



Real Estate Bulletin

Official Publication of the California Division of Real Estate

EDMUND G. BROWN, *Governor*

February 1965

MILTON G. GORDON, *Commissioner*

The Licensees' Image in the Public Mind

In an effort to find out what the public thinks of real estate brokers and salesmen, Russell R. Connett and Jasper J. Sawatzky of Humboldt State College completed a study entitled "Communication Problems in Residential Real Estate Transactions," which has been published by the Division of Real Estate under the title "The Public Image of a Real Estate Agent." The study was done on a limited scale in a nonmetropolitan area. Interviews were held with buyers and sellers selected by random sampling methods from records of completed real estate transactions. Those interviewed were also asked to complete a word list test of their understanding of terms frequently used in the real estate business.

Conclusions and recommendations affecting areas of interest to real estate licensees were formulated and excerpts follow:

Professional Attention to Detail

"Because cost was such an important reason given by sellers for bypassing the services of an agent, it is recommended that agents need to emphasize to potential clients the value of services performed by them. The broker has only service to sell. Therefore, he should demonstrate the advantages of dealing with a licensed broker by giving professional attention to every transaction.

"The fact that sellers who had completed several previous residential transactions frequently sold their property without the aid of a broker seems to indicate that brokers have not 'sold' these people on the importance of the brokers' service. The more sophisticated the seller becomes, the more he should recognize the value of 'professional' service over the 'do-it-yourself' approach.

"Approximately 12 percent of the buyers indicated that they would not do business with the same agent on a future purchase. Many of their re-

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IDEAS SOLICITED

To make the *Bulletin* of maximum value to those engaged in the real estate business, suggestions for topics and articles which would be of interest to licensees are most welcome. Please write!

REAL ESTATE COMMISSION

Bevilacqua Appointed; David Miller Reappointed

Governor Edmund G. Brown on January 21, 1965, announced the appointment of Edward U. Bevilacqua, 36, of Pleasanton, and the reappointment of David Miller, 52, of Riverside, to the Real Estate Commission, each for a term of four years.

"Our real estate problems have grown with the state, and the responsibilities of the commission have increased also. I know these two men will work toward the best interests of the state, and will continue to maintain high standards for the practice of real estate," the Governor stated.

Bevilacqua succeeds Leonard Seeley of Hayward, who resigned to accept another official appointment. A graduate of the University of Santa Clara, an aviation cadet during the Korean War, he entered the real estate and development business in 1952, associated with the family firm of Bevilacqua Homes in San Leandro. He is a Regent of the University of Santa Clara, a director of a title company and senior vice president and director of a bank. Married, he resides in Pleasanton with his wife and the couple's four children.

Since his discharge from the Army in 1945, David Miller, Riverside Realtor, has been active in real estate in Los Angeles, Orange, San Bernardino, and Riverside Counties. His membership in community organizations include the Riverside Board of Realtors, the Riverside Chamber of Commerce, the Downtown Association, the Citywide Improvement Committee, the Shrine, the American Legion, and B'nai B'rith, and he is a member of the Board of the Small Business Administration. He is married, residing in Riverside.



EDWARD BEVILACQUA



DAVID MILLER

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DIVISION OF REAL ESTATE

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MILTON G. GORDON

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**\$4 IS CORRECT FEE FOR
LICENSE CHANGE**

This is a reminder that you can save correspondence and time by enclosing the correct fee—\$4—with request for:

- Branch office license
- Change of name or address
- License transfer or employer change
- Duplicate license
- License reinstatement

Disiplinary Action—October-November 1964

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

Licenses Revoked During October-November 1964

Name	Address	Effective date	Violation
Buford, Thomas Eugene	1730 N. Lemon St., Anaheim	10/ 1/64	Sec. 10177 (b) and (f)
Real Estate Broker			
Real Estate Salesman	384 S. Grand St., Orange		
(Granted right to restricted licenses on conditions)			
Leary, Henry Gilbert	6168 Etiwanda Ave., Mira Loma	10/ 1/64	Sec. 10177 (b) and (f)
Real Estate Salesman			
Medsker, Lawrence Edward	624 S. Hill, Occanside	10/ 6/64	Secs. 10132 (f); 10301 (a), (c), (i), (j); 10302 (b), (d) and (e)
dba Coast Business Sales			
Business Opportunity Broker			
Business Opportunity Salesman			
Allison, Thomas E.	15461 Deerhorn Rd., Sherman Oaks	10/13/64	Sec. 10177 (b) and (f)
Real Estate Salesman			
(Granted right to restricted license on conditions)			
Lloyd, Robert Everton	665 S. Eremland, Covina	10/13/64	Secs. 10177 (b) and (f)
Real Estate Salesman			
(Granted right to restricted license on conditions)			
Miranda, Alfred	2628½ E. Brooklyn Ave., Los Angeles	10/13/64	Sec. 10177 (b) and (f)
Real Estate Salesman			
Simerly, Cecil Edward	66 Oak Dr., Chico	10/13/64	Secs. 10176 (a), (b), (i) and 10177 (f)
dba C. Simerly Realty Co.			
Real Estate Broker			
(Granted right to restricted license on conditions)			
Stewart, Alphonse Wilmer	8920 S. Western Ave., Los Angeles	10/13/64	Secs. 10176 (e), (i) and 10177 (f)
Real Estate Broker			
Lamar, Willie Curtis	1347 S. Cochran Ave., Los Angeles	10/14/64	Sec. 10177 (b), (f), (j) and Sec. 2950 (g) of R.E. Comm. Reg.
Real Estate Salesman			
Diamond, Samuel M.	1144 S. Robertson Blvd., Los Angeles	10/17/64	Secs. 10177 (b), (f); 10302 (b) and (e)
Real Estate Salesman			
Business Opportunity Salesman	315 S. Western Ave., Los Angeles		
Brown, Webster Richardson	1701 N. Flower St., Santa Ana	10/20/64	Secs. 10160; 10162; 10177 (d), (f), (i) and Sec. 2771 (b) of R.E. Comm. Reg.
Real Estate Broker			
Doyle, (Jack) Francis Allen	836 N. Highland Ave., Los Angeles	10/20/64	Sec. 10177 (b) and (f)
Real Estate Salesman			
(Granted right to restricted license)			
Heaney, Gertrude Mary	7124 Sunset Blvd., Los Angeles	10/21/64	Secs. 10176 (i); 10177 (d), (f), (j) and Sec. 2830 of R.E. Comm. Reg.
dba Manville Associates			
Real Estate Broker			
Marsh, Wallace Ralph	2839 N. Blackstone Ave., Fresno	10/22/64	Sec. 10177 (b) and (f)
Real Estate Salesman			
Young, Cecile	5060 Coldwater Canyon, Sherman Oaks	10/27/64	Sec. 10177 (b)
Real Estate Salesman			
(Granted right to restricted license on terms and conditions)			
Cunco, Jack Vance	Main St., Lone	10/28/64	Secs. 10176 (e), (i) and 10177 (f)
Real Estate Broker			
Holden, Charles Kenneth	20534 Hawthorne Ave., Torrance	11/ 4/64	Secs. 10162; 10164; 10176 (a), (i); 10177 (d), (f), (g), (j) and Sec. 2771 of R.E. Comm. Reg.
Real Estate Broker			
Knapp, Marilyn Kaye	17 Boyd Rd., Pleasant Hill	11/ 4/64	Sec. 10177 (b) and (f)
Real Estate Salesman			
(Granted right to restricted license on conditions)			
Megee, Alice H.	2142 Tulare St., Fresno	11/ 4/64	Secs. 10176 (a), (b), (c), (i); 10177 (f) and (g)
dba Drenth and Drenth			
Real Estate Broker			
Wottring, William Edward	8222 Beverly Blvd., Los Angeles	11/ 4/64	Sec. 10177 (b) and (f)
Real Estate Salesman			
Bobinski, Norma Dawn	3045 Lecward, Apt. 302, Los Angeles	11/24/64	Sec. 10177 (b), (f) and (j)
Real Estate Salesman			

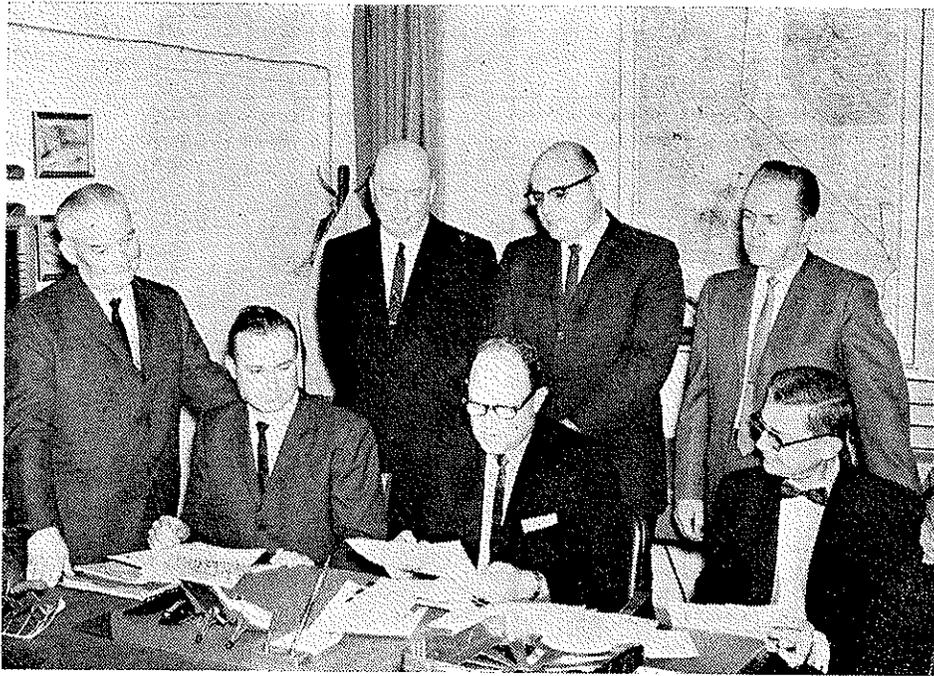
Signs Blank Application, Broker License Suspended

When a broker signs a salesman's license application he, in effect, certifies he has read the applicant's answers to all questions and upon investigation has ascertained the applicant to be honest, truthful, and of good reputation.

This certification is not to be treated lightly as witness the results of a recent formal hearing. Here the broker signed a salesman's license application in blank. The would-be salesman then filled out the application and, knowing his fingerprints would be checked, admitted therein to a prior criminal record. He forwarded the application directly to the

Division of Real Estate. When the matter was investigated the broker admitted he had signed a blank application, claiming he would not have endorsed the applicant had he known of his dubious past.

The broker's false certification and his apparent lack of sense of responsibility to his obligations as a broker far outweighed any mitigating circumstances, in the judgment of the hearing officer who considered the evidence when the case was brought to hearing. He recommended a rather lengthy suspension of the broker's license and the commissioner so ordered.



EXAMINATION SECTION

Standing: (l. to r.) Deputies Anthony Bledsoe, Fridolph E. Nelson, Edward L. Donobedian and William B. Hill. Seated (l. to r.) Senior Deputy Robert L. Stevenson, Chief Deputy Paul R. Pope and Senior Deputy Arthur J. Dann. During the last fiscal year the section administered 47,799 license examinations. Statewide, about 4,000 square feet of space is utilized for license examinations. Maximum time for tests range from 3½ hours at the entrance level to one day and a half at the broker license level.

Licenses Suspended During October-November 1964

Name	Address	Effective date and term	Violation
DeLeone, Frank Salvatore Real Estate Broker	5 Plymouth Ave., San Francisco	10/13/64 30 days	Secs. 10176 (a), (f); 10177 (f) and (j)
Right to Real Estate Salesman Member Rex Realty Co.	32 Avalon Dr., Daly City 5228 Mission St., San Francisco		
McDonald, Raymond Roy Real Estate Broker	1390 Gloria Dr., Hollister	10/15/64 30 days	Secs. 10177 (d), (f); 11010; 11018.2 and Sec. 2795 of R.E. Comm. Reg.
Waters, John Abben President of Waters and Associates, Inc. Member of Waters, Bell, Heath and Trees Realty Co. (Stayed for one year on terms and conditions)	1815 Morena Blvd., San Diego	10/21/64 60 days	Secs. 10145; 10176 (e); 10177 (d), (f), (g); 10302 (d), (e); Secs. 2830; 2831 and 2832 of R.E. Comm. Reg.
Ochs, Florian Anton Restricted Real Estate Broker	1255 Post St., San Francisco	10/19/64 (Indefinitely)	Sec. 10177 (k)
Tomlinson, Bruce Cary Real Estate Broker	244 Stevenson St., San Francisco	10/22/64 to and including 8/12/67	Secs. 10162; 10164 and 10177 (d)
(After first 30 days, remainder or any portion thereof may be stayed on conditions)			
Strosnider, Charles Milton dba C. M. Strosnider & Co. Restricted Real Estate Broker	580 Houston St., Monterey	10/28/64 (Indefinitely)	Sec. 10177 (k)
Gargan, William Delaney dba Gargan Realty Business Opportunity Broker (After first 30 days, remainder or any portion thereof, may be stayed on conditions)	3010 Fulton Ave., Sacramento	11/4/64 to and including 1/31/67	Secs. 10177 (f), (g); 10302 (e) and (g)
Word, Mary Magdalene Dodson Real Estate Broker (Last 20 days of suspension stayed for 3 years on conditions)	4927 W. Adams Blvd., Los Angeles	11/5/64 30 days	Secs. 10148; 10177 (d), (f), (h); 10240 and 10241
Castellanos, Miguel Angel Real Estate Salesman	1127 Irving St., San Francisco	11/17/64 45 days	Secs. 10176 (a), (i) and 10177 (f)
Johnson, Charles Gifford Real Estate Salesman	1000 4th St., Santa Rosa	11/23/64 30 days	Sec. 10177 (f) and (g)
Hudgens, Kess Real Estate Salesman	756 Cooper Ave., Yuba City	11/25/64 90 days	Secs. 10177 (d), (f); 11010; 11018.2 and Sec. 2795 of R.E. Comm. Reg.
(Last 60 days of suspension stayed permanently on conditions. Conditions were met.)			
Shinkle, Byron Don Right to apply for RE Salesman	1211 Freeman St., Marysville	11/25/64 30 days	Secs. 10177 (d), (f); 11010; 11018.2 and Sec. 2795 of R.E. Comm. Reg.
Shinkle, Don Sherwin dba River Valley Land Co. Real Estate Broker Business Opportunity Broker (Last 60 days of suspension stayed permanently on conditions. Conditions were met.)	756 Cooper Ave., Yuba City	11/25/64 90 days	Secs. 10177 (d), (f); 11010; 11018.2; 10302 (d), (e) and Sec. 2795 of R.E. Comm. Reg.

Broker 'Renting' His License Can Readily Lose It

Recently a broker notified the Division of Real Estate that he had been approached by a person seeking employment as a salesman with the implication he would work in another town, be no bother to the broker but would, nevertheless, turn over a portion of his commissions as an ostensible salesman-employee. The broker wisely turned the proposition down.

In his letter, he expressed concern over the indication that some brokers appear to be "renting" the use of their licenses to salesmen, who in turn operate as if they were licensed brokers. He pointed out that this abuse of license privilege was often encountered where the broker was retired, permitting a salesman to operate the office. Since the broker might be seldom, if ever, around, members of the public could easily assume the salesman was a broker and the owner of the office. In addition, reference was made to the more common violation, where a salesman operates a "branch office" with little or no supervision.

Law Is Specific

The law does not specify what portion of a broker's time must be devoted to his real estate business, but he is required to exercise reasonable supervision over the activities of his salesmen. The law goes one step further where advance fee rental agencies are concerned, and *requires the employing broker to conduct immediate and close supervision of his sales personnel.*

Also, it does not intend that the authority and responsibility, which are personal to the broker and vested in him by his license, should be delegated by the broker to salesmen.

Brokers engaged in this type of practice or who are tempted with the prospects it seems to offer should realize they are not only subject to investigation which could culminate in disciplinary action, but as so-called employers of licensed salesmen they can be civilly responsible for the salesmen's actions.

SUBDIVISION

DEVELOPMENTS AND ITEMS OF SIGNIFICANCE

Subdivision Map Act Not to Be Circumvented

In *Pratt v. Adams*, 229 A.C.A. 704, a district court of appeal upheld a trial court's decision denying appellants relief in their attempt to circumvent the Subdivision Map Act by following what they considered to be a lawful course of action.

Several married couples acquired 46,000 acres, as joint tenants, for development purposes. Immediately thereafter a partition suit was filed by one of the group, and the others stipulated to a partition decree which would separate the land into 12 parcels. Some members, in turn, divided their parcels into not more than four smaller pieces. In four months the acreage was divided into 38 parcels. Then the county denied building permits because of noncompliance with the Subdivision Map Act. The group brought mandamus proceedings to compel issuance of a building permit. The trial court denied relief and the finding was sustained by the appellate court. The group contended that during the partition action the court was informed the action was filed in order to circumvent state and local subdivision laws. It was pointed out that the acreage was divided into 12 parcels by the court's ruling in the partition proceedings. It was contended that the division into 38 parcels by 12 individuals with none splitting their land into more than four parcels did not constitute a violation of the subdivision laws.

Court Holds for Map Act

The court held that the defendants' "arguments are unimpressive . . . under the circumstances, it is fair to say that the appellants caused the dividing of the land even though judicial approval of the referee's report was obtained.

"The subsequent division into 38 parcels was part of the general scheme to multiply the number of parcels. The plan should be construed as a whole, not as if there were several transactions, each involving not more than four parcels.

". . . These purposes (salutary purposes of the Subdivision Map Act) would be defeated if the court were to recognize avoidance of the statutes by such use of an action in partition as was devised here."

Preliminary Public Report

When a subdivider has not met all the requirements of local and state agencies but it appears fairly certain he will be able to fulfill them within a reasonable period, the commissioner may issue a "preliminary public report" on a subdivision. Where it appears there will be no unusual delay in the issuance of a final public report, a preliminary report serves no real purpose. The preliminary report expires when the final public report is issued, or one year from the day of issuance, whichever is sooner.

These reports do not permit sales to be made, but do permit the subdivider to take "reservations." The subdivider or his agent must deliver a copy of the preliminary report to each person making a "lot reservation" and each person must be given the opportunity to read it and acknowledge its receipt on a prescribed form.

When the subdivider files for a preliminary public report, he must agree to abide by the stipulated rules set forth under which the deposits are to be taken and to use the form furnished by the Division of Real Estate in taking reservations and deposits.

A copy of the reservation form signed by all parties concerned must be placed in a neutral escrow depository together with the deposit money and a copy of the preliminary public report. The potential buyer can cancel his reservation up until the time he has

Population and Information Explosions Tremendous

Half of the people who ever lived on earth are still alive today, according to a speaker at the NAREB Convention in Los Angeles, who was dramatizing the "population explosion." This seems difficult of proof, but essentially the speaker was more concerned with the "information explosion" of very recent years and how society might correlate and use the constant new stream of information being generated all over the world.

He said "If we were to sum up all of the knowledge that has been generated since the beginning of time, we would find that between the years 1900 and 1950 the knowledge of all preceding years was equaled.

And the same effect is expected to occur between 1960 and 1965." Pointed out was the impact this is having on schools already having difficulty in meeting the demands of student body growth. He said, "they are having even greater difficulty in keeping their courses current. By the time that information is available, published and integrated into new or existing subject matter, it is already outdated."

Real estate is not isolated; here, too, great amounts of new information constantly become available. In this changing world a successful practitioner must make every effort to keep abreast of the real estate information relating to the increasingly complex business he is engaged in.

Obituary—Marvin Manuel

Marvin Manuel, associate counsel in the Division of Real Estate office in Los Angeles, was stricken with a fatal heart attack on Sunday, January 31. A graduate of the University of West Virginia, Mr. Manuel earned his law degree at the University of Southern California, joining the DRE in 1962 after 28 years of civil law practice. He was a member of the Los Angeles Lawyer's Club. His widow, Betsy, mourns his passing as do his associates in the Division of Real Estate.

signed a binding contract to purchase, and his deposit must be returned to him immediately.

The Licensees' Image

(Continued from col. 1, page 693)

sponses revealed that their lack of confidence stemmed from misrepresentation or exaggeration of facts. It is suggested that agents need to carefully obtain the facts about listed property and accurately represent these facts to potential clients.

"Agents were rated low by respondents because they failed to reveal negative qualities about the property. It is recommended that agents obtain such information from sellers and include it when communicating with the buyer. It is recognized that this may make it more difficult to sell some property, but the 'professional stature' attained by an honest presentation of all the facts will pay in more loyal clients and repeat business.

Persistence Pays

"Because buyers considered the willingness of the agent to keep trying to find suitable property as the most significant difference between the agent who made the sale and other agents contacted, it is apparent that agents desiring to increase their sales should develop this technique. Buyer respondents frequently complained that agents left them with the remark, 'Now that I know what kind of property you want, I'll try to find it for you and call you back.' To some salesmen this may be a means of getting rid of a prospect whom they believe is not a potential buyer. The fact that several of the buyers interviewed had had this statement from salesmen who never called back leads to the suggestion that (a) a more aggressive follow-up system would often result in more sales, and (b) salesmen should not be too hasty in abandoning their prospects without sufficient research into their qualifications to become buyers.

Speaking the Customer's Language

"Since buyers score somewhat lower than sellers on the real estate word list test, it is recommended that agents should be particularly sensitive to misunderstandings arising due to vague knowledge regarding real estate terminology when dealing with buyers. Further, since both husband and wife are usually involved in the

EDITOR'S NOTE

Studies of this nature ("The Public Image of a Real Estate Agent") may tear a few holes in the industry's professional fabric, but the areas of weakness uncovered remain a challenge to responsible agents, individually and collectively, who are making every effort toward professionalism. It is obvious that the creation of a better "collective image" in the eyes of the public hinges upon the performance of the individual licensee. A broker is responsible for the actions of his agent, the salesman—it is up to him to set an example and prevent unethical and negligent conduct on the part of his salesmen by providing adequate training in real estate ethics and practice.

The new licensee should realize in the very beginning that possession of a license to sell real estate imposes upon him certain definite legal and ethical restrictions in his business conduct. It is not a license to sell property for the purpose of gaining the greatest amount of commission without regard to the interests of the persons for whom he is acting as agent. He owes a definite loyalty to his clients, and is prohibited by law from personally profiting by virtue of his agency, except for the agreed compensation for his services. It is not sufficient for him to deal fairly with the sellers alone, but he is under obligation to disclose known facts to the buyers.

By following these fundamental precepts, he will begin to experience "repeat" business, a sure sign that he is gaining professional stature in his community.

transaction, it is essential that the agent communicate effectively to both individuals.

"It is concluded that agents should be particularly careful to explain terminology as well as procedural steps in a transaction when dealing with the neophyte buyer or seller, since the test scores of these individuals were somewhat lower than for the experienced buyer or seller.

"Sales experts in all fields point out that most purchasers approach a salesman with some misgivings. Unless the

Broker Responsibility Under Pest Control Act

Section 8614 added to the Business and Professions Code and effective September 1, 1964, reads: "*Any person, whether or not a party to a real property transaction, has a right to request and, upon payment of the required fee, to obtain directly from the Structural Pest Control Board a certified copy of all inspection reports and completion notices prepared and filed by any structural pest control operator during the preceding two years.*"

Companion Section 8616 provides that where a wood-destroying organism inspection of a property is requested by any party to a transaction, the real estate broker must give a separate written notice of the provisions of Section 8614 to each party and obtain from each party written acknowledgment of receipt of the notice.

This question has been raised: "*Might the seller of real property be deemed a party requesting an inspection under Section 8616?*" In the opinion of the administrative adviser to the Director of the Department of Professional and Vocational Standards, because of the many "varying circumstances" which might be present, the seller is entitled to request the records for the past two years.

The administrative adviser went on to say that if the seller does not request either reports or notices referred to in Section 8614, the real estate broker must still obtain written acknowledgment from the seller of the notice referred to in Section 8616. This applies when *anyone* makes the request for *inspection*.

salesman can dispel these misgivings the customer will withdraw. On a purchase involving not only one's life-savings but his future earnings for many years, the timid purchaser needs to have complete faith in the salesman. His suspicions will be immediately aroused if he cannot understand all that is being said to him. If the agent is to establish himself as a trustworthy authority on real estate he must be prepared to communicate this expert knowledge to the client in completely understandable terms."

EDUCATION - RESEARCH PROGRAM

University of California — State Colleges — Junior Colleges

RESEARCH NEWSLETTER IN SECOND YEAR

Real Estate Research News Briefs, published jointly by the Berkeley Center and Los Angeles Real Estate Program begins its second year of presenting general and research news in compact form. Designed for those members of the industry whose busy schedules make it difficult to find reading time for longer research reports and reprints, it features short versions of formal research publications, and provides access information for those who might wish to acquire library copies of the basic works.

Based on Field Study

As a result of a field study of the communications preferences of California's real estate licensee population, the survey revealed that brokers and salesmen like newsletter publications which communicate information swiftly, tersely and intelligently. Bearing this in mind, the newsletter was undertaken to forge a popular link between researchers and members of the industry. It is available at local real estate boards and public libraries.

Building and the General Economy

The decline in construction of new housing in southern California is particularly significant at the present time (the turn of the year) because of some evidence that the rate of general business expansion in southern California has slowed down during the past few months. There have been many periods during the post-World War II era when residential building has dropped sharply, but this is the first time it has declined at the same time as there is an apparent general slowdown in the economy's rate of growth. It is more important than ever to know, therefore, the relationship between construction and other types of activity in the economy—and it is precisely to this point that a recent report by Richard Siegel entitled, "Estimating Interindustry Effects of California Single Family Residential Construc-

tion" (Reprint Number 29), is directed. In this paper, Siegel outlines a relatively simple procedure of estimating the amount of indirect employment (i.e., employment other than building) created through the production of housing. He found that for every person directly employed in construction of housing, 2.44 people were employed in related activities. This is about 25 percent more than appears to be the case for general manufacturing, so a decline in direct employment in the construction industry probably has more far-reaching effects than a decline in employment in other types of industry.

Influence of Credit

In another related paper, "The Responses of Local Residential Construction to Changes in National Credit Conditions, 1953-59" (Reprint Number 30), Harold Dilbeck explores the influence on the amount of local construction in an area to changes in national monetary conditions and finds that while general money market conditions do have some influence, changes in manufacturing employment probably have the most effect on changes in building. In other words, in an area where there is a decline in manufacturing employment, an easing of credit does not ap-

NEW BIBLIOGRAPHY FOR REAL ESTATE INDUSTRY

The 1964 *California Real Estate Bookshelf*, an up-to-date bibliography, that serves as an essential guide to basic works in the field is currently available. This year's *Bookshelf* contains 449 entries, updating and expanding materials offered in the 1959 and 1962 editions. Items are selected primarily to aid real estate practitioners, but many titles should prove useful to persons in professions related to real estate or to those engaged in real estate study, teaching, or research.

There are nine general subject divisions: The Real Estate Business; Legal Aspects of Real Estate; Property Valuation and Appraisal; Housing; Building; Income Properties; Urban Planning, Land Use, and Development; Land Economics; and California Real Estate.

Where to write. Copies of the *Bookshelf*, at \$1.50 each, may be ordered from:

Center for Real Estate and
Urban Economics
340 Stephens Memorial Hall
University of California
Berkeley, California 94720

pear to have much influence on stimulating building.

RECENT REPRINTS OF THE LOS ANGELES PROGRAM

- "Reflections on the 'New Scale'" (Reprint Number 24) by Leo Grebler.
- "The Position of Housing in National Economic and Social Policy" (Reprint Number 25) by Leo H. Klaassen and Leland S. Burns.
- "The Role of Financial Institutions in Channelling Resources into the Housing Sector" (Reprint Number 26) by Leo Grebler.
- "Location—Fourth Determinant of Residential Value" (Reprint Number 27) by Frank G. Mittelbach and Leland S. Burns.
- "People and Jobs . . . or Chickens and Eggs" (Reprint Number 28) by Leland S. Burns.
- "Estimating Interindustry Effects of California Single Family Residential Construction" (Reprint Number 29) by Richard Siegel.
- "The Responses of Local Residential Construction to Changes in National Credit Conditions, 1953-59" (Reprint Number 30) by Harold Dilbeck.
- "Some Elements in Interregional Differences in Urban Land Values" (Reprint Number 31) by Frank G. Mittelbach and Phoebe Cottingham.
- "Defining and Estimating a Trading Area" (Reprint Number 32) by David L. Huff.

Single copies are free on request. Write: Real Estate Research Program, Graduate School of Business Administration, University of California, Los Angeles, California 90024.

Electronic Computer Utilized in New Appraisal Approach

The electronic computer is applied to real estate problems in a new approach to farm land valuation devised by Irving F. Davis, Jr., Associate Professor of Business Administration at Fresno State College, and described in a new publication entitled, *A Statistical Approach to Real Estate Value with Applications to Farm Appraisal*. The publication should be of interest to anyone engaged in appraisal or studying its principles.

The appraiser does not take part in the computer operation except to contribute comparable sales data for use in updating and upgrading an "estimating equation" corresponding to the market area and land use appropriate to a subject property. Then, according to Professor Davis, the appraiser by following a comparatively simple procedure can apply a fourth approach to estimate of value.

Space limitations do not allow a more complete review of the publication in this issue of the *Real Estate Bulletin*. Anyone interested can order a copy from the Division of Real Estate, 1015 L Street, Sacramento 95814. Price, \$1.04 each; no postage charge.

Population Increase—Job Opportunities

Professor Leland S. Burns, UCLA, has completed an analysis of the relationship between migration and employment. Do people come to California before they have jobs and hope that they will find one here? Or do they come to specific job opportunities? Interestingly, as Burns points out in his paper, "People and Jobs . . . Or Chickens and Eggs" (Reprint Number 28), there appears to be a wash among these possibilities. Careful analysis shows that during the decade 1950-1961 there was almost an instantaneous adjustment between job opportunities and population increase. In other words, population increase did not lag behind employment opportunities as has often been suggested. Many people apparently are migrating to the area in hopes of finding employment when they arrive, and up until the present time, at any rate, have been reasonably successful in doing so.

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Legal Aspects

EDITOR'S NOTE: This feature is not planned to give legal advice or to make lawyers out of brokers, but is designed to give licensees some background on interesting California court decisions and opinions of the Attorney General.

Subdivision Law

Barrett v. Hammer Builders, 195 C.A. 2d 305. Under Section 11012, Business and Professions Code, it is mandatory for a subdivider to notify the Commissioner of change in setup of offering. Here there was a change in the construction of the homes and change from offering on basis of FHA or VA financing to sale by contracts of sale, with no notice to the Commissioner. Court held for purchasers, declared agreements void at option of the purchasers and remanded the matter to trial court for determination of damages.

Negative Fraud

Lingsch v. Savage, 213 C.A. 2d 729. The informed licensee knows it is his duty to make full disclosure of all aspects of a property which might materially affect the purchaser's decision. This principle was reaffirmed in this case when the court held for the buyer who alleged he had not been informed of material facts about the property—facts which would have deterred him from purchasing had he known them.

The broker apparently made no affirmative statements regarding the matter at issue, but it appeared that both seller and broker knew the dwell-

ing units in the building they were selling did not comply with the code and were up for condemnation. The court said, "negative fraud" exists when the seller knows of a fact materially affecting the value or desirability of a property and does not disclose it, particularly when he also knows that such facts and conditions are not known to, or within the reach of the diligent attention and observation of the buyer.

Said the court, this is so even though the written contract contained a clause which specified there were "no representations, guarantees or warranties of any kind made by any party hereto or their representatives which are not herein expressed."

Broker and Contract of Employment

Franklin v. Hansen (1963), 59 Cal. 2d 570. The broker had an offer from a buyer and telephoned same to seller who verbally agreed to sell and pay the broker a 5 percent commission. The seller confirmed the sale price by a telegram, but the telegram did not confirm employment or commission agreement. The broker was denied recovery of commission because agreement of employment was not in writing.

Duty of Disclosure and Other Fiduciary Obligations of Licensee

Rhoades v. Savage (1963), 219 A.C.A. 359. A real estate broker's ignorance of his duty of fidelity to his

principal does not excuse a violation of that duty (ignorance of law is no excuse). "Honesty" as used in the licensing provisions of the Real Estate Law has the broadest possible meaning. "Truthfulness" means "the truth, the whole truth and nothing but the truth," and a licensee who makes a statement, while withholding material facts, in the expectation that the facts stated will be relied on by another, and creates thereby a false understanding, is as guilty of untruthfulness as if the facts stated were untrue.

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