

REAL ESTATE BULLETIN

Official Publication of the Division of Real Estate—D. D. Watson, Commissioner

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No. 2

Qualifications for Broker License

A new amendment to the Real Estate Law requires that every applicant for an original real estate broker's license must either have been actively engaged as a real estate salesman for at least two years or can prove to the satisfaction of the Real Estate Board that he has had the equivalent of two years' general real estate experience. As an alternative qualification, he may show graduation from a four-year course given by a university or college, which course included specialization in real estate.

The applicant must still pass a written examination in addition to having his experience or educational qualifications approved.

Salesman Experience

The mere fact that the applicant held a salesman's license for two years does not, under the amended law, necessarily qualify him for broker license. The applicant must show that he was **ACTIVELY** engaged in the business, and must supplement his claim with proof in the form of certifications from former employing broker, or brokers, **ON A FORM FURNISHED BY THE COMMISSIONER.**

If it is impossible to secure certifications of **ACTIVE** employment from former employing brokers, then there must be certifications from others in a position to give the facts.

NOTE: The State Real Estate Board has indicated its interpretation of "actively engaged" shall mean "*substantially full time.*"

Equivalent Experience

Those claiming "*the equivalent of two years' general real estate experience*" are to use for this purpose a petition form available at any division office. In the petition they must set forth in detail the general real estate experience they have had in the past. This petition must be supported with proof such as documents or letters to substantiate the claim.

NOTE: Any substantial misstatements as to experience will be considered cause for denying petition.

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Record Number Take Examinations

Due to the rush to qualify for real estate broker license prior to the effective date of the stricter qualifications imposed by the Legislature, a record number of applicants was examined during the month of August.

In the Los Angeles territory, in which the largest number of last minute applications were filed, qualifying examinations were given to over 4,000 persons. The normal monthly total for that district has been less than 800 examinations.

This deluge of applicants created many problems, particularly from an investigation standpoint. Practically the entire enforcement effort of the division has had to be centered upon fingerprinting, investigation of law violations, etc. However, there has been no relaxation of investigation of new applicants, despite the unusually heavy workload.

DIVISION'S CONVENTION PROGRAM

On Monday, October 3, 1949, from 4 p.m. to 5.30 p.m. in the Marine Room of the Wilton Hotel, Long Beach, the Division of Real Estate presents a program which should interest all licensees attending the convention.

The tentative program is as follows:

1. Opening remarks.....D. D. Watson, Commissioner
2. Introduction of the Members of State Real Estate Board
Leland P. Reeder, Beverly Hills; Charles B. Shattuck, Los Angeles; Frank L. White-lock, San Bernardino; Maurice G. Read, Oakland; Chester R. MacPhee, San Francisco; Curtis M. Robbins, Stockton.
3. "Functions of the State Real Estate Board".....Leland P. Reeder (Member, Real Estate Board)
4. "License Qualifications and Complaints"..... Ray D. Westcott (Supervising Deputy, Los Angeles)
5. "Subdivision Procedures and Control".....Gaylord K. Nye (Supervising Deputy, San Francisco)
6. "Hearings and Methods of Procedure".....Brice H. Martin (Division Hearing Officer)
7. Question and Answer Period.....Moderator—D. D. Watson, Commissioner

It is hoped that there will be a large attendance of licensees. **REGISTRATION AT THE CONVENTION IS NOT NECESSARY TO ATTEND THIS SESSION.**

Experience Qualifications

Continued from page 1, column 1 . . .

Persons who have been actively engaged in the real estate brokerage business in other states may be able to qualify; also persons who have been employed by title and escrow companies, banks, or in land departments of various concerns, etc. Persons whose business careers involved handling of real properties may also be able to qualify.

However, no matter what the "experience submitted" consists of, **THE CLAIM MUST BE APPROVED BY AT LEAST THREE MEMBERS OF THE STATE REAL ESTATE BOARD, WHO WILL PASS UPON ALL CLAIMS OF EXPERIENCE, AND THEIR DECISION SHALL BE FINAL.**

Educational Qualification

Many college graduates are applying for real estate broker licenses claiming credits in certain real estate subjects.

The new law states that a college graduate must show that his course included specialization in real estate subjects. This does not necessarily mean that the student must have *major*ed in real estate, since at the present time few California colleges or universities have set up a "major" in real estate.

Graduates in law, business administration, or land economics courses, who have taken subjects relating to real estate, **MAY** be considered by the Real Estate Board as meeting this particular qualification.

Persons claiming "educational qualifications" must submit their petitions for consideration on forms furnished by the Real Estate Commissioner. These forms are available at any division office and are self-explanatory as to procedure. The sufficiency of the applicant's educational qualifications as shown by his petition and supporting material is determined, under the law, also by a committee of State Real Estate Board members, and its decision is final.

NOTE: An applicant for business opportunity broker must show the same prerequisite qualifications **EXCEPT THAT ANY LICENSED REAL ESTATE BROKER IS QUALIFIED TO TAKE THE EXAMINATION FOR BUSINESS OPPORTUNITY BROKER UPON APPLICATION.**

How the State Real Estate Board Functions

The Real Estate Board, as it is officially called in the Real Estate Law, is the Real Estate Commissioner's advisory board. Those familiar with the intent of the law, know that the board is constituted primarily to confer and advise with the commissioner on policies in connection with the conduct of his office. While the commissioner is not bound by the recommendations of his advisory board, in practically all cases he is guided by its counsel.

The present advisory board is composed of the commissioner (chairman) and six outstanding brokers, each with many years' experience in the real estate business—three men from the northern part and three from the southern part of the State.

The board is required by law to meet at least once every 90 days, and may meet oftener upon the call of the commissioner, or a majority of the members. When certain important matters are under consideration, the board in the past has met more frequently than every 90 days, particularly when rules and policies are being adopted in connection with new legislation, as is the case at present.

The discussions of the board members at their regular meetings offer a good cross section of the thinking of responsible brokers of the State in connection with the governing of their business. So that licensees may be better acquainted with some of the matters considered, we hope to present in succeeding *Bulletins* brief summaries of matters discussed at board meetings.

Division Work Load

During the past five years, the number of employees of the Division of Real Estate has nearly doubled, increasing from 54 in 1944 to a total of approximately 100 in 1949.

However, the number of licensees of the division increased gradually from June 30, 1944, when the total was about 32,000 to the present with approximately 90,000. In other words, the employees have doubled while the licensees have tripled.

Experience Requirement Provisions

California was not first in requiring "previous experience" for applicants for real estate broker license. In a recent report by Robert W. Semenow, Secretary-Treasurer of the National Association of License Law Officials, he states the following other states require previous experience for broker license:

Georgia	1 year
Maryland	2 years
Michigan—	
Real estate experience for 3 years, 2 years of which must be as a licensed salesman or its equivalent.	
New Jersey	1 year
New York—	
Salesman for 1 year or 2 years' experience.	
Ohio	1 year
(bill pending to make it 2 years)	
Pennsylvania	2 years
The Territory of Hawaii also requires one year of salesman experience.	

A bill was also introduced in Illinois requiring two years' practical experience in selling real estate as a prerequisite for a broker license. The outcome of this legislation has not been reported. Ohio which already requires one year salesman's experience, has introduced a bill to require two years' experience full time in real estate business, or equivalent, or furnish certificate that applicant has passed a real estate course at a recognized educational institution.

CREA Convention In Long Beach

The Realtors of California, comprising by far the largest group of its kind in the Nation, converged on Long Beach for their annual convention October 3rd-7th, inclusive.

All real estate brokers and salesmen were invited to attend regardless of any membership in the organization. The convention presents a splendid opportunity for schooling, as leading authorities in the real estate business have come from throughout the Nation to deliver addresses.

The Division of Real Estate maintains an information bureau at the convention, with division personnel on hand to answer questions or supply printed forms.

Disciplinary Action

During the year, a number of hearings have been held leading to the revocation, suspension, or denial of licenses. It has been proposed many times that the names of those licensees whose licenses are revoked or suspended be published in the *Real Estate Bulletin*. Sentiment throughout the State appears universally in favor of such a policy so that the public and people in the real estate business are protected from the possibility of dealing with, or paying commissions to, persons whose licenses are not valid.

Now the trend of thinking is that in the future **NAMES OF ALL PERSONS AGAINST WHOM DISCIPLINARY ACTION HAS BEEN TAKEN WILL BE PUBLISHED IN THE ISSUE OF THE BULLETIN NEXT FOLLOWING THE ACTION.**

In this issue, we will merely give a brief general outline of some of the more outstanding cases of the last months without mentioning names of the persons involved.

There seems to have been an exceptionally large number of infractions based on the commingling of principal's funds with their own by licensees.

Another common infraction was the falsification of applications by attempted concealment of previous criminal records.

Various individuals' fitness for license and their "good reputation" was the largest single source of hearings.

Real estate broker license was revoked after licensee was convicted on several counts by the United States District Court. He was found to have knowingly and wilfully caused false and fraudulent statements to be made to the Veteran's Administration for the purpose of obtaining loans to veterans of World War II for purchase and construction of homes under the Serviceman's Readjustment Act of 1944.

A real estate broker's license was suspended for misrepresentation in connection with the purchase of a lot. The broker had stated that two houses could be built on the lot whereas in fact the zoning laws permitted only one.

A real estate broker suffered suspension of his license for misrepresentation relative to water supply and cost of roads in a subdivision.

A real estate broker had his license revoked or retention of deposit in a transaction which

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DIVISION OF REAL ESTATE

STATE OF CALIFORNIA

EARL WARREN, Governor

D. D. Watson

Real Estate Commissioner

R. S. Davis

Asst. Commissioner

STATE REAL ESTATE BOARD

Leland P. Reeder

Beverly Hills

Maurice G. Read

Berkeley

Frank Whiteflock

San Bernardino

Charles B. Shaftuck

Los Angeles

Chester Mac Phee

San Francisco

Curtis M. Robbins

Stockton

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San FranciscoRoom 204, 1182 Market

Gaylord K. Nye, Supervising Deputy

● **BROKERS**—If you intend using a fictitious name **DO NOT ORDER PRINTED SUPPLIES, SIGNS, ADVERTISING, ETC., UNTIL YOUR CHOSEN FICTITIOUS NAME HAS BEEN CLEARED WITH THE DIVISION OF REAL ESTATE.**

he could not complete. He could not show any evidence of an acceptance of the offer by the seller.

An individual's real estate and business opportunity broker licenses were revoked when he converted a deposit of approximately \$4,000 on the purchase price of a business to his own use. He was unwilling, or unable, to make an accounting.

Real estate broker had license suspended for misrepresentation in the matter of restrictions on a lot. Purchasers had bought under the assumption that the lot could be used for business purposes and after buying found that it could be used only for residential purposes.

Real estate broker license was revoked after hearing developed that the licensee had received a secret profit amounting to \$450. Licensee had represented to seller that the property had been sold to one purchaser for \$6,850, on which price the commission was paid. It was disclosed that actually the property had been sold to another purchaser for \$7,300.

Real estate and business opportunity broker license revoked because licensee acted for more than one party without the knowledge and consent of both. He negotiated lease between owners and tenants, and in addition to acting as agent to collect rentals for the owners at the usual commission, he exacted \$1,000 from the tenants for his services in

Division Office Notes

A new classification of "Senior Deputy Real Estate Commissioner" has been created after study of the administrative setup of the Division of Real Estate, and the commissioner has been authorized to appoint four such senior deputies; one in the San Francisco office and three in the Los Angeles office. Saxon Lewis, a veteran deputy long in charge at Oakland, has been appointed senior deputy at San Francisco.

The three Los Angeles positions have been filled on a temporary basis by Wayne T. Wilcox, Edmund L. Eberling, and John C. Miles, pending the results of a recent promotional examination which was open to most of the deputies now with the division. Under these temporary appointments, Mr. Wilcox will have general supervision over the personnel of the office, while Mr. Eberling and Mr. Miles will each supervise the investigation and subdivision work of a group of five deputies.

To fill the vacancy created by the transfer of Mr. Lewis to San Francisco, Deputy Marvin Wiegman has been transferred to the Oakland office.

securing lease for them. This latter action was taken without the knowledge and consent of his principals—the owners.

A real estate broker had his license revoked when it was disclosed that he had falsified in his original application for license by omitting mention of previous conviction of violation of Corporate Securities Act.

Real estate broker license was revoked when licensee abandoned her principal place of business and did not advise the Commissioner in writing of her action.

Broker refused to return deposit of \$1,000 when proposed purchasers withdrew offer—which offer was not executed in writing or presented to owner of the property. For commingling, broker lost real estate and business opportunity licenses.

Broker charged with crime of grand theft, entered plea of guilty, was found guilty and granted probation for five years. Real estate and business opportunity broker licenses revoked.

Individual subdivided property and failed to comply with subdivided lands regulations. Real estate salesman license revoked.

Broker collected registration fees and deposits varying from \$5 to \$50 on rentals allegedly available in the immediate future. Actually the respondent had no authority from the owners of the supposedly available apartments to negotiate for their rentals. Real estate broker license revoked.

Employing New Salesmen

Certain recent occurrences give the impression that some brokers are surprisingly careless in their employment of new salesmen.

After all, when the broker puts his name on a salesman's application for license, the broker is not merely signing his name but *he is certifying that "upon investigation he has ascertained that the person named in this application for a real estate salesman license is honest, truthful and of good reputation."* It is difficult to believe that a broker has made much of an investigation of the salesman applicant's character when a fingerprint check shows the applicant has a lengthy criminal record.

We have had, not one, but several such flagrant cases. ANY BROKER IS WELL ADVISED TO REMEMBER THAT HIS CERTIFICATION IS AN IMPORTANT STATEMENT AND SHOULD NOT BE GIVEN LIGHTLY.

ALSO, THE BROKER SHOULD NOT SIGN THE SALESMAN'S APPLICATION UNTIL IT IS COMPLETE IN EVERY OTHER RESPECT. HE SHOULD PAY PARTICULAR ATTENTION TO THE ANSWER TO QUESTION 6 IN THE APPLICATION, "*Have you ever plead guilty to, or been convicted of, any violation of law?*"

Brokers' Commission Agreements

A Federal Court in Washington, D. C., ruled recently that the stabilization of brokerage commissions through agreement by real estate boards does not violate the Sherman Anti-Trust Act.

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Sacramento Office Moves

About October 15th the Sacramento headquarters, Division of Real Estate, will move from its present quarters on the fifth floor of the Business and Professions Building to the same floor in the newly-completed annex to that building.

The main entrance will be at 1021 O Street, one block to the south of the present entrance.

The division will occupy the entire Fifth Floor of the new annex, which will provide ample space for efficient operation and service to licensees and the public.

Some License Statistics

It is doubtful if any comparable agency has experienced the great increase in license applications shown by the Division of Real Estate over the past five years. During the fiscal year of 1944-45, 39,021 licenses of all types were issued as compared with 89,928 in 1948-49. Thus, the past year shows an increase of nearly 2½ times the number five years ago. These figures are for total licenses issued and do not represent exactly the *total number of licensees* as some licensees hold several different types of licenses in the course of a year.

Back in the 1920's, salesman licenses outnumbered broker licenses two to one. During recent years, more and more salesmen have taken out broker licenses and new applicants have been seeking broker instead of salesman licenses. The result is that now the situation is just reversed and broker licenses outnumber salesman licenses about two to one. This past year only 32 percent of licensees were salesmen.

Good Work

That the responsible position of the real estate broker in his community is receiving constant recognition is proved by the fact that a great number of licensees have been appointed to various boards and commissions in communities throughout the State of California.

This shows that the real estate broker is conscious of his civic duties and is devoting time and effort for the betterment of his community.

It has come to our attention that one real estate broker in San Francisco, who is also a member of a very prominent and active building concern, has undertaken a program of advertisements at his own expense to help place World War II veterans who have graduated from college, having extended their education after completing their war service. It is his conviction that those boys who did not have the opportunity to receive a start in the business world during the war should now be given every consideration.

It is also his feeling that they need this kind of help at this time because of keener competition in locating employment for which they are qualified.

This is noted in our bulletin to emphasize the fact that a great many of our licensees are mindful of the problems of their fellow men and are attempting to assist them.

FHA FINANCING

Title I and Section 608 of Title VI have been extended, the FHA announces. The operation of Title I is extended to November 1, 1949, and Section 608 of Title VI is extended to October 31, 1949.

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