



REAL ESTATE

# Bulletin

EDMUND G. BROWN, *Governor*

April 1963

MILTON G. GORDON, *Commissioner*

## The Commissioner's Office and the Legislative Process

It is altogether too early in the legislative process, grinding away beneath the Capitol dome, to itemize or analyze bills which promise to affect the real estate industry directly, or obliquely through impact upon related enterprises or upon the economy in general.

Trade organs, real estate board publications, the press, radio and TV have given coverage to some bills, and commentators or "editorialists" have outlined what they considered to be plus or minus features of specific measures which have thus far been dropped into the legislative hopper. Since an original bill often undergoes many changes before it emerges as enacted legislation (if it does at all), this article will attempt only to give an idea of the impressive volume of proposed legislation concerning one facet or another of real estate practice; the even larger number of proposed measures which, whatever their basic purpose, impinge definitely upon that area of the economy wherein the licensee lives, moves, and works; and the part played by the Real Estate Commissioner and his staff in working with the problems thus presented.

### *Bills Affecting Real Estate*

At this writing, at one stage or another in the legislative mill, are seven bills introduced at the request of the Division of Real Estate which directly affect its operations. There are several other bills which would make changes in the Real Estate Law and those sections of the Business and Professions Code establishing the extent of the commissioner's jurisdiction over subdivisions and it is not unlikely that others will be introduced. In all, 56 bills have so far been introduced which could have some bearing upon internal or field operations of the Division of Real Estate or whose passage would necessitate changes in the division's publications, notably the *Reference Book*. One significant segment of the industry, whose interest extends into the adjacent fields of taxation, banking, insurance, lending institutions, etc., has estimated that in excess of 500 bills, now being considered, are of more or less concern to real estate practitioners and property owners.

### *Commissioner's Responsibilities*

The commissioner and his staff, in the interest of sound law and its effective enforcement, are engaged in a constant process of study in terms of possible improvement. In this task they solicit and receive counsel and cooperation from members of the Legislature, representatives of the real estate industry and other state agen-

cies. In this their sole concern is that the law shall inhibit activities demonstratively detrimental to the public and, at the same time, encourage to the maximum the truly professional services of qualified brokers and salesmen. This process goes on 12 months out of every year, and is intensified when the Legislature is in session.

### *Legislative Process Assisted*

The commissioner proposes legislation. He and his staff appear as witnesses before legislative hearings to supply the facts and figures upon which decisions are based. They present objectively the results of their regulatory experience because they have worked with the statutes as they are and they must work with those



Governor Edmund G. Brown greets Real Estate Commissioner Milton G. Gordon during a March 19th courtesy visit among personnel of the division's Sacramento main office.

### PUBLICATIONS

4,691 publications were distributed by the Division of Real Estate during February, including 1,446 *Reference Books*, 478 *Instructions to Applicants* pamphlets, and 1,730 subdivision brochures.

which may be changed or newly enacted. Their job, too, is to serve by being effectual resource persons for your representatives in the Assembly and Senate of the State of California; and, when that task is behind them, to make the resulting law effective in achieving its purpose.

**REAL ESTATE BULLETIN**

Official Publication of the  
California Division of Real Estate

April 1963

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

**STATE REAL ESTATE COMMISSION**

LEONARD SERLEY      JOHN H. TOLAN, JR.  
Hayward                  Richmond  
DAVID MILLER      ROGER J. ROELLE  
Riverside                  West Covina  
RALPH H. MILLER  
Upland

**PRINCIPAL OFFICE**  
1015 L Street, Sacramento

J. P. MAHONEY, Chief Legal Officer  
HAROLD H. WELLS, Assistant Commissioner,  
Licensing and Services  
WALTER J. MILLER, Assistant Commissioner,  
Education and Publications  
RAYMOND M. DASLER, Chief Deputy, Examinations  
COY SANDERS, Senior Deputy, Editor of Publications

**NORTHERN CALIFORNIA  
REGULATORY AREA**

GAYLORD K. NYE, Assistant Commissioner, Rm. 2033, 350 McAllister St., San Francisco

**District Offices**

San Francisco, Rm. 2033, 350 McAllister St.  
Saxon A. Lewis, Chief Deputy  
Sacramento, 1228 1/2 H Street  
Thomas J. Nolan, Supervising Deputy  
Fresno, Rm. 3084, 2550 Mariposa St.  
John S. McVay, Supervising Deputy  
Oakland, Rm. 6040, 1111 Jackson St.  
Marvin H. Wiegman, Supervising Deputy  
Bakersfield (part time), 345 Chester Ave.

**SOUTHERN CALIFORNIA  
REGULATORY AREA**

GERALD E. HARRINGTON, Assistant Commissioner  
State Office Bldg., Rm. 8003, 107 S. Broadway, Los Angeles

**District Offices**

Los Angeles (Main Office, Southern Area)  
State Office Bldg., Rm. 8003, 107 S. Broadway  
Henry H. Block, Chief Deputy  
San Diego, 615 Orpheum Theatre Bldg.  
John Lazur, Supervising Deputy  
San Bernardino (part time), 1798 D St.  
Long Beach (part time), 3747 Long Beach Blvd.

**Disciplinary Action—December 1962, January 1963**

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 December 1962, January 1963**

Name	Address	Effective date	Violation
Fierro, Ralph dba Ralph Fierro Realty Real Estate Broker	2616 1/2 N. Broadway, Los Angeles	12/ 1/62 (Granted right to restricted license 30 days after effective date of order on terms and conditions)	Secs. 10176 (a), (b), (d), (g), (i); 10177 (f) and (j)
American Loan Corporation Richard Walter Steiler, President Real Estate Corporation	424 W. Baseline St., San Bernardino	12/ 4/62	Secs. 10176 (e), (j); 10177 (d), (f), (i) and 10242 (c)
Steiler, Richard Walter President, Standard Mortgage Company, Inc. Real Estate Broker	1610 N. D St., San Bernardino	12/ 4/62 (Granted right to restricted license)	Secs. 10176 (i); 10177 (f) and (j)
Van Sickle, Garfield dba Desert Land Real Estate Sales Real Estate Broker	22297 Hwy. 18, Apple Valley	12/ 4/62	Secs. 10176 (i); 10177 (f) and (j)
Warren, Edward Douglas dba Warren Realty Real Estate Broker	10204 Compton Ave., Los Angeles	12/ 5/62 (Granted right to restricted license on terms and conditions)	Secs. 10176 (j); 10177 (f) and Sec. 2830 of R. E. Comm. Reg.
Read, Milton Haywood dba Village Broker dba Bel-Mateo Realty Real Estate Broker	341 E. Hillsdale Blvd., San Mateo 2 E. Hillsdale Blvd., San Mateo	12/15/62	Secs. 10176 (e), (i) and 10177 (f)
Phillips, Thomas Real Estate Salesman	2619 1/2 Victoria St., Los Angeles	12/18/62	Sec. 10177 (a) and (f)
Schulz, Norma Jeanne Real Estate Salesman	1311 W. Papeete St., Wilmington	12/18/62 (Granted right to restricted license on conditions)	Sec. 10177 (b) and (f)
Stillwell, Albert Cecil Real Estate Broker	Suite B, 3765 Jurupa Ave., Riverside	12/18/62 (Granted right to restricted license on terms and conditions)	Sec. 10177.5

(Continued on next page)

**A BIG SEVEN YEARS**

Records of the State Department of Education unfold a surprising picture of the growth of real estate education at the junior college level.

During 1961-62, our junior colleges offered 306 day and extended day classes with a total enrollment of 12,123 as compared with 11,297 real estate students the previous fiscal year.

In 1956 only 607 were enrolled in scattered real estate courses offered in junior college day programs as compared with 2,067 in 1961.

In terms of total students taking courses offered by junior college distributive education programs, real estate rose from 25th place in 1956 to 15th place in 1961.

The most significant evidence of growth in status of real estate in the junior college field of business education, however, is the fact that 43 of the State's junior colleges are now offering a standardized curriculum leading to an AA Degree with a major in real estate.

**California Achieves Two More Firsts**

Consistent with California's lead by a substantial margin in the number of real estate licensees, the 1960-62 "Summary on License Law Statistics," compiled by the National Association of License Law Officials, reports this state ahead of the Nation in the number of real estate license examinations given during the past year, exceeding the runnerup, New York, by 11,000 or 30 percent. Other states followed far behind these two, with North Dakota's grand total of 73 examinations—approximately the number given by the Division of Real Estate's Los Angeles office during each working day—vying with Delaware's 90 for final position.

It is even more encouraging to report that the same organization's compilation of "Professional Standards of Competency," based upon a nationwide survey and study, shows California meeting or exceeding every one.

**SOME FOOD FOR THOUGHT**

Licenses might wisely borrow and make a part of their living philosophy these words from the ancient Greek's Athenian oath ". . . We will strive unceasingly to quicken the public sense of public duty; that thus . . . we will transmit this city, not only not less, but greater, better and more beautiful than it was transmitted to us."

## Disciplinary Action—Continued

Name	Address	Effective date	Violation
Byrd, Elmer Kent Restricted Real Estate Salesman	2401 W. Santa Barbara Ave., Los Angeles	12/19/62	Secs. 10143; 10176 (j); 10177 (d), (f), (g) and Sec. 2851 of R.E. Comm. Reg.
Godden, Frank DeWitt Real Estate Salesman	464 E. Adams Blvd., Los An- geles	12/20/62	Secs. 10137, 10176 (e) and 10177 (f)
Lees, Paul Curtis Real Estate Broker	1773 1/2 Lincoln Ave., Anaheim	12/26/62	Secs. 10177 (d) and 10242 (c)
Kelsen, Elmer Limited Real Estate Salesman	Suite 201-202, 16561 Ventura Blvd., Encino	12/28/62	Secs. 10177 (a), (b) and (f)
Gregoriev, Sergie Real Estate Salesman	51 Winchester Dr., Atherton	1/ 4/63	Sec. 10177 (b) and (f)
Stern, Clarence Russell President, American Realty Company	1800 Divisadero St., San Fran- cisco	1/ 4/63 (Granted right to restricted license on terms and con- ditions)	Secs. 10145; 10176 (e), (f); 10177 (d), (f); Secs. 2830 and 2832 of R.E. Comm. Reg.
Andre, Jess Harold Real Estate Salesman	12532 Keel Ave., Apt. 3, Garden Grove	1/ 8/63	Sec. 10177 (b)
Broadmoor Properties, Inc. Albert Leckie Sullivan, President Real Estate Corporation	8723 Sepulveda Blvd., Sepulveda	1/ 8/63	Secs. 11010, 11013.2; 10177 (d), (f); Secs. 2794, 2795 and 2811 of R.E. Comm. Reg.
Buelow, Vern Robert Real Estate Broker	741 Elkilton St., Spring Valley	1/ 8/63	Sec. 10177 (b) and (f)
Grayson, Michael Real Estate Broker	600 S. 4th St., Richmond	1/ 8/63	Secs. 10176 (a), (b), (c), (d), (g), (i); 10177 (f) and (j)
Sullivan, Albert Leckie dba Sullivan Investment Com- pany Real Estate Broker Business Opportunity Broker	8723 Sepulveda Blvd., Sepulveda	1/ 8/63	Secs. 11010; 11013.2; 10177 (d), (f), (j); Secs. 2794, 2795 and 2811 of R.E. Comm. Reg.
Sullivan Escrow Company, Inc. Albert Leckie Sullivan, President Real Estate Corporation	8723 Sepulveda Blvd., Sepulveda	1/ 8/63	Secs. 11010; 11013.2; 10177 (d), (f), (j); Secs. 2794, 2795 and 2811 of R.E. Comm. Reg.
Coyle, James Louis Real Estate Broker	2401 W. Magnolia, Burbank	1/23/63 (Granted right to restricted license on conditions)	Secs. 10176 (a); 10177 (f) and (g)
Jacob, Donald Canon Restricted Real Estate Salesman	5201 Wilshire Blvd., Los Angeles	1/29/63	Sec. 10177 (b), (d), (f) and (k)
Helwir, Emil Restricted Real Estate Broker	Woodleaf Star Rt., Forbestown	1/30/63	Sec. 10177 (b), (f) and (k)

## Licenses Suspended During December 1962, January 1963

Name	Address	Effective date and term	Violation
Jessen, Andreas Peter Restricted Real Estate Broker Restricted Business Opportunity Broker	3153 Geary Blvd., San Francisco	12/10/62 Indefinitely	Secs. 10156.7 and 10279.7
O'Callaghan, Charles James dba O'Callaghan Realty Co. Real Estate Broker	650 Taraval St., San Francisco	12/17/62 10 days (Stayed permanently)	Sec. 10177 (f) and (g)
Adams, George Howard Business Opportunity Salesman	213 Stagecoach Rd., Dunsmuir	12/18/62 90 days	Secs. 10301 (a) and 10302 (g)
Dee, Harry Bernard Real Estate Salesman	6708 S. Van Ness Ave., Los An- geles	12/18/62 60 days	Secs. 10176 (j); 10177 (d) and (f)
Morrimore, Bradley Dunham Real Estate Salesman	18440 Hart St., Reseda	12/18/62 60 days	Secs. 10176 (j); 10177 (d) and (f)
Pearson, Wallace Rudolph Real Estate Broker	5135 Torrance Blvd., Torrance	12/20/62 15 days	Secs. 10137; 10177 (a), (d), (f) and (h)
Anderson, Blain Fairbanks Real Estate Broker	1525 Foothill Blvd., La Canada	12/26/62 60 days (Last 55 days of suspension stayed for two years on terms and condi- tions)	Secs. 10175; 10177 (d), (f); 11000; 11018.1; Secs. 2790, 2794 and 2795 of R.E. Comm. Reg.
Anderson Bros. Realty Co. Blain Fairbanks Anderson, Member Real Estate Partnership	1525 Foothill Blvd., La Canada	12/26/62 60 days (Last 55 days of suspension stayed for two years on terms and condi- tions)	Secs. 10175; 10177 (d), (f); 11000; 11018.1; Secs. 2790, 2794 and 2795 of R.E. Comm. Reg.
Cunningham, John Raymond dba Fremont Valley Sales Real Estate Broker	101 N. Griffith Park Blvd., Burbank	12/26/62 30 days	Secs. 10177 (d), (f); 11010; Secs. 2794 and 2795 of R.E. Comm. Reg.
Smith, Leo C. Real Estate Broker	Box 75937, Los Angeles	12/26/62 60 days	Secs. 10177 (d), (f); 11010; Secs. 2790, 2794 and 2795 of R.E. Comm. Reg.
Stevens, Wendell Dean Real Estate Salesman	Rm. 340, 99 S. Lake Ave., Pasa- dena	12/26/62 60 days	Secs. 10177 (d), (f); 11010; Secs. 2790, 2794 and 2795 of R.E. Comm. Reg.
Rossi, Louis Lydik dba Kwik Realty Real Estate Broker Real Estate Salesman	291 Camden Ave., Campbell 861 Hoffman Lane, Campbell	1/ 3/63 30 days	Secs. 10176 (e); 10177 (f), (g) and Sec. 2832 of R.E. Comm. Reg.
Schmidt, Mark W. Real Estate Salesman	1540 W. Capitol Ave., W. Sacra- mento	1/ 4/63 60 days (Stayed for one year on terms and conditions)	Secs. 10177 (d), (f); 11010; 11020; Secs. 2794 and 2795 of R.E. Comm. Reg.

## A Tale About Ethics

A recent issue of the San Mateo-Burlingame Board of Realtors informative publication "Splinters from the Board" contained the following true story of the differing reactions of two real estate salesmen to an identical situation.

Although it is illustrative of lax professional ethics rather than breach of real estate law, it depicts an attitude of mind on the part of salesman B which all too often carries him ultimately into infraction of the law.

"A couple of weeks ago, two executives of a company transferring personnel into this area were househunting, and as often happens they were shown property by several different salesmen. They each found what they wanted and bought—from different salesmen and without knowing the other had made a purchase. So pleased were they, each gave his colleague's name as a prospective client to the salesman who had served him.

"Both salesmen were on the ball—but here is what happened!

"When salesman 'A' called his prospective client and was told he had just purchased an \$80,000 home from salesman 'B', he congratulated him on his good fortune in finding what he wanted, etc.

"BUT when salesman 'B' called his prospective client and was told that he had bought a \$35,000 home, the salesman exclaimed in a pained voice, "Not THAT house! Why I would never have even shown you THAT one . . . especially since you are a stranger here and would have no way of knowing . . . etc., etc." as he rattled all of the neighborhood skeletons. What happened? The executive was so infuriated at the unprofessional and unsporting attitude of salesman 'B' that he has steered the rest of the transferees to salesman 'A'."

"MORAL: It's not only unethical to criticize a competitor's transaction but it just plain doesn't pay to 'run down' a buyer's selection and berate him for buying from someone else. No one likes a dog in the manger."

(And, may the editor add, a dog in the manger may become a dog in the pound!)

## THE TWO FACES OF FRAUD

The legal and ethical responsibility of a broker or a salesman to disclose known facts about a property when he is the negotiator has been discussed many times in the *Bulletin* but repeated complaints, civil litigation, and disciplinary actions by the commissioner prove that too many miss the point.

A recent incident calls for a restatement of the agent's dual duty to both seller and buyer. A housing development was built upon an adobe soil base, and soil movement, or lateral slide, caused extensive damage. In some instances, this damage was so severe that owners abandoned the premises, whereupon the subdivider repossessed the homes, repaired the damage and sold them again through brokers who consummated sales without disclosing all pertinent facts.

As this particular situation is still under investigation, comment here is restricted to a recital of a vendor's responsibility as set forth in Cal. Jur. 2d, Vol. 50, "Vendor and Purchaser":

"Although statements by the vendor of property about its condition, quality, character, capacity or adaptability to certain uses are generally regarded as mere expressions of opinion and do not ordinarily constitute fraud, a failure to disclose material facts, or a representation of the condition or quality of the land, may constitute fraud depending on its nature and the circumstances under which it is made. If such a representation relates to a material matter which is stated as an existing fact rather than as an opinion, by one who has or assumes to have knowledge of the subject, with the intent that it should be relied and acted on, and it is in fact relied on by a purchaser and constitutes an inducement to the making of the purchase, it is fraudulent."

An agent has a duty to inquire as to all factors with respect to land or improvements upon the land upon which he seeks a listing. When selling, to know and not to reveal a negative factor is to violate his responsibility as an agent. To represent as a positive fact without knowledge that the representation is true is equally wrong. To represent as a positive fact that which one knows not to be true is so obvi-

## COMMISSION CLAIM UPHeld BY APPELLATE COURT

In a November issue of the *Sacramento Realtor*, published by the Sacramento Real Estate Board, that organization's legal counsel, Archie Hefner, presented an analysis of the district court of appeal's decision in the case of *Kaufman vs. Nilan*, 207 A.C.A. No. 1, pp. 1-9.

"How often," asked Mr. Hefner, "have you listed income property and described the property on the authorization to sell as 'Lot and improvement known and designated as 1625 21st Street?' If some of the rental units are furnished and some unfurnished, do the furnishings become a part of the property offered for sale?"

Addressing himself to this point and to the matter of a seller's liability to a broker for a commission under specified circumstances, Mr. Hefner continued as follows:

"The broker had taken an information sheet from the owner of the property which listed the furnishings in the furnished apartments. Ordinarily when you go to court you are not permitted to introduce oral evidence to alter or vary the terms of a written agreement such as an authorization to sell. Here the court permitted the oral evidence because it was not clear from the face of the authorization whether or not the furnishings were included. The better practice, of course, is to state expressly on the face of the authorization the legal description of the lot, the nature of the improvements and whether or not any personal property is included.

"The case struck another severe blow at a property owner attempting to avoid his liability to a broker for a commission. In this case the property was listed for \$98,500 on a standard authorization to sell with a 5 percent commission payable to the

broker 'in the event of sale.' The broker found a buyer who made an offer in writing for the full price but whose offered down payment was less than the '29 percent down' terms set forth in the listing. The owner refused the offer and stated, 'Well, I just changed my mind.' The following day the broker gave the owner another chance and this time she said, 'I have just changed my mind and I am not going to sell. My attorney will get me out of it. I hope you will enjoy your commission.'

"In holding that the broker was entitled to the \$4,925 commission, even though the sale had not been completed, the court stated that by not objecting to the variance between the offer and the authorization to sell, the property owner had in effect waived the variance. The court points out that this rule does not apply except in situations where the buyer produced by the broker makes an offer substantially upon the authorized terms.

"Some question was raised in the case as to whether or not the prospective buyer really had the financial ability to purchase the property. All the broker's attorney proved in the case was that the prospective buyer owned some other property worth about \$60,000 and the buyer intended to use that as the source of the down payment.

"In conclusion the attorney for the owner argued that, since the authorization to sell provides for a commission only 'in the event of any sale,' and since there had been no sale, the broker should receive no commission. The court said, however:

"'Where, as here, the consummation of a sale is prevented by the seller's wrongful repudiation of the agreement to sell, the broker cannot for this reason be deprived of a commission.'"

### A QUESTION ANSWERED

Q. Can a post office box number be used as the only address on an active broker's license?

A. No. Please give us the name of the street, or the nearest intersection.

ously illegal as to deserve no further comment.

Here it is again, spelled out in ABC terms: A licensee should determine the truth about every property; tell the truth about every property—as glowingly as he may desire—but the truth.

## Every Day More Demanding

Whether we consider law enforcement, the efficient operation of a real estate business, or the searching and insuring of titles to the property being transferred as a result of the efforts of a broker or salesman, we note that great changes have been made in order to meet the demands of this accelerated age.

Just as the deputy commissioner of today must be more than either a detective or cop; just as the title officer of today must have full knowledge of a complicated process; just so must the real estate licensee of today be much more than a sales clerk or order taker.

The skills and disciplines of accounting, of the law, of psychology, as well as the know-how of factfinding, evaluation, and presentation must be brought to bear upon his task by the deputy.

The title company cannot permit its employees to be content with a land description on a deed without the most precise determination of its validity. Guesswork, trusting to luck, or dependence upon the laws of chance or averages are no longer in order.

The licensee must have a general acquaintance with many areas of knowledge—the more the better—for he must deal with people who are specialists in many areas of knowledge. More than this, he must have specific, functional, work-a-day mastery of the tools of his calling. On the wane is the day of jot-it-down, dash-it-off, slam-it-through, get-the-check-and-the-signature-and-get-going transaction-making.

To pass one's examination, to procure a license is but one step along the path to acceptable real estate practice. The successful agent must be ethical in both purpose and action; and he must be a skilled technician, always looking for the better way to serve!

### THAT INACTIVE LICENSE

Q. How long can my license remain inactive?

A. *Indefinitely, as long as it is properly renewed each renewal period.*

## "Detrimental Use" Concept Interpreted by NAREB

In its recently published "Interpretations of the Code of Ethics," the National Association of Real Estate Boards issued an interpretation of Article 5, which reads:

"The Realtor should not be instrumental in introducing into a neighborhood a character of property or use which will clearly be detrimental to property values in that neighborhood."

The position was spelled out, not in a rephrasing of the article itself, but rather by evaluating a case wherein a broker had sold a house to a nonwhite buyer in a block that contained no other nonwhite occupants. This action was challenged by another Realtor as being a violation of Section 4, in that it would lower property values. The selling Realtor, in his defense, stipulated that he had not "introduced any new character or use of property into the neighborhood"; that the property had been exclusively residential and remained exclusively residential.

The ruling of the real estate board's committee on professional standards was that the action of the selling Realtor was consistent with the Code of Ethics, and that no breach of ethical procedure had occurred.

## Division Objectives Stated by Commissioner Gordon

The following "Statement of Objectives" has been distributed to Division of Real Estate personnel at the direction of Commissioner Milton G. Gordon.

### Purpose:

**To perform functions and services which will assure the public honest and fair dealings when purchasing real property securities, purchasing lots in subdivisions or when transacting business with real estate, business opportunity, or mineral, oil and gas licensees.**

### Objectives:

- To make economic loss or mental anguish less likely to persons who deal with licensees of the Division of Real Estate by promoting and encouraging compliance with the law through education and enforcement.

- To make economic loss and mental anguish less likely to purchasers of

## CREA States Position

Subsequent to the recent Palm Springs meeting of the Board of Directors of the California Real Estate Association, Commissioner Gordon received the following letter from H. Jackson Pontius, executive vice president of that organization, together with express permission to publish its contents in this issue of the *Bulletin*.

"On behalf of the members of the executive committee, I wish to express our appreciation to you for joining with us to discuss affairs of mutual interest to the Division of Real Estate and the California Real Estate Association.

"You will be interested to know that following your meeting with the executive committee members, action was taken to recommend to the board of directors the following policy:

*"The Board of Directors of the California Real Estate Association declares the denial of membership in a local board solely because of race, color, religion, national origin or ancestry to be an inequitable limitation upon membership and that such denial violates the principle of Article IV, Section 6, of the Constitution of the California Real Estate Association."* (Ed. note adopted by board.)

parcels in a subdivision through education and enforcement.

- To improve the quality and scope of services rendered the public by licensees by offering educational programs to them.

- To further the extent of services offered to the public by licensees by continually upgrading the knowledge and character requirements for licensure.

- To assure real estate development in California in an orderly and lawful manner by contributing to basic research and other research programs.

- To strive for inspired and dedicated service to the public by providing opportunity and encouragement, guidance and direction which make the development of each employee meaningful, purposeful and valuable to the public and to himself.

## California Law Applies To Out-of-state Subdivision Offerings

When parcels in a newly subdivided tract are to be offered for sale to residents of California, the subdivision—no matter where it might be located, in Florida, the West Indies, Nevada, Brazil, to cite examples—must first be processed with the Division of Real Estate, just as though it were located in this State. The examples mentioned of places of origin are just a few of many, as plans for subdividing and offering parcels for sale to distant customers seem to be proliferating.

A good many out-of-state subdividers with an eye on the California market do go through the process of filing their subdivisions with the California Real Estate Commissioner. Under the present law, in the absence of evidence of fraud and upon inspection and necessary documentation, the commissioner issues a "full disclosure" public report. Thereupon, providing the prospective purchaser is given and allowed to read a copy of the public report prior to entering any agreement for purchase, sales of parcels in such tracts may legally be made to residents of California.

On the other hand, through the medium of national advertising, subdivided lands upon which no public report have been obtained are offered to Californians. In some instances, California brokers are invited to act as agents in the sale of out-of-state subdivided lands.

Before any broker assumes such an agency, he should assure himself that the subdivider has complied with the provisions of California law. Furthermore, he will, of course, have supplies of the public report on hand for distribution to prospective purchasers; otherwise, he jeopardizes his license.

### DEVELOPMENT GOES ON

1,760 subdivision filings were received between July 1, 1962, and February 28, 1963. More land is put under more people every day.

## *From Nothing Until Now - - - - - - - - Real Estate Law: 1917-63*

With the 1963 State Legislature now met in a session which could produce further changes in the statutes affecting real estate licensing and practice, this would seem an appropriate time for a backward glance at license law progress from the *laissez faire* days existing in 1917, when a real estate agent was anyone who could print the title on his business card, until the present, when California is generally recognized as being in the forefront in effective regulatory statutes.

Space permits only the skeleton presentation of these years of growth in effective regulation and in the industry's struggle upward toward professionalism in concept and practice. Some longtime licensees will be able to fill in the details of the outline from the memories of their own close association with the advances the law has made in meeting the challenge of changing times.

1917—Real Estate Department created by law which was declared unconstitutional.

1919—Department that was little more than a registration bureau created by law.

1923—New Real Estate Act passed, which was the skeleton structure of the present law:

- (a) Gave commissioner authority to investigate and make reports on acreage being subdivided and offered as agricultural land;
- (b) Provided penalties for misrepresentation in advertising of agricultural subdivisions;
- (c) Broker required to maintain sign;
- (d) Salesman license to be in possession of employing broker;
- (e) Brokers required to file surety bond, \$2,000;
- (f) Commissioner required to publish directory;
- (g) Commissioner empowered to deny license as well as to suspend and revoke;

- (h) Commissioner *might* require proof that license applicant had some knowledge of the English language, elementary arithmetic and the real estate business.

1925—Persons convicted of acting as brokers and salesmen without license subject to fine or imprisonment.

1927—(a) Commissioner allowed to establish branch offices as necessary and allowed two additional deputies exempt from Civil Service;

- (b) License fees put on yearly instead of quarterly basis;

- (c) Added grounds for disciplinary action.

1929—(a) Examination required for candidates for all types of license;

- (b) Temporary salesman license for six months authorized without examination;

- (c) Commissioner authorized to issue a bulletin;

- (d) Real Estate Fund (reserve) authorized not to exceed \$50,000;

- (e) Limited appointment as Real Estate Commissioner to person who had been licensed broker in California for at least five years prior to appointment;

- (f) Publication or distribution of material false statements or willfully disregarding or violating provisions of the Real Estate Law added to grounds for disciplinary action;

- (g) Commissioner authorized to charge for costs incurred in inspection and investigation of proposed subdivision of agricultural acreage.

1931—(a) Written examination for licensure became mandatory:

- (b) Use of term "Realtor" without right to do so became grounds for disciplinary action.

1933—(a) Provided that all subdivisions must be filed with Real Estate Commissioner (previously limited to agricultural subdivisions);

- (b) Bond for licensees no longer required;

*(Continued on next page)*

*From Nothing Until Now - - - Real Estate Law: 1917-63--Continued**(Continued from page 598)*

- (c) Top limit on accumulation in Real Estate Fund raised to \$100,000.
- 1935—(a) Real Estate Board created;  
(b) Commissioner authorized to seek an injunction against persons believed to have violated or about to violate license or subdivision law.
- 1937—Real Estate Commissioner given jurisdiction over licensing cemetery brokers and salesmen and business opportunity brokers and salesmen.
- 1938—Provision for six months temporary salesman license eliminated.
- 1939—Provisional real estate salesman license authorized.
- 1941—Protection provided for license rights of persons entering military service.
- 1943—(a) Mineral, oil and gas brokerage license provisions enacted;  
(b) Two exempt deputy positions abolished.
- 1945—(a) Independent Hearing Officers provided for;  
(b) Provisions made for issuance of restricted real estate broker and real estate salesman licenses;  
(c) Additional grounds for disciplinary action:  
(1) Definite final termination date required in exclusive listings;  
(2) Secret profit prohibition tightened;  
(3) No combined option and listing agreement without disclosing to owner amount of profit;  
(4) Licensee required to give true statement of selling price within one month of closing of transaction;  
(5) Licensee required to give to signator copies of all documents or agreements at time of signature.  
(d) All limits on accumulation in Real Estate Fund lifted.
- 1947—(a) Final judgment in certain civil actions against a licensee made grounds for disciplinary action;  
(b) Nonresident applicant for broker license required to file consent to personal service.
- 1949—(a) Applicants for real estate broker license required to have two years full-time experience as licensed salesman or equivalent experience or specialized real estate education;  
(b) Cemetery brokers and salesmen withdrawn from commissioner's jurisdiction.
- 1951—Amount of commissioner's salary fixed in the Government Code in correlation with other officers of state government.
- 1953—Limited real estate salesman license substituted for provisional real estate salesman license.
- 1955—(a) "Original" and "renewal" licenses distinguished: to qualify for latter, the holder of an original license required to pass an additional examination. All renewal licenses to be issued on a four-year basis.  
(b) Renewal fee raised from \$5 per year for broker license to \$50 for four years; from \$2 per year for salesmen to \$30 for four years. Original broker license fee raised from \$20 to \$25; original salesman license fee raised from \$5 to \$10.  
(c) Real Estate Education and Research Fund set up with provisions for its use;  
(d) Advance fee operation defined, with those coming within the definition required to be licensed as business opportunity brokers or salesmen;  
(e) Mortgage Loan Brokerage Law (Civil Code) enacted.
- 1957—(a) "Real Estate Board" redesignated "Real Estate Commission";  
(b) Publication of directory no longer mandatory.
- 1959—(a) Requirements set up for registration as real property loan broker;  
(b) Advance fee loan solicitors placed under regulation;  
(c) Operative rules for rental agents enacted;  
(d) Late renewal fee set at 1½ times regular fee;
- 1960—(a) Real Property Loan Brokerage Law amended in its bonding requirements;  
(b) Land locator controls enacted;
- (c) Legislation to control "10 percenters" adopted;  
(d) Special provisions pertaining to land contracts of sale were enacted and placed in Business and Professions Code;
- 1961—(a) Real property securities dealers legislation enacted;  
(b) Designation "real property loan broker" discontinued and certain of the provisions of the Civil Code cited as the "Real Property Loan Brokerage Law" were recodified in the Business and Professions Code.  
(c) Broker license candidate who passes qualifying examination need not take a further examination to qualify for renewal license;  
(d) Two years of active full-time real estate salesman license experience must have been acquired in the five years immediately preceding broker license application in order to qualify;  
(e) Filing fee for subdivision changed from basic \$50 fee to \$50 plus \$1 for each lot in excess of 50 lots, not to exceed \$250 per subdivision.

**Questions From the Field**

Q. Can my sales manager sign original and renewal applications on my behalf while I am away on vacation?

A. No. You are the employing broker, and your personal signature is required.

Q. I recently sent you \$5 to take a limited salesman license examination. I have now changed my mind and wish to take an original salesman examination. Please apply \$5 to my original salesman application.

A. Sorry, fees cannot be transferred from one type of application to another. The \$5 remitted can only be used for a limited salesman license examination.

Q. I now have the fictitious business name of Acme Realty. Is there a fee to remove this dba from my license?

A. Yes. A fee of \$1 is required for any change.

## Real Estate Research — UCLA



From left—David Huff, Leo Grebler, and James Gillies, faculty members at U.C.L.A., together with several research assistants in Real Estate Research Library.

An unusually large number of publications: came off the press during the past year: 6 monographs and research reports, 3 pamphlets and 12 journal articles. The box listing some of the recent publications shows the large variety of subject matters covered in UCLA's real estate research program, ranging from land sales promotion to retail trade areas and from the light construction industry to recreational land use. The list illustrates effectively that real estate and urban land economics, which is usually considered a fairly narrow field of specialization, covers a great deal of ground.

Our published research "output" will not always match the record of the past 12 months. In the real estate business, it sometimes happens that several deals come through in a short period of time even though some of them were in negotiation for two years, others for six months, and still others for only a week. Similarly, the program's research projects take varying amounts of time ranging from several years to a few months. Consequently, there are periods when many studies come to completion and others when the evidence of progress is less visible.

### *Management in the Construction Industry*

Several recent publications are of special interest to practitioners. Because a fairly large number of li-

censes are builders and contractors, the study on *Management in the Light Construction Industry* offers much food for thought. Among its conclusions: Many firms in Southern California no longer specialize in homebuilding or other types of construction but shift from one market to another, depending on demand and ease of financing. Thus, it is increasingly difficult to speak of a "homebuilding industry." Also, firms are becoming more management oriented. "The often hoped for revolution in the construction industry is on its way—at least in Southern California. However, it is not a technological revolution, but rather a management one." The study is based on an analysis of 50 firms and includes detailed case reports on 5 firms.

### *Land Sales Promotion*

The pamphlet *The Remote Subdivision—Economic and Legal Aspects of Land Sales Promotion* deals with a subject of great concern to the real estate industry as well as regulatory government agencies. The report on this study, which was financed with a grant of the Division of Real Estate, was prepared for the National Conference on Interstate Land Sales held in San Francisco in October 1962, and will be published with the conference proceedings. Meanwhile, a short version has been issued in pamphlet form for immediate wide distribution.

### *Retail Trade Areas*

Another study of special interest to practitioners deals with the *Determination of Intra-Urban Retail Trade Areas*. Estimating the trade potential of shopping facilities has become a matter of great significance to real estate investors, retail firms, mortgage lenders and others concerned with the development and utilization of such facilities. Decisions based on hunches and intuition have been increasingly replaced with decisions supported by batteries of statistical data and special surveys, especially when larger, planned shopping centers are at stake. The techniques of these investigations have been refined and improved.

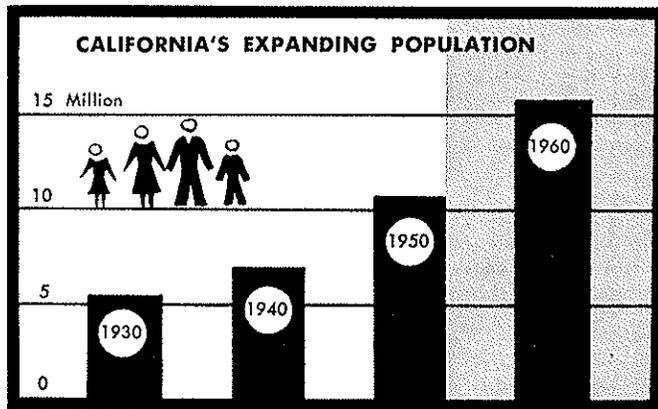
Explicitly or implicitly, this recent, more deliberate approach to estimating retail trade areas and potentials involves theories of consumer behavior, although the practitioner may not be aware of them. In fact, the mere selection of relevant data and the design of special surveys rest on some generalized notions or observations about what factors will attract what groups of consumers to what kinds of shopping facilities. Made explicit, these generalized notions become theories. Even instinctive business decisions are usually based on assumptions of how people behave in response to certain situations. The report is mainly an attempt to advance the frontiers of theoretical knowledge on the subject. But the theory of today becomes the practice of tomorrow, just as Reilly's "law" of retail trade areas, published in 1929, has been the basis for numerous decisions on retail location in subsequent years.

### *Profile of Los Angeles*

Research work on the results of the 1960 census of population and housing has yielded the first report in a series to be published under the common title *Profile of the Los Angeles Metropolis: Its People and Its Homes*. This report on "Metropolitan Contrasts" should be of interest beyond the boundaries of the Los Angeles area because it contains a comparison of Los Angeles with other large metropolitan communities including San Francisco. Among the findings: The Los Angeles housing market

(Continued on page 602, col. 1)

# Real Estate Research at Berkeley



CALIFORNIA'S SOARING POPULATION—Wallace F. Smith's current research report traces population expansion, trends in income, housing stock, and home ownership in California and the San Francisco Bay area.

## CALIFORNIA GROWTH

A recent report, *Housing Market Data from Census Materials, A Study of California and the Bay Area*, by Wallace F. Smith of the University of California Real Estate Research Program, Berkeley, furnishes an overview of California's growth during the past decade.

The 1960 census shows that the nation's population reached a record high of 179,323,175, an 18.5 percent increase over the 1950 count. Following a trend established in the 1850's, the western states registered by far the largest increase, California alone gaining 5.1 million inhabitants to reach a population of 17,700,000 by mid-1963.

In terms of racial composition, the nonwhite population of the State increased from less than 700,000 in 1950 to well over 1,200,000 in 1960, a gain of 88.1 percent; the percentage increase among whites was 45.8 percent.

Natural increase—the excess of births over deaths—accounted for much of our State's growth. Thus, if California had experienced no net migration during the decade, its population would still have grown by nearly two million. On the other hand, it is migration that has had the largest impact on all aspects of California's economic life—migration since 1950 accounts for three-fifths of its increase in population. Residential construction, retail sales, schools, highways, and other public services—all have had

to respond to demands created by this enormous inflow.

## Americans on the Move

Perhaps our climate, economic prosperity or job opportunities, and abundant housing attracted this great wave of people to California. Whatever the reasons behind the continuing migration, those who settle here definitely favor urban over rural living by an enormously wide margin.

The Smith report evaluates California growth in general, and growth in the nine-county San Francisco Bay area in particular, tracing changes in income, housing stock, home ownership, and journey-to-work patterns.

Smith's research report may be obtained by writing the Real Estate Research Program, Berkeley; price \$1.50. A special summary is available to licensees free of charge.

## THE BIG BUILDER— HOUSING GIANT

The large-scale builder—the man whose firm completed at least 100 homes during at least one year of the past decade—has emerged as the dominant figure in California's private nonfarm housing market.

In a research report just released, *An Analysis of the Dynamics of Large-Scale Housebuilding*, John P. Herzog, former research assistant in the Berkeley program and presently assistant professor at the University of Wisconsin, examines this figure who

has captured the lion's share of new building and pinpoints the reasons behind his amazing growth throughout the 1950's in northern California.

With his vast resources and highly efficient organization, the large-scale builder was able to increase his share of that area's new house market from 32 to 74 percent between 1950 and 1960.

According to Herzog's estimate, the typical large-scale building firm has been in existence about 14 years. Of the large-scale producers currently active in northern California, fully one-half entered the housing field between the close of World War II and 1950; between 35 and 40 percent of the group began operations before World War II; while the remainder came into existence between 1951 and 1955.

## Long Experience

While the typical big builder has been in business a short 14 years, he is long on experience. Herzog reports that almost a third of these men had previous managerial or supervisory seasoning with other construction firms. An additional 25 percent were second-generation housebuilders, and still another one-quarter had worked at one of the construction trades before becoming big builders.

## Complex Legal Framework

For the large-scale producer long experience is almost a necessity, considering the complex legal organization through which he must operate. The Berkeley researcher surveys the admixture of corporations, partnerships, joint ventures, and other legal framework that surrounds today's big

(Continued on page 603, col. 1)

## U.C. EXTENSION CERTIFICATE HOLDERS

A statewide roster of Real Estate Certificate holders will be maintained in the office of the statewide co-ordinator, 2223 Fulton Street, Berkeley 4. All certificate holders are asked to notify that office of their current addresses and of any changes in the future so that the roster may be kept up to date. This will ensure that certificate holders are advised of special postcertificate activities and courses.

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

## MORE BERKELEY BRIEFS

(Continued from page 603, col. 3)  
*tion of Wholesale Trade in the Bay Area* by James E. Vance, Jr.

*Research Completed:* Sherman J. Maisel's article, *A Theory of Fluctuations in Residential Construction Starts*, appearing in the current issue of *American Economic Review*, will shortly be available in reprint form. Soon to appear as reprints—an article by Roland Artle of the Berkeley program on *Some Methods and Problems in the Study of Metropolitan Economies*, published by the Regional Science Foundation—an article by Eugene A. Brady of Iowa State University, just published by the journal of *Land Economics, Regional Cycles of Residential Housing Construction and the Inter-Regional Mortgage Market 1954-59*. A *Land Economics* article by John Herzog of the University of Wisconsin on California's building industry will soon be available in reprint form.

Articles recently submitted for journal publication include: *Public Policies for Urban Renewal*, by A. H. Schaaf and *Forecasting Neighborhood Change* by Wallace F. Smith.

## MULTIPLE LISTING STUDY

Gabriel A. Zimmerman's survey of multiple listing services in San Francisco and East Bay cities shows, among other things: (1) a continued rise in the average selling price between 1956-61; 1956 through 1958 maintaining relative stability, rising sharply in 1959 to a peak level in 1961; (2) a marked increase in time required to sell homes in the Oakland area—the 1961 average being 50 percent above that of 1951-54.

## RECENT PUBLICATIONS OF THE LOS ANGELES PROGRAM CURRENTLY AVAILABLE

### BOOKS AND MONOGRAPHS

- Los Angeles Real Estate: A Study of Investment Experience.* By Fred E. Case. Real Estate Research Program, University of California, Los Angeles. 1960. \$3.50.
- The Secondary Mortgage Market, Its Purpose, Performance and Potential.* By Oliver Jones and Leo Grebler. Real Estate Research Program, University of California, Los Angeles. 1961. \$6.50.
- The Cal-Vet Program: A Study of State Financed Housing in California.* By Edward L. Rada. Real Estate Research Program, University of California, Los Angeles. 1962. \$4.50.
- Management in the Light Construction Industry: A Study of Contractors in Southern California.* By James Gillies and Frank G. Mittelbach. Real Estate Research Program, University of California, Los Angeles. 1962. \$2.50.
- Determination of Intra-Urban Retail Trade Areas.* By David L. Huff, assisted by John W. Haggerty. Real Estate Research Program, University of California, Los Angeles. 1962. \$2.25.
- The Future of Outdoor Recreation in the Greater Los Angeles Metropolitan Region.* By Fred E. Case (Washington, D.C.: Outdoor Recreation Resources Review Commission, 1962). (Financed with outside funds and available from Government Printing Office. Report 21. \$1.00.)
- Profile of the Los Angeles Metropolitan Area: Its People and Its Homes. Part I.—Metropolitan Contrasts.* By Leo Grebler. Research Report No. 3. Real Estate Research Program, University of California, Los Angeles. 1963. \$1.50.

### PAMPHLETS

- The Cal-Vet Program—A Study of State Financed Housing in California.* By Edward L. Rada. RERP. Pamphlet No. 1.
- The Remote Subdivision—Economic and Legal Aspects of Land Sales Promotion.* Summary of Research Reports by Claude E. Elias, Jr., and William D. Warren. RERP. Pamphlet No. 2.
- Profile of the Los Angeles Metropolitan Area: Its People and Its Homes. Chart Book.* By Leland S. Burns and Frank G. Mittelbach. RERP. Pamphlet No. 3.

### REPRINTS

- "Criteria for Appraising Governmental Housing Programs," by Leo Grebler, 1960.
- "Comparative Real Estate Investment Experiences," by Fred E. Case, 1960.
- "Population Explosion—Its Implication for Business," by James Gillies, 1961.
- "California's Dependence on Capital Imports for Mortgage Investment," by Leo Grebler, 1963.
- "The Deterioration of Mortgage Credit Standards," by Leo Grebler, 1963.
- "Land Reform in Urban Renewal Programs—A Comparative Analysis," by Leo Grebler, 1963.
- "Trends in the Ratio of Assessed to Market Value of Residences in Los Angeles County, 1940-1961," by Robert M. Williams. 1963.

To order: Write the Real Estate Research Program, University of California, Los Angeles 24, California.

For priced items, California residents should add 4 percent sales tax.