



# New Regulations Add Protection— — — — — — — — — — for Contract of Sale Purchasers

The Real Estate Commissioner's new or amended regulations designed to implement the subdivision laws became effective May 5 after being revised a number of times as the result of suggestions made at three meetings of the State Real Estate Commission and at the public hearing required by the Administrative Procedure Act.

Implementing regulations were necessary in view of the Attorney General's Opinion 62/1 on the general subject of use of contracts of sale in merchandizing subdivisions. Perhaps the most important point in the opinion was the pronouncement that when homes and lots in new subdivisions are being sold under conditional land sales contracts the law requires the impoundment of all installment payments until title is delivered to the purchaser unless alternative procedures authorized by the law are followed, all to the purpose of assuring the purchaser that he will either receive free and clear title when payments are completed or have his purchase money returned.

The new regulations spell out the impound requirement, which is applicable to all subdividers except "banks, life insurance companies or savings and loan associations authorized and qualified to do business in this State in the sale or lease of their own properties." Then the regulations go on to specify the several alternative procedures available to the subdivider. Upon approval of his plan, the subdivider may use contracts of sale in the merchandizing of improved or unimproved lots and yet not be required to impound all moneys until title is delivered. Each such approved alternative contains built-in safety factors for the protection of the purchaser's interest.

### Commercial Agricultural Tracts

The regulations further attempt to eliminate or minimize past abuses of public confidence by land promoters who have used the "commercial agricultural" exemption provided in Section 11000.5 of the Business and Professions Code as a loophole through which to escape the State's full disclosure laws in regard to subdivisions.

Under the new regulations, the use of the Preliminary Public Report is again authorized under clearly defined conditions and with stipulated safeguards for all moneys involved. The conditions include: (a) copy of the

Preliminary Public Report to be given to prospective purchaser; (b) copy of any reservation agreement is signed by prospective purchaser and the subdivider, and placed in a neutral escrow depository together with any valuable consideration involved; (c) reservation to purchase contains a clause allowing a prospective purchaser the option to cancel his reservation and have his deposit returned; (d) preliminary report shall expire when final report is published or one year from date of issuance, whichever is earlier.

The new or changed regulations are the product of long study by the commissioner and his staff, careful investigation of past detrimental practices on the part of some subdividers, numerous conferences with officials and representatives of the industry, and public hearings. Every subdivider or licensee in any way connected with subdivision transactions will want to study them in detail. Copies are available through any Division Office.

## New Commission Members Assume Posts

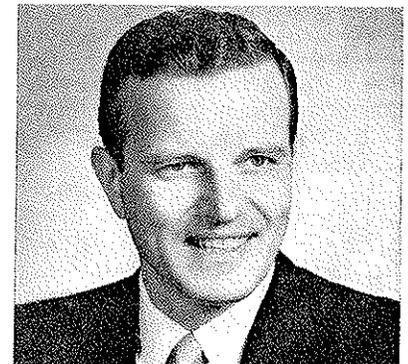
Governor Edmund G. Brown has appointed John H. Tolan, Jr. of Berkeley and Milton Gordon of Los Angeles to the California Real Estate Commission succeeding Willard L. Johnson of San Francisco and Thomas R. Rooney of Los Angeles, whose terms as members of the commission had expired.

Mr. Tolan, an attorney, is a real estate broker, home builder and subdivision developer who specializes in urban renewal and redevelopment. His firm has been

*(Continued on page 541, col. 3)*



John H. Tolan, Jr.



Milton Gordon

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**DIVISION OF REAL ESTATE**

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Assistant Commissioner

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**IN MEMORIAM**

**Frank L. Whitelock**

Mr. Whitelock served as a member of the State Real Estate Commission for 16 years and was a Past President of the Santa Barbara Real Estate Board and of the California Real Estate Association.

He left behind him an impressive record of service to his State, to the real estate industry and the fraternal, civic and business life of the community in which he made his home. His passing leaves a great void, but his accomplishments stand as his memorial.

**Disciplinary Action—January, February, 1962**

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

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

**Licenses Revoked During January, February, 1962**

Name	Address	Effective date	Violation
Castillo, Elmer Robles Real Estate Broker	106 E. Weber Ave., Stockton	1/ 3/62 (Granted right to restricted licenses)	Secs. 10176 (b), (f); 10302 (b) & (e)
Business Opportunity Broker			
Geisel, Henry	4520 Angeles Crest Hwy., Box 12, La Canada	1/ 3/62	Sec. 10177 (b) & (f)
Zimmerman, Mary Edna Real Estate Salesman	Stc. 200, 4060 Buckingham Rd., Los Angeles	1/11/62 (Granted right to restricted license)	Secs. 10162; 10176 (i); 10177 (f) & Secs. 2771 (b) & 2831 of R.E. Comm. Regulations
Wahl, Helmuth Real Estate Broker	700 West Lodi Ave., Lodi	1/19/62	Secs. 10176 (a), (b); 10177 (f) & Secs. 2900, 2901 & 2902 of R.E. Comm. Regulations
Cain, Ruth Colleen Real Estate Salesman	16029 Sherman Way, Van Nuys	1/30/62 (Granted right to restricted license on conditions)	Sec. 10177 (b) & (f)
Miranda, Jose Cabigting Real Estate Broker	20 E. Lafayette St., Stockton	1/31/62	Secs. 10177 (b), (f); 10302 (b) & (e)
Business Opportunity Broker			
Dowler, Anna Katherine Real Estate Broker	223 N. Market St., Inglewood	2/ 1/62	Sec. 10177 (b) & (f)
Foster, Leslie John Real Estate Salesman	2905 Clay St., San Francisco	2/ 1/62 (Granted right to restricted license on conditions)	Sec. 10177 (b) & (f)
Jones, Theresa Dell Real Estate Salesman	919 E. 80th St., Los Angeles	2/ 1/62	Sec. 10177 (b) & (f)
Magnire, William Halford Real Estate Salesman	1610 N. Highland Ave., Hollywood	2/ 1/62	Sec. 10177 (b)
McComb, William Arthur Real Estate Salesman	14528 Moorpark St., Sherman Oaks	2/ 1/62	Sec. 10177 (b) & (f)
Thornton, Clair William Real Estate Salesman	1153 Presidio Blvd., Pacific Grove	2/ 1/62	Sec. 10177 (b) & (f)
Brown, Francis Lane Real Estate Broker	2491 El Camino Real, Santa Clara	2/ 5/62	Secs. 10176 (a), (b), (e), (f); 10177 (b) & (f)
Lane, Claud Lee Real Estate Broker	P.O. Box 13372, Phoenix, Ariz.	2/ 5/62	Sec. 10177.5
Surrain, Ralph Robert Real Estate Salesman	630 Water St., Santa Cruz	2/ 5/62	Secs. 10176 (e), (f); 10177 (d) & (f)
Worthington, Samuel Whitall, Jr. RtA Broker Realty Co. Real Estate Broker	1950 E. Hodson Ave., La Habra	2/ 8/62	Secs. 10176 (a), (b), (d), (i); 10177 (d), (f), (i) & Sec. 2830 of R.E. Comm. Regulations
Abell, Glenn Arthur Real Estate Broker	884 N. 1st St., San Jose	2/13/62	Secs. 10176 (e), (f); 10177 (d), (f), (i) & Secs. 2830 & 2852 of R.E. Comm. Regulations
Chapman, John Morton Real Estate Broker	3923 Grand Ave., Oakland	2/13/62	Secs. 10160; 10162; 10164; 10177 (f); 10283; 10285; 10287 & 10302 (e)
Business Opportunity Broker			
Coleman, Charles Lawson, Jr. Real Estate Broker	4755 J St., Sacramento	2/13/62	Secs. 10176 (e), (f); 10177 (d), (f), (i) & Sec. 2832 of R.E. Comm. Regulations
Loughry, Linda Faye Real Estate Salesman	935 Fremont Ave., Los Altos	2/13/62	Sec. 10177 (b) & (f)
Truett, Bruce Howard Real Estate Salesman	P.O. Box 535, Morgan Hill	2/13/62	Sec. 10177 (b) & (f)
Foster, Bobby Lee Real Estate Salesman	150½ Vecino St., Covina	2/20/62	Secs. 10130; 10137 & 10177 (f)
Kjosling, Robert Nathaniel Real Estate Salesman	519 S. Western Ave., Los Angeles	2/20/62	Sec. 10177 (a), (b) & (f)
Lodge, Jack Saul Real Estate Salesman	12133 Herbert St., Los Angeles	2/21/62	Sec. 10177 (b) & (f)
Machen, Jimmy Wayne Real Estate Broker	423 4th St., Marysville	2/21/62 (Granted right to restricted licenses on terms & conditions)	Secs. 10176 (e), (f); 10177 (b), (f) & (i)
dba Midvalley Real Estate Real Estate Broker	921 Ohleyer Rd., Yuba City		
Phillips, Robert Warner Real Estate Broker	19101 Bear Creek Rd., Los Gatos	2/21/62	Secs. 10177 (b), (f); 10302 (b) & (e)
Business Opportunity Broker			
Wilber, William Charles Real Estate Salesman	368 Bush St., San Francisco	2/21/62 (Granted right to restricted license on terms & conditions)	Sec. 10177 (b) & (f)

**Tighter Tests Try Applicants' Mettle**

A license applicant's reaction to a challenge offers, perhaps, one measure of probable success or failure in his chosen field of activity.

With this concept in mind, two contrasting evaluations of the recent general strengthening of examinations administered by the Division of Real Estate and, in particular, the upgrading

of the salesman's renewal and the original broker license tests, are of especial significance.

"I don't want to be a lawyer, or a broker," wrote one examinee after taking the test for renewable salesman license, "just an honest salesman . . ." And he ended his diatribe by decrying

(Continued on next page)

## Licenses Suspended During January, February, 1962

Name	Address	Effective date and term	Violation
Conneally, Francis Leonard Real Estate Broker	2172 Solano Way, Concord	1/ 2/62 30 days (Stayed permanently)	Sec. 10177 (d) & (f); Secs. 2794 & 2795 of R.E. Comm. Regulations
Taylor, Yvette Spronken dba Spronken Realty Real Estate Broker	1667 Shattuck, Berkeley	1/ 2/62 60 days (Stayed for period one year on conditions)	Secs. 10177 (d), (f); 11012 & 11020
Richardson, Herbert John dba Richardson Mortgage Co. Real Estate Broker	1147 S. Robertson Blvd., Los Angeles	1/11/62 90 days	Secs. 10137 & 10177 (f)
Carmell, Joseph Anthony Limited Real Estate Salesman	1146 E. Garvey Blvd., West Covina	1/19/62 30 days	Sec. 10177 (a) & (f)
Wahl, Helmuth Real Estate Broker	700 W. Lodi Ave., Lodi	1/19/62 90 days	Sec. 10176 (e)
Pailma, Patricia Carol Real Estate Salesman	4249 Wheeler St., Arlington	1/30/62 30 days	Sec. 10177 (a) & (f)
Davis, Irwin Real Estate Salesman	Room 308--8111 Beverly Blvd., Los Angeles	1/31/62 30 days	Sec. 10177 (a), (b) & (f)
Allen, William Edward dba Orbit Realty Co. Real Estate Broker	3439 Sacramento Blvd., Sacramento	2/ 1/62 90 days (Stayed for period three years on conditions)	Secs. 10176 (e); 10177 (d) & (f)
Darby, James Argus Real Estate Salesman	601 E. Florida, Hemet	2/ 1/62 (Indefinitely)	Sec. 10177.6
Edwards, Joseph William Real Estate Salesman	2150 Market St., San Francisco	2/ 1/62 30 days (Stayed permanently)	Sec. 10177 (b) & (f)
Gray, Arthur William Restricted Real Estate Salesman	424 W. Valley Blvd., Alhambra	2/ 1/62 30 days	Sec. 10177 (d) & (f)
Long, George Aaron Restricted Real Estate Salesman	809 W. Garvey, El Monte	2/ 8/62 30 days	Sec. 10177 (d) & (f)
Jackson, Gerald Richard Restricted Real Estate Broker	4116 Crenshaw Blvd., Los Angeles	2/ 9/62 (Indefinitely)	Sec. 10279.7
Morris, Vernon Bernhart Restricted Real Estate Broker	2107 Woolsey St., Berkeley	2/ 9/62 (Indefinitely)	Sec. 10156.7
Feer, Edward Andrew Real Estate Broker	1918 I St., Bakersfield	2/13/62 1 day	Secs. 10177 (d), (f); 11010; 11020 & Secs. 2794 & 2795 of R.E. Comm. Regulations
Ray, John Wesley Real Estate Salesman	1918 I St., P.O. Box 37, Bakersfield	2/13/62 1 day	Secs. 10177 (d), (f); 11010; 11020 & Secs. 2794 & 2795 of R.E. Comm. Regulations
Smith, Eugene Townsley Real Estate Broker	1918 I St., Bakersfield	2/13/62 1 day	Secs. 10177 (d), (f); 11010; 11020 & Secs. 2794 & 2795 of R.E. Comm. Regulations
Smith, Ralph Lancaster, Jr. Real Estate Broker	1918 I St., P.O. Box 37, Bakersfield	2/13/62 1 day	Secs. 10177 (d), (f); 11010; 11020 & Secs. 2794 & 2795 of R.E. Comm. Regulations
Joyce, John Michael, Sr. Real Estate Salesman	5087 Zelzah Ave., Encino	2/20/62 15 days	Sec. 10177 (f)
Freeman, Elmer Jesse Real Estate Broker Business Opportunity Broker President, Mammoth Realty & Building Corp.	13826 Ventura Blvd., Suite 12, Sherman Oaks 13401 Ventura Blvd., Sherman Oaks	2/21/62 6 months 2/21/62 6 months	Secs. 10176 (a), (i); 10177 (d), (f) & 10302 (e)
Martorano, Frank Joseph dba Bank Realty Co. Real Estate Broker	2906 Mission St., San Francisco	2/21/62 30 days	Secs. 10176 (e), (i); 10177 (f) & Secs. 2830, 2831 & 2832 of R.E. Comm. Regulations
Messina, Harry Leo Real Estate Salesman	2243 Market St., San Francisco	2/21/62 15 days (Stayed permanently)	Sec. 10177 (b) & (f)

### More on Applicants' Reaction to Tests

the necessity of taking "your ridiculous exams just to sell property."

Compare this attitude with that of a Santa Clara broker who writes, "From talking to fellow licensees, I have come to the conclusion that the tightening up of licensing exam requirements has put us all on our toes."

And this broker's appreciation of a more demanding, and therefore more meaningful, examination program has gone beyond mere words. He and a group of fellow members of his local real estate board have organized a study group which meets regularly for

discussion of areas of real estate theory and practice covered by the state test questions.

"The leader or spokesman," he says, "presents questions in a roundrobin manner to each member in turn. Once a tentative answer is obtained it is expanded and developed by other related questions to obtain depth of understanding and solve problems."

Here are two reactions to a challenge laid down by law which says in effect, "Stand ready to prove your worthiness to be entrusted with the fiduciary responsibilities of agency."

## Trying to Beat the Law

Recently courts have levied fines against one licensee and two non-licensees for violations of different sections of the Real Estate Law.

*Case Number One:* A Bakersfield man, without benefit of license, offered to secure a real estate loan for another, collecting an advance fee of \$560 for his proffered services. He did not succeed in obtaining the loan and the fee was refunded only after a complaint had been filed with the Division's Fresno District Office. A deputy was promptly assigned to the case. He came up with the facts, conferred with the district attorney, with the result that the court assessed a fine of \$250, and placed the violator on three years probation.

*Case Number Two:* A nonlicensee, although fully aware of the provisions of the subdivision sections of the Business and Professions Code, failed to comply with them and proceeded to lease one acre cabin sites in the mountains of eastern Tulare County. A deputy from the division's Fresno office, after attempting without success to secure compliance, submitted his findings for action and the respondent, when faced with the substantiated charges in court, pled guilty, was fined \$210 and placed on probation for one year.

*Case Number Three:* A deputy working out of the division's Sacramento District Office found that a licensed salesman had been parceling off and selling land which he owned in El Dorado County without filing a map as required by the Subdivision Map Act and a subdivision questionnaire as required by the statutes regulating subdivision sales.

In the Placerville Justice Court, the ambitious salesman was found guilty of violating the Subdivision Map Act and was fined \$105, with the fine suspended, and placed on probation for two years, subject to his unqualified compliance with any and all state laws and city or county ordinances. It was further ordered that within 60 days he comply with the subdivision requirements administered by the commissioner and refrain from violating any provisions of the Subdivision Map Act. A license hearing is pending.

## **The Question**

# Real Estate Broker or Real Property Securities Dealer?

Deputies working out of the Los Angeles and San Francisco offices of the Division of Real Estate are scanning indices in county recorder's offices in an effort to safeguard against violation of the real property securities dealer sections of the law. The investigations seek to discover (1) whether principals and agents dealing in real property securities are properly authorized and bonded and (2) whether real property securities permits have been secured in all cases where the law requires them.

Quite understandably, many brokers and others interested are still not quite clear as to the application of the Real Property Securities Dealers Law, and this question is constantly raised: "*As a real estate broker, when am I required to obtain an endorsement as a real property securities dealer in connection with loans or the sale of trust deeds on real property?*"

Ordinarily, under the present law, a real estate broker can negotiate loans on real property and sell trust deeds without any special designation or posting of bonds. However, in the sale of trust deeds there are certain situations when a real estate broker license is not enough; the transaction must be handled by a real estate broker who is also endorsed as a real property securities dealer. In determining whether a broker should register as a real property securities dealer or whether his real estate broker's license is sufficient for his activities, the following might be helpful.

First, the broker should examine the nature of the trust deed he is selling. If the trust deed note is one of a series of promotional notes secured by liens on separate parcels in a single subdivision, it is a real property security. A promotional note is one not more than three years old secured by a junior lien, or one that may become junior by its terms, attaching to parcels of:

- (1) unimproved land;
- (2) improved land, but created prior to the first sale of the parcel;

- (3) improved land, but created as a means of financing the first purchase of the property so improved.

An example of the latter situation is where the subdivider takes back second trust deeds in the sale of houses in a subdivision. If the notes are of that type, a permit must be obtained from the Real Estate Commissioner to offer them for sale to the public and such sales must be handled through a real property securities dealer.

### **Manner of Operation**

Second, the broker should examine his manner of operation. If he accepts funds in advance, from investors, for continual reinvestment under the terms of an investment plan involving the purchase and sale of trust deed notes, he must comply with the real property securities dealer's law.

Third, the broker should examine the manner in which the notes are sold. He needs a real property securities dealer endorsement if the notes are sold in connection with an investment plan whereby the broker or his principal implies or agrees that he will do *any one* of the eight following:

- (1) guarantee against loss; (2) guarantee the payments; (3) assume payments necessary to protect the security of the investment; (4) accept partial payments toward a note or contract; (5) guarantee a specific yield on the investments; (6) pay with his own funds interest prior to the purchase of the note or contracts; (7) pay with his own funds after note or contract falls in arrears, or (8) repurchase or replace a sour note or contract.

If the seller of the note implies in general terms that the buyer has recourse or generally indorses the investment, he probably falls within the above categories. It should be understood that these definitions cover contracts of sale used as financing devices as well as promissory notes secured by deeds of trust.

Ordinarily, if a person's activities do not fall within the above categories he would not come within the scope of the real property securities dealer's law, would not have to have that endorsement, and would not have to post a bond. So generally, a real estate broker's license is all that is needed for one to negotiate loans on real property or sell trust deeds in connection therewith.

### **Other Loan Negotiations Not Necessarily Exempt From Regulation**

Even though he may not need a real property securities dealer endorsement, the real estate broker negotiating loans on real property is still subject to special provisions of the Real Estate Law except when he is negotiating (a) loans in connection with the sale or exchange by him of real property, or (b) the sale or exchange by him of any note made or taken in connection with such transaction. Specifically, he must adhere to provisions relating to maximum costs and expenses which may be charged to the borrower and the execution of a broker's loan statement. The exception: The broker's loan statement need not be executed when the broker is negotiating a loan on real property with funds to be furnished by an institutional lender and he does not charge the borrower more than 2 percent.

In addition, where a licensee is acting strictly as an agent, he can place the money involved in a loan transaction into either the escrow, his trust account or the hands of his principals. However, if he is acting as a principal in connection with the sale of a note or trust deed, the money must be deposited directly into escrow. A real estate broker cannot accept any funds from a prospective lender on, or purchaser of, a trust deed or cause such funds to be deposited into an escrow on the chance that a suitable investment will show up. Funds can only be accepted when the licensee owns the note or contract or has a bona fide authorization to negotiate the sale of a specific note or contract.

### **Trust Deed Recording Requirements**

Under the changed law when the real estate licensee negotiates a loan, the trust deed must be recorded prior to the disbursement of the lender's

*(Continued next page, col. 1)*

## LOAN OPERATIONS

*(Continued from preceding page)*

funds unless the lender authorizes in writing earlier disbursement. If the funds are released upon written authorization of the lender, the trust deed should be either recorded or delivered to the lender with a written recommendation that he record it within 10 days after the release. Where a real estate licensee negotiates the sale or exchange of an existing note he must record the assignment or deliver it to the lender with a written recommendation that it be recorded within 10 days.

This is but a summary of some of the more important provisions of the law relating to the activities of real estate brokers and real property securities dealers in connection with loans and the sales of trust deeds. Licensees are urged to write to the Division of Real Estate if they have any questions.

## "Money Means A Lot, But . . ."

A widely published display advertisement by a national stock brokerage firm has a Madison Avenue type exclaim, "I don't like to say this, but money means a lot to me!"

The line is supposed to be an attention getter because the writer quite rightly assumes that practically every reader would accord the same importance to money. This is probably the chief reason for the flood of applicants constantly seeking entry into the real estate industry. They want money, for all manner of reasons, and "someone" has told them that it grew in the real estate business like mushrooms in a wine cellar.

They rush for examination training and perhaps get through the licensing process only to quickly find out two important truths: (1) "someone" can spread an amazing amount of nonsense; and (2) even though men and women possessed of training, vision, skill and will to work hard can make money in real estate, making money on a soundly productive long-term basis demands more know-how, know-what, know-why, know-where, and know-when than any one week head-jamming has ever yet been able to impart.

## Pre-License Education Required by Two States

Pennsylvania and Florida have moved to establish professional education as one of the prerequisites to licensure as a real estate broker.

Under the new Pennsylvania law, the candidate for broker license in addition to having three years full-time experience as a real estate salesman must "have such professional education as the commission may by rule and regulation prescribe, but no such regulation shall bear upon the amount of general education possessed."

The Pennsylvania Real Estate Commission has set up a graduated three-step program for application of the professional education prerequisite. Beginning June 15, 1963, **in order to qualify it will be necessary for a broker license applicant to have completed real estate courses totaling 8 units of credit, offered by a school or college accredited by the commission.** On June 15, 1964, the requirement will be increased to 16 units and to 24 units in 1965. It is the commission's plan to specify the courses which will meet the standard.

### Florida Requirement

The Florida Real Estate License Law reads, in part, "For the purpose of performing its duty to educate registrants . . . the commission may conduct, offer, sponsor, prescribe or approve real estate educational courses for all persons registered with the commission as real estate brokers, or salesmen . . ."

The commission is authorized to require "the satisfactory completion of one, or more, of the educational courses" thus developed, or the equivalent thereof "as a condition precedent, for any person to become registered as a real estate broker." At the present time the candidate for a real estate broker license in Florida must satisfactorily complete what amounts to a two-unit course in Real Estate Principles offered by Florida University Extension before he is eligible for examination. The standards may be raised in the future.

The nature of the required course of study is described as:

*"This is not a course to teach you*

## New Commission Members

*(Continued from page 537)*

given national recognition for retirement housing and integrated developments. Appointed by Governor Brown as a delegate to the White House Conference on Aging in 1961, he also served as co-chairman of the Governor's Housing Conference in Los Angeles and the Governor's Conference on Aging in Sacramento in 1960.

After graduation from St. Mary's College and Catholic University of America Law School, Mr. Tolan served as secretary to his father, the late Congressman John H. Tolan of California. He was District Director of the War Production Board in San Francisco from 1942 to 1943, when he entered the Navy to serve in the executive office of the Secretary of the Navy and of the Chief of Naval Operations in Washington. For a time after the war, he served as Special Assistant to the Director of War Mobilization and Reconversion.

Mr. Gordon, a native of Detroit, received his Bachelor of Arts Degree in Public Administration from Wayne State University and his Master of Arts Degree in Political Science from UCLA. After service in the Army, he was appointed to the United States Department of Labor's Wage Hour Division.

A real estate broker for the last 10 years, Mr. Gordon is past secretary of the Westwood Board of Realtors and a former Governor of that organization. He is Past Commander of the American Legion Beverly Hills Triangle Post and a chapter director of the United Nations Association.

In announcing the appointment of Tolan and Gordon, the Governor said: "As real estate brokers familiar with this field and as citizens, who have shown keen interest in their communities and state, these two men, I am sure, will make substantial contributions to this commission."

*how to sell real estate. Nor is it a course to help you pass the broker's exam. It is, instead, a course to teach all of the fundamental, theoretical and practical concepts which, when assembled in an orderly manner, comprise and constitute the essence of real estate and the real estate industry."*

## Real Estate Research Report From California State Colleges

Simply put, research is the process of "finding out." It is the vehicle through which knowledge is expanded or specific problems attacked. In real estate, it is the involvement and employment of techniques to find the core of facts which will add knowledge of real property and activities relating to it. Oftentimes relationships revealed by research can be utilized to explain and predict land utilization and behavior of communities, industry and institutions. Also the knowledge gained by research must be used as a basis of content in educational offerings.

In past issues of the *Bulletin*, reports have appeared on the real estate research programs at the Berkeley and Westwood campuses of the University of California. The Legislature has also authorized real estate research at the state colleges and we here offer a series of brief reports on the work they have been doing. The reports have been prepared by the state colleges and are printed with a minimum of editing.

It is worthy of note that four years ago only one of the six colleges now engaged in real estate research offered a real estate major; now, all six offer or soon will offer a degree with a major in real estate. It is apparent that research participation is a potent training aid for the undergraduates who will be tomorrow's real estate brokers and teachers.

### Los Angeles State College

By DONALD G. MORTENSEN and ROBERT R. MORMAN

Three real estate research projects were completed by Los Angeles State College under the direction of Professor Frank Hill, Department of Finance, Division of Business and Economics, prior to his recent retirement.

The pilot audio-visual project was undertaken by Los Angeles State College in 1959 under the direction of Professor Frank Hill and Dr. Adam Diehl. This resulted in the preparation of a series of overhead transparencies and two filmstrips with taped narration. The transparencies and filmstrips covered the units "Real Estate Finance" and were intended as material for use in the real estate practice course. They have been used also in the principles course and are helpful in classes in valuation and appraisal.

The 1960 project made possible a study of various facets of audio-visual methods and techniques as applied to real estate courses and resulted in a recommended program for the development of audio-visual aids for the teaching of real estate.

The 1961 project included an analysis of syllabi and workbooks (published by the Division of Real Estate under the titles Real Estate Principles, Real Estate Practice and Real Estate Law) and made recommendations for additions. Supplementary experimental visual aids for subject material best suited to this type of presentation were developed. These included forms, graphs, charts, documents, and pictures. Prototypes of experimental supplementary visual aids were presented for review and evaluation by teachers attending the workshop at Sacramento State College in March 28-30, 1961.

#### *Testing Procedures for Selection of Real Estate Sales Personnel*

The development of personnel tests to help brokers improve their selection of salesmen is the research project undertaken by a research team from Los Angeles State College, working under a grant of funds from the Division of Real Estate. Under the general co-ordination of Donald G. Mortensen and research direction of Robert R. Morman, the project has been moving along with the probability of the materials being ready for distribution later this year.

Need for improved selection appears to be universally recognized. Brokers have requested it, and potential salesmen have been interested in some measure of aptitude. Brokers and national organizations from outside the State of California have been making frequent inquiries as to progress.

The November-December 1960 issue of the *Bulletin* described the project. Two articles have appeared in the *California Real Estate Magazine*, October 1960 and December 1961.

Starting with a survey and analysis of the brokers' requirements for successful salesmen, the project proceeded to the development of items for a personal data form and a composite test. The personal data form included questions about family, education, experience, assets and liabilities, memberships, leisure time activities, health, and miscellaneous other items. The test form included measures of ability to think, interest in sales work, aptitude for selling, and general attitude and values.

After the test items were developed, they were given preliminary trial. Evidence justified continued research.

#### *Criteria for Measuring Quality of Selection Materials*

Two criteria have been used to determine the quality of the selection materials: (1) earnings and (2) tenure on the job.

The selection materials were then subjected to statewide checking. Applicants for licenses as well as experienced salesmen volunteered (with the encouragement of their brokers and the officials of the Division of Real Estate) to take the tests. Their brokers supplied earnings and job tenure. From these results we were able to select the items which would differentiate successful and unsuccessful salesmen. Each item selected for subsequent study were equated on the basis of a minimum of five to one odds that is predictive. Most items, however, gave us from 10 to 1 up to 19 to 1 odds.

We are now at the point of cross-validating all of the selected or useful items. Two representative samples of brokers were selected from Division of Real Estate lists and invited to cooperate. Many have, some have not. As soon as enough salesmen have been tested and criteria data as to earnings, etc., have been collected, they will be analyzed. (The use of the IBM 7090 computer at Western Data Processing Center, U.C.L.A. has been extremely helpful.) If the data justify, manuals will be prepared, and with some instruction, the selection materials will be ready for use. Additional and continuous research will, of course, be necessary.

Methods for handling and distributing the materials, if found successful, are being considered to insure maximum value and minimum waste of time and money. The materials are being copyrighted by the Real Estate Commissioner, State of California.

## SAN DIEGO STATE COLLEGE

By DON C. BRIDENSTINE, E. ALLAN HALE,  
WILLIAM H. HIPPAKA

Real estate research in the School of Business Administration at San Diego State College began in 1958 with the authorization of a study project, "Trends in Urban Residential Development in San Diego and Imperial Counties."

### *San Diego and Imperial Counties Residential Trends*

This first project was concerned with determining, for the purpose of identifying significant residential trends, the characteristics of major communities in the two counties, recent residential price trends, family and residential characteristics in San Diego, California, and past and future trends in San Diego and Imperial Counties affecting residential development. In making these major determinations the researchers investigated the history of residential property prices for the period 1950-59 in various communities throughout the area. The concluding chapter of this research report contained a variety of predictions concerning the quantity, location, and nature of new residential construction during the 1960-65 period. These predictions were based upon an analysis of the economic base of the region and the reasonable expectations for its economy during the immediate future.

### *Research Studies Now in Progress*

Real estate research work now in progress at San Diego State College includes Professor Don C. Bridenstine's "Handbook on Basic Economics of Money and Finance for Real Estate Agents," Professor E. Alan Hale's and Professor Kenneth Sharkey's study, "The Use of Census of Housing Data in the Analysis of Local Housing Markets," and Professor Oscar J. Kaplan's and Professor William H. Hippaka's study, "San Diego County Real Estate Investment Groups." All of these projects are being conducted under the auspices of the Bureau of Business and Economic Research of the School of Business Administration. This research organization, headed by Professor Donald

Lawson, was established under the leadership of Dean Charles W. Lamden.

### *Basic Economics of Money and Finance*

Professor Bridenstine's handbook will stress principles and relationships in the economics of money and finance rather than the description of financial institutions. This publication, for real estate practitioners, will contribute to their understanding of money and finance. Thus it should help them to be more successful in the analysis of overall monetary and financial trends influencing real estate activity.

### *Census of Housing Data*

Development of the 1960 Census of Housing and Population, taken by the U.S. Bureau of Census, created the opportunity for the Bureau of Business and Economic Research at San Diego State College to propose to the California Division of Real Estate a program for the analysis and presentation of these data to those members interested in real estate in San Diego County. While the goal of this immediate project is specific in nature, *it is expected that our programming will result in a method of data presentation applicable to all California census data and thus, the project will have value to all of the California real estate industry.*

Anyone who has attempted to utilize census data has discovered the great quantity of data available. These data are usually of such detail that they literally overwhelm the casual user. Yet, these data contain the basic statistical information on which important plans and decisions for land use, transfer, and value studies can be made.

### *Data Presentation Method Survey*

The San Diego State College Bureau of Business and Economic Research is making a study of methods of data presentation which will utilize graphical means of presentation and cross-classification by such variables as family size, value of residence, age of head of household, and similar variables. The data are being proc-

## RESEARCH, PRODUCTIVE TRADE TOOL

By the Office Gremlin

Gather facts,  
Organize facts,  
Analyze facts,  
Deduce from facts and then  
equate  
Results with practice in Real  
Estate!

essed on the electronic computer at San Diego State College. This highly efficient method of data handling permits analyses to be made that would otherwise be prohibitive in time and expense. Completion of the project has been dependent upon receiving from the U.S. Bureau of Census a copy of the mechanical tapes containing basic information. Because of some delay in the availability of the tapes, the project has not advanced as rapidly as was originally expected. The publication of the data in graphic form will be of value to the real estate industry. In addition to this, San Diego State will have the basic data coded and programmed for the electronic computer so that additional studies utilizing these data can be carried at a very modest additional cost, as desired by the real estate industry.

### *Real Estate Investment Groups*

During the postwar period San Diego County has been the center of apparently widespread and increasing real estate syndication activity. This group approach to real estate investment has occurred with regard to all types of property in various locations throughout the county. The objectives of this study are to determine the number of real estate investment groups in the county, the type of business organization used, types of investments made, financing procedures, investment policies, relationship to real estate brokers, methods of operation, success or failure of these syndicates, analysis of apparent defects in organization or operation, and recommendations for improving the real estate investment group as a medium of investment.

## SAN JOSE STATE COLLEGE

By ROBERT W. TRAVIS

Research became a part of San Jose's real estate program in 1956, when the first of several unsponsored studies were undertaken by individual staff members. Within two years the increasing interest in research led to the establishment of the Real Estate Research Bureau, which immediately began to participate in the real estate research program sponsored by the Division of Real Estate and financed by the Real Estate Education and Research Fund. In 1960, an eight member Advisory Committee composed of local real estate men was created to assist the bureau with the planning of future research programs.

### *Two Types of Research Projects*

Research projects undertaken for the State Division of Real Estate have been of two types—audio-visual and narrative reports. With respect to the former, during 1960-61, a 35 mm-film-strip, with accompanying narration on a disc recording, entitled "Real Estate Appraisal: Single Family Dwelling" was prepared as a joint venture of the Bureau and the Audio-visual Service Center. Dr. Charles L. Suffield, head of the Real Estate Department, planned the content and Dr. Jerrold E. Kemp, Co-ordinator, Materials Preparation Services, Audio-visual Service Center, wrote the script and supervised the photography and reproduction into an 80-frame filmstrip. The filmstrip, which was designed to present an overview of the appraisal process for single-family houses, has been used as an introduction to the appraisal process in real estate classes at both junior and state colleges. A second filmstrip entitled "Real Estate Appraisal: Multiple Family Dwelling" is currently in the planning stage and should go into production next summer.

### THE OFFICE GREMLIN SAYS:

"If all licensees were as concerned with 'giving the facts' as they are with 'puffing up' a property, fewer sales would fall apart in escrow—and fewer disciplinary actions would be invoked."

### THE OFFICE GREMLIN SAYS:

"The Golden Rule can neither be talked nor legislated into reality. It has to be lived!"

### *Objectives of San Jose Studies*

The bureau has undertaken five narrative studies since 1958. The first, "A Development of Housing Research Techniques and Analysis of Housing Inventory and Estimate of Needs and Trends in San Jose, California," had two objectives. One was to create a brief guide for the person who desired to study a local housing market and the other was to review the growth and change that had taken place in the Santa Clara County housing market during the period of its rapid expansion, 1950-59.

The second, "A Study of Industrial Site Development and Site Choice in Santa Clara County—1950-59," was concerned with the measurement of industrial real estate growth in Santa Clara County over a 10-year period, the ascertainment of the factors which were most important in attracting industrial plants to the county, and the examination of specific site needs and choices. The third study was, in a sense, a combination of the first two, for its purpose was to add the data for 1960 to both the housing and industrial statistics presented in the earlier reports.

### *County's Unique Conservation Law*

The fourth, "The Use of Greenbelt Theory in Santa Clara County," had as its objective a review of the county's efforts to preserve a portion of its rapidly disappearing open space through the use of the so-called "greenbelt." The problem was of particular interest because Santa Clara County is the only county in the State authorized to use this particular type of exclusive agricultural zoning. The fifth, now in preparation, "The Use of Census of Housing Data in the Analysis of Local Housing Markets," will undertake to indicate the nature of the housing information contained in the 1960 Census of Housing and show how such data may be used in the analysis of local housing conditions and housing markets.

## SACRAMENTO STATE COLLEGE

By B. E. TSAGRIS

The Sacramento State College Division of Business Administration Real Estate Research Group has completed three reports and is currently engaged in a fourth in their proposed series on directional growth studies of the Sacramento Metropolitan Area. A digest of the most recent report entitled, "Trends in Multi-Family Housing: Sacramento Metropolitan Area, 1950-1970," which provided information on housing, population, employment, and income in Sacramento County, was published on page 533 of the January-February *Bulletin*. The study reported, in detail, the methodology and the formulas used to project Sacramento County population, employment, and apartment building construction to 1970. It is felt, not only that the reported analytical tools may be useful in similar studies of other areas, but that the basic findings may be equally applicable to comparable community centered sectors.

### *Commercial Site Study Completed*

A second report completed in August 1960 was entitled, "Emerging Pattern of Commercial Sites." This study reported the geographic topographic, and historic setting of the Sacramento Metropolitan Area. The analytical section of this project quantified the emerging pattern of commercial sites in the county. The findings presented in this study may assist in the prediction of changes in land use patterns which may occur in established or potential commercial areas. These findings and the research techniques employed should be of general interest.

### *Retail Site Selection Analyzed*

An earlier report, "Retail Site Selection and Community Planning," completed in August, 1959, had the central objective of exploring planning policy. This was done by presenting statistically various views on the matter held by a sample of retailers and consumers, who are most directly involved in the results of a planning policy. To avoid bias, the project had been conducted without the knowledge of the planning commissions,

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(Continued from page 544)

brokers or others directly involved in the conflict over this policy.

A secondary objective of the 1959 project had been to indicate the major factors influencing proprietors of retail and service establishments in their choice of a business location. This objective tended to complement and support the primary objective of the project. In addition, the extent to which real estate firms and lending institutions participated in the location decisions was examined. Thus, it was hoped that, the findings would be of interest to planning commissions, to real estate firms, lending institutions, and commercial property owners who are concerned with commercial zoning and facilities. In addition, retailers who face a site selection problem, and the general public concerned with zoning matters will find matters of interest in this report.

#### *Effect of Industrialization in Land Values*

The present contract calls for a study of the impact of Sacramento County industrialization on land values. The current study has a threefold purpose: (1) to determine, through an analysis of over 1,000 verified unimproved land sales in the county, the impact of industry on land values; (2) to prepare a statistical analysis of the county business patterns comparing the growth of various sectors of the county with the State of California and the United States; and, (3) to determine, from a questionnaire survey of representative firms, which factors influence the location of industry. More than 500 questionnaires have been mailed throughout the State and approximately 200 usable responses have been received.

Verified land sales data for over 1,000 transactions have been obtained from local appraisal firms, brokers, business firms, and various city, county, and state agencies. These data will be analyzed with respect to their location, size, zoning, price, and date of sale in order to determine if there are any discernible patterns of land use changes, land values, and the location of several key places of employment.

The statistical analysis of the county business patterns and the findings of

## FRESNO STATE COLLEGE

By C. E. ELIAS, JR. and IRVING DAVIS

### *Impact of Governmental Installation*

Fresno State College has two on-going real estate research programs. The first, a careful analysis of the "Impact of the Lemoore Naval Air Station on Land Use, Value and Taxation," is scheduled to be completed by June 30 of this year.

The decision to place a major naval air installation near Lemoore, Kings County, meant that a military facility involving 6,000 personnel plus about 600 civilian employees was to be superimposed on an area almost completely rural in nature.

The air station itself consists of about 32,000 acres and is almost evenly divided between Kings and Fresno Counties. However, the placement of the main gate, the barracks and the on base commercial facilities result in the orientation of the base to Kings rather than to Fresno County. This orientation exposes the communities of Lemoore, Armona and Hanford, all located within a twenty-five mile radius of the main gate, to a much different population environment than had obtained previously.

In assessing the impact of the facility an area including these three communities is undergoing an intensive examination. The study area includes incorporated and unincorporated portions of the county and contains approximately 23,000 persons, or about 45 percent of the population of Kings County. Because of already existing patterns of urban development and transportation patterns plus restrictions on the travel-time distance within which base personnel must find off base housing, this area has experienced and will continue to experience

the location factors survey should lead to an insight into the strengths and weaknesses of the economic base of the county.

The Real Estate Research Group at Sacramento State College has felt that its primary research responsibility lies in the Sacramento Metropolitan Area, *although the general objective of statewide applicability of research techniques and findings has been kept in mind.*

the bulk of the impact of the air station.

Clearly, a shift in land from non-urban to urban uses could be anticipated in the study area. Detailed field surveys of land use in Lemoore and Hanford urban areas have outlined some of the dimensions of these shifts. In 1957, urban uses of land totaled slightly over 2,500 acres, so that approximately 25 percent of the total area consisted of land in urban use. By the spring of 1961, the amount of land in the same area in urban use totaled just over 3,000 acres, or 29 percent of the total. These changes, which represent the totals obtained from both areas are somewhat different when each community is considered separately. Urban land use in the Lemoore area in 1957 amounted to 424 acres or 17 per cent of the total. By 1961, urban land use in the Lemoore area had risen to 505 acres or 20 per cent. In Hanford, 2,100 acres of land were in urban uses in 1957 representing 28 percent of the area. By 1961, 2,500 acres of land or 33 percent were in urban use in the Hanford area. A field survey this spring will bring this portion of the study up to date.

Both Lemoore and Hanford experienced considerable expansion in residential land use. From 1957 to 1961, land in residential use in the Lemoore area increased 33 percent; in the Hanford area, the rise was 30 percent. There is some evidence that in the Lemoore area, in contrast to the Hanford area, there was an accompanying expansion of city boundaries so as to bring a major part of the land converted to urban uses, especially residential use, within city boundaries.

Ignoring single personnel, for whom barracks are available, calculations of demand for housing arising from off-base needs of naval personnel depend on the rate at which personnel arrive. But the rate at which personnel arrive, in turn, depends on the amount of housing available. The housing available consists of Capehart units on the air station plus dwelling units supplied privately in the area. A total of 1,700 Capehart units have been authorized of which 1,300 will be occupied by the end of March. There is

(Continued on page 546)

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considerable evidence that the type of housing constructed in the area has not been rental housing which is the type needed by incoming naval personnel, but single family for sale dwelling units. A field survey in November, 1961, revealed a total of 239 vacant completed single family units in the area. An additional 325 single family dwelling units were under construction at that time. This is an impressive number of vacant units in an area in which the normal rate of absorption of new houses has been approximately 200 units annually.

The Fresno State College project augments these studies of land use and housing supply and demand with data on property transfers, price changes—of both land and housing—and taxation effects. The project is scheduled for completion June 30 of this year.

#### Case Materials Project

The second real estate study being carried out by Fresno State College has to do with the compilation of actual real estate oriented case study materials for instructional and reference purposes.

The case approach as a method of instruction and research in business is well established. After its early beginning in commercial law, the collection of case materials expanded into business policy, commercial organization,

marketing, business statistics and industrial management fields. Today, thousands of cases have been developed covering most fields of business administration. Also, case materials have expanded beyond classroom needs and now serve business research and business itself in training programs and executive development.

While there is a continuing stream of cases available for use, there exists only a relatively meager selection of cases specifically oriented toward real estate. This lack of an adequate coverage of published case materials in real estate constitutes a problem for those engaged in this field academically, professionally and in research. The Division of Business at Fresno State College has launched a program to develop case materials for real estate education, research and the profession itself. Through its Bureau of Business Research and Service, Dr. Irving Davis, Assistant Professor of Business Administration, is directing the collection of case materials in the several pertinent areas of real estate. The first cases in process of development relate to plant location analysis, approaches to valuation and managerial problems and processes of brokerage. Other phases hoped to be covered include subdivision development, construction, mortgage applications, financing, investment, property management, marketing and foreclosure.

## HUMBOLDT STATE COLLEGE

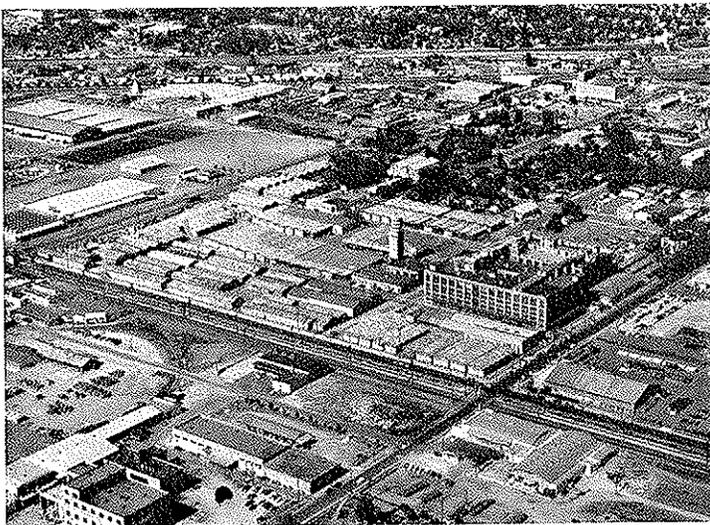
By the Division of Business

Humboldt State College entered the real estate research program in 1960 when the proposal to explore the real estate educational and research needs of the people of Humboldt County was accepted. This exploratory study, using secondary source materials; two mail surveys; and interviews and discussion with local real estate practitioners, people whose work is related to real estate, and real estate teachers and researchers from other educational institutions was completed in August 1961.

#### Educational Wants of Licensees Probed

The questionnaires, which were sent to all current real estate licensees in Humboldt County, were designed to gather data about their present educational level, the real estate courses they most wanted, and the real estate research recommended by them. On the basis of responses from approximately 46 percent of the current licensees in Humboldt County, it was found that 28 percent of the brokers and 15 percent of the salesmen have college degrees; 23 percent of the brokers and 35 percent of the salesmen attended college but did not graduate; 19 percent of the brokers and 26 per-

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This 45-year-old processing plant stood alone in this area when it was constructed. Although it has undergone constant modernization, the buildings now are obsolete and costly to operate and maintain. There is no chance to expand economically because this plant is completely hemmed in by surrounding industrial development.



After careful study and years of preliminary planning, this new plant site was selected. Groundwork now is under way as the first outward indication of much technical and financial study and many administrative decisions to give the old plant a new home. This problem, as faced by business administrators but disguised as to source, has been selected and developed true to life in its essentials by Fresno State College as one of its case studies in real estate.

(Continued from page 546)

cent of the salesmen were high school graduates but did not go on to college; 24 percent of the brokers and 20 percent of the salesmen went to high school but did not graduate; and 6 percent of the brokers and 4.5 percent of the salesmen did not go to high school. Approximately 60 percent of the respondents have not had any real estate courses. An upward trend in the education of the people entering real estate is shown by the findings that approximately 55 percent of the salesmen who have been in the real estate business less than five years, and approximately 74 percent of the brokers who have been in the real estate business 5 to 10 years have attended college.

Guided by questions which indicated the demand for specific courses, four courses—Real Estate Principles, Real Estate Finance, Principles of Real Estate Appraisal, and Legal Aspects of Real Estate—were recommended for the regular college degree program at Humboldt State College. As demanded, additional courses will be offered by Humboldt State Extension Division, or in co-operation with the University of California Real Estate Certificate Program.

#### *Industry Concepts of Needed Research*

The second part of this exploratory study sought suitable topics for additional real estate research to be conducted by faculty and graduate students at Humboldt State College. Guided by results of the industry survey and discussions with local mortgage loan officers, title company executives, appraisers, and city and county planning officials, the following topics were tentatively proposed for real estate research studies for Humboldt State College during the next few years:

#### 1961-62—

A Study of Communication Problems in Residential Real Estate Transactions. This research, currently under way, is intended to study such phases of communications as advertising; motivations which influenced recent transactions; attitudes of clients toward salesmen, including original

## UNIVERSITY OF CALIFORNIA SUMMER COURSES OFFERED

### Southern California Classes

(All classes will begin the week of June 18 and will meet from 7-9.30 p.m., unless otherwise noted)

- Real Estate Practice X 481.2AB  
Los Angeles: Hillstreet Bldg.; Mon. and Wed.; Instructor, T. Kessler,  
UCLA Campus, Westwood; Tues. and Thurs.; Instructor, J. Chase
- Legal Aspects of Real Estate X 481.3AB  
Los Angeles: Hillstreet Bldg.; Tues. and Thurs.; Instructor, A. Mazirou  
UCLA Campus, Westwood; Mon. and Wed.; Instructor, J. Caplan  
San Diego: Tues. and Thurs.; Instructor, A. Perry
- Commercial and Investment Properties X 482.3AB  
Los Angeles: Hillstreet Bldg.; Mon. and Wed.; Instructor, W. Somers
- Essentials of Residential Design and Structure X 482.4AB  
Los Angeles: Hillstreet Bldg.; Tues. and Thurs.; Instructor, H. Silvestri
- Income Tax Aspects of Real Estate Transactions X 483.1AB  
UCLA Campus, Westwood; Tues. and Thurs.; Instructor, M. Stolzoff
- Real Estate Finance X 481.4ABC  
San Diego; Tues. and Thurs.; Instructor, W. Loizeaux

### Northern California Classes

- Trends and Factors Influencing Real Estate X 481AB-C  
San Francisco: 55 Laguna Street, 203 Richardson Hall; Mon. and Wed., July 9; 7-10 p.m.; 15 meetings; \$40  
Berkeley: Berkeley Campus, Dwinelle Hall; Tues. and Thurs., July 17; 7-10 p.m.; 15 meetings; \$40
- Real Estate Finance X484AB-C  
Berkeley: Berkeley Campus, Dwinelle Hall; Mon. and Wed., July 23; 7-10 p.m.; 15 meetings; \$40
- Tax Planning for Real Estate Transactions X 486AB-C  
San Francisco: 55 Laguna Street, 209 Richardson Hall; Tues. and Thurs., July 10; 7-10 p.m.; 15 meetings; \$40
- Planning Construction and Design X 492AB  
San Francisco: 55 Laguna Street; Tues. and Thurs., July 10; 7-9.30 p.m.; 12 meetings; \$30  
Berkeley: Berkeley Campus, Dwinelle Hall; Mon. and Wed., July 9; 7-9.30 p.m.; 12 meetings; \$30

client contact, follow-up, and degree of satisfaction; degree of understanding of the terminology used by the real estate salesman; and finally a study of reasons why buyers do or do not employ the services of a broker.

#### 1962-63—

An Evaluation of the Effects of Planning on Residential Real Estate Valuation and Financing. Development of many California counties suffers from a lack of planning and zoning. Planning in Humboldt County has been mostly limited to the incorporated areas. Recent interest in county-wide planning makes this area appropriate for a study of the relationship between planning and zoning, and the

sources, cost, and availability of funds for real estate improvements.

#### *Area Study Has Statewide Applicability*

It should be recognized that although all of the above studies are local in nature, the methodology developed and many of the findings will have statewide significance and application. Communications, client-salesman relationships, financing, planning and zoning, and recreational land usage are items of interest and importance to every person engaged in real estate and allied vocations. These studies should provide useful and interesting information, not only to practitioners, but to real estate teachers and students.

#### THE OFFICE GREMLIN SAYS:

"If your office still follows the methods which proved successful 10 years ago, you're going down hill!"

BULK RATE  
U. S. POSTAGE  
**PAID**  
Permit No. 157  
SACRAMENTO, CALIF.

## Veteran's Responsibility for Transferred VA Loans

Complaints recently filed with the division's Sacramento District Office raise again the question of the liability of veterans who sell homes which had VA guaranteed financing, only to have the buyers subsequently default.

In this particular instance, a local broker, as a principal, purchased the equities of a number of veterans who were being sent overseas. Subsequently, sales in the area slumped, the broker was unable to keep up his loan payments, and the veterans received notices of default and threats of pending foreclosure. Having sold their equities, they were under the impression they had no further connection with the still existing trust deed secured notes and they found it difficult to understand the action.

Most veterans and apparently many licensees do not understand the continuing obligation in cases of this kind. J. G. Corbett, Manager of the San Francisco Veterans Administration regional office, states:

"In California almost all foreclosures of VA guaranteed loans are by power of sale under deed of trust. While there can be no deficiencies on these sales under Code of Civil Procedure 580(d), this does not mean the veteran is free from liability if the VA is called upon to pay a claim under its guarantee. State law does not apply to the federal government, and under federal law and regulations, veterans are subject to indemnity liability if the sale price does not cover the amount of the debt.

"... After a foreclosure sale which results in the payment of a claim by the VA, if a veteran does not pay his resulting debt, the matter is referred to the United States Attorney for collection action. If it is necessary to file suit, a money judgment is obtained and the veteran's property becomes subject to levy under the judgment."

The veteran who sells his home which has been financed by a VA guaranteed loan may protect himself in two ways: (1) upon application by both the veteran and the new owner, the government may release the vet-

eran from liability provided: (a) payments on the loan are current; (b) the purchaser qualifies as an acceptable risk; and (c) the purchaser executes an assumption agreement on an official VA form assuming all obligations and liabilities on the loan.

A second helpful device which, although it does not absolve the veteran from liability, does place him in a position to protect his interests, is the filing of a request for notice of default and intended sale. Thus in the event of foreclosure proceedings, he will be notified promptly and may take such protective action as may seem advisable.

## Subdivision Map Act Doesn't Require Parcel Dedication for School Sites

County board of supervisors may not require a subdivider to dedicate a parcel of his subdivision for school purposes. So ruled the Attorney General in an opinion requested by Robert M. Wash, County Counsel of Fresno County. Nor may a subdivider be required to dedicate a park or planting strip along a railway or a ditch and arrange for its perpetual maintenance, the opinion stated.

In discussing these matters, the Attorney General said that the Subdivision Map Act permits supervisors to require the improvement of previously dedicated roads running through the subdivision and to fence or place in an underground pipeline any existing ditch which might be a hazard to children.

The language of the law allows

requiring planting strips if reasonably related to local and neighborhood traffic needs. "But a subdivider cannot be required to continually improve and maintain such property as well," says the opinion. "Certainly to thus yoke a man to continuing vigil over property he has been compelled to dedicate, as a condition of his privilege to sell the rest of his property, constitutes a burden too intolerable reasonably to be read into the restrictive provisions of the Subdivision Map Act."

**By constitutional guarantee, counties are permitted to enact laws for local police and sanitary regulations not in conflict with general laws. But, where the State adopts a law for regulation and control of a subject, the counties' power ceases.**