escrow until such time as the buyer or lender approves or disapproves of the loan. For detailed instructions on the manner in which funds shall be handled,

* For definition of "specialized discount broker," see page 446.

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Still More on Real Property Loan Brokerage Law

please see Section 3081.09 of the Civil Code, below.

The legislation (Section 3081.923) also stipulates that no real property loan broker shall give or offer to give to a prospective purchaser or lender any premium or gift as an inducement to do business with him.

Clarified is the exempt status of loan correspondents for banks, insurance companies and other financial institutions already subject to adequate controls.

A.B. 84 (Ch. 78, Stats. 1960)

3081.095. Prior to the time a purchaser binds himself to purchase, from or through a real property loan broker who specializes in the sale of discounted trust deed or mortgage notes, a note secured by a deed of trust or mortgage, the broker must furnish to the purchaser a statement in writing, on a form prescribed by the Real Estate Commissioner, setting forth the legal description of the property subject to the deed of trust or mortgage, details of all the then existing encumbrances against the title of said property to which the deed of trust or mortgage would be subordinated, and such further information relating to the transaction as may be required by the Real Estate Commissioner. The commissioner may adopt rules and regulations to establish criteria for determining what is a real property loan broker specializing in the sale of discounted trust deed or mortgage notes.

3081.096. Every real property loan broker must record in the name of the purchaser or lender or his nominee, who shall not be the broker or the broker's nominee, every deed of trust or mortgage he has sold, or which secures a loan he has negotiated, within a reasonable time after the transaction is consummated. The Real Estate Commissioner shall by rule prescribe the maximum time allowed for such recording.

3081.09. (a) Except as provided in subdivision (b), all funds accepted by a real property loan broker for the purchase of a promissory note secured by a lien on real property or for the negotiation of a loan evidenced by a promissory note secured by a lien on real property, either as principal or as agent, shall be maintained in a trust account in a legal depository until such time as the buyer or lender approves or disapproves of the purchase or loan.

(b) If the broker accepts such funds from the purchaser or lender prior to the time the broker has furnished to the purchaser or lender the statement required by Section 3081.095, the broker shall deposit the funds in an independent licensed escrow and the funds shall remain therein until the purchaser or lender approves or disapproves of the purchase or loan in the manner hereafter

described in this subdivision. The person holding the funds shall release the funds for application to the purchase or loan upon receipt from the purchaser or lender of a copy of the statement furnished to him pursuant to Section 3081.095, on which he has acknowledged, in a form prescribed by the Real Estate Commissioner, that he approves the purchase or loan. On receipt of written instructions from the purchaser or lender that he disapproves the purchase or loan, the funds shall be released to the purchaser or lender.

As used in subdivision (b), "independent licensed escrow" means an escrow business conducted by a person licensed under Division 6 (commencing with Section 17000) of the Financial Code or by any person described by subdivision (a) or subdivision (c) of Section 17006 of said code.

No purchaser or lender shall be charged any fee for the placing or maintaining of funds in escrow or the release of the funds therefrom, pursuant to subdivision (b).

3081.7. This chapter does not apply to the following:

(a) Any person doing business under any law of this State, any other state, or of the United States relating to banks, trust companies, savings and loan associations, industrial loan companies, pension trusts, credit unions, or insurance companies authorized to do business in this State; or to any person whose business is that of acting as an authorized representative, agent or loan correspondent of such institutions or is that of negotiating for and making loans for sale to such institutions insofar as such business is concerned.

(b) Any loan guaranteed or insured by an agency of the federal government or for which a commitment to so guarantee or insure has been made by such agency.

(c) Any nonprofit co-operative association organized under Chapter 4 of Division 6 of the Agricultural Code, in loaning or advancing money in connection with any activity mentioned therein.

(d) Any corporation, association, syndicate, joint stock company, or partnership engaged exclusively in the business of marketing agricultural, horticultural, viticultural, dairy, livestock, poultry, or bee products on a co-operative nonprofit basis in loaning or advancing money to the members thereof or in connection with any such business.

(e) Any corporation securing money or credit from any federal intermediate credit bank organized and existing pursuant to the provisions of an act of Congress entitled the "Agricultural Credits Act of 1923," in loaning or advancing money or credit so secured.

(f) The services of a person licensed to practice law in this State, not actively and principally engaged in the business of negotiating loans secured by real property, when such person renders services in the course of his practice as an attorney at law, and the disbursements of such person, whether paid

by the borrower or other person, are not charges or costs and expenses regulated by or subject to the limitations of this chapter; provided, such fees and disbursements shall not be shared, directly or indirectly, with the person negotiating the loan or the lender.

(g) Any person licensed as a personal property broker when acting under the authority of such license.

(h) Any cemetery authority as defined by Section 7018 of the Health and Safety Code.

3081.923. No real property loan broker shall give or offer to give to a prospective purchaser or lender, either in whole or in part, any premium, gift, or any other material object of value as an inducement to obtain information about the real property loan broker or his plans, or as an inducement to initiate an account or for making a loan or purchase of a loan.

Land Contracts of Sale

A.B. 85 adds Sections 11200, 11201 and 11202 to that portion of the Business and Professions Code commonly referred to as the subdivision law. The new sections, printed in full below, specify certain operational standards when using conditional sales contracts in the purchase and sale of property in a subdivision. Each such sales contract must contain the legal description of the property, must set forth the encumbrances outstanding at the date the contract is entered into and the full terms of the contract. The legislation would protect the interests of the buyer under a conditional contract of sale by stopping the seller from over-encumbering the property or from dissipating the payments made by the vendee under the contract.

A.B. 85 (Ch. 79, Stats. 1960)

Article 3. Sales Contracts

11200. Every sales contract relating to the purchase of real property in a subdivision as defined in this chapter shall clearly set forth the legal description of the property, of the encumbrances outstanding at the date of the sales contract and the terms of the contract.

11201. Any person, or the assignee of such person, who sells a parcel of land within a subdivision under a sales contract which is not recorded and who thereafter causes, permits, or suffers an encumbrance or encumbrances upon such property in an amount which, together with existing encumbrances thereon exceeds the amount due under the contract, or under which the aggregate amount of any periodic payments exceeds the periodic payments due on the contract, excluding any pro rata amount for insurance

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Important Regulations Adopted By Real Estate Commissioner

In accordance with the legislative mandate as expressed in A.B. 84 enacted into law as Chapter 78, Stats. 1960, the Real Estate Commissioner has adopted three new regulations. They define a "discount broker" (Regulation 2849); prescribe the form to be used in presenting the discount broker's statement (Regulation 2849.1); and set the time limits within which the real property loan broker, who negotiates, sells or exchanges a mortgage secured by a trust deed, must file such trust deed for record (Regulation 2849.2).

These regulations were filed as emergency measures, becoming effective May 16, 1960. In addition, Regulation 2847 which required fluctuating bond amounts has been repealed. The new regulations follow:

2849. Discount Broker Defined. Any person who engages in the business of buying, selling or exchanging promissory notes secured by deeds of trust or mortgages on real property at discount as a main or principal business or vocation, or who holds himself out or advertises to be in such main or principal business of buying, selling or exchanging such notes secured by trust deeds or mortgages shall be deemed a real property loan broker specializing in the sale of discounted trust deeds or mortgage notes and shall be required to furnish the form as set forth in Section 3081.095 of the Civil Code and Section 2849.1 of the Commissioner's Rules and Regulations.

2849.1. Prescribed Form. The following form is prescribed by the Real Estate Commissioner for use as the statement required by Civil Code Section 3081.095 pursuant to Chapter 8, Title 14, Part 4, Division 3 of the Civil Code:

2849.2. Recording Trust Deeds or Assignments. Every real property loan broker who negotiates a loan secured by a mortgage or trust deed on real property shall file or cause such trust deed to be filed for record with the county recorder in the county in which said property is located prior to the time that any funds are disbursed on behalf of the lender, except when the lender has given written authorization for release of such funds.

When funds are released on written authorization the trust deed or mortgage shall be recorded within ten (10) working days of release of funds.

The real property loan broker who sells or exchanges or negotiates the sale or ex-

change of a note secured by a mortgage or trust deed on real property shall cause a proper assignment of such mortgage or trust deed to be executed and shall file or cause said assignment to be filed with the county recorder in the county in which said real property is located within ten (10) working

days after said transaction is consummated. A sale shall be considered to have been consummated when the broker receives the written approval of the buyer on the form prescribed by the commissioner and receives funds from the escrow, even though the
(Cont. on Page 448, Col. 1)

DISCOUNT BROKER'S STATEMENT
Statement required by Section 3081.095, Ch. 8, Title 14, Division 3 of the Civil Code of California

Location and Description of Property

1. (a) Street Address.....City.....
 (b) Legal Description.....
 (c) If improved, describe (single family, multiple dwelling, etc.).....
 Is property occupied..... Age..... Square Footage.....
 (d) Which of the following improvements have been installed
 () Sewers () Streets () Water mains () Curbs and gutters,
 Others.....
 How have these improvements been financed?.....

Information Relating to Property Owner

2. (a) Name and Occupation of Property Owner.....
 (b) Employed by..... How long?.....
 (c) Annual Income \$..... Other \$.....

Financial Details

3. (a) Appraised Value \$..... Date of Appraisal.....
 (b) Name of Appraiser..... Affiliated with Broker?.....
 (c) Owner's estimated Equity \$.....
 (d) Price at which note and trust deed or mortgage is offered \$.....

Information on all Encumbrances

	Note being offered for Sale	Other prior Encumbrance	Other prior Encumbrance
4. (a) This Note is secured by— (1st. 2nd. 3rd trust deed)
(b) Date of Note
(c) Original amount of Note
(d) Present unpaid balance on Note
(e) Interest rate on Note
(f) Monthly payments on Note (if other than monthly payments, explain)
(g) Maturity date of Note
(h) Approximate balance due at maturity
(i) Are payments current on Note (If not, explain)
(j) Any other special terms in note or trust deed such as subordination agreement, renewal agreement, or release clause. Explain or furnish certified copy of trust deed:—
(k) Will request for notice of default of all prior encumbrances be recorded?.....

The undersigned certifies that he has inserted the words, characters and figures in all blank spaces hereinabove contained and hereby certifies under penalty of perjury that to the best of his knowledge the foregoing is true and correct.
 Date.....

Real Property Loan Broker

BUYER'S APPROVAL

I have read the foregoing and hereby approve () disapprove () of the note and deed of trust or mortgage set out hereinabove and offered for sale.
 Date.....

Purchaser

Cooperative Education Program Clicks

Extensive Real Estate Curriculum Offered at Long Beach With Help of Board

Long Beach City College, working in cooperation with the Long Beach Board of Realtors, offers one of the most extensive and diversified schedules of real estate courses to be found anywhere in the country. The program is designed to offer expert and thorough instruction in general aspects of the real estate business to those in the field and also provide opportunities to acquire knowledge of specialized phases. For the most part, instructors are experienced practicing real estate men who teach part time. Some of the related courses in the program are taught by regular members of the college faculty or by specialists in related fields.

Most of the courses offered in the Long Beach program are open only to those who are already licensed as real estate brokers or salesmen, allowing the student to relate theory to work.

The course range is surprisingly wide, including *Residential Appraising; Appraising Income Property; Real Estate Finance; Foundations of California Real Estate; Real Estate Law, Fundamentals; Real Estate Law, Advanced; Real Estate Leasing; Real Estate Practice; Real Estate Principles; Residential Design and Construction; Real Estate Sales Problems; Real Estate Taxation; Apartment House Management*, and others.

In two years' time, the working broker or salesman, who has completed ten hours' classroom work per week in the real estate curriculum, may with slight additional work obtain an Associate in Arts Degree from the college. In charge of the program for Long Beach City College is Dr. Keith James, Coordinator, Distributive Education, who incidentally is a member of the Commissioner's Real Estate Education and Research Advisory Committee. Dr. James and his colleagues at Long Beach City College are extremely proud of the real estate curriculum they have built and are offering, but he states that the program could "never have reached its present respected position without the wholehearted cooperation extended by the Long Beach Board of Realtors."

Broker's Signature Important!

When a broker asks this agency for a license change, for example, a change of address, fictitious business name, activation or inactivation of license he must make the request himself and the request must be signed by him; otherwise, his rights could be taken away without his consent or knowledge.

A Tribute To . . . Old-Timers

Again, we salute some of the "old-timers" who have held real estate licenses since 1917. That was the year when the Great War to end all wars was raging, when California had only 4,000 licensed real estate brokers and salesmen, and the entire Real Estate Law could be printed on four pages.

It was during 1917 that the State Real Estate Commissioner, Freeman F. Bloodgood, invited the "world" to California and assured "square dealing in all real estate transactions."

So we pay our respects to the following "old-timers" who have helped make real estate history in California:

William H. Akin
5405 Wilshire Blvd., Los Angeles

Calvin Hiram Antrim
1206 Fulton, Fresno Bldg., Fresno

W. H. Baymiller
1038 Foothill Blvd., La Canada

H. Monroe Bernheim
673 S. Burlington Ave., Los Angeles

W. F. Blaich
167 N. Bright Ave., Whittier

H. H. Blaustein
4254 Beverly Blvd., Los Angeles

Edward Henry Buente
201 Highland Ave., Manhattan Beach

John Deegan
4035 Brighton Ave., Los Angeles

Bert A. Dolton
1811 N. Western Ave., Los Angeles

Fred O. Lewis
Rm. 254, Arcade Bldg., Colton

O. E. Tracy
119 Broadway, Chico

NEW BOND FORMS AVAILABLE

Forms for corporation fidelity bonds and individual or copartnership surety bonds required of some real property loan brokers have been approved by the Attorney General.

Under Section 3081.05 of the Civil Code (reproduced elsewhere in this *Bulletin*), real property loan brokers are required to be bonded in specific amounts if they "actually or constructively in any way keep, have charge of, or otherwise handle any of the funds involved in the loan." It is believed that the new bond forms will be more acceptable to the bonding companies since they do not have the "open end" feature which characterized the bonds used prior to the 1960 amendments to the Real Property Loan Brokerage Law.

Copies of the new bond forms are available at all offices of the Division.

NEW QUARTERS FOR OAKLAND OFFICE

The Oakland district office of the Division of Real Estate has moved to Room 6040, 1111 Jackson Street. The telephone number remains the same—GL 2-4787.

New Law on Land Contracts

(Cont. from Page 445, Col. 3)

and taxes, without the consent of all parties to the contract first being obtained in writing shall be guilty of a misdemeanor.

11202. Every seller of a single-family dwelling, within a subdivision, under a real property sales contract, or his assignee, who knowingly receives an installment payment from the buyer under a real property sales contract at a time when there is due any payment by the seller, or his assignee, on an obligation secured by an encumbrance on the property subject to the real property sales contract, and who appropriates such payment received from the buyer to a use other than payment of the amount due on the seller's, or assignee's, obligation, except to the extent the payment received from the buyer exceeds the amount due from the seller or assignee, is guilty of a misdemeanor.

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Branch Office Licenses

With activity in the real estate business continually on the increase, it is not uncommon for a real estate broker to keep a main office in one part of the state, but seasonally transfer his operation to a different area on a temporary basis. Some licensees seem to believe that because they are only working for a period of two or three months in a certain location, they do not need an office there. This is not true. A branch office license is required if the broker maintains an office other than his main office and does business there.

As pointed out in previous *Bulletin* articles, a license—usually a branch office license—is required at the tract office in a subdivision. The branch license must be displayed and a sign posted. It is important for licensees to understand that technical license infringements may legally deprive them of justly earned commissions.

Regulations Continued

(Cont. from Page 446, Col. 3)

funds received from the escrow leave an amount remaining due to the broker on the purchase price of the trust deed and note sold. A trust deed or mortgage must be recorded prior to the time a real property loan broker sells or enters into an agreement to sell the trust deed or mortgage.

When a branch office is discontinued or abandoned . . . return the branch license to Sacramento and request cancellation.

PROMOTION FOR WELLS

Harold H. Wells has been advanced to Deputy Grade IV, with the title, Assistant Commissioner, Licensing. This follows a reorganization under which his position entails supervision of both licensing and examinations.

"Hal" Wells has been with the Division of Real Estate since 1935, having served successively as cashier, accounting officer, deputy in charge of the Oakland office, and license supervising deputy in charge of much of the operation in the Sacramento main office.

Real Property Loan Broker Registration

A number of brokers hold more than one license. For example, an individual may hold a license in his own name, as an officer of a corporation, and as a member of a partnership.

Recently, a broker who held a license under his own name registered as a real property loan broker, then took out an additional license as an active officer of a corporation licensed as a broker. He thought that once having registered as a mortgage loan broker, such registration would automatically apply to any other license issued to him. Such is not the case.

If you now hold more than one broker license or acquire an additional broker license, you must make separate application for registration as a mortgage loan broker for each license under which you intend to engage in loan brokerage activity.

Fingerprint Check Delays

"Why haven't I received my license; I received notice I passed the examination over two weeks ago!" So open many telephone calls received at the Sacramento office of the Division of Real Estate.

In most cases after checking, it is discovered that the report on the license applicant's fingerprints has not been returned by the Bureau of Criminal Identification and Investigation. It may take from 25 to 35 days for a set of fingerprints to be investigated.

To avoid at least a part of this delay, whenever possible the application for license should be brought to the nearest Division office by the applicant so that his fingerprints can be taken at that time and their processing started.

Occasionally applicants have prevailed on local police departments or sheriffs offices to take their prints and attest them, and these fingerprint cards are mailed in with the applications. However, many police departments and sheriffs offices discourage this practice, as they do not have sufficient manpower to give this service. In other cases, they may make a charge for the service. In any event, to prevent undue delay in issuance of a license, the applicant should have his fingerprints taken as early as possible.

It should be remembered that the salesman's license is sent to his employing broker; it is always good practice to check with the broker before calling the Sacramento office.

PUBLICATIONS PRICE LIST

Reference Book	\$2.60
Real Estate Law Pamphlet52
Subdivision Manual52