



# Real Estate Bulletin

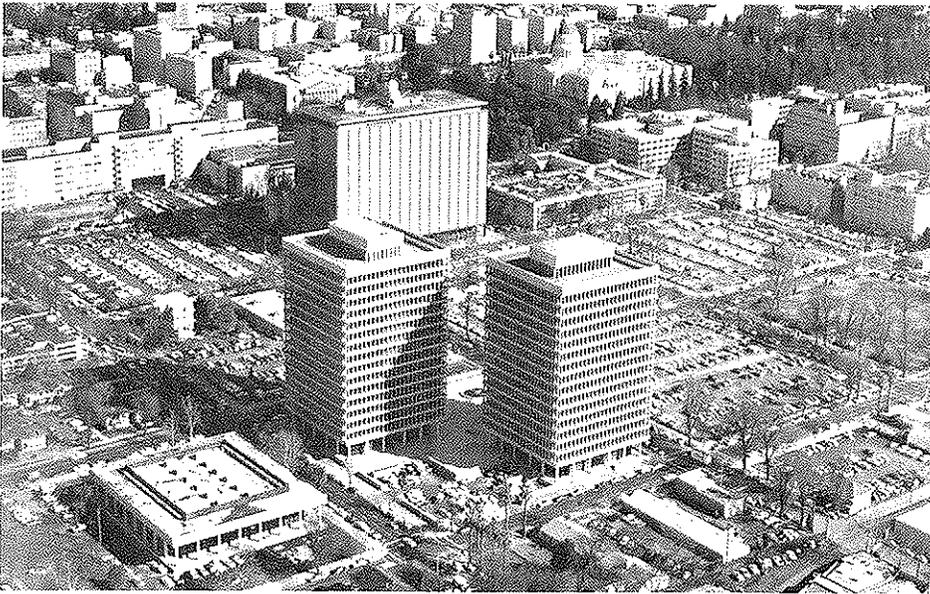
Official Publication of the California Department of Real Estate

RONALD REAGAN, *Governor*

Summer 1969

BURTON E. SMITH, *Commissioner*

## Real Estate Licensing Enters Its 51st Year



### DRE MOVES TO NEW LOCATION

Sacramento headquarters and district office personnel have settled into their new quarters on the 14th and 15th floors of State Office Building 8—one of the recently constructed seventeen-story twin buildings located in the block bounded by Seventh, Eighth, P and Q Streets. In the aerial view above, OB 8 on the left and its twin, OB 9, loom impressively in the foreground in their concrete and glass symmetry, with the State Capitol providing an imposing background.

The district office, serving the Sacramento and San Joaquin valleys, is housed in Room 1400. Also on the 14th floor are the DRE central accounting, post-licensing, prelicensing (applications and examination scheduling and scoring) and data-processing sections. General information to the public and to licensees is furnished in Room 1450, telephone number 445-5741.

The 15th floor houses these sections which have statewide responsibilities: administration, legal, subdivisions, auditing, education and publications, and examination standards.

The mailing address is 714 P Street, Sacramento 95814.

Seventeen state departments, employing 3,300 persons, occupy the twin buildings which feature a selective, horizontal, vertical conveyor system carrying supplies and mail vertically through each building and horizontally from building to building.

Further features are centralized distribution of mail, duplicating and supply facilities.

### Original Law Enacted in 1919 Evolves to Meet Challenge of Times

This year marks the 50th or golden anniversary of the Department of Real Estate, formerly known as the Division of Real Estate, which had its statutory birth in 1919. Fifty years may seem old or young, depending upon the age of the observer. But when we consider that only 200 years have passed since the Spanish first began settling what is now California, we note the coincidence that the Department of Real Estate has been in existence exactly one-quarter of the elapsed time since native Indians set eyes upon strangers—missionaries and soldiers coming out of Mexico with the intention of occupying the land.

Actually California was the first state to have a real estate license law, although there is a friendly semantic difference with our sister state Oregon as to which one should properly enjoy this distinction. It was in 1917 that the first license law was enacted and an agency created to carry out its provisions. That was in this state. However, some months later, the State Supreme Court declared the law unconstitutional and the agency was dismantled.

On July 27, 1919, licensing legislation was enacted which did not include the provisions previously found unacceptable by the court. In the same year Oregon passed a real estate license law which went into effect a few months before the 1919 enactment of the California Legislature became operative. So the technical and friendly question arises as to which state pioneered with a license law.

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## Licenses Revoked From March 1969 Through May 1969

### REAL ESTATE BULLETIN

Official Publication of the  
California Department of Real Estate

**Vol. 29, No. 3      Summer 1969**

STATE OF CALIFORNIA  
**RONALD REAGAN, Governor**

**BURTON E. SMITH**  
*Real Estate Commissioner*

**JOHN E. HEMPEL**  
*Chief Assistant Commissioner*

#### STATE REAL ESTATE COMMISSION

<p><b>JOHN COTTON</b>      <b>FRANK MACBRIDE, JR.</b> San Diego      Sacramento</p> <p><b>HARLAN GELDERMANN</b>      <b>RALPH H. MILLER</b> Danville      Upland</p> <p><b>ART LEITCH</b>      <b>L. H. "SPIKE" WILSON</b> San Diego      Fresno</p>	
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Education and Publications

**THOMAS J. NOLAN**, Chief Deputy, Headquarters  
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**WALTER L. ALLEN**, Senior Deputy, Editor

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The *Real Estate Bulletin* is a quarterly published by the State of California, Department of Real Estate, as an educational service to all real estate licensees in the state under the provisions of Section 10083 of the California Business and Professions Code.

From the license renewal fee, \$1 is allocated to cover subscription to the *Bulletin*. Second Class Postage Paid at Sacramento, California.

Name	Address	Effective date	Violation R.E. Law/Regulations
Dekker, Kenneth John (RES).....	265 Dalewood Way, San Francisco	3/ 4/69	10176(a) (g) (i), 10177(f) (j)
Hepokoski, Edward Jacob (RES)...	935 Fremont Ave., Los Altos.....	3/ 4/69	10177(b)
(Right to RRES license on terms and conditions)			
O'Loan, Raymond Edward (REB).....	P.O. Box 421, Hayward.....	3/ 4/69	10176(a) (g) (i), 10177(f)
Shirley, William Stanley (RES)....	38000 Sierra Hwy., Palmdale.....	3/ 5/69	10176(a) (d) (e) (g) (i), 10177(f) (j)
McDaniel, Incien Trigg (REB).....	2425 Pacheco St., San Francisco....	3/ 6/69	10177(b)
Stanley, Lee Kenneth (RES).....	14037 Valley Vista Blvd., Sherman Oaks	3/11/69	10177(b) (f)
(Right to RRES license on terms and conditions)			
Halloway, James Smith, Jr. (RES)...	1019 S. Cypress St., Ontario.....	3/18/69	10177(b) (f)
Ravani, Eugene Leonard (RES)....	420 San Alacato Ave., San Bruno..	3/18/69	10177(b) (f)
(Right to RRES license after 15 days on terms and conditions)			
Rios, Joe R. (REB).....	1341 Sunset Blvd., Los Angeles....	3/18/69	10177(f) (j)
Mudge, Robert McElroy (REB)....	760 E. Highland Ave., San Bernardino	3/19/69	10145, 10176(i), 10177(d) (f) (j); 2834
(Right to RRES license after 90 days on terms and conditions)			
Johansen, Eric Christian (RRES)...	2635 Fairfield St., North Sacramento	3/20/69	10177(b)
Hicks, Thomas Paul (REB).....	8825 Balboa Blvd., Northridge....	2/25/69	10177(f) (j)
		3/25/69	
Lowell Mary Ann (RES).....	270 Upland Rd., Redwood City....	3/25/69	10137, 10177(f) (j)
(Right to RRES license after 60 days on terms and conditions)			
Redman, Marshall (REB).....	14724 Ventura Blvd., Sherman Oaks	3/25/69	10176(a) (i), 10177(d) (f) (j)
(Right to RREB license after 3 months on conditions)			
Stone, Thomas George (REB).....	1345 N. Grand, Santa Ana.....	3/26/69	10177(b) (f)
Shute, Lawrence Lenn (RES).....	44038 3rd St., E., Lancaster.....	4/ 1/69	10177(a) (f)
Trotocbau, David Joseph (REB)....	8405 Pershing Dr., Playa Del Rey..	4/ 2/69	10176(d) (g) (i), 10177(f) (j)
dba Marina Intl Realty Co. (Right to RREB license after 30 days on terms and conditions)			
Wright, Leonard Travis (RES).....	3809 Crest Dr., Manhattan Beach..	4/ 2/69	10176(d) (g) (i), 10177(f) (j)
Desippe, James Clifford (RES)....	2670 Walnut Blvd., Walnut Creek..	4/ 5/69	10177(a) (f)
(Right to RRES license on terms and conditions)			
Kirkpatrick, Dudley Gifford (RES)...	319 MacArthur Blvd., San Leandro	4/ 7/69	10177(a) (b)
(Right to RRES license on terms and conditions)			
Guerrero, Mario (REB).....	14556 E. Whittier Blvd., Whittier..	4/ 9/69	10145, 10176(e) (i), 10177(d) (f) (j)
dba M. G. Mtgc. & Realty Asst. Secy., Calvestors, Inc. (REO)	1062 Turndell Rd., La Habra		
dba Pleasant Hills Realty			
Harris, James T. (RES).....	4060 Buckingham Rd., Los Angeles	4/ 9/69	10177(b) (f)
Horton, James Robert (RRES).....	1750 Alcatraz Ave., Berkeley.....	4/ 9/69	10177(k)
Johnson, Richard Thomas, Jr. (RES)	1524 Bonita St., Mountain View..	4/ 9/69	10177(b)
(Right to RRES license on terms and conditions)			
Naquin, Beulah Maxine (REB).....	6707 Osburn Rd., San Bernardino..	4/ 9/69	10130, 10145, 10176(e) (i), 10177(d) (f); 2831, 2831.1, 2835
dba Crestline Inv. Co.			
Rubenstein, Dave (RES).....	4312 Babcock St., Studio City.....	4/ 9/69	10177(b) (f)
Tanghetti, Joseph David (RES)....	81 Calle Cinco De Mayo, Oak View	4/ 9/69	10177(b) (f)
Thomas, Eva Ellen (REB).....	4230 18th St., San Francisco.....	4/ 9/69	10145, 10176(e) (i), 10177(d) (f); 2831, 2831.1
Thompson, Hal Edward (RES).....	580 33rd St., San Bernardino.....	4/ 9/69	10130, 10145, 10176(e) (i), 10177(d) (f)
Christensen, Colman Carl (REB) (REO)	Printz Rd., Arroyo Grande.....	4/17/69	10177(b)
Pres., Golden Rule Realty & Devcl., Inc.			
McCall, Lawrence Alvin (RES)....	2816 La Colina, Carmichael.....	4/20/69	10177(i)
Hartley, Robert Keith (RES).....	5200 York Blvd., Los Angeles.....	4/22/69	10177(b) (f)
(Stayed for 2 years on conditions)			
Tingley, Wendall Douglas (REB) (REO)	5202 E. Firestone Pl., South Gate..	4/22/69	10177(b) (f)
Vice Pres., South Gate Inv. & Loan, Inc.			
Pres., Southgate Loan Co. Vice Pres., Peoples Rental Agency, Inc.			
Steele, Raymond George (RES)....	1209 21st St., Sacramento.....	4/28/69	10176(a) (i), 10177(d)
(Right to RRES license after 30 days on terms and conditions)			
Wallace, Booker Palifero (RREB)...	4810 Shattuck Ave., Oakland.....	4/29/69	10177(k)
dba Tip Top Realty			
Carlson, Ethel R. (REB).....	3567 Alt. Diablo, Lafayette.....	4/30/69	10145, 10176(a) (c) (i), 10177(d) (f)
Pres., E. Carlson Realty Co. (REO)	127 Shuey Dr., Moraga.....		
Dunbar, Glen (RES).....	1647 Rideout Way, Whittier.....	5/ 6/69	10177(b) (f)
Moore, Robert Carver (REB).....	1777 Saratoga Ave., San Jose.....	5/ 6/69	10145, 10148, 10176(e) (i), 10177(d) (f); 2831, 2831.1
(Right to RREB license after 30 days on terms and conditions)			
Orangethorpe Realty, Inc. (REO)...	6861 Beach Blvd., Buena Park....	5/ 6/69	10176(g) (i), 10177(d) (f); 2950(g)
(Right to RREC license on terms and conditions)			
Paris, Patrick Stephen (REB) (REO)	6861 Beach Blvd., Buena Park....	5/ 6/69	10176(g) (i), 10177(d) (f); 2950(g)
Pres., Orangethorpe Realty, Inc. (Right to RREB license on terms and conditions)			
Potter, Ralph Eugene (RES).....	711 Larch St., Inglewood.....	5/ 6/69	10130, 10137, 10177(d) (f)
(Right to RRES license on terms and conditions)			
Schwert, Joseph George, Jr. (REB)...	1570 20th Ave., San Francisco....	5/ 6/69	10145, 10176(e) (i), 10177(d) (f)
(Right to RREB license after 30 days on terms and conditions)			
Blodgett, Max Hubert (RES).....	1400 S. Coast Blvd., Laguna Beach	5/ 7/69	10177(b)
(Right to RRES license on terms and conditions)			
Helms, John Gaylord (RES).....	2719 University Ave., Los Angeles.	5/ 7/69	10177(b) (f)
McClanahan, Arlan Duane (RES)...	852 S. San Tomas Aquino Rd., Campbell	5/ 8/69	10177(b) (f)
Barker, Gilbert Jones (RES).....	16263 Mandalay, Encino.....	5/20/69	10177(b) (f)
Boydin, Emma Giles (RES).....	414 N. Glenwood Pl., Burbank....	5/20/69	10177(b) (f)
Montclair Realty Co. (REC) (REO)	2084 Mountain Blvd., Oakland....	5/21/69	10145, 10176(a) (b) (c) (i), 10177(d) (f) (j)
Pres., Lawrence Arnold Purdy (Right to RREB license after 90 days on terms and conditions)			
Purdy, Lawrence Arnold (REB).....	6560 Estates Dr., Oakland.....	5/21/69	10145, 10176(a) (b) (c) (i), 10177(d) (f) (j)
Carey, George Edward (RES).....	440 5th St., Manhattan Beach....	5/29/69	10177(b) (f)
Knapp, Renee Arlene (RES).....	7231 W. Manchester Ave., Los Angeles	5/29/69	10177(b) (f)
(Right to RRES license on conditions)			
Lile, Keith Bishop (RES).....	627 A S. Coast Hwy., Laguna Beach	5/29/69	10130, 10137, 10145, 10176(e) (i), 10177(d) (f) (j)
Pace, Danton Edgar (RES).....	6160 Falcon Ave., Long Beach....	5/29/69	10177(b) (f)

## Licenses Suspended From March 1969 Through May 1969

Name	Address	Effective date	Violation R.E. Law/Regulations
Lee, Robert Edward (RES)*	2658 San Bruno Ave., San Francisco	2/20/69 60 days	10177(f) (i)
Crayne, Charles Elvis (REB)	6029 Atlantic Ave., Long Beach	3/ 4/69 60 days	10145, 10176(e) (i), 10177(d) (f)
Greene, Raymond Henry (REB)	6029 Atlantic Ave., Long Beach	3/ 4/69 60 days	10145, 10176(e) (i), 10177(d) (f)
Lee, Charles Haines (REB)	16671 Grand Ave., Elsinore	3/ 4/69 180 days	10145, 10176(i), 10177(d) (f)
Barmore, Edward Alan (REB)	3836 Geary Blvd., San Francisco	3/11/69 174 days	10162, 10165
Lemke, Gaylord Carson (REB)	2383 Pruneridge Ave., Santa Clara	3/12/69 68 days	10162, 10177(d)
Watson, William Mells (REB)	2455 S. St. Andrews Pl., Los Angeles	3/12/69 10 days	10137, 10177(d) (f)
Dietz, Vera Mae (RES)	15530 Moorpark St., Sherman Oaks	3/18/69 5 days	10177(b) (f)
Klein, Joseph Leo (REB)	14724 Ventura Blvd., Sherman Oaks	3/25/69	10176(a) (i), 10177(d) (f) (i)
Rainey, Max Harvey (REB)	1760 W. Century Blvd., Los Angeles	3/25/69 90 days	10145, 10176(e) (i), 10177(d) (f) (i); 2830
Stern, Gerard Karl (REB)	150 W. El Camino Real, Sunnyvale	3/25/69 30 days	10176(a) (i), 10177(f) (i)
Duval, William Moylan (REB)	17055 E. 17th St., Santa Ana	4/ 1/69 214 days	10160, 10162, 10164, 10165, 10177(f)
Kort, Marvin Harvey (REB)	9201 Wilshire Blvd., Beverly Hills	4/ 1/69 198 days	10160, 10162, 10164, 10165, 10177(f)
McKinney, Phyllis Marion (REB)	2919 W. Vernon, Los Angeles	4/ 1/69 155 days	10160, 10162, 10164, 10165, 10177(f)
Mingleton, Asworth Bagnerise (REB)	3900 S. Carmona Ave., Los Angeles	4/ 1/69 6 months	10145, 10176(i), 10177(d) (f) (i); 2830
Simpson, Allen Rogers (REB)	258 Divisadero St., San Francisco	4/ 1/69 30 days	10145, 10176(e), 10177(d) (f); 2831, 2831.1, 2832
Aloi, Kathleen Christine (REB)	55601 29 Palms Hwy., Yucca Valley	4/ 9/69 10 days	10177(d) (f)
Clark, John Lehr (REB) (REO)	17315 Sunset Blvd., Pacific Palisades	4/ 9/69 30 days	10177(d) (f)
Stromberg, John Emery (REB)	57690 Sunnyslope Dr., Yucca Valley	4/ 9/69 10 days	10177(d) (f)
Cross, Robert McIntosh (RES)	3796 Stewart Ave., Los Angeles	4/22/69 6 months	10177(b) (f)
Gottlieb, Edwin Stanley (REB)	16200 Ventura Blvd., Encino	4/22/69 6 months	10146, 10176(e), 10177(d) (f)
Rhoades, Virginia Lee (REB)	288 E. Central Ave., La Habra	4/22/69 726 days	10162
Hunt, Martha Ann (RES)	15233 Ventura Blvd., Sherman Oaks	4/23/69 60 days	10177(b) (f)
Tiberio, Joseph Paul (RES)	9254 Thrush Way, Los Angeles	4/23/69 30 days	10177(b) (f)
Yates, Eugene Calvin (REB)	1209 21st St., Sacramento	4/28/69 90 days	10177(g) (h)
Arnold, Samuel Cleo (REB) (REO)	36602 Newark Blvd., Newark	4/29/69 2 days	10137
Stoff, Richard Aaron (RRES)	1573 Larkin Ave., San Jose	5/ 1/69 15 days	10177(k)
Little, Rhoda Louise (REB)	1784 El Camino, San Carlos	5/ 6/69 30 days	10176(a), 10177(d); 2903
Spiro, Morris Joseph (RES)	1784 El Camino Real, San Carlos	5/ 6/69 30 days	10176(a), 10177(d); 2903
Sylvia, Gene Robin (REB)	1784 El Camino Real, San Carlos	5/ 6/69 30 days	10176(a), 10177(d); 2903
Walker, Paul T. (REB)	6351 La Croix, Palos Verdes Peninsula	5/ 6/69 90 days	10145, 10176(c), 10177(f); 2832
Silva, Rose Marie (RES)	3435 Hill St., San Diego	5/ 7/69 60 days	10177(b) (f)

\* Not previously reported.

## Governor Appoints Leitch And Wilson to State Real Estate Commission

Governor Reagan has appointed Art Leitch of San Diego and L. H. "Spike" Wilson of Fresno as members of the State Real Estate Commission. Both are past presidents of the California Real Estate Association and they succeeded David Miller, Beverly Hills, and Edward Bevilacqua, Pleasanton, as commission members.



ART LEITCH L. H. "SPIKE" WILSON

Mr. Leitch organized his own real estate firm in San Diego in 1946, employing 3 sales persons. He now has 12 offices in the area, and heads his own development, building, mortgage and escrow firms, employing over a hundred people.

Mr. Wilson, after majoring in journalism at Fresno State College, left the newspaper field to enter the real estate business in Fresno in 1936. He is an owner-partner of the firm of Hughson and Swett which is active in all types of real estate in the Fresno area, including agricultural lands.

Space does not permit listing the numerous posts Wilson and Leitch have held in local, state, national and international real estate circles. Each has also been active in civic affairs in their respective communities. Both have played prominent roles in developing real estate educational facilities in the state's universities and colleges and in organized real estate.

Mr. Wilson organized the start of the Fresno multiple listing service and was its first chairman in 1945. With all his manifold activities, Mr. Leitch had the time to develop the first Errors, Omissions and Fraud insurance available to the real estate industry.

## IT'S TIME TO DISCARD YOUR OLD REFERENCE BOOK

Long a bestseller among state publications, valued as a ready reference by practicing licensees and widely used as a text, the *Reference Book* has been thoroughly revised and brought up to date. Thus, the 1969 edition makes its debut, and no active

broker or salesman should be without a copy.

The 1969 Reference Book is available at any DRE office or by mail for \$4, plus 20 cents tax if ordered in California. When ordering by mail, enclose check or money order—no C.O.D. orders please!

# DRE COMMEMORATES

In any event, the statutory requirements of the two states in regard to licensing of persons engaged in the real estate business as agents served as models for similar legislation in other states and now all fifty have real estate licensing laws, as do the District of Columbia and most provinces of Canada.

The license law was an attempt to bring some semblance of order and business ethics into a chaotic field. The intent was to eliminate "fleece" and "curbstoners" who were operating nefariously and openly and to protect the public and newcomers to the state from misrepresentation of land conditions and values. In truth, the real estate business was made notorious by the unconscionable activities of some of those who called themselves real estate men who preyed upon the unwary and were even difficult to find if called upon for account.

No one can say for sure what the small but dedicated group of real estate industry pioneers who tirelessly worked for passage of the first law would have thought about today's intense move toward a truly professional status for real estate practitioners.

### *California Growth—Effect on Licenses*

It is safe to surmise even the most enthusiastic among the real estate people in 1919 did not envision the tremendous growth California experienced over the next 50 years. Generally speaking, the number of licensees has risen in direct proportion to the growth in population. But this is by no means the hard and fast rule. The state of the economy and conditions of war or peace have resulted in marked deviations from the standard which would see parallel upswings in number of licensees and the population.

In 1919, California's population was 3,300,000 while 25,619 persons were registered as real estate licensees. By 1929, the population had grown to 5,438,000 while the number of licensees had jumped disproportionately to 55,800. That year saw a higher ratio of licensees to population than ever before or since.

Despite a continuing year-by-year rise in the number of Californians, the Great Depression took its toll of licenses and the total registered dropped to 26,700 in 1934.

With the advent of the war years, licenses held at a fairly steady level from 1941 to 1945 even though the population grew at a rapid pace. Toward the end of 1945, interest in the real estate business was reawakened and applications for license, particularly for real estate broker, all but inundated the then Division of Real Estate. For the five years immediately following the cessation of hostilities, the number of salesman licenses remained relatively stable from year to year.

However, by 1959, there were more salesmen than brokers, 71,856 as against 55,281, a total of 127,137. This can be attributed to legislation, effective late in 1949, requiring experience or specialized education on the part



Once upon a time: All DRE Sacramento Headquarters personnel, circa 1925, pictured on State Capitol grounds. Man with the hat is Governor Friend W. Richardson.

of applicants for broker license. The figure does not include business opportunity licenses, which had gone into effect in 1937. The state's population in 1959 had reached 15,015,000.

Bringing us up to date, California has a population of more than 20,100,000 while the number of licensees is in the neighborhood of 145,000, with nearly 38,000 of that total registered as "inactive."

### *Mission and Functions of the DRE*

Let us review briefly the mission and functions of the Department of Real Estate, giving a brief overview of its operations. Since the Real Estate Commissioner is the chief officer of the department, his title and the department designation will be used interchangeably. Later in this article, the major steps in the evolution of the subdivision and license laws administered by the Real Estate Commissioner will be reviewed.

First, let it be said the DRE is self-sustaining, depending for support on the special Real Estate Fund into which license, subdivision and other fees are deposited.

The principal function of the DRE and the purpose for which it was originally created is the examination and licensing of persons to engage in the real estate business as agents—as brokers or salesmen. The license law enacted 50 years ago has been amended a number of times to strengthen the protection it was intended to give.

# 50th ANNIVERSARY



On the Governor's left is Edwin T. Keiser, Real Estate Commissioner (1921-1925). Farther down the line is Gaylord K. Nye "Mister DRE," who retired in November 1967. Photo courtesy G. K. Nye.

Under the law, all verified complaints against agents brought by the public must be investigated and the commissioner can also make investigations on his own account if cause appears. An example of this type of investigation is the spot check of brokers' trust accounts, generally done by the auditing staff. If conditions warrant, a thoroughgoing audit is conducted.

Complaints against brokers and salesmen based on alleged misrepresentation or dishonesty—to cite two of the numerous actionable violations listed in the law—are investigated by deputies who, in turn, consult with staff attorneys as a case develops. If the evidence indicates the broker or salesman has violated the law, formal disciplinary proceedings are brought against him under the Administrative Procedure Act and, as a result, his license may be suspended or revoked. Perhaps mention should be made here that there are definite limitations on the commissioner's authority.

Another important area of the DRE operation concerns new subdivisions. Before any parcels in a new tract can be offered for sale in California, the subdivider must be able to furnish to prospective purchasers copies of the subdivision public report issued by the department. Public reports on subdivisions located within the State of California might be termed "full disclosure" papers. They supply comprehensive information about

all aspects of the subdivision, listing any unfavorable features it may have.

If the subdivided land is located outside the borders of California and the subdivider intends to offer parcels to Californians, he likewise is required to file with the DRE. In these cases—and there are many of them—the "fair, just and equitable" principle is applied rather than merely the "full disclosure" concept. One of the staff appraisers evaluates the property. There is also a large traffic in in-state "promotional subdivisions."

The term *subdivision* encompasses planned developments, stock cooperatives, community apartment and condominium projects.

### *Education, Research and Recovery Fund*

A third and unique aspect of DRE operation relates to real estate education and research. Over the last decade, first 25 then 20 percent of all license fees has been sequestered in a special fund which is administered by the commissioner. Moneys in the fund are available for appropriation by the Legislature for the purpose of advancing real estate education and research in the University of California, the state colleges and the junior colleges. The commissioner can also contract with private universities for special research projects in the field of real estate, urban economics and trade practices. Several million dollars from the special fund have gone to universities and state colleges to help finance research projects which, in turn, have generated interest in real estate course offerings.

Direct financial assistance has gone to as many as 76 community or junior colleges to help them establish, maintain and improve their real estate programs. Most of the states' community colleges now offer a certificate in real estate upon completion of 24 semester units and/or an AA degree with a major in real estate. Thirteen state colleges offer degree programs in real estate as does the University of California and the University of Southern California. University Extension also offers a variety of real estate courses as does its Correspondence Division. It is commonly accepted that California is a leader among the states in the depth and breadth of its real estate educational opportunities.

Under the terms of legislation passed in 1968, the candidate for real estate broker license after January 1, 1970, must have completed college-level three-unit courses in real estate practice and legal aspects of real estate. He will take special tests in real estate finance and real estate appraisal unless he has completed college-level three-unit courses in these subjects. After January 1, 1972, the applicant must have completed all four of the courses named above to establish eligibility for the license examination.

When the special fund referred to above was established, it was called the Real Estate Education and Research Fund. A few years ago the law was amended and

*(Continued, Col. 1, Page 878)*

## 50th Anniversary: Landmarks and Personal Observations

the fund is now known as the Real Estate Education, Research and Recovery Fund. This brings us to another facet of the DRE function. Five percent of the license fees are earmarked for the purpose of "recovery." To explain this, perhaps an illustration would be in order. Suppose a person has been harmed financially by the action of a real estate broker in his capacity as an agent. Suppose further that the wronged individual brings a court action against the broker and is awarded a judgment on the grounds of fraud, misrepresentation or deceit. If he is unable to get satisfaction of judgment, he can appeal to the court for an award from the "recovery fund" administered by the commissioner. **There are, of course, limitations on the amount of such awards and numerous safeguards are written into the law to assure the fund is not looted by unwarranted claims.**

### *Landmarks in License Law Changes*

The license law of 1919 was, for all practical purposes, nothing but a registration act, which presumably would keep the agency informed of the whereabouts of its licensees. In 1923, the act was repealed and a new set of more meaningful statutes was enacted. Among other provisions was the requirement of a surety bond in the amount of \$2,000 for brokers and one making the commissioner responsible for inspection and report on acreage being subdivided and offered as agricultural land.

The law was strengthened again in 1925, 1927 and 1929. **In 1929, changes were particularly substantial in that they authorized an examination for candidates for all types of license and the issuance of a Real Estate Bulletin.** Also after that time, appointment as Real Estate Commissioner was limited to persons having at least five years of experience as a licensed broker in California.

1931 marked a lengthy step forward as it became mandatory that the examinations for license be written. In 1933, the bond requirement was repealed and it was provided that all

subdivisions must be filed with the commissioner—not only agricultural or rural subdivisions as heretofore.

In 1935, the State Real Estate Board was created. In 1937 provisions were made for the licensing of cemetery and business opportunity brokers and salesmen.

In 1938, the provision for a six-month temporary salesman license was repealed, but in 1939, a provisional salesman license was authorized.

The Act was amended again in 1941 and in 1943. In the latter year, the mineral, oil and gas brokerage license came into being as a salient factor in the fight against the oil and gas rackets prevalent in the late 30's and early 40's. The act was codified, becoming the Real Estate Law.

In 1945, hearing procedure was changed to conform to the new Administrative Procedure Act and numerous additional grounds for disciplinary action were defined.

In 1947, the law was amended, but it was in 1949 that a strikingly meaningful change in license procedure went into effect. **That year marked the establishment of the requirement that the candidate for real estate broker license must have had two full years of experience as a licensed real estate salesman, or comparable experience, or specialized education to qualify.**

In 1950, jurisdiction over cemetery brokers and salesmen was transferred to a newly created board and various technical changes in the law followed in 1951 and 1953.

Sophisticated changes came in 1955. "Original" and "renewal" licenses were distinguished. Additional examinations were provided for, and all renewal licenses went on a four-year term. The "advance fee" operation was defined and those coming within the definition were required to be licensed as business opportunity brokers or salesmen. Enacted was the Mortgage Loan Brokerage Law, a part of the Civil Code.

In 1956, license fees were raised and the Real Estate Education and Research Fund was created. Twenty-five

percent of license fees collected were sequestered in the fund.

In 1957, technical amendments included the redesignation of the Real Estate Board as the "Real Estate Commission."

In 1959, legislation was enacted providing for registration of real property loan brokers, strengthening the "advance fee" statutes, specifying controls for "land locators", setting rules for rental agents and extending the period allowable for late renewal of a license.

Emergency measures were adopted in 1960 strengthening the real property loan broker law; the intention: curbing abuses on the part of the so-called "ten percenters." Added were rules for the handling of sales contracts on subdivision parcels.

**In 1961, the mortgage loan brokerage statutes were lifted from the Civil Code and incorporated in the Real Estate Law with changes and additions, and the real property securities dealer designation was adopted.** The special or "final" examination for renewal broker license was eliminated and numerous changes went into law, including a raise in filing fees for subdivisions.

In 1963, examination procedure was changed and credit given to the broker license candidate who had completed stipulated college-level courses; changes were made in examinations for salesman license; the recovery fund was established; in-state subdivision requirements were strengthened; the "fair, just and equitable" concept was made applicable to out-of-state subdivisions. Provisions were made for separate examination fees with an increase in fees in some instances, "condominium" was defined, brokers were assigned certain responsibilities relating to pest control reports and there were a number of technical amendments in addition.

**The business opportunity license was merged with the real estate license in 1965.** Commissioner's authority to audit was made specific; blind advertising was prohibited; the license

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## DRE's 50th Anniversary

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fee structure was changed; commissioner was authorized to contract with private universities for research; authorization was given to suspend licenses without hearing within 90 days after issuance under certain circumstances; plus other technical changes. The Real Estate Commissioner was given sole jurisdiction at state level over offerings of condominium, planned development, community apartment and stock cooperative projects, and filing fees were adjusted.

In 1967, several technical amendments were made to the license and subdivision laws. In addition, the minimum allowable balance in the Recovery Fund which would signal a rise in renewal broker and salesman license fees was reduced from \$400,000 to \$200,000.

In 1968, Governor Reagan signed the "Education Bill" which has already been discussed. Subdivision fees were raised, the partnership license was eliminated, licensees were made responsible for keeping account of changes in location or employment, candidates for salesman license were allowed to take the examination before sponsorship by a particular broker, and several amendments relating to licensing, subdivisions and real property securities were adopted.

### Some Personal Observations

We are indebted to Gaylord K. Nye, who retired less than two years ago as assistant commissioner after 48 years of service with the DRE, for his help in providing material for this story. He made some cogent general observations derived from the wealth of experience he had with the Department of Real Estate. Some of them may be interesting to our readers.

In Mr. Nye's opinion, the most important and forward-looking single piece of legislation in the history of the license law was the provision for license examinations in 1929.

He says the reason for the high ratio of licensees to population in 1929 was because large subdividers used hundreds of salesmen and the "free lot" and lunch and lecture systems were

## California Hosts Narello Conference

The National Association of Real Estate License Law Officials (NARELLO) will gather in San Francisco for its 41st annual conference, November 4 through 7.

Commissioner Burton E. Smith is conference committee chairman, a member of the association's board of directors, and of the NAREB/NARELLO liaison committee.

The theme for the program is "Golden", for the Golden State, the 1969 golden anniversary of the California Real Estate License Law, and the golden opportunities for worthwhile service to licensees and the public.

Real estate license law administrators and commission members repre-

senting nearly all 50 states and several Canadian provinces will be attending the conference.

flourishing. It was not unusual for a lot promoter to employ from 800 to 1,000 salesmen at a time. Many of the promotions were aimed at elderly people who would buy 25-foot lots and the chances, so Mr. Nye remarks, were remote they would ever live to glean the promised resale profit.

In its earliest days, the law specified that all fees beyond the amount needed to support the agency reverted to the state's General Fund. This proviso was changed to allow the agency to retain in a special fund all surplus up to \$50,000—then surplus to \$100,000. Later, all fees went to the Real Estate Fund.

During the first several years the real estate license act was in effect, fees were on a calendar year basis with a quarterly prorate. For example, a salesman applicant only paid 50¢ if licensed during the last quarter of a calendar year. The first licenses were "works of art." They were approximately 7" x 9" and the seal of the state was impressed on them. This was done by hand and a gold, red, or green seal was affixed to the licenses which were personally signed by the commissioner.

Four commissioners, Mr. Nye reports, resigned before completing their terms of office. The first was appointed by the Governor to be State Controller after the death of the incumbent. The second left to enter pri-

## FHA Mortgage Insurance On Mobilehome Parks

New regulations relating to Section 207 of the National Housing Act liberalized mortgage insurance by the FHA on mobilehome parks. Under the new regulations, FHA will insure 40-year mortgages (previous limit 15 years) covering 90 percent of FHA value (previous limit 75 percent). FHA will now insure mortgages in high-cost areas at 45 percent above the \$1,800 figure, which in effect permits insured mortgages of \$2,600 per space when value equals or exceeds \$2,860 per space, nearly \$1,000 above the former limit.

vate business in the employ of a national concern; the third successfully stood for Congress and the fourth went into business with a large subdivider.

Mr. Nye points out that only one woman ever served on the Real Estate Commission (Board). Over the years, the department has employed four women deputies—two in appointive posts—the other two were civil service employees.

### The Computer Cometh

The reader who has persevered this far has learned of the growth of the Department of Real Estate from very meager beginnings and its adjustments to cope with problems of the times as they appeared. **The department exists for service to the public and cooperates fully with the industry in the latter's never-ending struggle to upgrade its standards and earn professional stature and recognition.**

It is axiomatic that changing times and new complexities will bring concomitant changes in the law and the Commissioner's Regulations.

It seems fitting to call attention to the fact that the DRE is on the verge of entering the computer age. A sophisticated electronic data-processing system is being programmed and will be installed to perform many of the behind-the-scenes tasks now done by hand.



## Consumer Credit Act Effective July 1, 1969

The Truth-in-Lending Law—a key portion of the Federal Consumer Credit Protection Act which was signed into law on May 29, 1968—became effective July 1, 1969. Its purpose: to tell the customer how much he is paying for credit and the relative cost of credit expressed in percentage terms.

The regulation applies to all real estate loans to natural persons for personal, family, household, or agricultural purposes. Business loans are exempt.

The law extends to advertising of credit offerings if the advertisement contains reference to amount of down payment, the terms or time of repayment, or similar data. If the ad does, then it must meet a number of criteria including the cash price or the amount of the loan, amount of down payment or statement no down is required, as applicable, number, amount and due date of payments, etc. When advertising credit terms do not apply to a specific transaction, then examples of typical credit transactions commonly handled by the advertiser are cited.

### *Disclosure Statement*

The law requires the creditor (mortgage broker) to furnish the borrower a disclosure statement similar to the statement presently required under the provisions of the Real Estate Law relating to loan transactions (California B&P Code Section 10240 et seq.). The disclosure statement must include, among other things, the finance charge and annual percentage rate (APR) which must be printed more conspicuously than other text in the statement.

In general, the finance charge is the total of all costs imposed by the creditor and paid either directly or indirectly by the borrower. Some charges are excluded if they are bona fide, reasonable in amount and not imposed as an evasion of the truth-in-lending purpose. **The dollar amount of the finance charge is not required on a first loan to finance the purchase or construction of the borrower's dwelling.**

The annual percentage rate (APR) represents the relationship of the total finance charge to the total amount financed. It must be computed to the nearest one-quarter of 1 percent by the actuarial method if the loan is of the installment type.

When the loan is secured by the borrower's residence, he has the right to rescind a loan transaction until midnight of the third business day following the date of the consummation of the transaction or the date of delivery of the disclosure statement, whichever is later.

A first loan to finance the purchase of the borrower's residence carries no right of rescission. However, a first loan secured by the borrower's residence for any other purpose or a second loan on the same residence may be canceled. The borrower may waive his right to cancel if loan proceeds are needed to meet a bona fide personal financial emergency.

Willful violation of the Truth-in-Lending Law or regulations is punishable by a fine of not more than \$5,000 or imprisonment for not more than one year, or both.

**This article is not meant to be an authoritative nor complete treatment**

### PAST REAL ESTATE COMMISSIONERS

Freeman Bloodgood *	1917-1919
Ray L. Riley	1919-1921
Edwin T. Keiser	1921-1925
J. R. Gabbert	1925-1927
Stephen Barnson	1927-1931
Joseph P. Smith	1931-1934
J. Mortimer Clark	1934-1939
Clarence Urban	1939-1943
Hubert B. Scudder	1943-1948
D. D. Watson	1948-1957
F. W. Griesinger	1957-1959
W. A. Savage	1959-1963
Milton G. Gordon	1963-1967

\* Although California's first Real Estate Act, approved on June 1, 1917, was later held unconstitutional by the courts, Freeman Bloodgood was appointed by Governor William D. Stephens as the first commissioner, serving from August 2, 1917, to July 28, 1919.

of the broker's responsibilities under the new law; indeed, legal advisers and agencies involved are still working on questions relating to the application of the statutes and the regulations issued thereunder. The Federal Trade Commission, which is charged with enforcement of the law so far as it applies to brokers, has published *What You Ought to Know About Truth-in-Lending*. It contains the complete text of the law, sample ads, charts and illustrations of disclosure and rescission forms. The publication is free and can be obtained by writing Truth-in-Lending, Federal Trade Commission, Box 36005, San Francisco 94102.

Introduced in the 1969 California Legislature was AB 815 (Priolo) providing amendment to the state's Mortgage Loan Brokerage Act which would bring it into substantial conformity with the Federal Truth-in-Lending Law.