



REAL ESTATE BULLETIN

RONALD REAGAN, *Governor*

Winter 1972

ROBERT W. KARPE, *Commissioner*

Commissioner's Goals

Leaving a broker's employ? Secure broker's certificate of employment at time you leave his service . . . sometime in future may want to apply for broker license . . . may encounter difficulties if you wait until later date . . . make sure broker completes every item on verification form furnished by department (Page 3).

Broker acting as escrow holder. Avoid difficulties by observing fundamentals . . . negligence cause client substantial loss (Page 5).

Richard C. Van Valer of San Jose heads 63,000-member California Real Estate Association in 1973 (Page 5).

NARELLO elects Commissioner Karpe to Board of Directors (Page 3) . . . 42 year old national association helps provide solutions to many problems of enforcing real estate and subdivision laws . . . coast to coast effort made to upgrade standards of real estate industry.

Real Estate Certificate's tie in with Professionalization Plan . . . Real Estate Commission's policy of awarding equivalent experience credit recognizes participation in real estate education give licensees opportunity to gain necessary knowledge and perspective (Page 6).

Interested in mountain properties located in the lower Sierras? Two research studies on patterns of growth and markets of mountain subdivisions now available (Page 6).

Employing broker must execute written agreement with each salesman (Page 6) . . . no prescribed form for agreement . . . copies of agreement retained by both parties for three years from agreement's termination date . . . be available for inspection by commissioner's deputies on request.

Handle your own escrows? Commissioner urges your cooperation in returning completed questionnaire (Page 6) . . . broker cannot advertise he conducts escrow department unless he specifies that such services are only in connection with his real estate brokerage business.

Real estate salesman hiring practices aired . . . several precautionary steps outlined (Page 7).

Enrollments in real estate courses at community colleges top 60,000 (Page 8).

A PROGRESS REPORT

Shortly after accepting the appointment as Real Estate Commissioner, Bob Karpe announced the following four administrative goals: (1) Protect California's rich natural landscape while guarding against erosion of a competitive free enterprise system; (2) Achieve a color-blind real estate industry which can help attain peaceful equal opportunity and fair housing for society, (3) Continue efforts toward professionalization of the real estate industry; and, (4) Keep cost down.

Nearly a year has elapsed since the commissioner established these priorities.

Previously a successful real estate practitioner and land developer, the commissioner is acutely aware of the problems and needs of the real estate industry.

Through his efforts, progress toward achieving his objectives thus far is encouraging, substantial and measurable. **This is a progress report:**

Goal number 1

"Protect California's rich natural landscape while guarding against erosion of competitive free enterprise system."

Commissioner Karpe has publicly stated on many occasions that he opposes the promotional, premature, cut-up subdivisions that provide ideal climatic conditions for spawning irresponsible, speculative land promoters who, by their actions and conduct, rend holes in the industry's professional fabric.

It is not the commissioner's desire to stand in the way of urban subdivisions, or fine mountain developments

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REAL ESTATE BULLETIN

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Winter, 1972

STATE OF CALIFORNIA
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JOHN E. HEMPEL
Chief Assistant Commissioner

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

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Disciplinary Action—July—September 1972

REB—Real estate broker REO—Real estate officer
RREB—Restricted real estate broker RRES—Restricted real estate salesman REC—Real estate corporation

NOTE: A list of actions is not published in this Bulletin until the 30-day period allowed for court appeal has expired; or if an appeal is taken on the disciplinary action stayed, until the stay is dissolved. Names of persons to whom licenses are denied upon application are not published.

Licenses Revoked

Name	Address	Effective date	Violation R.E. Law/Regulations
*Bennett, George Richard (REB)----- Exec. Vice Pres., CRI Associates, Inc. (REC)	580 Market St., San Francisco----- 1010 Corporation Wy., Palo Alto-----	3/23/71	10176(a) (b) (e) (i), 10177(f) (j)
Sattler, Loren Jay (RES)-----	8212 Sunrise Blvd., Citrus Heights-----	7/ 5/72	10177.5
Knox, Hubert David (RES)-----	1324 Noia Ave., Antioch-----	7/ 6/72	10177(f) (j)
Vaught, James David (REB)-----	2010 Monterey Blvd., San Mateo-----	7/ 6/72	10177(b)
Edmondson, George Melton, Jr., (RES)---	305 Vernon Ave., Oakland-----	7/11/72	10177(b)
Green, Abner Lyle (Right to Renew RES)---	1012 Fiesta Dr., San Mateo-----	7/11/72	10177(b)
Strassberger, Paul Joseph (RREB)-----	568 Mathilda Ave., Sunnyvale-----	7/11/72	10145, 10176(e) (i), 10177 (d) (f) (j); 2830, 2832
Tripp, Frank Peter (REB)-----	405 14th St., Oakland-----	7/18/72	10145, 10176(e) (i), 10177(f) (j)
Dodson, Ronald Lee (REB)-----	7668 Telegraph Rd., Los Angeles---	7/19/72	10177(b)
Pres., IEM Financial, Inc. (REO)-----	1900 Ave of the Stars, Los Angeles		
Pres., OPM, Inc. (REO)			
Lyman, Oscar Mason (Right to Renew REB)	1700 San Carlos Ave., San Carlos---	7/19/72	10177.5
Colin, Anthony (RES)-----	26129 Veva Wy., Calabasas-----	8/ 1/72	10177(b)
Curtiss, Joan Jane (RES)-----	6938 Pampas Wy., Fair Oaks-----	8/ 3/72	10176(i), 10177(j)
Curtiss, Rollie Dean (RES)-----	6938 Pampas Wy., Fair Oaks-----	8/ 3/72	10176(a) (i), 10177(j)
Williams, Richard Warren (REB)-----	11021 Glenoaks Blvd., Pacoima-----	8/ 3/72	10100, 10176(e), 10177(d)
McCoy, Ray Sumpter, Jr. (RES)-----	3781 Brazil Ct., Pinole-----	8/ 9/72	10177(b)
Parento, Franklin Patrick (RES)-----	2335 Shawn Dr., San Pablo-----	8/ 9/72	10177(b)
Earhart, Darris Kent (RES)-----	12371 Laglina, Waterford-----	8/10/72	10177(b)
Sylvester, Marion Joy (RES)-----	901 Balboa, Pacific Grove-----	8/22/72	10177(b)
Miles, Thomas James (REB)-----	3251 Grove St., Oakland-----	9/ 1/72	10176(a) (g) (i), 10177(f) (j)
Db a Monterey Savings Center			
Lent, Jerry Joseph (RES)-----	155 Novato, San Rafael-----	9/ 6/72	10177(b)
Ross, Joseph (RES)-----	300 Washington St., Petaluma-----	9/ 6/72	10177(b)
Fisher, Steven Lee (RES)-----	2115 I St., Sacramento-----	9/11/72	10177(b)
Lobdell, William Rex (RES)-----	572 Harvard Ave., Santa Clara-----	9/12/72	10177(b)
Maselli, Harry (REB)-----	2024 Hillhurst Ave., Los Angeles---	9/12/72	10177(b)
Stark, Jewell Dean (REB)-----	479 Oaklawn Ave., Chula Vista-----	9/14/72	10145, 10176(e)
Auer, Eric (RES)-----	2230 Dehesa Rd., El Cajon-----	9/19/72	10176(e) (i), 10177(d)
Barry, Hugh Dinwiddie (Right to Renew RES)	16072 Cambrian Dr., San Leandro	9/19/72	10177(b)
Bowles, Keith Daniel (RES)-----	4507 Heppner Ln., San Jose-----	9/19/72	10177(b)
Chambers, William Elliott (RES)-----	18932 Green Willow Ct., N. Tustin---	9/19/72	10177(b)
McGoey, Ted Lockie (REB)-----	4400 Riverside Dr., Burbank-----	9/19/72	10177(b)
Pres., Liberty Investment Corp. (REO)			
Linaker, Richard Dean (RES)-----	8041 Quincy St., Spring Lake Park, Minnesota	9/27/72	10176(d) (i), 10177(f) (j)
Nakano, Sumao Thomas (REB)-----	2554 Grove St., Berkeley-----	9/27/72	10177.5
Db a United Empire Realty			

* Not previously reported.

Licenses Revoked With Right to Restricted License

Name	Address	Effective date	Violation R.E. Law/Regulations
Cournale, Clyde Charles (REB)----- Pres., C. Cournale & Co., Inc. (REO) (Right to RREB license on terms and conditions)	6100 Geary Blvd., San Francisco---	7/ 6/72	10145, 10176(e)
Smith, Harold Allison (REB)----- (Right to RREB license on terms and conditions)	1454 High St., Oakland-----	7/12/72	10176(j), 10177(d) (f), 10242(b) (2)
Cary, Walter E. (RES)----- (Right to RRES license on terms and conditions)	1928 Main St., Fortuna-----	8/ 1/72	10177(b)
Roberts, Edward LeRoy (RES)----- (Right to RRES license on terms and conditions)	1200 First Natl. Bank Bldg., San Diego	8/ 1/72	10177(a)
Jones, Phillip Wendell (REB)----- (Right to RREB license on terms and conditions)	7144 Fair Oaks Blvd., Carmichael---	8/ 3/72	10176(a) (i), 10177(g) (h) (j); 10178
Day, Leroy James (RES)----- (Right to RRES license on terms and conditions)	1213 Norwegian Ave., Modesto---	8/ 7/72	10177(b)
Pletcher, Thomas Herrick (REB)----- Vice Pres., Miramonte Land and Development Co., Inc. Db a The Miramonte Company	360 22nd St., Oakland----- 23 Orinda Way, Orinda	8/ 8/72	10177(b)
(Right to RREB license on terms and conditions)			

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Broker Should Verify Salesman's Employment

Except for those qualifying on the basis of equivalent education or experience, the Real Estate Law requires every applicant for a broker license examination to have worked as a real estate salesman for at least two years. Applicants must have been "actively engaged" in the business of real estate and furnish proof of such employment. Real estate brokers should realize that they will ultimately be asked to verify the hours of licensed employment gained by their salesmen.

"Actively engaged" means to be employed in functions requiring a license. The Real Estate Commissioner interprets this to mean at least 40 hours of real estate employment each week. The number of transactions performed by the salesman, such as sales, listings, leases and rentals, are also taken into consideration. The law does not require a salesman to earn any minimum sum to qualify for a broker examination but it would seem logical that if a salesman "put in" two years of full-time employment, he should have had some productivity.

Good management suggests that the employer keep an accounting of the salesman's time, number of listings and sales and earnings. It is highly recommended that the employer fill out the Verification of Employing Broker form at the time the salesman leaves the broker's employ. It may be difficult to "dig out" necessary information years later when the salesman attempts to file an application for a broker's license examination and needs the broker's certification.

The broker should credit the salesman only with the activities that require a license. These could be: prospecting, listing, soliciting, selling, closing, negotiating and a variety of other related agency functions. The broker should not credit the salesman with time devoted to other activities.

Above all, the broker should not certify to activity of which he, in fact, has no knowledge. Every broker should know he is responsible for his salesmen and is required to provide reasonable supervision.

Name	Address	Effective date	Violation R.E. Law/Regulations
Katzler, Peter Andrew (RES) (Right to RRES license on terms and conditions)	7236 Regional St., Dublin	8/10/72	10177(b)
Hollis, Clatus Joseph (REB) (Right to RREB license on terms and conditions)	7976 California Ave., Fair Oaks	8/11/72	10176(e) (i), 10177(d) (g) (j)
Andreasen, James Thomas (RES) (REB) (Right to RRES and RREB license on terms and conditions)	1035 Minnesota Ave., San Jose	8/22/72	10177(b)
Hansen, Eloise Marie (RES) (Right to RRES license on terms and conditions)	4047 Maybelle Ave., Oakland	8/24/72	10177(b)
Dean, Burt Allen (RES) (Right to RRES license on terms and conditions)	664 Gilman St., Palo Alto	9/ 6/72	10177(b)
Housman, Edward Wesley (REB) (Right to Renew RES) (Right to RREB license on terms and conditions)	14511 14th St., San Leandro	9/ 6/72	10145, 10176(e) (i), 10177(d) (f)
Wesco Land & Management Corp. (REC) Pres., Edward Wesley Housman (REO) (Right to RREB license on terms and conditions)	14511 14th St., San Leandro	9/ 6/72	10145, 10176(e) (i), 10177(d) (f)
Eldorado Properties, Inc. (REC) Pres., John Sanjari Farr (REO) (Right to RREB license on terms and conditions)	833 Redwood Dr., Garberville	9/14/72	10177(b)
Mitnick, Mitchell Lowell (RES) (Right to RRES license on terms and conditions)	3547 Imperial Hwy., Inglewood	9/14/72	10176(e), 10177(d)
Sturgell, William Dick (REB) (Right to RREB license after not less than 30 days on terms and conditions)	365 Second Ave., Escondido	9/14/72	10145, 10176(e)
Dale, Fred Jones, Jr. (RES) (Right to RRES license on terms and conditions)	2115 Huntington Dr., San Marino	9/19/72	10177(b) (f)
Smith, Erman Palmer (RES) (Right to RRES license on terms and conditions)	2876 El Cajon Blvd., San Diego	9/19/72	10177(b)
Ponikvar, Rudolph Robert (REB) Dba Dorado Properties (Right to RREB license after not less than 30 days on terms and conditions)	1330 Broadway, Oakland	9/26/72	10176(i), 10177(d) (i), 11010, 11018.2
Issoglio, Louis Paul III (RES) (Right to RRES license on terms and conditions)	4952 Templeton St., Los Angeles	9/27/72	10177(a), 10100
Repetti, Joseph Adolph (REB) Pres., Safe Realty Co., Inc. (REO) (Right to RREB license on terms and conditions)	801 Woodside Rd., Redwood City	9/28/72	10156.5(a), 10177(f) (j)

Licenses Suspended

Vaughn, Delbert (REB) (After 30 days, remainder or any portion thereof may be stayed on terms and conditions)	710 Euclid Ave., Anaheim	7/11/72 to & incl. 3/31/73	10162, 10165, 10177(d)
Byrens, Berny (REB)	9100 Sunset Blvd., Los Angeles	8/ 3/72 120 days	10176(d) (i), 10177(f) (j)
Ward, Charles Gary (REB)	374 Country Club Ln., San Bernardino	8/15/72 30 days	10177(b)
Fisher, Eugene Edward (REB)	665 Towle Way, Palo Alto	8/22/72 30 days	10176(a) (b) (i), 10177(f)
Katz, Milton S (REB) Dba Property Investment Assocs.	14515 Ventura Blvd., Sherman Oaks	8/25/72 30 days	10177(g)
Ray, Gene Earl (RES)	19907 Ventura Blvd., Woodland Hills	8/29/72 30 days	10177(a) (f)
Gatewood, Patricia (REB)	3030 First St., Fresno	9/ 8/72 to & incl. 10/ 7/72	10162, 10165
Hermanson, Kenneth David (RES)	24261 Mission Blvd., Hayward	9/ 8/72 & indefinitely thereafter	10177.1
Vickers, Richard James (RES)	4601 Catalina Dr., San Jose	Indefinitely 9/12/72	10177(b)
Morphy, Beverly Jean (RES)	550 Newport Ctr. Dr., Newport Beach	30 days 9/14/72 15 days	10177(a) (f)

Licenses Suspended With Stays

Hazelton, Thomas Albert (REB) (After 30 days, remainder or any portion thereof may be stayed on conditions)	3169 Redhill Ave., Costa Mesa	8/ 1/72 to & incl. 11/15/73	10162, 10165, 10177(d)
Goodwin, Claiborne Wesley (RES) (Stayed for one year on condition)	15849 Imperial Hwy., La Mirada	8/ 8/72 10 days	10176(a)
Johnson, Peggy June (RES) (Stayed for one year on condition)	15849 Imperial Hwy., La Mirada	8/ 8/72 60 days	10145, 10176(a), 10177(d)
Moll, George Edward (REB) Dba Plaza Realty (Stayed permanently)	5 Miraleste Plaza, Miraleste	8/23/72 5 days	10177(g), 2830, 2832.1
Birdsong, Hugh Williford (REB) (After 30 days, remainder or any portion thereof may be stayed on conditions)	11413 Valley Blvd., El Monte	8/24/72 to & incl. 6/21/73	10162, 10165
Greenspan, Harry (REB) (After 30 days, remainder or any portion thereof may be stayed on conditions)	1458 Pompey Dr., San Jose	8/29/72 to & incl. 9/11/72	10162, 10177(d); 2715, 2754
Hannigan, George James (REB) (After 30 days, remainder or any portion thereof may be stayed on conditions)	351 California St., San Francisco	9/12/72 to & incl. 4/ 7/76	10162, 10177(d); 2715; 2754
Schaefer, Elsie (REB) (After October 12, remainder or any portion thereof was stayed on conditions)	6100 Geary Blvd., San Francisco	9/12/72 to & incl. 12/21/74	10162, 10177(d); 2715; 2754
Wickett, John Stone (REB) (After 30 days, remainder or any portion thereof may be stayed on conditions)	330 El Camino Real, Atherton	9/12/72 to & incl. 6/21/73	10162, 10177(d); 2715; 2754
Andrews, Rudolph Jon (REB) (After 30 days, remainder or any portion thereof may be stayed on conditions)	19891 Brookhurst St., Huntington Beach	9/19/72 to & incl. 6/ 9/75	10162, 10165, 10177(b)
Johnson, Robert Harvey (REB) (After November 7, remainder or any portion thereof was stayed on conditions)	2050 Fremont Blvd., Monterey	9/19/72 to & incl. 10/11/73	10162, 10177(d); 2715; 2754

COMMISSIONER'S GOALS—A PROGRESS REPORT

(Continued from page 1)

for use, with which the free enterprise system is providing fine first homes and recreational opportunities. But as a public servant he must consider the effect on the environment and natural resources that unbridled land development will have on this beautiful state.

One approach is not to stop marketing but to change emphasis from dividing the land indiscriminately to the dividing of ownership. The Department of Real Estate drafted legislation which provides subdivision controls for the sale of undivided interests. The land stays in its natural undivided state. **Under this type of development the public can now own and enjoy land without the adverse effects caused by dividing the land.** At the same time owners may market their interests in a free and competitive market.

Legislation supported by the department gives the state and local governing authorities more jurisdiction over the development of land projects, often referred to as "recreational" or "second home" subdivisions.

The Land Project Law is designed to curb "premature" developments and protect the environment. Before a subdivision public report can be issued, a specific finding must be made that all existing or proposed improvements in the development will be adequate to serve the projected population of the entire development. Arrangements must be made to assure complete maintenance of the facilities and financing of improvements in the total complex. The continuing financial burden with respect to the facilities and improvements must bear a reasonable relationship to value of the lot. Drainage facilities must be adequate to protect the property. Zoning must be compatible with the use of the lots and of adjacent properties. Advertising is now screened by the department's subdivision staff before the land project developer may use it.

Goal number 2

To achieve a color-blind real estate industry, Commissioner Karpe has appointed black real estate brokers to

some of his advisory committees. This is intended as a means of obtaining their input and their viewpoints, and having their problems recognized by those who are in position to be of assistance.

One result has been the interchanging of educational material between black and white broker organizations. Realtists have attended joint meetings and contributed to the discussions resulting in the 1972 version of the Plan for Professionalization.

The commissioner met with Willis Carson, President of the National Association of Real Estate Brokers and Joseph Carnahan, President of the California Real Estate Association, to prepare TV and radio public service announcements based on their dedication to the Golden Rule between black and white brokers and all Americans.

In October 1971, the department sponsored the first Realtist seminar concerning broker's trust account maintenance.

In another area, a representative group of Realtors and Realtists met jointly for the first time in the history of their respective organizations.

The governor has promulgated a "Code of Fair Practices" which directs state policy in such matters as fair employment practices, schools, places of business and educational programs to assure equal treatment to all citizens of the state. All department employees have been instructed to enforce the policy and take affirmative action to assure equality of opportunity in the internal affairs of this agency.

The full realization of a color-blind real estate industry is an on-going project which can be accomplished only by the positive orientation of all citizens toward this objective.

Goal number 3

For many years, real estate practitioners have been urging the cause of professionalization. Through the department and members of the real estate industry a Plan for Professionalization was developed. Recently it became apparent that for viability, the plan should be revised. The com-

missioner, along with academicians, Realtors and Realtists, developed the revised Plan for Professionalization of the California Real Estate Industry in early 1972. (The text of the revised plan ran in the Fall 1972 issue of the *Bulletin*).

During the past year, real estate course enrollments in 85 community colleges have increased from 50,000 to over 60,000. Recognizing the need for increased financial aid in this area, an additional \$25,000 was allocated from the Real Estate Education and Research Fund to assist community colleges in 1972-73.

In order that high quality real estate education be perpetuated in California, the department arranged for an appropriation of funds from the Real Estate Education and Research Fund for a permanent endowment to pay for the establishment of "chairs" in real estate at the University of California at Berkeley and UCLA.

Real Estate research contracts with state and private universities are now drawn at the time the proposals are approved for funding. The commissioner's staff has cut the processing time of the contracts by about 12 months. This assures research reports that are more timely and meaningful to the real estate industry.

Goal number 4

The commissioner is committed to reducing costs of government while maintaining public service at the highest possible level. During the past year, the workload has increased over 20 percent, but the department has been able to meet its commitments with substantially the same number of personnel. As a result of keeping operating expenses at a minimum, the department was able to pass the savings on to the industry by reducing the license fees by \$10 for both brokers and salesmen, effecting an overall annual savings to the licensees in excess of \$500,000.

Hopefully, the real estate practitioner and the land developer will identify themselves with and subscribe to the commissioner's goals, which would be an extra commit-

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ment on their part to protect their way of life under a competitive, free enterprise system.

Land developers are now beginning to realize there are long-range environmental needs which must not be sacrificed for short-term gains. Through careful planning and marketing the land development industry can perform a great service to the state's environmental needs and at the same time, carry on their business without undue interference from state and local governments.

May our real estate people be concerned with things that serve to unite Americans and the well being of its people—old and young, wealthy and poor, ethnic minorities, urban and rural dwellers, men and women.

Today much more is expected of a real estate agent, because neither buyer nor seller can any longer afford a margin of error—true professionalization is the answer.

LITTLE KNOWN FACTS

The first license law (1917) pertaining to real estate brokers and salesmen in California was held by the State Supreme Court (1918) to be unconstitutional. The current license law was passed in 1919.

The first of the more than one million copies of the "Reference Book" was published in 1936 and sold for a quarter . . . had 54 pages of statutes and expository material . . . including the Cemetery Brokerage Act.

**Commissioner—
A Narello Director**

Commissioner Karpe has been elected a member of the Board of Directors of the National Association of Real Estate License Law Officials at its national conference held at Las Vegas in November. He was the 1972 Conference Committee chairman and was responsible for hosting the conference. Real estate commissioners and top staff from nearly every state in the Union and several Canadian Provinces were in attendance.

**Richard Van Valer Elected
1973 CREA President**

Richard C. Van Valer of San Jose was elected President of the California Real Estate Association for 1973, at the closing session of its annual convention held in San Francisco in October. He succeeds Joseph B. Carnahan of Mission Hills.



RICHARD VAN VALER
sales offices in
Santa Clara County.

A native of California, Van Valer is president and owner of Van Vleck Realty, founded in 1947.

The firm has 16

The new CREA president received his real estate salesman license in 1952, and 13 years later was named outstanding Realtor of the Year by the San Jose Real Estate Board. He was elected to its presidency in 1967.

Van Valer served as a CREA director for seven years. He has been a vice president, member of the executive committee, and chairman of its education committee for two terms.

He is in his fifth term as a director of the National Association of Real Estate Boards and he has served as a vice president of the National Institute of Real Estate Brokers, and on its executive committee.

In January, 1972, Real Estate Commissioner Bob Karpe appointed him to the State University Advisory Committee and to the Commissioner's Real Estate Education and Research Advisory Committee (CREERAC).

Van Valer is well known for his active participation in educational affairs—both statewide and in his community. He is on the Advisory Committee on Real Estate Education for San Jose State University and Foothill College, having also served in this capacity at San Jose City College and West Valley College.

**Broker Holding Escrow
Fails to Protect Client**

A broker in the Los Angeles area recently had his license suspended for demonstrated negligence and incompetence as a result of his handling the escrow on one of his loan transactions. The transaction involved the sale of a loan secured by a second deed of trust to his investor client. The broker obtained consent from the client for his agency to be the escrow holder.

At the time the second trust deed loan was negotiated, the balance of the note secured by the first deed of trust was \$16,463.00. The broker closed the escrow May 28, and made disbursements according to instructions but the second trust deed was not recorded until June. On May 29, the owners of the property refinanced the first loan increasing it to \$19,000. They abandoned the premises and left for parts unknown taking with them the proceeds from the second loan as well as the amount received from the increase of the first loan.

When no payments were made to the broker's clients who made the second loan, they started foreclosure proceedings. It was then that they first learned of the increased first loan balance.

As an escrow holder the broker was negligent in failing to request a beneficiary statement from the first lender and he failed to inform the first lien holder of the impending loan to be secured by a second lien. The escrow did not provide for the customary policy of title insurance prior to closing of the escrow. As a result of the broker's negligence and incompetence, his client suffered a substantial loss.

**Final Round
Bulletin Color Combination**

After this edition, the commissioner will select a color combination to be used in future editions of the Bulletin.

In deference to those who prefer paper of a warmer hue, this issue was printed on canary stock.

If you have not already expressed your choice of color, please do so. You now have four color combinations to choose from—black ink on white, blue, green or canary yellow paper.

We were pleased with the previous response received from the field. Let us hear from you!



A BREAK FOR CERTIFICATE HOLDERS

Practical experience is no doubt a wonderful learning device, but it is generally expensive and takes enormous amounts of precious time to acquire. However, it is not the only way that knowledge can be attained.

Over 83 California community colleges and several universities offer extensive real estate training leading to degrees in real estate and most colleges will award a REAL ESTATE CERTIFICATE for those who want to specialize in real estate subjects.

Some of the state's larger community colleges and the University of California Extension in southern California have extensive real estate programs. They offer CERTIFICATES in real estate composed of eight or more solid real estate subjects (24-27 semester units). The smaller community colleges generally issue the CERTIFICATE upon completion of FIVE solid real estate subjects and THREE related business courses for a total of 24 college semester units.

This document attests to the world that the holder has completed not less than 24 college semester units (or the quarter equivalent) in business or real estate. Hundreds of serious students of real estate have found acquisition of the CERTIFICATE a worthwhile accomplishment with minimum expenditure. It is more than just a signet to hang on the wall—it represents the attainment of a substantial education in real estate.

All CERTIFICATES issued in California include the four courses required to qualify for the real estate broker license. Most will include the two additional subjects contemplated in the Professional Plan.

The value of concentrated business and real estate education was again

(Continued on page 8)

Broker Acting in a Salesman Capacity

The Commissioner's Regulations provide that every real estate broker who employs salesmen execute a written agreement with each salesman.

The agreement must cover material aspects of the relationship between the parties to the agreement. It must include the amount and type of supervision to be exercised by the broker, duties of the parties and compensation to be paid.

Although it is not required by law when a licensed broker is working as a salesman for another broker, it is good practice to have a clause in the agreement which provides that the broker will not engage in any real

estate transaction independently of his employer.

Many employing brokers insist that their broker-salesman inactivate their broker license and apply for a salesman license. In some cases this is the most practical arrangement. A broker may obtain the salesman license without the necessity of taking an examination, but a separate fee would be required. Whenever he desired, he could inactivate the salesman license and reinstate his broker license.

Brokers employed as salesmen are still considered as brokers with respect to all other requirements and responsibilities set forth in the Real Estate Law applying to brokers.

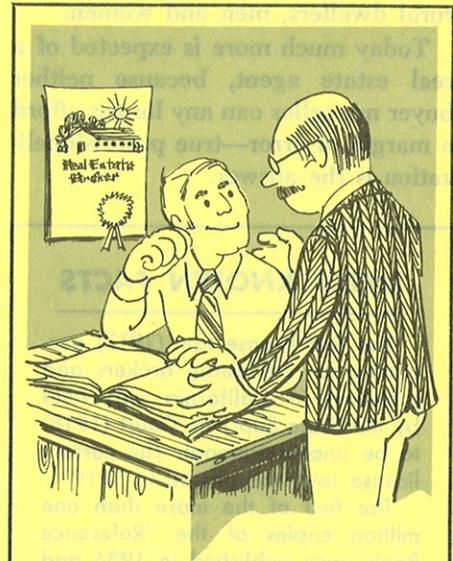
Research Report

RECREATIONAL SUBDIVISIONS

Two reports, each dealing with recreational subdivisions, have been developed by Fresno State University through the Department of Real Estate's Education & Research Fund. Volume I deals with recreational subdivisions within Fresno County, as well as a comparison between those subdivisions and recreational subdivisions found within adjoining Madera County. Volume II deals in depth with Madera County mountain properties, examining such features as the characteristics of the purchasers, size of the land parcels, types of the dwellings constructed, and the nature and intensity of the use of vacation homes.

These reports should be valuable to real estate salesmen and brokers dealing with recreational subdivisions. They should also be informative to persons contemplating the purchase of recreational subdivided lands.

Those interested in receiving either of the reports, should send \$1.58 requesting Volumes I or II (\$3.15 per set, includes sales tax) of the "Mountain Properties" study to the Department of Real Estate, 714 P Street, Sacramento, 95814.



DO YOU HANDLE YOUR OWN ESCROWS?

The department will soon be sending out questionnaires with real estate broker license renewal applications to identify and to determine the number of brokers handling escrows incidental to their real estate business.

Those who do handle their own escrows may be visited by a representative from the department who will instruct them as to how they may best comply with the existing requirements regulating escrows handled by real estate licensees.

UNFINISHED BUSINESS or the BROKERS DILEMMA

Editorial Note: The following "UNFINISHED BUSINESS" was prompted by an article prepared by a Sacramento Realtor who described "Your New Salesman". The first four paragraphs in quotes are his. The department felt that there was a lesson to be told, so with a little research here is the story.

The selection and training of real estate salesmen is perhaps one of the major dilemmas that haunt the real estate employer-broker. The recruiting process for salesmen leaves much to be desired if meaningful employment selectivity is to work.

* * *

Recently the Real Estate Commissioner had the opportunity to review a paper written by a successful and experienced real estate broker. The broker had this to say: "In the real estate business FULL DISCLOSURE is the name of the game and this also includes between brokers and salesmen. Telling it like it really is, before the salesman starts work, may hurt sometimes but is the only way to go. In every aspect, brokers and salesmen must be completely committed to HONESTY from the beginning regardless of the consequences.

"If you are a broker of tenure you have discovered that end-of-the-liners, walking computers (knows everything but no transactions), really retirees, multiple paper shufflers, bored housewives, part-timers, troublemakers, and other 'dead guys' should not be with your office.

"You have also figured out that long coffee breaks, liquid 100-proof-plus lunches and the 'country club' office atmosphere with the always percolating coffee pot are not the answer to your monthly bills. Let's pretend that you want to grow larger and this means hiring salesmen. Already your problems have begun so a few prerequisites may help keep them to a minimum. Your company policies are not just to hire bodies or borrow salesmen from competitors. There are no sure-fire methods of hiring top producers, but there are several precautionary steps that can be incorporated."

So from that incentive the editors started out to explore the prospective real estate salesmen hiring practices.

Vital Steps for Salesman Interview

Here are some vital steps to take before you, the employer, interview the prospective salesman:

—PLAN your hiring presentation in advance.

—Have a PATTERNED interview. Keep a score chart of qualities which are evaluated such as honesty, education, health, perseverance, enthusiasm, vocabulary—these are but a few of the desired characteristics. Guidance can be found in numerous sales and management texts. Forms that may expedite the interview are also recommended.

—Do you have a solid TRAINING program? A new licensee needs *training!* Just because he passed a license test doesn't guarantee that he knows all about listings, deposit receipts and other "tools of the trade". A few years back, Sacramento State College surveyed the hiring practices of brokers and discovered that not over 50 percent of brokerage firms offered adequate training programs. Many smaller brokerage firms are managed by a salesman whose efforts are devoted exclusively to personal production—not management and training. The younger salesman prefers "continuing education" as part of his security for the future. The lack of knowledge and information of today's real estate market possibly accounts for the almost 100,000 annual transfers and changes of salesmen from office to office . . . not because the salesman was unqualified, but because the employer lacked some of same qualities he sought in the salesman.

One Company's Selection Program

The president of a national real estate company had something like this to say about his company's salesman selection program.

As the selection program actually operates, individual judgment—and here he stresses "guided" judgment—is still the final deciding factor. But JUDGMENT is enhanced, guided and refined by measurements. The interview chiefly throws up warning flares to indicate such traits as emotional instability, lack of motivation, excessively low or high intelligence, unconscious dislike or unsuitability for saleswork and many others.

The fast growing salesman recruiting business by large land developers and promoters . . . the "chainstore" real estate entrepreneur . . . the license "prep" and "quickie" courses . . . the full-page advertising spreads that say "GET INTO THE PART-TIME REAL ESTATE PROFESSION AND AT THE SAME TIME KEEP YOUR PRESENT JOB" are all demeaning to the real estate business

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In Memoriam

Grant B. Potter, a member of the California State Real Estate Commission, died in October at the UCLA Medical Center in Los Angeles.

Mr. Potter, appointed by Governor Reagan in 1970 as a public member of the commission, was one of the first two members to represent the public at large. Although he did not have a real estate license, he was a booster of real estate education as well as the professionalization of the industry. Because of his integrity and strong moral convictions, he was a valued contributor to the commission as well as the Department of Real Estate. He brought a fresh viewpoint to the commission and his passing means a substantial loss to the real estate industry, the commission and the public he represented so well. He graduated from the University of Idaho in 1948, where he earned a B.S. degree in Forestry. Prior to moving to California, Mr. Potter was a member of the Idaho State Legislature and was Assistant State Forester.

Since 1959, he served as president and general manager of Sequoia Forest Industries in Dinuba. He also had business interests in several other firms connected with the lumber industry.

He is survived by his wife, Mary, and two children, Suzanne and Douglas.

—Don't hire the first person who walks in. The experts tell us that one out of every 10 interviews is successful and rewarding.

—By all means COMMUNICATE. Remember "the name of the game" is FULL DISCLOSURE. Don't try to sell the job to the applicant. If he is a good salesman, he'll sell you! Tell him the pitfalls . . . the properties you list and don't sell . . . the days and weeks that may go by without a deal . . . competition and everything. If he has what it takes, you won't discourage him . . . BE A GOOD LISTENER.

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HOW ABOUT THAT?

When the Real Estate Law was enacted in 1919, the ratio of licenses to non-licenses was 1-128. In 1972, the ratio was 1-113.

In 1919, there were 25,619 licenses as compared to 3,300,000 in population. In 1972, licenses numbered 185,000; population numbered 21,000,000.

**the
 BROKERS
 DILEMMA**

(Continued from page 7)

and one of the hurdles existing that may hinder the real estate business from reaching the status of a profession.

The hiring practices of many real estate brokers on a catch-as-catch-can basis are not a treatment for success. The well-informed broker-employer will diagnose his hiring practices and maintain dignity in the recruitment process.

Few Young People in Sales

One of our surveys in recent years indicated that more "older" people enter the real estate business than do the younger people. For example, in 1969 the Department of Real Estate surveyed 536 salesman applicants. The ages ranged from 18 years to over 65. Almost 40 percent were 45 years or older. Only 8 percent were between 18 and 24 years of age which would indicate that the older person is more inclined to seek employment, part-time or full-time, in the real estate sales business.

A later survey, in 1970, of 479 applicants for broker license, shows over 60 percent beyond the age of 41. One might conclude that those who stay in the business and become employers of salesmen have had little or no youthful or "career" experience in real

estate, since most broker applicants are assumed to have had two to five years experience.

What appears to be needed most is a strong training program oriented directly to the business itself. The "quick buck" promotive schemes to arouse thousands of people to "get a real estate license" should be curtailed. Whatever process the individual or the industry uses to recruit new talent should be refined with sophistication and the dignity of a profession. As Dale Carnegie, who made human relations the theme of salesmanship, said, "Make the other fellow feel important and do it sincerely", and this means honestly and with FULL DISCLOSURE of the real estate business in its recruiting process. Training, then, if it exists, should be reexamined to determine its relevance and value. **IF DONE PROPERLY, THE BEST SALESMEN WILL COME TO YOU.**

**A break for
 certificate holders**

(Continued from page 6)

recognized when the State Real Estate Commission recently announced the policy of awarding equivalent experience credit toward the two year salesman employment requirement for broker license applicants who have earned a CERTIFICATE.

The Commission will give the following credit according to the number of pure real estate courses completed by those earning the CERTIFICATE.

Number of Real Estate Courses	Credit in Months
Eight	Eight
Seven	Six
Six	Four
Five	Two

The courses must each carry three units or the quarter equivalent.

**Community College
 Enrollments**

The number of real estate students in the community colleges continues to grow. The statistics for the school year 1971-72 show there was a total of approximately 63,500 enrollments in real estate courses in California's community colleges. Enrollments have been growing at the rate of about 20 percent each year. The increased interest in real estate education is due in part to the Plan for Professionalization which envisions a college degree or its equivalent for real estate license applicants by 1980.