



Real Estate Bulletin

Official Publication of the California Division of Real Estate

RONALD REAGAN, Governor

Winter 1967-68

BURTON E. SMITH, Commissioner

REAL ESTATE PRACTICE AS A PROFESSION: PROGRESS REPORT

Survey of Attitudes Encouraging; Commissioner Moves for Plan

The August '66 issue of the *Real Estate Bulletin* featured a proposal for eventual achievement of professional status for California's real estate licensees. Since that time, industry representatives, DRE officials, and academic advisors have been studying the proposal, general reaction, and modifications.

A survey of attitudes conducted at the Education and Research Conference in Los Angeles on September 23, 1967, showed the majority of those in attendance felt: That *professionalization* should be actively sponsored by the CREA and the DRE; that a four-year college degree, with a major in real estate, could be a sound prerequisite for broker licensing; and that the real estate vocation essentially meets most of the accepted criteria for established professions. The positive response to this initial inquiry has encouraged all who support professionalization, and has led to this report.

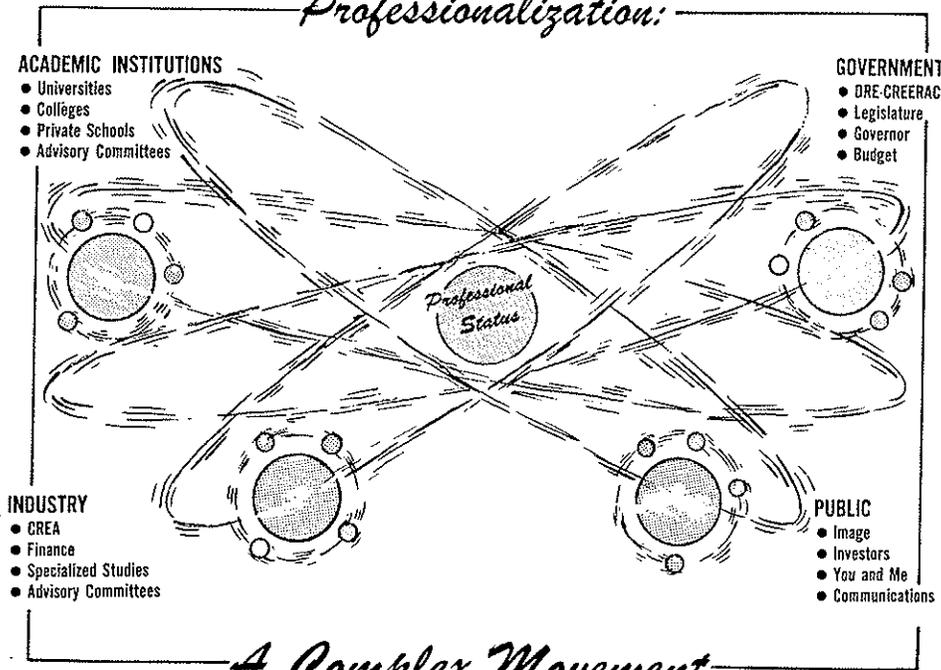
The *complexity* of the professionalization movement is graphically depicted in the accompanying design,

(Continued, Col. 1, Page 827)

Inside This Issue . . .

• Bulk Sales Escrows	825
• Bulletin Subject Index for 1967.....	828
• Correction on Revocation.....	823
• Cotton Made NAREB Treasurer.....	826
• Education Questionnaires in Mail ...	826
• Escrow Law Changed.....	828
• Hempel Heads NARELLO in 1968....	827
• Karpe Elected CREA President.....	823
• Salesman License Transfer Procedure	824
• Secret Profits Prohibited.....	826
• Trust Fund Record System	824
• Unlawful Detainer Law Changed.....	826

Professionalization:



A Complex Movement

SALESMAN LICENSE EXAM FORMAT IS CHANGED

The real estate salesman license examinations which went into use on January 2 are objective tests, containing no subjective or essay items. The new examination requires the better part of a day to write. It has a total of 200 items, with a 2½-hour session in the morning and a session of like length in the afternoon.

Disinterested, outside advice was sought in the matter, and during recent months the DRE license examination process was studied by a team from Sacramento State College, another from the State Personnel Board, and by individuals who rank as leading test authorities. These experts analyzed both subjective—or essay items—and the objective (multiple choice) portions of the test as it had been administered. Without dissent, they agreed that a more reliable and valid test could be assured if it were confined to the objective type, multiple choice items.

The experts contend objective items can be used to test satisfactorily the range and depth of the license candidate's knowledge of subject matter at any degree needful for him to serve the public properly as a licensee. The purely objective examinations need not be less stringent than the essay type; in fact, they can be much more searching. Objective tests also offer the great advantage of absolutely impersonal and impartial machine scoring. Also stressed was the increased efficiency and economy resulting from use of objective items.

(Continued, Col. 3, Page 827)

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DESIST AND REFRAIN ORDERS

Issued for the Period Between September
1, 1967, and December 1, 1967

Number of orders	Violations
7	IN-STATE Sole of real property securities without permit . . . and/or failure to comply with all applicable statutes and regulations.
9	Failure to comply with California subdivision requirements.
4	OUT-OF-STATE Failure to provide for subdivision public report, promised recreation facilities, proper permit or otherwise meet requirements of subdivision law.

Disciplinary Action—August–November 1967

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.

REB—Real estate broker
RREB—Restricted real estate broker

RES—Real estate salesman
RRES—Restricted real estate salesman

Licenses Revoked During August–November 1967

Name	Address	Effective date	Violation R.E. Law/Regulations
Blake, Robert Edward (RES) (Right to RRES license on conditions)	Heritage 1259 Rosecrans Blvd., San Diego..	8/ 1/67	10177(b) (f)
Dais, Albert (REB) dba Ford Realty (Right to RREB license after 15 days on conditions)	3940 Hwy 50 at Pioneer Trail, South Lake Tahoe	8/ 1/67	10145, 10176(e), 10177(d) (f) (g); 2831, 2831.1
Henderson, Thomas Charles (RES) (Right to RRES license on conditions)	171 Carl St., San Francisco.....	8/ 1/67	10177(a) (f)
Hoptry, Richard Allen (RES)	6230 Oak Creek Way, Citrus Hgts..	8/ 1/67	10176(e) (i), 10177(d) (f), 11012; 2811, 2832
Johnson, Robert Henry (REB)	417 28th S., Seattle, Wash.....	8/ 1/67	10177(b)
Langley, Arlington Raymond (RREB) dba A. R. Langley Co. (Right to RRES license on conditions)	809 N. 1st St., San Jose.....	8/ 1/67	10145, 10176(e) (i), 10177(d) (f) (k); 2830, 2832
Powers, Edward Thomas (REB)	948 Emerald Hill Rd., Redwood City	8/ 1/67	10176(a) (g) (i), 10177(f)
Tula, Paul Rene (RREB)	1109 Valencia St., San Francisco..	8/ 1/67	10162, 10177(d) (k)
Steward, Robert Charles (REB) dba Zenith Realty Co. (Right to RREB license after 30 days on conditions)	2071 Lewis Ave., Altadena.....	8/ 3/67	10176(e), 10177(d) (f)
Roche, John C. Jr. (REB)	129 S. Washington St., Sonora	8/ 8/67	10177(d) (j), 11012, 11013.1
Arrington, Larkin Moore (RES)	826 Miltonwood, Duarte	8/15/67	10177(b) (f)
Vance, Don (REB) dba Clock Realty (Right to RREB license on conditions)	1840 S. Elena, Redondo Beach	8/15/67	10177(d) (f) (j)
Western Republic Inc. (RECOPF) (Stayed 3 years on conditions)	406 Wilshire Blvd., Santa Monica	8/15/67	10130, 10176(i), 10177(d) (f) (j)
Main Realty—Lorenzo Virgil Spencer (REM)	4333 S. Main St., Los Angeles.....	8/16/67	10176(a) (e) (g) (i), 10177(d) (f) (j); 2830, 2832
Shull, Cecil Ray (RES)	628 Hart, Orange	8/16/67	10177(b) (f)
Burton, Armida DeLyle (RES) (Right to RRES license after 90 days on conditions)	2407 W. Santa Barbara, L.A.	8/17/67	10130, 10137, 10177(d)
Hillsborough, Helen (REB) dba Choice Rentals	9103 S. Western Ave., L.A.	8/17/67	10177(d) (f) (h); 2851
dba Speedy Rentals	2407 W. Santa Barbara Ave., L.A.		
Battistoni, John Joseph (REB)	2626 F St., Bakersfield.....	8/22/67	10145, 10176(e) (i), 10177(f); 2830, 2832
Findley, Bob D. (RES)	6046 Magnolia Ave., Riverside...	8/23/67	10177(b) (f)
Golinsky, Vivien Alma (RES) (Right to RRES license on conditions)	San Felipe Rd., San Jose.....	8/23/67	10177(b)
Metcalfe, Kenneth Morton (REB) (Right to RRES license on conditions)	1366 Kooser Rd., San Jose.....	8/23/67	10177(b) (f)
Sacco, Louis (RES) (Right to RRES license after 30 days on conditions)	2120 Leon Dr., San Jose.....	8/23/67	10177(b) (f)
Williams, Jimmie Seymour (RREB) dba J. S. Williams Co.	1417 Sierra Creek Way, San Jose..	8/23/67	10176(a) (i), 10177(f) (j) (k)
O'Loughlin, John Joseph (REB)	7813 Sunset Blvd., L.A.	8/29/67	10176(i), 10177(d) (f), 10237.3, 10238.3
Tour, Charles Washburne (RES)	2022 Linfield St., Glendora	8/29/67	10145, 10176(e) (i), 10177(d) (f) (j); 2832
Atkinson, William Russell (RES)	3317 N. Fresno St., Fresno.....	8/30/67	10177(b)
Hutson, Loreine (Rene) O. (REB) dba Renes' Realty (Right to RREB license after 15 days on conditions)	4400 Marconi Ave., Sacramento	8/31/67	10145, 10176(e) (i), 10177(d) (f)
Skidmore, James Roy (RES)	4391 Dorthea St., Yorba Linda	8/31/67	10177(b) (f)
Cohen, Syd (RES)	1835 Greenfield, L.A.	9/ 5/67	10130, 10177(d) (f)
Mason, Claude Crawford (RES) (Right to RRES license on conditions)	4735 Central, Riverside.....	9/ 5/67	10177(a) (f)
Boswell, John Harvey (REB) dba Boswell Realty (Right to RREB license on conditions)	1211 Park Ave., San Jose.....	9/ 6/67	10145, 10176(e) (i), 10177(d) (f)
Chan, Edward (REB) dba Estate Eng. Assocs. (Right to RREB license after 90 days on conditions)	1028 Stockton St., San Francisco..	9/ 6/67	10145, 10176(e), 10177(d) (f) (j)
Larson, William Ernest (REB) dba Jack London Realty Co. (Right to RREB license on conditions)	111 Broadway, Oakland.....	9/ 6/67	10145, 10176(e), 10177(d); 2832
Larson, William Ernest dba California Realty, Pres. William Larson Inc. (Right to RREB license on conditions)	617 Brookly Ave., Oakland.....	9/ 6/67	10145, 10176(e), 10177(d); 2832
Contryman, Calvert Theron (REB)	5260 Elmer Way, Sacramento	9/11/67	10177(b)
Contryman, Calvert Theron (REM)	943 Piedmont Dr., Sacramento	9/11/67	10177(b)
Solomon, Leslie Louis (REB) (Right to RREB license on conditions)	15236 Burbank Blvd., Van Nuys..	9/12/67	10177(b) (f)
Carter, James Lee (RREB) (Stayed for 3 years on conditions) (Respondent shall abstain from acting as a RREB for 30 days)	1525 S. Western Ave., L.A.	9/16/67	10176(e) (i), 10177(d) (f) (j) (k); 2832
Gotchy, Merrie Agnes (REB)	721 Tuolumne St., Vallejo.....	9/16/67	10145, 10176(e) (i), 10177(d) (f)
Cano, Albert Quiroz (REB) dba Mt. Aetna Realty Co.	2359 Thompson Pl., Santa Clara ..	9/19/67	10145, 10148, 10176(e) (i), 10177(d) (j); 2831, 2831.1, 2832
Quistgard, Hunter C. (REB)	8141 Redwood Hwy. N., Novato	9/19/67	10164, 10177(f) (k); 2771(d)
Freeman, Jerry Lynn (RES) (Right to RRES license on conditions)	15233 Ventura Blvd., Sherman Oaks	9/20/67	10177(a) (b) (f)
Littrell, Margaret Jean (REB) (Right to RREB license after 30 days on conditions)	1558 N. Waterman St., San Bernardino	9/23/67	10145, 10176(a) (i), 10177(d) (f) (g); 2830, 2832.1
Harris, Irwin Harvard (REB)	4400 Riverside Dr., Burbank.....	9/28/67	10177(b) (f)
Strassberger, Paul Joseph (REB) (Right to RREB license on conditions)	568 S. Mathilda Ave., Sunnyvale..	9/28/67	10145, 10176(e) (i), 10177(d) (f)
Bagnall, Robert Pendleton (REB)	1374 Frontenac, Sunnyvale.....	10/10/67	10177(b)
Flint, Richard Henry (RES)	1787 Kimberly Dr., Sunnyvale	10/10/67	10177(b)
Gonis, Pericles (REB) (Right to RREB license after 15 days on conditions)	2 Laguna St., San Francisco.....	10/10/67	10177(f) (j)
Jordan, Johnnie, Jr. (RREB)	3900 S. Los Angeles St., L.A.	10/10/67	10148, 10162, 10177(d) (f) (k)
Hilton, John Irwin (REB) (Right to RREB license on conditions)	5657 Wilshire Blvd., Rm. 205, L.A.	10/11/67	10177(b) (f)
Grand Mortgage Company (RECOPF)	55 New Montgomery St., S.F.	10/17/67	10085, 10130, 10145, 10146, 10176(i), 10177(d) (f)
Bryant, Robert Elliott (REB) (RES) (Right to RREB license on conditions)	37217 Montgom Blvd., Fremont 38495 Kerlin St., Fremont.....	11/ 7/67	10141, 10176(a) (b) (d) (i), 10177(d) (f) (g); 2950

Licenses Suspended During August–November 1967

Bob Karpe Elected 1968 CREA President

Robert W. "Bob" Karpe of Bakersfield has been elected 1968 president of the California Real Estate Association, succeeding Reed Robbins of Stockton.



ROBERT W. KARPE

A second generation Realtor, Mr. Karpe is president of the real estate organization founded by his father, a firm he entered in 1953 after graduating from the University of California at Berkeley with a major in business administration. While an undergraduate, he received honorable mention as All-America tackle in 1950-51, made All-Coast and was a mainstay in the Golden Bear's line during his playing days. He received a Glenn D. Willaman real estate scholarship from CREA in 1952-53.

Space does not permit mention of all the offices he has held and the committees he has served on in organized real estate. He was president of the Bakersfield Board of Realtors in 1959; Bakersfield Realtor of the Year in 1967; served as a CREA director for five years; director at large three years; regional vice president 1960; executive committee member, 1962, 1965, and 1966; and chairman of the program, planning, resolutions, constitution and bylaws committees.

He has been active in the civic affairs of his city, serving as president or as director of leading organizations, many in the field of youth activities.

Name	Address	Effective date	Violation R.E. Law/Regulations
McKinley, Stella Jewell (REB)....	163 Placerville Dr., Placerville....	8/ 1/67 5 mos.	10162, 10177(d)
(After 30 days from effective date of decision, remainder or any portion thereof, may be stayed on conditions)			
Roloff, Eileen Lyons (RES).....	6010 Fair Oaks Blvd., Carmichael.	8/ 1/67 15 days	10176(a)
White, Paul Raymond (REB).....	1330 Bayshore Blvd., Burlingame -	8/ 1/67 30 days	10177(b)
(Last 20 days stayed permanently)			
White, Paul Raymond.....	1330 Bayshore Blvd., Burlingame -	8/ 1/67 30 days	10177(b)
Pres., Paul White Inc. (R.E.O.) (Last 20 days stayed permanently)			
Wallace, Leonard Leroy (REB).....	3324 Adeline St., Berkeley.....	8/ 3/67 30 days	10145, 10176(e), 10177(d)
dba Leonard L. Wallace Co.			
dba Patlin Mortgage Co. (Stayed for 2 years on conditions)			
Beltz, George Ray (RES).....	1200 First Nat'l Bank Bldg., San	8/ 8/67 120 days	10177(f), 10177.5
(Stayed for 3 years on conditions) Diego			
O'Neill, John Thomas (RES).....	139 S. Prospect Ave., Tustin.....	8/ 8/67 120 days	10177(f), 10177.5
(Stayed for 3 years on conditions)			
Cox, Walter Leicester (REB).....	2001 21st St., Sacramento.....	8/14/67 120 days	10142, 10176(a), 10177(d) (f)
(Last 105 days stayed for 3 years on conditions)			
Collins, Joseph Francis (REB).....	550 "D" E. Chapman Ave., Orange	8/15/67 90 days	10176(i), 10177(d) (j)
Nevis, Elmer Joseph (RES).....	512 Vernon St., Roseville.....	8/15/67 30 days	10137
Top Hat Realty Inc. (RECORP).....	4623 Gloria Ave., Encino.....	8/15/67 342 days	10160, 10162, 10164, 10165, 10177(d)
Guy Arthur Normandin, Pres. (After 30 days from effective date of decision, remainder or any portion thereof, may be stayed on conditions)			
Wallace, Booker Talifero (RREB).....	4709 Telegraph Ave., Oakland.....	8/15/67 90 days	10145, 10176(e) (i), 10177(d) (f) (k): 2831, 2831.1
dba Tip Top Realty			
Western Republic Inc. (RECORP).....	406 Wilshire Blvd., Santa Monica	8/15/67 15 days	10130, 10176(i), 10177(d) (f) (j)
(Stayed for 3 years on conditions)			
Atkins, Clayton, Jr. (REB) (RES).....	5021 Rafton Dr., San Jose.....	8/22/67 30 days	10176(e), 10177(d); 2830, 2832
Davis, Paul (REB).....	6340 Coldwater Canyon, North	8/22/67 20 days	10145, 10160, 10162, 10164, 10176(e), 10177(d); 2771, 2830, 2832
dba Commercial Properties Man- agement Co. (Stayed for 2 years on conditions) Hollywood			
May, Jerold Francis (RES).....	2794 Lake Tahoe Blvd., South	9/ 6/67 25 days	10176(a) (b) (i), 10177(d) (f) (g); 2795
Lake Tahoe			
Matlock, Louise Holder (RRES)....	2762 Pine St., San Francisco.....	9/13/67 Indefinitely	10177(f)
Herman, Herbert Paul (REB).....	2223 El Cajon Blvd., San Diego....	9/20/67 45 days	10145, 10160, 10162, 10164, 10176(e), 10177(d) (f); 2832
Adams, Mildred Lorraine (RES)..... 3762 Mountain View, San Bernar- Last 5 mos. stayed for period 1 dino year on conditions)			
Littrell, Margaret Jean (REB).....	1558 N. Waterman St., San Bern- nardino	9/23/67 20 days	10145, 10176(a) (i), 10177(d) (f) (g); 2830, 2832.1
Baber, William Stanley (REB)..... 2252 Gunar Dr., San Jose..... Permanently stayed)			
Cassidy, Harold James (REB).....	406 Sutter St., San Francisco.....	9/28/67 30 days	10177(b) (f)
(Last 55 days stayed permanently)			
VanKrugel, Helen Anne (RRES).....	1616 4th St., Santa Rosa.....	10/ 5/67	10177(k)
Wieneke, Conrad James (RREB).....	1616 4th St., Santa Rosa.....	10/ 5/67	10177(k)
V.P., Colleside Realty Inc. 825 College Ave., Santa Rosa..... Indefinitely			
Pres., Frontier Mortgage Corp. 825 College Ave., Santa Rosa.....			
Tecklenburg, Alvine Herman (REB).....	914 N. Center St., Stockton.....	10/17/67 30 days	10085, 10177(d) (f); 2971
dba A. H. Tecklenburg & Co.			
Wooster, Katherine Charlotte.....	920 El Camino Real, South San	10/17/67 10 days	10177(g) (i)
(REB) Francisco			
Selmi, Paul Guy (REB).....	6771 Mission St., Daly City.....	10/24/67 30 days	10176(e), 10177(f)
dba Paul G. Selmi Realty Co. (Stayed for 2 years on conditions)			
LeCorney, Christian (REB).....	1036 Polk St., San Francisco.....	10/31/67 15 days	10145, 10176(a) (e) (i), 10177(d) (f); 2830, 2832
dba Chris Realty			
Root, Robert Gene (REB).....	262 1/2 11th Ave., San Francisco	11/ 6/67 Indefinitely	10475
Exec. V.P., Property Equities Management Co., Inc. 1350 Howard Ave., Burlingame...			
George, Dan Duane (RES).....	1387 Daphne Dr., San Jose.....	11/ 7/67 30 days	10176(a) (i), 10177(d) (f)
Grimes, Ward Gilbert (RES).....	23111 Hwy. 17, Los Gatos.....	11/ 7/67 30 days	10176(a) (i), 10177(d) (f)
McCloskey, John Francis (REB).....	4620 Mission St., San Francisco....	11/14/67 60 days	10176(a) (i), 10177(f) (j)
dba Time Realty Co. (Last 45 days stayed for 2 years on conditions)			
Shubin, Fred (RRES).....	2333 Beverly Blvd., L.A.....	11/22/67 Indefinitely	10156.7

Licenses Revoked During August–November 1967—Continued

(Continued from opposite page)

Name	Address	Effective date	Violation R.E. Law/Regulations
Dudfield, John Jury (REB).....	320 13th Ave., Santa Cruz.....	11/ 7/67	10177(f) (j)
dba Dudfield Associates (Right to RREB license on conditions)			
Elkins, Harry Shapiro (REB).....	6057 San Vicente Blvd., L.A.....	11/ 7 67	10177(b) (f)
Velez, Gilbert Rodriguez (RES).....	1814 W. Silver Lake Dr., L.A.....	11/ 7/67	10177(b) (f)
Simpson, Wm. Wilson Lockett.....	321 Bush St., San Francisco.....	11/14/67	10145, 10176(e) (i), 10177(d) (f)
(REB) (Right to RREB license on conditions)			
Walton, Ronald Anthony (REB).....	1598 Fulton St., San Francisco....	11/14/67	10176(a) (e) (i), 10177(d) (f) (j)
dba Anthony Estates			
Russ, George John (REB).....	12775 Poway Rd., Poway.....	7/ 5/67	10176(g), 10177(f)
dba Green Valley Estates Realty			
dba Geo. J. Russ Co.			
Dandridge, Franklin Gordon (REB).....	3349 W. 43rd St., L.A.....	11/15/67 11/22/67	10130, 10145, 10176(i), 10177(d) (f) (i); 2830
(Right to RREB license after 60 days on conditions)			
Graham, Robert Lewis (RES).....	6416 W. Blvd., L.A.....	11/28/67	10176(a) (d) (i), 10177(j)
(Right to RRES license after 90 days on conditions)			
Leyva, Guillermo Torres (RES).....	3335 N. Bartlett, Rosemead.....	11/28/67	10177(f) (j)
Bica, Anthony Gus (REB).....	825 16th St., Modesto.....	11/29/67	10145, 10176(e) (i), 10177(d) (f); 2832
(Right to RREB license after 45 days on conditions)			
Cunningham, Frank George (RES).....	229 Coghlan Ave., Vallejo.....	11/29/67	10177(f)
(Right to RRES license after 180 days on conditions)			
Knapton, George John, Jr. (REB).....	1054 W. Shaw, Fresno.....	11/29/67	10177(b)
(Right to RREB license after 45 days on conditions)			

CORRECTION

Announcement in the fall issue of the *Real Estate Bulletin* of the revocation of the real estate broker license of Ernest Krelis Tarlin listed him as a member of Viking Loan and Investment Co., a partnership. The partnership had been dissolved prior to the hearing on the action against Tarlin and was not involved in the proceedings.

SIMPLIFIED TRUST FUND RECORD SYSTEM

Brokers Must Maintain Trust Account Records

Is your trust account record system up to date? Recent office surveys and trust account inspections throughout the state indicate that all too frequently there is considerable room for improvement. The surveys and inspections are continuing.

Real estate brokers must keep accurate and officially acceptable records of all trust funds, regardless of volume of business or number of personnel involved.

The maintenance of trust records is pinpointed by Section 10148 of the Real Estate Law, which states that "all listings, deposit receipts, canceled checks, trust records, and other documents" executed or obtained by a licensed real estate broker in connection with any transaction for which a broker license is required shall be retained for a period of three years.

The fact that a broker does not maintain a trust account because he places trust funds directly into escrow does not excuse him from keeping records of all trust funds received by him, including uncashed checks held pursuant to instructions of his principal. Section 2831 of the Real Estate Commissioner's Regulations stipulates the record shall set forth in columnar form: (1) date funds received; (2) from whom received; (3) amount received; (4) with respect to funds deposited to trust fund bank account, date of said deposit; (5) with respect to funds previously deposited to trust bank account, check number or date of related disbursement; (6) with respect to funds not deposited in trust bank account, nature of other deposi-

tory and date funds were forwarded; (7) daily balance of trust bank account.

"Each broker who maintains a formal trust cash receipts journal and a formal cash disbursement journal, or other similar records, in accordance with sound accounting principles, shall be deemed to have complied with the above.

chase. In addition to the copies given to those who sign the instrument, the broker should keep a copy. This will show the date, the amount, from whom, and for what transaction the money is received.

The trust account recording process starts when you receive funds from a client. In the example, a deposit receipt and offer to purchase has been

Sample Form A

Real Estate Purchase Contract and Receipt for Deposit
THIS IS MORE THAN A RECEIPT FOR MONEY. IT MAY BE A LEGALLY BINDING CONTRACT. READ IT CAREFULLY.

Received from: GEORGE DERRY SACRAMENTO, California, JANUARY 7, 1968

The sum of FOURTEEN HUNDRED Dollars (\$1,400.00)
received by cash, by personal check, by negotiable check, or

is deposited on account of purchase price of TWENTY THOUSAND Dollars (\$20,000.00)
for the purchase of property situated in CITY OF SACRAMENTO County of SACRAMENTO California, described as follows:
1226 MIDDLE ROAD

"All records and funds shall be subject to inspection by the commissioner or his deputies."

Trust account records are required for public protection. The client who uses a broker's services expects reasonable safeguards for funds entrusted with him. A minimum trust account system or, if your volume warrants, formal accounting records will help you to conduct your brokerage transactions in an orderly manner.

To illustrate a simplified trust accounting system, one transaction is here illustrated step by step. As the events occur the entries are made in the basic record system.

If you are using a trust account for clients' funds, you might get your records out and compare the illustrated process with your present trust accounting system.

Deposit Receipt (Sample A)

Most brokers use a standard form of deposit receipt and offer to purchase.

executed by George Derry for property located at 1226 Middle Road, Sacramento.

Trust Fund Record (Sample Form B)

The check received from George Derry is entered on the *Columnar Record of All Trust Funds Received and Paid Out Trust Fund Bank Account (Sample Form B)*. Due to the weekend, the check is deposited in the trust fund bank account on January 8 and the appropriate entry is made in the column under Date of Deposit.

Separate Record (Sample Form C)

The entries from the *Columnar Record of All Trust Funds Received and Paid Out Trust Fund Bank Account* are later summarized in a ledger or separate record for each beneficiary or transaction.

Entries are posted daily to the proper accounts in the trust ledger, so that the accounts are maintained on a current basis at all times.

COLUMNAR RECORD OF ALL TRUST FUNDS RECEIVED AND PAID OUT												SAMPLE FORM B
TRUST FUND BANK ACCOUNT												
19 <u>68</u>	Date Received	From Whom Received Or To Whom Paid	Description	RECEIVED				PAID OUT				Daily Balance of Trust Bank Account
				Amount Received	Gross Reference	Date of Deposit	XX	Amount Paid Out	Check Number	Date of Check	XX	
	Jan. 7	George Derry	1226 Middle Rd.	\$1,400.00		Jan. 8						\$1,400.00
		Title-Escrow Corp.	1226 Middle Rd.					\$1,400.00	65	Jan. 11		0

FOR USE BY REAL ESTATE BROKERS

The total of the balances in the *Separate Record for Each Beneficiary or Transaction for Client's Funds Placed in Trust Fund Bank Account* (Sample Form C) should equal the daily balance of the trust fund account in the bank, as shown in the Columnar Record (Sample Form B).

Going back to the Derry transaction, the funds received are entered

To continue the bookkeeping the "Discharge of Trust Accountability for Funds Paid Out" on the Separate Record (Sample Form C) is completed. January 11 is entered in the Date of Check column, 65 under the Check Number column, and \$1,400 under the Amount column. The Account Balance is then reduced to zero.

The record of original entry Co-

of information as shown in regard to the Derry—1226 Middle Road transaction.

If your records do not reflect the detailed information showing the date clients' funds are received, from whom received, amount received, the date of deposit to trust bank account, the check number and date of disbursement, and the daily balance, then your bookkeeping system should be changed.

If you do not have records furnishing information similar to the *Columnar Records of All Trust Funds* (Sample Form B) and the *Separate Record for Each Beneficiary* (Sample Form C) then your records are inadequate and not in compliance with the law and Sections 2831 and 2831.1 of the Commissioner's Regulations.

Your clients will not be impressed with inadequate records. The aim of the commissioner is to make it as simple as possible to comply with the trust account requirements. If your operations require a more complex record system, the advice of a competent accountant may be desirable. Business supply firms may be able to provide similar record forms which can be modified to include the basic information required.

Sample Form C

SEPARATE RECORD FOR EACH BENEFICIARY OR TRANSACTION FOR CLIENT'S FUND PLACED IN TRUST FUND BANK ACCOUNT						
Description	Discharge of Trust Accountability For Funds Paid Out			Trust Accountability For Funds Received		Account Balance
	Date of Check	Check Number	Amount	Date of Deposit	Amount	
Derry 1226 Middle Rd				Jan. 8	\$1,400	\$1,400
Title-Escrow	Jan. 11	65	\$1,400			0

on the Separate Record (Sample Form C). The transaction is identified under the Description column. Under the portion labeled "Trust Accountability for Funds Received" the Date of Deposit is completed by entering January 8 and the \$1,400 received is placed under the Amount column. The Account Balance for Derry now contains \$1,400.

On January 11, a check is drawn from the trust account payable to Title-Escrow Corporation. The check is entered on the Columnar Record (Sample Form B) under the "Paid Out" heading. The "Amount Paid Out" column is filled in with the amount of the check \$1,400. The check number 65 is entered and the "Date of Check" column is completed by entering January 11. The "Daily Balance of Trust Bank Account" column is reduced to a zero balance.

Columnar Record of All Trust Funds Received and Paid Out Trust Fund Bank Account (Sample Form B) now contains the information relating to the Derry—1226 Middle Road transaction.

The details relating to the clients' funds have been summarized in the *Separate Record for Each Beneficiary or Transaction for Client's Funds Placed in Trust Fund Bank Account* (Sample Form C).

Compare With Your System

Now at this point, critically compare the above records and detailed information to your own trust account record system. Your records do not have to be identical to the *Columnar Record of All Trust Funds* (Sample B) and the *Separate Record* (Sample C); however, your records should contain the same detailed type

Bulk Sales

New Law Affects Escrows

In any case where a bulk sales notice subject to the requirements of Division 6 of the Uniform Commercial Code provides for an escrow, new legislation requires the transferee (buyer) to deposit the full purchase price with the escrow holder.

If, at the time for closing the escrow, the amount of money deposited is insufficient to pay in full all of the creditors' claims, the escrow holder must delay the closing and give notice to the creditors of the deficiency.

The law (Sec. 3440.1, Civil Code) prohibits payments from the escrow of fees and commissions prior to the close of escrow.

TAKING SECRET PROFITS—Section 10176(g)

One of the grounds for suspension or revocation of license which has been the basis for numerous disciplinary actions by the DRE is the taking of a secret profit by a licensee. Section 10176(g) provides as a ground for disciplinary action the claiming or taking by a licensee of secret or undisclosed compensation by way of commission or profit without disclosure of the full amount thereof to the employer of the licensee prior to or coincident with the execution of the agreement evidencing the meeting

NOTE: *Bulletin* readers frequently ask why more details are not provided in the listings of suspensions and revocations of licensees. It's simply a matter of lack of space, so transgressions are identified only by reference to code sections.

This is one of a series of articles explaining the "violation" sections and subsections of the code, illustrating infractions. The reader can match them to the sections listed when a license has been suspended or revoked.

of the minds of the contracting parties, regardless of the form of that agreement.

Transaction Briefed

What might be described as a typical case is here briefly related. A broker listed an off-sale liquor business at a price of \$11,500. Less than two weeks later, he received an offer in the amount of \$10,500 for the purchase of the business. In lieu of this offer which he concealed from the seller, he presented an ostensible offer for \$6,500 made through a dummy.

At first the sellers rejected the offer, but two days thereafter, entered into an agreement to sell their business to the agent's nominee and dummy for \$7,500. The business was then conveyed to bona fide buyers for \$10,500.

The broker obtained a secret profit in the form of a promissory note for \$3,000 in addition to a commission of \$750 paid to his firm, of which amount he personally received \$150.

A formal hearing followed an accusation filed by the DRE. The broker claimed he had never been paid any of the \$3,000 secret profit represented by the promissory note, and that he had expended considerable sums of money by reason of matters occurring subsequent to the consummation of the transactions, all of which, he said, resulted in his sustaining a net loss.

Gaining Possession— In Unlawful Detainer Case

When premises are restored to owner or landlord pursuant to an action for unlawful detainer, the enforcing officer cannot demand any fees to implement the writ evicting the tenant.

A tenant's personal property left on the premises is moved and stored at county expense for a period of 30 days (Sec. 1174, C.C.P., as amended). The tenant may redeem his property within the 30-day time limit, provided he pays the moving and storage expenses, other reasonable costs incurred by the enforcing officer and the amount of the lessor's money judgment.

Expiration of Grace Period

When the 30-day grace period has expired, his property may be sold at public sale. The lessor will be notified of the sale, and he may enter a bid. After costs and expenses of the enforcing officer have been reimbursed out of the proceeds of the sale, the lessor's money judgment has priority. Any remaining balance is held for the tenant for a period of five years, after which unclaimed amounts are deposited into the county's general fund.

These circumstances did not preclude the commissioner from taking disciplinary action against the broker's license.

A broker cannot profit at the expense of his principal, whether the result be reached by misrepresentation, concealment or other fraudulent device. He acts in strictest confidence in a fiduciary capacity, and is duty-bound to inform his principal of every fact material to the advantage of the principal. In effect, he contracts to protect his employer and cannot, through any device or manipulation, gain a secret profit.

UCLA STUDIES ROLE OF EDUCATION AND RESEARCH

The Real Estate Studies Program at UCLA is currently engaged in a research study designed to examine the roles played in the real estate industry by persons who have participated in either degree or nondegree programs of real estate education and research. About January 25, the research staff will send out approximately 2,000 questionnaires to California licensees (brokers and their salespeople) and to teachers and students of real estate courses.

Specifically, the study is examining the educational backgrounds of persons licensed to sell real estate, the leaders of professional real estate organizations, and those teaching real estate in order to estimate the extent to which education and research are producing the leadership needed in real estate and related industries.

The Real Estate Commissioner and the Research Program staff believe the findings will shed light on the current status of professionalism in Real Estate and will prove helpful in future efforts to promote the growth of the industry.

If you receive one of the UCLA study questionnaires, the commissioner urges you assist by completing it in full and returning it promptly to the Research Program. In this way, you will contribute your part toward achievement of professional orientation for the real estate industry.

Commission Member Made NAREB Treasurer

John Cotton, San Diego, who was appointed to the State Real Estate Commission early this year by Governor Reagan, was elected treasurer of the National Association of Real Estate Boards during the course of its November convention in Washington, D.C.

Mr. Cotton is a past president of the San Diego Board of Realtors and of the California Real Estate Association. As treasurer of the NAREB, he succeeds L. E. Davis of Dallas, who was elected president of the association after two years service as its treasurer.

PROFESSIONAL STATUS

(Continued from Col 3, Page 821)

first displayed at the September conference. It attempts to give an impression of the interrelated academic, governmental, industrial, and public interests involved in such a movement, their actions and interactions, their values, their attitudes toward professionalization, and their effect upon its attainment. Due to this "complexity," a movement towards professional status demands a tremendous investment on the part of *any* aspiring vocation—an investment in terms of time, education, public relations, definition of goals and planning.

To maximize the return on this investment, action should be coordinated, systematic, and carefully considered as to its meaning, efficiency and effectiveness. This then is why a formal but tentative plan was developed and laid on the table by the DRE—to give all interests a chance to think about proper goals and means and methods of their achievement.

The DRE was already committed to administering an education and research program specifically undertaken to improve the performance and increase the knowledge level of licensees, so there was obvious logic in moving toward the *final step*. The "final step" was simply establishment of those standards for licensing which would attest that, when an applicant has met such standards, he has the knowledge to serve the public's interests. Such standards would also serve to earn the recognition paid his peers in other, longer established professions. The commissioner and his staff are well aware of the magnitude of this decision and its implications. They consider it a privilege to be committed to the envisaged goal, and invite the active participation of all readers.

Many subissues have yet to be studied and resolved, such as: Will the effects of stricter licensing requirements actually aid the public or merely make it more difficult to enter into the profession, hence harmfully restricting competition; are there enough enthusiastic organizers available to champion this goal; and should an "apprenticeship" be provided for

Assistant Commissioner Heads NARELLO in 1968

Meeting in Albuquerque, New Mexico, the National Association of Real Estate License Law Officials elected John E. Hempel, top assistant to Commissioner Burt Smith, as its president for 1968. The organization also chose San Francisco as the site of its 1969 conference to be held immediately prior to the National Association of Real Estate Boards convention.

"Jack" Hempel has been with the California Division of Real Estate for 13 years, joining as a deputy and moving steadily up through the ranks. He was formerly a real estate broker at Lake Tahoe, later specializing in southern California seaside properties. Retaining his state post, Hempel will head the national association whose membership is comprised of real estate license law officials from all 50 states, three Canadian provinces and the Virgin Islands, who collectively are responsible for the licensing and regulation of over 700,000 real estate agents

and for the administration of subdivision laws in the number of jurisdictions.

Previously a director and vice president of the western region of the association, Hempel's election is recognition of his strong advocacy of the public protection concept, implemented by specialized education and improved standards of practice. In accepting the presidency of the NARELLO, he said, "We must look to the educational process to stimulate increased competency on the part of brokers and salesmen. I would hope to share California's experience with an advanced program of real estate education and research and strengthened standards for licensure with other states and our Canadian friends, and we would expect to gain from their experience with improved techniques in order that we can all assure the public of increasingly competent and skillful service by real estate practitioners."

in the licensing plan, or would it be better to provide for a "professional" designation as an augmentation to the present broker license? Other questions can be raised and undoubtedly will be.

In future months, college and university researchers, along with advisory groups representing industry and public interests, will be evaluating alternative solutions for the problems presented above and others. It is a reasonable hope that from such study will evolve a good, acceptable plan capable of uniting all interests in achieving this worthy objective. It should be noted that *no* plan of professionalization has been adopted as yet, and that many modifications to the original are being considered. It is anticipated that a final plan will emerge.

As important developments occur in the professionalization movement, they will be reported in this *Bulletin*; in the meantime, all readers are urged to submit their comments or suggestions to Commissioner Smith to assist him and the many others involved in selecting and evaluating alternatives.

SALESMAN LICENSE EXAM FORMAT IS CHANGED

(Continued from Col. 1, Page 821)

There were other compelling reasons for a change in examination format. The machine scoring process makes possible scientific analysis of objective-type items to determine the degree of effectiveness of each item in measuring the examinees' knowledge of the area being explored. The tests can be better adjusted to cover the whole range of subject matter with which the law says the applicant should be familiar. They also make for improved adjustment with the expanded real estate educational opportunities offered by universities, and the state and junior colleges.

The DRE has an on-going program of continuous review of license examination content and procedures so that effective tests can be constructed and administered to assure reasonable competence and knowledge on the part of the successful candidate for license. Present plans call for conversion of the real estate broker examination to an objective-type test within the year.

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Subject Index for 1967 Real Estate Bulletins—Listed by Issue and Page

Accusation, Making of	Apr.—803	Law	
Advance Fee Loan Operation	Sum.—312	Law, First Enacted	Sum.—805
Board of Equalization Implements		Nonlicensed Agent Convicted	Fall—815
New Tax Law	Feb.—793	Pamphlet, Real Estate Law	Fall—818
Broker, Real Estate		Real Property Securities	Sum.—807
Acting as Salesmen	Sum.—803	Legislation	
Acting without Knowledge or		Changes in License Law	Fall—313
Consent	Fall—813	DRE Created by Legislature	Sum.—805
Definite Place of Business	Sum.—809	Proposed Legislation	Apr.—797
Hiring Brokers as Salesmen	Feb.—790	License	
Making Positive Statements by	Feb.—793	Decrease In	Fall—820
Maintaining Proper Records	Sum.—810	Renting Broker License	Apr.—800
Misleading Terminology	Apr.—802	Restriction, Removal of	Apr.—801
Misrepresentation	Sum.—805	Loans	
Obligations as Employer	Feb.—792	Advance Fee	Sum.—812
Renting License	Apr.—800	FHA Loan Qualification	Sum.—808
Removal of Restriction	Sum.—810	VA	Apr.—793
Restricted Licenses	Apr.—801	Map Act—40 Acres or More	Sum.—811
Bulletin, Real Estate	Apr.—803	Notary Public, Liable for	
Business Opportunities		Fraudulent Acts	Apr.—803
Destruction of Sales and		Obituaries	
Use Tax Records	Apr.—801	Selinger, Ludwig	Fall—816
Franchise Sale May	Feb.—790	Wiegman, Marvin	Fall—816
Require Permit	Fall—820	Option, Termination	Feb.—790
Sale of Assets	Feb.—795	Partnership Pointers	Apr.—799
Commission, State Real Estate		Points	Feb.—793
Cotton, John, appointed	Apr.—797	Population Increase Projected	Sum.—803
Geldermann, Harlan S.,		Professionalization	
appointed	Fall—813	Basic Step	Sum.—808
MacBride, Jr. Frank, appointed	Apr.—797	Professional Broker Defines	
Commissioner, Real Estate		Terms	Apr.—802
Hempel, John E., appointed	Apr.—802	Record, Sources of Business	Feb.—795
Smith, Euston E., appointed	Feb.—789	Records, Maintaining Proper	Sum.—810
Forms Advisory Committee	Apr.—797	Recovery Fund Law Amended	Fall—818
Message from	Feb.—789	Reference Book	Sum.—803
Misrepresentation—Income		Rental Agent, Convicted	Fall—815
Properties	Fall—815	Research, Real Estate	
Correspondence Courses,		State Colleges	
U.C. Extension	Sum.—812	Broker, Management Practices	
Court Cases		and Personality Traits	Fall—816
Boundary Lines (244 ACA 653)	Apr.—804	Mobilehome Parks, Spaces	Feb.—794
Butler v. Olsham		Humboldt Co.	Feb.—794
(191 So. 2d Ala. 1966)	Apr.—803	Multifamily Inventory and	
Disclosing Full Interest		Vacancy Study	Feb.—794
(249 ACA 782)	Sum.—810	Realty Review, San Jose	Apr.—803
McConnell v. Cowan		Reports Available	Feb.—794
(44C 2d 805)	Fall—818	Uniformity in Record Keeping	Apr.—804
Misrepresentation		University of California, Berkeley	
(249 ACA 331)	Sum.—810	Capitalization Formulae	
Real Property Securities		Questioned	Fall—817
(250 ACA 518)	Sum.—807	Employment and Population	
CREERAC—Duties	Sum.—807	Forecasts in Bay Area	Apr.—801
Deposit Receipt Revised	Fall—817	Salesman, Real Estate	
Division of Real Estate		Broker's Certification	Sum.—811
Pfaendler, Josephine N., Retires	Fall—820	Changes, License Procedures	Fall—813
DRE Created by Law	Sum.—805	Cribbing In Exam	Feb.—796
Nye, Gaylord K., Retires	Fall—818	License Reinstatement, Right to	Feb.—791
Branch Offices—No Cash		Misrepresentation by	Sum.—805
Accepted	Fall—812	Small Claims Courts, Limits	Sum.—806
Organizational Changes	Sum.—817	Statement of Issues, Definition	Apr.—803
Easement Statute	Feb.—791	Subdivisions	
Education Research, State Colleges	Feb.—794	Advisory Committee Formed	Apr.—797
Examinations		Branch Office in Subdivision	Feb.—792
Cribbing Causes Downfall	Feb.—796	Changes in Common Facility	Feb.—792
Current Failure Rates	Sum.—809	Material Change	Sum.—807
Questions and Answers, Tests	Apr.—802	Optionee May Obtain Reports	Fall—817
Statistics	Fall—818	Public Report Not an	
Financing Terms	Feb.—793	Endorsement	Apr.—799
Fee Schedule	Fall—819	Public Reports, Expiration	
Formal Hearing	Apr.—803	in May	Feb.—792
Income Tax, Sale or Exchange			
of a Residence	Sum.—809		

LAW AFFECTS ESCROW HOLDERS

The 1967 Legislature added Section 1057.5 to the Civil Code prohibiting an escrow holder from **paying anyone for referring, soliciting, handling or servicing escrow customers or accounts**, except for the normal compensation to regular employees of the escrow agent.

It also prohibits an escrow agent from permitting any commission payment out of an escrow when the compensation is contingent upon the performance of any act, condition or instruction in the escrow, prior to the actual closing and completion of the escrow.

New Salesman License Transfer Application in Use

When a real estate salesman transfers from one employing broker to another, the responsibility of notifying the first broker of intent to leave his employ rests squarely with the salesman, under a procedure newly installed by the DRE.

The application for transfer of license (RE Form 214) by a salesman provides space for the signature of the broker with whom the salesman is terminating employment. In lieu of that signature, the transferring salesman may affix his own signature to a certification (provided on the change form) that he has notified his previous employing broker *in writing* of his intention to transfer to another broker's employ.