

G. E. H.



REAL ESTATE

Bulletin

EDMUND G. BROWN, Governor

September-October 1960

W. A. SAVAGE, Commissioner

Real Estate Research Program

University of California Spokesmen Describe Research Objectives and Values

Editor's Note: For the most part, the following article was prepared jointly by Professor Paul F. Wendt, Chairman, Real Estate Research Program, University of California, Berkeley and Dr. Leo Grebler, Chairman, Real Estate Research Program, University of California, Los Angeles. It presents the University's aims and accomplishments in its real estate research program.

More than ten years ago, some of the leading real estate people in California pondered the question of how to raise the educational level and technical ability of the many individuals in the real estate industry. As one of the answers, they recommended the development of real estate education and research programs at the University of California, with financial support appropriated by the State Legislature from the Real Estate Fund. Action along this line was taken in 1950. Since that time, two centers of real estate research have been in operation on the Berkeley and Los Angeles campuses of the University of California.

In 1956, the Legislature included the state and junior colleges in this unique program of fostering real estate education and research by establishing the Real Estate Education and Research Fund. The statutes provide that one-fourth of all license fees shall go into this fund which is available for appropriation by the Legislature to be used by the Real Estate Commissioner "in the advancement of education and research in real estate at the University of California, state colleges and junior colleges."

An advisory committee appointed by the President of the University has been of great assistance in the development and execution of the University's research program. The committee has included many distinguished men in real estate and allied fields. The Real Estate Commissioner is an ex-officio member.

In turn the University is represented on the Commissioner's Real Estate Education and Research Ad-

**Commissioner Wants Your Views**

To All Licensees: As Real Estate Commissioner, I would welcome comments from you on the article on research which starts on this page. Are you in accord with the objectives of real estate research as here outlined? Do you have ideas for specific research projects which you think might be of value to licensees in general? In any event, I would welcome your thoughts and advice on the whole subject. Will you present them through Walter J. Miller, Chief, Education and Publications, Division of Real Estate, 1015 L Street, Sacramento 14, California.

W. A. SAVAGE  
Commissioner

visory Committee (the CREERAC) which, as its name implies, functions as an advisory body to the Real Estate Commissioner on all matters relating to real estate education and research in California public institutions of higher learning. University representatives on the CREERAC are: Professor Paul F. Wendt, Chairman, Real

Estate Research Program, Berkeley and Dr. Fred E. Case, Statewide Coordinator, U.C. Extension Certificate Program, Los Angeles. Other members of the CREERAC are: Mr. H. Jackson Pontius and Mr. James B. Clayton, representing the real estate industry; Dr. Floyd R. Simpson, Chairman, Division of Business & Economics, Los Angeles State College, representing the state colleges; and Dr. Keith James, Coordinator of Distributive Education, Long Beach City College, representing the junior colleges. Walter J. Miller, Chief, Education & Publications Section, Division of Real Estate, chairmans the committee for the Real Estate Commissioner.

Two questions most frequently directed at staff members of the Real Estate Research Programs at Berkeley and Los Angeles are: "What are you researching?" and "How can the real estate industry and the public benefit from your research?" A brief answer will be given here to both.

Examples of Research: U.C.L.A.

Most of the work of the Real Estate Research Program at U.C.L.A. falls into four general groupings. First, what kind of industry is the real estate industry, and how can its operations be improved? Second, with what kind of markets are we dealing in real estate and what is the behavior of these markets? Third, what are the dynamic changes in urban land use, and how can future changes be predicted? Fourth, how can research help in the formulation of better public policies?

Among other things, the Real Estate Research Program at U.C.L.A. has for the first time placed the real estate brokerage firms under an analytical microscope. What are their

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W. A. SAVAGE

Real Estate Commissioner

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**OUR APOLOGIES  
TO YOU!**

The late arrival of the July-August bulletin was unavoidable. An impassable backlog in our tabulating section was caused by: (1) priority emergency mailing of some 18,622 mortgage loan broker questionnaires and bond notices to discontinue brokers, and (2) the unusually heavy demands of routine license mailing which must be kept current. We hope this issue will bring us back on schedule.

Watch the Expiration Date  
of Your License!

**Survey Shows Bulletin  
Has Wide Readership**

The fact that you are reading this item puts you in a large and, it is to be hoped, a distinguished company.

A survey conducted by Donald A. Moore, Associate Professor of Economics, Los Angeles State College, reveals that "the daily press and the *Real Estate Bulletin* are read by many

more people (in the real estate field) than any other source."

This conclusion is based on a tabulation and analysis of questionnaires completed by a cross section of 562 licensees. Many of the respondents indicated that these were their only sources of real estate news.

Other popular sources of real estate news listed by those interviewed were: *California Real Estate Magazine*, a local realty board newsletter, the *Reference Book*, and *Realtor's Headlines*.

**DISCIPLINARY ACTION—JUNE, 1960, AND JULY, 1960**

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 June, 1960, and July, 1960**

Name	Address	Effective date	Violation
Trigg, Dorice Coquilla..... Business Opportunity Broker	835 Locust Ave., Long Beach...	6/ 3/60 (Granted right to restricted license on conditions)	Secs. 10302(d), (e) & Sec. 2830 of R.E. Comm. Rules and Regulations
Brawner, Efflo Gillette..... Real Estate Broker	35000 S. Coast Hwy., Box 97, Capistrano Beach	6/ 8/60	Secs. 10176(i); 10177(d), (f) & Sec. 2830 of R.E. Comm. Rules and Regulations
Everett, Archie..... Real Estate Broker	2223 El Cajon Blvd., Rm. 201, San Diego	6/ 8/60 (Granted right to restricted license)	Secs. 10177(d), (f) & Sec. 2830 of R.E. Comm. Rules and Regulations
Hughes, Frances Moran..... Real Estate Salesman	520 Redondo Ave., Long Beach.	6/ 8/60 (Granted right to restricted license)	Secs. 10177(b) & (f)
Koch, Clarence William..... Real Estate Broker	2322 El Cajon Blvd., San Diego.	6/ 8/60	Secs. 10177(b) & (f)
Zimmerman, Mary Edna..... Real Estate Broker	12033 Wilshire Blvd., Los An- geles	6/ 8/60 (Granted right to restricted license on terms and conditions)	Secs. 10162, 10176(i); 10177(f); Secs. 2771(b) & 2831 of R.E. Comm. Rules and Regulations
Hoffman, David Gray..... President, Brighton Securities Real Estate Broker	555 Byron St., Palo Alto.....	6/ 9/60	Secs. 10137; 10138; 10176(a), (c), (e), (i); 10177(d), (f), (g), (j); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regu- lations
Pickering, Joseph Fowler..... Real Estate Salesman	555 Byron St., Palo Alto.....	6/ 9/60	Secs. 10137; 10138; 10176(a), (c), (e), (i); 10177(d), (f), (g), (j); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Pickman Trust Deed Corp..... David Gray Hoffman, Secretary- Treasurer	555 Byron St., Palo Alto.....	6/ 9/60	Secs. 10137; 10138; 10176(a), (c), (e), (i); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regulations
Webber, Garrel Wayne..... Real Estate Salesman	560 Wayfield, Orange.....	6/24/60	Secs. 10177(b) & (f)
Kaub, Carl William..... President, Occidental Mortgage Co., Inc. Real Estate Broker	14542 Ventura Blvd., Sherman Oaks; 3424 W. Eighth St., Los Angeles	7/ 1/60	Secs. 10176(i); 10176.1; 10177 (d), (f) & (j)
National Mortgage Company..... Carl William Kaub, President Real Estate Corporation	3424 W. Eighth St., Los Angeles	7/ 1/60	Secs. 10176(i); 10176.1; 10177 (d), (f) & (j)
Baker, Joseph Aaron..... dba Joey Baker Real Estate Broker	1101 Washington Blvd., Venice	7/ 6/60 (Granted right to restricted license on conditions)	Sec. 10177.5
Lubin, Jerry..... Real Estate Broker	1101 Washington Blvd., Venice	7/ 6/60 (Granted right to restricted license on conditions)	Sec. 10177.5
Jennings, Frank DeHart..... Real Estate Salesman	484 El Camino Real, Redwood City	7/11/60	Secs. 10177(b) & (f)
Lamb, Thomas Richard..... Real Estate Salesman	Box 2856, Carmel.....	7/11/60	Secs. 10177(b) & (f)
Shorridge, Fred Jacob..... dba Pride Realty Real Estate Broker	1031 Canna Way, West Sacra- mento	7/18/60	Secs. 10176(e), (i); 10177(f); Secs. 2830, 2831 & 2832 of R.E. Comm. Rules and Regu- lations
Dierdorff, Thomas Oscar..... Real Estate Broker Business Opportunity Broker	1295 Essex St., San Diego.....	7/19/60	Secs. 1076(j); 10177(d), (f), (g) & Sec. 2830 of R.E. Comm. Rules and Regulations
Katchen, Arnold..... Real Estate Salesman	2960 Wilshire Blvd., Los Angeles.	7/19/60 (Granted right to restricted license)	Secs. 10177(b) & (f)
Barnes, Emory Flake..... Real Estate Salesman	2110 W. View St., Los Angeles...	7/20/60	Secs. 10177(b) & (f)



## Double Fingerprint Check Proves Effective

For the record it should be pointed out that John E. Hempel, Supervising Deputy of Examinations, posing in the above demonstration of proper fingerprinting technique by Oscar Miller, Accounting Technician in the Sacramento office, is not being arrested. It should also be pointed out, however, that the recently instituted practice of taking two sets of fingerprints has more than justified itself by turning up some unsavory records.

That charming young woman who resents smudgy fingers and that impatient business man who expresses irritation at "this unnecessary waste of time" will both be surprised—and we hope—pleased to know that, since the introduction of our new procedure, more than fifty potential licensees, whose application forms gave them a clean record, actually have records

sufficiently objectionable to justify rejection.

### Record Revealed By F.B.I.

The following example, chosen at random from the records, should be convincing proof of the value of this process.

On June 27, 1960, the Division received an application from a certain John Doe for an original salesman's license. After the question, "Have you ever been arrested, or convicted, or fined, or jailed, or placed on probation for any violation of law other than a traffic citation?" he had entered a heavily inked "No".

Two sets of fingerprints were taken according to our present practice, one being forwarded to the Bureau of Criminal Identification and Investigation for an immediate run-down and

the other mailed to the F.B.I. for a slower but more complete check. The first report came back promptly bearing the annotation, "a search of our files discloses no prior record on the above person."

On August 24, the F.B.I. showed the following record: 1915—Minnesota, trespassing; 1934—Indiana, obtaining money under false pretenses; 1938—Missouri, postal violation—scheme to defraud; 1940—Kansas, use of mails to defraud; 1942—Minnesota, registered felon.

Such a record as this added to the unequivocal falsification in his application obviously eliminated this candidate from consideration for a license.

Four things are of particular significance here: (1) A single set of prints would not have told the story; (2) the applicant's answer could not be safely accepted; (3) his employing broker's signed statement that he had read the applicant's answers and, that, upon investigation, he had ascertained the applicant to be honest, truthful and of good reputation, was of no value; (4) three character references, willingly signed by reputable citizens of the applicant's community, signified nothing.

It can be assumed that the broker and the recommending citizens gave due consideration to their responsibility, but it must be recognized they had no access to means of accurate measurement. Under these circumstances their acceptance of this man at his own face value is not surprising.

The complete check-up provided by the double set of fingerprints turned on the light of truth which enabled the division to meet its twofold purpose under the law: (1) "The protection of the general public from harm at the hands of dishonest and incompetent agents, and (2) the protection of the reputation of honest agents against the adverse publicity and public resentment often caused by the unprincipled and unscrupulous who would infiltrate the agent's ranks."

## Licenses Suspended During June, 1960, and July, 1960

Name	Address	Effective date and term	Violation
Trigg, Dorice Coquilla Real Estate Broker	835 Locust Ave., Long Beach...	6/ 3/60 10 days (Permanently stayed)	Sec. 10175
Wood, Howard Horsley dba Ram Realty Co. Real Estate Broker	2727 N. Main St., Los Angeles... and 5002 Huntington Dr., Los Angeles	6/ 6/60 5 days	Sec. 10176(a)
Smith, Glenn Ervin Real Estate Salesman	8056 Morningside Way, P.O. Box 161, La Mesa	6/ 8/60 90 days	Secs. 10176(a), (i) & 10177(f)
Travaglio, Michele Real Estate Salesman	5000 Geary Blvd., San Francisco...	6/17/60 30 days	Secs. 10176(a), (i) & 10177(f)
Lee, Kathleen Christine Real Estate Broker Business Opportunity Broker	55601 29 Palms Hwy., Box 851, Yucca Valley	7/19/60 90 days	Secs. 10177(f) & 10302(c)
Webber, Harleigh Vernon Real Estate Broker	621 N. Fairview St., Burbank...	7/19/60	Secs. 10177(b) & (f)
Nichandros, John C. Real Estate Salesman	444 E. 14th St., San Leandro...	6 months 7/25/60 30 days	Secs. 10176(a), (b) & (i)

## More on Research Program

(Cont. from page 457, col. 3)

management problems, income and cost structure, and personnel; and what makes the difference between successful and unsuccessful firms? Many of the early results of this study have appeared in the *California Real Estate Magazine*, the *California Management Review*, and in other publications. A document bringing all the materials together and including case studies of brokerage firms will be available in the near future. A similar analysis of the construction industry in Southern California is nearing completion.

In real estate, as in other markets, one needs to know sales and prices. An early effort was therefore made to prepare an index of asking prices of homes in Los Angeles County. This index is published quarterly in the *Residential Research Report*. More information is being obtained currently from the records of multiple listing bureaus in the Los Angeles area which show sales activity and prices.

Other studies of real estate markets have revolved around the important and always controversial subject of money. In 1956 a monograph was published on the structure of the residential mortgage market in Los Angeles County. Another study published in 1957 examined the costs of homeownership. As a contribution to knowledge of real estate investment, a painstaking record of operating and investment experience for 108 properties in Los Angeles is presently in the hands of the printer. It might be of interest to note that the net income from this group of properties in Los Angeles in the long run did not provide full purchasing-power protection, but estimated increases in capital value did—with a margin to spare.

A recent and yet incomplete research project addresses itself to junior trust deed financing in Los Angeles County. It will provide information on the volume and various other factual aspects of this type of financing. An extension of an earlier effort in 1955, this study will contribute to a more complete understanding of a

growing practice in the mortgage market.

In the land use area, an analysis was made some years ago of the planning and zoning of the San Fernando Valley. The results indicated that some of our planning and zoning concepts are in bad need of re-evaluation. A current project deals with broad land use changes in the Los Angeles area and what they foreshadow for the future.

Finally, in the area of public policies, two studies presently under way may be mentioned. The first is a comprehensive record and analysis of the Cal-Vet program which has been in existence since 1921. Hundreds of millions of dollars of State bonds have been voted and floated for this program, and yet very little is known regarding the groups it serves, its costs and lending experience, its effects on the financial standing of California State bonds, and its competitive position in the mortgage market.

The second study deals with proposals to improve the organization and efficiency of the secondary mortgage market in which existing loans are bought and sold, and includes an analysis of Fannie Mae's operations. **To review this major national issue in the field of housing and mortgage lending, the Real Estate Research Program at U.C.L.A. has received a grant from the Life Insurance Association of America, the U. S. Savings and Loan League, and the National Association of Mutual Savings Banks.**

### *Examples of Research: Berkeley*

The Real Estate Research Program at Berkeley has concentrated upon four major study areas:

1. analysis of the determinants of urban growth and structure;
2. public policy in housing and urban renewal;
3. organizational and investment behavior in the urban real estate market;
4. improvements in real estate market data.

A number of studies have analyzed the determinants of urban growth and structure. Using the San Francisco

Bay Area as a testing ground, these studies have examined physical growth over time, changes in economic activities, central city land value trends, and locational decisions of administrative offices in the area.

A key factor affecting the structure and economic well-being of urban communities today is the revolution in transportation methods. Little is known of the actual effects of changes in transportation upon urban land uses and land values, however, and one project under way is seeking to develop new techniques of analysis which will permit consideration of transportation changes together with other important influences. It is hoped that these techniques will aid in forecasting the general pattern of metropolitan growth and structure and of attendant changes in land uses and values.

Another project in initial stages is exploring techniques for analysis of the urban economic base. Still another in this same area of growth and structure takes up the locational decisions for residential, commercial, and industrial uses. As a part of both current and future plans, studies of central city and suburban land value trends are being expanded and brought up to date.

Public policy in housing and urban renewal looms large in the urban environment and is therefore of major interest to the Program. Among the topics being explored in this many-faceted field are the impact of government credit policies in the housing market and the determinants of housing construction. A recent publication examined federal mortgage interest rate policy and the supply of FHA-VA credit.

**Housing problems of special groups such as the elderly and racial minorities have claimed particular attention. Several upcoming publications on the housing of older persons in California deal with such aspects as housing arrangements, preferences of elderly people, and a critical review of programs for housing. Relocation from renewal areas of persons over 65 is being surveyed.**

A major work soon to be published on the economic aspects of urban re-

(Cont. next page)

## Real Estate Research

(Cont. from preceding page)

newal points out that the costs of eliminating slums must be paid for by someone and analyzes the impact of code enforcement and government aids to urban renewal upon the decisions of investors. The study concludes that urban rehabilitation is feasible in many communities.

A first part of a study on the use of cost-benefit in city planning is fresh off the press. This study notes that in analyzing proposed projects public officials should try to measure the probable benefits and costs that would accrue to the community. By this process they would seek to test proposals for their likely effects on community welfare.

Organizational and investment behavior in the urban real estate market is a third major area of concentration in the Berkeley Program. A basic study of the real estate industry which surveyed the characteristics and performance of real estate brokers and salesmen in California was published several years ago. This has been followed by an inventory of property ownership in the San Francisco area. A study currently under way will examine the motivation for private investment in real estate.

Improvement in real estate market data is an area of concentration which has direct two-pronged benefit—to licensees in their day-to-day operations and to researchers requiring basic information on which to build. Analysis of 1960 Housing Census data when they become available and comparisons with data from earlier censuses are scheduled as an early "must" because of the opportunity to tap a wealth of information on characteristics of housing market behavior, mortgage financing, housing stock, etc. Comparisons between 1950 and 1960 and the bi-annual National Housing Inventory is another example of unearthing information fundamental to other work. During the past decade members of the staff of the Berkeley Program have worked closely with the Bay Area Real Estate Research Committee in developing and publishing data in the *Bay Area Real Estate Report*. Current plans call for expand-

ing local coverage to other parts of Northern California and for extending the types of data covered.

### Plans for the Future

Some time ago, the staffs at Berkeley and Los Angeles, in consultation with the President's Real Estate Advisory Committee, prepared a "research framework." This document forms the basis for the University's long-range plans and is also being used by researchers in state colleges. In the period immediately ahead, the Program at U.C.L.A. plans to explore several subjects. Among others, it is investigating better methods of surveying apartment vacancies. Another project is the analysis of results of the 1960 Census for Southern California. Case studies of the industry and of specific real estate developments will be continued. A study of changes in the mortgage market structure, with emphasis on legal and other obstacles to a free flow of mortgage funds, is just beginning. Still another study being started will analyze recreational land use. **This project is part of a nationwide effort and is financed by the Outdoor Recreation Resources Review Commission, established by the Congress in June 1958.**

Future plans of the Berkeley Program include a look at the role of the "filtering" process as a source of housing for such special groups as minorities and low-income families. Changes in the residential construction industry in Northern California since 1950 will also be examined. The purpose of this study will be to update the findings of an earlier study conducted by the Program. Results will furnish an interesting comparison with those of a companion current project at U.C.L.A. A study of the structure and operations of the residential mortgage market in Northern California is also planned. This will update the pioneering study of the Bay Area mortgage market completed a decade ago and will add greatly to the stock of knowledge concerning various aspects of mortgage financing. The subject matter is another which lends itself to cooperative study with U.C.L.A. and

a resulting comparative analysis. Case studies of managerial organization of real estate brokerage firms and mortgage and investment institutions will also go forward at Berkeley.

### Benefits of Research

Turning to the question how the real estate industry and the public can benefit from these efforts, it is clear that a number of projects apply directly to the improvement of business operations. Studies of the brokerage industry provide norms and permit individual firms to gauge their operations. Information on prices, real estate activity, and mortgage lending is of value to the real estate industry by keeping it abreast of market developments. A real estate man who invests in common stock would clearly prefer to rely on a well-informed stock broker. Likewise, the public that uses the services of real estate brokers and salesmen prefers to deal with well-informed persons. Second, documented research results, when disseminated widely, are the basis of instruction in regular and extension courses. In this manner, vast numbers of young and adult students become acquainted with concepts, ideas, issues, and techniques which are of value in the conduct of their business. Third, research is an excellent training ground for future real estate teachers as well as businessmen and women. The Real Estate Research Programs through the years have engaged innumerable students who upon completion of their studies have moved on to real estate firms or entered the field of teaching. Fourth, many benefits of research, which permit insights into major questions of our time, accrue by way of more appropriate legislation and actions of public officials. Fifth, the facilities of the Real Estate Research Programs, particularly the libraries, are open to members of the industry and the public. Many brokers and salesmen have availed themselves of the opportunity to visit, browse, consult, and study.

### TIME FOR KNOWLEDGE

Business analysts are agreed that we now have a buyers' market. In such a market mere order takers don't do so well. A salesman or broker must know his property, his people, his business!

## Yesterday Meets Tomorrow In Real Estate Examinations

Past history and history in the making crossed our desk simultaneously as this issue of the *Bulletin* was being readied for the press. An announcement of the introduction of partial mechanized grading of license examinations with revision and strengthening of all original license tests lay side by side with a five column clipping from the *Los Angeles Times* of April 20, 1930, announcing new regulations and new examinations which were to become effective on May 1 of that year.

Although a precise comparison is made impossible by the lack of a North-South breakdown in current statistical reports, acceptable approximations make comparative figures significant.

"5,000 salesmen in Southern California have taken the license examination," said Deputy Commissioner Shaw in 1930. Approximately 14,000 had taken original salesman license examinations in Southern California at the same time this year. "7,000 are expected to take the examination before July 1 (1930)," announced Deputy Shaw; some 14,450 salesman examinations were given this year in the southern part of the State.

Actually, 44,477 license examinations were given during the fiscal year 1959-60; 4,589 were given during August, 1960, the largest number ever given in any one month in the Division's history. These figures include examinations for limited salesman license; all types of original licenses and renewable licenses; and oral supplementary tests given in connection with the renewable license examinations.

With this heavier workload and the even heavier one to come, if present trends are at all indicative, an I.B.M. data processing machine has been installed in the Examination Section in Sacramento; 11 series of original examinations have been revised, strengthened and adapted for machine processing; and personnel trained for efficient operation of the new procedure which went into effect October 1.

Two further comments from the *Times* announcement are significant

## Subdivision Order Ruled Constitutional

In a decision of considerable interest to subdividers and others, the Second District Court of Appeal affirmed the commissioner's right to invoke the provisions of Section 10084 of the Real Estate Law and, for purposes of public protection, order a subdivider to desist and refrain from further sale of lots in a specified subdivision or series of subdivisions. Section 10084 (B & P Code) reads in part: "Whenever in the opinion of the commissioner any person has or is violating, or is about to violate, any of the provisions of this part or of Chapter 1 (commencing at Section 11000) of Part 2 of this division [law relating to subdivisions], the commissioner may order the person to desist and refrain from doing so. . . ."

The following questions were before the court:

(1) **The constitutionality of Section 10084 of the Business and Professions Code—(desist and refrain orders); and**

(2) **Whether the application of the section to the given set of circum-**

in terms of today. As the final item in the catalogue of requirements, Deputy Shaw emphasized, "the necessity of applicants to qualify as to honesty, truthfulness and good reputation." "This last," said he, "is particularly important, inasmuch as by far the greatest number of complaints received by the Commissioner are the result of misrepresentations, false promises and general lack of ethical conduct on the part of certain brokers and salesmen." Any one of the deputies charged with responsibilities in enforcement will testify that this statement remains painfully true after 30 years.

The whole broadly based qualifying, regulatory and education program of the Division of Real Estate, together with the cooperative efforts of the real estate industry and our public institutions of higher learning, are joined to cope with this fact by attempting to build professional status upon a foundation of technical knowledge, skill and ethical principles.

stances was a proper exercise of the police power.

The court declared the section constitutional and approved the commissioner's action in ordering the subdividers to desist and refrain from further sale of lots in the affected subdivisions as a completely valid exercise of the police power of the state.

Specifically, the court held:

(1) that "when the legislature has determined that summary powers must be exercised by administrative bodies in order to protect the public, they may do so without prior notice or hearing provided that there may be a subsequent administrative or judicial review thereof;"

(2) that in view of this provision for a subsequent review, "there is no implied restriction in the statute that the commissioner act only where the existence of the dangerous condition is beyond dispute;"

(3) "that the regulation of subdivided lands by the Real Estate Commissioner has been upheld as a reasonable exercise of the police power (in re Sidebotham 12 Cal. 2d 434,436);"

(4) that, therefore "Section 10084 does not deny due process . . . and represents a valid exercise of the police power of the state."

### VOLUMINOUS RECORDS

Our civilization makes record keepers of us all and most of us have grown accustomed to them as a necessary nuisance. But even those closest to the picture were surprised at the results of a recent survey which revealed the sheer bulk of some of the Division of Real Estate records, many of them in the state archives.

In subdivision and formal hearing files which must be held for lengthy periods, there are approximately 1,142,000 documents of various kinds including maps, exhibits, correspondence, accusations and findings, testimony and many other kinds of papers.

## Mortgage Loan Brokerage Business Studied

### Questionnaires Sent 18,626 Mortgage Loan Brokers; Replies Flow In

Speaking before the 56th Annual CREA Convention, President Edward Callahan echoed the long-held concern of the Real Estate Commissioner with respect to the activities of the so-called "Ten Percenters"—the mortgage loan companies offering the public a "guaranteed" 10% on fractional trust deed investments. "Quite often the public is not aware of the kind of risk investments being offered and the fact that they are second and third mortgages," he said.

This concern certainly was and is shared by the California Legislature which, at its last session, amended the real property loan brokerage law in an effort to strengthen controls and eliminate abuses. Furthermore, a subcommittee to the Assembly Judicial-Civil Committee was authorized to study certain aspects of the use of real estate contracts of sale and trust deeds as financing devices and to recommend desirable legislation; the Attorney General's office was requested to study the problem, and the Division of Real Estate, other state agencies, the University of California, as well as representatives of the industry, have worked in cooperation with the subcommittee chairmanned by Assemblyman Richard T. Hanna.

#### New Legislation In Prospect

As a result, there is little doubt that the Legislature, in its next session, will be asked to consider changes in the laws regulating mortgage loan brokerage operations and the use of conditional contracts of sale as financing devices.

At the present time, about one-third of all licensed real estate brokers are also registered as mortgage loan brokers. Of the 18,626 registered mortgage loan brokers, 12,673, or 67% of the total, are located in the southern part of the state. While there is an accurate record of the number of real estate brokers who have the established right to do business as mortgage loan brokers, the number of licensees who actually exercise this right is not known.

To seek an answer to this and many other significant questions regarding the functioning of the California mortgage loan brokerage business, the Division of Real Estate has sent detailed questionnaires to all loan bro-

kers in the State. They have been asked to cooperate by completing the questionnaires and returning them promptly.

An analysis of the information so obtained, plus the results of investigations by deputies in the field, will help enforcement of the current law and should be of great value to all those interested in developing any legislation necessary to protect the home buying public and ethical professionals from those who would capitalize unjustifiably upon the present widespread need for secondary financing.

#### SACRAMENTO DISTRICT OFFICE MOVES

Attention of Sacramento area licensees is called to the new location of the District Office at 1228½ H Street.

The main office remains at 1015 L Street and applications for license, requests for license changes, etc., will still be accepted there.

## Foundation Builders

That license on the wall of your office; the prestige you hold in your community as a practicing real estate broker or salesman; the wide-spread resources and opportunities available to you for professional growth and advancement are all part of a superstructure built upon the foundation laid down by our appreciated "old-timers." This month we salute the following veterans whose experience extends back to the days of "way back when."

Arthur H. Lark  
3757 Wilshire Blvd.  
Los Angeles

R. E. Ibbetson  
American Bank Bldg.  
Los Angeles

Roy D. King  
649 W. California Ave.  
Glendale

Harold K. Huntsberger  
2404 W. Seventh St.  
Los Angeles

W. I. Hollingsworth  
606 S. Hill St.  
Los Angeles

Homer O. Griffith  
405 W. 64th Place  
Inglewood

William I. Zidell  
7215 Beverly Blvd.  
Los Angeles

George A. Green  
1543 Second St.  
Santa Monica

George T. Foell  
8578 Santa Monica  
Los Angeles

Nicholas F. Fish  
5437 Laurel Canyon  
North Hollywood

## Division Marshals Forces

The past several weeks have been a period of new enlistment, transfer and advancement of Division of Real Estate personnel.

**Los Angeles:** Promoted to Senior Deputy, Robert B. Scholfield fills the vacancy in the subdivision section caused by the death of veteran Deputy Vincent L. Strauch; Maro B. Brownfield, as Senior Deputy, took over the complaint assignment of Joseph G. Nunes, who became Assistant Counsel; Walter T. Neary moved to a general assignment in Los Angeles from the Examination Section in Sacramento. Three advancements were announced in auditing: Wm. M. Orthel to Supervising Auditor, Arnold N. Weiss to General Auditor III, Thomas W. Solomon and Clyde W. Wagstaff to General Auditor II. Five newly appointed deputies accepted first assignments: James T. Passman, James M. Sinclair, Bernard E. Taylor, James B. Zink and George T. Poppe.

**Sacramento:** Coy Sanders to Senior Publications Deputy, Paul R. Pope to Senior Deputy, Coordinator, Education; Raymond M. Dabler from Los Angeles to Examination Section as Senior Deputy; George E. Dunn to Senior Deputy, Licensing; Martin F. Dingman and Edward L. Donobedian, newly appointed to Examination Section; Stirling R. Long, newly appointed to District Office.

**San Diego:** Robert C. Muffly, newly appointed deputy.

**Oakland:** Gregory K. Bogue, newly appointed deputy.

**San Francisco:** Arthur J. London to General Auditor II; Jesse Skolnick as General Auditor II; Irving D. Halpern as Assistant Counsel; Walter L. Allen from Sacramento Examination Section to district office; James M. Sprowls from Oakland to Senior Deputy, San Francisco.

#### EDUCATION PREREQUISITE

The Kentucky real estate license law has been amended to require high school graduation or its equivalent on the part of applicants for a broker's license. Kentucky thus joins New Jersey in enacting the high school educational requirement into law.

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

## Confession of an Ex-expert

By "One Who Should  
Know Better"

After being exposed to various and sundry real estate courses over the years, after serving seven informative years as a working salesman and broker, after writing about the proper use of forms in general and sales agreements in particular, and after speaking before diverse groups at various times on the same matter, I was recently interested by a salesman, employed by a prominent broker, in the purchase of a new home. This is a brief account of part of my experience.

"How about the T.V. aerial?" I asked. It was one of those 40 foot jobs with a rotor, characteristic of the area.

"Oh, there will be no question about that," replied my agent's agent. "They wouldn't think of moving it!"

"How about the plumbing and built-ins?" I asked. "Are they all in good working condition?"

"Slick as a button, and furthermore," he continued, "if you take the place, they plan to come in and clean and wax all the floors prior to your taking possession."

Obviously, there was more discussion, but finally we signed a sales agreement, including everything except the small items about which we were assured there would be no question.

Result: The aerial was removed (\$105), the dishwasher didn't work (\$18.50), the broiler pan was removed from the built-in oven (\$10), the

## Careless Certification Means Embarrassing Investigations

Under the Real Estate Law, as every well-informed licensee knows, most applicants for a broker license qualify for examination on the basis of having had at least two years of full-time active experience as licensed real estate salesmen. One claiming this experience must substantiate that claim by a signed statement from his employing broker (or brokers) certifying to the amount of time devoted to sales work and the nature and results of such work. Thereby hangs many a surprising tale of gross carelessness. We cite

a single example as suggestive of many others.

Saleswoman A filed her application for a broker license together with an accompanying verification of employment signed by her Broker B, who ostensibly certified that Miss A had worked a minimum of 40 hours per week for a full two years in his employ, specifying a surprising catalogue of work accomplishments.

A subsequent check of division files showed Miss A to have been originally licensed as an employee of Broker B, but to have transferred her license to three different offices where she had worked for a total of 4½ months; and, in addition, to have spent a number of weeks without a license before finally returning to her original sponsor.

Miss A was apprised of these facts and asked to forward an explanation and correction. Within a few days she sent a new form containing precisely the same inaccuracies as before and signed, as before, by her present employing broker.

The outcome is of concern only to the principals, but it must be noted that the following statement appears above the broker's signature on these forms.

"Realizing that a false certification is basis for suspension, revocation or denial of my license under Sections 10152, 10177(a) and 10177(f) of the Real Estate Law, I certify (or declare) under penalty or perjury that the foregoing is true and correct."

### Protecting License Status

Anyone holding a renewable salesman license and seeking to qualify for a broker license would be wise to protect his present status until officially advised that he has passed the final examination for renewable broker license. The alternative to this, in too many instances, is for the licensee to find his salesman license expired, the broker license not obtained, and himself legally out of business.

floors were not cleaned (\$30), and my wife quite properly thinks me to have been a nincompoop.

**Moral: Any facet of a real estate transaction important enough to call for agreement is important enough to be made a part of the written offer and the subsequent escrow instructions.**