

RONALD REAGAN, *Governor*

Summer 1974

ROBERT W. KARPE, *Commissioner*

REAL ESTATE

EDUCATION PROGRESSES

Two new research studies available—"Strategy Alternatives to Effect a Rezoning of Real Estate" and "Impact of Institutions on Land Values" (Pages 3-8). Any ideas for research studies?—DRE welcomes suggestions (Page 3).

The Department of Real Estate was the recipient of the H. Bemis Lawrence award from the National Association of Real Estate License Law Officials (NARELLO) for the most outstanding 1973 real estate education programs in the United States and Canada. This achievement could not have been earned were it not for industry support of educational programs, California's recognized education centers and the dedicated efforts of DRE employees.

DRE looking for authors to update real estate course guides and workbooks . . . also to write new ones for additional subjects (Page 5).

Claims paid from recovery fund surpass million dollar mark! (Page 8).

Clarification on broker-salesman relationship agreement . . . Regulation 2726 in effect since "72" with good results according to industry members (Page 7).

December 1974 broker examination . . . See Page 4 for important information if you contemplate making application.

Commissioner Karpe expresses thanks to real estate teachers (Page 5).

Subdivisions "shopped" by DRE as regular practice (Page 7).

Check your real estate economics knowledge . . . see quiz on Page 7.

Follow up to advance fee racket reported in Spring '74 Bulletin . . . Two Ohio men arrested in Sacramento last Fall, after DRE tip to Sacramento DA, for soliciting advance advertising fees from California owners of lots in Florida and Arizona subdivisions, have been convicted, fined, and placed on three years probation. No losses were sustained by any consumers.

New DRE Los Angeles telephone number for consumer information—(213) 620-5903.

... ABOUT SUBDIVISION ADVERTISING

Advertising usually brings to mind such media as radio, T.V., newspapers, and magazines. Infrequently thought of, but included in subdivision publicity, are signs, records, slides, films, dinner party handouts, gifts, travel offers, contests, drawings and prepared oral presentations.

● Advertising for any subdivision located out-of-state but offered in California or that is located in-state and is a "land project" *must* be submitted to the DRE prior to use.

● Advertising for subdivisions classi-

fied as standard, planned development, condominium, or community apartment *may* be submitted to the department for review on a voluntary basis.

Licensees are cautioned against improvising or ad-libbing their personal material different from that which has been submitted to the commissioner. Non-compliance with subdivision advertising submission requirements or use of misleading publicity can result in the halting of sales within a subdivision as well as legal action involving the subdivider and his agent.

REAL ESTATE EDUCATION BLANKETS THE STATE

The name for the community college story in California is "sensational", say admiring educators throughout the nation as they attempt to imitate its success. Due largely to the cooperative efforts of organized real estate and college administrators, encouraged and coordinated by the DRE's education and publication personnel, there are now 99 functioning community colleges in the state. Eighty-six of them offer one or more of the six approved California Real Estate Certificate program courses: Real Estate Principles, Practice, Legal Aspects, Finance, Appraisal and Economics.

Of these 86 schools, most offer both a 24-unit certificate curriculum and a 60-plus unit AA degree program; the former including, in addition to the six listed courses, such optional specialized and/or advanced courses as property management, business law, real estate office administration, escrows, advanced courses in legal aspects of real estate, real estate finance and real estate appraisal.

The dramatic impact of the community colleges exceptional—and still growing—contribution to higher professional standards for real estate practice in California, can be measured by the following statistics.

In 1963, the first year of the certificate program, total enrollment in community college real estate certificate courses was 16,719.

During 1972-73, 82,000 licensees, prelicensees and professionals in businesses closely related to real estate took advantage of this remarkable educational opportunity.

(Continued on page 7)

REAL ESTATE BULLETIN

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STATE OF CALIFORNIA
RONALD REAGAN, Governor

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JOHN E. HEMPEL
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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.

Disciplinary Action—January—March 1974

REB—Real estate broker
RREB—Restricted real estate broker

RES—Real estate salesman
RRES—Restricted real estate salesman

REO—Real estate officer
REC—Real estate corporation

NOTE: A list of actions is not published in this Bulletin until the 30-day period allowed for court appeal has expired; or if an appeal is taken on the disciplinary action stayed, until the stay is dissolved. Names of persons to whom licenses are denied upon application are not published.

Licenses Revoked

Name	Address	Effective date	Violation R.E. Law/Regulations
*Varela, Frances (RES)	800 S. Spring St., Los Angeles	7/11/73	10176(a) (i); 10177(d) (f) (j)
Burreson Investment Co., Inc. (REC)	4729 Lankershim Blvd., North Hollywood	1/ 2/74	10176(c) (g) (i); 10177(d) (f) (h) (j)
Pyramid Land Co., Inc. (REC)	4729 Lankershim Blvd., North Hollywood	1/ 2/74	10176(e) (g) (i); 10177(d) (f) (h) (j)
Agnew, Robert Alvin (RES)	1206 Fair Oaks Ct., Santa Rosa	1/ 3/74	10177(b) (f)
Lee, John Henry III (RES)	2280 California St., Mt. View	1/ 3/74	10177(b) (f)
Russell, John Willard (RES)	1330 Irving, San Francisco	1/ 3/74	10177(b) (f)
Lin, Huey Thuey (RES)	802 E. Ave. Q, Palmdale	1/ 9/74	10177.5
Simons, Marvin Aaron (REB)	233 S. Beverly Dr., Ste. 111, Beverly Hills	1/11/74	10176(i); 10177(j)
Champion, William Lamb (REO)	P.O. Box 2746, Capistrano Beach	1/16/74	10177(f) (j)
(RIGHT TO RES) Off. William L. Champion Inc. (REO)	866 S. Arroyo Blvd., Pasadena		
Hayden, Helen Mae (RES)	2616 W. Manchester Blvd., Inglewood	1/16/74	10177(b) (f)
Mayne, Steven Alan (RES)	150 Sharen Ln., No. 305, Walnut Creek	1/16/74	10177(b)
Coulter, William Allen (RES)	14375 Polk St., Sylmar	1/17/74	10177(b)
Kogelschatz Corp (REC)	21 Horgan Ave., Redwood City	1/29/74	10145, 10176(e) (i); 10177(d) (f) (j); 2830; 2832
Dbu Key Property Management Kogelschatz, William Adolph (REB)	P.O. Box 746, Kihei, Hawaii	1/29/74	10145; 10176(e) (i); 10177(d) (f) (j); 2830; 2832
Malkin, Benedict (RES)	18410-3 Cantara St., Reseda	1/31/74	10177(b)
White, Paul Raymond (REB)	520 S. El Camino Real, San Mateo	1/ 3/74	10177(f) (j)
Aguiar, Rudy Escajeda (RES)	627 N. San Gabriel Blvd., Rosemead	2/ 5/74	10177(b)
Barnum, James D. (RES)	729 S. Main St., Salinas	2/ 6/74	10137; 10176(a) (b) (i); 10177(f) (j)
Mansfield, Lloyd James (RES)	8262 Atlanta St., Huntington Beach	2/14/74	10177(b)
Dawson, Audrey Annette (RES)	1468 River Dr., Norco	2/19/74	10177(b)
Johnson, Howard Benjamin, Jr. (RES)	1605 Washoe Way, Tahoe City	2/21/74	10176(g); 10177(g)
Brown, Robert Everett (RES)	175 Joan Ave., Concord	2/26/74	10176(e) (i); 10177(f) (j)
Slabaugh, Delbert L. (RES)	1257 Piedmont Rd., San Jose	3/ 5/74	10177(b) (f)
Turkmany, George (RREB)	321 Modoc Ave., Oakland	3/ 5/74	10176(a) (i); 10177(d) (f) (j) (k)
Wolcott, Roger Lee (RES)	61 Divisadero, Apt. 8, San Francisco	3/ 5/74	10177(b) (f)
Abel, Allan Bernard (RES)	652 7th St., Williams	3/14/74	10177(b)
Cheroske, Richard Julian (REB)	85 N. Lake Ave., Pasadena	3/14/74	10177(d); 10270; 10271
Property Funding Group, Inc. (REC)	85 N. Lake Ave., Pasadena	3/14/74	10177(d); 10270; 10271; 10297
Cheroske, Richard Julian (REO)			
Kallas, Alan Richard (RES)	3850 Highland Dr., Carlsbad	3/25/74	10177(b)
Figueroa, Carlos G. (RES)	14531 Farlington St., Baldwin Park	3/26/74	10177.5

* Not previously published.

Licenses Revoked With Right to Restricted License

Name	Address	Effective date	Violation R.E. Law/Regulations
Fuger, Robert Donald (RES)	5856 El Cajon Blvd., San Diego	1/16/74	10177(d)
(Right to RRES license on terms and conditions)			
White, Ralph Patrick (RES)	5856 El Cajon Blvd., San Diego	1/16/74	10177(d)
(Right to RRES license on terms and conditions)			
Ockey, Bobby Jean (RES)	12246 E. Artesia Blvd., Cerritos	1/26/74	10177(b)
(Right to RRES license on terms and conditions)			
Chin, Dick (REB)	813 Clay St., San Francisco	1/30/74	10145; 10176(e) (i); 10177(d) (f); 2830; 2831; 2832
(Right to RREB license on terms and conditions)			
Vaughn, Walter Glenn (RES)	2116 Bataan Rd., Redondo Beach	1/31/74	10177(b)
(Right to RRES license on terms and conditions)			
Mouhbian, Gary Levon (RES)	5345 Russell Ave., Los Angeles	2/ 5/74	10177(b)
(Right to RRES license after 30 days on terms and conditions)			
Beck, William Howard (REB)	P.O. Box 190, on Sierra St., 400 ft. N. Inters. of Sierra and Joaquin Gully	2/19/74	10177(d); 10270; 10271
(Right to RREB license on terms and conditions)			
Dayharsh, Theodore John, Jr. (REB)	21864 Ambar Dr., Woodland Hills	2/19/74	10177(d); 10270; 10271
(Right to RREB license on terms and conditions)			
Thorne, John Preble (RES)	1472-JI University Ave., Berkeley	2/20/74	10177(b) (f)
(Right to RRES license on terms and conditions)			
Ferrigno, Michael Phillip (RES)	3001 Arden Way, Sacramento	2/21/74	10177(j)
(Right to RRES license after 30 days on terms and conditions)			
Plupps, Raymond Dale (REB)	3001 Arden Way, Sacramento	2/21/74	10177(j)
(Right to RREB license after 30 days on terms and conditions)			
Craig, William Nolan, Jr. (REB)	440 Old Hwy. 4, Antioch	2/26/74	10177(b) (f)
(Right to RREB license on terms and conditions)			
Doty, Donald Lee (REB)	592 Victoria Ct., San Leandro	2/28/74	10177(d); 11010; 11018.2
(Right to RREB license after 30 days on terms and conditions)			
Grosscup, Elvira Esterina (RES)	2245 Westwood Blvd., W. Los Angeles	3/ 1/74	10130; 10137; 10177(d)
(Right to RRES license after 30 days on terms and conditions)			
Snyder, Richard Henry (RES)	4148 Sunrise Blvd., Fair Oaks	3/15/74	10177(b)
(Right to RRES license on conditions)			
Turner, Nannie Frances (RES)	4849 Van Nuys Blvd., Sherman Oaks	3/19/74	10177(b) (f)
(Right to RRES license after 60 days on terms and conditions)			
McKeehan, Floyd Everett (RES)	5770 N. Rosemead Blvd., Temple City	3/26/74	10177.5
(Right to RRES after 30 days on terms and conditions)			

WANTED: REAL ESTATE RESEARCH IDEAS

Real estate research is a continuous process. Your help is invited. We want to research subjects which will benefit the real estate licensees. If you have any ideas or suggested subjects for real estate research projects to be undertaken by representatives of Cal-

ifornia's institutions of higher learning, send them to "RESEARCH", Department of Real Estate, 714 P Street, Sacramento 95814. All suggestions received will be submitted to the State University Advisory Committee to determine if a research study could and/or should be undertaken.

Licenses Revoked With Stays

Name	Address	Effective date	Violation R.E. Law/Regulations
*Greenberg, Richard William (REO) (Stayed for three years on terms and conditions; shall not act as licensee for 120 days)	4200 Atlantic Ave., Long Beach.....	7/11/73	10176(a) (i); 10177(d) (f) (j)
*Realty Projects Inc. (REC)----- Dba Mortgage Refinance Co. (Stayed for three years on terms and conditions; shall not act as licensee for 30 days)	800 S. Spring St., Los Angeles.....	7/11/73	10176(a) (i); 10177(d) (f) (j)
*Zimmerman, Stanley Morton (REB) Officer, Realty Projects Inc. (REO) (Stayed for three years on terms and conditions; shall not act as licensee for 30 days)	800 S. Spring St., Los Angeles.....	7/11/73	10176(a) (i); 10177(d) (f) (j)
*Manley, James Loren (REB) 800 Napoli Dr., Pacific Palisades..... (REO) (Stayed for two years on terms and conditions; shall not act as licensee for 30 days)		12/28/73	10176(a) (c) (i)
Moss, Don Marshall (REB) 32045 Waterside Ln., Westlake Village (REO) (Stayed for 2 years on terms and conditions; shall not act as licensee for 30 days)		1/28/74	10176(a) (c) (i); 10177(d) (g) (h) (j)

* Not previously published.

Licenses Suspended

Name	Address	Date	Law/Regulations
McGowan, Robert Joseph (REB) 16255 Ventura Blvd., Ste. 1015, Encino (REO)-----	5416 Lemona Ave., Van Nuys.....	1/ 2/74 6 months	10177(h)
Elkins, Marvin (REB) (RIGHT TO RENEW RES)	P.O. Box 26, Santa Ysabel Motel, Santa Ysabel	1/ 8/74 90 days	10145; 10176(d) (i) 10177(d) (f) (g) (j)

Licenses Suspended with Stays

Name	Address	Effective date	Violation R.E. Law/Regulations
Matthews, Harold Theodore (RREB) (After 30 days may be stayed on terms and conditions)	5844 Bancroft Ave., Oakland.....	1/ 3/74 Indefinitely	10130; 10145; 10176(c) (i) 10177(d) (f)
Gonzales, Louis Emil (REB)----- (Stayed for 2 years on terms and conditions)	Flying C Ranch, Star Rte. 3131, Green Valley Rd., Folsom	1/26/74 60 days	10177(d); 10270
Atwater, Kent Douglas (REB)----- (Stayed for 1 year on terms and conditions)	2920 Telegraph Rd., Ventura.....	2/ 4/74 15 days	10163; 10177(d) (g) (h); 2725; 2731; 2770; 2834
Murdoch, Patrick Gordon (RES)----- (Stayed for 1 year on terms and conditions)	2920 Telegraph Rd., Ventura.....	2/ 4/74 5 days	10177(d); 2270
Schwartz, Harvey (REB)----- (After 30 days may be stayed on terms and conditions)	506 Santa Monica Blvd., No. 314, Santa Monica	2/ 5/74 Indefinitely	10165; 10177(d)

Indefinite Suspensions Under Recovery Fund Provisions

Name	Address	Effective date	Fund payout
Fandrich, Richard (RES)-----	5083 Mission St., San Francisco.....	1/ 2/74	\$2,340.92
Blanchard, Richard Joseph (RES)-----	204 Westbrook, Daly City.....	1/18/74	\$8,500.00
Goure, Gerald E. (REB)-----	11500 Firestone Blvd., Norwalk.....	1/23/74	\$1,325.00
Whitman, Katherine M. (REB)----- (Now Moseley)	5965 Cozzens, San Diego.....	1/28/74	\$10,000.00
Whitman, Ronald Brown (RREB)-----	4262 Campus Dr., Suite C, Newport Beach..	1/28/74	
Bowe, Robert Patrick (REB)-----	125 Bridge Pl., Stockton.....	2/15/74	\$2,595.91
Albright, Lloyd E. Jr. (REB)-----	222 E. Anapamu St., Santa Barbara.....	2/25/74	\$4,783.00
Albright, Lloyd E. Jr. (REB)-----	222 E. Anapamu St., Santa Barbara.....	2/25/74	\$8,088.00
Anwin Corporation (REC)-----	9460 Wilshire Blvd., Beverly Hills.....	2/27/74	\$4,000.00
Winters, Ann (REB) (REO)			
Bowe, Robert Patrick (REB)-----	125 Bridge Pl., Stockton.....	2/27/74	\$3,186.13
Richardson, Carroll (REO) (REB)-----	1200 E. Hillsdale, Bldg. 4, Apt. 1, Foster City	3/ 6/74	\$2,821.00
Sattler, Loren J. (RES)-----	Arnold, California 95223.....	3/22/74	\$10,037.00

COMMISSION DISPUTES



Settlement of commission disputes between real estate salesmen and their broker normally rests with the State Labor Commissioner, Department of Industrial Relations, whose offices are located in primary cities throughout the state. The Department of Real Estate regulation (Section 2726), among other things, requires each broker to have a written agreement with his salesmen pertaining to the material aspects of their relationship including compensation. IF the agreement is properly drawn, there should be few misunderstandings over earned commissions.

Research Report

The research study, *Strategy Alternatives to Effect a Rezoning of Real Estate* by B. E. Tsagris and C. Neil Davis, California State University, Fullerton, School of Business Administration and Economics, is now available from the DRE, 714 P Street, Sacramento 95814, at \$1.59 per copy. (includes sales tax)

The 37 page study describes zoning change procedures; applications for zone changes, variances, zoning deficiencies and procedures to be used in obtaining a zone change within the community. The paper presents some general thoughts and practical suggestions for working with public planning authorities.

WINTER—1974

BROKER APPLICANTS

In view of the added educational requirements for broker applicants effective January 1, 1975, applicants for the December 1974 real estate broker license examination are encouraged to file their applications before the end of October, 1974.

If you plan to enroll in the Fall 1974 college semester to complete the last of the four statutory required broker courses, and will complete the two-year salesman experience requirement before December 31, 1974, you may file for the December 1974 broker license examination in October under the following conditions:

- Submit verification of at least 22 months of salesman experience (remaining two months salesman experience must be completed before December 31, 1974).
- Ask your instructor to give you a letter stating the courses in which you are enrolled, that you are making satisfactory progress. Include this with your application.
- All four courses must be completed by the end of the Fall semester.

Assuming the December 1974 broker license examination is successfully written, you should submit course completion notices (transcripts) and any needed November and/or December 1974 sales experience verification so the department records can be cleared at the end of the Fall 1974 school semester.

Reflections . . .

In a quiet, seldom used room of the Sacramento office of the Department of Real Estate were heard the softly spoken words of a lady reading real estate examination questions aloud to a sightless gentleman.

For several hours, the 150 questions were each read aloud and the man verbally instructed the reader in each instance to mark one of the four multiple-choice responses chosen on the real estate salesman test.

Although this scene has been repeated on occasion in the past, it is worth reflecting upon because often the sightless have more foresight than do some of us blessed with good vision.

We are more wise when we learn how others overcome misfortune. In conversation with our examinee, he said, "With the aid of my wife, I intend to list property, and with cooperation from my prospect, I will show homes and service his needs".

The applicant was a real estate salesman some 20 years ago, and prior to the total loss of vision, he was an accountant.

Whatever it is we think we can or cannot do—we are usually right.

Robert W. Karpe

ROBERT W. KARPE
Real Estate Commissioner

BROKERAGE ADVERTISING REQUIREMENTS

Spot surveys of newspapers and other advertising media reflect a significant number of real estate brokers fail to reveal in their real estate brokerage business advertisements that they are soliciting agency business.

The real estate law (Section 10140.6 of the B&P Code) prohibits the publication, circulation or distribution of any matter pertaining to activity for which a real estate license is required without a designation that the licensee is performing acts for which a real estate license is required.

According to Commissioner's Regulation 2770.1, terms such as broker, agent, Realtor, Bro., Agt., or similar indicia or abbreviations satisfy the designation requirement.

Prior to 1970, the corporate name or fictitious business name alone of a broker was considered sufficient designation but this is not the present law. For example, Ajax Corporation does not disclose broker status, while Ajax Corporation, Realtors or Ajax Corporation, Agt. does.

In this connection, Commissioner's Regulation 2770 establishes each broker's responsibility for supervision of his staff's advertising. This regulation stipulates that no brokerage advertising be carried in the name of a real estate salesman without including the name of the employing broker.

The advertising designation requirements are intended not only to inform the public that they are dealing with a state licensee who has a level of competency in the real estate field, but also inhibits unlicensed activity in the market place.

Promptness is the name of the game . . .

New real estate salesmen are often inclined to think they have completed a sales transaction when they secure an offer along with a sizable and encouraging deposit. Not always so. After several sad experiences many have learned until they obtained acceptance of the offer and relayed the acceptance to the other principal they had no agreement at all.

Promptness is the name of the game in communicating offers, counter offers and acceptances.

When a licensee receives a deposit on an offer to purchase he holds the deposit in trust for the buyer until he has established a binding contract between the two principals. This is generally obtained through negotiations and once acceptance of the offer by

the seller is given, it is necessary for the agent to notify the buyer of the acceptance, then, at that time he has a binding agreement provided there are no contingencies.

Until the licensee has received the sellers acceptance of the offer and communicated this fact to the buyer, the purchaser may demand a return of the deposit money held in trust by the agent.

EDUCATION

Seminars Assure High Level Instruction

Addressing itself to the proposition that, more than any other factor, the caliber of an instructor determines the quality of a course of study, the DRE has sponsored over the past fifteen years many credential qualifying seminars for community college real estate instructors. At the close of March 1974, over 1,000 teachers had sharpened their mastery of subject matter and classroom instructional skills at one or more of these seminars.

On the three weekends of February 8-10, 22-24 and March 8-10, over 50 instructors and prospective instructors profited from a 60-hour curriculum seminar and methodology workshop offered by San Jose State University.

This continuing program of education for teachers highlights the year after year effort of colleges and the DRE to place in the real estate course classrooms better qualified teachers. The program is financed in part from the Real Estate Education and Research Fund.

Real Estate Independent Study Correspondence Courses 1974

- Fundamentals of Land Titles
- Principles of Real Estate Law
- Real Estate Administration and Practice
- Real Estate Analysis
- Real Estate Finance
- Principles of Residential Appraisal
- Tax Planning for Real Estate Transactions
- Principles of Real Estate

For a catalog of courses write:

Department of Independent Study
University of California Extension, 2223 Fulton Street, Berkeley, California 94720

An "Open Letter"

TO: REAL ESTATE TEACHERS

Recently you were asked to forward examination questions from among those used in courses you are now teaching. Since the Department of Real Estate is continually reviewing and up-dating the examination questions used in both the real estate salesman and broker examination, these questions will help us improve our examination library and insure that all aspects of the various real estate subject areas are covered.

Your response has been gratifying. Thank you for assisting in this very important program.

Robert W. Karpe

ROBERT W. KARPE
Real Estate Commissioner

AUTHORS WANTED



The Education and Research Section of the DRE is looking for several top notch writers to rewrite and update the real estate instructor guides and student workbooks in the following subjects: Real Estate Law, Finance, Appraisal, Practice and Principles. Additional guides and workbooks are contemplated in Real Estate Office Administration and Property Management.

For the past decade the DRE has furnished thousands of copies of teacher guides and student workbooks at cost to many California community colleges which now enroll over 80,000 real estate students.

We want experienced authors to help us to bring these educational tools up to date. If you have the credentials (education and experience), the time, and interest to be a part of real estate advancement let us hear from you. Authors selected will be

STATE UNIVERSITY/COLLEGE

REAL ESTATE EDUCATION AND RESEARCH

This article is designed to acquaint readers with the continuing real estate education and research programs conducted at California's state universities and colleges. Research helps build and enrich real estate education programs; this article summarizes the education programs offered at each participating state campus.

It should be noted that none of the schools named receive direct support from the REER&R Fund for curriculum development or compensation of instructors, but all are eligible for allocations to conduct research projects of a regional or statewide nature. This generally has helped in the recruitment of faculty members who are interested in both research and teaching real estate classes.

The following is a quick glance at real estate instruction throughout the CSUC system:

University/College	Number of real estate courses offered	Last real estate research completed
Bakersfield.....	1	1973
Chico.....	3	1970
Dominguez Hills.....	1	none
Fresno.....	5	1973
Fullerton.....	6	1974
Hayward.....	0*	1967
Humboldt.....	4	1972
Long Beach.....	5	1969
Los Angeles.....	6	1968
Northridge.....	4	1973
Pomona.....	6	1971
Sacramento.....	3	1972
San Bernardino.....	0	none
San Diego.....	11	1973
San Francisco.....	3	1971
San Jose.....	6	1973
San Luis Obispo.....	6	1967
Sonoma.....	1	none
Stanislaus.....	0*	none

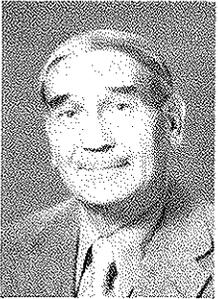
* Real estate courses being considered.

paid and will receive recognition for their work.

To apply: Send résumés and samples of your work to: Donald M. Tallman, Chief Deputy, Education and Research, Department of Real Estate, 714 P Street, Sacramento, CA 95814. (Information confidential.)

WALT ALLEN RETIRES FROM STATE SERVICE

Walter L. Allen, Senior Deputy Commissioner retired March 31, 1974 after 18 years of state service. He spent the major portion of his career as editor of the department's publications.



WALTER L. ALLEN

The Real Estate Bulletin, a quarterly publication with 200,000 circulation, the Reference Book about 30,000 sales annually, and a variety of pamphlets, teacher guides and student workbooks were edited by him.

A native of Kansas, Allen graduated from the University of California at Berkeley, where he earned an AB degree with an Art Major.

In 1933, he entered the insurance business in Kern County and became a real estate broker in 1940.

He enlisted in the Army Air Corps during WW II where he was assigned to Army publications. After his discharge, he returned to the insurance and real estate business until entering state service.

He served in the examination and regulatory sections, both in Sacramento and San Francisco prior to receiving his appointment in the publications section. He was an illustrator and cartoonist and some of his works were published in earlier editions of the Bulletin.

Senior Deputy Larry Smith was appointed to fill the post vacated by Allen.

MINORS

If your client desires to deal with a minor and take that chance (the right of a minor to disaffirm a real estate contract during minority and within a reasonable time after reaching majority) it is his affair.

Where indicated, the broker should ascertain if the buyer is a minor, and then inform the seller.

Business Opportunities

Brokers and salesmen engaged in the sale of business opportunities should exercise care in selling a business which requires that the operator be examined for technical qualifications and licensed by the state (dry cleaning establishments and beauty shops, etc.). He should make certain that the prospective buyer is aware of the licensing requirements which he will have to meet in order to operate.

THROUGH RESEARCH COMES PROGRESS

The Department of Real Estate's Education and Research program has literally encouraged hundreds of educators, scholars and researchers to explore and study the vast economic and sociological attributes of the real estate business.

Many real estate researchers delve into technical urban problems in an effort to predict the future of housing by studying the past. Their research findings often appear in the more learned journals and scholarly papers. Some have more practical benefit to the real estate licensee than those which frequently spark further study in the college and university system of America.

The study of condominiums, known to man for centuries, is a prime example of modern research. Within the past decade man's effort to utilize land more efficiently has drastically changed the American style of living. The condominium researcher has helped to smooth the transition.

Because many of our readers are not primarily concerned with "pure research" and normally lean to the practical side of the real estate business environment, department personnel have developed an annotated listing which may be of interest to the real estate entrepreneur. The summary (annotated listing) of all real estate research studies completed by the universities and colleges in California is available from DRE (714 P Street, Sacramento 95814) for \$1.59 including tax.

DISCLOSURE OF INTERESTS

Does the Department of Real Estate "frown" upon a real estate licensee having an ownership interest in an escrow or title company or a lending institution? The answer, of course, is a definite no!

Licensees may be owners, or part owners, of these other service companies as a means of providing full services to their clients. The department's function is not to discourage ownership but to provide public protection and included in this activity is assurance that a licensee is disclosing his ownership interest in services utilized by his clients.

Much of the time, the selection of a lender, title company or place of escrow is left to the agent in the transaction. If the agent, in selecting any service for the parties to the transaction, has any beneficial interest in it, such disclosure must be made to all parties.

The agents loyalty is to his client in all respects and his client has every right to expect complete honesty and full disclosure of material facts relative to the transaction. This fiduciary relationship exists in law and is consistently upheld by the courts.

A definite part of the full service objective is the conscientious practice of full disclosure to the client.

ATTORNEYS LICENSED AS REAL ESTATE BROKERS

A number of attorneys in California are licensed as real estate brokers. The law requires attorneys to have a license if they engage in the activities of a real estate broker.

Section 10133 (c) of the Real Estate Law exempts attorneys from this licensing requirement only as follows:

Services rendered by an attorney at law in performing his duties as such attorney at law.

(Continued from page 1)

The problems of growing enrollments were eased by DRE, the industry and the colleges working together. Campus based advisory committees, made up of leaders in real estate and related businesses, provided a bridge of understanding between practitioners, community and colleges.

In addition, the DRE instructional aids for each of the basic courses together with its standard publications and a good many supplemental materials and services, have served as a continuing stimulus to improvement. Of particular significance is the achievement of relative uniformity of course content, title, description and quality of instruction throughout the state.

All this leads to the same healthy conclusion: Whenever public institutions of higher education, the DRE, and organized licensees put their shoulders to the same wheel, the inevitable result is progress. This explains in simple terms why the progress of community college real estate education in California has kept pace with the needs of the real estate industry and consumer.

Recovery Fund Talked of in Japan

It seems the California Recovery Fund may be receiving worldwide recognition. Mr. Toshio Murata of Yokohama, Japan, recently visited the Department of Real Estate and stated he was acting unofficially as a representative of the Majority Party of the Japanese Diet.

He told our recovery fund counsel that Japan is facing the same growth problems as this state and that the Majority Party was interested in improving the image of the real estate broker in Japan. He was aware of our recovery fund and had been instructed to obtain information concerning the way it was administered, and California's experience with the und.

He spent several hours with department officials exploring the possibilities of adopting a similar program for the real estate brokerage industry in Japan.

Something We Thought You Knew!

At a recent staff meeting the department was addressed by an attorney who represents several large subdivision developers. In the course of his talk he suggested members of the department "shop" subdivision offerings to ascertain whether or not the merchandising of the subdivision followed the facts represented to the department by the subdivider in his application for public report.

We were surprised that he didn't know we visit subdivision sites as a routine matter, and allow the sales representative to tell us what he will. Several of these contacts have resulted in formal proceedings.

Perhaps we have been doing ourselves and you a disservice by not publicizing this procedure before. In the future we plan to notify developers of our findings whether that notification be good news or bad.

QUESTION QUIZ

Real Estate Economics

Here are four questions you can use to test yourself in the subject of real estate economics. The answers and source are on page 8.

1. How much of the national wealth consists of real property?
 - (a) One-fourth
 - (b) One-third
 - (c) One-half
 - (d) Two-thirds
2. Improved urban properties occupy approximately how much of the total U.S. land area?
 - (a) One percent
 - (b) Three percent
 - (c) Six percent
 - (d) Nine percent
3. Although an investment of about \$54 billion in residential structures seems like a large sum of money, it accounts for about how much of the gross national product?
 - (a) Eight percent
 - (b) Ten percent
 - (c) Twelve percent
 - (d) Fourteen percent
4. The ability to buy goods and services, to create and use real estate projects, to build cities relates directly to which of the following:
 - (a) Foreign trade
 - (b) Consumer reaction
 - (c) Government spending
 - (d) Income receipts

Broker-Salesman Relationship Agreement

Since 1972 when Commissioner's Regulation 2726 imposed the requirement of a written contract between each real estate broker and his salesman the DRE staff reports a large drop off in questions from licensees regarding commission disputes and other broker-salesman relationships. Members of the industry report this required agreement has had a healthy influence in relation to their financial and procedural relationships.

We still occasionally receive questions whether or not the agreement between licensees must be in a specific format. Any format is acceptable as long as it is in writing and covers all material aspects of the relationship between the parties including supervision of license activities, duties and compensation.

The regulation does require a signed copy of the agreement be retained for three years from date of termination of the agreement by each party and available for inspection by the commissioner or his designated representative on request.



A quarter of a million dollars is a lot of money in anyone's language! The Department of Real Estate was instrumental in helping to have even more than that returned to consumers over the six month period, October 1973 to March 1974, \$245,654.00 to be exact. This of course was only the amount voluntarily reported to our offices and is therefore less than the actual amount consumers received. These refunds were a by-product of DRE investigative efforts and individually ranged from a few dollars to several thousand dollars. Such results are indeed gratifying for DRE and especially for the recipient since in many instances it may not have been formally recoverable.

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Mortgage Loan Brokers Must Disclose Difference in Costs Between Regulated and Unregulated Loans

A real estate broker acting in the capacity of a mortgage loan broker is under a statutory duty of fair and honest dealing when performing acts for which a license is required. This statutory duty does not depend on the existence of an agency relationship between the licensee and a party to the transaction. It arises from the status as *licensee*, not from *contract* or *agency*.

In *Realty Projects, Inc. v. Smith* (1973), 32 Cal. App. 3d 204, the Court of Appeal held that this statutory duty requires a mortgage loan broker to inform prospective borrowers fully of the difference between the commission, fees and charges for a loan regulated by the Mortgage Loan Brokers Law as against a loan in an amount exceeding the regulated limit. The court said, ". . . The prospective borrower, when he commences negotiating with a loan officer of a mortgage loan broker, is interested primarily in two things—how much money can he obtain on the security of his interest in certain real property and how much is the loan going to cost him. When he indicates to the loan officer that the total sum needed by him falls within the loan limits below which the compensation, etc., of the broker is regulated and the loan officer then suggests, without any other economic justification therefor, the possibility of

a higher loan exceeding the applicable limit of a regulated loan, simple honesty and fair dealing demand that the expert inform the non-expert that if the latter borrows above this limit, he will be subjected to a broker's commission and escrow fees and charges substantially in excess of the ceilings for such expenses imposed by . . ." the Mortgage Loan Brokers Law (Business and Professions Code Sections 10240-10248).

The court held that the mortgage loan broker's failure to disclose to the prospective borrowers this difference in costs between regulated and unregulated loans constituted a substantial misrepresentation and also amounted to fraud and deceit.

The court sustained disciplinary action by the Real Estate Commissioner against the licenses of the corporate broker, an individual broker and two real estate salesmen.

COMMINGLING!

Commingling means the mixing or confusing of the money or property of a principal with the broker's own. The law requires that brokers keep the money and property of clients entirely separate and apart from their own. Commingling is grounds for revocation or suspension.

"IMPACT OF INSTITUTIONS ON LAND VALUES"

This is a new research study from California State University, Fresno, concerning the impact an institution such as a university has on surrounding land values, and on the direction and rate of expansion of residential and business growth. It may be obtained for \$1.59 (includes tax), check or money order, payable to the Department of Real Estate, 714 P Street, Sacramento 95814.

Recovery Fund Joins The Million Dollar Club

Since the recovery fund was created in 1964 there have been 325 claims filed with DRE. Demands total \$2,739,496.37. Claims paid total \$1,004,970.01.

Where does the money come from? Five percent of all license fees are earmarked for the recovery program.

The purpose of the recovery program is to indemnify the public's loss due to wrongful acts of licensees. This protection covers an *unsatisfied* civil court judgment against a real estate licensee involving transactions requiring a real estate license. The judgment must be based upon the ground of fraud, misrepresentation or deceit by the licensee.

ANSWERS to questions on page 7: 1. (d) Two-thirds; 2. (b) Three percent; 3. (a) Eight percent; and 4. (d) Income receipts.

SOURCE: "Real Estate Economics", Fred Case, Housing, Real Estate and Urban Land Studies Program, Graduate School of Management, University of California Los Angeles, School of Management.