



Real Estate Bulletin

Official Publication of the California Department of Real Estate

RONALD REAGAN, *Governor*

Fall 1969

BURTON E. SMITH, *Commissioner*

Law Changes

LEGISLATIVE ENACTMENTS AFFECT REAL ESTATE FIELD

Each of the several departmental bills introduced at the request of the commissioner, as well as a number of other bills affecting licensees, subdividers and syndicators, were enacted into law by the 1969 Legislature.

Perhaps the legislation of most direct interest to licensees in general

EDITOR'S NOTE: This is not intended to be an in-depth coverage of new legislation, but merely a sketch of its highlights. Any reader considering himself directly affected by a change in the law is urged to consult the full text of the law, his attorney or the Department of Real Estate before taking action based on the skeleton material herein set forth. Except as otherwise indicated, legislation goes into effect November 10, 1969.

was not originated as a departmental bill—it was introduced at the behest of the California Real Estate Association. *AB 1001 (Sherman)*, as passed, will eventually make substantial changes in the treatment of inactive real estate licensees. It goes into effect July 1, 1970, and provides that any real estate license which has been inactive for more than six months can be activated only after a 30-day waiting period. If a license has been inactive for more than 10 years, the applicant for license activation must take and pass the then current examination.

This measure will also reduce the fee for an original or renewal inactive license to one-half that charged for an active license of the same class, but the difference must be paid upon activation. To compensate for revenue lost to the Real Estate Fund, original and renewal fees for both broker and salesman licenses will be raised \$10 as of July 1, 1970.

Real Estate Syndicates

AB 2000 (Knox)—Transfers regulation of some types of real estate
(Continued, Col. 1, Page 887)

Real Estate Salesman License Examination Stiffened

Since early September, a 3¼-hour 150 multiple-choice item test has been administered to real estate salesman license candidates instead of a five-hour 200-item examination.

The change was based on a searching analysis of examination results and on the advice of recognized testing authorities. Apparently the length of an examination does not necessarily correlate with its effectiveness as a testing device.

It is anticipated that results will prove the new examination formula will measure candidates' knowledge even more effectively than did the discontinued one. As a byproduct, administrative costs will be reduced and real estate license candidates and their sponsoring brokers will get improved service.

Schedules Accelerated

The DRE has been administering an average of 2,000 examinations for real estate salesman license each month over the past year. The new tests will shorten the waiting time for the salesman license applicant who is adequately prepared. Examinations are given in five locations throughout the state; most of these are administered on Saturdays so as to utilize state facilities which are otherwise unused on weekends. Also, applicants have the opportunity to take examinations without absence from the current jobs they may have.

Truth in Advertising— Avoid Unsupported Claims

The Real Estate Commissioner, leaders in the real estate industry, trade journals, and this publication, in one way or another, consistently stress the point that long-term success in real estate is achieved by those persons and firms who gain a reputation for honest representation, straightforward dealing and dependability. These are the licensees in any community who are recommended by clients and customers with whom they have dealt.

Conversely, the misrepresenters, the skaters skirting the thin ice of law violation, the dishonest also become known by reputation; if the law does not catch up with them, the chances are they will go out of business eventually anyway, simply because their unsavory reputation keeps people from their doors.

This principle as it relates to advertising is well stated in a publication *Workshop for Real Estate Ad Writers* by Ted MacDonald, published by Harrison C. MacDonald & Sons, Inc., Lafayette, Indiana. With permission of the publisher, we quote from the section
(Continued, Col. 3, Page 887)

Inside This Issue . . .

• Amenities in Apartment Units.....	884
• Background Survey—Salesmen.....	885
• Cal-Vet Interest Rates Hike.....	884
• Check Not Honored.....	883
• Fair Housing Poster.....	888
• Installment Sales Act Modified.....	885
• License Processing Takes Time.....	884
• Material Changes—Subdivision.....	884
• Mould Elected CREA President.....	883
• Research Reports.....	886
• RHO Epsilon—Fraternity.....	888
• Salesmen—Unethical Activities.....	885
• Supervision—Failure to Provide.....	886
• Thomas R. Rooney—in Memoriam.....	886
• Trust Fund Records—CREA.....	884

REAL ESTATE BULLETIN

Official Publication of the
California Department of Real Estate

Vol. 29, No. 4

Fall 1969

STATE OF CALIFORNIA
RONALD REAGAN, Governor

BURTON E. SMITH
Real Estate Commissioner

JOHN E. HEMPEL
Chief Assistant Commissioner

STATE REAL ESTATE COMMISSION

JOHN COTTON FRANK MACBRIDE, JR.
San Diego Sacramento
HARLAN GELDERMANN RALPH H. MILLER
Danville Upland
ART LEITCH L. H. "SPIKE" WILSON
San Diego Fresno

PRINCIPAL OFFICE

714 P St.
Sacramento 95814

J. P. MAHONEY, Assistant Commissioner,
Legal and Compliance
GERALD E. HARRINGTON, Assistant Commissioner,
Administration and Education
WALTER J. MILLER, Assistant Commissioner,
Education and Publications
THOMAS J. NOLAN, Assistant Commissioner
Subdivisions
PAUL R. POPE, Chief Deputy, Examinations
WALTER L. ALLEN, Senior Deputy, Editor

NORTHERN REGULATORY AREA

RAYMOND M. DABLER, Assistant Commissioner,
Rm. 2033, 350 McAllister St., San Francisco
94102

District Office

San Francisco, Rm. 2033, 350 McAllister St.
94102
JOHN LAZUR, Chief Deputy

CENTRAL REGULATORY AREA

HAROLD H. WELLS, Assistant Commissioner
714 P St., Sacramento 95814

District Offices

Sacramento, Rm. 1400, 714 P St. 95814
Fresno, Rm. 3084, 2550 Mariposa St. 93721
RICHARD H. McADOO, Supervising Deputy

SOUTHERN REGULATORY AREA

HENRY H. BLOCK, Assistant Commissioner
State Office Bldg., Rm. 8003, 107 S.
Broadway, Los Angeles 90012

District Offices

Los Angeles (Main Office, Southern Area)
State Office Bldg., Rm. 8003, 107 S.
Broadway 90012
LEE V. SMA, Chief Deputy
San Diego, State Office Bldg., Rm. 2022, 1350
Front St. 92101
RICHARD B. NICHOLLS, Supervising Deputy

The Real Estate Bulletin is a quarterly published by the State of California, Department of Real Estate, as an educational service to all real estate licensees in the state under the provisions of Section 10083 of the California Business and Professions Code.

From the license renewal fee, \$1 is allocated to cover subscription to the Bulletin, Second Class Postage Paid at Sacramento, California.

Disciplinary Action—June 1969—September 1969

REB—Real estate broker RES—Real estate salesman REO—Real estate officer
RREB—Restricted real estate broker RRES—Restricted real estate salesman REC—Real estate corporation
NOTE: A list of actions is not published in this Bulletin until the 30-day 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 From June 1969 Through September 1969

Name	Address	Effective date	Violation R.E. Law/Regulations
*Shirley, Thad Smith (REB)	38000 Sierra Hwy., Palmdale	2/13/69	10176(a) (d) (g) (i), 10177(f) (j)
*Johnson, Julius Taylor (REB)	1425 Ocean Ave., San Francisco	3/28/69	10176(a) (i), 10177(f) (j)
*Pender, Robert J. (REB)	38000 Sierra Hwy., Palmdale	4/17/69	10176(a) (d) (g) (i), 10177(f) (j)
(RES)	38750 31st East, Palmdale		
Ringbloom, James Arthur (RES)	613 B St., Marysville	6/ 3/69	10177(b)
(Right to RRES license on terms and conditions)			
McCowan, Ruth DuSair (REB)	1634 E St., San Bernardino	6/ 4/69	10145, 10176(e) (i), 10177(d) (f)
Sackett, Edward Sherman (RES)	P.O. Box 741, Placerville	6/ 5/69	10177(b)
(Right to RRES license on terms and conditions)			
Arant, May LeVeigh (REB) (REO)	6416 W. Blvd., Los Angeles	6/10/69	10176(a) (i), 10177(f) (j)
Pres., Arant Invt. Co., Inc.			
(Right to RREB license after 90 days on terms and conditions)			
Lyle, Otis (Dick) DeWitt (RES)	2175 Melville Dr., San Marino	6/10/69	10177(b) (f)
(Right to RRES license after 30 days on terms and conditions)			
Bradford, David Blair (RES)	644 Filbert Ct., Walnut Creek	6/11/69	10177(b)
Bradford, Jeanne Marie (RES)	6559 El Cajon Blvd., San Diego	6/11/69	10176(a), 10177(f) (g)
(Right to RRES license on terms and conditions)			
Giese, Alfred Edwin (REB)	1111 E. Huntington Dr., Monrovia	6/11/69	10177(b) (f)
Thorman, Joseph Jerome (REB)	8400 Los Coyotes Dr., Buena Park	6/11/69	10145, 10176(i), 10177(d) (f) (j); 2830, 2831, 2831.1
dba Trust Realty			
(Right to RREB license on terms and conditions)			
Stromquist, Kenneth Eugene (REB)	2546 E. Alden Pl., Anaheim	6/11/69	10145, 10177(d) (f)
dba West Ana Realty			
(Right to RREB license on terms and conditions)			
Ward, Ernest Richard (REB)	1172 Saranap Ave., Walnut Creek	6/11/69	10177(b)
Johnson, Buster Lee (REB)	2083 Thurin, Ste. A, Costa Mesa	6/12/69	10145, 10176(i), 10177(d) (f) (j)
(Stayed for 2 years on conditions)			
Zolle, Irwin (RES)	2229 San Geronio, Palm Springs	6/12/69	10177(b) (f)
(Right to RRES license on terms and conditions)			
Heskamp, William Herbert (RES)	319 MacArthur Blvd., San Leandro	6/18/69	10177(a) (b) (f)
Salinas, Joseph Raymond (REB)	2139 E. Bail Rd., Anaheim	6/18/69	10145, 10176(e) (i), 10177(d) (f)
dba The Property Mgt. Co.			
dba The Property Marketing Co.	11752 Garden Grove Blvd., Rm. 104-A, Garden Grove		
(Stayed for 2 years on terms and conditions)			
Cloud, Percy Duane (RES)	1202 Normandy Pl., Santa Ana	6/26/69	10177(a) (f)
(Right to RRES license on conditions)			
David, Audrey (REB)	3837 Santa Rosalia Dr., Los Angeles	6/23/69	10176(e) (i), 10177(d) (j); 2830, 2832
Member, Townhouse Realty Co.	3528 12th St., Sacramento		
Davis, Ben Hays (RES)	5522 La Palma Ave., La Palma	7/ 1/69	10177.5
Graves, Sherman David (RES)	1820 W. Campbell Ave., Campbell	7/ 8/69	10177(b)
(Right to RRES license on terms and conditions)			
Halford, Ernest Joseph (RES)	8685 Holly Way, Buena Park	7/ 8/69	10177(a) (b) (f)
Tyson, Norma Jean (RES)	1834 Charlemont St., Hacienda Heights	7/ 8/69	10177(b) (f)
(Right to RRES license on terms and conditions)			
Farrell, Jewel (RES)	1945 66th Ave., Sacramento	7/ 9/69	10177(b)
Goodwin, John Wilson (RES)	43319 Mission Blvd., Fremont	7/15/69	10177(b)
(Right to RRES license after 30 days on terms and conditions)			
Saunders, Alfred Lloyd (RES)	15233 Ventura Blvd., Sherman Oaks	7/15/69	10177(a) (b) (f)
Corrigan, Philip Stephen (RES)	681 Market St., San Francisco	7/24/69	10176(a)
(Right to RRES license after 45 days on terms and conditions)			
VonDerHeide, John David (REB)	1862 Crone Ave., Anaheim	7/25/69	10130, 10177(d) (f) (h)
Wright, Margaret S. (REB)	924 N. Euclid St., Anaheim	7/25/69	10130, 10137, 10176(a) (i), 10177(d) (f)
(RES)	225 E. North St., Anaheim		
(Right to RRES license after 60 days on terms and conditions)			
Bradburn, Catherine May (REB)	3727 Kings Way, Sacramento	7/30/69	10177(b)
(Right to RREB license after 30 days on terms and conditions)			
Barton, Byron Patrick (RRES)	578 N. Mathilda, Sunnyvale	7/31/69	10177(d) (k); 2754
Melendez, Alonzo Edmund (RES)	5919 Northside Dr., Los Angeles	7/31/69	10177(j) (f)
Skoog, Karl LeRoy (RES)	6363 Sunset Blvd., Los Angeles	7/31/69	10177(a) (b) (f)
Harvey, Andrew (REB)	6027 Shattuck Ave., Oakland	8/ 5/69	10145, 10176(e), 10177(d) (f)
(Right to RREB license on terms and conditions)			
McFadden, Millard Boyce (RES)	6300 Telegraph Ave., Oakland	8/ 5/69	10145, 10176(e) (i), 10177(d) (f)
(Right to RRES license after 30 days on terms and conditions)			
Rahm, John Frederick (RES)	4201 Birch St., Newport Beach	8/ 8/69	10177(b) (f)
(Right to RRES license on terms and conditions)			
Barnes, Riley, Jr. (REB)	1504 E. Truxtun Ave., Bakersfield	8/11/69	10177(b)
(Right to RREB license on terms and conditions)			

* Not previously reported.

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

(Act of October 23, 1962: Section 4369, Title 39, United States Code)

Statement on Real Estate Bulletin issued quarterly was filed with postmaster on September 22, 1969. Location of office of publication and headquarters of publishers is 714 P Street, Room 1550, Sacramento, California 95814. Publisher: Burton E. Smith, Real Estate Commissioner, State of California; Editor: Walter L. Allen, Deputy Commissioner, Department of Real Estate; Managing Editor: Walter J. Miller, Assistant Commissioner, Department of Real Estate; all with offices at the address given above. Owner: Department of Real Estate, State of California, 714 P Street, Sacramento, California 95814. Bondholders, mortgages and other security holders: none. Average number of copies each issue during preceding 12 months: 147,250; paid circulation through dealers, etc.: none; mail subscriptions, 141,694; total paid circulation: 141,694; free distribution: 4,956; total distribution: 146,650; office use, left over, etc.: 600; total press run: 147,250. Actual number of copies of single issue published nearest to filing date: 151,000; sales through dealers and carriers, etc.: none; mail subscriptions: 145,588; total paid circulation: 145,588; free distribution: 4,812; total distribution: 150,400; office use, left over, etc.: 600; total press run: 151,000.

Licenses Revoked From June 1969 Through September 1969—Continued

Name	Address	Effective date	Violation R.E. Law/Regulations
Small, James Wellington (REB)...	P.O. Box 8, Apple Valley.....	8/19/69	10177(f) (j)
Smith, John William (RREB).....	1323 N. Broadway, Santa Ana.....	8/19/69	10177(f) (j)
dba Jack Smith Co. dba Investors Financial Service Co.			
Wyatt, Frederick Preston (RES)...	316 State St., Los Altos.....	8/20/69	10240, 10242(b) (c), 10177(d)
(Right to RRES license on terms and conditions)			
Baum, Morris (REB).....	16361 Ventura Blvd., Encino.....	8/25/69	10176(a) (c) (i), 10177(f) (l) rein- acted as (j), 11020
V. Pres., Glenn Sutter Land Corp.	340 N. Camden Dr., Beverly Hills (REO)		
(Right to RREB license after 1 year on terms and conditions)			
(Right to RRES license after 120 days on terms and conditions)			
Baum, Ruth (RES).....	489 S. Robertson Blvd., Beverly Hills	8/25/69	10176(a) (c) (i), 10177(f) (l) rein- acted as (j), 11020
(Right to RRES license after 120 days on terms and conditions)			
Bahl, Ralph Russell (REB).....	12022 La Crosse St., Colton.....	8/27/69	10176(c) (i), 10177(d) (f); 2950(d) (f) (g)
McCarney, George Garfield, Jr. (REB).....	440 Grand Ave., Oakland.....	8/28/69	10145, 10148, 10176(e) (i), 10177(d) (f); 2831
Glassell, Raymond A. (RES).....	1212 Regent St., Alameda.....	9/ 2/69	10085, 10137, 10145, 10146, 10176(a) (e) (i), 10177(d) (f) (j); 2832, 2971
Grimmett, Joseph Eugene (RES).....	4182 S. Western Ave., Los Angeles.....	9/ 4/69	10176(e) (i), 10177(d) (f); 2832
Miller, Ronald William (REB).....	1747 Franklin, Santa Monica.....	9/ 4/69	10176(j), 10177(b) (d) (f) (j), 11010, 11018.2; 2795
(RES)			
Thompson, Rudolph Everett (RREB).....	3333 Watt Ave., Sacramento.....	9/ 4/69	10176(a) (i)
Weissenberger, Linda Jane (RES).....	2525 Fitzgerald Rd., Simi.....	9/ 4/69	10177(b) (f)
Berger, Selma Warren (RES).....	6025 Sepulveda Blvd., Van Nuys.....	9/ 9/69	10177(b) (f)
Mytinger, Harry Daniel, Jr. (REB).....	12422 Bellwood Rd., Rossmoor.....	9/ 9/69	10177(b) (f)
Spores, George William (REB).....	354 21st St., Oakland.....	9/15/69	10177.5

Licenses Suspended From June 1969 Through September 1969

Name	Address	Effective date	Violation R.E. Law/Regulations
Steffensen, A. (REB).....	377 15th St., Oakland.....	6/ 4/69	11010, 11018.2
Lesperance, Clarence Orlo (REB)...	19053 Arrow Hwy., Glendora.....	15 days 6/10/69	10176(a) (d) (i), 10177(f) (j)
dba USA Realty		30 days	
Sway, Samuel Maurice (RES).....	22739 S. Main St., Torrance.....	6/10/69	10176(a) (i), 10177(f) (j)
Kockos, John Harry (REB) (REO).....	133 Pepper Ave., Burlingame.....	30 days 6/11/69	10177(f) (j)
V. Pres., Kockos Realty & Ins., Inc.		60 days	
aeagle, Mary Cassey (REB).....	16111 Beach Blvd., Huntington Beach	6/11/69	10162, 10164
(After 30 days, remainder or any portion thereof may be stayed on conditions)		59 days	
Syme, Charles William (REO).....	2350 Junipero Serra Blvd., Daly City	6/17/69	10177(f) (j)
V. Pres., Aetna Realty		45 days	
Courtney, Bette Jean (RES).....	22448 Cass Ave., Woodland Hills.....	6/18/69	10177(b) (f)
Johnson, Jon Avon (REB).....	807 W. 132nd St., Gardena.....	6 months 6/24/69	10145, 10176(e), 10177(d) (f)
V. Pres., Solamor Financial Corp. (REO).....	8301 S. Western Ave., Los Angeles	10 days	
Hoppe, Grace Lillian (RES).....	1915 Peyton Ave., Burbank.....	6/26/69	10177(b) (f)
Silvers, Barry Charles "Steve" (RREB).....	1414-A 21st St., Sacramento.....	90 days 6/30/69	10177(b)
Pasquet, Edward Paul (RRES).....	67 Marymount Ave., Atherton.....	15 days 7/ 2/69	10177(f) (j)
Zelimer, Richard Gregory (RES) ..	2690 E. Garvey Ave., West Covina.....	90 days 7/ 3/69	10176(a) (d) (i), 10177(f) (j)
Sullivan, Thomas Robert (RREB).....	38 Linden Ave., Rm. 1, San Bruno.....	30 days 7/ 8/69	10177(k)
Wilson, Jimmie Lee (REB) (RES).....	8341 Eastern Ave., Bell Gardens.....	45 days 7/ 8/69	10177(b) (f)
dba American Realty		30 days	
Uhl, Franklyn Stone (RES).....	4627 Geary Blvd., San Francisco.....	7/ 9/69	10177(a) (f)
(permanently Stayed)		5 days	
Lucas, Walter Joseph (REB).....	Main St. across from Post Office, Lockeford	7/10/69	10162, 10177(d)
(After 30 days the remainder or any portion thereof may be stayed on conditions)		175 days	
Quinn, George Leslie (REB).....	186-F Sunnyoaks Ave., Campbell ..	7/15/69	10177(d) (f), 11013.2(a); 2811
Johnson, Caifson (RES).....	1631 Solano Ave., Berkeley.....	30 days 7/31/69	10177(b)
(Stayed for 1 year on conditions)		30 days	
McKnight, Leroy Franklin (REB).....	2419 Forest Ave., San Jose.....	8/12/69	10162, 10177(d)
(After 30 days, remainder or any portion thereof may be stayed on conditions)		880 days	
(RES).....	543 E. Date St., Porterville.....	8/12/69	
Gerton, Bernard Taylor (REB).....	17401 Hesperian Blvd., San Lo- renzo	231 days 8/12/69	10177(f) (j)
(REO)		30 days	
V. Pres., Larsen-Gerton Realty, Inc.			
V. Pres., Castlewood Homes Development Co.			
V. Pres., Cur-Ton, Inc.			
(First 15 days stayed for 2 years on terms and conditions)			
Larsen, Anna Helen (REO).....	17401 Hesperian Blvd., San Lo- renzo	8/12/69	10177(f) (j)
V. Pres., Larsen-Gerton Realty, Inc.		30 days	
(Last 15 days stayed for 2 years on terms and conditions)			
Sherrett, Maria (RES).....	1722 Irving St., San Francisco ..	9/ 3/69	10176(a) (i), 10177(f) (j)
Kraucunas, Anthony Augustene (RES).....	14805 Sierra Hwy., Saugus.....	60 days 9/ 9/69	10177(b) (f)
man, Hal Allen (REB).....	6551 Trigo Rd., Goleta.....	15 days 9/18/69	10137, 10177(d) (f)
dba Isla Vista Realty		15 days	
Knight, Kenneth Eugene, Jr. (REB).....	100 N. Olinda Pl., Brea.....	9/23/69	10162, 10165, 10177(f); 2754
(REB)		244 days	
(After 30 days, remainder or any portion thereof may be stayed on conditions)			
Ward, Lem Fred (REB).....	529 S. 2nd Ave., Ste. B, Covina.....	9/23/69	10146, 10176(i), 10177(d) (f) (j); 2830, 2970
(RES)		25 days	

Melvin L. Mould Named 1970 President of CREA

Melvin L. Mould of Long Beach was elected president of the California Real Estate Association by the board of directors of the organization on October 2, 1969, the final day of the



MELVIN L. MOULD

annual convention, this year held in Los Angeles. His term starts in January 1970 when he will officially succeed Emmette T. Gatewood, Jr., Los Gatos. Mould, 52, has operated his own general real estate brokerage firm in Long Beach since 1954.

A native of Pennsylvania, he attended schools in Ohio, earning a BA degree at Fenn College, Cleveland. In 1941, he enlisted in the United States Army, serving for 11 years in Europe and Korea. He was discharged with the rank of major.

Active in CREA affairs, he has been a director since 1962 and has served two terms as regional vice president and as a member of the executive committee. He has been particularly active on CREA's Equal Rights Committee, serving as its vice chairman. He has been a director of the National Association of Real Estate Boards for four years, serving on several important committees. He was president of the Long Beach District Board of Realtors in 1963, and was designated Realtor of the Year in 1964.

The president-elect has been a member of the mayor's and city council's Human Relations Committee for the City of Long Beach since 1963 and the mayor's conference on city problems.

He and his wife, Ruth, have three sons and a daughter.

A WORD TO THE WISE

If a real estate licensee submits a check to the DRE in payment of a fee and the check is not honored by the bank for any reason, an investigation and audit may result.

SUBDIVIDERS

Report Material Changes Promptly

A review of 45 subdivisions newly on the market in Santa Clara County revealed that approximately 25 percent of the subdividers had made material changes in the offerings without first notifying the DRE.

Amending or modifying restrictions was the most common of the unreported material changes. Next most frequent was the creation of holding agreements with title insurance companies. In one case, the entire unsold portion of the subdivision had been deemed to a related, but different, entity.

Making a material change in a standard subdivision or planned development can be a misdemeanor or a felony, and can give the purchaser grounds for later rescission of the contract, should he be dissatisfied.

The public report on the subdivision is supposed to report the true pertinent facts relative to the offering. If any one of these representations of fact is altered after issuance of the report, the alteration constitutes a material change, which must be reported to the DRE so the public report may be amended to conform with the new condition or conditions. Considered material are changes in vesting of title, in money handling provisions, in method of sale or conditions of the offering, i.e. the use of a sewerage system rather than septic tanks, newly created assessment or improvement district, and many others.

Subdividers and developers, as well as brokers, should be acquainted with Sections 10185, 11012, 11018.7 and 11023 of the B&P Code which relate to subdivision violations and penalties therefor. They are cautioned to keep the DRE informed of all contemplated material changes. They

APARTMENT RESEARCH REPORT

A research report entitled *Predicted Demand for Amenities in Apartment Units: A Cross-Sectional Analytic Study* has been completed by Dr. Irene Lange, School of Business Administration and Economics, California State College at Fullerton. Its findings are of particular moment to those interested in apartments as brokers, investors, syndicators, builders or managers.

The report gives a "profile" of apartment house dwellers including age, family size, income, distance from work, rentals paid, etc. Also the study reports on amenities most wanted and those which tenants would be willing to pay increased rentals to obtain.

The survey on which the report was based was confined to North Orange County, but the findings are probably applicable to most areas in the state. Order report from Department of Real Estate, 714 P Street, Sacramento 95814. Price: \$1.50 per copy, plus 8% sales tax if ordered in California.

should accept this responsibility themselves and not leave it to others to fulfill the demands of the law.

Employing Brokers: License Processing Takes Time

A broker proposing to employ a potential salesman not already licensed should allow ample "lead time" for the scheduling of the examination and eventual license issuance after the applicant is over the test hurdle. Any implication on the broker's part that this is simply a two- or three-week process is manifestly unfair to the man or woman eager to go to work, and misinformation of this kind has caused much bitterness. License applications have been in surprisingly

high volume, and there is a limit on the number of tests which can be scheduled, graded and otherwise processed in a given month.

Also, to avoid undue delay, the broker should make certain the applications for examination and license are fully completed and accompanied by the correct fees.

The DRE will be able to schedule more examinations using its present facilities, now that a change in test format has been adopted.

TRUST FUND RECORDS BOOK PUBLISHED BY THE CREA

In a number of issues of the *Real Estate Bulletin* and in the *Real Estate Reference Book*, the Department of Real Estate has emphasized brokers' responsibility for proper maintenance of real estate trust fund records. Now the California Real Estate Association, sharing the concern of the department, has published a looseleaf binder entitled *Real Estate Trust Fund Records and Requirements*. Copies may be obtained from the association at 520 South Grand Avenue, Los Angeles 90017, or from local real estate boards. Price: \$7.95 plus sales tax.

The CREA booklet summarizes trust fund requirements obligatory for brokers and includes a limited supply of record forms. Illustrative transactions and explanations prepared by Burton E. Smith, Real Estate Commissioner, and DRE staff make up the text. Several bookkeeping services, it should be noted, have also published outlines of records for trust fund and tax purposes which meet the requirements of the law and the commissioner's regulations.

Keeping trust fund records straight is the broker's responsibility, and he should either personally maintain them or review them periodically, with special attention to trust account bank record reconciliations.

Spot check surveys of brokers' records for educational and compliance purposes are being conducted by the DRE deputy and audit staff on a continuing basis.

Cal-Vet Interest Rates Raise to 4¼ Percent

Adjusting to the tight money market and high bond flotation costs, the California Board of Veteran Affairs moved to raise the interest rate on all loans financed through the Cal-Vet Farm and Home Loan Program from the present rate of 3¼ percent to 4¼ percent as of December 1, 1969.

The increase applies to existing Cal-Vet loans, but will not affect monthly payments. The added interest will be absorbed by further installments beyond current contract termination dates.

SALESMAN'S ACTION RAISES DOUBT ABOUT HIS BROKER

During indoctrination or before, most real estate salesmen learn they are subject to the obligations created by a fiduciary relationship. As an employee of the broker, a salesman is duty bound to disclose all information to the broker's clients which might influence their decisions in transactions. Violation of the agency principle by the salesman not only jeopardizes his license, but also puts his employing broker in an awkward position since he can be held responsible civilly for the acts of his salesman.

Lack of Supervision

A recent investigation revealed that a salesman had signed a deposit receipt on the line reserved for the broker's signature; no reference was made either to his employer nor to his employer's fictitious name or to his own status as a salesman. Although the transaction fell through and the complainant's deposit was returned, the salesman's action raised questions: Was he endeavoring to act in the capacity of a broker and was his broker in effect "renting" his license out, or at the very least failing to supervise the salesman properly?

A license imposes certain definite legal and ethical restrictions and, in the quest for professional status and recognition, strict adherence to the law elevates quality of practice and promotes harmonious relations.

RETAIL INSTALLMENT SALES ACT MODIFIED

Section 1801.4 has been added to the Civil Code as part of the Unruh Retail Installment Sales Act. It provides this act shall not apply to any contract or series of contracts providing for the construction, sale, or construction and sale of an entire residence or all or part of a structure designed for commercial or industrial occupancy, or for the sale of a lot or parcel of real property, including any site preparation incidental to such sale.

The legislation was intended to abrogate any contrary rule in the Supreme Court case *Morgan v. Reasor Corp* (69 C2d 881) which was treated briefly in the spring 1969 edition of the *Real Estate Bulletin* (page 868).

BACKGROUND SURVEY

Information Gathered on Salesman License Applicants

Where do applicants for real estate salesmen licenses come from? How do they prepare for an examination or select an employing broker? These questions were raised at a meeting of the Commissioner's Real Estate Education and Research Advisory Committee (The CREERAC) and it was suggested that a questionnaire be used to gather background information of this kind. At test sessions in six different areas, those taking the examination for original salesman license were asked to fill out the developed questionnaire. Completed or partially completed were 548 questionnaires, with results tabulated below.

Age, Sex, and Marital Status

536 applicants gave ages ranging from 18 years to 65 years and up

Age No.	18-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-Up
No.	44	74	71	76	66	83	57	36	18	11
%	8.2	13.8	13.4	14.1	12.3	15.5	10.6	6.6	3.3	2.2

Of the 548 applicants, 376, or about 68.5 percent, were male; 172, or about 31.5 percent, female. A total of 500 applicants answered the question on marital status—388, or about 77.5 percent, were married; 112, or about 22.5 percent, were unmarried.

Employment During Past 5 Years

Applicants were requested to list last employment first. With 511 answers, 203 different occupations were listed. Most were fitted into general occupational categories. Results: sales, tangible products, 88; housewives, 61; manufacturing and industry, 48; miscellaneous, 40; office, clerical, 33; military services, 30; government services—city, county, state, federal, 27; sales, intangibles, 26; engineers, 24; students, 24; self-employed, small business, 20; building and construction, 18; banking and savings and loan, 13; teachers, 12; hospital—medical services, 10; self-employed, other than small business, 9; office, professional, 8; transportation (includes 2 commercial airline pilots, 2 truck drivers), 8; utility companies, 5; accountants, 3; unemployed, 3; retired, 1.

The miscellaneous category included the following occupations: apartment building manager, auto mechanic, baker, barber, bartender, building maintenance, chef, claims examiner, cosmetologist, farmer, golf pro, hair stylist, host and plant tours, interior decorator, legal research, meat cutter, meat wrapper, meat department manager, mortician, movie actor, MTI Business School, public warehouse, ranch foreman, real estate development, real estate investor, real estate speculator, stereotyper, service station attendant, television technician, van and storage, and waitress.

Formal Educational Background

There was a 100 percent response (548) to this question. The following table shows distribution by highest educational level reached.

	Grammar school	High school	Some college	2 years or more college	College graduate	Graduate work	Master's or other degree
No.	16	152	148	130	60	19	23
Percent	2.9	27.8	27	23.8	10.9	3.4	4.2

Steps Taken to Prepare for Examination

Again, a 100-percent response, as shown in the table below:

	Junior college courses	Private real estate school	State college or university courses	University extension courses	Self study
No.	52	408	10	11	67
Percent	9.5	74.5	1.8	2	12.2

Reason for Going Into Real Estate Business

Of the 535 applicants who answered this question, first choices are given below:

Income potential from full-time employment in real estate, 164 (30.7%); Intend to become a broker and be self-employed, 88 (16.4%); Believe it will be interesting work, 75 (14%);

(Continued, Col. 3, Page 886)

BROKERS DISCIPLINED FOR FAILURE TO SUPERVISE SALESMEN PROPERLY

"Supervise" can generally be simply defined as "to oversee for direction; to superintend." However, when we talk of supervision in the sense that it applies to a real estate broker's responsibility relative to activities of salesmen in his employ, the meaning of the term is less simple.

Under the Real Estate Law, the employment of licensed personnel by a broker immediately places him in the position of being responsible for the acts and omissions of his employees.

So, in contradistinction to the term, "supervision" is "nonsupervision", which is applicable when there is a failure upon the part of a broker to exercise reasonable supervision over the activities of his salesmen. Frequently the commissioner has found it necessary to discipline licensees for this dereliction. In some instances both the broker and his salesman have been subject to discipline; in some cases each was charged with different law violations. For example, one broker who operated a rental agency maintained more than one branch office and permitted a salesman in her employ to operate the branch offices without supervision. Her license was revoked; the salesman's license was suspended.

Acting in a Broker's Capacity

Recently, investigation disclosed that a real estate salesman was apparently negotiating real estate loans secured by second deeds of trust, charging excess fees and commissions, failing to deliver statements to borrowers, accepting compensation directly from persons other than the broker under whom he was at the time licensed, neglecting to deposit funds collected from tenants into a trust fund or neutral escrow, and converting such funds to his own personal use. It was found that the employing broker had entered into an agreement with the real estate salesman whereby the latter was to manage the office and if any additional salesmen were employed they would be supervised by the salesman with whom the agreement was made. The

RESEARCH REPORTS AVAILABLE

The following research reports, among others, are obtainable from the DRE's principal office, 714 P Street, Sacramento 95814, at \$1.50 per copy, plus 5 percent state sales tax, if ordered in California.

- *Broker's Role in Attracting Industrial, Commercial and Recreational Development* by Russell R. Connert and Jasper J. Sawatzky—Humboldt State College.
- *Characteristics Preferences and Home Buying Intentions of Apartment Residents in San Jose* by John W. Aberle and Pe Sheung Wang—San Jose State College.
- *Current Problems in Financing Older Homes in Fresno* by Irving Davis—Fresno State College.
- *Institutional Mortgage Lending in the Los Angeles Metropolitan Area Between the Census Dates of 1950 and 1960* by John R. Cox—California State College, Los Angeles.
- *Planned Unit Development in Orange County* by Paul T. Kinney—California State College, Fullerton.
- *Potential Market for New Housing by Irene Lange*—California State College, Fullerton.
- *Predicted Demand for Amenities in Apartment Units: A Cross Sectional Analytic Study* by Irene Lange—California State College, Fullerton.
- *Urban Model Synthesis: A Review* by Peter M. Mrynaryk—California State College, Fullerton.
- *San Francisco Housing Markets: A Study of Price Movements in 1958-1967 with Projection to 1975* by Leonard P. Vidger—San Francisco State College.

broker had little or no knowledge of the activities of his real estate salesman and seldom visited the office.

Disciplinary action was brought against both the broker and his salesman. The broker's license was suspended under the provisions of Section 10177(h) of the Business and Professions Code—failure to exercise reasonable supervision over the activities of his salesman. The license of the salesman was revoked as he was proved in violation of numerous provisions of the license law and the regulations.

In Memoriam

Thomas R. Rooney, who served as a member of the State Real Estate Commission from 1954 to 1962, died recently after a long illness. In real estate in Chicago, he became interested in Los Angeles properties as early as 1920 and was continuously in the real estate business in that city until his final illness.

He was a life member of Wilshire Post No. 19 of the American Legion—the only member of the post ever accorded that honor. Mr. Rooney will be remembered by his host of friends with affection and esteem.

License Applicants Survey

(Continued from Col. 3, Page 885)

Supplement other sources of income, 52 (9.7%); Encouraged by friend or acquaintance, 46 (8.6%); Wanted part-time work, 36 (6.7%); Own and manage property and real estate license would be helpful, 29 (5.44%); Other miscellaneous, 14 (2.64%); Relative well established in the business—going to work for or with him, 12 (2.26%); Recently sold and/or bought real property and became interested in making an occupa-

SALESMEN FLOCK IN

In the 12 months ending August 31, the DRE gave 23,420 examinations for real estate salesman license. During that period 59 percent of the candidates passed the test on their first try.

tion of real estate, 11 (2.06%); Subdivider, and a license will aid in business, 8 (1.5%).

Have You Selected an Employing Broker?

Answers totaled 523, with 343 or 65.6 percent answering "Yes"; 180 or 34.4 percent had not yet selected an employing broker. Of those answering "Yes," 326 said: Broker is a friend. 99 (30.2%); Recommended by friend or acquaintance, 68 (21%); Answered a newspaper ad, 60 (18.5%); Sold or bought property through broker, 32 (9.8%); Broker is relative, 29 (8.9%); Broker does a volume business—asked him for a job as salesman, 25 (7.7%); miscellaneous, 12 (3.6%); Through employment agency, 1 (0.3%).

How Many Brokers Did You Contact Before Deciding?

Of the 334 applicants who answered this question, 237 (71%) contacted only one broker; 35 (10.5%)—2; 35 (10.5%)—3; 10 (3%)—4; 11 (3.2%)—5; and 6 (1.5%)—6 to 10.

Summary

In summary, the survey indicates the age groups peaked between ages of 45 through 49. As to previous occupation, applicants engaged in other sales activities led, followed by housewives. As to formal educational background, 78.6 percent had either a high school, some college or two years' college education. Over 74.5 percent studied at private schools. In selecting a broker, 30.2 percent stated broker was their friend.

Digest of Real Estate Legislation

(Continued from Col. 1, Page 881)

syndicates from the office of the Corporations Commissioner to that of the Real Estate Commissioner after January 1, 1970. The commissioner's jurisdiction will apply to general or limited partnerships, joint ventures, associations or other entities formed for the sole purpose of acquiring an interest in real property, providing shares in the purchase are offered to the public as an investment venture. Excluded are real estate investment trusts, corporations, and real estate syndicate securities for which registration statements are filed under the Securities Act of 1933. Also excluded are real estate syndicates whose shareholders number more than 100 persons.

In brief, the organizers of a real estate syndicate falling within the purview of the new act will file with the commissioner a request to offer shares in the syndicate to the public. A "fair, just and equitable" test will be applied to the proposed offering and if it appears in order, the permit will be forthcoming. Regulations will be adopted to implement this legislation and define procedures which syndicate organizers will follow.

Subdivisions

AB 1214 (Chappie and Townsend—Coauthor Sen. Alquist)—Gives the Real Estate Commissioner additional control of speculative land promotions in outlying areas. The legislation defines as "land projects" certain described classifications of subdivisions offered for sale in California, which are remote from present urban development and characteristically offered as speculative investments. The new law has three main points: The Real Estate Commissioner can prevent the sale of subdivisions in which promised improvements appear to be financially infeasible; each subdivider of a "land project" will be required to report names of all defaulting purchasers to the commissioner so that developing problems may be dealt with without delay, and; purchasers of lots in "land projects" will be allowed to withdraw from signed con-

tracts of sale within two days after receipt of the commissioner's public report on the subdivision. This latter provision is similar to that in the Federal Interstate Land Sales Act. Effective date: January 2, 1970.

SB 298 (Cologne)—The law has required approval by the commissioner of material changes in most documents used in "planned development" subdivisions. This legislation limits the time within which such approval must be obtained to three years after date subdivider ceases to hold or directly control one-third of the votes necessary to modify documents pertaining to purchasers' interests.

AB 63 (Hayes)—Authorizes the commissioner to waive subdivision public reports for industrial subdivisions and for leasing of commercial parcels in a shopping center.

Miscellaneous

AB 418 (Schabarum)—Eliminates requirement that real estate broker license applications be supported by the recommendations of two property owners.

SB 279 (Sherman)—A corporate licensee advertising under its corporate name, or a noncorporate licensee advertising under his fictitious name, are no longer exempt from the provisions of the "blind advertising" statute. They, like other brokers, must identify themselves as agents in advertising properties in their agency capacities.

Brokers need no longer maintain a sign, nor must the real estate licenses of brokers and salesmen be prominently displayed in brokers' offices. However, a file of all licenses in an office must be available for inspection.

AB 1214 (Chappie)—The membership of the State Real Estate Commission shall include two "public members" along with six brokers, having five years of experience in that capacity in California, and the Real Estate Commissioner. Deletes requirement that public members must be an attorney and a planning official.

SB 287 (Coombs)—Changes schedule of adjustments in license fees when "recovery" portion of Real Es-

Truth in Advertising— Avoid Unsupported Claims

(Continued from Col. 3, Page 881)

tion entitled *The Folly of the Unsupported Claim*.

"Avoidance of the unsupported claim is one of the recognized rules of sound advertising practice. Like every rule, it is at times severely tested by those who are successful while violating it. There are many examples of successful advertisers who have prospered by making wild, unsupported claims. However, a common characteristic is noticeable among them. **They are hit-and-run business people. Most of them are successful today and failures tomorrow. Their philosophy of business is to skim the cream off the market today and let tomorrow take care of itself. Many of them who were with us yesterday are not to be found today.**

Repeat Business?

"Unsupported advertising claims do not build a durable business, nor do they foster a steady clientele. The flash advertiser never knows how many readers, with money in hand, pass his office time after time on the way to a competitor's place of business, simply because at one time they read one of his ads and didn't believe it. Sometimes one bad ad will spoil the whole barrel. **Public confidence is easily destroyed, but building it is a monumental task.**"

The prudent broker also keeps in mind his duties and responsibilities as a licensee. He avoids extravagant statements and misrepresentation in his advertising. He is aware that untrue statements in advertising can lead to disciplinary action against his license and even to criminal charges.

tate Education, Research and Recovery Fund falls below set level of \$200,000.

Recovery is limited to \$10,000 per transaction regardless of the number of persons aggrieved or parties involved in the transaction. The commissioner may defend any action for recovery on behalf of the fund and shall have recourse to all appropriate means of defense and review, including examination of witnesses.



RHO EPSILON

Sparks Real Estate Student Interest at San Jose State

By Jim Free, Past President San Jose Chapter, Rho Epsilon

Did you know there is a national fraternity for real estate students in colleges and universities, organized to stimulate their interest and bring them into closer contact with all phases of real estate operations? There is, and we would tell you briefly how it has been effective at San Jose State College.

Rho Epsilon was founded as a national fraternity in 1947 at the University of Southern California and since that time 19 additional chapters have been established throughout the United States, with central headquarters at the University of Nebraska in Omaha. The San Jose State chapter was organized in 1964 largely through the efforts of the late Dr. Charles L. Sufield, and appraisal instructor Dr. George A. Stauss, with the strong encouragement of Henry Beaumont of Los Angeles, well known in state and national real estate circles and one of the founders of the fraternity.

Major Aims

One of the major objectives in forming a chapter of Rho Epsilon was to improve liaison with specialists in the real estate industry, making it easier for the student to find employment and help him select the most promising road to success in his chosen field. Rho Epsilon has tried to have its members get all possible exposure to the entire spectrum of the industry, investigating such fields as brokerage, financing, appraising, commercial and industrial developments, subdivisions, land planning, research and teaching.

The goals of Rho Epsilon are to: establish a professional fraternity in the field of real estate; promote and encourage the exchange of ideas and the dissemination of information

of interest to the profession; foster professional and academic study and research in the field of real estate; advance and perpetuate high standards of service, knowledge, and integrity in the profession; stimulate interest in and encourage candidates for the teaching of real estate as a profession; and initiate and further activities in the best interests of member students, the real estate vocation and the public.

Interest Grew

Interest in the organization has been increasingly manifested by students, the San Jose State College School of Business and the industry. The San Jose chapter has a professional advisory board comprised of men prominent in all phases of real estate activity. A professional chapter of Rho Epsilon has also been initiated—its members active in the real estate business community. The aims of this new chapter are assistance of real estate students already in college and encouragement of other business students toward pursuit of a career in real estate. It should greatly enhance the availability of job opportunities and meaningful contacts.

One example of the training schedule for the fraternity was development of a mock interview situation in

FAIR HOUSING POSTER

Real estate practitioners know the law prohibits discrimination in housing, but what about clients?

The California Fair Employment Practice Commission recently released a poster-sized announcement (14" x 10") briefly setting forth points of the California Fair Housing Act, and asked the DRE to publicize its availability for display in real estate offices and offices offering allied services.

The poster points out that discrimination based on race, color, religion, national origin or ancestry is illegal and that discrimination by real estate brokers and salesmen, and anyone engaged in the business of housing or mortgage lending is also forbidden.

The poster can be obtained by writing to the Education Officer, FEPC, Box 603, San Francisco 94101.

which students meet with local executives of different companies for simulated interviews. The student presents a personal résumé and the interviewer notes his own reaction on a special evaluation sheet, which lists such items as dress, manners, poise, ability to establish rapport, and so on.

In the past year our Rho Epsilon chapter has tripled in size. In the current semester expectations are that membership will be doubled by making available an associate membership to lower division students interested in the field of real estate. With the organization solidly established, we hope to expand and continue efforts toward accomplishment of our professional goals.