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# State of California

## REAL ESTATE BROKER AND SALESMAN BULLETIN

Vol. 1

SEPTEMBER, 1941

No. 3

### COMMISSIONER'S MESSAGE

At each Session of the State Legislature during recent decades, many bills have been introduced to amend the California Real Estate Act.

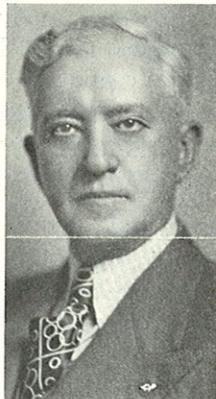
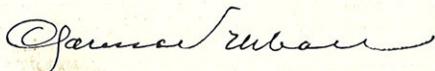
It is generally believed among the real estate men of this State, that the California Real Estate Act in its present form is very fair and effective legislation. The control of real estate licensees and the elimination of those who are educationally unqualified or morally deficient is well regulated by the Act. While some changes eventually can be made to strengthen and improve the Act, it is questionable if any material changes are necessary at this time.

The only change in the Act made by the last legislature was the addition of Sections 10-c and 10-d which were designed to assist the licensee who enters military service. These sections insure maintenance of their status during such service.

The California Real Estate Act is highly regarded throughout the Nation and approximately 30 States of the Union have patterned similar legislation after it. This is a tribute to its soundness and administration.

I am pleased to announce that the Division is at present in a healthy financial condition. More licenses were issued at the end of the first month of the present fiscal year than during the same period for many previous years. In addition, substantial savings have been made in the overhead expense of the Division due to rearrangement of the work. The number of persons penalized for late filing of renewal applications was far less this year than last. I trust that next year the number will be even less.

Sincerely yours,



CLARENCE URBAN  
STATE REAL ESTATE  
COMMISSIONER

### REAL ESTATE CONVENTION

The Annual Convention of the California Real Estate Association will be held in Fresno from October 7th to 10th, inclusive. Convention headquarters will be at the Hotel Fresno.

The Association announces that all licensed real estate brokers and salesmen of the State are welcome to attend this convention and benefit by its sessions. A nominal registration fee is charged.

The inspirational business program will begin at 9:30 o'clock Tuesday morning, October 7th.

It is planned to have at least ten major sessions devoted to real estate problems. These will include brokers and salesmen, real estate department, appraisals and appraisal Institute, property management, land developers and Home Builders Institute, farm lands, industrial real estate.

Many of the outstanding authorities of the Nation on real estate subjects will give addresses at these sessions. Talks on salesmanship, home-building, subdividing, real estate financing, and various other related subjects will be very valuable to those attending. The Convention, in reality, is a short course in modern real estate practice.

October weather in Fresno is usually delightful, the people are friendly, and all who attend should have a pleasant and profitable outing.

Those planning to attend should make hotel reservations through the Association office, Los Angeles. Recent years have witnessed an attendance of 1500 to 2000.

### BRANCH OFFICE SERVICE

All services, applications, publications, etc., handled by the Division of Real Estate are available at all branch offices listed on page 2 of this bulletin. Where the time element is important: inquiries regarding license records should be directed to the Sacramento Office; inquiries regarding oil and gas and agricultural subdivisions may be directed to the Los Angeles Office; inquiries regarding residential subdivisions should be addressed to the office in the area in which the subdivision is located.

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Vol. 1                      SEPTEMBER, 1941                      No. 3

### STATE OF CALIFORNIA DIVISION OF REAL ESTATE

HONORABLE CULBERT L. OLSON.....GOVERNOR  
CLARENCE URBAN.....Real Estate Commissioner  
THOMAS H. ARMSTRONG.....Assistant Real Estate Commissioner

### MEMBERS OF REAL ESTATE BOARD

GENEVE L. A. SHAFFER.....San Francisco  
JAMES L. FOLBERT.....Long Beach  
D. D. WATSON.....Stockton  
HAROLD L. KANE.....Watsonville  
GROVER T. RUSSELL.....Whittier  
CARL R. BROWN.....Beaumont

### DEPUTIES IN CHARGE

THOMAS H. ARMSTRONG, Assistant Commissioner..... Sacramento  
C. K. NYE.....San Francisco  
BRUCE H. MARTIN.....Los Angeles

### DIVISION OFFICES

#### MAIN OFFICE

584 Business and Professions Building.....Sacramento

#### BRANCH OFFICES

417 Montgomery Street.....San Francisco  
601 Union Bank Building.....Los Angeles  
517-18 Bank of America Building.....San Diego  
505 California Building.....Oakland  
Mattei Building.....Fresno

### Licenses Issued to July 31st

Real Estate	1941	1940	1939	1938
Brokers .....	16,262	15,876	15,522	14,675
Officer and Member....	671	721	743	784
Salesman .....	11,561	11,734	11,900	10,890
\$1.00 Broker .....	1,568	1,480	1,585	1,500
\$1.00 Salesman .....	174	87	114	179
Provisional .....	131	129	.....	.....
	30,367	30,027	29,864	28,028

#### Business Opportunity

Brokers .....	1,547	1,749	1,763	1,888
Officer and Member....	83	90	97	137
Salesman .....	343	403	420	467
\$1.00 Fees .....	78	68	91	100
	2,051	2,310	2,371	2,592

#### Cemetery

Brokers .....	64	62	62	65
Officer and Member....	3	5	3	3
Salesman .....	250	273	317	305
Temporary Salesman ..	20	18	13	29
\$1.00 Fees .....	4	5	6	10
	341	363	401	412

### Subdivisions

A total of 767 subdivision projects were filed with this Division during the fiscal year, July 1, 1940 to June 30, 1941.

## MILITARY SERVICE

The California Legislature at its last session enacted Sections 10-c and 10-d of the California Real Estate Act, which give certain privileges to real estate licensees who enter or have entered the military service of the United States.

Briefly these new sections of the Act provide that persons who hold real estate broker or salesman licenses and enter the military service of the United States may keep their licenses in effect without additional cost for the period of such military service. Military service includes members of the U. S. Army, U. S. Navy, U. S. Coast Guard and officers of the U. S. Public Health Service when detailed by the President for duty with the Army and Navy.

The broker or salesman who holds a license for the current year and who joins the military service must notify the Commissioner within two months after he enters the service in order that his license may be kept in effect as long as such service continues.

Upon termination of his military service, he must apply for renewal with tender of proper fee not later than June 30th of the license period then in effect. However, if his military service terminates within the last two months of the license period then in effect, i.e., between the dates of April 30th and June 30th of any particular license period, he must make application for renewal not later than August 31st following.

It should be remembered that the intent of these sections is to provide for the preservation of the license status only. It also, of course, prevents the assessment of penalties for not renewing or for a late renewal. It was not intended to waive all other requirements, as it relates only to the renewal of licenses. Thus, it does not provide for changes of address, changes of salesmen to other brokers, establishment of branch offices and the like.

## In Memoriam

Edwin T. Keiser, former Real Estate Commissioner, died on Tuesday, August 5th, at his home in Pasadena. He had been confined to his home for the past year, due to illness. He was born in Roanoke, Illinois, and was 66 years of age.

Mr. Keiser was appointed State Real Estate Commissioner in 1921 by Governor W. D. Stephens. He served four years, retiring in 1925 after a very successful administration.

## NEW BOARD MEMBERS

Since the publication of the last bulletin, three new members have been appointed to the State Real Estate Board by Governor Olson. All are well-known citizens in their respective communities, and have been actively engaged in the real estate brokerage business for some time.

Carl R. Brown of Beaumont, California, was appointed last spring to fill the expired term of Donald C. Burnham of San Diego. Mr. Brown has already attended two sessions of the Board, and has proved himself to be a valuable member.

Harold L. Kane, Watsonville, was appointed to succeed F. E. Dayton of Salinas, whose term of office expired. Mr. Kane is a well-known business man and real estate broker from northern California. He will be a worthy successor to Mr. Dayton.

James L. Tolbert, Long Beach, fills the vacancy created by the unfortunate death of Sydney Brown of Los Angeles. He has been engaged in the real estate business in Long Beach since 1923 and served a term as President of the Long Beach Realty Board. Mr. Tolbert was born in Vernon, Texas, came to California in 1911 where he was engaged in the stock raising business in Imperial Valley until 1923.

Other members of the Board are Geneve L. A. Shaffer of San Francisco, D. D. Watson of Stockton, and Grover T. Russell of Whittier.



JAMES L. TOLBERT

## SPECULATIVE SUBDIVISIONS

Some time ago the Division released a statement to the press regarding investment by Californians in speculative oil lands and leases with the hope of large profits. It was pointed out that this type of speculation is little less than a gamble for high stakes, and as in the case of other gambles of this kind, the persons who part with their money will very likely fail to realize a profit.

Speculation in oil lands, farm lands and other types of real estate is as old as the history of our country. Not only have investors made and lost money in oil lands, but the same is true of city properties and farm lands. Who does not remember the great land booms in the Middle West when thousands made huge profits, but more thousands wound up with losses?

The Division of Real Estate is authorized to investigate all types of land subdivisions and prepare public reports on them for the benefit of investors. If a prospective investor uses ordinary business precautions and attempts to gain information regarding a project other than that

furnished by the salesman, he may secure an unbiased statement of the facts surrounding the transaction from the Division of Real Estate. Hundreds of prospective investors have requested these reports from the Division before buying. As an additional means of furnishing this information, the Commissioner has ordered each subdivider to furnish the prospective buyer with a copy of this report before accepting his money, and secure the buyer's receipt for it. It may be assumed that if the buyer has all the facts at hand and realizes that he is speculating at the time he parts with his money, a sale can scarcely be regarded as fraudulent. The great difficulty is that many speculators in this type of land are more anxious to believe the enthusiastic stories told by the salesmen than they are to study a conservative statement of facts prepared by a State agency. It is difficult to be of service to the latter type of investors.

It seems that the average investor could reason for himself that his purchase probably would not result in sure gain, or else the company selling the land or lease would not be inclined to part with it. These companies as a rule have a large overhead and their gross percentage of profit on such sales is necessarily large. The only reason that prospective purchasers are approached to buy in these projects is the very fact that the element of gamble exists and the sellers prefer to take a sure profit rather than take the entire gamble themselves.

Salesmen who sell these lands naturally use enthusiastic sales talks and often cases are reported where extravagant promises of resale, bonuses, etc. are made. Prospective purchasers, if cautious, will get all promises in writing and insist upon being given a copy of the Division's report with ample opportunity to study it carefully.

Many persons have the erroneous impression that the Real Estate Commissioner sets the price at which subdivided lands may be sold. This is no more true of subdivisions than it is of the sale of houses. An owner of real estate has the right to set his own price upon his holdings and it is incumbent upon purchasers to determine whether they are getting full value for their money.

At the present time many oil and gas subdivisions are being offered for sale in California and in the States of New Mexico and Texas. The subdividers in each case are required to furnish the Real Estate Division a geological report which indicates that there is some prospect of obtaining oil. These reports merely reflect the geologist's opinion and may often be wrong. In many areas little information can be gained regarding the subsurface conditions from mere examination of the surface.

The best advice we can give speculators in oil and gas lands and leases is to heed the admonition of the Better Business Bureau: "BEFORE YOU INVEST—INVESTIGATE."

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Sacramento, Calif.  
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## SUBDIVISION VIOLATIONS

A determined effort to enforce the subdivision provisions of the California Real Estate Act has been undertaken by Clarence Urban, Real Estate Commissioner, and during the past few months many subdivisions, previously unreported, have been uncovered by the Division. In some cases it was found that the title, layout, and utility of the tract was defective or substandard. Some of the tracts are apparently subject to serious flood hazard and might have been eliminated had the subdividers not acted illegally.

The Real Estate Act was amended in 1933 to provide for the inspection of all types of subdivisions, and Commissioner Urban has stated his intention to prosecute all persons who sold subdivided property without first complying with the Act. During the past year heavy fines were imposed upon some developers who wilfully violated the provisions.

Additional deputies have been put to this task by the Commissioner, with instructions to check the County Records of each county of the State to determine if any tracts have not been properly filed. The Commissioner states that violators who fail to report their tracts prior to discovery will be prosecuted to the full extent of the law.

The requirement that subdivisions be reported on by the Division of Real Estate has resulted in almost entirely clearing up subdivision complaints. No longer are subdividers permitted to sell without good title, properly recorded maps, release clauses in encumbrances, and other public safeguards. Thousands of lots were sold before the regulations went into effect wherein the buyer failed to receive a good deed or title.



A. Barton Ruggles, Deputy in the Los Angeles Office of the Division for approximately four years, has resigned to accept a position with the State Highway Department in the San Francisco territory, where he will act as an Assistant Right of Way Agent.

Hugh E. Bran and Perry H. Johnson, who were deputies at the Los Angeles Office several years ago, have been reappointed.



Ralph C. Harrison has joined the Sacramento staff of the Division as Deputy. He is experienced in the work, having been employed by the Division several years ago.

## BUSINESS OPPORTUNITY LICENSES

Are you familiar with the provisions of the California Business Opportunity Act? Assistant Real Estate Commissioner Thomas H. Armstrong urges all real estate brokers and salesmen to secure a copy of this act from the Division of Real Estate and study its provisions.

In many instances, the average real estate office finds itself in a position to negotiate a business opportunity transaction and earn an attractive commission. This can not be done legally unless the broker and salesman handling such a transaction are properly licensed under the Business Opportunity Act.

Only in cases where the sale of a business is purely incidental to the sale of a real property interest are the real estate broker and salesman legally permitted to collect a commission for such a service.

Mr. Armstrong points out that securing a business opportunity license by real estate brokers and salesmen is ordinarily a rather simple and inexpensive procedure. The additional protection which this license gives, and the opportunities it presents for additional earnings, make its possession highly desirable. All real estate licensees interested in securing a business opportunity broker or salesman license may secure full details from any of the offices of the Division of Real Estate.



## THE ANNUAL DIRECTORY

The Annual Directory of the licensees of the Division of Real Estate for the fiscal year 1941-42 is now being compiled, and will soon be printed and distributed to more than 10,000 brokers, who it is expected will request copies. The publication is issued annually in accordance with Section 3-h of the California Real Estate Act, Section 3-c of the California Business Opportunity Act, and Section 38 of the Cemetery Brokerage Act.

In each of the respective Acts it is specifically provided that one copy of the directory or list may be sent to each broker upon his request therefor, without charge. To facilitate the publication and to assist the Division in determining the quantity to be printed, brokers are asked to mail their written requests for a copy not later than September 25, 1941. A note on a post card will be sufficient. This cooperation will result in a sufficient number being printed to furnish each broker a copy without delay.