

# REAL ESTATE BULLETIN

Official Publication of the California Division of Real Estate

GOODWIN J. KNIGHT, Governor

Sacramento, July, 1957

F. W. GRIESINGER, Commissioner

## 1957 Real Estate Legislation

### No Major Changes for Average Licensee; Important Mortgage Loan Amendments

The State Legislature wound up its strenuous 1957 session enacting few changes in the California Real Estate Law, although several bills were adopted affecting mortgage loan broker activities.

The advisory board to the Real Estate Commissioner was officially designated as the "Real Estate Commission," rather than the "Real Estate Board." In the past, the public and licenses have had difficulty in distinguishing the name and function of this advisory group from the similarly named real estate industry associations.

In line with the general trend of this year's legislative wishes, meetings of the Real Estate Commission will be open and public, except for those executive sessions dealing with examinations. A number of bills were passed affecting other state boards and commissions in the same manner.

#### Fictitious Names

An organized procedure for applying for license with a fictitious name has been established by legislation which requires those applicants to file with the commissioner a certified copy of both the entry of the county clerk and the affidavit of publication pursuant to provisions of the Civil Code. (See this issue, "Fictitious Business Names".)

#### Directory of Licensees

Annual publication by the Real Estate Commissioner of a directory of licensees will no longer be mandatory, according to an amendment to the license law passed by the Legislature. Instead, the commissioner is authorized to provide such substitute services as will accomplish the original purpose of the directory. This legislation was given impetus by the four-year license law which makes publication of an annual one volume directory extremely impractical.

#### Mortgage Loan Legislation

The present Mortgage Loan Brokerage Law was amended in a number of instances, but the major portion of the present act remains intact.

The first bill to be approved by the Governor relating to the Mortgage Loan Brokerage Law removed all purchase money loans from the former requirement that any such loan under three years must provide for payment in equal installments. It will now be possible to arrange these loans, given as part or all the purchase consideration for property, without complying with Section 3081.5 of the Civil Code.

Mortgage loan statements can now be signed anywhere, whereas previous law required the signing of the statement in the mortgage loan broker's office. Certain portions of the statement cannot be left blank at the time of signing and a copy of the signed statement must be kept by the broker for a period of three years after the original termination date of the note.

Another mortgage loan amendment relates to the mortgage loan statement. It requires the loan broker to state that he is not the lender. A further amendment makes it unlawful to begin charging interest on loans until such time as the money is made available to the borrower or placed in escrow by the lender. Still another amendment prohibits false advertising of rates, terms, or conditions for making or negotiating loans.

(Cont. on Page 311, Col. 3)

### Please Be Patient; License Issuance Delayed

If you filed your renewal application with the appropriate fee prior to midnight, July 1, 1957, and you have not received your renewal license, don't be too worried about it.

Under the above circumstances, the law entitles you to continue operating in your capacity as a licensee. Your license record will have been established in Sacramento and your license will be sent as soon as possible.

The main office licensing operation at Sacramento is being modernized by use of a punched-card system. The conversion of the present addressograph plate files to the new punched-card system was undertaken to enable the division to have a control on license expiration dates. But the conversion and the complications in accounting due to prorated fees have inevitably slowed the actual issuance of renewal licenses.

#### Prorated Renewal Fees

As mentioned in the May *Bulletin*, all licensees were divided into 43 groups. The group into which the individual licensee fell was determined by the alphabetical position of the first letter in the licensee's last name. Groups were renewed for periods ranging from 6 to 48 months. This was done in order to stagger license renewal dates so that all licenses will eventually be on a four-year basis but will expire at different times during the year. The four-year license fee is \$50 for broker and \$30 for salesman, and fees were prorated in proportion to the lesser periods for which licenses are issued. This necessitated a much more involved accounting procedure at this particular time.

An earnest plea is made for you to be patient if you have not yet received your license.

**REAL ESTATE BULLETIN**

Sacramento, July, 1957

Published Bimonthly by the  
**DIVISION OF REAL ESTATE**

STATE OF CALIFORNIA  
GOODWIN J. KNIGHT, Governor

F. W. GRIESINGER  
Real Estate Commissioner

**STATE REAL ESTATE COMMISSION**

MAURICE G. READ THOMAS R. ROONEY  
Berkeley Los Angeles  
FRANK WHITELOCK CURTIS M. ROBBINS  
San Bernardino Stockton  
WILLARD L. JOHNSON EDWARD M. LOFTUS  
San Francisco Los Angeles

**ADMINISTRATORS**

DONALD McCLURE, Assistant Commissioner  
541 South Spring Street, Los Angeles  
GAYLORD K. NYE, Chief Deputy, Northern Cal.  
1182 Market Street, San Francisco  
M. R. GRIFFIN, Chief Deputy, Southern Cal.  
Room 310, 541 South Spring Street, Los Angeles

**PRINCIPAL OFFICE**

1021 O Street, Sacramento

HAROLD H. WELLS, Supervising Deputy, Licenses  
WALTER J. MILLER, Supervising Deputy,  
Examinations

**Northern District Offices**

SAN FRANCISCO, Room 204, 1182 Market Street  
Saxon A. Lewis, Supervising Deputy  
SACRAMENTO, Room W1063, 722 Capitol Ave.  
James M. Winter, Deputy-in-Charge (Sacramento  
District)  
FRESNO, 308 Rowell Building  
John S. McVay, Deputy-in-Charge  
OAKLAND, Room 304, 1744 Broadway  
Marvin H. Wiegman, Deputy-in-Charge  
BAKERSFIELD (part time), 331 18th Street

**Southern District Offices**

LOS ANGELES (Main Office, Southern Area)  
Rm. 310, Spring Arcade Building, 541 S. Spring  
Gerald E. Harrington, Supervising Deputy  
SAN DIEGO, 613 Orpheum Theatre Building  
John Lazar, Deputy-in-Charge  
SAN BERNARDINO (part time), 633 D Street  
LONG BEACH (part time), 3747 Long Beach Blvd.

**LATE RENEWAL FEE**

If your license renewal application is filed after July 1st, the full four-year fee plus extra charge for late renewal must be paid. The fee and expiration date stamped on your renewal application can be disregarded.

For broker license, the full four-year fee is \$50 and the late renewal charge is \$12.50, making a total of \$62.50.

For salesman license, the full four-year fee is \$30 and the late renewal charge is \$7.50, making a total of \$37.50.

Under the law, there is no difference between active or inactive licenses as far as renewal fees are concerned. Inactive licensees must pay the same renewal fees as active licensees.

**DISCIPLINARY ACTION—APRIL, 1957, AND MAY, 1957**

NOTE: Any person whose license has been suspended or revoked, or whose license application has been denied, has the right to seek a court review. This must usually be done within 30 days after the effective date of the commissioner's decision.

Therefore a list of actions is not published in this *Bulletin* until the period allowed for court appeal has expired; or, if an appeal is taken, until a final determination of the court action. Names of persons to whom licenses are denied upon application are not published.

**LICENSES REVOKED DURING APRIL, 1957, AND MAY, 1957**

Name	Address	Effective date	Violation
Grand, Norman Nathan Real Estate Salesman	1200 N. Garfield, Alhambra	2/20/57	Secs. 10130, 10131, 10137, 10177 (d) & (f)
Grand, William Samuel Real Estate Salesman	1200 N. Garfield, Alhambra	2/20/57	Secs. 10130, 10131, 10137, 10177 (d) & (f)
Hetts, Gladys Louise dba Hettis Realty Company Real Estate Broker	615 Hettis Lane, Sebastopol	4/ 2/57	Secs. 10176 (a), (e), (i); 10177 (f) & Secs. 2830, 2831 & 2832 of R. E. Comm. Rules and Regulations
Adkins, Earl True Real Estate Broker	7500 Sepulveda Blvd., Van Nuys	4/ 3/57	Sec. 10177 (b) & (f)
Bruce, Fred Charles Real Estate Broker	1460 W. Vernon Ave., Los Angeles	4/13/57	Secs. 10176 (i); 10177 (d) & (f)
Houghton, Wendell Hugh dba Chevron Realty Real Estate Broker	303 Mesa St., Wheatland	4/17/57 (Granted right to restricted real estate salesman license)	Secs. 10165; 10176 (a), (b), (i); 10177 (a), (d), (f); 10302 (d), (e)
Houghton, Wendell Hugh dba Houghton Realty Real Estate Broker Business Opportunity Broker	1721 Lincoln Ave., Alameda	4/17/57 (Granted right to restricted real estate salesman license)	(Same as above)
Nuzum, Will Quarrier Real Estate Salesman	4027 Scandia Way, Los Angeles	4/18/57	Sec. 10177.6
Bell, Frank Henry Right to apply for Restricted Real Estate Broker	RR No. 1, Canoga Park	4/23/57	Secs. 10176 (a), (e), (i) & 10177 (f)
Conley, Harold Edwin Real Estate Salesman	3860 Clayton Ave., Los Angeles	4/27/57	Secs. 10176 (a), (e), (i) & 10177 (d), (f)
Sellers, Charles LeRoy Real Estate Broker	4018 Budlong Ave., Los Angeles	4/27/57	Secs. 10176 (e), (i) & 10177 (d), (f)
Moore, William Byrd Right to apply for Restricted Real Estate Broker	4410 Florida Ave., Richmond	4/29/57	Secs. 10176 (e), (i); 10177 (d), (f); 10301 (e), (i); 10302 (d) & (e)
Ragan, Arthur Norbert Real Estate Broker Business Opportunity Broker	1326 35th Ave., San Francisco	4/30/57	Secs. 10176 (a), (b), (e), (i); 10177 (f); 10302 (e) & Secs. 2830, 2831 & 2832 of R. E. Comm. Rules and Regulations
Larson, Leo Lawrence Real Estate Salesman	P.O. Box 77, Third St., Hesperia	5/ 4/57	Secs. 10176 (i) & 10177 (f)
Gielish, Elmer Vincent dba Bob Gielish Real Estate Broker	7910 S. Hoover St., Los Angeles	5/ 4/57	Secs. 10176 (a), (d), (i) & 10177 (f)
Doc Blue Realty Frank Angel Blue—Member Real Estate Broker Business Opportunity Broker	2607 N. Main St., P.O. Box 544, Walnut Creek	5/12/57	Secs. 10142, 10176 (e), (i); 10177 (d), (f); 10302 (d), (e) & Secs. 2830, 2831 & 2832 of R. E. Comm. Rules and Regulations
Blue, Frank Angel Real Estate Broker Business Opportunity Broker	2607 N. Main St., P.O. Box 544, Walnut Creek	5/12/57	(Same as above)
Clifton, Sammie Real Estate Salesman	151 Bloom St., Los Angeles	5/15/57	Secs. 10176 (i); 10177 (d) & (f)
Devoto, Jerome Loyal Real Estate Broker	607 Market St., San Francisco	5/15/57	Sec. 10177 (f)
McKeown, Patrick Joseph Real Estate Broker	1111 W. Foothill Blvd., Azusa	5/15/57 (Granted right to restricted real estate salesman license)	Sec. 10177 (b)
Klein, Benjamin N. Real Estate Broker	2917 W. Olympic Blvd., Los Angeles	5/15/57 (Granted right to restricted real estate salesman license)	Sec. 10177 (b)
Lang, Darrell William dba Darrell Lang Realty Company Real Estate Broker	4863 Mission St., San Francisco	5/28/57	Secs. 10176 (a), (b), (e), (i); 10177 (f) & Secs. 2830 & 2832 of R. E. Comm. Rules and Regulations
Pennington, Reginald E. Restricted Real Estate Broker	11531 Brookhurst, Garden Grove	5/28/57	Sec. 10177 (d) & (f)
Cordova, James Real Estate Salesman	163 E. Walnut St., Stockton	5/31/57	Sec. 10177 (b) & (f)
Freundahl, Alwin W. Real Estate Broker	1057 46th Ave., Oakland	5/31/57	Secs. 10160, 10162, 10164, 10165, 10176 (e), (i); 10177 (d), (f) & Secs. 2771, 2830, 2831 & 2832 of R. E. Comm. Rules and Regulations
Dubreuil, Frank Paul Real Estate Salesman	450 E. Cleveland St., Chandler, Arizona	5/31/57	Secs. 10176 (a), (b), (e), (i) & 10177 (f)
Seybold, Evelyn Mae Real Estate Salesman	450 E. Cleveland St., Chandler, Arizona	5/31/57	Secs. 10176 (a), (b), (e), (i) & 10177 (f)

## Commissioner Attacks "Advance Fee" Problem

### Recent Court Decision Upholds License Requirement in Civil Action

The Real Estate Commissioner has received reports that there are some 50 concerns or individuals operating in the "advance fee" field in California; and the Attorney General has advised he believes the commissioner may seek criminal enforcement of the "advance fee" statutes in cases of apparent violation, except where restraining injunctions have been issued.

#### License Requirement

The injunctions referred to date back to October, 1955, shortly after the so-called "advance fee amendments" to the Real Estate Law became effective. The intent of the

legislation was to bring under the regulation and jurisdiction of the Real Estate Commissioner those who engage in the business of soliciting advertising of real estate or business opportunities, the advertising to appear in catalogs published primarily for that purpose. Persons engaged in such activity who charge advance fees in connection with the "listing" or "advertisement" must be licensed as business opportunity brokers or salesmen, and as such their activities would be subject to regulation.

Shortly after the advance fee amendments became effective, two concerns filed suit in Los Angeles

Superior Court, petitioning that the Real Estate Commissioner and the Attorney General be enjoined from proceeding against them as unlicensed "advance fee" operators. The injunctions were granted and the cases are still pending.

However, the Attorney General has now given the go-ahead signal for investigation and possible prosecution of other unlicensed operators.

It is to be emphasized that there are some perfectly legitimate brokerage firms who charge advances for actual costs, such as sales brochures, special advertising, special signs, and extensive display advertising. These are not the subject of concern.

#### Method of Operation

The advance fee operators who do give occasion for numerous complaints generally collect advance payment for a promotional sales service by representing to the property and business owner that they have selected and qualified buyers and that the property or business will be advertised nationally to buyers and brokers. Apparently, few properties have been sold by these operators. After more than two years of study of this situation, the division has found evidence of very few sales ever having been made using these methods, although a great deal of money has been collected and hundreds of people have complained.

#### Court Decision

In another phase of the same situation, courts took account of the advance fee amendments in a civil action for payment of a commission or fee. An appellate court sustained a municipal court's decision denying judgment to an unlicensed plaintiff suing for collection of such fees (*W. A. Hamilton v. D. Treadwell, etc., et al.*).

The Attorney General of the State of California filed a brief as amicus curiae (friend of the court) on this appeal. The memorandum appellate court judgment is quoted in part:

*"The possession of the license by its assignor was an essential statement of plaintiff's cause of action (Section 10257)."*

### LICENSES SUSPENDED DURING APRIL, 1957, AND MAY, 1957

Name	Address	Effective date and term	Violation
Warren, Browning Real Estate Broker Business Opportunity Broker	480 Lytton Ave., Palo Alto	4/ 4/57 15 days (stayed until 12/11/58 on terms & conditions)	Secs. 10177 (b), (f), & 10302 (b), (c)
Risner, John Grover Business Opportunity Salesman	1540 San Pablo Ave., Oakland	4/ 9/57 10 days	Secs. 10301 (e), (i), & 10302 (c)
Anthony, Theofil G. dba Anthony Land Company Real Estate Broker Business Opportunity Broker	1800 Tulare Ave., Richmond	4/15/57 90 days	Secs. 10176 (e), (g); 10177 (f); 10302 (c) & Secs. 2830, 2831 & 2832 of R. E. Comm. Rules & Regulations
Weaver, Harry Clifton Real Estate Broker	1535 Solano Ave., Berkeley	4/15/57 5 days (stayed for 1 year)	Sec. 10177.5
Barragan, Guido M. Real Estate Salesman	323 Noe St., San Francisco	4/22/57 120 days (part of suspension stayed for 1 year on terms & condi- tions)	Secs. 10130, 10177 (d), (f) & (g)
Landis, William dba Beverly-Wilshire Develop- ment Company Real Estate Broker	Suite 734, 427 W. Fifth St., Los Angeles	4/18/57 60 days (stayed on condi- tions)	Secs. 10176 (g), (i) & 10177 (f)
Covall, William Sherman dba Metropolitan Investment and Business Exchange Business Opportunity Broker	1133 Polk St., San Francisco	4/26/57 15 days (stayed for 1 year)	Secs. 10301 (e), (i), 10302 (d), (c) & Secs. 2830 & 2832 of R. E. Comm. Rules and Regu- lations
Covall, William Sherman Secretary-Treasurer of Business Listing Exchange Business Opportunity Broker	990 Geary St., San Francisco	4/26/57 15 days (stayed for 1 year)	(Same as above)
Covall, Harry I. Real Estate Salesman Business Opportunity Salesman	1133 Polk St., San Francisco	4/26/57 15 days (stayed for 1 year)	Secs. 10301 (e), (i); 10302 (d), (c) & 10177 (f)
Barry, A. Houston Real Estate Broker	750 W. Garvey Ave., Monterey Park	4/27/57 30 days (stayed for 1 year)	Secs. 10176 (a), (d), (g), (h), (i) & 10177 (f)
Watkins, Robert Lee dba Watkins Realty & Invest- ment Company Real Estate Broker	1224 A St., Hayward	4/30/57 15 days	Secs. 10176 (a) & 10177 (d) & (f)
Disney, Carl C. Real Estate Broker	372 Winton Ave., Hayward	5/23/57 60 days	Secs. 10176 (a) & 10177 (f)
Civitelli, George Mark Real Estate Broker	213 N. Central Ave., Compton	5/25/57 30 days (stayed for 1 year)	Secs. 10176 (b), (i) & 10177 (f)
King, John Sevier Real Estate Broker Business Opportunity Broker	725 1/2 N. Vine St., Hollywood	5/29/57 30 days (stayed for 1 year)	Secs. 10164, 10177 (d), (f), (h); 10287 & 10302 (c)
Mazur, Robert Albert dba Mazur Realty Company Real Estate Broker	725 1/2 N. Vine St., Hollywood	5/29/57 30 days (stayed for 1 year)	Secs. 10130, 10137, 10139, 10176 (c); 10177 (d) & (f)
Mazur, Don Joseph Real Estate Salesman	218 N. Hobart Blvd., Los An- geles	5/29/57 30 days (stayed for 1 year)	Secs. 10130, 10137, 10139, 10176 (c); 10177 (d) & (f)
Possey, Gerald Victor Member of Trans Bay Cities Realty Company	2733 Mission St., San Francisco	5/31/57 90 days	Secs. 10176 (a), (b), (i) & 10177 (f)
Moschini, Raymond Real Estate Salesman	2733 Mission St., San Francisco	5/31/57 180 days	Secs. 10176 (a), (b), (i) & 10177 (f)

## Commissioner's Forum

Licensees suggesting questions for the Commissioner's Forum should communicate with the Editor of the Bulletin, Division of Real Estate, 1021 O Street, Sacramento.

Answers in respect to matters not related to the California Real Estate Law cannot be given. The following questions have been received concerning operations of the division and explanations of the Real Estate Law.

*Q. Do I have to pay the full amount of renewal fee if I inactivate my license?*

A. The law makes no distinction between active or inactive licenses as far as renewal fees are concerned. The inactive licensee must remit the full renewal fee, the same as the active licensee.

*Q. Can renewal fees be paid for a lesser period than four years?*

A. Renewal periods immediately following June 30, 1957, have been set up on a staggered basis, in most cases less than four years. However, there is no provision for partial renewal fees to be paid for a period less than that scheduled.

*Q. When are examinations for renewable license given in Fresno?*

A. They are given on the third Tuesday of each month; and, in case of an overflow, they are also scheduled for the third Thursday.

*Q. Can a salesman own stock in the corporation with which he is licensed?*

A. The law does not allow a real estate salesman license to be issued to an officer of a corporation which is licensed as a real estate broker, but the salesman may own stock in the corporation.

*Q. Does a salesman have to advertise under his broker's name?*

A. Advertising for any service for which a license is required cannot be under the name of a salesman unless the name of the employing broker is set forth.

*Q. Is it not true that an unwarranted complaint to coerce or worry a broker to return a deposit is a method some people use to get out of a deal?*

A. This can be true, of course. However, the deputy will inform the complainant at the time of the complaint that he cannot effect return of the deposit; but he must investigate the merits of the complaint before he can fairly make a decision as to

whether it should be pursued to a hearing.

*Q. Why aren't brokers bonded for the protection of the public and their salesmen?*

A. At one time the State License Law required that all brokers be bonded; but the legislation in this respect was rescinded after a couple of years because, at the time, the idea did not work out in a practical way.

*Q. What are the California legal requirements to transact business out of State if the listing is obtained and the transaction completed out of State?*

A. The California Real Estate Law contains no provisions applying to the California broker who goes into another state to work on a real property listing and transaction.

The California license law does provide that the licensed broker in this State may co-operate with and divide commissions with brokers in other states. Many other states have similar statutes.

*Q. A broker and his wife are partners for tax purposes. May the wife become licensed in the partnership as a salesman?*

A. A partner in a partnership licensed as a real estate broker cannot be issued a real estate salesman's license to work for the partnership. The legal definition of a salesman is one employed by a broker; and, if a salesman could become a partner, he would be employing himself.

*Q. May a broker operate a brokerage business from his home if he maintains the proper signs, and otherwise complies with the license law requirements?*

A. The license law does not prohibit such an operation. However, local zoning regulations must be met.

*Q. Can an agent advertise a property (in a residential area) containing a "mother-in-law" apartment with the implication that income can be received through rental of the apartment?*

A. It would be the duty of the agent to disclose fully to prospective

purchasers what the local zoning and building codes require in connection with the "mother-in-law" apartments.

*Q. Why not publish in the "Bulletin" the reasons for revocations and suspensions along with the names of those suffering disciplinary action?*

A. In publishing the names, the commissioner confines himself to mention of the sections of the Real Estate Law and Rules and Regulations violated. If an attempt were made to describe the violations in detail, in order to be fair to those involved, we would have to go into many phases of the transactions and circumstances involved, some of them highly complicated and controversial. Space would not permit the full descriptions which would be necessary.

In view of the above, the sections of the law and regulations violated are set forth and the penalty invoked indicates the seriousness of the offense. In the future issues of the *Bulletin*, we plan to describe "typical cases" wherein persons have lost their licenses, which should give a "good picture" of the type of violations causing suspensions and revocations.

*Q. A real estate salesman wishes to transfer to another broker, and his present broker will not sign his transfer. What shall he do to obtain a transfer?*

A. Get the new employing broker to sign the transfer form and submit with it a statement setting forth the circumstances. The division will issue a transfer without the signature of the previous broker in most such instances.

*Q. Will a graduate of a four-year college with a business administration degree and a major in real estate qualify for a broker's examination?*

A. In order to qualify on the basis of education, graduates of California colleges and universities who have specialized in real estate must have completed at least 3 units in the fundamentals of real estate, 3 units in real estate law, 3 units in the valuation of real property, and 3 units in related subjects in the general field of real estate. Any lesser claim based on education will not qualify, but may shorten the time one would have to work as a salesman in order to qualify for broker license.

## COMMISSION MEMBER

### Rooney Decries Careless Qualifying Claims

One of the duties of the State Real Estate Commission is the evaluation of claims of experience and educational qualification for real estate broker license examination. Recently, commission member Tom Rooney, after reviewing a poorly presented claim, wrote to the division's Sacramento office, giving his views on the broker license candidate who carelessly prepares his documentary case for qualification.

The commissioner believes Mr. Rooney's letter is both interesting and instructive; and with his permission, it is printed in full below. Mr. Rooney refers to "Form 100 D" which the candidate filled out to set forth his petition or claim of qualification.

\* \* \*

"This is a typical example of the applicant who can *read*, but will not *heed*. Form 100 D states 'I hereby petition and submit evidence.'

"The applicant who does not comply with this first paragraph is either careless in his business habits or, in my opinion, he believes compliance is unnecessary and that we should accept his statement and take it for granted as being a fact.

"Neither one of these habits are among the chief characteristics essential to the makeup of a good broker, and one will soon learn the truth of this statement, when operating as a real estate broker.

"It appears that a number of our applicants take very lightly the clearly expressed printed instructions in these application forms, and as a result thereof, delay approval and cause your office unnecessary correspondence.

"You and I [Mr. Rooney and the commissioner] can afford to be lenient with the applicant and give him every opportunity to correct his carelessness and trust that our action in this matter will prove beneficial to him when he gets in business on his own. But will a judge be as lenient if, as a result of careless operation, the broker has to appear in court some day because of a client's complaint?

"A review of a number of complaints with Commissioner Griesinger this week leads me to believe that most arise from the fact that we have either a great number of careless brokers, or ones who *can read*—but do *not heed*.



TOM ROONEY

"Our laws, rules and regulations have been set forth in our *Bulletins* time after time—they are very clearly expressed and the violations again prove my point—they who *do read*—*should heed*—or else.

"In my opinion, a California licensed real estate broker should have the following powers of:

Observation	Education
Concentration	Verification
Application	

"In our profession he should avoid:

Procrastination	Exasperation
Exaggeration	Violation
Misrepresentation	

(Signed) TOM ROONEY

*Editor's Note:* The Real Estate Commissioner has proposed that future issues of the *Bulletin* carry additional articles written by members of the Real Estate Commission. Mr. Rooney's contribution should prove interesting and worthwhile reading, and it is felt the other members of the commission may be in a position to provide similar articles of interest to all licensees. Being in private business as real estate brokers and, at the same time, informed of the division's operations through their appointment to the Real Estate Commission, articles prepared by the commission members should prove appropriate for the *Bulletin*.

### Court Denies Commission To "Broker" Whose License Was Not Renewed

For want of license, compensation for services as a "broker" was denied in a recent appellate court case, *Mortgage Finance Corporation v. Jere Strizek*. (148 A. C. A. No. 6.)

The judgment maintained that a licensed real estate broker who does not renew his license is unlicensed after the expiration date, and may not recover compensation for services performed as a broker after such date. It was further held that court orders, staying operation of an administrative order or decision pending judgment of the court, do not authorize any interference with the general powers and duties of the Real Estate Commissioner to supervise the actions of licensees and enforce the laws governing their business. Nor does a court order staying the force and effect of the commissioner's order of revocation confer on the broker a "judicial license" to continue in business after the expiration date of his license, with all the benefits and privileges that flow from a license.

#### Broker Claimed Commission

The case cited above was an action to recover compensation for services alleged to have been performed as a real estate broker. It was alleged that the "broker" was duly licensed at the time he performed the services; however, the defendants denied that the "broker" was licensed at the time of the transaction.

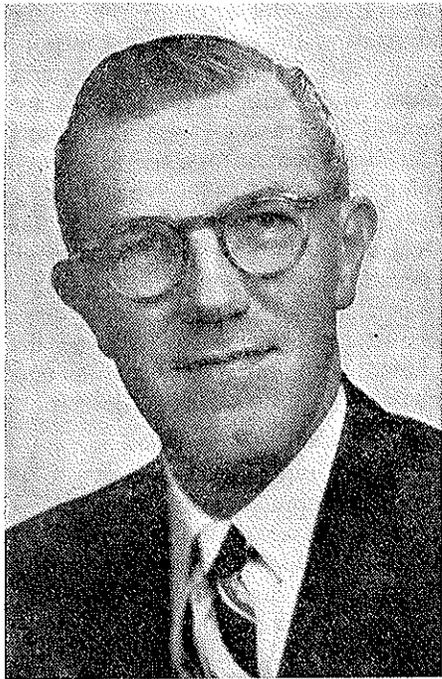
Trial court judgment held that the "broker" could not maintain the suit because Section 10136 of the Real Estate Law declares that "no person engaged in the business or acting in the capacity of a real estate broker or a real estate salesman within this State shall bring or maintain any action in the courts \* \* \* for the collection of compensation for the performance of any of the acts mentioned in this article without alleging and proving that he was a duly licensed real estate broker or real estate salesman at the time the alleged cause of action arose."

(Cont. on Page 312, Col. 1)

## Governor Knight Appoints Commission Members

### Johnson Appointed to Fill Unexpired Term; Read and Whitelock Reappointed

Governor Goodwin J. Knight has named Willard L. Johnson of San Francisco as a member of the State Real Estate Commission to succeed the late William J. Davis. The Governor also reappointed Maurice G. Read, Berkeley, and Frank L. Whitelock, San Bernardino, for new terms expiring January 15, 1961. Both Mr. Read and Mr. Whitelock were first appointed to the Real Estate Commission in 1945, and each is now in his fourth consecutive term.



WILLARD L. JOHNSON

Mr. Johnson has been actively engaged in the real estate business in California for nearly 30 years, operating and acting as president of his own company located in his native city, San Francisco.

#### *Functions of Commission*

As a commission member, Mr. Johnson will meet with the other members to advise with the commissioner and to inquire into the needs of the real estate licensees of California and the functions of the Division of Real Estate. He will also sit with a committee of commission members to evaluate

claims of qualification for real estate broker license based upon general real estate experience and/or education.

#### *Active in Real Estate*

Mr. Johnson is a graduate of Stanford University and has taken a continuing interest in the activities of organized real estate. In 1948 he served as President of the San Francisco Real Estate Board; in 1950 he was President of the National Institute of Real Estate Brokers of the United States and Canada; in 1951 he was president of the California Real Estate Association; and in 1952 he was President of States Council of NAREB.

At the present time, he is a director of the National Association of Real Estate Boards and has served as regional vice president since 1954. He

has been a trustee of the Glenn D. Willaman Real Estate Foundation since its founding in 1948; and in 1952, he was an instructor of practical real estate at the University of California at Berkeley and a member of its real estate advisory board.

Taking an active interest in community life, Mr. Johnson has served as a director or president of several civic organizations. He is an advisory member of the San Francisco Girl Scout Council and a trustee of the San Francisco Theological Seminary.

Mr. Johnson is a member of the Bohemian Club, the Commonwealth Club of California, the Stanford Club of San Francisco, and the national real estate fraternity, Omega Tau Rho.

His new appointment to complete the unexpired term of the late William J. Davis extends to January 15, 1958. Joining the other commission members, Mr. Johnson will necessarily devote considerable time to the commission's work for which no monetary compensation is provided.

## Promotions of Deputy Commissioners Announced

Recently, new posts in the Division of Real Estate were earned by deputy real estate commissioners as a result of competitive civil service written and oral examinations. Also, several new deputy appointments were made from the top of a civil service list.

Appointed as chief deputy-in-charge of the Southern California area was Myron R. Griffin in Los Angeles. Joining the division in 1949, Mr. Griffin rose to the position of supervising deputy of the Los Angeles office, before his recent appointment as chief deputy.

Assisting Mr. Griffin will be Gerald E. Harrington, newly appointed to the post of supervising deputy-in-charge of the Los Angeles office. Formerly working in the Examination Section as senior deputy, Mr. Harrington had previous experience in the Los Angeles office and as deputy-in-charge of the Sacramento district office.

In Sacramento, Walter J. Miller was promoted to supervising deputy-in-charge of examinations and publications, a position he had been filling on a temporary basis for some time.

Senior deputy positions have been assigned in the Examination Section to the following former deputies: John E. Hempel, and Henry Block in Sacramento, Arthur Dermody in San Francisco, and George Fessler in Los Angeles.

Placed in charge of the Sacramento district office is Senior Deputy James Winter. While in San Francisco, Senior Deputy Michael J. Maslach is in charge of subdivisions in northern California.

In Los Angeles, Joseph G. Nunes has been appointed senior deputy for general office supervision, and in Sacramento, Edwin Magovern has been appointed senior deputy for publications.

In addition to the promotions within the division, a number of new deputies have been appointed: Francis Ryan and John H. Goodwin in San Francisco; Robert E. Cleveland in San Diego; Malcolm Wood and Wilbur W. Blodgett in Oakland; Burton P. Porter, Jr., Frank M. Winston, Gaylord W. Feaga, Jr., and Robert F. Claffy in Los Angeles; and Walter Allen and Arthur Dann in Sacramento,

## **CAL-VET PROGRAM**

### **Increased Demand for State Financing Reported**

The California State Department of Veterans Affairs reports its home and farm financing program for California veterans is setting all-time records. In a recent month, California's ex-GI's purchased 2,632 homes and farms with Cal-Vet financing, involving a Department of Veterans Affairs investment of \$30,311,967. This dollar volume was more than five times that of last July, when California's voters ratified a new \$500,000,000 veterans' farm and home bond proposition. That month 681 purchase contracts were signed and \$5,547,621 was allocated for the properties involved.

The department has announced that applications for California veteran's eligibility are averaging over 5,000 a month, with over 440,000 certificates of eligibility already issued (of which over 100,000 have been turned in for loans to date) and another 1,000,000 ex-GI's in the State are estimated as potentially eligible.

Department officials recently pointed out that the number of new contracts has reached a point where purchases are taking place at a faster rate than funds can currently be made available for this purpose from bond sales. Pressure on the state program will be relieved somewhat by the newly enacted moratorium on Cal-Vet refinancing of homes already owned by veterans.

However, the department anticipates that 1,500 or more loans per month can become routine when current plans for expansion are fully realized. The department will then have 10 district offices in a southern region and eight district offices in a northern region. Within the last year, the department has doubled its staff of property examiners and appraisers.

#### ***Legislative Action***

On April 5, 1957, Governor Goodwin J. Knight signed a bill which authorized home construction loans to veterans up to \$15,000. Previously, the ceilings on loans for home construction had been \$13,500, contrasted with a limit of \$15,000 on completed homes. The new law wipes out this distinction, felt by many to have been an inequity.

---

**It was in 1956 that the California Legislature enacted legislation increasing the maximum loans which may be made to veterans. The department may advance on behalf of an eligible veteran up to \$15,000 toward the purchase of a home or \$40,000 toward the purchase of a farm. Secondary financing is not permitted under the plan.**

To qualify for the low-cost real estate loan from the department, a veteran must have been born in California and/or have entered wartime military service as a state resident. A minimum of 90 days' active duty is generally required, some part of which must have been during World War I or II or the Korean War as defined in the California Military and Veterans Code.

#### ***Financing the Program***

Funds for the purchase of homes and farms are obtained through the issuance and sale of bonds. These bonds are voted by the people of California at intervals. They are retired by veterans' participation in the program and at no cost to the State or the California taxpayer. Money advanced to veterans is repaid through uniform monthly payments with low interest currently computed at 3 percent, but scheduled to go to 3½ percent the first of the year. Even with this low rate of interest, the cost of both bonds and the administration of the program are met.

#### **Directory Omission**

The 1956-57 directory should have contained the names of the following licensees: Carolyn Trask, real estate broker, 24 No. Marengo Ave., Pasadena, and Burt G. Owen, real estate salesman (same address).

### **Advertising Fidelity Bonds May Give Wrong Impression**

A broker who advertises as a "bonded firm" may be misleading the general public which does not understand exactly who is bonded and whom the bond protects.

The problem can arise out of a worthwhile and common business practice, i.e., the obtaining of fidelity bonds protecting the broker against dishonest acts on the part of his employees. But in some such cases, advertisements have been published indicating to the public that the broker or firm is bonded for the direct protection of clients. Actually, the broker may not be bonded at all and the public is not the "insured."

Instead, the broker has obtained a bond which protects him if his employees are dishonest. It is true that the public may benefit indirectly if the bond helps the broker pay a monetary loss due to a dishonest act of a salesman. However, this is quite different from the "bonded firm" implication that arises from such an advertisement.

#### ***Disciplinary Action***

This is important to remember because the law makes false or misleading advertising sufficient cause for disciplinary action against licensees or even a fine or imprisonment in some cases. Brokers who advertise they are bonded must be careful not to mislead the public.

### **New Legislation**

*(Cont. from Page 305, Col. 2)*

#### ***Advance Fee Agents***

A bill which proposed to redefine "advance fee agents" and regulate their activities was tabled and the subject was recommended for interim committee study.

#### ***Penalties for False Advertising***

Sections 10140 and 11020 of the Business and Professions Code were amended to reduce the maximum penalties for false advertising from "imprisonment in the county jail for a term not to exceed two years, by a fine of not to exceed two thousand dollars (\$2,000)" to respective maximums of one year and \$1,000.

## Commissioner's Headquarters In Los Angeles

Commissioner F. W. Griesinger is making his official headquarters at the Los Angeles office of the division located at 541 South Spring Street. With about 65 percent of all licensees in the southern part of the State, this arrangement keeps him in closer personal touch with major enforcement and regulation problems.

Assisting the commissioner with administrative matters will be Assistant Commissioner Donald McClure in Los Angeles. In San Francisco, Assistant Commissioner Gaylord K. Nye retains his headquarters at 1182 Market Street.

Sacramento remains the head office of the Division of Real Estate so far as all licensing and examination details are concerned.

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

### WOMEN COMPRISE ABOUT 24 PERCENT OF LICENSE APPLICANTS

A check of applications for original licenses received by the Division of Real Estate during the month of May, 1957, revealed that women comprised 19 1/3 percent of the broker and 26 2/3 percent of the salesman applicants.

Interesting in this connection is a report prepared by the Real Estate Research Program of the University of California at Berkeley, which states in part that "the principal difference between work characteristics of male and female licensees occurs in the type of work performed and the resulting incomes.

"Men are more active in the specialized aspects of the industry. For this and perhaps other reasons, their incomes are roughly 25 percent higher. Contrary to what one might expect, there is very little difference between the percentages of men and women working full or part time. \* \* \* Similarly, there are few significant differences between the sexes in age or the length of time they have been in business."

application. The broker made no application for renewal prior to the expiration date, nor did he make any application for renewal thereafter.

The appellate court ruled that "there is nothing in the law which compels a licensed real estate broker to continue in business or to renew his license, and if he does not do so he is unlicensed after the expiration date." That was the status of the "broker" after midnight, June 30, 1951. He was, therefore, unlicensed when he contracted to serve the defendants as a real estate broker. Therefore he came under the ban of Section 10136 of the Business and Professions Code and the judgment of the trial court that he be denied com-

## Fictitious Business Names

New legislation, effective September 10, 1957, calls for an additional step for those applying for the right to be licensed and do business under a fictitious business name. It will be necessary to file the fictitious name with a county clerk and obtain an affidavit of publication pursuant to provisions of the Civil Code. Not until this has been done and evidence of compliance has been furnished, can the Real Estate Commissioner issue the license with the fictitious business name.

However, and this is most important, the licensee should clear with the Division of Real Estate's license headquarters in Sacramento before filing a fictitious name with the county clerk. It may be that the commissioner has already granted the desired fictitious name to some other licensee, and it cannot be issued again. Also, if the requested name is similar but not exactly the same as one already being used, the commissioner reserves the right to decide whether it can be issued. If it is misleading, its use will not be allowed.

### Check With the Division First

In any event, a letter or phone call to the licensing section in Sacramento should be the first step; and if the requested fictitious name is available, it will be put on a "reserved" list, to be held for 60 days so that the licensee can comply with the requirement of registry with the county clerk and publication.

The fictitious names issued prior to September 10, 1957, will not be affected by the new legislation.

pensation was affirmed by the appellate court.

### Broker's Contention

The "broker" argued that the mandamus proceedings and the stay order on his license revocation also stayed the expiration of his license and it was not necessary for him to apply for its renewal. He argued that he had a "judicial license" to continue in business. The appellate court did not agree with his contention and upheld the judgment of the trial court.

## Commission Denied

(Cont. from Page 309, Col. 3)

### Sequence of Events

The trial court said it appeared without dispute that the plaintiff had been licensed as a real estate broker for the year 1950-51; that on April 3, 1951, the Real Estate Commissioner held a hearing upon charges of misconduct made against the broker and on June 22nd ordered the broker's license revoked, the order to be effective as of July 9, 1951; that on July 6, 1951, the broker filed a petition for a writ of mandamus in the superior court. By statutory provision the broker's license expired at midnight, June 30, 1951, unless renewed upon