

REAL ESTATE BULLETIN

Official Publication of the California Division of Real Estate

GOODWIN J. KNIGHT, Governor

Sacramento, July, 1955

D. D. WATSON, Commissioner

Important Changes In License Law

New Licensees After October 1 Will Have to Pass Second Qualifying Examination; Many Other Bills Affecting Real Estate Law and Practice Are Approved

At the recent legislative session, a large number of bills relating to the real estate license law, to real estate in general and to subdivision law were introduced, passed, and signed by the Governor, all designed to assure greater protection to the public.

The new legislation affects real estate licensing, subdivision regulation, control of mortgage loan brokers, and regulation of "advance fee advertising firms." Also there are miscellaneous new statutes affecting map filing and planning, "Torrens Titles," and many other matters of importance to the real estate industry.

The degree of attention devoted to real estate problems by the Legislature was not unexpected. It is safe to say that never before in the State's history have so many different persons and agencies devoted their time to the study of real estate laws and regulations. It indicates the importance of the position which real estate holds in the investment field today.

Various proposals for changes to the real estate license law have been advanced over the past two years. These proposals were screened and presented to the Legislature by the Legislative Committee of the California Real Estate Association.

Review of New Laws Continued in Next Issue

Lack of space prevents complete coverage of all new legislation touching on real estate in this issue of the Bulletin.

The September issue, out soon, will carry further details on new laws. Keep July and September Bulletins together for ready reference.

Other bills designed to afford greater protection in the sale of subdivided property were sponsored by the Senate Interim Committee on Subdivision Development and Planning, headed by Senator Arthur Breed of Alameda County. Harrison R. Baker, prominent subdivider and homebuilder of Pasadena, headed up an Advisory Committee of 90 members selected from leaders of all industries affected. Also represented on this committee were planners, engineers, and representatives of various city, county and state agencies. All subdivision problems, no matter where encountered, were extensively reviewed.

Changes in the law which interest or affect the real estate industry in any way will be discussed in this Bulletin and in the subsequent issue which will be distributed soon.

The average real estate broker and salesman will probably be more interested in the new 1955 legislative amendments to the real estate license law than in some of the other changes.

The new amendments, as finally enacted, affect the present licensee very little. However, some are of great importance to the newcomer to the business, as he will have new hurdles to clear before he obtains a license which can be renewed from year to year. Of course, those brokers who employ a number of salesmen will be concerned with the requirements which must be met by the new salesmen in order for them to remain in the business continuously.

The New Or "Original" License

Amendments, effective October 1, 1955, make a greater distinction between an *original* license and a *renewal* license. Heretofore these terms have been used within the Division, but they had little significance to licensees.

Hereafter, a broker or a salesman who obtains an *original* license will have to pass another examination, given some time during the last three months of his original license year, to be eligible for a *renewable* license. Plans under study call for a notice to be sent to the broker or salesman during the ninth month of his original license period, notifying him to appear for his "final" examination during the tenth month. The law provides that the "final" examination shall be given during the last three months of the original license year, and, from a practical standpoint, notice must be given about the ninth month to permit time to arrange for the examination, grade the paper, and attend to the issuance of a new license before the original one expires.

It has not yet been determined what the nature of this "final" examination will be. It may be written, oral, or a combination of both. The commissioner, with the advice and counsel of the State Real Estate Board (Commissioner), will adopt and announce a policy in this connection.

The first or "entrance" examination, as distinguished from the "final" examination, must be passed prior to the issuance of the original license, as at present. This "entrance" examination will probably continue to be a written examination similar to the type now given. However, it may be made longer, covering a wider range

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Sacramento, July, 1955

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DIVISION OF REAL ESTATE

STATE OF CALIFORNIA
GOODWIN J. KNIGHT, Governor

D. D. WATSON
Real Estate Commissioner

DONALD McCLURE
Assistant Commissioner

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DISCIPLINARY ACTION—APRIL AND MAY, 1955

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. A list of persons to whom licenses are denied upon application is not published.

LICENSES REVOKED DURING APRIL AND MAY, 1955

Name	Address	Effective date	Violation
Martin, Macklin Franklin dba International Realty Company Real Estate Broker	3362 Adeline St., Berkeley	4/ 1/55	Secs. 10176 (g), (i) & 10177 (f)
Brown, James Hilton Real Estate Salesman	3362 Adeline St., Berkeley	4/ 1/55	Secs. 10176 (a), (g), (i) & 10177 (f)
Moreland, Alton Ray Real Estate Broker Business Opportunity Broker	18 N. Second St., San Jose	4/14/55	Secs. 10176 (a), (e), (i); 10177 (f); 10302 (e) & Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Whittaker, Arthur George Real Estate Broker	401 Thompson St., China Lake	4/15/55	Secs. 10162, 10165, 10176 (i) & 10177 (f)
Brown, Joseph Ruffus Real Estate Broker	717 E. 32d St., Los Angeles	4/25/55	Sec. 10177 (b) & (f)
Miller, Richard Albert Real Estate Broker	10528 Venice Blvd., Culver City	4/25/55	Secs. 10176 (i) & 10177 (f)
Carbo, Arthur James dba Jimmy Carbo Real Estate Broker	14050 E. Ave. Q, Littlerock	4/26/55	Secs. 10176 (a), (e), (i) & 10177 (f)
Rose, Joseph Real Estate Broker	3014 W. Eighth St., Los Angeles	5/ 3/55	Secs. 10176 (e), (i) & 10177 (f)
Wells, James Franklin, Jr. dba Jim Wells Realty Real Estate Broker	140 W. Vista Way, Vista	5/ 6/55	Secs. 10176 (e), (i) & 10177 (d), (f)
Taylor, Charles Amos Real Estate Broker	1400 W. Redondo Beach Blvd., Gardena	5/11/55 (Granted right to restricted license)	Secs. 10176 (e), (i) & 10177 (f)
Storeby, Carl August Real Estate Salesman	456 11th St., Richmond	5/10/55	Secs. 10176 (e), (i), & 10177 (f)
Harris, Karl Frederick Real Estate Salesman	7117 Etiwanda St., Reseda	5/13/55	Sec. 10177 (b), (f)
Wagaman, Randall Parker Real Estate Broker	2760 Fulton Ave., Sacramento	5/16/55 (Granted right to restricted RE Sales license)	Secs. 10176 (c), (i); 10177 (f) & Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Doser, Estelle Real Estate Broker	12009 Wilshire Blvd., Los Angeles	5/25/55 (Granted right to restricted license)	Secs. 10160 & 10177 (d), (f)
Criswell, Richard Ausbrook Real Estate Broker	74-201 Chicory Rd., Palm Desert	5/27/55 (Granted right to restricted license)	Sec. 10177 (b), (f)
Young, Russell Peter dba R. P. Young Realty Co. Real Estate Broker	5941 S. Figueroa St., Los Angeles	5/27/55	Secs. 10176 (e), (i) & 10177 (d), (f)
Clarke, Wreton Lafayette Real Estate Broker	2625 Rim Rock Rd., Apple Valley	5/27/55 (Granted right to restricted RE Sales license)	Sec. 10177 (b), (f)

Subdividing Activity Reaches New Peak in California

Subdividing activity in California continued on an extremely high plane all through the fiscal year ending June 30, 1955, with a total of 3,373 tracts filed for investigation and Commissioner's Public Report. This exceeds by a phenomenal 30.3 percent the previous all-time high reached last year, when 2,588 new subdivisions were started in the State.

Subdivision starts have been relatively stable in volume from month to month during year, although the spring, as usual, saw the greatest activity. Nevertheless, June filings totaled 337—up from 318 in May—and a 30.6 percent increase over the 258 new tracts started in June, 1954.

LICENSES SUSPENDED DURING APRIL AND MAY, 1955

Name	Address	Effective date and term	Violation
Glissman, Rex Philip dba Rex Glissman Co. Restricted Real Estate Broker Restricted Business Opportunity Broker	1550 Market St., San Francisco	4/11/55 indefinitely	Secs. 10156.7 & 10279.7
Kleiber, Dolly dba Kleiber Realty Real Estate Broker	727 Waller St., San Francisco	4/30/55 120 days	Secs. 10176 (i) & 10177 (f)
Friedman, Louis Business Opportunity Broker	3655 Wilshire Blvd., Los Angeles	5/11/55 15 days	Secs. 10301 (i), (j) & 10302 (e)
Bowman, Jack Lewis Real Estate Broker	10312 Lesterford St., Downey	5/24/55 15 days	Secs. 10160; 10163; 10164 & 10165
Lopes, Ralph Elbert Real Estate Broker	170 W. Santa Clara St., San Jose	5/24/55 30 days	Secs. 10176 (e), (i); 10177 (f) & Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Krone, Ray Bell Real Estate Broker	2046 Yale, Palo Alto	5/24/55 60 days	Secs. 10142; 10176 (a), (b), (i) & 10177 (f)
DeLugach, Henry Gilbert Real Estate Broker	Rm. 7, 2019 Salvio, P.O. Box 56, Concord	5/25/55 30 days	Secs. 10176 (a), (b), (i); 10177 (d), (f) & Sec. 2795 of R.E. Comm. Rules and Regulations
DeLacey, Anna Louise Real Estate Broker	24000 Ventura Blvd., Calabasas	5/25/55 3 days	Secs. 10176 (e) & 10177 (d), (f)

Commissioner's Headquarters in San Francisco

Sacramento Remains Principal Office of Division, Commissioner Makes Clear

Commissioner D. D. Watson is now making his official headquarters at the San Francisco office of the division located at 1182 Market Street. The move was made desirable by a general reorganization of the division's administrative setup, and will enable the commissioner to keep in closer personal touch with enforcement and regulation problems.

Commissioner's Statement

The commissioner, commenting on the change, said: "We are only putting into effect some major internal changes which we have been working on for the past three or four years—all in line with modern management practice. Some of these changes will enable me to be relieved of considerable administrative detail, which will be handled by Assistant Commissioner Donald McClure.

"It is my intention to devote as much time as possible to the major problems of regulation and enforcement, working directly through Mr. Nye and Mr. Westcott, respectively my chief deputies in the northern and southern parts of the State. I also expect to spend more time conferring directly with individuals and groups on matters of policy important in the protection of the public and in the improvement of industry practices, with emphasis on relief from any unwarranted procedures or regulations."

Principal Office in Sacramento

Sacramento remains the head office of the Division of Real Estate so far as all licensing details are concerned, and the commissioner will spend part of his time there.

All master license files are maintained at Sacramento; all licenses are issued from that office; applications for licenses are processed there, as are claims of qualification for broker licenses. Examinations are prepared, scheduled, graded and otherwise processed at that office. The accounting function of the division is performed at Sacramento, as are all major mailings of any material issued by the division, including the *Real Estate Bulletin* and other publications.

Californian Named NAREB Chief Executive Officer

Eugene P. Conser, San Marino, State Secretary of the California Real Estate Association for the past nine years, has accepted appointment as Chief Executive Officer of the National Association of Real Estate Boards, with headquarters in Chicago. Mr. Conser will succeed Herbert U. Nelson, when the latter retires on September 1st after 33 years as Executive Vice President of NAREB.

The new executive of the national association is known as an authority on legislative procedure, housing and taxation on local, state and national levels. His new duties will take him frequently to Washington, D. C., where he once held the position of Executive Vice President of the National Apartment Owners Association.

Accepting the assignment, Mr. Conser stated that much of his interest will be directed toward continued expansion of individual home ownership. He said: "The present all-time record of 56 percent of our Nation's families owning their own homes is one to be proud of, but one on which we cannot afford to stand. Our objectives will be to bring home ownership within the reach of at least 80 percent of our families within the next generation."

Pontius New Secretary State Real Estate Group

H. Jackson Pontius, 38, of Pasadena, has been named to succeed Eugene Conser as State Secretary of the California Real Estate Association, assuming his new duties August 1st, according to Floyd Lowe, President of CREA.

The new state association official has directed the educational work of the organization since 1948. He has been in charge of educational and

Number of New Staff Assignments in Division

The commissioner made a number of changes in assignments and appointed several new deputy commissioners, effective July 1st. The appointments were made from the top of a civil service list established by written and oral examination.

Chief Deputy Gaylord K. Nye, in charge of the Northern California area, is now headquartered at San Francisco in order to supervise the entire territory and its several division offices more effectively.

Deputy John Lazur has been appointed senior deputy-in-charge of the San Diego office; Deputy Gerald E. Harrington is the new senior deputy-in-charge of the Sacramento district office. Both previously worked in the Los Angeles office and earned their new posts as the result of competitive civil service tests.

In Fresno, as a deputy, is Edwin E. Magovern, transferred from Los Angeles where he worked in the same capacity.

Newly appointed as deputies are the following: William B. Hill in Fresno; Donald A. Bircher, Elmer R. Noesen, Walter C. Olczyk and Harry Powell, all in Los Angeles; Thomas J. Nolan in Sacramento, and James M. Sprows in San Francisco.

Edmund L. Eberling, well known to many licensees in the Los Angeles area after many years of service as a deputy, has retired.

Field Deputies

In an effort to create closer cooperation and working relations among the division, the real estate industry, local governmental agencies, and other interested public and private groups, the commissioner will designate three of his deputies as "field deputies" with roving assignments. Selections have not yet been made, but will be announced in a later *Bulletin*.

sales conferences held throughout the State, as well as assisting with the development of the University of California, University Extension Real Estate Certificate Program. Mr. Pontius had previously been secretary of a large realty board.

Fall Program of Real Estate Courses

University of California Extension Division Offers Varied Realty Subjects

Real estate courses at the professional level conducted by University Extension of the University of California are again available in many sections of the State, according to the fall schedule just announced. The courses, which can lead to the award of the Certificate in Real Estate, are presented by University Extension in cooperation with the California Division of Real Estate; the Educational Committee of the National Association of Real Estate Boards; and the California Real Estate Association.

The certificate program was instituted for those licensees who want to broaden their knowledge of specialized phases of the real estate field. **Only those persons who are already licensed as real estate brokers or salesmen, or who are engaged in working in closely associated fields, or who have already started on the program are eligible for registration in most of the offered courses.** These courses are intended mainly for the benefit of practicing real estate men and women, and are not meant to prepare one for real estate license examinations.

New Courses Developed

University Extension develops new courses as the need becomes apparent—as example, “Commercial and Investment Properties,” “Residential Construction and Design,” “Real Estate Exchanges and Taxation,” “Advanced Real Estate Practice” and “Urban Renewal.”

The Certificate in Real Estate is awarded by University Extension to the student who successfully completes eight courses in the established curriculum. It is possible for the candidate, enrolling in two courses each term, to establish eligibility for the certificate within two years.

As the certificate program has grown in stature and value, more licensees have enrolled in the courses in order to increase their knowledge in the field of real estate and thus be better equipped to render service to their customers and clients, with resultant greater income to themselves.

How to Secure Program

Although this is a state-wide program, it is not feasible to offer the University Extension courses except where the demand justifies. To bring

these educational programs to your locality, get in touch with the nearest real estate board or write directly to University Extension, 540 Powell Street, San Francisco, or 813 South Hill Street, Los Angeles.

There is a nominal enrollment charge which varies with the length of the course. Courses are given in the evening and the usual meeting lasts 2½ hours. Following is the fall schedule giving the place, starting date, and class hours of the courses.

FALL PROGRAM (1955)

SOUTHERN CALIFORNIA

LOS ANGELES: Hill Street Building
 Elements of Real Estate and Urban Land Economics XL 180—Tues., Sept. 13, 7-9.30 p.m.
 Real Estate Practice X 482AB—Thurs., Sept. 15, 7-9.30 p.m.
 Legal Aspects of Real Estate X 483AB—Wed., Sept. 14, 7-9.30 p.m.
 Real Estate Finance X 484AB—Tues., Sept. 13, 7-9.30 p.m.
 Valuation of Real Property XL 181—Wed., Sept. 14, 7-9.30 p.m.
 Property Management X 491AB—Thurs., Sept. 15, 7-9.30 p.m.
 Economic Aspects of Residential Construction and Design X 493AB (An approved Group Three Elective)—Mon., Sept. 12, 7-9.30 p.m.
 Real Estate Exchanges and Taxation X 494AB (An approved Group Three Elective) — (Prerequisite: Real Estate Practice, Real Estate Finance; and Valuation of Real Property; or consent of instructor)—Wed., Sept. 14, 7-9.30 p.m.

WESTWOOD: U. C. L. A. (B. A. E.)
 Elements of Real Estate and Urban Land Economics XL 180—Mon., Sept. 12, 7-9.30 p.m.
 Real Estate Practice X 482AB—Wed., Sept. 14, 7-9.30 p.m.
 Legal Aspects of Real Estate X 483AB—Mon., Sept. 12, 7-9.30 p.m.
 Real Estate Finance X 484AB—Wed., Sept. 14, 7-9.30 p.m.

Valuation of Real Property XL 181—Mon., Sept. 12, 7-9.30 p.m. (Class limited to 45 students)
 Property Management X 491AB—Mon., Sept. 12, 7-9.30 p.m.
 Economic Aspects of Residential Construction and Design X 493AB (An approved Group Three Elective)—Thurs., Sept. 15, 7-9.30 p.m.
 Commercial and Investment Properties X 492AB—Tues., Sept. 13, 7-9.30 p.m.

DOWNEY: South Junior High School, 12500 South Birchdale
 Real Estate Finance X 484AB—Thurs., Sept. 15, 7-9.30 p.m.
 Valuation of Real Property XL 181—Mon., Sept. 12, 7-9.30 p.m.

FULLERTON: Fullerton Junior College, 300 East Chapman
 Legal Aspects of Real Estate X 483AB—Thurs., Sept. 15, 7-9.30 p.m.

LONG BEACH: George Washington Junior High School, 14th and Pacific Ave.
 Legal Aspects of Real Estate X 483 AB—Tues., Sept. 13, 7-9.30 p.m.

PASADENA: John Muir High School, 1905 Lincoln Avenue
 Real Estate Practice X 482AB—Thurs., Sept. 15, 7-9.30 p.m.
 Legal Aspects of Real Estate X 483AB—Tues., Sept. 13, 7-9.30 p.m.
 Real Estate Finance X 484AB—Mon., Sept. 12, 7-9.30 p.m.
 Valuation of Real Property XL 181—Wed., Sept. 14, 7-9.30 p.m. (Class limited to 45 students)

RIVERSIDE: University of California, Social Science and Hum. Building
 Real Estate Practice X 482AB—Wed., Sept. 14, 7-9.30 p.m.
 Valuation of Real Property XL 181—Mon., Sept. 12, 7-9.30 p.m. (Class limited to 45 students)

SAN DIEGO: Roosevelt Junior High School, 3366 Park Boulevard
 Real Estate Practice X 482AB—Wed., Sept. 21, 7-9.30 p.m.
 Legal Aspects of Real Estate X 483AB—Mon., Sept. 19, 7-9.30 p.m.
 Real Estate Finance X 484AB—Tues., Sept. 20, 7-9.30 p.m.
 Valuation of Real Property XL 181—Thurs., Sept. 22, 7-9.30 p.m. (Class limited to 45 students)
 Commercial and Investment Properties X 492AB—Wed., Sept. 21, 7-9.30 p.m.

SOUTH BAY AREA: El Camino College, 12007 South Crenshaw Boulevard
 Legal Aspects of Real Estate X 483AB—Tues., Sept. 13, 7-9.30 p.m.
 Real Estate Finance X 484AB—Thurs., Sept. 15, 7-9.30 p.m.

VENICE: Venice Realty Board Building, 12937 Venice Boulevard.
 Legal Aspects of Real Estate X 483AB—Thurs., Sept. 15, 7-9.30 p.m.

NORTHERN AREA

- BERKELEY:** U. C. Campus, Dwinelle Hall
Economics of Real Estate 886AB—Tues.,
Sept. 13, 7-9.30 p.m.
Real Estate Practice 804AB—Wed., Sept.
14, 7-9.30 p.m.
Property Management 842AB—Thurs.,
Sept. 29, 7-9.30 p.m.
- BURLINGAME:** Burlingame High School,
Room 16
Economics of Real Estate 886AB—Tues.,
Sept. 13, 7-9.30 p.m.
Legal Aspects of Real Estate 824AB—
Wed., Sept. 21, 7-9.30 p.m.
Advanced Real Estate Practice 885AB—
Thurs., Sept. 8, 7-9.30 p.m.
- CONCORD:** East Contra Costa Junior College,
214 New Library Building
Legal Aspects of Real Estate 824AB—
Mon., Sept. 12, 7-9.30 p.m.
- FRESNO:** Fresno Realty Board Auditorium,
2123 Amador Street
Legal Aspects of Real Estate 824AB—
Tues., Sept. 20, 7-9.30 p.m.
- HAYWARD:** 21144 East 14th Street, Confer-
ence Room
Principles of Real Estate Appraisal
860ABC—Tues., Sept. 13, 7-9.30 p.m.
- MARIN COUNTY:** San Rafael High School,
Room 61
Principles of Real Estate Appraisal
860ABC—Thurs., Sept. 8, 7-9.30 p.m.
- MODESTO:** Modesto Junior College, North
Hall, Room 15
Principles of Real Estate Appraisal
860ABC—Tues., Sept. 20, 7-9.30 p.m.
- NAPA:** Napa Junior College, Room 34
Real Estate Finance 806AB—Wed., Sept.
14, 7-9.30 p.m.
- OAKLAND:** 1730 Franklin Street
Principles of Real Estate Appraisal
860ABC—Thurs., Sept. 15, 7-9.30 p.m.
Legal Aspects of Real Estate 824AB—
Tues., Sept. 13, 7-9.30 p.m.
Real Estate Finance 806AB—Wed., Sept.
14, 7-9.30 p.m.
Urban Renewal 800AB—Mon., Sept. 12,
7-9.30 p.m.
- OAKLAND:** 1528 Webster Street, Auditorium
Commercial and Investment Properties
880AB—Tues., Sept. 27, 7-9.30 p.m.
Residential Construction and Design 857-
AB—Wed., Sept. 21, 7-9.30 p.m.
- PALO ALTO:** Jordan Junior High School,
Room F-5
Real Estate Finance 806AB—Tues., Sept.
20, 7-9.30 p.m.
Property Management 842AB—Wed., Sept.
21, 7-9.30 p.m.
- SACRAMENTO:** 1020 N Street, Room 102
Commercial and Investment Properties
880AB—Wed., Sept. 28, 7-9.30 p.m.
Real Estate Practice 804AB—Tuesday,
Sept. 20, 7-9.30 p.m.
- SAN FRANCISCO:** 140 Montgomery Street
Real Estate Finance 806AB—Mon., Sept.
12, 7-9.30 p.m.
Advanced Real Estate Appraisal 887ABC
—Mon., Sept. 12, 7-9.30 p.m.

LELAND P. REEDER**In Memoriam**

Leland P. Reeder, 64, member of the State Real Estate Board, Past President of the California Real Estate Association and active in national, state and local real estate affairs, died in his sleep July 11th at his home in Beverly Hills.

He had only shortly before returned from a trip to Europe, where he attended the International Real Estate Conference. His European journey was curtailed due to illness, but his condition appeared improved following his return home. He left his widow, Mrs. Caroline Reeder; a son, William C. Reeder; a granddaughter, Patty Lee; and a sister.

Mr. Reeder served as a member of the State Real Estate Board continuously since 1943, when he was first appointed to the post by then Governor Earl Warren. His thinking and his judgment—always guided by a high concept of ethical standards—were valued and respected by his fellow members.

The building of opportunities for specialized real estate education and the development of professional standards for the real estate practitioner were projects he was devoted to, and he was an acknowledged national leader in the real estate educational field.

Leland P. Reeder's great contributions to real estate causes and his many fine qualities and general good fellowship endeared him to his host of friends and business associates throughout the Nation.

He will be missed.

- Legal Aspects of Real Estate 824AB—
Tues., Sept. 13, 7-9.30 p.m.
- SAN FRANCISCO:** 540 Powell Street
Real Estate Exchanges and Taxation
822AB—Wed., Sept. 28, 7-9.30 p.m.
Economics of Real Estate 886AB—Thurs.,
Sept. 15, 7-9.30 p.m.
Real Estate Practice 804AB—Wed., Sept.
14, 7-9.30 p.m.
- SANTA CRUZ:** Santa Cruz High School, Sci-
ence Building
Real Estate Finance 806AB—Tues., Oct. 4,
7-9.30 p.m.
- STOCKTON:** Stockton College
Legal Aspects of Real Estate 824AB—
Mon., Sept. 12, 7-9.30 p.m.
- VALLEJO:** Vallejo College
Residential Construction and Design
857AB—Thurs., Sept. 22, 7-9.30 p.m.
- VISALIA:** Mt. Whitney High School, Room
I-5
Real Estate Finance—Tues., Sept. 20, 7-9.30
p.m.

License Law for Minnesota

Minnesota became the forty-second state to enact a real estate license law, culminating years of effort on the part of its real estate industry. The license bill, passed by the 1955 legislature and signed by Minnesota's governor, provides for bonding of brokers and sales-

**Number of Licensees
At New High Mark**

Licenses of various types issued by the Real Estate Commissioner, during the fiscal year ending June 30th, reached a total of 119,400, surpassing last year's all-time high of 112,025 by 6.58 percent.

Real estate broker licenses increased only slightly—from 55,537 to 56,207. A jump in real estate salesman licenses accounted for most of the over-all rise. During 1954-55, 53,371 salesman licenses (including limited real estate salesmen) were issued—compared with 46,923 in the previous year—an increase of 13.7 percent.

It is notable that, as of June 30, 1955, there were almost as many salesman licensees as brokers. This points up a trend started when legislation was adopted requiring prerequisite experience of the broker license applicant.

Now there are fewer real estate brokers in California than there were in 1950.

men, and is administered by the State Commissioner of Securities.

License Law Changes--Original License

(Cont. from Page 193, Col. 3)

of subjects and including more practical problems.

Result of Examination Failure

No longer will an applicant for an original license be able to take an unlimited number of re-examinations until he is finally successful. Under the new law, the candidate for broker or salesman license who fails the "entrance" examination will be required to wait 30 days before taking a second one. He must file a request for the repeat examination and pay the repeat examination fee, \$10 for broker and \$5 for salesman. If the second "entrance" examination is failed, the application will be "dead" and the candidate must wait a full year before he can file another original application.

The "Final" Examination

After a person has secured his original nonrenewable license (valid for one year), he may operate as a broker or salesman as the case may be. A follow-up file will be maintained and a notice of "final" examination will be sent sometime toward the end of the ninth month, as previously discussed. The broker or salesman must then take the "final" examination at the appointed time. Passing this examination, he will be permitted to apply for and receive a permanent, renewable license.

Failing the "Final" Examination

What happens if the broker or salesman holding an "original," non-renewable license fails his "final" examination?

The broker who fails the "final" examination may make application for a second "original" nonrenewable license. This must be done within 30 days from the time his first "original" license expired. He can therefore continue for another year under his second original broker license without passing the "final" examination, but not without filing another complete application together with a \$20 fee.

The law also permits the broker holding an "original" license, who fails his "final" examination, to apply for

and be issued a *renewable salesman license*.

If the holder of an "original" broker license fails the "final" examination and applies for a second "original" broker license, the law specifies that he may be issued such a license without the necessity of another "entrance" examination.

If the holder of an "original" salesman license fails his "final" examination, he is also permitted by law to apply for and receive a second "original" license good for another year. However, in the salesman's case, the law specifies that he must take and pass another "entrance" examination.

Failing Two "Final" Examinations

If the holder of an original broker or an original salesman license fails the second "final" examination at the end of the second original license period, he must wait a full year before he is eligible to apply for another original license in the same class.

The License Year

There is an important change in original licenses, in that all original licenses (except limited real estate salesman) are to be issued for a full year from the date of issuance. For example, an original, nonrenewable broker or salesman license issued on October 15 will expire at midnight on the following October 14. The June 30 expiration date does not apply in the case of original licenses.

However, when the renewable license (that is—regular or permanent license as distinguished from the "original") is obtained, it will expire at midnight June 30, as at present. All present licensees who hold permanent, renewable licenses will continue to make an annual renewal and pay the renewal fee on or before June 30. Their renewed licenses will be issued for the fiscal year July 1 through June 30.

Let us again consider the case of the "original" or nonrenewable license which expires on a given date—for example, October 14. If the licensee has qualified for a renewable license (passed the "final" examination) and makes application, he will secure such

renewable license good for the balance of the fiscal year up to June 30. After that, he will renew for full year periods, July 1-June 30. For that portion of the year covered by his first renewable license, he will be required to pay the full yearly fee.

Corporations and Copartnerships

Operating members of partnerships and active officers of corporations must hold real estate broker status as in the past. They may hold either original or renewable licenses. The requirements are the same as for individual brokers.

Fees Remain the Same

All broker and salesman license and examination fees remain as they have been in the past. A bill which would have provided for the issuance of licenses good for four years, with fee paid in advance, did not become law.

Nature of Examinations

The examination to be given during the last three months of the original license period, is in addition to the first or "entrance" examination. The law does not specify the nature or scope of this "final" examination, and leaves it to the Commissioner to determine what type shall be given and what subjects shall be covered. The law merely states:

"10153.5. All original real estate licenses issued by the Commissioner shall be for a period of one year and the holder thereof shall not become eligible for a renewal real estate license until he has successfully passed an examination which shall be given by the Commissioner not more than three months prior to the termination of the one year license period. The examination herein referred to shall be in addition to the original qualifying examination."

As stated before, this "final" examination may be oral or written, or a combination of both. The nature of this examination is a matter of policy to be determined by the Commissioner and the State Real Estate Board (Commission). It is to be assumed that during the first nine months in the business, the holder of an "original" broker or salesman license will have

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gained considerable practical experience. It is believed that oral or written examinations can be developed to test whether the candidate for permanent, renewable license has the practical knowledge to handle a real estate transaction properly.

The law provides for only one "final" examination to be given in connection with any "original" license. Therefore, if the applicant fails the final examination, he cannot take another under that same license.

Business Opportunity Licenses

The new amendments to the license law also affect business opportunity and mineral, oil and gas licenses. The new provisions for these types of licenses are almost identical to those covering real estate licenses. Original broker and salesman licenses in these categories are issued for one full year, with the requirement of a "final" examination the last three months of the original year.

When "entrance" or "final" examinations are failed, the same rules apply as in the case of real estate licenses, with one exception. When the business opportunity or mineral, oil, and gas broker or salesman applicant fails two successive entrance examinations, he need wait but six months before he files another original application. The waiting period is one full year in the case of real estate brokers and salesmen.

NEGLIGENCE OR INCOMPETENCE

A far-reaching cause for action against a license is provided by 10177(g) added to the Real Estate Law. This permits the commissioner to revoke or suspend the license of any person who has "*demonstrated negligence or incompetence in performing any act for which he is required to hold a license.*"

Heretofore the commissioner's jurisdiction has been confined largely to acts of dishonesty. Often instances have been revealed where there apparently was no intentional dishonesty, but the broker or salesman demonstrated utter ignorance of real estate laws and practices. In other cases the licensee has grossly neglected his business to the extent that his clients have suffered great anxiety and often

monetary loss. The commissioner can now take action against licensees offending in these respects.

BROKER'S RESPONSIBILITY FOR SALESMEN TIGHTENED

The commissioner can now revoke or suspend the license of any broker who fails to exercise reasonable supervision over the activities of his salesmen. This provision is contained in Section 10177(h). It is designed to apply to brokers who employ salesmen and allow them to operate independently—in effect, as brokers—without any supervision. Unfortunately, there have been a number of brokers who would sponsor applicants for salesman license indiscriminately with the understanding that, once licensed, the salesmen would conduct branch offices at distant cities and remit a small percentage of their gross commissions for this accommodation.

This new section is designed to make the broker responsible for the salesmen he sponsors for license and employs. To permit this indiscriminate hiring of salesmen to run distant branch offices on an accommodation basis, is to defeat the educational and experience requirements of the law which must be met before conducting an independent brokerage business.

FINAL TERMINATION DATES IN EXCLUSIVES

Section 10176(f) of the law has been amended to make it clear that any licensee who claims, demands, or receives a commission under any exclusive listing, where such agreement does not contain a definite, specified date of final and complete termination, subjects himself to disciplinary action.

Even one violation now subjects the licensee to discipline. Formerly, the law provided for a penalty, but only in cases where the broker or salesman made a "practice of" using exclusive listings without a definite termination date and claiming a commission thereunder.

Please note that the law does not make it a violation to use an exclusive listing without a definite termination date, but makes it a violation if a fee, compensation or commission is

claimed, demanded, or received under any exclusive listing. However, from a practical standpoint, there would be no point in using an exclusive listing without a definite termination date.

NONLEGITIMATE USE OF TRADE NAME

For several years the license law has provided a penalty for the use of the term "Realtor" without the legal right so to do. The pertinent section, 10177(e), has now been broadened to read, "*Wilfully use the term 'Realtor' or any trade name or insignia of membership in any real estate organization of which the licensee is not a member.*"

CONFIDENTIAL PUBLIC RECORDS

A new provision of the law, Section 10177(k), is designed to prevent public employees from taking advantage of confidential government records in conducting a real estate business on the side. This section permits disciplinary action against the licensee who:

"Has used his employment by a governmental agency in a capacity giving access to records, other than public records, in such a manner as to violate the confidential nature of such records."

DELIVERY OF COPIES OF INSTRUMENTS

Section 10142 of the license law has been amended to require any broker or salesman who secures the signature of a person to any real estate contract or document, to deliver a copy thereof to the person at the time the signature is obtained.

While a similar provision of the law has been in effect for several years, it formerly applied to agreements pertaining to the sale, purchase or exchange of real estate only. The amended section is broadened to apply to the performance of "*any of the acts for which he is required to hold a license.*"

NONRESIDENT LICENSEES

The California law permits non-residents of California to be issued real estate, business opportunity, and mineral, oil and gas licenses. They must,

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More on License Law Changes

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of course, maintain an office within this State.

In order that a nonresident may not avoid a civil suit as a result of his business dealings in California under his license, he is required to file an agreement with the commissioner, to the effect that valid service in connection with a court action can be made upon him by serving the Secretary of State.

This provision which formerly applied only to real estate brokers, has now been extended to cover business opportunity and mineral, oil and gas brokers.

REINSTATEMENT FEE CLARIFIED

A rather technical amendment to the license law requires the payment of a \$1 fee for reinstatement of a canceled or "inactivated" license even when the reinstatement is coincidental with renewal of the license.

EXAMINATIONS FOR REINSTATEMENT

Occasionally the commissioner will reinstate a license which he has previously revoked. This is done sometimes when the person affected has demonstrated rehabilitation and that he is a good risk for license.

A new section, 10182, has been added to the Real Estate Law permitting the commissioner to require the applicant to take and pass a qualifying examination as a condition to reinstatement of a revoked or suspended

license. This applies to all types of licenses issued by the commissioner.

LICENSEE AS LOAN AGENT

Licensed real estate brokers, under an amendment to the Corporation Code, may now act as agents in the sale of mortgage and trust deed notes without being subject to the Corporate Securities Law, provided such notes are not being sold to an underwriter or are not one of a series of notes.

However, certain phases of the loan brokerage business will now be stringently regulated by law under statutes newly added to the Civil Code. The real estate broker or salesman violating the new statutes subjects his license to disciplinary action by the Real Estate Commissioner. The new regulations governing the handling of certain types of real estate loan activities will be discussed at length in the September *Bulletin*.

"EXPECTATION" OF COMPENSATION

All sections of the Real Estate Law defining real estate, business opportunity, and mineral, oil and gas brokers and salesmen have been amended to include cases where brokers and salesmen work "in expectation of a compensation." Formerly the law applied only when they were working "for a compensation." The change in language will make it less difficult to present cases involving unlicensed ac-

REGULATION OF "ADVANCE FEE" AGENTS

Under certain conditions, those who engage in soliciting advertising of real estate or business opportunities in catalogs or other publications of that nature, must be licensed. Amendments to the business opportunity chapter of the Real Estate Law bring under the jurisdiction of the Real Estate Commissioner those who solicit owners to advertise their businesses for sale in a catalog published primarily for that purpose, when an "advance fee" is charged at the time the advertising contract is signed by the prospective seller.

This "advance fee" advertising business often resulted in abuses which obviously needed correction. The practice has been by no means confined to California and has been an object of concern to the real estate industry and license authorities in many states.

California has attacked the problem by adding Sections 10252.5 and 10253.5 to the license law.

It will be noted that the law is designed not to interfere with any legitimate advertising in newspapers, magazines, or other such publications.

Section 10305, newly added to the law, provides that any licensee who collects an advance fee must furnish an accounting of the use of the advance fee. This must be done within three months after the charge is made or the money collected. The accounting must be made to the person who pays the money, or the commissioner may require it.

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