

REAL ESTATE BULLETIN

Official Publication of the California Division of Real Estate

GOODWIN J. KNIGHT, Governor

Sacramento, September, 1956

D. D. WATSON, Commissioner

Characteristics and Performance of Real Estate Brokers and Salesmen in California — Part II

By ALBERT H. SCHAFF, Assistant Professor of Business Administration, University of California, Berkeley

Editor's Note: This is the second in a series of articles based on a research project requested by D. D. Watson, State Real Estate Commissioner, and directed by Sherman J. Maisel and Albert H. Schaaf as staff members of the Real Estate Research Program of the University of California at Berkeley (project financed by legislative appropriation from Division of Real Estate funds). It continues the statistical description begun in the first article on the California real estate industry as of May, 1954. The series is being presented in the *Bulletin* in the belief that all licensees, having in a sense provided the money for the research, should be informed of the results.

About 26,000 brokers were active in California in May, 1954, but their status in the industry varied. Nearly 13,000 headed full-time real estate firms, another 8,000 had part-time offices, while the remaining 5,000 worked as employees of firms, 3,500 full time and 1,500 on a part-time basis. About half of the full-time, self-employed brokers had employees, while the other half, and the great majority of the part-time, self-employed brokers worked alone without even secretarial assistance.

Real estate salesmen, of course, participate in the business as employees of firms and about 10,000 were active on a full-time basis in May, 1954, while another 8,000 worked part time.

The Important Position of Women in the Industry

The survey found that about 20 percent of active brokers and 30 percent of active salespeople are women. Contrary to what one might expect, there is very little difference between the sexes in the percentages working

full and part time. Also, as high a percentage of women as of men are heads of firms with employees. Similarly, there are few significant differences between the sexes in age or in the length of time they have been in business.

The principal difference between 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.

Age and Years in Business

The California real estate industry has appealed primarily to the middle-aged up to the present time. Only a small percentage of the people in it have been recruited at the start of their business career. The average broker is 49 years old and has been in the business nine years. Only 10 percent of all brokers entered the business when they were 25 or younger and 12 percent were between 26 and 30, the average age of entry being over 39.

Similarly, the average salesman is 44 and has been in real estate for three years, less than 18 percent entering at 30 or younger. Less than 3 percent of all brokers are currently 30 years of age or younger and less than 10 percent of salesmen fall in this age bracket.

Experience

Experience appears to be extremely important among brokers. It is found that the longer brokers have been engaged in the real estate business the higher their incomes, the larger their

(Cont. on Page 256, Col. 1)

RETURNS INDICATE 12-PAGE BULLETIN IS APPRECIATED

Hundreds of letters and postcards were received from licensees expressing their approval of the increase in the size of the *Bulletin* from 8 to 12 pages to accommodate such features as the results of the University of California survey on "Characteristics and Performance of Real Estate Brokers and Salesmen" (continued in this issue), the Commissioner's Forum, and similar educational and informative items.

However, as was pointed out in the July *Bulletin*, the commissioner must justify the increased expenditure incident to a 12-page *Bulletin*. Justification depends on the reaction of you, the licensees, to the question: "Is the *Bulletin* serving a worth while purpose as a medium of education and information and is that purpose better served by the increase in size?"

The commissioner wants to know what you think about it and, if you have not already done so, send a postcard or letter addressed to the Editor of the *Bulletin*, Division of Real Estate, 1021 O Street, Sacramento 14, giving your opinion. The commissioner would also welcome any questions you might have for answer in the Commissioner's Forum.

NOTE: Some who wrote expressing their approval of the 12-page *Bulletin* asked just what extra cost is involved in the added four pages. The answer is: Per licensee, the extra cost of printing is about 1 cent per issue, or 6 cents per licensee per year.

The commissioner realizes that this seems like an inconsequential amount per licensee, but he still must justify the expenditure if the 12-page *Bulletin* is to be continued.

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Sacramento, September, 1956

Published Bimonthly by the
DIVISION OF REAL ESTATE

STATE OF CALIFORNIA
GOODWIN J. KNIGHT, Governor

D. D. WATSON
Real Estate Commissioner

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DISCIPLINARY ACTION—JUNE AND JULY, 1956

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 or to whom a restricted license is granted after suspension or revocation are not published.

LICENSES REVOKED DURING JUNE AND JULY, 1956

Name	Address	Effective date	Violation
Armistead, Herbert Jonathan..... Real Estate Salesman	1043 Ventura St., Richmond....	6/ 5/56	Sec. 10177 (b), (f)
English, Clarence Osborne..... Real Estate Broker	1867 W. Jefferson Blvd., Los Angeles	6/ 6/56	Secs. 10176 (a), (e), (i); 10177 (f) & Secs. 2830, 2831 & 2832 of R. E. Comm. Rules and Regulations.
Douglas, Dorothy Leone..... Real Estate Salesman	1269 E. Second St., Norco.....	6/27/56	Sec. 10177 (b), (f)
Sprague, Edwin James..... dba Sprague Realty Real Estate Broker	415 W. Elm St., Lodi.....	7/13/56	Secs. 10176 (e), (i) & 10177 (d), (f)
Silva, Evodia Elizabeth..... Real Estate Salesman	11940 San Pablo Ave., El Cerrito	7/25/56	Secs. 10176 (a), (b), (i) & 10177 (f)
Silva, Carl Arthur..... Real Estate Salesman	11940 San Pablo Ave., El Cerrito	7/25/56	Secs. 10176 (a), (b), (i) & 10177 (f)
Mitchell, Hanson Alleaman..... dba Mitchell Land & Dev. Co. Restricted Real Estate Broker	1807 Alcatraz Ave., Berkeley ...	7/25/56	Secs. 10176 (e), (i); 10177 (d), (f) & Secs. 2830 & 2832 of R. E. Comm. Rules and Regulations
Myers, Margie Louise..... Restricted Real Estate Salesman	900 American Ave., Long Beach	7/27/56	Secs. 10156.5, 10156.6 & 10156.7
Lans, Mark..... Real Estate Salesman	17105 Clark Ave., Bellflower....	7/31/56	Secs. 10176 (i) & 10177 (f)

LICENSES SUSPENDED DURING JUNE AND JULY, 1956

Name	Address	Effective date and term	Violation
Thornhill, Howard Ronald..... Limited Real Estate Salesman	711 N. Azusa Ave., Azusa.....	6/ 4/56 27 days	Sec. 10177(b), (f)
Manchan, Gloria..... dba Hillcrest Drive Real Estate Real Estate Broker	4701 W. Adams Blvd., Los Angeles	7/24/56 30 days	Secs. 10176(a), (i) & 10177 (f)
Schy, Ted H..... Real Estate Broker	4061 W. Washington Blvd., Los Angeles	7/24/56 30 days	Secs. 10176 (a), (i) & 10177 (f)
Lachman, Irwin..... Real Estate Broker	4412 Whitsett, North Hollywood	7/20/56 30 days	Secs. 10176 (a), (i) & 10177 (f)
Lachman, Irwin..... Treasurer of Si Collins and Associates, Inc. Real Estate Broker	4412 Whitsett, North Hollywood	7/20/56 30 days	Secs. 10176 (a), (i) & 10177 (f)
Thompson, Jack..... Real Estate Broker Business Opportunity Broker	418-420 G St., Eureka.....	7/27/56 30 days (last 20 days stayed permanently on terms and conditions)	Secs. 10176 (a), (i); 10177 (d), (f) & 10302 (e)

Small Claims Court Process For Tenant Evictions

Some Judges Not Accepting Jurisdiction Pending Clarification

Eviction of a tenant in residential property for nonpayment of rent by action in the small claims court was provided for by the Legislature in 1955. The procedure is comparatively simple and inexpensive, but jurisdiction is limited to cases involving not more than \$100 and where the tenancy is not greater than month to month in a residential property.

The first step in the procedure when the tenant is behind in the rent is the service of a notice "to pay rent or quit." Then the landlord or plaintiff goes to the justice or municipal

court nearest the property involved, pays a \$1 filing fee, plus a fee of 75 cents for each defendant to whom a copy of affidavit is to be mailed by the clerk, and completes a simple affidavit.

The plaintiff then attaches to the affidavit his copy of "notice to pay rent or quit" which had previously been served, and the clerk gives the plaintiff an order which directs defendant to appear at a certain hour and day not more than 30 days nor less than 10 days from date of order. On the date of appearance, the judge decides the case.

Small claims court hearings are in-

formal. Attorneys are not permitted to represent clients, but witnesses may be called. Any papers or instruments relating to proof of case may be introduced as evidence.

Important Note: We understand small claims courts in a number of counties are presently refusing jurisdiction in eviction action cases, pending clarification of the status of the pertinent statutes. A Los Angeles municipal court judge disclaimed jurisdiction, holding the law unconstitutional in his opinion, and an action has been filed in a higher court pressing for performance in the municipal court.

Subdivision Deposit Moneys

Method for Use of Bond to Protect Purchasers' Deposits

A method has been developed within the framework of existing law whereby many builder subdividers can, by the proper use of a bond, use purchasers' deposit moneys in their business without restriction and at the same time afford protection to the purchasers and effect a savings to the builder subdivider in his operations.

In developing the method, the commissioner and his staff worked in conjunction with members of the Home Builders and Subdividers Advisory Board to the Real Estate Commissioner, with the assistance of Floyd B. Cerini, Executive Vice President of Land Title Insurance Company.

(Note: The Home Builders and Subdividers Advisory Board is an unofficial body appointed by the Real Estate Commissioner, and is comprised of Mark Thoreson, President of the Home Builders Council of California; Frank E. Oman, immediate past president of the council; Stetson Shuey, chairman of the legislative committee of the council; and Messrs. Paul L. Burkhard and Henry Stoneson, all representing the home building and subdividing industry. The board meets regularly with the Real Estate Commissioner and his staff, together with Messrs. Edward M. Loftus and Maurice G. Read, members of the State Real Estate Commission, to consider, discuss and solve problems relative to the administration of the California Real Estate Law as such pertains to subdividers and subdivisions.)

The method referred to involves a combination of the use of alternative methods of protecting purchasers' deposit moneys, which is explained below preceded by some background material. (See also "Subdivision Laws," page 205, Sept., 1955, *Bulletin*.)

Background of Statutes Protecting Purchasers' Deposit Moneys

At the 1955 Session of the State Legislature, laws were enacted, with the support of the Home Builders Council, to provide alternative methods for the protection of purchasers' deposit moneys taken by a subdivider on sale or lease of subdivided lands that might either be subject to a blanket encum-

brance (Section 11013.2 of the Business and Professions Code) or not be subject to a blanket encumbrance, i.e., individual construction loans with no secondary blanket encumbrance (Section 11013.4 of the Business and Professions Code).

Under the law now in effect, a subdivider must certify to the Real Estate Commissioner on a supplemental questionnaire the appropriate method by which he will protect purchasers' deposits. The method chosen is set forth in the public report issued by the commissioner.

One of the methods that may be selected by a subdivider is to furnish a bond to the State of California for the benefit and protection of purchasers or lessees of lots or parcels in the subdivision. One type of bond is provided where the property is subject to a blanket encumbrance (Section 11013.2(c)) and another type is provided where the property is not subject to a blanket encumbrance (Section 11013.4(b)).

Combination of Two Alternative Methods

It is proper under existing law for a subdivider, if he so desires, to use a combination of two of these alternative methods of protecting purchasers' deposits. For example, where property is subject to a blanket encumbrance, the builder subdivider may determine that he will handle such deposit moneys by either depositing such moneys into an escrow depository, approved by the commissioner, or protect such deposit moneys for the purchasers' account by furnishing a bond to the State pursuant to the provisions of Section 11013.2(c). If the property is not subject to a blanket encumbrance, he may determine that the deposit moneys will be deposited into a designated escrow depository or trust account, or protected by

a bond furnished pursuant to Section 11013.4(b).

Also, with the approval of the Real Estate Commissioner, other methods or combinations of methods, including those not specified in the statutes may be employed by a builder subdivider so long as protection is afforded to purchasers' deposit moneys. But if a method not specified by statute or involving the combination of deposit in escrow or trust account or protection by a bond is to be used, it must first be approved by the commissioner pursuant to authority given by the law. (Section 11013.2(d) or 11013.4(f).)

Use of Bond in Combination With Alternative Method

Considerable benefits may accrue to a builder who determines to use the combination method of providing for protection of the purchasers' deposit moneys by having the public report state that such deposit moneys will be deposited either into a designated escrow or trust account or a bond be furnished to the State of California. If this procedure is followed, the builder subdivider should be aware of the fact that it may never be necessary for him to obtain and file a bond unless he determines that it is to his advantage to do so. In lieu of a bond the deposit moneys are retained in escrow or a trust account. When a bond is furnished, he is then entitled to withdraw from the escrow or trust account all deposit moneys placed therein up to the amount of the bond.

To illustrate, let us assume that a project of 100 homes is intended to be built. The sale price is to be \$15,000, the purchasers' deposits or down payments to be \$1,000 on each house. If sales contracts are entered into and purchasers' deposits taken on the first 25 homes on which construction is started but not completed, total deposits will amount to \$25,000. **These deposits will not, in any event, be available for the subdivider-builder's use until sales are completed and title transferred on the house for which the deposit was taken unless a bond is furnished covering the deposits.**

Let us assume, further, that prior to completion of sales and transfer of

(Cont. on Page 258, Col. 1)

Survey of Licensees' Characteristics and Work

(Cont. from Page 253, Col. 2)

firms, and the more specialized the work they perform. Such results are to be expected in a personal service business such as real estate brokerage. People who are less successful drop out. Those who continue build up know-how and reputation. This enables them to do the more specialized higher-paying jobs or to do a larger basic brokerage business.

The effect of experience is not as clear in the statistics regarding salesmen, primarily because so many become brokers soon after they have gathered the necessary training. Some who are competent and successful do prefer to remain as salesmen, and this accounts for a high-income group of salesmen with considerable experience. Another group of salesmen with the longest service, however, earns very little income even though doing full-time real estate work.

Type of Work

The predominant real estate activity of licensees is the listing and selling of residential property, primarily single-family houses. For salesmen and for brokers who are employees of firms it is almost exclusively this, and even the most advanced brokers who are heads of firms with employees average 80 percent of their time in residential selling. Only about 4,000 brokers, less than 8 percent of those licensed, are significantly engaged in such nonselling activities as leasing, appraising, property management, land development or financing, or handle appreciable amounts of nonresidential property.

Education and Training

The average real estate licensee in 1954 was a high school graduate. The two groups with the most education (averaging two years of college) were full-time heads of firms with employees and the part-time, self-employed. The part-time, self-employed group averages higher in education because it includes professionals in other areas such as lawyers who use a real estate license to participate in special situations.

There are three important ways of

obtaining specialized real estate education. The first is experience on the job. This is by far the most common. Nearly half of the people actively engaged in the industry have had no other training. Next most common is the taking of a short course either in person or by correspondence to aid in preparing for the license examination. Between 30 and 35 percent of those active have had this additional training. Finally, about 20 percent have had other specialized courses in real estate. **The largest number of licensees taking specialized courses have done so through the University of California Certificate Program in Real Estate. The next most popular advanced training has been from college courses, frequently of the general business type. A small percentage have had advanced instruction from the industry's professional institutes.**

In general, although the salesmen with the highest income do show both more general and more specialized education and a somewhat larger percentage of specialized brokers have had extra training, no significant differences exist in income or type of activity between those whose education has been achieved in the separate ways. Thus to date, education cannot be shown to have had any very significant impact differentiating those who have had it from those who have not.

It is well to note, however, that these results are not conclusive. The Certificate Program in Real Estate of the University of California, which offers a unique opportunity for advanced professional training in real estate, has only been in operation for six years. Thus the results of a similar study made 10 years from now might well be different. Furthermore, although those who have gained their training primarily from practice have been as successful as those with formal education, it is impossible to estimate the degree to which prior training would save time and avoid costly mistakes made while trying to learn the business by experience only. Additionally, nothing is known about the educational attributes of those who left the business prior to 1954. It may

be that a lack of education is more frequent among those who are unsuccessful in their attempt to engage in real estate practice.

Incomes Earned

The average full-time broker earned \$5,500 in 1953. The amount received varied, depending on the job or position in the industry. Heads of firms with employees averaged \$8,250 in net income compared to \$4,500 for those operating alone, and \$4,200 for those employed by others. These same differences occurred among part-time brokers who averaged \$1,900 in 1953. Salesmen's earnings differed widely, with the average full-time person making \$3,500 compared to an average of \$600 for the part-time worker.

A more complete distribution of income is presented in Table 1. It shows that about 7 percent of all brokers made over \$20,000 in 1953 while a third or more of those who reported that they worked part time in real estate actually received little or no income during the year.

Professional Organizations

According to the survey, about 56 percent of the full-time and 36 percent of the part-time brokers in California are affiliated with the California Real Estate Association. About 80 percent of all firms with employees are members but the ratio for the self-employed brokers without employees is only 35 percent.

It is interesting and somewhat surprising to note that, when considering only the firms with employees, CREA membership does not appear to affect the firm's amount of business, number of employees, or type of work. Those firms not affiliated with the association are just as large in terms of net incomes, gross volume of business, and personnel and do as much specialized work as those that are affiliated. This result reflects the fact that some large downtown brokers specializing in commercial properties and offices dealing with sales to minority groups are often not affiliated with local boards. It is important to note, however, that the largest size classification in the study was of firms with over 25 employees

(Cont. on Next Page)

TABLE 1
Net Real Estate Brokerage Earnings of Active California
Brokers and Salesmen in 1953 *
 (Percentage Distribution)

Net earnings in dollars	Broker		Salesman		All active licensees
	Full-time	Part-time	Full-time	Part-time	
Under- \$500.....	6%	33%	13%	47%	21%
500- 2,499.....	13	23	25	37	22
2,500- 4,999.....	27	22	30	11	24
5,000- 9,999.....	31	15	27	3	22
10,000-19,999.....	17	6	4	2	9
20,000 and over.....	6	1	1	..	2
Total.....	100	100	100	100	100
Number in Group.....	15,590	9,840	10,375	8,175	43,980
Median Earnings.....	\$5,500	\$1,900	\$3,500	\$600	\$3,200

* Earnings before taxes but excluding business expenses, income from operations for one's own account, and income from nonreal estate businesses or sources.

or a gross 1953 volume of over \$100,000. This tends to lessen the statistical effect of the very largest firms and most of these are members of the CREA.

When considering all full-time, self-employed brokers as a group, both with and without employees, the picture shifts somewhat. CREA-affiliated brokers comprise only 65 percent of this group but receive 77 percent of its income.

Within the CREA group, slightly more than one-quarter are affiliated with additional specialized institutes.* This quarter has the same number of years of experience as the other CREA brokers, but its income averages nearly 40 percent higher. As might be expected, they are also the group with the most specialized training and the one which performs the most specialized tasks.

Summary Composite Picture of the Typical Broker, Salesman, and Firm

The typical broker is a male who works full time and works on his own without employees (although almost as many self-employed brokers have employees). He spends at least 40 hours per week or 95 percent of his

* Includes the American Institute of Real Estate Appraisers, Institute of Real Estate Management, Institute of Farm Brokers, Society of Industrial Realtors, Society of Residential Appraisers, National Institute of Real Estate Brokers, and Urban Land Institute.

total working time on his real estate business. He is 49 years old and has been in the business nine years during which time he worked for another firm for several years and then opened his own office. He has had a year of college education, but little specialized education in real estate. Many brokers spend all of their time listing and selling single-family houses, and all brokers on the average spend 85 percent of their time in this activity. The remaining time is spent in handling other types of properties or in doing specialized work such as lending, appraising, leasing, or management. The average active broker who worked full time received \$5,500 in net earnings in 1953. His business expenses were an additional \$1,500 to give a gross income before taxes of \$7,000.

The typical salesman does not differ greatly from the average broker except that he is younger (44) and has been in real estate only three years. After getting this amount of experience many take out a broker's license. The salesman's time is almost entirely spent on listing and selling residential property. If he worked full time, he earned \$3,500 in 1953, and the average income of all who worked during the year was \$1,900.

The typical firm consists of a broker and three employees, two of whom are primarily salespeople. It is

Advance Fee Amendment May Be Tested in Court

As this *Bulletin* went to press, results of the first court test of the so-called advance fee amendments to the Business Opportunity Chapter of the Real Estate Law were still pending. These statutes require persons to have a business opportunity license when soliciting advertising of real estate or business opportunities for sale in catalogs or other publications issued primarily to promote the sale or lease of business opportunities or real estate. The "advance fee" refers to the charge made of the owner at the time he signs up to "list" his property for publication.

The license requirement holds even though the solicitors are not actually engaged in the business of personally negotiating sales. It does not apply to employees of newspapers or magazines of general circulation.

Certain corporations have taken legal action in an endeavor to stop the application of these statutes to their businesses. In the case referred to, Superior Court Judge Frank Swain of Los Angeles signed an order to show cause and set a hearing for two local firms, both representing themselves as national advertisers. Under the order these corporations are required to show cause why they should not be dissolved, why a receiver should not be appointed to take over and conserve their assets and why a preliminary injunction should not be issued to restrain further violation of the advance fee amendments to the Real Estate Law.

engaged full time in the real estate business and has been operating for eight years. Eighty percent of its activities consist of listing and selling, with the bulk of the remaining 20 percent devoted to property management, leasing, and the nonreal estate activity of insurance. The average firm had a gross income of \$19,000 in 1953 before deducting any expenses, taxes, or commissions.

(The next article based on the analysis of the survey now being studied is scheduled to appear in the November *Bulletin*—Editor.)

Protection of Subdivision Deposit Moneys

(Cont. from Page 255, Col. 3)

title on the first 25 houses, and giving consideration to the deposits to be taken on the sales of the remaining 75 houses to be constructed, the builder estimates he will continue to have an average balance of \$25,000 or more of purchasers' deposit moneys in escrow or in a trust account for a period of at least six months. Under such circumstances, he may well determine that he should obtain and file a \$25,000 bond with the Real Estate Commissioner. If the cost of such bond is 1½ percent (or \$375), the putting up of the bond and the withdrawing of all deposit moneys up to \$25,000 in the escrow or trust account will mean he has the use of \$25,000 at the equivalent of a 3 percent annual interest rate (six months at 1½ percent). If this method is employed, as prior sales are completed and purchasers' deposit moneys released, any build-up of purchasers' deposit moneys in the escrow account by reason of new sales can be withdrawn and be covered by the bond up to the \$25,000 limit thereof.

There is only one premium for the bond (no annual premium). Therefore, to the extent that the builder has purchasers' deposit moneys covered by the bond for a period in excess of six months, less than a 3 percent annual interest rate on such moneys is paid.

Amended Public Report to Provide for Alternative Use of Bond

When the Real Estate Commissioner's Public Report does not initially provide for the use of the bond, as well as for deposit in escrow or trust account of such purchasers' deposits, this procedure cannot be followed effectively in its entirety. If the public report first secured provides only for placement of purchasers' deposits in escrow or a trust account and then subsequently an amended public report is obtained from the commissioner (which can be done) authorizing the alternative use of the bond for protection of deposit moneys, this will not permit the withdrawal from the escrow or trust account of deposit moneys taken in prior to the

date of the amended public report **unless the written consent of the purchaser making the deposit is obtained.** It will, however, permit withdrawal of deposit moneys taken in after the date of the amended public report.

An increasing number of builder subdividers are finding that by the use of a sharp pencil and proper estimates, the selection of this combination of alternative methods is affording to them the use of money at a lower cost than it would be necessary to pay for borrowed funds. And the best feature is that if money cannot be saved the bond need not be furnished because there is no obligation so to do if the purchasers' deposit

moneys continue to be held in escrow or trust account.

The obtaining of a bond is, of course, a matter up to the individual builder and the bonding company, except where some arrangement may have been made through a local association. The average cost of the bond to a builder qualified with the underwriting bonding companies seems to be 1½ percent, although it has varied from 1¼ percent to somewhat higher than 1½ percent in some instances.

All offices of the division have available a new simplified supplemental questionnaire which is for the purpose of determining how the subdivider desires to handle purchasers' deposit moneys. This new questionnaire is reproduced below except for portion devoted to signature and notarization.

SUPPLEMENTAL QUESTIONNAIRE (Revised July, 1956)

This supplemental questionnaire is to determine how you will handle deposit and purchase money. If any method not specified here is to be used, file a detailed statement of it instead of this form.

A. If there is a blanket encumbrance, please check which one of the following will apply. (Note: See Section 11013 for the definition of a blanket encumbrance. All sections mentioned here are in the Business and Professions Code. Reprints of these sections are attached hereto.)

1. All money will be impounded in the following escrow per Section 11013.2(a), and the title contracted for will be delivered at the same time releases from the blanket encumbrances are obtained.

Escrow:
(Name and address)

2. Title will be held in trust per Section 11013.2(b) and will be held in trust until the title contracted for is delivered.

3. A bond providing for return of deposits per Section 11013.2(c) will be filed, and the title contracted for will be delivered at the same time releases from the blanket encumbrance are obtained.

4. All money will be impounded per Section 11013.2(a) in the following escrow, except for such amounts as may be covered by a bond which may be filed with and approved by the Real Estate Commissioner per Section 11013.2(c) or Section 11013.4(b) as applicable at the time.

Escrow:
(Name and address)

B. If there is *no* blanket encumbrance, please check which one of the following will apply:

1. All money will be impounded in the following escrow or trust account per Section 11013.4(a).

Escrow or Trust Account:
(Name and address)

2. A bond providing for return of deposits per Section 11013.4(b) will be filed.

3. An association bond will be filed per Section 11013.4(c).

4. Off-site and on-site lien and completion bonds will be filed per Section 11013.4(d).

5. All money will be used in the construction of residences or other structures per Section 11013.4(e).

6. All money will be impounded in the following escrow or trust account per Section 11013.4(a) except for such amounts as may be covered by a bond which may be filed with and approved by the Real Estate Commissioner per Section 11013.4(b) or Section 11013.2(c) as may be applicable at the time.

Escrow or Trust Account:
(Name and address)

Statistics Show Trends Division's Activities

License Rise Compared to Population

State of California budgeting is on a fiscal year basis, from July 1st to June 30th, and most state agencies, including the Division of Real Estate, keep major statistical compilations on that basis. Readers may be interested in a comparison of some of the division's activities for the year ending June 30, 1956 (the 1955-56 year), and the preceding year.

License Total Rises

Percentagewise, the number of licensees increased at a rate slightly more than twice the estimated rate of California's population growth during the past year. Licenses were up 9.13 percent; population 4.3 percent

At the end of fiscal 1955-56, the total of all licenses issued by the Real Estate Commissioner during the year stood at 130,303, compared to the 119,399 the previous year. Real estate salesman licenses increased 8,713; real estate brokers went from 56,207 to 57,822; limited real estate salesmen from 928 to 1,199, and the total increase in business opportunity licenses was 317.

Inactive licenses went from 34,569 to 36,989, a smaller rise relatively than in total licenses.

Practically all the increase in licenses issued occurred prior to the operational date of the 1955 amendments to the Real Estate Law, which provide for an additional examination to establish eligibility for a renewable license.

Complaints and Disciplinary Action

The division received 4,245 complaints against licensees and subdividers during 1955-56 as compared to 4,051 the preceding year, resulting in 345 informal and 449 formal hearings, the latter comparing with 370 in the preceding year. Licenses denied rose from 145 to 157 and suspensions and revocations were practically even for the two years.

Subdivisions

Total subdivision filings were 3,265, off 3.2 percent from the record high in 1954-55 when 3,373 subdivisions were filed.

Lenders Subject to Provisions of Realty Loan Brokerage Law

The Legislature's intent in establishing tighter controls over certain loans secured by real estate and eradicating "balloon payments" in specified brackets was that the legislation would apply to all persons lending money under the conditions set forth in the law. So declared the Attorney General in an opinion requested by the Real Estate Commissioner regarding the provisions of the real property loan brokerage law passed by the 1955 Legislature. (See *Real Estate Bulletin* September, 1955.) Although most sections of the real property loan brokerage law obviously apply only to agents who are negotiating real property loans there was some question as to the lender's position when not represented by a broker. Specifically the question arose on the language prohibiting excessive "balloon payments."

Balloon Payments

In discussing his conclusion that excessive "balloon payments" are prohibited even when the lender makes the loan directly, the Attorney General said the statutes were amended to protect "citizens of small means who are in need of borrowing money through loans secured by liens on real estate, especially, but not entirely, on deeds of trust, representing equities in home properties." The 1955 statutes specifically bar excessive "balloon payments" where the loan is made for a period of less than 3 years.

In these cases installment payments over the period of the loan shall be substantially equal and no installment, including the final one, can be greater than twice the amount of the smallest installment. This, according to the Attorney General's opinion, applies to the lender whether or not the loan is negotiated by a loan broker.

Intent to Curb Unfair Practices

The opinion quoted the language of the Legislature as indicative of the lawmakers' intent to curb unfair practices on the part of some lenders when making small loans secured by real property. The Legislature declared

IMPORTANT

New Application Forms Available; Destroy Old Ones

The application forms for real estate and business opportunity brokers and salesmen have been revamped and use of the old forms results in delay and extra correspondence for the applicant and the division. **The many old forms now in brokers' and local board offices should be destroyed.**

Obsolete forms are any that show a printing date prior to June, 1956. The printing date appears in very small type on the last page of the application.

The new application forms will be sent from the Sacramento office on request, and will be available at any of the division's branch offices.

The most important change in the new form relates to the question about any violations of law on the part of the applicant. The number of recommendations required for the broker license applicant has been cut from five to two, but more space is devoted to other details should subsequent investigation of the applicant be necessary.

"there is also evidence that the charges, costs and expenses are indirect means by which money lenders may secure rates of interest beyond those authorized * * * and that persons * * * are being required and induced to pay exorbitant and excessive fees and charges to persons negotiating said loans in the form of brokerage commissions and costs and expenses."

In other words, the legislation was designed to limit indirect charges in the form of brokerage fees and incidental costs, but the lender cannot evade any specified limitations provided in the law by making the loan direct to the borrower.

The Attorney General also gave his opinion that Civil Code Section 3081.5 applied equally to all loans secured by real estate with a maturity date of less than three years, which would bring purchase money mortgages within the intent of the Legislature.

Commissioner's Forum

We continue this month to publish a series of questions on real estate licensing presented by those who attended the Commissioner's Forum meetings held recently. These meetings were very popular and were attended by over 15,000 licensees. As a result, the Commissioner and his panel could not possibly answer all of the questions submitted.

If you like this question and answer section let the Commissioner know as he must justify the additional expenditure. Send all questions to Editor, Real Estate Bulletin, 1021 O Street, Sacramento.

The Commissioner reserves the right to select those questions which he believes to be of general interest. Names of those submitting questions will not be published, and the right to re-phrase questions for the purpose of clarity is reserved.

1. Q. Please clarify the matter of a licensed broker acting as a salesman for another broker, that is, license fees, display of signs, etc.

A. Licensees, as far as the commissioner is concerned, are either brokers or salesmen. He keeps no record of brokers who act in the capacity of salesmen for other brokers. If the broker who employs other brokers wishes to impose any restrictions upon them, it must be done by private contract. All brokers must display their licenses and the required signs, except that, if one broker is working under written contract with another broker exclusively, the commissioner will recognize the display of his license as complying also with the sign requirement. (See Rules and Regulations.)

2. Q. A salesman of mine must return East to attend to some personal business and will be gone for a few months. Can he keep his license active with me and be my contact with persons with whom I am negotiating in the East?

A. It is not necessary for the salesman to inactivate his license if you do not insist upon it. As to representing you in the East, he may run afoul of the license laws of eastern states where such laws exist. Better check with the license agency of the state in which you want him to represent you. No doubt he would have to secure license in the states where he negotiates.

3. Q. A broker has inactivated his license because of illness. How long can he be inactive and retain the right to be active when he recovers?

A. At present, a broker may keep his license inactive indefinitely by renewing his license at the proper time. He may then reinstate it at any time.

4. Q. Must every employee in a real estate office have a real estate license even if their activity is purely clerical?

A. Any employee who does not perform any of the services listed in the definition of a broker or salesman in the Real Estate Law need not be licensed. As a practical matter, however, it is often difficult for an office employee who is unlicensed to refrain completely from slipping into a situation where there may be technical violation of the law. Occasions will arise where he is put in a position of selling or soliciting in some capacity. The safe thing to do is to have such employee properly licensed. Some time ago we ran an article in the *Bulletin* on this subject, discussing the position of the office secretary.

5. Q. Am I correct in assuming that licenses issued prior to October 1, 1955, are exempt from further examination requirements?

A. Yes. As long as the license is kept renewed and not allowed to expire, the holder is not subject to any further examinations unless such is required by the commissioner as the result of a violation of law.

6. Q. How do you justify the difference in the license fees for the newer and older licensees?

A. All will eventually pay the same fees; namely, \$30 for a four-year salesman license, and \$50 for a four-year broker license. Fees were raised due to increased costs of administration and because of additional duties vested with the division by the Legislature. This is the first increase since 1919.

7. Q. I have applied for my first broker license and requested that it be issued July

1st. At present I am a salesman and will be transferring to another broker about May 25th. Do I need to transfer my salesman license, as I will be on vacation during a month of June?

A. Any salesman transferring his employment must immediately arrange to transfer the license, even though the expiration date is approaching. It is illegal for the salesman to work for a new broker until the proper transfer form is submitted to the division with a fee of \$1.

8. Q. May a salesman apply for an original broker license, pass the entrance examination, and then inactivate the broker license and continue as a salesman? Or, must he act as a broker as soon as he has obtained the broker license and continue as a broker until he has passed his final examination?

A. A salesman may apply for a broker license, qualify by the entrance examination and immediately inactivate the broker license. He may thereafter continue to work as a salesman under his present salesman license. Of course, if he expects to secure his renewable four-year broker license, he must qualify by the final examination toward the end of the year.

9. Q. When a broker working as an associate changes to another office, is there a particular form to use?

A. No. The commissioner takes no official notice of any employment agreement between brokers. You merely notify the division in writing that you are changing to a new address, and pay the \$1 transfer fee.

10. Q. If an original broker who had a renewable salesman license fails the final broker examination, does he automatically get his renewable salesman license back?

A. No. He must request reinstatement and send in the reinstatement fee of \$1. If he reinstates under a different broker, there would also be a \$1 transfer fee. This is assuming that he requests reinstatement during the period for which the salesman license was issued.

11. Q. I have had a real estate salesman license since 1954 and want to make it inactive. How long may I keep it inactive before I have to take another examination.

A. The present law does not limit the time a license may be kept inactive as long as the license is kept renewed.

12. Q. Does everyone who takes the final written examination also take an oral examination?

(Cont. on Next Page)

A. No. Those who receive a passing score in the written test will not be led in again.

13. Q. I write examination papers very quickly. When I take my examination for four-year renewable license, may I start in on the second afternoon section as soon as I finish the morning section?

A. No. You must come back for the afternoon session.

14. Q. As a salesman, how long after I file a complete transfer application at one of your offices before I can go to work for the new broker?

A. At once, if you have your application checked and secure receipt for the fee.

15. Q. A recent "Bulletin" article stated the new broker license would cost \$50 and be issued for four years. Please explain.

A. The law has been amended to require all "permanent" brokers and salesmen to renew their license for four years after next July 1st, and pay higher fees. These will be \$50 for the four-year broker license and \$30 for the four-year salesman license. However, the law also permits the commissioner to issue licenses for various periods up to four years to begin with. The fees in such cases will be prorated.

16. Q. If I pay \$50 for my four-year broker license and decide to quit the business at the end of six months, will there be a refund?

A. No. "Unused" fees are not refunded. The same would be true of a salesman who has paid a \$30 fee.

17. Q. Can unlicensed officers of a corporation which holds a real estate broker license sell the corporation's property if they are not paid a commission?

A. Yes, if they do not receive special compensation. This is true whether or not the corporation holds a license.

18. Q. Is an inactive salesman notified when it is time to remit his renewal application and fee on an inactive basis?

A. Yes, the inactive salesman is sent a renewal application at the proper time to permit him to again renew and cancel his license, provided he has kept the division informed of his mailing address.

19. Q. As a broker agent for the sale of subdivision, I keep a desk in a model home, but do not have buyers sign contracts there. Do I need a branch office license?

A. If you use the model home as an office where you talk with customers and interest them in the property, you must secure a branch office license.

20. Q. As a subdivider and builder, I work on the construction project and have an office in a model home. Do I need a branch office license there?

A. Not if you are the owner and there are no salesmen using the office.

21. Q. Would it be legal for me to loan a salesman, with the salesman's consent, to another broker to work on a tract if I have a listing on the tract? The salesman would be working under the other broker's branch office license.

A. No. If your salesman is working out of any office other than your own, you must establish a branch at the office.

22. Q. If a salesman's license has been canceled because he has received an original broker license, can it be reinstated or put on an inactive basis?

A. Yes. He can reinstate or inactivate it any time before it normally would have expired, and during a one-year period thereafter by payment of a penalty fee.

23. Q. I have a regular real estate salesman license which I have carried for several years. If I attempt to secure a broker license and fail the entrance examination twice, do I jeopardize my salesman license?

A. No, providing you have not allowed the salesman license to expire.

24. Q. I held a real estate salesman license for three years and then took and passed my first broker examination in October, 1955. If I should fail to pass my examination for renewable broker license, will I be able to keep my salesman license? Do I have to keep my salesman license alive?

A. Your salesman license expired last June 30, 1956. However, you can reinstate it by paying a double fee (\$4) any time up until June 30, 1957. In the meantime, you will know whether or not you can pass the renewable broker license examination. We suggest keeping salesman licenses renewed and inactivated until a renewable broker license has been obtained.

25. Q. In the application for the renewable broker license, the question is asked: "Have you been convicted of any violation of law?" Does this apply to a minor traffic violation?

A. The question is worded to require you to disclose all law violations. The commissioner will determine

whether or not they are minor violations. If they are only minor they should not interfere with the issuance of a license.

26. Q. If a salesman has inactivated his license, and then later requests that it be reinstated with another broker do you write the old broker asking for a recommendation?

A. No. The broker is presumed to comply with the law and report to the commissioner whenever the salesman is guilty of any violation, in his opinion.

27. Q. In event a woman licensee marries, can she continue to use her former name until the end of the license year?

A. Yes, but the rules require that she notify the commissioner giving her married name for the record. Actually, she would be permitted to continue operating under her old name under these conditions, should she so desire.

28. Q. In the summer of 1955 I sent in an application for a salesman license for my husband, and a broker license for myself. He received notice to take the salesman examination in a short time and was licensed prior to October 1, 1955, receiving a renewable license. I was not notified until late in November and came under the amended law, finally receiving an original license. Now I must take a final examination for the broker license. Why was this?

A. There may have been a number of causes for the delay in your case. In the first place, if you submitted an experience claim to qualify for broker license, this would take additional time to clear. Other things may have arisen during the investigation which also caused the delay.

29. Q. Is a "mobile real estate office" permitted? We have one in our town now.

A. The commissioner will not license an office moved from place to place. A license issued to a trailer, for instance, is good only at a certain specified location and not elsewhere.

30. Q. A new license was issued to Mary Jones Doe (a divorcee). Jones was the maiden name. Could I use the name of Mary Jones on business cards, etc., as long as any legal documents are signed "Mary Jones Doe"?

A. You must be licensed under a definite name and use that name on all business cards, advertising, etc. You might, of course, apply for a "dba" if you are a broker.

THE BUYER WANTS TO KNOW

According to the *Minneapolis Realtor*, the sales force of a major real estate brokerage organization made a tabulation of the hundreds of questions asked by potential buyers of residential property. The questions most commonly asked and which the salesman should be prepared to answer were:

1. How much are the taxes?
2. How many square feet of living space?
3. What size is the lot?
4. How old is the house?
5. Who built it?
6. How much does heat cost per year? Electricity? Gas? Water?
7. What school district is it in?
8. What transportation is available?
9. Where and how far is major shopping area?
10. Who lives next door?

And finally, "What is the minimum down payment I must make?"

Real Estate Education

University Extension Program Offered in Many California Cities

Real estate courses offered by University Extension, University of California, started in numerous cities throughout California during September, too early for the full fall program to be published in this *Bulletin*.

The certificate program in real estate is presented by the University Extension in cooperation with the California Division of Real Estate; the Educational Committee; the National Association of Real Estate Boards, and the California Real Estate Association. The Extension Division announces it has recruited a staff of competent instructors, some of them well-known not only locally but throughout the State for their expert knowledge of the subjects assigned them.

The program of continuing education leading to a certificate in real estate is designed to aid individual brokers and salesmen in broadening their knowledge of their profession and so be a force in raising the standards of the real estate business. Also offered

Federal Legislation

Law Changes Affecting FHA and GI Insured Loans

Public Law 1020 approved by the President on August 7, 1956, and identified as the "Housing Act of 1956" amends various sections and titles of the National Housing Act. Following is a summary of some of the principal changes as reported by the Federal Housing Administration.

Ratio of Loan to Value—Section 203

The ratios of loan to value for existing properties have been changed to correspond with the ratios applicable to properties proposed for construction except for properties which have been completed less than one year and were not approved prior to the beginning of construction. The ratios for properties less than one year old and not approved prior to beginning of construction remains at 90 percent of the first \$9,000 of appraised value and 75 percent of the value in excess of \$9,000. There has not been a change in the currently applicable increase in down payment requirements. With certain minor exceptions statutory percentages continue to be reduced by 2 percentage points for Section 203 cases.

Housing for the Elderly—Section 203

To assist elderly persons in obtaining either an existing or proposed construction property, Section 203 has been amended to provide for the mortgagor to enter into a contract or an agreement with a person or corporation satisfactory to the FHA Commissioner in obtaining funds necessary to meet the down payment and cost of settlement and prepaid expenses. The amendment requires that the mortgagor be at least 60 years of age as of the date a commitment for insurance is issued. It also requires that the aggregate amount of the insured mortgage and any uninsured loan made to the borrower shall be in an amount not in excess of the estimate of the appraised value of the property, plus the closing costs incidental to the transaction.

is the opportunity to keep abreast of economic trends affecting real estate transactions.

This is a state-wide and continuing program and preparations are already under way for the winter sessions. For

Home Improvement and Repair

The Title I program is extended for three more years and FHA is given discretion in waiving requirement that house must be occupied for six months before a loan may be obtained. The maximum loan amount is increased from \$2,500 to \$3,500, and maximum period from three years to five years on individual homes (at discretion of FHA) and from \$10,000 to \$15,000 (\$2,500 per family unit) for multi-family properties. Permitted discount rate remains at 5 percent, but for that part of the loan in excess of \$2,500 the discount rate is 4 percent.

GI Program Extended

The Congress also approved H. R. 9260 which extends the GI Home Loan Program for veterans of World War II from July 25, 1957, to July 25, 1958, and provides that any loan being processed by the VA on or before the latter date may be guaranteed if approval is granted and the loan closed by July 25, 1959. The bill also: (1) provides entitlement to be restored to a veteran who while on active duty was forced to give up his home because of official transfer; (2) releases a veteran obligor on a current loan from liability when he disposes of residential property to a transferee who qualifies and is approved by VA; (3) requires that the veteran must certify at the time the loan is closed that the residence is for his own occupancy; and (4) clarifies the responsibility of the administrator in regard to appraisals.

particulars, write to your nearest Field Program Coordinator, Karl F. Venter, University Extension, 813 South F Street, Los Angeles 14, or Duncan Campbell, University Extension, 140 Montgomery Street, San Francisco 4.

One-year Licensees Are Notified of Eligibility For Examination for Renewable Four-year License

Holders of original one-year licenses are notified when they are eligible to apply for examination for renewable four-year licenses. Numerous inquiries have been received on this point, and this is an explanation of the procedure.

Suppose you hold an original one-year broker or salesman license which expires sometime in the month of February, 1957. In the last week of October, 1956, your name and the names of all others whose licenses expire in February come to the top in a special file. Notices of eligibility for examination for renewable license are immediately sent to you and the rest of the group.

In other words, the holder of an original one-year license may expect to get his notice from 12 to 16 weeks prior to the expiration of the license. The notice referred to is simply a strip of three cards with a red edge on one side. When filled in by the applicant and returned to the Division

of Real Estate with the \$5 fee (either broker or salesman), it constitutes the application for renewable license examination.

Notices to salesman licensees are sent in care of the employing broker. There is always the possibility these may go astray or there may be other slipups along the line. Any holder of an original license who does not receive his application for renewable license examination within ten weeks of the expiration date of that license, is advised to pick up an application at one of the division's offices or write to Sacramento for an application.

Note: The division has received numerous premature inquiries about applications for renewable license examination. Unnecessary correspondence can be avoided if all affected will give the above-outlined procedure an opportunity to operate before making inquiry.

Illegal Subdividing Costs Broker His License and Fine

Dividing a parcel of land into a sufficient number of lots to constitute a subdivision and selling them without observing the requirements of the subdivision laws not only subjects a licensee to disciplinary action against his license, but can also be a criminal offense.

Recently a Butte County real estate broker, while acting as an agent, sold off six lots from a single parcel of

property without filing a notice of intention or obtaining the Commissioner's Public Report. As a result of a formal hearing on an accusation of being in violation of the sections of the Business and Professions Code giving the Real Estate Commissioner jurisdiction over the offering of subdivision property, his license was revoked.

At about the same time, the broker was charged by the district attorney

California Grows

State Population Reaches 13.6 Million

California's total population on July 1, 1956, is estimated at 13,600,000, reports the State Department of Finance. With a gain of 3,014,000, this State has accounted for one-sixth of the Nation's growth since the last decennial census of April 1, 1950. California's growth rate over this period has been 28.5 percent as compared with 11 percent for the Nation.

In the past 12 months, the population of California has increased by 565,000—the largest amount ever recorded in peacetime and a figure only moderately below the peak war influenced movements of 1942-43 and 1951-52.

With an excess of more than 200,000 births over deaths, natural increase provided 35 percent of last year's population growth while 65 percent came from net migration. A continued high level of economic activity, a sustained birth rate, and a lower mortality ratio are expected to bring a total population of 14,620,000 by July 1, 1958.

with violation of the Map Act and the county ordinances relating thereto. Specifically the charge was failure to file a map of the same six parcels. The case was heard by a jury and the broker pleaded ignorance of the law, whereupon the district attorney pointed out that the accused had been in the real estate business as a broker for a number of years.

The broker was convicted of a misdemeanor and the judge sentenced him to a fine of \$300 and placed him on probation for two years.

DIRECTORY ORDER

Division of Real Estate
 1021 O Street, Sacramento, California

Please reserve a copy of the 1956-57 Directory of Licensed Brokers and Salesmen and ship it to me postpaid when books are received from printer.

Price to licensed brokers.....\$1.04 (inc. sales tax)

Price to nonbrokers.....\$3.64 (inc. sales tax)

I enclose my check money order in the sum of \$.....

NAME (please print).....

ADDRESS (please print).....

Street

City

State

Urban Renewal

Licensees' Responsibilities in Programs Defined

In many California cities, real estate men and women are giving generously of their time, talent and knowledge to promote vigorous urban renewal or "Build America Better" campaigns to arrest or eliminate blight conditions. In these same areas on the other hand, a few licensees have generated complaints as they sold or attempted to sell properties, known by them to be subject to urban renewal programs, without informing purchasers of this fact.

Last month the Real Estate Commissioner, in an effort to bring the seriousness of the matter quickly to the attention of all licensees, issued a general news release defining the selling agent's position. It was pointed out that it is the duty of real estate licensees to make known to purchasers all facts where a property being sold may be materially affected by the operation of a renewal program. **In essence, failure to disclose pertinent information could be termed misrepresentation by omission or concealment.**

Problem Faced in Different Ways

California communities are tackling the problem of urban renewal in several different ways. A common approach consists merely of the enforcement of laws which are already on the books; that is, insisting that property owners comply with all building regulations set forth in the State Housing Act and in local ordinances, with special attention given to safety, fire and health standards.

Thus when dealing in properties in an area where such a program is contemplated, the prospective buyer is en-

titled to know that he may have to spend considerable sums in repairs or improvements to meet the code standards when and if enforced, or else find himself with a property he cannot use as he had intended. Obviously failure to disclose such information to a purchaser could be extremely damaging.

The real estate licensee is expected to be reasonably familiar with the property he is offering for sale and with its environment. If it is located within a proposed urban renewal or slum clearance project and the possibility exists that it does not meet the minimum health and safety standards, full information can and should be obtained from the proper authorities.

When the property is substandard indicating a possible future forced repair or alteration expense, the purchase contract should reflect this possibility to avoid misunderstanding. The Real Estate Commissioner emphasized that properties in the path of a contemplated renewal or slum clearance program often represent excellent buys, but the buyer is entitled to know what obligations he may become liable for. Offers to purchase can provide for full investigation.

DIRECTORY OF LICENSEES AVAILABLE ONLY ON ADVANCE ORDER

The 1956-57 Directory of Licensed Brokers and Salesmen is now in preparation. If you want a copy, you must place your order now. We will not be able to take your order after November 1st because at that time our final order must go to the printer.

Each broker is entitled to one copy at a cost of \$1.04, including sales tax. The price to anyone not a licensed broker is \$3.64, including sales tax. **Use the order blank on page 263 of this bulletin and remit check or money order.** Please do not send cash. Place your order now; the book will be sent to you postpaid upon publication.

If additional copies are wanted for branch offices, the regular price—\$3.50, plus sales tax—must be charged in accordance with the law. However, if an individual is licensed both as a business opportunity and a real estate broker, he is entitled to order two copies at the lower price.

The printing cost of each directory is far more than its selling price to brokers. Reservations are necessary to assure no wastage. A nominal price is charged so that the directory will not be ordered unless there is a genuine use for it.

Directories will not be sold in the division's branch offices, but will be available to anyone for reference purposes.

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