



Real Estate Bulletin

Official Publication of the California Division of Real Estate

EDMUND G. BROWN, Governor

February 1966

MILTON G. GORDON, Commissioner

Business Sales

BULK TRANSFER PROCEDURES EXPLAINED

Business opportunity sales usually involve bulk transfers of materials, supplies, merchandise or other inventory of the business. For real estate brokers who negotiate sales of business opportunities, familiarity with the California statutory bulk transfer provisions of the Commercial Code is essential.

The December *Bulletin* article on the Uniform Commercial Code touched briefly on bulk transfers (sales) as they pertain to business opportunity transactions. This article deals with the rationale behind the statutory bulk transfer provisions—their purpose, and the financial injuries they are designed to prevent. Familiarity with the aims behind the statutes may facilitate a better understanding of the statutes themselves.

EDITOR'S NOTE: This is the second of a series of articles intended to acquaint real estate brokers and salesmen with some of the conditions peculiar to business opportunity transactions. Since January 2, 1966, real estate licensees have been entitled to negotiate the sale and lease of business opportunities. The Real Estate Commissioner earnestly advises caution in entering this field and, in many instances, the neophyte might well consider engaging the cooperation of an experienced specialist.

Basis of Merchants' Credit

Commonly, commercial market credit is extended to merchants in reliance on the worth of the merchant's business. Wholesalers, manufacturers, etc., want reasonable security and this need is largely satisfied by the existence of assets which may be resorted to for payment should the debtor default. Credit is extended in reliance upon the continued existence of stock in trade.

Without a specific lien (usually not obtained) and without statutory protection, outright transfer of inventory or fixtures by a businessman debtor would leave the unsuspecting creditors without recourse against either the subject matter of the sale or the bona fide purchaser; and, to boot, little

Reference Book

1966 EDITION READY IN MARCH

Early in March the 1966 edition of the *Reference Book* should be ready for distribution. It can be purchased at any DRE district office or mailed postpaid from the Sacramento office, P.O. Box 2407, upon receipt of order and remittance. Brokers and salesmen will want to add the new book to their libraries since it has been updated to reflect important legislative changes.

Changes in the law have necessitated changes in the Regulations of the Real Estate Commissioner. Most of the changes in the regulations are concerned with subdivision procedures, but mortgage loan advertising practices are also affected.

The DRE publishes the *Reference Book* to meet needs of licensees for a ready reference to the laws, rules and principles which should guide their activities as agents and to aid in preparation for license examinations. **As in past years, the present publication is priced low enough to justify putting the old copy on the shelf. The book is priced at \$3.25 (plus 13 cents tax).**

possibility of recourse against the debtor who absconded with the proceeds of the sale.

Without bulk sale legislation, only the common law rules pertaining to fraudulent conveyances give the creditors protection. Parenthetically, these

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Governor Reappoints Miller And Tolan to State Real Estate Commission

Governor Edmund G. Brown announced the reappointment of Ralph H. Miller, of Upland, and John H. Tolan, of Berkeley, as members of the State Real Estate Commission for new terms ending January 15, 1970.



JOHN H. TOLAN

RALPH H. MILLER

"As California continues to meet the challenge of providing for our rapidly increasing population, the provision of homes and places for business becomes a vital problem," Governor Brown said. "I am certain that Mr. Miller and Mr. Tolan, both experienced Realtors, will work ably on the board in this aspect of the total real estate sphere in California. I am pleased to reappoint them."

Mr. Miller was originally named to the commission in January 1963, to complete the term of Milton G. Gordon when the latter became Real Estate Commissioner. He was formerly president of Upland Savings and Loan Association, and received his M.A. degree from Claremont Graduate School. He has been a real estate broker since 1949 and owns the Ralph H. Miller Company in Upland, where he resides with his wife and two children.

Mr. Tolan was originally named to the commission in January 1962. He is

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REAL ESTATE BULLETIN

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California Division of Real Estate

February 1966

Published Bimonthly in Sacramento by the

DIVISION OF REAL ESTATE

STATE OF CALIFORNIA

EDMUND G. BROWN, Governor

MILTON G. GORDON

Real Estate Commissioner

JOHN E. HEMPEL

Chief Assistant Commissioner

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Beverly Hills West Covina

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DESIST AND REFRAIN ORDERS

Issued for the Period Between
November 30, 1965 and January 15, 1966

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

Disciplinary Action—October—November 1965

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 1965

Name	Address	Effective date	Violation
Brice, William Rutter Real Estate Broker (Granted right to restricted license on terms and conditions)	1745 W. San Carlos, San Jose	10/ 5/65	Sec. 10177 (b)
Dent, Lloyd George Real Estate Broker	1763 Alcatraz Ave., Berkeley	10/ 5/65	Secs. 10176 (i); 10177 (f), (g), (h) and (j)
Laurito, Benny John Real Estate Salesman (Granted right to restricted license on terms and conditions)	2150 Redondo Beach Blvd., Torrance	10/ 7/65	Sec. 10177 (b) and (f)
Farnsworth, Don Alan Real Estate Broker (Granted right to restricted license on terms and conditions)	6734 Sunset Blvd., Los Angeles	10/11/65	Sec. 10177 (b) and (f)
Baker, Lewis Real Estate Salesman	448 Addison, Palo Alto	10/14/65	Sec. 10177 (b) and (f)
Ostrowski, John Leon Real Estate Broker (Granted right to restricted license on terms and conditions)	14370 Saratoga Ave., Saratoga	10/14/65	Sec. 10177 (b)
Tanner, Einar William Real Estate Salesman (Granted right to restricted license on conditions)	894 Dry Creek Rd., Campbell	10/14/65	Sec. 10177 (b) and (f)
Turner, John Adolph, Sr. Real Estate Salesman (Granted right to restricted license after (90) days from effective date of decision on terms and conditions)	723 School St., Compton	10/14/65	Sec. 10177 (f) and (g)
Fitzgerald, Earl Stanley Real Estate Broker	3805 Pasadena Dr., San Mateo	10/25/65	Secs. 10130; 10177 (d), (f) and (g)
Kistler, Leonard Joseph Real Estate Broker (Granted right to restricted real estate salesman license on conditions)	6085 Magnolia Ave., Riverside	10/26/65	Secs. 10176 (a), (b), (g); 10177 (f) and (j)
Mack, James Edward Real Estate Salesman (Granted right to restricted license on conditions)	13325 Van Nuys Blvd., Pacoima	10/26/65	Sec. 10177 (b) and (f)
Mowatt, Burke Robinson Real Estate Broker Business Opportunity Broker President of By-Mor Realty, Inc. (Granted right to restricted real estate salesman license on conditions)	14842 Prospect St., Tustin 2953 Lincoln Blvd., Santa Monica	10/26/65	Secs. 10177 (j) and 10302 (e) Sec. 10177 (j)
Keen, Jack President, Jack Keen Realty Inc. Real Estate Broker	9625 Texhoma Ave., Northridge	10/30/65	Secs. 10176 (i); 10177 (f) and (j)
Healy, Lester Aloysius, Jr. dba Pen-Pac Realty Co. Real Estate Broker (Granted right to restricted license on terms and conditions)	336 El Camino Real, San Carlos	11/ 2/65	Secs. 10176 (e); 10177 (f) and (g)
Rylee, Glenn Clayton President, Rylee Mortgage & Investment Inc. Real Estate Broker (Granted right to restricted license after (90) days from effective date of decision on terms and conditions)	1546 Willow Oaks Dr., San Jose	11/ 2/65	Secs. 10177.5; 10177 (d), (f); 10237.3; 10237.4; 10237.5 and 10238.3
Linden, Hal Real Estate Salesman (Stayed for (2) years on terms and conditions; one condition (60) day suspension)	8730 Wilshire Blvd., Penthouse Stc., Beverly Hills	11/ 4/65	Sec. 10177 (d), (f) and (g)
Schuck, Fred James Real Estate Salesman (Granted right to restricted license on terms and conditions)	1598 Fulton St., San Francisco	11/ 9/65	Secs. 10176 (e); 10177 (d), (f), (g) and Sec. 2832 of R.E. Comm. Reg.
Burgener, Louis Cowley Real Estate Broker (Granted right to restricted license on terms and conditions)	6052 Mission Gorge Rd., San Diego	11/10/65	Secs. 10176 (i); 10177 (d), (f) and 11012
Harris, Germaine Marie Real Estate Broker (Granted right to restricted license on terms and conditions)	Box 15444, Old River Rd., Guerneville	11/16/65	Secs. 10145; 10176 (e); 10177 (d), (f), (g) and Sec. 2831 of R.E. Comm. Reg.
Stellino, Frank Joseph Real Estate Salesman	4134 W. 155 St., Hawthorne	11/16/65	Sec. 10177 (b) and (f)
Terrell, Thomas Franklin Real Estate Salesman	925 Texeda Ct., Anaheim	11/18/65	Sec. 10177 (b) and (f)
Becker, Kenneth Bernard Real Estate Salesman	19053 Cliddon St., Castro Valley	11/23/65	Secs. 10145; 10177 (d), (f), (g); 11010; 11018.2 and 11200
Herrera, Barney William Real Estate Salesman (Granted right to restricted license on conditions)	3017 W. Beverly Blvd., Montebello	11/23/65	Sec. 10177 (b) and (f)
Vickers, Lewis Wilson Real Estate Salesman	10118 Inglewood Ave., Inglewood	11/23/65	Secs. 4238 and 10177 (f)
Ahearn, James Joseph Restricted Real Estate Salesman	10200 De Soto Ave., Chatsworth	11/30/65	Secs. 10176 (a), (e), (g); 10177 (d), (f), (g), (h), (j); Secs. 2740 and 2741 of R.E. Comm. Reg.
Filippi, Helen Maxine Real Estate Salesman	205 Paramount Dr., Millbrae	11/30/65	Secs. 10176 (e), (g); 10177 (d), (f); 10177.5 and Sec. 2832 of R.E. Comm. Reg.
Filippi, Wm. D., Realty Incorporated William Daniel Filippi, President	101 El Camino Real, Millbrae	11/30/65	Secs. 10176 (e), (g); 10177 (d), (f); 10177.5 and Sec. 2832 of R.E. Comm. Reg.
Timmons, Frank Charles dba United Brokers Real Estate Broker	7231 Glasgow, San Bernardino	11/30/65	Secs. 10137; 10145; 10148; 10176 (a), (e), (f); 10177 (d), (f), (g), (h), (j); Secs. 2740; 2741; 2830; 2831; 2831.1; 2835; 2900 and 2901 of R.E. Comm. Reg.
Espinosa, Mike* Real Estate Salesman	3032 1/4 Wabash Ave., Los Angeles	3/21/65	Secs. 10176 (a), (f) and 10177 (f)

* Not Previously Published.

Licenses Suspended During October–November 1965

Broker's Fraud Results In Recovery Fund Payment

On December 17, 1965, \$10,000 was paid from the real estate "Recovery Fund" to the victim of a former licensee's fraud.

This party filed suit against the business opportunity broker and obtained a fraud judgment in the amount of \$13,500. The court found that the defendant was licensed as a broker and was performing activities for which a license was required when the fraud was committed. The plaintiff made reasonable searches and inquiries to find assets of the broker liable to be sold or applied in satisfaction of the judgment. He was singularly unsuccessful.

After the judgment became final, conforming to statutory requirements, plaintiff filed a bond with and petitioned the court for an order for the Real Estate Commissioner to pay him \$10,000 out of the Real Estate Education, Research and Recovery Fund. An aggrieved person may receive no more than \$10,000 from the recovery fund under the statute.

Court Approves Payment

After the hearing on the recovery petition the court determined petitioner had obtained a bona fide fraud judgment and approved payment from the fund by the Real Estate Commissioner.

The commissioner did not wait until he had paid the \$10,000 to initiate disciplinary action against the broker. When he was advised of the broker's malfeasance he proceeded with an independent administrative hearing to suspend or revoke the defaulter's real estate and business opportunity broker licenses. In May 1965 the licenses were revoked.

Effective Date of Recovery Act

The recovery act became operable July 1, 1964, and is sustained by a portion of real estate license fees. Only California and Arizona have this kind of remedial legislation protecting the public against that small number of licensees who might commit fraudulent acts in the course of their activity as agents.

Name	Address	Effective date and term	Violation
Kennedy, Wallace Richard dba California Land & Loan Company Real Estate Broker	720 W. Compton Blvd., Compton	10/ 1/65 30 days	Sec. 10176 (a)
Engelhardt, Donald William Restricted Real Estate Salesman	14044 Ventura Blvd., Sherman Oaks	10/ 5/65 90 days	Sec. 10177 (f) and (k)
Haskell, Jack President of Steven Parke Investments, Inc. President, Jack Haskell Land Investments, Inc. President, Hawaiian Land & Trading Co., Inc. Real Estate Broker (Execution of last 90 days, stayed for 2 years on conditions)	9191 Wilshire Blvd., Beverly Hills	10/10/65 180 days	Secs. 10175; 10177 (d); 11000 through 11021; 11023; Secs. 2794 and 2795 of R.E. Comm. Reg.
Hoffmann, Lester Oscar Real Estate Broker Real Estate Salesman	9985 Magnolia Ave., Riverside 3656 Ramona Dr., Riverside	10/11/65 1 year	Secs. 10176 (a), (b); 10177 (f) and (g)
Anderson, Richard LeRoy Real Estate Salesman (After 30 days from effective date, remainder or any portion thereof may be stayed on conditions)	245 1/2 Lereto Ave., Mountain View	10/14/65 to and including 12/31/65	Sec. 10177 (d) and Sec. 2754 of R.E. Comm. Reg.
Jacobson, Jack dba Jack Jacobson Co. Real Estate Broker	41 Sutter St., Rm. 505, San Francisco	10/14/65 30 days	Sec. 10177 (f) and (g)
Aldea Corp. Hubert Alfred Tempel, President (Stayed for 1 year on conditions)	14416 Hamlin St., Ste. 206, Van Nuys	10/26/65 60 days	Secs. 10176 (i); 10177 (f); (j); 11012; 11013.2 (a); 11018.1; Secs. 2795; 2795.1 and 2811 of R.E. Comm. Reg.
Temple, Hubert Alfred Real Estate Broker (Stayed for 1 year on conditions)	14416 Hamlin St., Van Nuys	10/26/65 60 days	Secs. 10176 (i); 10177 (f); (j); 11012; 11013.2 (a); 11018.1; Secs. 2795; 2795.1 and 2811 of R.E. Comm. Reg.
Check Realty Corp. dba Towne Real Estate dba Tri-City Multiple Listing Service dba Advance Realty (Stayed for 2 years on terms and conditions)	9291 S. Brookhurst, Anaheim 2166 W. Ball Rd., Anaheim	10/26/65 120 days	Secs. 10145; 10176 (c); 10177 (d), (f), (g); Secs. 2830; 2832; 2833; 2950 (f) and (g) of R.E. Comm. Reg.
Fiedler, Allan R. Real Estate Broker Real Estate Salesman (Stayed for 2 years on terms and conditions)	930 S. Euclid, Anaheim 2425 El Rancho Vista, Fullerton	10/26/65 120 days	Secs. 10145; 10176 (c); 10177 (d), (f), (g); Secs. 2830; 2832; 2833; 2950 (f) and (g) of R.E. Comm. Reg.
Beacock, Donald Andrew Real Estate Broker Real Estate Salesman (Last 10 days stayed permanently)	65 Tamalpais Dr., Corte Madera 514 Edgewood Ave., Mill Valley	10/28/65 15 days	Sec. 10177 (g)
Gettemy, Graham Hilton Real Estate Salesman (Last 10 days stayed permanently)	1032 Irving St., San Francisco	10/28/65 15 days	Sec. 10177 (g)
Jepsen, Richard Martin Real Estate Salesman	2580 W. Lincoln Ave., Anaheim	11/ 2/65 30 days	Sec. 10177 (f) and (j)
Wilson, Robert Lee dba California Land Company Real Estate Broker	519 California St., San Francisco	11/ 3/65 90 days	Secs. 10176 (a), (i); 10177 (f), (g) and (j)
Borshay, Arnold Joseph Real Estate Broker Real Estate Salesman	4097 Peralta Blvd., Fremont 37482 Fremont Blvd., Fremont	11/ 5/65 15 days	Secs. 10176 (a) and 10177 (f)
Wilson, Robert Lee dba California Land Company Real Estate Broker	519 California St., San Francisco	11/12/65 180 days	Secs. 10176 (a), (g), (i) and 10177 (f)
Bradley, William Frederick dba Bradley Realty Company Real Estate Broker	735 W. Lancaster Blvd., Lancaster	11/18/65 180 days	Secs. 10176 (i); 10177 (d), (f), (j); 11018.1; 11018.2 and Sec. 2795 of R.E. Comm. Reg.
Schwartz, Jerry dba Jerry's Realty Real Estate Broker	4142 MacArthur Blvd., Oakland	11/23/65 15 days	Sec. 10177 (h)
Sowersby, Everett Charles, Sr. dba Orange State Realty and Rentals Real Estate Broker Real Estate Salesman	2100 Victoria Dr., Fullerton	11/30/65 60 days	Sec. 10177 (f) and (j)
Boehm, E. L. Co., Inc.* Brown, Oswald Raymond* President of E. L. Boehm Co., Inc. Brown, Oswald Raymond* dba O. R. Brown Co. Real Estate Broker	8733 S. Western, Los Angeles 8733 S. Western, Los Angeles 10045 S. Western Ave., Los Angeles	1/28/65 45 days (Intermittent) 1/28/65 15 days (Intermittent) 1/28/65 15 days (Intermittent)	Secs. 10177 (d), (f); 10242 (b) and 10248 Secs. 10145; 10177 (d) and (f) Secs. 10145; 10177 (d) and (f)

* Not Previously Published.

Promise of Possession Should Be in Writing

The competent professional broker or salesman will see that his buyer and seller reach an agreement on time of physical possession of the home by the purchaser, and have the agreement reduced to writing in the deposit re-

ceipt, the escrow instructions or in a separate instrument.

This avoids putting the agent in a position of making representations about possession which he may be powerless to carry out, and often will forestall litigation, friction and ill will.

UCLA Researchers

SKETCH ROLE OF LAND SPECULATORS

Two UCLA professors focus on the positive functions of land speculators in *Some Observations on the Role of Speculators and Speculation in Land Development*, a new reprint (No. 38) now available from the Real Estate Research Program, Los Angeles.

Professors James Gillies and C. E. Elias, Jr., authors of the article, disagree with the popular notion that speculation leads inevitably to wild fluctuations in real estate prices, chaotic land development patterns, or both.

They argue instead that, given full market information, land speculators can contribute to more orderly development and greater land price stability.

Larger Parcels of Land

"The financially strong speculator," the two researchers venture, "can outbid weaker speculators and acquire larger parcels of land. And his greater financial strength enables him to hold land longer.

"This combination of large parcels of land and longer holding periods between acquisition and development leads to more orderly city growth," they explain.

Moreover, well-financed speculators are better equipped to regulate the rate at which their land holdings are placed on urban real estate markets, the authors find.

"By releasing the land for development at a rate at which it can best be absorbed for effective use," they point out, "speculators help prevent violent upheavals in the market, and also achieve better planned developments."

Examples Cited

The writers cite California examples of this kind of regulated market situation, that is when the land available for development in an area is largely controlled by a corporation which supplies land on an orderly basis to developers of residential structures.

For speculation to result in the kind of systematic development characterized by the sample situations, there must be complete access to market information. Otherwise, the outcome may well resemble such highly publicized failures as the Florida land boom of the 1920's, the researchers warn.

"The lack of information, the distortion of information, or the falsification of information, all will cause the operation of the speculator to malfunction," they caution.

Consequences

Without complete information, "fluctuations in prices will not be smoothed but will grow larger; prices over time will not be lowered and may be raised; orderly city growth will be hindered and urban sprawl promoted," the authors conclude.

One copy of the reprint (No. 38) will be furnished free upon request.

CITY LAND VALUES VARY

While it is well known that land values vary markedly among different cities, there is very little knowledge as to how they vary or whether variations are predictable. In a recent report, "Some Elements in Interregional Differences in Urban Land Values" (Reprint No. 31), Frank G. Mittelbach and Phoebe Cottingham (UCLA) attempt to assess some of the reasons for the differences, and they find that for every dollar increase in household incomes in metropolitan areas there is a 30-cent increase in the market price of a suburban building lot and a 3-cent addition to the top square foot price of the most expensive land. Moreover, they find that for every additional 100,000 persons in a metropolitan area there is a \$20 increase in the market price of suburban homesites and a \$2.30-per-square-foot increase in the most expensive land.

These are tentative conclusions and need additional analysis. However, they do provide a first step in developing "rules of thumb" for approach value in different sized communities. The method the authors use is described in their report.

Additional attention has been given to value theory by Mittelbach and Leland S. Burns in their paper, "Location—Fourth Determinant of Resi-

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EDUCATION - RESEARCH

University of California — State

Reprints Available On Taxes, Incomes

Community income flows and property tax rates in Los Angeles are the subjects of two new reprints now available without charge from the Real Estate Research Program, Los Angeles.

Reprint No. 39

In *Intra-Metropolitan Income Flows*, UCLA Professor Leland S. Burns uses 1960 census data to study income patterns both in the City of Los Angeles and in ten smaller municipalities spread throughout the Los Angeles-Long Beach metropolitan area.

In 8 of the 11 cities, he finds that basic manufacturing activities account for more than half the total net income.

EDITOR'S NOTE: The digests of University of California real estate research reports usually are prepared at the University for use in the *Real Estate Bulletin*.

Burns also notes that, generally speaking, the highest paid employment is found in the real estate, finance, and insurance industries. Other high-income sectors are wholesale trade, communication, utilities and transportation.

For the community which wants to raise both its municipal income flow, and the level of income of its citizens, Burns suggests that it campaign to attract the best paying occupations.

Reprint No. 40

In *Tax Rates and Land Use in Los Angeles County*, Professor Fred E. Case uses 1960 census materials to analyze factors which influence real property taxes in 45 of the 74 cities that comprise Los Angeles County.

During 1959-1960, the cities with the highest tax rates were usually those: with more of their total area in houses of 1950-1960 vintage; and, with the highest percentages of their populations not more than 18 years old.

RESEARCH PROGRAM

Colleges — Junior Colleges

NEW VOLUME HONORS UCLA'S LEO GREBLER

For many years Professor Leo Grebler, former chairman of the Real Estate Research Program, Los Angeles, has been making impressive contributions in the fields of real estate and urban economics.



PROFESSOR LEO GREBLER
Director of Mexican-American Study

Now director of UCLA's much discussed Mexican-American study, Grebler has enjoyed notable success in the areas of teaching, research, administration, and advising both governmental and private organizations.

To pay tribute to Grebler's distinguished career, the Real Estate Research Program announces publication of a new book, *Essays in Urban Land Economics*.

Contains 16 Essays

Scheduled for release early in March, the volume contains a collection of 16 essays on such topics as housing economics, housing policy, residential finance, urban problems, and the distribution of economic activity.

Contributors to the work include many of Grebler's colleagues from both the Real Estate Research Program, Los Angeles, and the Center for Real Estate and Urban Economics, Berkeley.

HOME BUYING INTENTIONS OF RENTERS

About 24 percent of all persons occupying apartments in an area surveyed in San Jose intend to buy a house soon, with a majority of those intending to buy expressing a preference for a used house rather than a new one.

These conclusions are expressed by John W. Aberle and Pe Sheng Wang in "The Characteristics, Preferences, and Home Buying Intentions of Apartment Residents in San Jose," a San Jose State College research monograph now available from the Education and Publications Section of the Division of Real Estate, P.O. Box 2407, Sacramento 95811, at \$1.04 per copy.

Aberle and Wang found that the median income of families in apartments in the area covered by their study was \$6,467; that 42.7 percent of all the sample apartment dwellers had savings of less than \$500, and that 29 percent had savings in excess of \$2,000. **Particularly significant to the broker is the fact that 61 percent of those apartment dwellers who intend to buy are willing to pay above \$19,000 for a house, and 22 percent said they would consider going above \$25,000.**

Interestingly, the majority (68.1 percent) of apartment residents, who do not plan to buy, reported incomes under \$6,000; those with higher incomes indicated stronger intentions to buy houses.

Buyers and Savings

Defining these prospective buyers even more particularly, it was noted that those with savings of less than \$1,000 prefer to buy used houses, and

those with savings over \$1,000 prefer new houses. Where savings were reported as less than \$1,000 there seemed to be little relationship between savings and price of house contemplated. However, when savings were over \$2,000, apartment dwellers thought in terms of houses costing over \$22,000, with a special preference for houses costing over \$25,000.

The majority of prospective buyers want three-bedroom, two-bath houses with separate family room, dining room and laundry, and are willing to pay in excess of \$19,000. Eighty-five percent of those wanting four bedrooms also said they were willing to pay in excess of \$19,000.

Some of the characteristics of apartment dwellers considered by the researchers were marital status, family size, age distribution, occupation, income, savings, extra employment, the number of people working in a family and overtime pay. **Though some of the characteristics of that segment of renters who intend to buy might be anticipated by a knowledgeable agent, many of these "trend" items could only have been found through the techniques of research.** This is the advantage to industry of state college studies on particular regional markets. Notwithstanding that names of renters contacted in a survey cannot be released to brokers, the pertinent data concerning general aspects of a market are listed in the study reports and a familiarization with the data can be a strong sales aid for alert real estate agents.

Land Values in Cities

(Continued From Col. 2, Opposite Page)

dential Value" (Reprint No. 27). The authors argue that "value, whether expressed in terms of contract rent for rented units or value for units owned by the occupant, is clearly a function of distance from centrally located employment concentrations." It follows, therefore, that as well as having a cost, market, and income approach to value, it may make a good deal of sense to have a fourth approach—namely, location.

Representing Berkeley are Paul F. Wendt, William Goldner, Wallace F. Smith and Sherman J. Maisel. Los Angeles contributors include James Gillies, Fred E. Case, Leland S. Burns, C. E. Elias, Jr., and Frank G. Mittelbach.

To order a copy of *Essays in Urban Land Economics*, write: Real Estate Research Program, Graduate School of Business Administration, University of California, Los Angeles 90024. Price is \$6.50 plus 4-percent sales tax if ordered in California.

SUBDIVISION

DEVELOPMENTS AND ITEMS OF SIGNIFICANCE

Material Changes in Subdivisions to Be Reported

Subdividers, owners, builders and licensees are reminded that a material change in the original subdivision setup requires an amended subdivision public report before the remaining subdivision parcels may be offered for sale or lease. This requirement is applicable to both improved and unimproved parcels. Any change which materially alters the true facts reflected in the subdivision filing is a material change. As a guide to determine materiality, the following items are offered as examples. This list is by no means all inclusive.

Change in Vesting of Title

Acquisition of five or more lots by anyone; change in the firm name; status change of the original subdivider (incorporation or reorganization); foreclosure; judgment lien; and, transfer of title in trust. All are material changes.

Change in Money Handling

A change in name of the escrow depository or name, or location of trust account; a change resulting from the imposition of a blanket encumbrance on property which was previously not so encumbered; a change to add authorization to utilize the bond alternative under the provisions of Section 11013.2(c) or 11013.4(b); or a change in connection with the use of contracts of sale pertaining to the impound provisions of Sections 11013.2 to 11013.4(f). All require an amended report.

Change in Documents or Conditions

A change in method of conveyancing is a material change, as are basic changes or additions relating to declaration of restrictions, bylaws, and management agreements. The addition of restrictions not recorded at the time of issuance of the original report would call for submission of the additions to the Division of Real Estate to determine whether the report should be amended.

Miscellaneous Changes

The following are generally construed to be material changes:

A PERSONAL CHECK IS NOT "CASH"

An important difference between a note and a personal check is that a note is a promise to pay, at a given time in the future, money which the promisor may not have at the time the note is executed; whereas, a check indicates the amount is available in the bank at the time the check is written. However, a check is not "cash" until it is paid. The broker is obligated to disclose to his principal on the deposit form he offers to the seller for acceptance, the kind of deposit received. Is it a note, a personal check, or cash?

Change in sewage disposal, as from septic tanks to sewers; change in the water supply, as from wells to mutual water company; lot splits or realignment of lot lines; additional recreation facilities or common areas; addition of organized fire protection; newly created assessment or improvement districts; private roads which become public roads; and, discovery of hazards not apparent at the time the original report was issued, such as latent adverse geologic conditions.

Subdividers and licensees who are not sure whether a contemplated change is material should clear with the DRE.

Fee for Amended Report

Section 11011.7 of the Business and Professions Code provides: "An application for an amended public report shall be accompanied by a twenty-five dollar (\$25) filing fee plus five dollars (\$5) for each 100 copies requested in excess of 100 copies."

Gordon Named VP of License Law Organization At Recent Conference

Real Estate Commissioner Milton G. Gordon, who is also Administrator of the State Business and Commerce Agency, has been elected vice president of the National Association of Real Estate License Law Officials for 1966. Represented at the recent conference of the NARELLO were 49 states, the District of Columbia and the Canadian provinces of British Columbia and Ontario.

The conference, held in Williamsburg, Virginia, gave license law officials, commission and board members, an opportunity to exchange experiences in the operation and enforcement of license laws. Prominently featured on the agenda of the conference were the progress and value of real estate education and research.

John E. Hempel, chief assistant commissioner, also attended the meeting. He was selected to chair the legal and professional conduct committee of the NARELLO.

Obituary

DEPUTY THOMAS J. SMITH

Thomas J. Smith, Deputy Real Estate Commissioner attached to the Division of Real Estate district office in Oakland, was suddenly stricken with a fatal heart attack in Berkeley last month.

A native of Washington, he and his family moved to California in 1952 where he entered state service as an investigator for the Contractors State License Board. In 1961 he transferred to the Division of Investigation, Department of Professional and Vocational Standards, as a senior special investigator. He moved to the Division of Real Estate in November 1963.

He was an alumnus of Washington State College, a member of Tau Kappa Epsilon, past adjutant, Western Association of Sheriff's Air Squadrons and commander of the Contra Costa County Sheriff's Air Squadron.

He is survived by his wife Marcella, three sons, Dean, Brian and Randy, and a daughter Susan.

BULK TRANSFER PROCEDURES EXPLAINED

(Continued From Col. 2, Page 741)

common law rules are codified in California as the Uniform Fraudulent Conveyances Act, Civil Code Sections 3439 through 3439.7, and Civil Code Section 3440 (Transfer of Personal Property Without Change of Possession). The protection afforded by these statutes was found inadequate, since generally the creditors were protected only if the seller intended to defraud and the buyer was a knowing participant.

Why the Bulk Sales Law?

To prevent a merchant from suddenly liquidating a large part of his inventory and going south with the proceeds, the bulk sales statutes provide that when such sales are made, notice to creditors must be published so that creditors of the debtor will have an opportunity to take whatever legal steps are possible to protect their interests before the assets are disposed of.

The official comments on the Uniform Commercial Code (drafted by a national commission and available to all states for consideration) are lucid and enlightening. Following are extracts gleaned from the official comments, edited to conform with California's modified adoption of the bulk transfer sections of the Uniform Commercial Code.

The central purpose of the bulk sales law deals with two common forms of commercial fraud, namely:

- a. The merchant, owing debts, who sells out his stock in trade to a friend for less than it is worth, pays his creditors less than he owes them, hoping to come back into business through the back door sometime in the future.
- b. The merchant, owing debts, who sells out his stock in trade to anyone for any price, pockets the proceeds, and disappears, leaving his creditors unpaid.

The first is one form of fraudulent conveyance. The substantive law concerning it has been codified as the Uniform Fraudulent Conveyance Act. The contribution of the bulk sales law to alleviation of the problem is the

requirement that creditors receive advance notice of bulk sales. Having such notice, they can investigate the price and other circumstances of the sale before it occurs, and determine then instead of later whether they should try to stop it. This is a valuable measure.

The second form of fraud suggested above represents the major bulk sales risk, and its prevention is the essential purpose to the bulk sales law. **Publication of notice to the seller's creditors of the impending sale is an important protection against the intended fraudulent act** since, with notice, the creditors can take steps to impound the proceeds if they think it necessary. Such notice is substantially the only protection which the California bulk sales law gives.

Objections

These are the affirmative reasons for a law such as the Uniform Commercial Code—Bulk Transfers. The objections are chiefly delay and red tape imposed on legitimate transactions (may cause the loss of a favorable market), and the possibility of a trap for the unwary buyer. It is hard to avoid the latter danger. But to lessen the negative aspects, transactions subject to the bulk transfer law are identified as clearly as possible and are limited to those exposed to the dangers to be guarded against, and the sanctions are such as to permit honest and solvent buyers to put through transactions promptly without other than normal business risks.

Governor Reappoints Two Real Estate Commission Members

(Continued From Col. 3, Page 741)

treasurer of Barrett Homes, Inc., in Richmond. As a Realtor, homebuilder and subdivision developer, he specializes in urban renewal and redevelopment. His firm has been given national recognition for its work with retirement housing and interracial sales of homes. He received his LL.B. degree from the Catholic University of America Law School. He and his wife live in Berkeley.

CHECK THOSE LICENSES

Not only is it surprising how many veteran real estate brokers neglect to renew their licenses through oversight or because they rely upon someone else who fails to take care of the matter, but, time after time, brokers are found to have in their possession licenses of salespeople who are no longer employed by them. These oversights are not only embarrassing, but may prove costly, as they constitute a violation of the Real Estate Law. And it is difficult to understand how a broker can comply with Section 10177(h) of the law which covers supervision of salespeople when he does not seem to know who is currently in his employ.

Upon a real estate salesman's withdrawal from his employ, a broker is required to return the salesman's license to the commissioner immediately. He must also enclose a certified statement of the facts if the salesman is discharged for violation of any provisions of the license law.

A LETTER OF INQUIRY

Editor's Note: Licensees, particularly those who have children, may enjoy reading the following letter from an eighth grader. The boy wants to become a real estate salesman like his dad. We are reminded of the old rule, "Salesmanship begins at home," and certainly the lad's dad has passed that test.

At any rate, we believe the boy (name on request) would appreciate hearing from anyone who will need a good real estate salesman in another 10 years. However, it is pretty obvious who will have first call on his services.

* * * * *

—, California

Department of Professional
and Vocational Standards
State of California Realty Board
Sacramento, California

Dear Sir,

My name is Stuart, and I am in the eighth grade. Would you kindly send me as much information as possible on how to be a real estate Salesman, and a real estate Broker.

I plan to be a real estate man like my dad, Who is a real estate salesman

Thank you for your help.

Sincerely yours,

/S/ Stuart S. C.—

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FILING DATE DETERMINES RIGHTS OF REAL ESTATE BROKER LICENSE APPLICANTS

All rights of a real estate broker examinee are governed by the filing date of his formal application. If he made application prior to 1966, he is eligible for an initial examination as well as one re-examination. Any further rights the applicant may have had under that application terminated if he failed the re-examination.

Failing any portion of the broker re-examination constituted a failure of the entire examination and his performance scores would not be carried over into the new law period, effective January 2, 1966. Even though he took the initial test in 1965 and the re-examination during 1966, the filing date of the application is the governing factor.

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