



REAL ESTATE

Bulletin



EDMUND G. BROWN, *Governor*

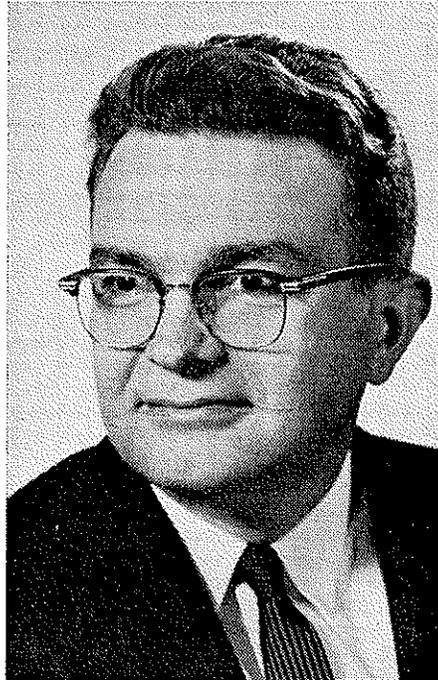
July 1963

MILTON G. GORDON, *Commissioner*

UPLAND BROKER BECOMES NEW COMMISSION MEMBER

Ralph H. Miller, real estate broker of Upland, San Bernardino County, has been selected by Edmund G. Brown as a member of the California Real Estate Commission to fill the vacancy created when Milton G. Gordon became Real Estate Commissioner.

A writer could well choose Mr. Miller as a subject for a "profile in courage." A victim of polio in 1930, he studied at home for one year, then attended classes on a part-time schedule to earn his high school diploma. He then went on to take an A.A. degree at Chaffey College, a B.A. degree at San Diego State College and, after graduate work at the University of California at Berkeley and some successful teaching experience, he earned his M.A. degree at Claremont Graduate School. The new commission member continued as a general science, mathematics, biology and zoology instructor for 12 years, teaching at Upper Lake and Chaffey High Schools and Chaffey College.



RALPH H. MILLER, Member
State Real Estate Commission

Roots in Real Estate

Mr. Miller's father and grandfather had been in the real estate business and following their lead he obtained his real estate broker license in 1949, starting to devote full time to real estate practice in 1954. He was a state director of the California Real Estate Association in 1962, is past president of the Ontario-Upland Board of Realtors, and has served as secretary-treasurer of the California Chapter of the Farm Brokers Institute. He has served as chairman of the CREA Subcommittee for Junior College Activities in Real Estate Education and advised on junior college, state college and University of California programs in real estate.

His other activities and relationships include: past presidency of the Upland Savings and Loan Association and Upland Chamber of Commerce; Chairman of Chaffey College Board of Trustees and active member of the Upland First Methodist Church.

In announcing Mr. Miller's appointment, Governor Brown said:

"Ralph Miller is an experienced Realtor whose judgment and ability will be of great help to the commissioner . . . Equally important, he is a man of high principles and ideals who has worked hard and effectively for the improvement of his community."

Licensees Warned Against Signing Forms in Blank

"How often doth a big heart and a generous nature invite one to trouble's reward!" These pregnant words from an unremembered source are of particular import to that licensee who is also a notary—and his name is legion!

The Wisconsin Real Estate Brokers' Board addresses itself to the problem in the April issue of its *License Law News* and its counsel is here quoted as being equally applicable in California.

"When a broker or salesman acts as witness or notary on a real estate document such as a deed or mortgage, the board cautions the licensee to use extreme care that the person signing the document signs in his presence and is the person mentioned in the document. Don't sign in blank; witness or notarize only after the grantors or mortgaggers have signed. Recently, the board has investigated several cases where the documents were forged or purportedly signed by fictitious persons. How does a licensee who signs as witness or notary explain his signature on the document? Probably his explanation will result in suit being instituted against him on his notary bond for damages and possible criminal prosecution. The witness also may face court action for aiding and abetting in a fraudulent act. In addition, the licensee will face the loss of his real estate license on the grounds of untrustworthiness.

"Do not do yourself a disfavor and someone else a favor by falsely signing any document as witness or notary. Adopt a firm policy now, not after it's too late!"

A VITAL FACT

Ethics is the Cornerstone of Law

REAL ESTATE BULLETIN

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DIVISION OF REAL ESTATE

STATE OF CALIFORNIA
EDMUND G. BROWN, Governor

MILTON G. GORDON
Real Estate Commissioner

JOHN E. HEMPEL
Chief Assistant Commissioner

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**Commissioner Receives
. Alumni Award**

The Wayne State University Alumni Club of Southern California has named Commissioner Milton G. Gordon its outstanding alumnus for 1963. He was selected from the approximately 1,300 members as the one who had contributed most to the prestige of his alma mater during the preceding year.

In addition to his B.A. degree in public administration from Wayne State, Mr. Gordon holds an M.A. in political science awarded at UCLA.

Disciplinary Action—February—March 1963

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

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

Licenses Revoked During February, March, 1963

Name	Address	Effective date	Violations
Fidelity Assurance, Inc. Real Estate Corporation	618 Santa Cruz Ave., Menlo Park	2/ 4/63	Secs. 10176 (c) and 10177 (f)
Warner, Harry John, R.E. & B.O. as President, Warner Realty Corporation	501 N. Hunter, Stockton	2/ 4/63	Secs. 10177 (b) and 10302 (b)
Bowen, Charles Martin, Jr. Real Estate Broker	1150 Hwy. 101, Del Mar	2/ 5/63	Sec. 10177 (b) and (f)
Farrell, William Henry Real Estate Salesman	1767 Church St., San Francisco	2/ 5/63	Sec. 10177 (a), (f) and (j)
Guthrie, Wiley Galen Real Estate Broker Real Estate Salesman	5449 E. Pontiac Way, Fresno	2/ 5/63	Secs. 10176 (c); 10177 (d), (f); Secs. 2830 and 2832 of R.E. Comm. Reg.
Wamback, Roy Conrad Real Estate Salesman	8047-B LaMesa Blvd., LaMesa	2/ 5/63	Sec. 10177 (b) and (f)
Forster, Mervin Charles Real Estate Salesman	2715 "S" St., Sacramento	2/ 6/63	Sec. 10177 (b)
Lambert, James Henry dba Lambert Realty Company Real Estate Broker Business Opportunity Broker	476 O'Farrell St., San Francisco	2/18/63	Secs. 10177.5, 10177 (f), 10302.5 and 10302 (c)
Maurer, John Edward Real Estate Salesman	1334 1st Ave., San Diego	2/19/63	Sec. 10177 (b) and (f)
Russo, Richard Paul Real Estate Broker	781 Onyx Ct., San Jose	2/20/63	Sec. 10177 (b) and (f)
Anderson, Archie Vernon Real Estate Salesman	4915 S. Wilton Pl., Los Angeles	2/28/63	Sec. 10177 (b) and (f)
DeMarco, Ralph Joseph Real Estate Salesman	11500 Firestone Blvd., Norwalk	2/28/63	Sec. 10177 (f)
Hansen, Elmer Harel Real Estate Broker	124 N. Bright Ave., Whittier	2/28/63	Secs. 10177 (b), (f); 10562 (b) and (c)
Langston, Dwight Edward Real Estate Salesman	2411 E. Gage Ave., Huntington Park	2/28/63	Sec. 10177 (b) and (f)
Nelson, John William Real Estate Broker Business Opportunity Broker	861 Foothill Blvd., LaCanada	2/28/63	Secs. 10177 (b), (f); 10302 (b) and (c)
Taylor, John Franklin Real Estate Salesman	9821 E. Workman, Temple City	2/28/63	Sec. 10177 (b) and (f)
Parker Built Homes Real Estate Corporation	3628 Fair Oaks Blvd., Carmichael	3/ 2/63	Sec. 10177 (d) and (f)
Parker, Oscar Jordan, President Parker Built Homes Real Estate Broker	3628 Fair Oaks Blvd., Carmichael	3/ 2/63	Secs. 10177 (d), (f); 11012; 11013.4 (a) and 11020
Jessen, Andreas Peter Real Estate Broker Business Opportunity Broker	420 Parkfair Dr., Sacramento 3153 Geary Blvd., San Francisco	3/ 4/63	Secs. 10176 (a), (b), (c), (i); 10177 (f), (j), (k); 10302 (c), (j) and (k)
Biggs, Olen Melvin Real Estate Broker Real Estate Salesman	2175 The Alameda, San Jose 3141 Morh Ave., Santa Clara	3/13/63	Secs. 10176 (c), (i); 10177 (f), (j); and Sec. 2832 of R.E. Comm. Reg.
Crick, Jess W. Real Estate Broker	161 W. 25th Ave., San Mateo	3/13/63	Secs. 10176 (a), (i) and 10177 (f)
Herd, Marjorie Jean Real Estate Salesman	144 18th Ave., Santa Cruz	3/13/63	Secs. 10176 (c), (i); 10177 (d), (f); and Sec. 2834 of R.E. Comm. Reg.
Horowitz, Aaron Real Estate Salesman	4506 N. Elrovia Ave., El Monte	3/13/63	Sec. 10177 (b) and (f)
Success Realty, Inc. Jess W. Crick, President Real Estate Corporation	161 W. 25th Ave., San Mateo	3/13/63	Secs. 10176 (a), (i) and 10177 (f)
West Bay Mortgage and Investment Company, Olen Melvin Biggs, President Real Estate Corporation	568 S. Murphy Ave., Sunnyvale	3/13/63	Secs. 10176 (c), (i); 10177 (f), (j); and Sec. 2832 of R.E. Comm. Reg.
Lay, Roy D. dba The Landman Real Estate Broker	9595 Mission Blvd., Riverside	3/19/63	Secs. 10176 (a), (g), (i); 10177 (d) and (f)
Century Enterprises, Inc. Hoyt Frank Kelley, President Real Estate Corporation	1855 The Alameda, San Jose	3/20/63	Secs. 10177 (f), (j); 10185; 10237.3; 10237.4 and 10238.3

(License revocations continued on next page)

Licenses Revoked During February, March, 1963—Continued

Name	Address	Effective date	Violations
Kelley, Hoyt Frank Real Estate Broker	1855 The Alameda, San Jose	3/20/63 (Granted right to restricted license on terms and conditions; respondent shall abstain from acting as a real estate broker for 90 days from and after the effective date of decision)	Secs. 10177 (f), (j); 10185; 10237.3; 10237.4 and 10238.3
Messier, Earl Joseph Vice President, Windsor Mortgage Corporation Real Estate Broker	1855 The Alameda, San Jose 2000 E. Commonwealth, Apt. C. Fullerton	3/20/63 (Granted right to restricted license on terms and conditions; respondent shall abstain from acting as a real estate broker for 90 days from and after the effective date of decision)	Secs. 10177 (f), (j); 10185; 10237.3; 10237.4 and 10238.3
Cleveland, Grover Haskell Real Estate Salesman	11900 Magnolia St., El Monte	3/21/63 (Granted right to restricted license on terms and conditions; said license shall be suspended for 30 days upon effective date of decision)	Sec. 10177 (f)
Coliten, Constance Gregory Real Estate Salesman	19220 E. Hurst St., Covina	3/21/63 (Granted right to restricted license)	Sec. 10177 (b) and (f)
Crabtree, Ralph Ernest Restricted Real Estate Salesman	25081 Van Leuven St., Loma Linda	3/26/63 (Granted right to restricted license)	Secs. 10177 (b), (f) and (k)
Saunders, Clarence Winthrop Real Estate Broker	Tract 25335, Reseda and Lassen, Northridge	3/26/63 (Granted right to restricted license on terms and conditions; said license shall be suspended for a period of 30 days upon effective date of decision)	Secs. 10176 (c); 10177 (f); Sec. 2830 of R.E. Comm. Reg.
Pledger, Eddie Donald dba Eddie D. Pledger Realty Co. Real Estate Broker	3328 W. Compton Blvd., Gardena	3/29/63 (Granted right to restricted license on terms and conditions; said license shall not be issued until six months after effective date of order)	Secs. 10176 (a), (g), (i); 10177 (f) and 10177.5
Richey, Clifford Laurence Real Estate Salesman	3036 E. Harvard, Fresno	3/29/63	Secs. 10176 (b), (c) and 10177 (f)

Licenses Suspended During February, March, 1963

Name	Address	Effective date and term	Violation
McNeil, Robert Allard President, Capital Growth & Income Company, Inc. Pacific Homes Mortgage and Investment Co. dba Pacific Plan Pacific Income and Loan Plan Security Guaranteed Agency, Inc. Suburban Homes, Inc. Real Estate Broker	618 Santa Cruz Ave., Menlo Park	2/ 4/63 180 days (Stayed for one year on conditions)	Sec. 10176 (h)
Klink, Eloise B. Real Estate Salesman	2876 El Cajon Blvd., San Diego	2/ 5/63 90 days (Stayed for two years on terms and conditions)	Sec. 10177 (b) and (f)
Morgenstern, Albert Henry Real Estate Salesman	23844 Hawthorne Ave., Torrance	2/ 6/63 30 days	Sec. 10177 (a), (b) and (f)
Roney, Gordon Ray Restricted Real Estate Broker	30 Cabot Ave., Santa Clara	2/18/63 30 days	Secs. 10176 (c), (i) and 10177 (f)
Restricted Real Estate Salesman	20309 Silverado Ave., Cupertino	(Stayed on conditions)	
Noble, Carmen Elizabeth Real Estate Broker	17648 Sultana Ave., Box 175, Hesperia	2/19/63 40 days (Last 30 days of suspension stayed for one year on terms and conditions)	Sec. 10177 (f)
Copthorne, Walter Raymond Restricted Real Estate Salesman	8101 S. Central Ave., Los Angeles	2/26/63 Indefinitely	Sec. 10156.7
Painting, Walter Dennis Restricted Real Estate Salesman	3367 Mission St., San Francisco	2/26/63 Indefinitely	Sec. 10156.7
Spratling, Margery Emily Real Estate Salesman	2045 Irving St., San Francisco	3/ 1/63 30 days	Secs. 10177 (f) & 10177.5

(Continued bottom of page 608)

A Housing Fact to Face

The recently issued report of the Governor's Advisory Commission on Housing Problems, among its findings, sets forth the following:

"In 1960, there were nearly 1.3 million nonwhites (8 percent of the State's total population) and 1.4 million whites of Spanish surnames (9 percent). These two minority blocs account for about one-fourth of the population increase from 1950 to 1960. Nonwhite and Mexican extraction groups grew at double the rate of the rest of the population during the last decade. If present trends continue, more than two million nonwhites will be added to the 10 metropolitan areas by 1980. If most new housing continues to be available only to the upper income sector and if, as presently, these houses are open only to nonminority families, the responsibility for satisfying the minority population's increasing demand for houses will fall upon the older central cities.

Low Income

"As with the elderly, low income complicates the housing problems of minority groups. Compared to nonwhite individual wage earners, twice as many white wage earners have income over \$5,000 a year. Of the total number of nonwhite individuals 14 years and older, only 4 percent have incomes of over \$7,000 while 86 percent earn under \$5,000. Low incomes coupled with housing bias continues to intensify concentrations within well-defined census tracts in the central cities. In San Diego, for example, 82 percent of the 34,435 Negroes live in only 10 of the 123 census tracts. Eighty-four tracts have less than nine Negroes. Thirty-two tracts have no Negroes at all. This pattern is repeated in other metropolitan areas.

Minority Home Buyers

"The minority gets less for its housing dollar and pays more rent for more substandard housing than the white minority. At comparable income levels, minority households evidence a lower percentage of home ownership, a lower percentage of new home occupancy, and higher incidence of substandard conditions."

Bulletin Objectives

The result of a recent statewide survey conducted by the University of California indicated all but unanimous endorsement by licensees of the *Real Estate Bulletin* and the content presented in its pages. To this has been added a surprising volume of unsolicited commendation following the distribution of our 12-page April issue. This is gratifying, but is accepted not as a stimulant for editorial ego, but rather as a challenge to improve the quality of the publication.

Toward the fulfillment of this purpose, effort shall be directed toward specific objectives:

- Stimulating an ever-improving quality of real estate service to the people of California.
- Encouraging and contributing to higher standards of real estate practice—leading toward professionalization in fact as well as in hope.
- Reducing complaint volume by clarifying the law for licensees and the public.
- Pointing up problem areas and reporting clearly facts, expressive of, and contributory to more effective administration and enforcement of the law.
- Measuring *Bulletin* content always against the question "Does this contribute in an appreciable degree to a more effective working concept of real estate as a vital segment of the economy and of the licensee's proper place within that segment?"

Front Counter Vignettes

Day after working day, personnel servicing the front desks of the Division of Real Estate's seven offices are called upon to answer a continuous barrage of questions. This is their job and they do it gladly, but surprisingly often their experiences are more than informative—they are intriguing—as may be indicated by the following examples:

The Law Says, "No!"

An applicant submits his license application, together with the fee and expectantly asks, "Can I go to work now or do I have to wait until after the examination?" The clerk, a patient soul, answers, "You'll have to wait. People have been known to fail the license test, you know."

The Best of Books Can't Pass an Examination

A neatly dressed housewife asks, "If I buy and study the *Reference Book*, can I pass the license examination?" Thereupon she is courteously informed that every effort is made to make the publication a comprehensive and authoritative source of real estate knowledge but only will to study and competence to understand will assure the license applicant of knowing the answers when the examination proctor says, "Time to begin."

To Cram or to Master Real Estate Is the Question

A rather distinguished appearing senior citizen inquires as to which

Facts to Remember

Q. Can I have my *Real Estate Bulletin* mailed to my home address?

A. Not if your license is active. If you are a broker, it is sent to your main office. If you are a salesman, it is mailed to you in care of your broker. If you hold an inactive license at your residence address, the *Bulletin* would be sent there. This is the only practicable way mailings can be conducted with the equipment currently in use.

Q. Can anyone but the employing broker sign the application for licensure of a salesman or transfer of such a license?

A. Only the employing broker or the licensed officer of a corporation or a licensed member of the partnership may sign as employing broker.

school one should attend in order to learn the real estate business as quickly as possible. He is introduced to a deputy commissioner who informs the eager gentleman that: (1) it is not within the province of a state regulatory agency to rank schools as to effectiveness; (2) there are unquestionably a number of training schools doing an effective job of cramming students for license examination; (3) the best preparation for the real estate business is thorough grounding in a well-conceived real estate curriculum offered by most of our public institutions of higher learning; and (4) while acquiring the modicum of facts essential to getting through an examination session may get one into the real estate business rather quickly, it does not make for either success or longevity in this increasingly demanding field of endeavor.

New CREERAC Member

A. Edward Schiesel, Brentwood and Beverly Hills real estate broker, has been appointed by Commissioner Gordon to the "Commissioner's Real Estate Education and Research Advisory Committee," more commonly referred to as CREERAC. This committee counsels the commissioner with respect to financial assistance for real estate education and research in public institutions of higher learning in the State.

Licenses Suspended During February, March, 1963—Continued

Name	Address	Effective date and term	Violation
Wooters, Barbara White Real Estate Broker	1222 Noriega St., San Francisco	3/ 1/63 60 days	Secs. 10177 (f) and 10177.5
Frankfurt, Grace Anne dba Consolidated Mortgage Investment Company	4022 El Camino Real, P.O. Box 641, Palo Alto	3/ 5/63 120 days	Secs. 10176 (a), (g), (i) and 10177 (f)
Ramirez, Martin John Real Estate Broker	1235 W. Grand Ave., Pomona	3/ 5/63 60 days	Secs. 10176 (e), (i); 10177 (d) and (f)
Blodgett, Joseph Dana Real Estate Broker	Hwy. 28 bet. Beach and Front St., P.O. Box 8, Carmelien Bay, 800 El Camino Real, Milbrae	3/13/63 10 days (Stayed for one year on conditions)	Secs. 10177 (d), (f); 10137 and Sec. 2731 of R.E. Comm. Reg.
Martin, John Gilmore Real Estate Salesman	Hwy. 28 bet. Beach and Front St., P.O. Box 8, Carmelien Bay	3/13/63 90 days	Sec. 10177 (d) and (f)
Lewis, Woodrow Lincoln dba A & M Real Estate Real Estate Broker Business Opportunity Broker	24228 Hawthorne Ave., P.O. Box 1446, Torrance	3/16/63 90 days	Secs. 10176 (a), (i); 10177 (f) and 10177.5
Dennis, J. Edmund Real Estate Broker	1650 Octavia St., San Francisco	3/20/63 30 days	Secs. 10177 (f); 10237.3; 10237.4 and 10238.3
McClasky, Troy Max Real Estate Broker Business Opportunity Broker	681 Oro Dam Blvd., Oroville	3/21/63 one year	Secs. 10176 (a), (i); 10177 (f), (j) and 10302 (e)
Muzzall, Sally Real Estate Salesman	681 Oro Dam Blvd., Oroville	3/21/63 180 days	Secs. 10176 (a), (i); 10177 (f) and (j)
McAdams, Ora Ollie Real Estate Salesman	Hwy. 50 and Willow St., Box 509, Stateline	3/26/63 15 days	Secs. 10176 (a), (i) and 10177 (f)

SIMPLIFIED TRUST FUND RECORD SYSTEM FOR USE BY REAL ESTATE BROKERS

"I know I must maintain a trust fund account with proper records or at least keep records of trust funds passing through my hands in order to comply with Sections 2830 and 2831 of the commissioner's regulations. How about some help in setting up an accounting system?"

In response to this often repeated request, the *Bulletin* reprints the following simplified accounting system, especially prepared by division auditors and originally published in the March-April 1958 issue. The passage of time has in no way changed its usability. Brokers who operate small offices should find it especially helpful.

It is emphasized that the system described here is intended to be a *minimum* system. Obviously, more elaborate records may be desirable, and even necessary, depending on the size of the broker's business and how complicated it is. Furthermore, the advice of a competent accountant is desirable, and may be very necessary in case a more detailed system is set up.

Simplified System

The system described here is probably the easiest kind to keep because, for the most part, it uses the papers that are already involved in transactions. These are:

1. Deposit receipt;
2. Bank deposit slip or escrow receipt;
3. Trust account check;
4. Bank statement.

However, since it is usually not convenient to keep all of these papers in one place, it is necessary to make a record of this information in some sort of a "journal" or on the check stubs of the trust account checkbook. This makes a fifth item that is necessary in this system.

The way these five items are used is described in more detail as follows.

Deposit Receipt (Figure 1)

Most brokers use a standard form of deposit receipt and offer to purchase. In addition to the copies given to those who sign, the broker should keep a copy. This will show the date, the amount, from whom, and for what transaction the money is received.

Bank Deposit Slip

The bank deposit slips should be filled out in duplicate and one copy retained by the broker. On the left margin, the bank number and the purpose of the receipt can be shown on the deposit tag. This method provides an easy way to identify all funds placed in the trust account. (In some

instances, the banks may prefer that information other than the funds deposited be placed on the reverse side of the bank deposit tag.)

Deposits should be made not later than the next working day after the funds are received from the client. If the deposit is placed directly into

NEW LICENSES REQUIRED WHEN PARTNERSHIP CHANGES

Question: If a partnership adds or subtracts a member, is it necessary to form a new partnership?

Answer: Yes. In the eyes of the law, a partnership is not a continuing entity as a corporation might be. Thus, in licensing, the Division of Real Estate must require that, in a reconstituted partnership, pages 1 and 3 of a partnership application must be submitted for each active member with the appropriate fee: \$25 for those having original license status, \$50 for those holding a renewal license status. Also, a completed transfer application and a fee of \$1 are required to transfer each salesman to the employ of the new partnership.

RESEARCH GRANT AWARDED FOR SUBDIVISION STUDY

C. E. Elias, Jr., a Ph.D. candidate at the University of California, Los Angeles Graduate School of Business Administration, has received the Urban Land Institute's \$2,400 J. C. Nichols Foundation research grant for the 1963-64 academic year for a forthcoming study of the impact of the promotion and development of the suburban subdivision on municipal taxes and urban land uses. This study should yield valuable information on the techniques and practices of the large-scale land promoter.

escrow or is given directly to the seller, rather than being put into a trust account, a receipt should be obtained and kept on file.

Trust Account Check (Figure 2)

By the use of a description column on the trust account check, a brief accounting can be given to the principal. However, the use of a description column is limited and it may be necessary to forward a separate accounting statement with the check. When withdrawing commissions from a trust account, by using the description space on the check you will be able to show what your commission amounted to and the manner in which it was calculated.

(Continued on p. 610, col. 1)

Figure 1 Deposit Receipt

..... Los Angeles Calif. January 7 1958

Received from..... Clea Derry

herein called Buyer, the sum of..... Four Hundred

Dollars (\$..... 400.00) evidenced by cash , personal check , cashier's check , or.....

as deposit on account of purchase price of..... (\$12,000) Twelve Thousand

..... Dollars (\$..... 12,000)

for the purchase of property, situated in..... 118 George Street, Los Angeles

....., County of..... Los Angeles, California, described as follows:

Accounting System

(Continued from p. 609, col. 3)

Deposits received by the broker and placed in his trust account and then forwarded to the escrow company, etc., can be described on the face of the broker's check.

Journal Record (Figure 3)

Especially in regard to this item, it is emphasized that only a minimum system is described in this article. The main difference between the system described here and other more elaborate systems is in the type of journals that are kept.

Set forth in Figure 3 is a part of a sample type of page that may be used. The check stubs in the trust account checkbook may also be used in much the same manner as this journal. However, one or the other is absolutely necessary.

Bank Statement (Figure 4)

At least monthly, and promptly upon receipt of the bank statement with the cashed trust account checks, a reconciliation should be made. This means that the checks written should be compared with those cashed, the outstanding checks should be listed, and a balance should be obtained between the bank statement, the checkbook and the journal records. This may be done as in Figure 4:

The trust account should at all times contain 100 percent of all funds belonging to clients. In the reconciliation of the bank account and the preparation of the trial balance on the trust liability, the two ending balances should agree. If there is a difference between the book balance and the trust liability balance, the transaction should be rechecked to locate and correct the error. In recording the transactions of cash received and disbursed in the journal, the broker can simplify the preparation of the trust liability balance by checking off the amounts received when he turns the funds over to an escrow company or refunds a customer's deposit. In this manner, the trust liability will be composed of the unchecked receipts as of the end of the month.

Figure 2
SAMPLE TRUST ACCOUNT CHECK

Description	Amount	No.	39
Manning Rentals		January 3, 1958	
Dec. '57	\$75.00	Pay to the	
Jan. '58	310.00	order of L. D. Brooks	
	\$385.00	\$38.50	
Commission	\$38.50	Thirty-eight and 50/100	
		Dollars	
LONE BANK Los Angeles, California		L. D. Brooks Trust Account L. D. Brooks	

Figure 3
SAMPLE TRUST ACCOUNTS JOURNAL—RECORD OF CASH
RECEIVED AND DISBURSED

Date	Name	For the account of:	Receipt or Check No.	AMOUNT	Balance	
1958				Re- ceived	Dis- bursed	
January						
	Balance Forward					\$200
2	Ralph Adams, Apt. D	Manning Apartments	682	\$75		
2	Bob Jones, Apt. A	Manning Apartments	683	80		
3	Margaret Franks, Apt. C	Manning Apartments	684	80		435

Figure 4
BANK RECONCILIATION—January 1, 1958

Balance per bank statement.....	\$800	
Deposits in transit and not entered by bank.....	50	
Subtotal	\$850	
Less checks outstanding:		
Check Number	Date	Amount
33	12/27/57.....	\$75
36	12/30/57.....	125
37	12/31/57.....	450
Total checks outstanding		\$650
Balance per check record.....		\$200

TRUST LIABILITY—January 1, 1958

Received from	For the account of	Amount
Ralph Adams.....	Manning Apartments	\$75
Dan Thomas.....	1682 Denning Road.....	125
Total accountability		\$200

RECONCILIATION OF BALANCE PER CHECK RECORD AND
TRUST LIABILITY—January 1, 1958

Check Record	\$200
Trust Liability	200
Difference	---

SUBDIVISION REPORT IS NOT ENDORSEMENT

The San Francisco Better Business Bureau has taken a long, hard look at the public concept of the Commissioner's Subdivision Public Report and found that the image may be quite different from the fact.

"Until now," reports the Better Business Bureau *Spotlight* for April 1963, "some land buyers have misinterpreted the significance of the issuance of the Division of Real Estate's Final Subdivision Public Report as assurance that the land promotion (covered therein) was more or less safe and a good investment."

With the possible exception of the qualifying "until now," this analysis of the situation is probably quite correct. Undoubtedly, a substantial number of people have regarded the report as something of an official stamp of approval for the project, and there is no reason to believe that this misconception has been entirely erased. This disturbing situation is of more intense concern to the industry and the Division of Real Estate because of two further prickly facts: (1) a sizable number of licensees may well be counted among those misinterpreting the function of the report; and (2) the handling of the report by some land promoters and their agents has contributed substantially to this misinterpretation.

The balance of the Better Business Bureau letter, while addressed to the

Commissioner Addresses Orange Coast Conferees

Commissioner Gordon was the featured speaker at the First Annual Real Estate Conference held May 23 at Orange Coast College.

Mr. Gordon addressed the assembled educators and leading real estate and tax personnel at a general meeting climaxed the day's sessions. A feature of the program was the presentation of Orange Coast College Real Estate Certificates to those who had completed the school's certificate curriculum, and the subject of the commissioner's address, was "Real Estate Education in California."

general public, is printed here because of its pertinence to these latter aspects of the problem.

"Actually," the letter continues, "the issuance of the report means that the commissioner has completed his investigation and there is no indication that the sale would or would not work a fraud upon the public. It is important to note that the report is issued prior to the time that the promoter's methods of advertising and promotion are fully known. The whole purpose of the report is to acquaint the buyer with the information secured through the commissioner's investigation. The law also requires that the buyer be given a true copy of the report and be allowed the opportunity to read it before commitment to purchase. This report does not constitute an approval or endorsement and the wise buyer will obtain a copy of the report and use it as a basis for investigating the promoter's indicated potential of the land. If the land is speculative, the buyer should attempt to determine by thorough investigation what degree of risk is involved. Considering the speculative risk, does the prospective buyer have the money to spare for land speculation? Speculative investments may bring handsome returns, or complete loss of the investment."

A DEFINITE PLACE OF BUSINESS

"Every licensed real estate broker shall have and maintain a definite place of business in the State of California which shall serve as his office for the transaction of business . . .", says Section 10162 of the Real Estate Law.

Emphasis is added by stating further, "No real estate license authorizes the licensee to do business except from the location stipulated in the real estate license."

A telephone answering service is not a "place of business," nor is a residence an authorized place of business, unless it is so designated in the real estate license and is capable of being used as a place to transact business in the ordinary sense of the term.

New Telephone System For Sacramento Offices

Effective July 7, 1963, a telephone system called CENTREX is being installed for the State Capitol, which will make it possible to telephone state offices in Sacramento without going through a state operator.

If the caller knows the extension number of the person he is calling, he may simply dial the state prefix "445" plus the four numbers of the extension. Long distance callers, of course, will dial the area code, then "445," before dialing the last four numbers of the extension.

Key Sacramento Division of Real Estate extension numbers are: Main Office Information, 5741; Sacramento District Office, 6776.

Calendar Year Statistics Show Interesting Picture

Although government statistical reports are usually set up in terms of fiscal years, most of us think in terms of the calendar year. Bearing this in mind, Commissioner Gordon, in a recent Southern California presentation, took this over-the-shoulder statistical look at Division of Real Estate activity in 1962.

• Total complaints filed.....	6,484
• Total formal hearings held.....	777
• Resulting disciplinary actions	
Suspensions	93
Denials	307
Revocations	222
• Total examinations given	43,086
Written examinations	38,985
Oral examinations	4,101
• Real property securities dealers' endorsements	78
• Real property securities permits issued	25
• Subdivision filings received	2,796
• Number of pieces of incoming mail (Sacramento main office only).....	163,975

All of these figures may be interesting, but one especially revealing statistic is the 163,975 pieces of incoming mail (an average of 13,664 per month) which have to be processed. For every piece of incoming mail, there must be at least one and often multiple units of outgoing communication. Add to this the letter exchange activity of six district offices and this area of service to the real estate industry and the California public assumes surprising proportions.

BULK RATE
U. S. POSTAGE
PAID
Permit No. 157
SACRAMENTO, CALIF.

The Population Challenge

Difficult problems challenging the people of California—and particularly the real estate industry and related fields of economic activity—are outlined in the introduction to the report recently issued by the Governor's Advisory Committee on Housing.

"By 1980 California will almost double its present population, reaching a total of nearly 29 million people. Through natural increase and the wave of immigration, California gains more than one new resident every minute. Governor Edmund G. Brown described the more than 1,000 new people pouring over California's borders each day 'as the greatest migration in the history of the world.' Almost twice as many new homes as presently exist will be needed to house the burgeoning population in the next 18 years.

"California, already highly urbanized, will reach a level in which approximately 90 percent of all Californians will live in metropolitan areas, making this State the most urbanized in the nation. In the process of growth 3 million acres of productive land may yield to the steam shovel. Much of California's most valuable resource, its great natural landscape, will be turned into building lots.

"Growth directs thought to the kind of communities people will be living in as well as the choice of housing available to them. Whatever may be the arguments for or against sprawl, there are alternatives and mid-courses which could satisfy the pressures of the population surge, protect

Questions and Answers

These questions are repeatedly asked by mail and in person at division offices. Perhaps reference to them and the answers will save you a letter or a trip.

Q. Is it necessary to file a "formal" application when applying for a second original salesman license?

A. Yes. Pages 1 and 3 of an original salesman license application must be completed and sent in. One need not supply a new set of fingerprints.

Q. What form is used for transferring a broker license to a new address or adding a branch office license?

A. No specific form is required. A note signed by the broker requesting the change, together with the \$1 fee, will suffice.

the social and economic investment in central cities, and preserve most of the natural greenbelt. A whole new set of conditions, unknown when eastern terrains were leveled exists today—a broad spectrum of governmental programs, new forms of financing, a storehouse of planning and housing experience and a building industry capable of reaching a high level of production. Whether the future environment will in fact be slum, slurb, or a decent aggregate of neighborhoods depends on what choices are made by Californians today."

In the words of Aldous Huxley, which preface the report, "You must tell the people they don't have much time . . . we must start thinking like mad . . . we must do something."

Q. Should a broker working as a "broker-salesman" make his own request for transfer or change of his license?

A. Yes. A broker licensee, even though he may be working as a "broker-salesman," is entitled and required to make a request for change over his own signature.

Q. My renewal license is inactive and it expires in December. At that time can I renew it by paying a \$1 fee?

A. No. To keep your license status, you will have to pay a four-year renewal fee of \$50 if yours is a broker license—\$30 for a salesman license. So long as you have an "inactive" renewal license status, you may "activate" the license at any time by proper notification and payment of a \$1 fee.

Q. In applying for a second original salesman license, having held an inactive original license, is it necessary to have a sponsoring broker or may the second original license be issued on an inactive basis?

A. All original salesman license applicants—whether for first or second license—must have a sponsoring broker before the license may be issued.

Q. I submitted a completed renewal license application and fee some weeks ago. My current license will expire next month. Why have I not received my four-year license?

A. A renewal license is not issued until approximately two weeks prior to the expiration date of your current license.