

REAL ESTATE BULLETIN

Official Publication of the California Division of Real Estate

GOODWIN J. KNIGHT, Governor

Sacramento, November 1957

F. W. GRIESINGER, Commissioner

Sale of Old Subdivision Stayed

Court Upholds Commissioner's Jurisdiction When Tract Is Reactivated

A district court of appeal recently upheld the validity of the Real Estate Commissioner's regulation that dormant subdivisions which were of record prior to 1933 are subject to the commission's jurisdiction when a new attempt is made to market the parcels mapped but unsold. This reversed the action of a superior court which had enjoined the Real Estate Commissioner from proceeding against the sale of a revived subdivision in San Diego County. The California Supreme Court on October 17, 1957, denied a petition by the subdividers for a hearing before the State's highest court.

Undeveloped Subdivision

The tract was originally laid out in 1911 but had never sold, remaining uninhabited and unimproved.

Although planned for a residential subdivision of 50-foot lots, the property proved unsuitable for this purpose as it was wholly lacking in water supply, sewage disposal and drainage facilities. At the time plans were under way to start a new selling program, the applicable county ordinance required minimum 60-foot lots and, furthermore, roads or streets had not been installed. There existed no reasonable practicable means of getting to or from individual lots and the cost of developing to county standards the streets and roads shown on the map of the tract would have been extremely high.

Commissioner Upheld

Under the circumstances, the appellate court found that the Real Estate Commissioner had reasonable cause to believe the sale of lots in this tract might constitute a fraud upon the purchasers and that the commissioner acted within his jurisdiction in issuing an "order to show cause" why such sales should not be stopped. (Case reported, *Chapman v. Division of Real Estate*, 153 A. C. A., No. 4.)

Proper Action Important

It is important that anyone thinking of marketing an old subdivision

or a portion thereof—even though a map has been of record for many years—should play safe and comply with the law and the commissioner's regulations. In the long run, trouble, time and expense will be saved.



MAURICE G. READ
Member, State Real Estate Commission

Commission Member Maurice G. Read Cites Real Estate Educational Opportunities

Taking stock of the current opportunities for real estate education in California, Maurice G. Read, member of the State Real Estate Commission, points up the great recent advances in the field by recalling:

"In 1929, when I completed my last year at the University of California at Berkeley, not a single course was offered by that great institution which would stimulate a student to think of the real estate business as an honorable and lucrative life endeavor, or which was designed specifically to help one prepare for a position in the field of real estate as a business.

Stimulus Provided

"During the late 1930's and early '40's, a small group of us, including the late Leland P. Reeder, former member of the State Real Estate Commission, the present State Senator Arthur Breed, and some others found ourselves mutually agreed that this situation needed remedying. We were concerned—indeed indignant—that the state-supported institutions in this—the greatest of all real estate states—did not offer courses in the field of real estate. Thereafter, we worked

diligently to have the University of California institute such courses and eventually establish 'Real Estate' as a field in which a student could major.

"In a few short years, through the continuing effort and support of the California Real Estate Association and the Division of Real Estate, we have brought our California real estate educational program to its present position of national superiority.

Expanded Opportunities

"The educational opportunities now offered by a number of California universities and colleges, through on-campus programs, extension division programs, and in the field of research afford anyone desiring to enter the

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Published Bimonthly by the
DIVISION OF REAL ESTATE

STATE OF CALIFORNIA
GOODWIN J. KNIGHT, Governor

F. W. GRIESINGER
Real Estate Commissioner

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**REAL ESTATE LAW
PAMPHLET**

An up-to-date edition of the California Real Estate Law is available.

The new printing contains the amendments to the Real Estate Law adopted by the 1957 Legislature and the latest additions to the Commissioner's Rules and Regulations. For the first time, the law is completely annotated.

The pamphlet is priced at 50 cents (plus 2 cents tax) and can be obtained from any office of the division or will be mailed postpaid from the Sacramento office, 1021 O Street, upon receipt of order and remittance.

DISCIPLINARY ACTION—AUGUST, 1957, AND SEPTEMBER, 1957

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

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

LICENSES REVOKED DURING AUGUST, 1957, AND SEPTEMBER, 1957

Name	Address	Effective date	Violation
All-State Mortgage & Investment Co. Charles Samuel Scherer, Executive Vice President Real Estate Corporation and officer	6022 Wilshire Blvd., Los Angeles.	8/ 4/57	Secs. 10137, 10175, 10176 (i); 10177 (d) & (f)
Davis, Nancy Jane.....	1997 North Lake, Altadena.....	8/10/57	Sec. 10177.6
Wycoff, Donald Lee.....	701 Via Linares, San Lorenzo.....	8/15/57	Secs. 10176 (e), (i); 10177 (b) & (f)
Tyler, Leroy Chester..... dba Tyler Realty Real Estate Broker Business Opportunity Broker	5004 E. Lewis Ave., Fresno.....	8/20/57	Secs. 10177 (b), (f); 10302 (b) & (e)
Kassab, David.....	5451 Ventura Canyon, Sherman Oaks	9/ 3/57	Secs. 10176 (a), (d), (g), (i) & 10177 (f)
Carter, James Lee.....	4329 S. Broadway St., Los Angeles	9/ 5/57	Sec. 10177 (b) & (f)
Mathews, James Clifton.....	2323 S. El Camino, San Mateo..	9/ 6/57	Secs. 2830, 2831 & 2832 of R. E. Comm. Rules and Regulations; Secs. 10176 (e), (i) & 10177 (f)
McLenore, Robert Rhymes.....	10835 Venice Blvd., Los Angeles.	9/10/57 (Granted right to restricted real es- tate salesman li- cense)	Sec. 10177 (b) & (f)
Goodman, Booth Bertram Jr.....	360 Green St., San Francisco.....	9/24/57	Sec. 10177 (b) & (f)
Valdes, Rogelio Salvador.....	169 N. Eastman Ave., Los Angeles	9/25/57	Secs. 10176 (i); 10177 (d) & (f)

LICENSES SUSPENDED DURING AUGUST, 1957, AND SEPTEMBER, 1957

Name	Address	Effective date and term	Violation
Miller, Marvin Wilson..... Real Estate Broker	3839 Whittier Blvd., Los Angeles	8/ 7/57 15 days (stayed for 1 year)	Secs. 10176 (a), (i), & 10177 (f)
Olson, Henry Palmer..... Real Estate Salesman	1313 MacArthur Blvd., San Leandro	8/12/57 30 days	Secs. 10176 (a), (i); 10177 (d) & (f)
Grigsby, Joe Aaron..... dba Joe A. Grigsby Realty Service Real Estate Broker	1924 Niles St., Bakersfield.....	8/15/57 90 days	Secs. 10176 (b), (i) & 10177 (f)
Livingood, Doyl..... Real Estate Salesman	635 N. Chester Ave., Bakersfield.	8/15/57 60 days	Secs. 10176 (b), (i) & 10177 (f)
Matlock, Louise Holder..... dba Matlock's Real Estate and Rentals Real Estate Broker	657 Fillmore St., San Francisco	8/20/57 30 days	Secs. 2830, 2832 of R. E. Comm. Rules and Regulations; Secs. 10176 (e); 10141 & 10177 (d)
Wilson & Palmer Realty..... Albert LeRoy Wilson—member	1068 W. First St., Box 1021, Livermore	8/23/57 30 days	Secs. 10176 (a), (h), (i) & 10177 (f)
Palmer, Stephen George..... Member of Wilson & Palmer Realty	1068 W. First St., Box 1021, Livermore	8/23/57 30 days	Secs. 10176 (a), (h), (i) & 10177 (f)

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NEW OFFICE FOR OAKLAND DISTRICT

The Oakland district office of the Division of Real Estate has moved to new quarters in Rooms 313-321 in the Fox West Coast Theatre Building at 1815 Telegraph Avenue. Since November 29th, all public contacts involving complaint and subdivision matters, license information, etc., have been handled at the new location. The phone number remains the same—GL 2-4787.

Marvin H. Wiegman, senior deputy, is in charge of the Oakland district office with Deputy Commissioners James M. Sprowls, Malcolm Wood and Wilbur W. Blodgett carrying out the enforcement and regulatory activities.

CAL-VET FINANCING DEMAND EXCEEDS SUPPLY

A combination of factors including tremendous demand for loans and a limited bond market have "jammed" the California veterans home purchase plan program.

A reduction in other avenues of financing for veterans, as dramatically demonstrated by the drop in guaranteed Veterans Administration approved loans, and the current conditions of the bond market are the principal reasons for delay in receiving those real estate commissions from completed home purchases using the Cal-Vet plan.

The Department of Veterans Affairs is keenly interested in keeping veterans and real estate agents informed about the status of its program, particularly during this "tight-money" period.

In a letter sent to all applicants for Cal-Vet financing, the department gives a brief explanation of present difficulties in completing loan applications. The following excerpts from the letter will help licensees understand why their deals may be "stalled":

Funds for Cal-Vet loans are provided through the sale of veterans' bonds by the State of California. While \$500,000,000 of these bonds were authorized at the election last year, we are having difficulty in selling them in sufficient quantities to meet the demand for loans.

Financial experts advise us that the current tight money market cannot absorb more than \$50,000,000 of these bonds at any one time, with intervals of at least 90 days between sales. While \$50,000,000 may sound like a lot of money, it will finance only a fraction of the homes which veterans want us to help them buy. This is the heart of the problem. Our staff is capable of processing many more applications, but until we can sell bonds in larger quantities, all loan applicants will have to wait their turn.

When Will Your Application Be Reached?

Many veterans find it hard to understand why they cannot be given a definite date when their applications will be processed. We would like nothing better than to be able to do this, but certain factors tend to cloud our crystal ball. First, loans can be made only as fast as bonds can be sold, and secondly, we have no way of knowing how many wounded or disabled veterans will apply and consequently go to the head of the line. These combined factors make it impossible to forecast with any degree of accuracy just when your application will be reached.

Bear With Us

We realize that you are anxious to get your loan, and we are distressed because we can't give you prompt service, but no way has been found to make loans faster than funds can be made available. Until this situation is licked, a delay is unavoidable. Please have patience. We will get to your application just as soon as we possibly can.

DISCIPLINARY ACTION—Continued

Wilson, Albert LeRoy Real Estate Broker Business Opportunity Broker	1068 W. First St., Box 1021, Livermore	8/23/57 30 days	Secs. 10176 (a), (h), (i); 10177 (f) & 10302 (e)
Smallwood, Henry Alfred dba H. A. Smallwood Co. Real Estate Broker Business Opportunity Broker	10946 Santa Monica Blvd., West Los Angeles	8/23/57 60 days	Secs. 10176 (a), (i); 10177 (f) & 10302 (e)
Smith, Robert Henry Real Estate Salesman	10946 Santa Monica Blvd., West Los Angeles	8/23/57 60 days	Secs. 10176 (a), (i) & 10177 (f)
Biery, George Monroe Real Estate Salesman	244 N. L St., Livermore	8/23/57 30 days	Secs. 10176 (a), (h), (i) & 10177 (f)
Sayan, Mack Francis dba Balboa Realty Real Estate Broker	21919 Sherman Way, Canoga Park	9/16/57 90 days	Sec. 10177 (f)
Conley, Alvah Charles dba Al Conley Co. Real Estate Broker	5265 Broadway at College, Oakland	9/20/57 90 days	Secs. 10176 (e), (i); 10177 (d) & (f)
Perrone, Charles Joseph Real Estate Broker	Fifth & Grant, Novato	9/24/57 60 days	Secs. 10176 (e), (i); 10177 (d), (f) & Secs. 2830, 2832 of R. E. Comm. Rules and Regulations
Stevenson, Cyril Henry dba Cyril Stevenson & Co. Real Estate Broker	2431 Durant Ave., Berkeley	9/30/57 20 days	Secs. 10176 (i) & 10177 (f)
Ranch & Town Agency, Inc. Artaban LaVerne Calame, President Real Estate Broker Business Opportunity Broker	1 mile S. Red Bluff on Hwy 99, Rt. 2, Box 2537, Red Bluff	9/30/57 30 days	Secs. 10176 (e); 10177 (f) & 10302 (e)
Calame, Artaban LaVerne President of Western Pioneer Mortgage Co., Inc. Real Estate Officer	1 mile S. Red Bluff, W. side Hwy. 99 W., Rt. 2, Box 2537, Red Bluff	9/30/57 30 days	Secs. 10176 (e) & 10177 (f)

LICENSE SUSPENDED FOR SUBDIVISION VIOLATION

This is the second in a series of articles each describing briefly a recent disciplinary action taken by the Real Estate Commissioner after a formal hearing.

In this instance the license of a real estate broker was suspended for 180 days for a violation of Section 10177(d) of the Business and Professions Code, which, in the language of the law, provides for suspension or revocation where the licensee "wilfully disregarded or violated any of the provisions of the Real Estate Law or of Chapter 1 of Part 2 * * *."

Note: "Chapter 1 of Part 2" refers to the statutes giving the Real Estate Commissioner certain jurisdiction over the development and sale of subdivisions.

Facts Are Cited

The broker was engaged in marketing a subdivision, having previously filed the required subdivision questionnaire with the commissioner. At the time of filing, the broker submitted a verified statement which was, in effect, his guaranty that all deposit moneys would be impounded in a trust account.

Relying on the broker's statement as to the handling of deposit moneys, the commissioner issued the subdivision public report for distribution to prospective purchasers for their information. However, subsequent investigation by the division revealed that the broker did not impound the moneys as stipulated.

The purchasers went through a period of difficulty, inconvenience and worry. Although eventually all deposit moneys were recovered and the transactions were completed, a formal hearing was held and the broker's license suspended for 180 days, based on the above cited Section 10177(d) of the Business and Professions Code.

Governor Knight Addresses CREA Convention

What he characterized as "the greatest peaceful migration this world has ever seen" is responsible for California's recent and continuing tremendous growth in population, said Governor Goodwin J. Knight in his keynote address at the fifty-third annual convention of the California Real Estate Association held recently in Los Angeles.

The Governor's attentive and appreciative audience heard him state that "California's population will be close to 16 million people by 1960. Each day 1,560 new residents are added to California cities, towns and farms, and each day 510 new pupils are ready for school and 560 new workers must be absorbed into the State's civilian labor force." He noted the population growth had certainly been good for the real estate industry and he called for the continuing cooperation of real estate men and women in the solution of the inevitable problems associated with the State's staggering rise in population.

Industry Standards Raised

Governor Knight commented that the past few years have seen the real estate industry make amazing forward strides in its "never-ceasing efforts to raise the standards of the practice of real estate."

Calling the situation almost incredible in view of present standards, he noted that prior to 1949 "one could, without prior experience and merely by passing a not too comprehensive examination, be granted a real estate broker license and go out and advise and counsel the public on the important and complicated questions incident to acquirement and selling of real property."

The more recent legislation calling for an additional examination before establishing eligibility for continuing license status was described as a great advance in improving license qualification standards and a further safeguard protecting the public from the "pitfall of dealing with an incompetent or insufficiently informed real estate agent."

Cal-Vet Program

Turning to the Cal-Vet home purchase plan, Governor Knight reported, "In May, 1957, activity of the Cal-Vet home purchase plan reached



GOODWIN J. KNIGHT
Governor of California

its peak when over 2,600 properties with a total value of over \$30,000,000 were approved for purchase. However, with the determination that no more than \$50,000,000 of veterans' bonds could well be sold each 90 days, a ceiling of about 1,200 was set for the number of applications to be approved each month."

Division Budget

First noting general increased expense of operation of State Government due to growth and development as well as to inflated costs, the Governor said, "I am very pleased to note the budget submitted by Commissioner Griesinger for Fiscal Year 1958-59, which shows an estimated decline in expenditures of some \$16,000. To be sure, in itself, this is a small sum as sums are measured these days, but it is a heartening indication of a "belt tightening" and economy program without relaxation or diminution of services the Division of Real Estate is by law required to afford."

Read Cites Progress

(Cont. from Page 321, Col. 3)

field of real estate, as well as those who are already licensed real estate salesmen or brokers, an opportunity to broaden their knowledge and improve their techniques.

"Amendments to the Real Estate Law passed in the last session of the California Legislature provide that 25 percent of all licensing fees collected by the commissioner be set aside for educational and research purposes, which should stimulate enormously further advancement in the field.

"Those lines of human endeavor which have already reached the dignity and status of professions have done so through the educational process. Let us continue to support and strengthen our educational program to the end that we may, in due time, reach true professional status."

Mr. Read's interest in the progress of real estate education has been well demonstrated. He has been a member of President Sproul's University of California Real Estate Advisory Committee since its inception. In addition, he was recently appointed to represent the California Real Estate Association on the California Educational Study Council, an organization interested in legislation affecting public education within the State. Mr. Read has been a trustee of the California Real Estate Association Scholarship Fund (Glen D. Willaman Fund) since its start.

Editor's Note: Approximately \$700,000 now has been credited to the Real Estate Education and Research Fund for appropriation for educational purposes. Into this fund goes one-fourth of all license fees collected by the commissioner. It should be emphasized that the fund can only be disbursed under carefully defined conditions. In the language of the statute, it is "available for appropriation by the Legislature to be used by the commissioner * * * in the advancement of education and research in real estate at the University of California, state colleges and junior colleges."

Commissioner's Forum

The commissioner, through the medium of this forum, attempts to answer specific questions dealing with the license, subdivision and mortgage loan brokerage laws and with the administration and operation of the Division of Real Estate.

Q. In the event of the death of the employer-broker, what recourse has the salesman to collect his commission earned but unpaid?

A. Questions of this nature are common and undoubtedly of serious concern to the individual involved. However, we regret that our limitations prevent us from being of assistance in matters of this kind.

Your rights under a contract or an agreement of employment are to be determined under civil law and we are not permitted to give any legal counsel. It is recommended that you seek the competent advice of an attorney.

Q. Can anyone attend a formal hearing?

A. Yes, the division's disciplinary proceedings are open to the public and are often attended by persons other than the parties to the complaint. Formal hearings are held in all offices of the division and a calendar of cases to be heard is posted for public inspection.

Q. I am a real estate broker. Are my income tax reports open to inspection by deputy commissioners?

A. No, personal income tax records do not fall into the category of records required to be maintained and subject to inspection by deputies. It is our understanding that, under federal regulations, income tax records are rarely subject to inspection.

Q. Can you give a resumé of the new laws regarding brokers handling loans?

A. Space limitations prevent us from giving a complete answer in this forum. However, we can refer you to a copy of the July, 1957, *Real Estate Bulletin* for a general report on the 1957 mortgage loan amendments. For new additions to the commissioner's rules and regulations, see page 326 of this *Bulletin*.

A new law pamphlet containing the exact wording of the amended statutes is now available.

Q. When I took my original broker examination, I noticed in the general instructions that the "true and false" section appeared to be graded differently. Will you please explain this method of grading and why it is used.

A. The method of grading in the "true and false" sections of the examinations is variously described as "the penalty for error" or "rights minus wrongs" system. This method is commonly used in grading "true and false," that is, "two response," items. It is designed to safeguard against the examinee guessing his way to a passing score. After all, faced with any group of 100 questions—each of which has only two possible answers, "yes" or "no," "true" or "false"—the chances are the examinee could answer half of them correctly without even reading the items. He could circle "T's" and "F's" at random and the law of averages dictates that half his answers would be correct.

The following is an illustration of how the true and false section is graded in the examinations for original real estate broker and salesman licenses:

Assume an examination contains 50 true and false statements with a total weight of 25. The examinee gives 40 correct answers. His score is computed as follows:

Correct answers	40	× ½ (points)	equals 20
Incorrect answers	10	× ½ (points)	equals 5
Total score			15

Q. Does the division take action against licensees who illegally use and display real estate signs on public property?

A. Ordinarily, no. However, it hardly seems necessary to point out that it is not good business or good practice for a broker to place his signs in public areas in violation of local ordinances. Of course, the Real Estate Commissioner does not have the power to enforce local ordinances of this type.

Attorneys Stress Liability Incurred by Giving Legal Advice Improperly

As all licensees should know, California law specifically prohibits practice of law by persons who are not members of the State Bar (B. and P. Code, Sections 6125 and 6126). But some may not be aware of the liability incurred by preferring legal advice when not entitled to do so.

The Board of Governors of the Hollywood Bar Association recently called this situation to the commissioner's attention in the following resolution:

"RESOLVED by the Board of Governors of the Hollywood Bar Association that the Secretary be and hereby is instructed to write to the Real Estate Commissioner of the State of California informing him that we have been informed that certain realtors, brokers and salesmen under his jurisdiction advise their prospective purchasers that they do not need an attorney to protect their interests and that they will be protected in escrow; and respectfully suggesting that he call to their attention that *such practice is improper and that they may be legally liable for any damages sustained by such person if they give legal advice as result of which damage is sustained by such person.*" (Emphasis added.)

Use of Knowledge

The importance of a licensee knowing the California Real Estate Law and certain phases of other laws relating to real estate in daily practice cannot be overstressed. However, this does not mean that any licensee should ever use his knowledge as a basis for giving an opinion on legal matters. As pointed out in the above resolution, any licensee who oversteps the boundaries in this respect, could be subject to serious consequences, such as loss of license and civil and criminal liability.

RENEWABLE LICENSE EXAMINATION RESULTS

Salesmen—The notification of results of your examination for renewable four-year license may be mailed to you in care of your employing broker. If you do not receive your notification within 12 days after the examination, check first with your employing broker.

New Regulations Adopted

Mortgage Loan Legislation Is Implemented

The intent of the 1957 Legislature, as expressed in amendments to statutes controlling certain phases of mortgage loan brokerage activities, is carried out by a series of official regulations recently adopted by the Real Estate Commissioner.

One of the new regulations limits charges made by mortgage loan brokers for appraisal, escrow, credit investigations, etc., in connection with the negotiation of loans. These charges may not exceed the usual charges made for similar services in the same community.

The amended law provides that the broker is not to be the lender and, to implement the statute, the mortgage loan broker's statement has been amended to include the broker's statement that he is not the lender. (For a sample of the amended form, contact any division office.)

The prohibition against the broker lending his own funds without the express knowledge and consent of the borrower is further spelled out by a new regulation (see Section 2845 of the commissioner's rules and regulations). There have been cases wherein the mortgage loan broker, purporting to act as the borrow's agent and getting paid for doing so, was in fact lending his own funds and acting in his own behalf, collecting fees and commissions in addition to maximum interest on the personal funds lent.

To carry out the purpose of the mortgage loan broker's statement another regulation provides that no broker or salesman may obtain a borrower's signature to any compensation agreement prior to the time the mortgage loan broker's statement is filled out with the required information and signed.

To aid in tracing suspected cases of usury, records of commissions, referral fees or other forms of compen-

An Apology

Your September *Bulletin* was late in arriving in your mailbox due to mechanical problems with new addressing equipment recently installed by the Division of Real Estate.

Much the same problem was experienced with the issuance of renewal licenses, which most licensees received later than usual.

When the new machines are in full operation and completely equipped and co-ordinated, faster and more efficient service should be provided.—THE EDITOR.

sation for services rendered in connection with loan transactions must now be kept available for inspection by deputies of the division.

The full text of the new regulations which became effective September 18, 1957, is reprinted below.

Text of Regulations

2842.5. TIME OF SIGNING STATEMENT. No broker or salesman shall obtain a signature from a borrower to any compensation agreement for negotiating a loan or to any paper obligating the borrower to complete the loan prior to the time the Mortgage Loan Broker's Statement is signed by the borrower and the person negotiating the loan, or his authorized representative, in accordance with Civil Code Section 3081.1; provided such loan is subject to the provisions of Civil Code Sections 3081.1 to 3081.93.

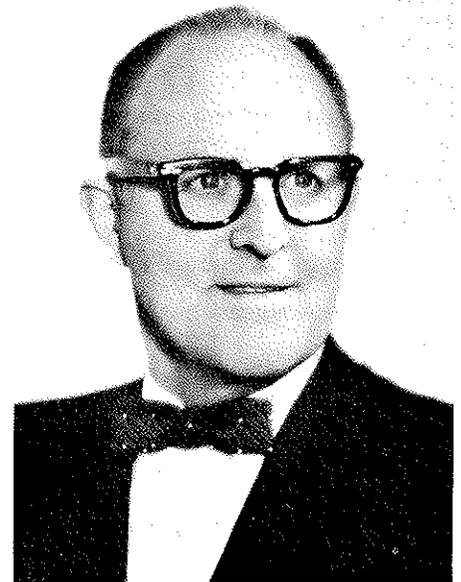
2843. COSTS, EXPENSES AND CHARGES. The costs, expenses and charges specified in Section 3081.3 are the maximum rates chargeable and are to be levied only when such costs, expenses and charges can be supported in fact. *Such charges shall not exceed similar charges made for similar services in the community where such services are rendered.*

2845. NO LENDING OF AGENT'S MONEY. No broker or salesman employed by a borrower for compensation to negotiate a loan shall directly or indirectly advance his own funds to the borrower as a part or all of the funds to be loaned either temporarily or permanently, without written consent from the borrower to do so.

2856. RECORDS OF COMMISSIONS, ETC., PAID. All payments of commissions, finder's fees, referral fees or other forms of compensation for services rendered in connection with a loan transaction shall be recorded in such a manner as to provide specific reference to the particular loan transaction concerned; provided such loan transaction is subject to the provisions of Civil Code Sections 3081.1 to 3081.93. Such records will be kept available for investigation by the commissioner or his deputies for a period of at least three years.

Clive Graham New President Of State Realtors Group

The California Real Estate Association at its fifty-third annual convention elected Clive Graham of Long Beach, as its 1958 president succeeding J. Mortimer Clark of San Francisco. Mr. Graham, who had served as the general convention chairman, will be formally inaugurated in January in his home city.



CLIVE GRAHAM
CREA President, 1958

Space does not permit listing the many honors and responsibilities conferred upon Mr. Graham, but in the past year alone he was elected to the Board of Directors of the National Association of Real Estate Boards; was a member of NAREB's Educational Committee; was Vice Chairman of NAREB's Multiple Listing Committee; and was re-elected to the National Institute of Real Estate Brokers.

LICENSE EXPIRING?

Four-year license renewal fees are \$50 for brokers and \$30 for salesmen. Fees are no longer prorated as they were last July. Renew promptly before expiration of your current license and avoid payment of extra fee for late renewal.

PANEL OF SPEAKERS

Commissioner's Staff Briefs Division Activity

With Commissioner Griesinger acting as moderator and introducing the speakers, members of his staff described current law and procedures affecting licensees at a general session of the CREA convention. Audience response indicated considerable interest in the talks and the speakers' remarks which may prove informative and interesting to *Bulletin* readers. Excerpts from the individual talks appear below in the order in which they were given.

Examinations

Walter J. Miller, supervising deputy, said:

"When the program calling for an additional examination for renewal license was inaugurated, the facilities of the Real Estate Research Program of the University of California were enlisted for preliminary work in cooperation with division personnel. * * * Each examination before going into use is carefully screened item by item, not only by our people but by a representative of the real estate industry. Finally, Commissioner Griesinger reviews examination material and, not until his stamp of approval is received, is it used. * * *

"What are the immediate results of this program? First, it seems that we have fewer applications for license from those people who are 'willing to try anything once.' * * * It seems quite apparent that the person who thinks about going into real estate now gives the whole process serious consideration before he or she tackles it. The result cannot help but be greater professional stability and dignity and growing respect for real estate as a career. This is borne out, we think, by the figures. We are giving fewer examinations for original license than we did prior to the requirement of an additional examination for renewable license.

"Of the people who do qualify for original license, about 28 percent do not—for one reason or another—choose to prepare themselves and take the examination for permanent, renewable license. This is in considerable contrast to the division's prior experience when less than 5 percent ever relinquished their licenses.

"Much more important than these statistics, in our estimation, is the

very evident fact that most of the 72 percent who do apply for examination for renewable license embark upon serious study programs to supplement the field experience they have gained. The showing many make in the comprehensive examinations proves they have studied diligently to broaden their knowledge of the field in which they intend to make a career."

Licensing

Harold H. Wells, license supervising deputy, said in part:

"In considering an application for original license, these steps are followed: First, * * * the application is checked to see that it is complete in every detail * * * the minimum age requirements * * * photograph * * * experience or educational requirements * * * citizenship.

"Applications must be signed by recommenders, and the salesman applicant must be recommended by a licensed broker who certifies that the applicant is honest, truthful and of good reputation. To supplement this, all applicants are fingerprinted and these prints are cleared through the Bureau of Criminal Identification and Investigation, which bureau furnishes a report to the commissioner.

"If the fingerprint report, or information received from officials of other states or the applicant's own statement reveals that the applicant has been charged with a violation of law, a district office makes a thorough investigation to determine if the violations are serious enough to warrant a formal action toward denial of the license. * * *

"There is one point in this process that should be emphasized and that is the certification the broker makes

SUPPLEMENT TO REFERENCE BOOK AVAILABLE AT ALL BRANCH OFFICES

In this day and age of striving for better real estate knowledge, particularly for the "final" examination for renewable license, assistance in the form of study material is welcomed by most licensees as well as those taking the examinations. The primary purpose of the *Supplement to the Reference Book*, now available, is to assist in preparation for the "final" examination, but a good many licensees who don't have to worry further about examinations are also ordering it.

The *Supplement* covers Legal Aspects of Real Estate, Finance (sources and procedures), Valuation, Public Control, and many special fields. It is available through the Division of Real Estate, 1021 O Street, Sacramento, or any of the division branch offices. Price, \$1.04 per copy.

when he signs a salesman's application. He certifies that he has read the applicant's answers to all questions and, that upon investigation, he has ascertained that the applicant is honest, truthful and of good reputation. He also certifies that he will exercise a careful supervision over this salesman while he is in his employ. * * * the commissioner properly relies on this certification."

Loan Brokerage Activities

M. R. Griffin, chief deputy, speaking on loan brokerage activities, said:

"The Mortgage Loan Brokerage Law with related legislation has been in effect since 1955. Probably the most important thing that it does is make it proper for real estate licensees to sell existing trust deeds. * * *

"It also places some restrictions on the making of new loans. Basically, the law applies to the negotiation of loans where the broker is compensated by

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Latest Division Activity Described in Speeches

(Cont. from Page 327, Col. 3)

the borrower. In general, it does not apply where the lender or anyone besides the borrower is paying the broker for his services.

"There are several ways in which it affects brokers or salesmen. First of all, it requires that a borrower be given a copy of a statement of costs and expenses on a form approved by the commissioner. Until recently, this statement had to be signed in the office of the employing broker, but the Legislature has eliminated this requirement.

"The second way in which this law affects licensees is that it limits the commissions they can charge; and, to our knowledge, this is the only case in which brokers' commissions are limited, other than by agreement between parties. The maximum commissions that can be charged range from 5 to 15 percent, depending upon the length of the loan and whether or not it is a first or second trust deed.

"The third way in which this law affects brokers is that it provides that installment loans, other than purchase money loans that are under three years, cannot have a balloon payment. The monthly installments must be substantially equal. This requirement does not, however, apply to purchase money mortgages any

longer—another change made by the 1957 Legislature.

"There are a number of exceptions to the law. It does not apply to first trust deeds over \$10,000 or second trust deeds over \$5,000. It does not apply to FHA loans, bank loans, loans from building associations, etc.

Enforcement of the Real Estate Law

Gaylord K. Nye, chief deputy, speaking on enforcement procedures of the Division of Real Estate, said:

"Because the courts jealously guard the rights of those who have obtained licenses, the commissioner cannot revoke or suspend licenses because he doesn't like the color of the tie the person wears or the way he parts his hair.

"The commissioner must institute an investigation and develop the facts of the case along the same lines required of evidence necessary in a court action. The commissioner, therefore, has a staff * * * whose duty is to investigate and develop matters brought to his attention—and, if the investigation indicates that the case warrants formal action against the licensee, the commissioner then files an accusation and a formal hearing is scheduled.

"In order that the commissioner may not be charged with being a combination of prosecutor, judge and jury, a hearing officer from the administrative procedure panel hears the case. The hearing, itself, is somewhat similar to a court case as all witnesses

are sworn, exhibits are introduced and a court reporter takes down the proceedings. If the case results in a penalty, the licensee or respondent has a right to ask for a review by a superior court and can go up to the Supreme Court.

"Because of the seriousness of such action on the part of the commissioner, each case investigated is very carefully screened. * * * Some cases are, of course, fairly simple; others having to do with secret profit transactions in which dummy purchasers are used can be very complicated, and may require weeks of investigations.

It is not an easy nor a pleasant task for the commissioner to have to make intensive investigations of his licensees. However, that is a paramount duty and he has in force a vigorous and effective program of law enforcement."

Editors' Note: Assistant Commissioner McClure spoke on "Advance Fee" operators and his talk will be expanded to a complete article on that subject in the next issue of the *Bulletin*.

WHAT KIND OF A LICENSE?

A woman applicant at an oral interview recently was asked:

"Can a real estate salesman and a real estate broker enter into a partnership?"

Her reply was "Yes, a real estate salesman can go into partnership with a broker, but they must take out a business opportunity license."