



REAL ESTATE

# Bulletin

EDMUND G. BROWN, *Governor*

May-June 1961

W. A. SAVAGE, *Commissioner*

## Legislative Report • • • • •

As this *Bulletin* goes to press, the 1961 session of the legislature is in the home stretch, with the fate of many proposed measures still in doubt. A definitive final report on enacted legislation affecting real estate practice and licensing will be given in the next *Bulletin*; in the meantime, reviewed below are those bills passed by both houses and signed by Governor Edmund G. Brown. The changes indicated in the license law become effective September 15, 1961.

### LICENSE LAW CHANGES

#### AB 1083 (Cb. 443, Stats. 1961)

Important to brokers!

This requires real estate, business opportunity, and mineral, oil and gas brokers to retain for three years copies of all listings, deposit receipts, cancelled checks, trust records and other documents executed or obtained by the broker in connection with any transactions for which a license is necessary.

#### AB 929 (Cb. 272, Stats. 1961)

This is one of the more important changes in the license law. Eventually it will do away with the second or final examination now required to acquire a renewal broker license. Instead of the present procedure, the applicant for original broker license will be confronted with a comprehensive examination at the outset. If he passes this test, he gets a one-year original broker license and at the end of the year he may take out a four-year renewal license without further examination.

#### AB 928 (Cb. 259, Stats. 1961)

Makes technical changes in the license law in the interest of uniformity and clarity. Among them:

a) Gives holder of original salesman license, without examination, the right to take out a second original salesman license within up to three months of expiration of his first original license.

b) Makes the law uniform in applying a grace period of two years

during which lapsed license may be renewed.

c) Clarifies definition of real estate broker, business opportunity broker and mineral, oil and gas broker.

#### AB 930 (Cb. 260, Stats. 1961)

Purely technical. Repeals obsolete sections and corrects typographical errors in the law.

#### AB 931 (Cb. 261, Stats. 1961)

Provides that the two years of experience as a salesman upon which a person might base a claim of qualification for real estate or business opportunity broker license must have been acquired within the five-year period immediately preceding application for broker license.

#### AB 932 (Cb. 262, Stats. 1961)

Provides that a non-resident applicant for any type of license issued by the Real Estate Commissioner must file a "Consent to Service of Process", which would make it possible to reach him in an action filed against him in this state no matter where in the United States he might be residing. Also makes mineral, oil and gas broker

(Continued on page 490)

### COMMISSIONER'S NOTE ON RESEARCH FEATURE

Many licensees have told me they would welcome more information on the activities and results of the real estate research programs at the Berkeley and Los Angeles campuses of the University of California. These programs are supported largely by legislative appropriations from the Real Estate Education and Research Fund which, under the law, is to be "used by the commissioner . . . in the advancement of education and research in real estate at the University of California, state colleges and junior colleges." The fund is maintained by apportioning to it one-fourth of the license fees paid by brokers and salesmen.

To bring research information to all licensees, we are introducing a new feature in this *Bulletin*—an additional four pages carrying "The Researchers' Report . . .", which will be continued as a supplement in three issues a year.

We hope this device will improve communication between the practitioners and those who conduct research as an academic function. We hope also that the new feature will make the studies conducted at the University of California and state colleges more useful to licensees, helping them in professional activity.

We are proud of having this unique plan which makes it possible to devote a portion of the license fees to forwarding real estate research and education. As a business, an object of commerce and a resource, real estate is among the most poorly understood segments of the State's economy and of the many local economies within the State. Research can make a great contribution to a better understanding of real estate by those within and without the industry.

W. A. SAVAGE

*Real Estate Commissioner*

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**Legislative Report**

(Continued from page 489)

observe the same requirements for operating under a fictitious business name as do the real estate and business opportunity brokers.

**AB 1084 (Ch. 188, Stats. 1961)**

Sets two years as the maximum time in which a renewal license can be renewed following its expiration, no matter what the circumstances.

**CIVIL CODE—BOND REQUIREMENT**

**AB 559 (Ch. 123, Stats. 1961)**

Effective April 13, this emergency measure concerning bonding requirements was intended as a stop-gap pending passage of AB 1344 and AB 1544.

**Disciplinary Action—February, 1961 and March, 1961**

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 February, 1961, and March, 1961**

Name	Address	Effective date	Violation
Ewing, Edward Howard Real Estate Broker	78 Sheffield Dr., Westlake, Daly City	2/ 1/61 (Granted right to restricted real estate salesman license on terms and conditions)	Secs. 10176 (a), (c), (i); 10177 (f) & (i)
Lopez, Escobar Albert Real Estate Salesman	2431 Durant Ave., Berkeley	2/ 1/61	Secs. 10177 (b) & (f)
Petersen, Willard Fredrick Real Estate Salesman	1227 San Francisco Blvd., Sharp Park	2/ 1/61	Secs. 10176 (c), (i) & 10177 (f)
Goulet, Gerald Eugene Real Estate Broker	4901 Mission St., San Francisco	2/16/61 (Granted right to restricted license on terms and conditions)	Secs. 10176 (a), (c), (g), (i); 10177 (f), (i) & Sec. 2830 of R.E. Comm. Rules and Regulations
Nadeau, Antoinette Real Estate Broker	P.O. Box 575, Hollywood	2/21/61	Secs. 10176 (a), (i) & 10177 (f)
Nadeau, Fred Paul Real Estate Salesman	7015 Sunset Blvd., Hollywood	2/21/61	Secs. 10176 (a), (i) & 10177 (f)
Nadeau, Star Attractions, Inc. President, Star Attractions, Inc. dba The Nadeau Real Estate Co.	P.O. Box 285, Hollywood	2/21/61	Secs. 10176 (a), (i) & 10177 (f)
Service Center, Inc. President, Realty Exchange Corporation	P.O. 575, Hollywood	2/21/61	Secs. 10176 (a), (i) & 10177 (f)
Stowe, Harry Richardson Real Estate Broker	115 Grande Vista Place, Whittier	2/21/61	Secs. 10176 (a), (i) & 10177 (f)
Boross, Harry Real Estate Broker	633 Baker St., San Francisco	2/27/61	Secs. 10176 (a), (b), (e), (i); 10177 (f), (i) & Secs. 2830 & 2832 of R.E. Comm. Rules and Regulations
Hammond, William Datus dba Suburban Mortgage and Investment Co. Real Estate Broker	2700 Scott Lane, Santa Clara	2/28/61	Secs. 10176 (c), (i); 10177 (f), (i); 10305; Secs. 2830 & 2832 of R.E. Comm. Rules and Regulations
Latch, John Jerome Real Estate Salesman	4241 1/2 Redondo Beach Blvd., Lawndale	2/28/61	Secs. 10177 (b) & (f)
Martinez, Robert Eloy Limited Real Estate Salesman	3961 Wilshire Blvd., Los Angeles	3/ 3/61	Sec. 10130
Haskins, Russell George Real Estate Broker	1900 Taraval St., San Francisco	3/ 7/61	Secs. 10176 (c); 10177 (f) & Sec. 2830 of R.E. Comm. Rules and Regulations
Ray, Harry Francis, Jr. Real Estate Salesman	P.O. Box 696, Hesperia	3/ 7/61	Secs. 10177 (f) & (i)
Sanders, Harry Walton Member, Sanders & Co. Real Estate Broker	5231 South Western Ave., Los Angeles	3/ 7/61 (Granted right to restricted license on terms and conditions)	Secs. 10177 (b) & (f)
Chohon, Alexander Theodore President, California Pacific Mortgage Co. Restricted Real Estate Broker	4661 Sunset Blvd., Los Angeles	3/ 8/61	Secs. 10177 (b) & (f)
Pearson Mortgage Company President, Edward F. Pearson Real Estate Corporation	82 530 Hwy. 111, Indio	3/11/61 (Granted right to restricted license)	Secs. 10177 (f) & (i)
Branscomb, Bernie David Restricted Real Estate Salesman	819 J St., Sacramento	3/20/61	Secs. 10156.7 & 10177 (f)

(Continued on page 491)

**Licenses Suspended During February, 1961, and March, 1961**

Name	Address	Effective date and term	Violation
Goulet, Gerald Eugene Restricted Real Estate Broker Real Property Loan Broker	4901 Mission St., San Francisco	2/16/61 120 days	Secs. 10176 (a), (c), (g), (i); 10177 (f), (i) & Sec. 2830 of R.E. Comm. Rules and Regulations
Rainer, Troy Robert Real Estate Salesman	1755 Alum Rock Ave., San Jose	2/16/61 30 days (Permanently stayed)	Secs. 10177 (b) & (f)
Medsker, Lawrence Edward dba Coast Business Sales Business Opportunity Broker Business Opportunity Salesman	1347 Long Beach Blvd., Long Beach; 193 Pomona Ave. Long Beach	2/28/61 30 days	Sec. 10302 (c)
Moore, Melvin Real Estate Salesman	5206 Wilshire Blvd., Los Angeles	3/ 8/61 60 days	Secs. 10176 (f) & 10177 (f)
Chapin, Fred R. Real Estate Broker	912 Irving St., San Francisco	2/28/61 30 days	Secs. 10177 (f) & 10177.5
Proulx, Doune Blaise Real Estate Salesman	855 Waller St., Apt. 6, San Francisco	3/23/61 15 days (Permanently stayed)	Secs. 10177 (b) & (f)
Salka, Saul Morris Real Estate Broker	1309 Westwood Blvd., Los Angeles	3/28/61 30 days	Sec. 10177.5

## The Case of the Commission That Might Have Been

For a broker to have found a buyer ready, willing, and able to purchase a property, to have negotiated a valid contract for that purchase, and then to see his commission go gurgling down the drain, as the deal fails to emerge from escrow, is too common an experience for comfort.

This ulcer stimulating situation, faced, at one time or another, by most active licensees, was submitted for adjudication recently in the courts of West Virginia and reported by *Case and Comment*, a national lawyers' magazine. (*Beattie-Firth, Inc. v. Colebank*, —W Va, 105 SE 2d 5, 74 ALR 2d 431).

The broker had a listing contract with the owners which provided for payment of the commission if a sale was consummated or if a sale was not consummated by reason of any default of the seller. He procured a purchaser who entered into a valid contract to buy the property. Subsequently, however, the purchaser unjustifiably refused to comply with his agreement and the sellers refused to institute action against him for damages or specific performance.

In denying the broker's claim for commission, the court held that nei-

ther of the conditions precedent to the obligation to pay a commission—consummation of the sale or non-consummation by reason of default of the seller—occurred.

The connotations: (1) the broker had no contractual protection against default; (2) every item in a legal form demands a broker's scrutiny and understanding.

## FHA TO REFER VIOLATIONS

The following paragraph, which appeared in the NAREB'S *National Legislative Bulletin*, May 19, 1961, will be of interest to every California real estate licensee:

*"The FHA in the near future will send letters to all insuring offices directing that they refer to state real estate licensing bodies evidence of violation of FHA regulations and accepted ethical practices involving real estate transactions. FHA officials advise that reports of violations by real estate brokers are increasing and that normal FHA disciplinary action against such brokers is impractical. The agency feels, therefore, that it must rely on disciplinary action by state licensing bodies."*

## Licenses Revoked During February, 1961, and March, 1961—Continued

Name	Address	Effective date	Violation
Cotter, Leslie John dba Olympic Investment Co. Real Estate Broker Business Opportunity Broker	Box 266, Stateline	3/22/61	Secs. 10177 (f); 10177.5; 10302 (e) & 10302.5
Green, Doris B. dba Earle Realty Company Real Estate Broker	30 Leland Ave., San Francisco	3/22/61 (Granted right to restricted license)	Secs. 10130; 10137; 10155; 10177 (d), (f) & (l)
Herman, Clay Real Estate Salesman	308 El Camino Real, Burlingame	3/22/61 (Granted right to restricted license on conditions)	Secs. 10177 (b) & (f)
Clay, Katherine Minnie dba See Clay Realty Real Estate Broker	2039 Concord Ave., Concord	3/23/61 (Granted right to restricted license)	Secs. 10176 (e), (f); 10177 (d), (f); 10302 (e); Secs. 2830, 2831, 2832 & 2834 of R.E. Comm. Rules and Regulations
Fuller, Shirleybelle Real Estate Salesman	6207 So. Vermont Ave., Los Angeles	3/23/61 (Granted right to restricted license on conditions)	Secs. 10130; 10137; 10176 (f); 10177 (d) & (f)
Jackson, Gerald Richard Real Estate Broker	4116 Crenshaw Blvd., Los Angeles	3/23/61 (Granted right to restricted license on conditions)	Secs. 10130; 10137; 10176 (f); 10177 (d) & (f)
Best Mortgage Corporation dba Best Trust Deed & Mortgage Inc. President, Marvin Joel Betnun Real Estate Corporation	535 South Western Ave., Los Angeles	3/23/61	Secs. 10176.1; 10177 (d), (f); Sec. 2848 of R.E. Comm. Rules and Regulations
Best Trust Deed Co. dba Best Investment & Realty Co. dba Best Investment Company President, Marvin Joe Betnun Real Estate Corporation	535 South Western Ave., Los Angeles	3/23/61	Secs. 10130; 10137; 10176 (e), (f); 10176.1; 10177 (d), (f), (l) & Sec. 2830 of R.E. Comm. Rules and Regulations
Betnun, Marvin Joel dba Best Management Company dba Real Estate City President, Development Specialists Incorporated President, Best Development Co. dba Best Estates Real Estate Broker	535 South Western Ave., Los Angeles	3/23/61	Secs. 10130; 10137; 10176 (e), (f); 10176.1; 10177 (d), (f), (l); Secs. 2830 & 2848 of R.E. Comm. Rules and Regulations

## A REVEALING INQUIRY

A broker writes, "Please give me names of all salesmen in my employ. I believe I have 54 but would like to be sure." An actual check showed him to be credited with 86 employed, active (?) salesmen. We believe further comment would be superfluous!

## Branch Office Licenses

Some brokers seem to believe that, if they set up business quarters on a temporary basis, intending, for instance, to operate for only a month or two in a given location, this does not constitute a bona fide office and consequently there is no need for a branch office license. This belief is not well founded. If an office is maintained in another location for any length of time whatever, and business is conducted there, a branch office license is required.

A branch office license is required at a tract office in a subdivision. Though it may be a model home, a room, the garage, or the basement, if used as the office for the sale of property at the tract, there must be a license.

Licenses should realize that failure to be licensed properly might legally deprive them of earned commissions in the event of litigation.

**When a branch office is discontinued or abandoned . . . return the branch license to Sacramento and request cancellation.**

## DON'T DELAY FINGERPRINTS

Wise is that applicant for an original real estate license who has his fingerprints taken at the same time as he presents his application. The processing of prints by the California Bureau of Criminal Identification and Investigation and the FBI takes considerable time and, unless prints are submitted early, the issuance of the license may be held up for an extended period of time!

## Subdivision Lien Problems Clarified by Attorney General

On May 22, in response to the request of Commissioner Savage, Attorney General Stanley Mosk issued a detailed analysis of three basic questions related to subdivision improvement liens. The questions: (1) When does an *entire subdivision* become subject to such a lien; (2) Is recordation required before a blanket improvement lien is legally deemed to exist; (3) What is the applicability of Section 11013, B. & P. Code, and the commissioner's specific responsibility under paragraph (e) of that section.

Mosk's summarized answers:

(1) "A subdivision is liable to a blanket encumbrance *from the moment materials are delivered or work of improvement is performed affecting more than one lot of the subdivision.*"

(2) Recordation is *not required* for a blanket lien to exist.

(3) Section 11013.4 of the B. & P. Code is applicable *only* to those *rare* subdivisions which are not, and will not have, a blanket encumbrance, i.e., "where houses are custom built by the subdivider and a separate contract is entered into for each construction upon a single lot (Code Civil Procedure Section 1189.1(a)), or where lots are sold only in a subdivision which has been in existence for a number of years and no improvement liens exist."

Under Section 11013.4(e), B. & P. C., "the commissioner *may and should* require a lien and completion bond *covering all lots or parcels* of a subdivision on which money is paid or advanced by the purchaser."

### CALIFORNIA HERE WE COME!

Of the 5,131,000 persons added to California's resident population between 1950 and 1960, 3,145,000 or 61 percent represented net total migration to the state. California had 3,142,000 births and 1,156,000 deaths during the decade, according to the 1960 Census of Population.

## Fraud . . . Reliance on Representations

Even though a buyer makes an independent investigation of the real estate he is buying, he is not necessarily precluded from relying on what the seller told him. In a case in point (*Garrett v. Perry*, 53 A.C. No. 4, 179) the court considered these facts. The seller represented to the buyer that cattle could be kept on the ranch, which was the subject of the litigation, without winter feeding; that in one specific year, when 2,000 acres of the property had been planted in barley, the gross income was \$120,000, and that the ranch would accommodate in excess of 5,000 head of cattle the year around without the necessity of winter feeding.

### Buyer Relies on Seller's Word

The buyer addressed several inquiries to persons living nearby and reported to the seller the answers, some of which cast an unfavorable light on the property. The seller replied that he had been on the ranch for 20 years and knew all of its qualities; that no one else had sufficient knowledge or experience to give any fair opinion of its capacity, and that information which differed from the seller's representations would not be true. The buyer, who was inexperienced in cattle ranching and unfamiliar with the weather conditions in the area, told the seller that for these reasons he would rely upon the seller's representations concerning the ranch. The seller declared that he was giving the buyer an "honest and square deal" and reiterated his representations.

Relying on these representations, the buyer entered into an agreement to purchase the ranch, made the cash payment of \$100,000, received title to the property, and subsequently made payments totaling \$59,000 on the notes he had given for the balance. He took over the operation of the ranch, diligently following the methods and practices suggested by the seller, but he was unable to operate profitably and suffered substantial crop and cattle losses.

Subsequently he learned that the ranch had never had a carrying capacity of more than 1,500 head of cattle; that the crop land was exposed to flooding and freezing, and that other representations made by the defendant were false. As a result of the buyer's inability to operate the ranch profitably, he fell delinquent in his installments on the notes; the deeds of trust were foreclosed and the ranch reverted to the seller.

### Court's Conclusion

The court concluded that the representations which defendant made were false, were known to him to be untrue, were made in order to induce the purchaser to buy the property; further, that the buyer acted reasonably in entering into the transaction in reliance upon them, and buyer's inability to operate the ranch profitably directly traced from their falsity.

In the opinion of the court: "*The fact that a buyer makes an independent investigation does not preclude him from relying on representations made by the seller where the seller has a superior knowledge nor does the receipt of some unfavorable information preclude the buyer from such reliance as a matter of law.*"

The court went on: "*A right of action for damages for fraud with respect to a contract for sale of real estate arises immediately on the consummation of the fraud and may be asserted at once upon discovery, whether the contract is executed or executory.*" Further, the court said: "*A buyer in default may recover damages for fraud and should not be deprived of his cause of action for damages where he lost the property through foreclosure by the fraudulent seller.*"

### DON'T SEND CASH

When making a remittance for any publication or service provided by the Division of Real Estate, please don't send cash. Personal checks or money orders are acceptable.

## University Extension Offers Rich Real Estate Program

Arrangements for summer and fall offerings of specialized real estate courses at the professional level by University Extension, University of California, have been completed and descriptive brochures are in preparation for mailing to licensees.

Summer courses will be given on campus and in downtown San Francisco and Los Angeles beginning early in July; while the fall program commences in early September at Westwood, Berkeley, the downtown Extension Centers in Los Angeles and San Francisco as well as in some 44 communities throughout the state.

Approximately 1,000 persons have been awarded the Real Estate Certificate, having completed the eight required courses, and have thus prepared themselves for positions of greater leadership in the industry.

### Variety of Courses

Courses to be offered in one or more numbers at the several locations are: Trends and Factors Influencing Real Estate, Real Estate Practice, Real

Estate Finance, Legal Aspects of Real Estate, Introduction to Real Estate and Urban Land Economics, Urban Renewal, Urban Renewal for Private Investment, Principles of Real Estate Appraisal, Advanced Real Estate Appraisal, Real Estate Appraising for Investment Purposes, The Essentials of Real Estate Syndication, Property Management, Income Tax Aspects of Real Estate Transactions, Tax Planning for Real Estate Transactions, Real Estate Exchanges and Taxation, The Essentials of Income Property Transactions, Commercial and Investment Properties, Estimating for Residential Construction, Estimating for Light Commercial Construction, Creating Residential Income Property, Essentials of Residential Design and Structure, Planning Construction and Design, and City and Regional Planning.

For specific information, write to University Extension, University of California, 2441 Bancroft Way, Berkeley 4, Calif., or 813 South Hill Street, Los Angeles 14, Calif.

## Many License Applicants Fail the Character Test

The press has carried a steady stream of statistical comment, excerpted from Division monthly reports, relative to the continually increasing number of those entering the field of real estate. The spotlight might also be turned in the direction of those who clamor at the licensing gate with equal ardor, but are weighed in the "character balance", found wanting, and denied the privilege of licensure.

**When a person earns his keep as an agent of the public, the state of his character is just as important (if not more important) as the extent of his knowledge or the speed of his mental processes.** For this reason, a triple screening device has been set up in the license procedure, designed to admit the worthy and sieve out those with proved defects.

First, three reputable citizens must attest to an applicant's character qualifications; second, the prospective employing broker must certify that, having used due diligence in exploring background, he is willing to sponsor the license candidate and certify to his honesty, truthfulness and good reputation; and third—perhaps the surest test of all—the State Bureau of Criminal Identification and Investigation and the FBI check their vast fingerprint files for law infractions in the applicant's past.

**In theory, the first two steps should be sufficient. The fact, however, borne out by a growing file of case histories, is that this is not so.**

A single recent example should serve to emphasize the point. The three reputable citizens — and they were just that—together with an eminently high-minded broker said "okeh." A fingerprint check of the applicant, however, revealed a record of fifteen convictions, under various aliases, in four cities in two states, between 1934 and the present time. The applicant will not become a real estate licensee in California. **The public is protected; the real estate industry is spared a potential black eye, and the careful screening process is justified.**

## Deed in Blank Found Void by Court

Evidence in a district court of appeal showed that "A" signed, among other papers in blank, a quitclaim deed which she gave to her attorney "B", upon his advice. "B" deeded the property to his secretary who, in turn, deeded the property to an innocent purchaser "X". In connection with the transaction to "X" were various trust deeds and notes making attorney "B" the trustee. Installments on the notes were paid directly to the attorney, who did not account to "A", his client. "A", after several years, awoke to the situation and filed suit for redress.

### Court's Findings

The district court found for "A", citing the preponderant weight of authority, "a deed executed in blank is void and passes no title." The court further said that under the California Statute of Frauds the name of the grantor or grantee or a description of the property cannot be inserted by an

agent for the grantor, in the absence of the latter, unless the agent's authority be in writing. The court also discussed the point that an innocent purchaser,—in this case, "X"—taking a void instrument, might find protection in the doctrine of estoppel when circumstances are present which establish negligence or some other misconduct by the first party (here, "A") contributing to the loss. Before this doctrine can be made applicable (1) the party to be estopped must know the facts; (2) he must intend that his conduct could be acted on or must so act that the party asserting the estoppel has a right to believe it was so intended; (3) the innocent purchaser must be ignorant of the true facts; and (4) he must rely on the former's conduct to his injury.

The trial court found no negligence on the part of "A"; the appellate court agreed and judgment was affirmed in favor of "A". (*Green v. MacAdam*, 175 A.C.A. No. 4, 515).

## Case of the Money Mixer

It may be difficult to imagine a businessman who, having put his efforts since 1955 into the building of community confidence as a foundation for future commercial success, suddenly destroys both that foundation and the hoped for success by violating one of the basic laws of agency, which prohibits the commingling of funds of principal and agent. Nevertheless it happened in the case here described, and similar happenings take place with disconcerting regularity.

This real estate and mortgage loan broker, in the legal phraseology of a hearing officer's finding of fact, "*wrongfully and unlawfully commingled with his own funds a stipulated amount of funds belonging to three separate clients and wrongfully appropriated and converted to his own use and benefit said moneys . . .*"

Moreover, the broker "*did not maintain a trust account with a proper balance so as to permit him to make remittances.*" Neither were the funds "*placed in a neutral escrow depository, nor were they immediately placed in the hands of his principal.*"

### Defense Unimpressive

As his only defense the licensee testified that unusually large medical expenses incurred by his wife were responsible for the defalcations. This circumstance would, in fact, constitute no legal justification for the acts in question, but, beyond that, the trust fund deficiencies were shown to have existed prior to the illness.

And there you have it. The broker was found in violation of Sections 10176(e) and 10177(f) of the Real Estate Law and Section 2830, Title 10, of the California Administrative Code, (Commissioner's Regulations) and the license was revoked.

The pattern of acts leading to the wrecking of this career is familiar to every investigative officer: failure to turn funds collected immediately over to clients, or to place them in a trust fund, or to place them in a neutral escrow depository pending final disposition opened the door to temptation and finally to professional disaster.

## Progress on Out-of-state Land Promotion Problem

In the March-April *Bulletin*, some of the problems involved in regulating the merchandising of out-of-state subdivisions were discussed. Subsequently a nationwide drive has been shaped, aimed at the racket aspects of such promotions.

At the national level, Assistant Commissioner Donald McClure, in his capacity as President of the National Association of License Law Officials, presided over a May 5th discussion of this complex problem by the officers and board of directors of that organization. Following this, the License Law Committee of NAREB, in a May 8th meeting in Chicago, gave the matter serious consideration as a nationwide problem.

Subsequent to these meetings, Mr. McClure represented the NALLO in a series of interviews with key governmental officials in Washington, D.C., looking toward the marshaling of every available national and state regulatory weapon against those who would raid the public's purses by exploiting man's universal desire to own a piece of earth.

Specifically, an informal opinion was obtained from the U.S. Attorney General's office to the effect that there is existing Federal law which could be utilized in curtailing this activity. And, in the event any loopholes should appear in these existing statutes, lines of communication were laid to enlist the active support of the Senate Permanent Subcommittee on Investigations toward the enactment of any bulwarking amendments deemed essential to effective control.

### TO A PAPER SITTING SALESMAN

By COY SANDERS

If you like double talk—read the finance page

If you prefer humor—read the editorials

If mayhem is your dish—read the comics

but

If you seek success—get up and go to work

## Duplicate Keys Can Open Door to Trouble

A problem which, like so many others leading to regulatory action, could easily be resolved by consulting the code of common sense, is that presented by those licensees who borrow keys from exclusive listing agents, have sets made for themselves without permission or authority, and proceed to enter and show the property involved at will.

It is easy to understand that this is done to avoid the inconvenience of returning to the exclusive agent every time the broker has an interested client. It should be equally easy to see the unethical and illegal aspects of such an act, together with the possible disciplinary consequences.

Complaints made to the division include: items missing from homes, outside doors left open in vacant houses, and curtains or shades left undrawn, resulting in fading furniture.

It should hardly be necessary to point out that entering a home without permission or authority is a misdemeanor and may prove of most serious consequence to the offender.

Obviously, the brokers or salesmen involved in such a practice can be held responsible by the owner. Those listing property are entitled to know that only authorized persons have keys to their homes or other premises they own.

## Work and Study Pay Off

Michael J. Maslach, Senior Deputy-in-Charge of Subdivisions, Northern California, recently passed the State Bar Examination, culminating years of off-duty study and preparation. This points up the fact that many of the Commissioner's deputies pursue regular study programs in the law as well as in other fields related to their work. In addition to the five attorneys employed by the Division, 14 deputies have law degrees and another 14 have taken various combinations of legal courses. Also a large percentage of the deputies are enrolled in one or more classes in accounting, public administration, all aspects of real estate practice, personnel management and investigative techniques.

## "Payola" Takes Encore

The unsavory term "payola" comes to mind as scattered reports are received of the use of "gifts," "prizes," "refunds," "trading stamps," "commission cuts," etc., as come-ons in the merchandising of real estate.

Legality is not the issue here, so long as both buyer and seller receive full disclosure of the inducements being offered, but their desirability in terms of the sought for upgrading of the real estate business in the direction of professionalism is at issue.

Benjamin T. Shuman, General Counsel of the Florida Real Estate Commission, recently branded the practice as being "**wholly inconsistent with that idea of professionalism which is the ideological goal that the real estate brokerage practitioners have set for themselves. It is unprofessional for a real estate broker or salesman to offer any such inducement and it is equally unprofessional to accept any such inducement offered by another.**"

This is the crux of the matter. What is true in Florida is true in California. While it should be clear that, if these practices are used in such manner as to misrepresent or mislead—and they sometimes are—disciplinary action would certainly be in order, the fact that they destroy public confidence and strip dignity from the business should be sufficient cause for their being banned by conscientious brokers.

## WE SALUTE OLD-TIMERS

In gratitude our obeisance is made  
To men of vision who, early and  
late,

In the formative years of real estate,  
Built soundness in foundations laid.

L. H. Rinn  
1 N Sacramento St.  
Lodi

Arthur W. Gowen  
712 So. Spring St.  
Los Angeles

H. A. Murray  
523 E. Broadway  
Long Beach

Royall Walter Wheeler  
316 N. Vermont Ave.  
Los Angeles

Charles M. Wood  
1440 Broadway  
Oakland

Nat E. Heacock  
10919 White Oak Ave.  
Granada Hills

Charles A. Pugh  
29 No. 2nd St.  
San Jose

Albert S. Haneman  
124 Pier Ave.  
Hermosa Beach

Paul E. Gray  
1728 N. Mariposa Ave.  
Los Angeles

O. W. Cotton  
524 B St.  
San Diego

## Junior Colleges Expanding Real Estate Education

The growing frequency and complexity of real estate transactions in the modern economy and the regulatory problems related thereto continue to stimulate those primarily interested—including the commissioner, leaders in the industry and educators—to develop and expand the available educational resources in this field.

A significant outcome of this effort is the widespread and obviously increasing interest in the development and improvement of real estate education programs on the part of California's junior colleges.

Using moneys allocated by the Commissioner from appropriations by the legislature from the Real Estate Education and Research Fund for the advancement of "*real estate education*" in the "*University of California, state colleges and junior colleges,*" the following projects, among others, have been conducted by junior colleges under agreement with the Division of Real Estate:

1. A survey of real estate education in California by Chaffey College.
2. Development of teacher's guide for the course, Real Estate Practice, By Pasadena City College.
3. Development of a workbook for the course, Real Estate Practice, by Pasadena City College.
4. Construction of a teacher's guide and manual for the course, Foundations of California Real Estate, by Orange Coast College.
5. Development of a teacher's guide for the course, Real Estate Principles, by American River Junior College.

Two additional projects are in progress at the junior colleges:

1. A combination manual-workbook with teacher's utilization guides for the course, Appraisal of Residential Real Estate, by Santa Monica City College.
2. A combination manual-workbook with utilization guide for the course, Residential Design and Construction, by Orange Coast College.

## Interstate Operations

Brokers who cross state lines to list property or negotiate its sale should be careful to observe the licensing law of the state entered and thus avoid subjecting themselves to possible prosecution. This note of caution is made necessary by the sometimes overlooked fact that California does not have a reciprocal real estate licensing agreement with any of its sister states.

**The California license law does, however, allow the broker in this state to split a commission with a broker of another state, thus legalizing proper cooperative action between California brokers and those of other states.**

In this connection it should be noted that the Nevada Real Estate Commission requires registration of out-of-state brokers cooperating on sales of Nevada property. The California broker may register to work in cooperation with a specified Nevada broker.

Registration should be made with the Nevada Real Estate Commission, Carson City, Nevada, either in person or by mailing completed registration forms.

## Public Hearings on Regulations

The emergency regulations adopted by the Commissioner on February 20, 1961, and published in their entirety in the January-February issue of the *Bulletin* were the subject of two public hearings in Sacramento.

As a result, the regulations will undoubtedly be amended, but this issue of the *Bulletin* goes to press too early to carry the amended versions. **Any licensee interested may write to the Sacramento office of the Division of Real Estate or to one of the branch offices, placing a request that, when available, a copy of the amended regulations be sent to him.**

At the present time 21 junior colleges are obtaining some financial assistance from the Real Estate Education and Research Fund for establishment and improvement of their real estate programs.

## Research At Berkeley

Just off the press in May is the Berkeley Program's newest research report, *Housing for the Elderly in California*.

The study emphasizes the problems of the 30 percent of the elderly living in rooming houses, hotels, and with younger relatives. Large numbers of these would enter the market for standard types of housing, given needed financing help.

Most of the more than 400,000 elderly homeowners in the state have incomes over \$2,000 per year, with substantial equities. Specially designed homes, incorporating features which add to the comfort, convenience, and safety of the elderly, might be sold to many of this group.

By contrast, about 80 percent of the elderly sharing the homes of relatives have incomes under \$1,000 per year. Subsidies would be needed to do anything much for this group. Between these extremes are many for whom some type of housing assistance can mean a shift to new and better dwellings.

The study discusses the major types of public and private efforts to provide better housing for the elderly—co-ops, sponsored rental projects, converted hotels, public housing, etc.

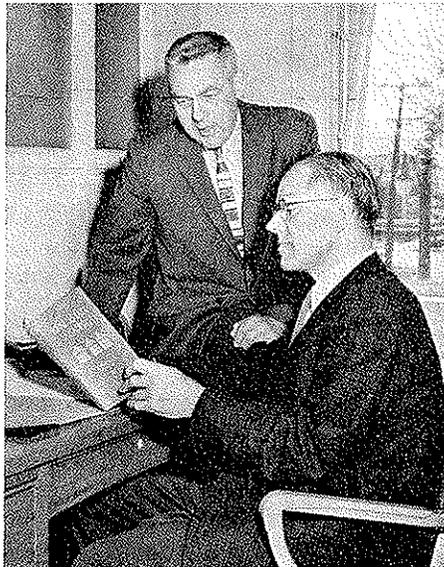
The study concludes that rent certificates, an old remedy, have real promise for solving the old age housing problem.

### Urban Renewal

Urban renewal provides the focus for three current studies.

*Economic Aspects of Urban Renewal: Theory, Policy, and Area Analysis*—recently completed and sent to every local redevelopment agency in the U.S.—seeks answers to the all-important question: should we rehabilitate or clear the land? The study analyzes the effects of code enforcement upon owners and dispels the idea that the problem of slums and deteriorating neighborhoods can be easily solved.

The second study, summarized in the *Bay Area Real Estate Report*, First Quarter 1961, answers the question: where do people move when they are displaced from urban redevelopment projects? The author finds that most former occupants move to a location as near as possible, those with higher incomes moving farther. In general, rents paid are increased substantially



**Professor Paul F. Wendt (left), Chairman of the U. C. Real Estate Research Program, Berkeley, takes a first look at Visiting Professor Richard U. Ratcliff's new book, *Real Estate Analysis*.**

for all, with housing standards improved slightly.

*Equity Investment in Real Estate by Financial Intermediaries*, a study nearing completion, analyzes the opportunities for profitable investment in areas being cleared and resold for private redevelopment under Federally subsidized urban renewal. For the investor, it evaluates the unique opportunities and the special risks in redevelopment projects. For the local redevelopment agency, it points to aspects of planning, restriction, and marketing which can make the land more salable at better prices and thus reduce the financial burden on the taxpayer.

A look at some 20 projects shows that the problem in every city is different. From some areas comes the word the investor is making a lot of money, from others, that the investor is frustrated in his efforts. Quite a difference in the "philosophy" of the local authorities has also been ob-

## Report Of

served. One city practically acts as the developer and deals with the prospective tenants. Other authorities acquire the land and control its use but rely on the private developer. There are many variations.

Increasing local investor interest is apparent. Earlier the big investors were the only ones who had the courage to plunge into redevelopment projects. Another observable trend is a tendency to rely more and more on the real estate appraiser or consultant for market analysis at an early stage.

Favorable financing provided by FHA Sec. 220 is aiding the sale of housing areas in redevelopment projects. Industrial land in general is slower in finding buyers in these projects.

### Other Current Studies

"Is the Supply of Urban Land Running Out?" in the San Francisco Bay Area is answered in the negative in an article in the Spring 1961 issue of the *California Management Review*. The author points to the important role of public improvements in assuring an adequate Bay Area land supply during the coming decades and emphasizes that psychological factors are partly responsible for the rising prices of land in rapidly growing metropolitan areas.

The latest know-how on *planning a shopping center* has been summarized in a graduate thesis to be published this spring.

Another graduate project concerns the *valuation of multiples* in the East Bay area. An article, summarizing results, suggests that the unfurnished walk-up of five to 10 units was the most highly regarded by Bay Area investors in 1960. The conclusion is drawn that the smaller buildings are within the investment range of smaller investors and that management is within the scope of the typical purchaser.

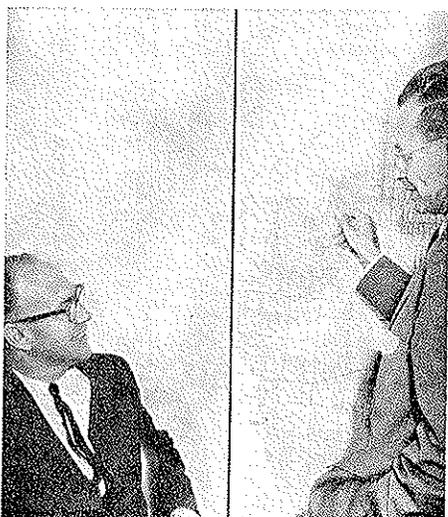
Real Estate Research Program studies now on the assembly line and of interest to licensees include:

## Researchers

*Economic Base Analysis:* How to forecast future economic activity in metropolitan areas? Fall 1961.

*Filtering:* Does housing "trickle down" or "filter up"? Do these processes improve or lower housing standards? Fall 1961.

*Residential Mortgage Markets in Northern California:* What are the underlying causes of the rise in second mortgage activity? How important are out-of-state funds to the builder and home buyer in Northern California. Fall 1961.



**Professors James Gillies and Leo Grebler of the Real Estate Research Program, UCLA, discuss some land use questions.**

*Freeways and Metropolitan Growth and Structure:* How do freeways alter land development? What are their effects on land values, on downtown business?

*Central City Land Values:* San Francisco and Oakland provide an interesting contrast in development and land value trends from 1950 to 1960. In an article planned for publication this fall, the factors behind these differences are analyzed.

### LIST OF PUBLICATIONS

A complete list of Berkeley and UCLA program publications, including pre 1960 items, available on request.

## Real Estate Research—UCLA

### A Book on Brokerage Operations

For several years, the UCLA program has undertaken intensive studies of brokerage operations. Brokers and salesmen are already acquainted with many of the findings as they were widely disseminated at sales conferences and conventions, and in trade journals. The results of this research will soon be published in a book on brokerage operations, authored by Fred E. Case, who, in addition to his other University duties, is Statewide Coordinator of the Real Estate Certificate Program. With this book, the insights gained from California brokers and salesmen will receive nationwide attention.

### Junior Financing is Big Business

While the Division of Real Estate and other State as well as Federal

agencies were engaged in dealing with the illegal and fraudulent operations of "Ten-Percenter" in California, the UCLA Real Estate Research Program addressed itself to other important aspects of junior trust deed financing. How widespread is it? Why has it increased so rapidly? Who are the lenders and borrowers? How can the need

(Continued on page 498)

### Publications of the Berkeley Program Since January, 1960

- \* Research Report No. 14, *Economic Aspects of Urban Renewal; Theory, Policy, and Area Analysis*, by A. H. Schaaf, 1960.
- Research Report No. 15, *Housing for the Elderly in California*, by Wallace F. Smith, 1961. \$1.50.
- \* Reprint No. 18, *Changes in the Rate and Components of Household Formation*, by Sherman J. Maisel. (Reprinted from the *Journal of the American Statistical Association*, June, 1960).
- \* Reprint No. 19, *Cost-Benefit Analysis in City Planning*, by Nathaniel Lichfield. (Reprinted from *Journal of the American Institute of Planners*, November, 1960).
- \* Reprint No. 20, *Housing for the Elderly, An Evaluation of Existing and Proposed Programs*, by Wallace F. Smith. (Reprinted from *The Appraisal Journal*, April, 1961).
- \* Reprint No. 21, *Influence of Transportation Changes on Urban Land Uses and Values*, by Paul F. Wendt. (Reprinted from *Some Evaluations of Highway Improvement Impacts*, Highway Research Board Bulletin, 268, 1960).
- \* *Influences of Group Interests on Economic Decisions*, by Jack Lessinger. (Reprinted from *The American Journal of Economics and Sociology*, April, 1960).
- Economic Prospects of Land in San Francisco Bay Area*, by Jack Lessinger, *California Real Estate Magazine*, October, 1960.
- \* *Relocation in San Francisco*, by Wallace F. Smith. (Reprinted from *Bay Area Real Estate Report*, 4th Quarter, 1960).
- Real Estate Research as an Aid to Brokerage Operations*, by Richard U. Ratcliff, *California Real Estate Magazine*, December, 1960.
- Housing for Elderly—A Growing Factor in Real Estate*, by Wallace F. Smith, *California Real Estate Magazine*, December, 1960.
- \* *Metropolitan Finance Problems: Territories, Functions, and Growth*, by Julius Margolis, *Public Finances: Needs, Sources and Utilization*, a Report of the National Bureau of Economic Research, published by Princeton University Press, 1961. To be reprinted.
- \* *Family Housing Expenditures: Elusive Laws and Intrusive Variances*, by Sherman J. Maisel and Louis Winnick, *Consumption and Saving*, published by the Wharton School of Finance, University of Pennsylvania, 1961. To be reprinted.
- \* *Survey of Gross-Rent Multiplier for Apartment Buildings in Alameda County in 1959-60*, by Donal Hedlund. (Reprinted from *Bay Area Real Estate Report*, 1st Quarter, 1961).
- \* *Is the Supply of Urban Land Running Out?* by Jack Lessinger, *California Management Review*, Spring, 1961. To be reprinted.

Starred (\*) items can be obtained by writing the Real Estate Research Program, University of California, Room 208, Stephens Memorial Hall, Berkeley 4, California.

(Continued from page 497)

for junior trust deed financing be minimized?

To answer these and related questions, data had to be obtained from public records and other original sources available locally, and the study, the first of its kind, was limited to Los Angeles County. Entitled "Junior Mortgage Financing in Los Angeles County, 1958-1959," the report is available upon request free of charge.

In the two years covered, about 164,000 junior trust deeds for a face amount of \$684 million were originated, and they accounted for nearly 35% of the total number of trust deeds and almost 12% of the aggregate dollar amount of trust deeds recorded. The study also examines the relationship between business and financial conditions and junior financing, the reasons for junior financing, the role of special intermediaries, the characteristics of borrowers, loans and properties, and the economic implications of junior financing. The report concludes with a note on some alternatives to junior financing.

#### Analysis of Multiple Listing Services

Since 1954 we have collected market information from the largest multiple listing services in Los Angeles County. The data have been made available to the MLS, and preliminary results have been published in trade journals. A monograph analyzing the many facets of information is scheduled for preparation within the next 12 months.

The analyses include data on the volume of operations of MLS, the extent of cooperation among brokers, property transaction prices, the size and percentage of the dollar cut from the asking price, and the period from listing to sale. Although the activities of the multiple listing services represent a changing sample of properties, they can provide a sensitive indicator of market transactions and prices, regardless of whether a MLS is voluntary or compulsory.

Typically, the highest volume of MLS activity is found in the third quarter of the year, confirming the

highly seasonal character of real estate activity. Generally, the percentage cuts from the listing price ranged from 4 to 6 percent, rising slightly in periods when market conditions were less favorable. As for cooperation among brokers, the combined data for the MLS indicate that 44-48 percent of the deals in any period are cooperative, but there is wide variation among the various multiple listing services.

Can the ratio of actual sales to listings be used as an indicator for determining market strength in specific sales areas covered by multiple listing services? No firm answer is as yet possible, but it is clear that simple sales ratios may be misleading. For example, a high ratio of sales to listings can indicate that a market is properly served and that there is little room for an aggressive firm. It can also mean that listings in this area will produce more sales than somewhere else. In any event, when seasonal changes in the ratio of sales to listings are determined, they will help brokers decide when to shift their emphasis from listings to sales. In future reports we hope to keep members of the industry informed on progress in the completion of this project.

#### Let's Not Waste 100 Million Dollars Invested in the 1960 Census

The 1960 Censuses of Housing and Population, multi-million dollar undertakings, provide a gold mine of information on the characteristics of California communities and their subdivisions. The University and some of the state colleges are actively engaged in "mining" these data. The accompanying table, for example,

shows the very substantial increases in home values in 51 California urban places. Between 1950 and 1960 one-half of these communities experienced median value increases of more than 50 percent. One-fifth had increases over the decade of 70 percent or more. A great deal of additional information on rents, home ownership, vacancies, and population characteristics is becoming available and is being analyzed by the UCLA program for prompt publication.

Median Value of Owner Occupied Single-Family Homes in Selected Urban Places of California—1950-1960

Place	1950	1960	% Increase 1950-1960
Alameda	\$11,043	\$14,800	34
Alhambra	11,921	15,800	33
Anaheim	8,324	16,600	99
Bakersfield	9,337	12,800	37
Berkeley	12,290	16,900	38
Burbank	11,585	17,100	48
Compton	8,920	12,700	42
El Cerrito	11,863	17,800	50
Fresno	8,570	12,000	40
Fullerton	9,508	16,600	75
Glendale	13,348	18,900	42
Hayward	9,352	15,600	67
Hermosa Beach	8,521	15,500	82
Inglewood	11,277	18,500	64
Long Beach	9,202	14,200	54
Los Angeles	10,821	17,600	63
Modesto	8,295	13,200	59
Montebello	11,653	16,800	44
Monterey	10,199	15,500	52
Newport Beach	13,232	25,000+	89+
Oakland	10,487	14,200	35
Oxnard	9,575	14,100	47
Palo Alto	13,835	21,100	53
Pasadena	11,870	17,600	48
Petaluma	8,402	12,000	43
Pomona	8,847	12,800	45
Redondo Beach	7,120	13,600	91
Redwood City	11,756	17,900	52
Richmond	8,977	13,000	45
Riverside	8,944	14,100	58
Sacramento	10,218	13,700	34
Salinas	13,505	15,000	11
San Bernardino	8,086	12,000	48
San Diego	9,693	16,700	72
San Francisco	11,927	17,500	47
San Jose	10,233	16,500	61
San Leandro	11,698	15,400	32
San Mateo	13,536	19,200	42
San Pablo	7,068	11,600	64
Santa Ana	8,724	13,400	54
Santa Barbara	11,040	18,500	68
Santa Clara	9,711	16,900	74
Santa Cruz	8,178	12,400	52
Santa Monica	13,024	22,700	74
Santa Paula	7,609	13,600	79
Santa Rosa	9,609	14,900	55
South Gate	9,198	13,500	47
Stockton	8,379	11,100	32
Torrance	8,558	17,600	106
Vallejo	11,157	12,700	14
Watsonville	9,659	13,200	37

SOURCE: U. S. Department of Commerce, Bureau of the Census, 1950 and 1960 Census of Housing.

#### Land Use Patterns in Los Angeles

One of the purposes of real estate research is to determine how and in what form urban areas grow. By gaining insights into past growth and land use patterns, we may be able to make

(Continued on next page)

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predictions about future developments.

The UCLA program is currently studying the historical development of land use patterns in the most highly urbanized portion of Los Angeles County, covering an area of 804 square miles. Among other things, we have found that 86 percent of the land was vacant in 1924 compared to 45 percent in 1954. Multi-family residential land use experienced the most rapid rate of development over the thirty-year period. Growth has not been accompanied by a general expansion of all types of land uses during similar periods. For example, the industrial capacity created during World War II was so great that this land use experienced the smallest rate of growth between 1944 and 1954.

Also, the findings indicate that more, rather than less, urban land was required in relation to the number of inhabitants as the Los Angeles area was growing. In 1954, 7.6 acres were in urban use for every 100 persons in the study area compared to 5.9 acres in 1924. This differed markedly from other cities in the United States. In future issues of this *Bulletin* we hope to publish further results.

#### **Cal-Vet—The Biggest Government Home Loan Program**

In 40 years of operations Cal-Vet has loaned over \$1.6 billion to more than 176,000 California veterans, mostly for home purchase. The outstanding bonded indebtedness incurred for the Cal-Vet program accounts for nearly 60 percent of the State's debt. In spite of its huge size, however, less than 4 percent of the annual home mortgage lending activity in California is attributable to Cal-Vet.

These are some of the findings of a UCLA study of the Cal-Vet program, to be published in the near future. Among other things, the study will show that the average size of Cal-Vet loans has increased more rapidly than the number of loans since refinancing was terminated in 1958. In general, the Cal-Vet program has provided more stability to the residential construction and real estate markets in California than either the FHA or VA programs. The average loan, though

#### **PUBLICATIONS OF THE UCLA PROGRAM SINCE JANUARY 1960**

- \* *Los Angeles Real Estate: A Study of Investment Experience*, by Fred E. Case, 1960. \$3.50.
  - \* Research Report No. 2, *Junior Mortgage Financing in Los Angeles County, 1958-1959*, by Leo Grebler and James Gillies, 1960. No charge.
  - \* Reprint No. 9, *Industry's Role in Metropolitan Growth: A Public Management Problem*, by James Gillies. (Reprinted from *California Management Review*, Winter, 1960). No charge.
  - \* Reprint No. 10, *Criteria for Appraising Governmental Housing Programs*, by Leo Grebler, (Reprinted from *American Economic Review*, May, 1960). No charge.
  - \* Reprint No. 11, *Comparative Real Estate Investment Experience*, by Fred E. Case. (Reprinted from *The Appraisal Journal*, July, 1960). No charge.
  - \* Reprint No. 12, *Population Explosion—Its Implication for Business*, by James Gillies. (Reprinted from *California Management Review*, Winter, 1961). No charge.
  - \* *Residential Sales Activity as Measured by Multiple Listing Sales*, by Fred E. Case, Frank Mittlebach, and Jay Berger, *Residential Research Report*, 1st Quarter, 1960. No charge.
  - Role of Secondary Mortgage Market*, by Oliver Jones, *California Savings and Loan Journal*, May, 1960.
  - Findings on the Selection of Real Estate Personnel*, by Fred E. Case, *San Fernando Valley Realtor*, July, 1960.
  - Why Do People Move?* by Leo Grebler, *California Real Estate Magazine*, July, 1960.
  - Secondary Mortgage Market Perplexities*, by Leo Grebler, *California Real Estate Magazine*, October, 1960.
  - Know Your Buyer's Needs*, by Fred E. Case, *Electricity in Building*, January, 1961.
  - Housing in 1961*, by Fred E. Case, *California Savings and Loan Journal*, February, 1961.
- Starred (\*) items can be obtained by writing the Real Estate Research Program, UCLA, 1314 Westwood Boulevard, Los Angeles 24, California.

written for longer terms, has been paid off in 8 to 10 years. In terms of loans outstanding in 1960, the Cal-Vet program was the largest governmental lending operation for home buyers in the United States.

#### **The Resale Market for Mortgages**

In addition to the work supported by the State Real Estate Education and Research Fund, the Real Estate Research Programs occasionally undertake studies sponsored and fully financed by private organizations or government agencies. These studies are typically concerned with nationwide issues.

As an example, the UCLA program is currently completing a major research project on the resale market for residential mortgages. While this is a subject of nationwide importance, it is of special interest to the real estate industry in California which traditionally has drawn funds for its rapid real estate growth from other sections of the country, largely through sale of mortgages to investors outside the

State. Entitled "*The Secondary Mortgage Market, Its Purpose, Performance and Potential*", the study is scheduled for publication at the end of 1961.

Funds for the study have been provided jointly by the Life Insurance Association of America, the U. S. Savings and Loan League, and the National Association of Mutual Savings Banks.

#### **COMPUTERS HELP REAL ESTATE RESEARCH**

Examining the characteristics of 134,000 loans, as in the case of the junior trust deed study, or 78,000 loans for the research on the Cal-Vet program, is a large statistical undertaking. Fortunately, the University of California is well equipped with computers. At UCLA, the Western Data Processing Center serves universities and colleges in the 11 Western States. The Real Estate Research Program has access to these facilities without direct cost.

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SACRAMENTO, CALIF.

## Broker Can Easily Be Employed as a "Salesman"

For the broker who wishes to work for another broker in a salesman capacity, the law provides a simple and businesslike procedure whereby he may be excused from the requirement to display the usual sign.

A written contract wherein the broker becomes a salesman-employee of another broker and agrees not to engage in any real estate transaction independent of his employer will suffice. However, the employed broker will post his license inside the office as does a salesman.

The broker employed as a salesman will still be considered as a broker by the Division of Real Estate in respect to all the other requirements and responsibilities set forth in the Real Estate Law applying to brokers.

### A PLEA FOR "NOT" REMOVERS

A law enacted does *not* = compliance in action.

Ethics in a code do *not* = ethics in practice.

Bank loads of cash do *not* = adequate financing.

A salesman + a prospect + a house do not necessarily = a closed deal.

### MOREOVER

The two halves of these equations can only be equalized by men big enough to take the "nots out."

### THINK ON THESE THINGS!

U. S. Department of Commerce statistics indicate that of the 3.5 million families who buy homes every year, six out of ten are selling one home in order to buy another. This being so, the agent who properly relates himself to the process makes at least four families happy in each such move—the buyers and sellers of home No. 1, the sellers of home No. 2, and his own brood when he deposits the commission checks.

## RESEARCHERS INVITE YOU

Many questions on land values, taxation, population, building activity, housing costs, and other real estate topics are often addressed to the Real Estate Research Program. **Although not in a position to carry on research for individual licensees, members of the staff can usually suggest helpful sources of information. They don't guarantee, but they do try.**

Brokers and salesmen are welcome to visit the Real Estate Research Program libraries on the Berkeley and the UCLA campuses to locate texts and reference books on all aspects of real estate. In addition, pamphlet collections of thousands of items cover such a wide range of pertinent subjects as appraisal, housing finance, urban renewal, industrial location, central business districts, etc. Library hours are weekdays from 8 to 12 and 1 to 5.

The libraries are located at Room 208, Stephens Memorial Building in Berkeley; and at 1314 Westwood Boulevard in Los Angeles.

## THE DEPUTY'S MAIL

The main assignment of most Deputy Real Estate Commissioners is the handling of complaints and a complaint deputy's mail is rarely dull. To be sure, his mail may contain angry letters from complainants, but it also offers worthwhile leads for investigation and action against violators of the law.

Some correspondents seek information; others want help or advice. Occasionally, letters making extremely "dubious" allegations are received often from anonymous writers.

The great bulk of the mail, however, consists of complaints from sincere people who obviously feel they have a legitimate complaint against a licensee. The length or elaborateness of the letter bears no relation to its merit.

Deputies in the division are attentive to every visitor and every letter. This is not because deputies are blessed with unusual sweetness of temper. It is because success in investigative work depends on such attentiveness. The deputies listen to their visitors and read their mail alertly because that—a good deal of the time—is where violations first come to attention.

### QUICK CHECK UP

Take a good long look at that signature of yours. Your clients, your escrow officer, your banker, and one day your executor will have to decipher it. Remember, your signature is you!