

REAL ESTATE BULLETIN

Official Publication of the Division of Real Estate

EARL WARREN, Governor

Sacramento, November, 1952

D. D. WATSON, Commissioner

Where the License Fee Dollar Goes

Division's Operation, Income, Expenses and Distribution of Personnel Discussed

Feeling that many licensees would like to know more about the operation of the Division of Real Estate, where the money for its operation comes from and where and how it is spent, we are presenting a brief analysis which we hope you will find of interest.

By law, the division's first responsibility is the acceptance of applications, investigation and examination of applicants for licenses, and the granting of these licenses. Beyond this function lies the enforcement of the Real Estate Law and the carrying out of the Real Estate Commissioner's responsibilities in connection with the creation of new subdivisions.

In the face of advancing costs, devaluation of the dollar and extended coverage and services expected from the Division of Real Estate, it is noteworthy that **licensee fees have never been increased since the Real Estate Law went into effect in 1919.** As a matter of fact, certain fees have been reduced from time to time.

Division Self-supporting Agency

The Division of Real Estate is a self-supporting agency, drawing no moneys from the general tax funds. Now where does the money come from and where does it go?

A summary of revenues and expenditures for the Division of Real Estate during the last fiscal year follows:

INCOME

(July 1, 1951, through June 30, 1952)

During the year, revenue came in from the following sources, and in the amounts indicated:

From	No. of Licenses	Income
Real Estate Licenses *	89,021	\$465,001.00
Business Opportunity Licenses	9,245	52,420.00
Mineral, Oil and Gas Licenses	95	1,000.00
Subdivision Filing Fees	87,275.00
Miscellaneous Services	20,849.59
	98,361	\$626,545.59

* Real estate brokers paid \$336,982.50, and real estate salesmen paid \$128,018.50.

OUTGO

(July 1, 1951, through June 30, 1952)

Paid out during the year was the following:

Rentals (eight offices).....	\$43,746.22
Salaries	409,294.59
Office expenses (supplies, services and maintenance contracts).....	16,543.46
Traveling—including auto mileage to board members	17,867.69
Automobile operation	12,184.32
Printing	37,078.48
Postage	17,706.67
Telephone and telegraph.....	8,105.50
Miscellaneous	
Contributions to Retirement.....	29,133.38
Attorney General services.....	2,500.00
Hearing Procedure.....	11,251.14
Filing services (nonrecurring).....	14,451.00
Purchase of Equipment	
Furniture	5,024.71
Automobile	40.78
Total expenditures for 1951-52	
Fiscal Year	\$624,927.94
Excess of income over outgo.....	\$1,617.65

Since 1943, the division has built up a reserve of some 1½ million dollars, \$150,000 of which is now being used for educational purposes through the University of California. It is felt that additional money can be taken from this reserve, if necessary, for additional educational work or to render better service to the public and the industry without materially raising license fees for years to come.

Employees fall into two main classes: (1) deputies, which includes enforcement and top administrative personnel, and (2) general, which includes all others, stenographic, clerical, etc.

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Twenty-five Year Employees Many on Division's Staff Have Lengthy Service Records With State

At a dinner given in their honor, Commissioner Watson presented "Twenty-five Year Pins" and handsome, framed certificates to those employees of the Division of Real Estate who have worked for the State 25 years or more. Twenty-five year service awards for state employees were authorized by recent action of the California Legislature.

Dean of the staff in point of service (33 years with the division) is Chief Deputy Gaylord K. Nye, in charge of the main office at Sacramento.

Gladys K. Peters, who supervises the examination section at Sacramento, is

(Cont. on Page 72, Col. 1)

Court Holds Verbal Pact Does Not Extend Listing

Despite the rather hard and fast law in this State that a broker who does not produce a purchaser prior to the expiration of his written listing is not entitled to the reasonable value of his services performed, suits are brought from time to time to collect commissions on sales made after the expiration of the listing contract.

Court decisions seem to hold uniformly that unless the failure to secure a purchaser upon the terms of the listing and within the time provided is due to negligence, fraud or fault of the owner, a broker may not recover a commission. If it can be shown that failure of the broker to comply with the terms of the listing contract and to effect the sale is due to the fault of the owner, then the courts may look kindly upon the broker's claim.

A leading case, set forth in 101 Cal. App. 2d 491, considers a commission

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Sacramento, November, 1952

Published Bimonthly by the

**DIVISION OF REAL ESTATE
STATE OF CALIFORNIA
EARL WARREN, Governor**

**D. D. WATSON
Real Estate Commissioner**

STATE REAL ESTATE BOARD

LELAND P. REEDER Beverly Hills	CHARLES B. SHATTUCK Los Angeles
MAURICE G. REED Berkeley	CHESTER MACPHEE San Francisco
FRANK WHITELOCK San Bernardino	CURTIS M. ROBBINS Stockton

OFFICES AND AREA ADMINISTRATORS

GAYLORD K. NYE, Chief Deputy, Northern Calif.
Sacramento, Principal Office.....1021 O Street
San Francisco, Room 204, 1182 Market Street
Saxon A. Lewis, Supervising Deputy
Oakland, Room 406, 1736 Franklin Street
Harold H. Wells, Senior Deputy
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RAY D. WESTCOTT, Chief Deputy, Southern Calif.
Los Angeles.....Room 1101, Ninth and Hill Building
Long Beach.....531 American Avenue
San Diego, 604 Orpheum Theater Building
James M. Winter, Senior Deputy

**NALLO and NAREB
Meet in Miami Beach**

The National Association of License Law Officials is holding its annual convention this year in Miami Beach just prior to the convening of the forty-fifth annual convention of the National Association of Real Estate Boards, November 9-14.

The membership of NALLO is composed of real estate license law administrators from the 40 states having such laws, along with officials from several provinces of Canada, and from the Territory of Hawaii. The objectives of the association include streamlining and improvement of license laws, policies and administrative procedures. The association has proved a most valuable method of disseminating information among the commissioners and commissions who are responsible for the enforcement of license laws in their several states.

The association works closely with the License Law Committee of the National Association of Real Estate Boards, with joint meetings where mutual problems are involved.

DISCIPLINARY ACTION—AUGUST, SEPTEMBER

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. A list of persons to whom licenses are denied upon application is not published.

LICENSES REVOKED DURING AUGUST AND SEPTEMBER, 1952

Name	Address	Effective date	Violation
Marks, Joseph Morris dba Marks Realty Service Real Estate Broker	2513 Wilshire Blvd., Santa Monica	11/21/51 (Court action final 9/12/52)	Secs. 10176 (a), (i) & 10177 (f)
Wise, Glenn K. dba Wise Real Estate Co. Real Estate Broker	95 N. Raymond Ave., Pasadena	5/29/52 (Court action final 10/7/52)	Secs. 10177 (f); 10176 (a), (b) & (i)
Mollison, Roy Baldwin Real Estate Broker Business Opportunity Broker	708 Ohio St., Vallejo	8/4/52	Secs. 10176 (a), (e), (i); 10177 (f); 10302 (e); & Secs. 2830, 2831 & 2832 of Title 10 of the Calif. Admin. Code
Golden West Realty Co. Floyd Guy Byrd, Member partnership Real Estate and Business Opportunity Broker Ruth Louis Byrd, Member partnership Real Estate Broker	2718 Park Blvd., Oakland	8/8/52	Secs. 10176 (e), (i); 10177 (f), (d); Sec. 10302 (e) & Secs. 2830, 2831, & 2832 of Title 10 of the Calif. Admin. Code
Chichester, Paulding Real Estate Salesman	5327 Lakewood Blvd., Long Beach	8/21/52	Secs. 10176 (a), (i), & 10177 (d) & (f)
Wright, William John Real Estate Broker (Right to Renew)	922 E. Green St., Pasadena	8/26/52	Secs. 10162, 10165, & 10177 (d)
Schroeder, Walter Roy Real Estate Broker (Right to Renew)	1445 Ivar Ave., Hollywood	8/26/52	Secs. 10162, 10165, & 10177 (d)
Helen Frederick Real Estate Broker	1927 Lincoln Way, San Francisco	9/2/52	Sec. 10177 (f)
Frost, Nelson Aaron Real Estate Broker (Right to Renew) (Conditional)	8101 La Mesa Blvd., La Mesa	9/5/52	Sec. 2830 of the Rules & Regulations of R. E. Comm. Secs. 10176 (e), (i) & 10177 (d) & (f)
Margucci, Mike Albert dba Michael Marg Real Estate Broker (Right to Renew)	2709 Santa Ana St., South Gate	9/5/52	Secs. 10141, 10176 (b), (e), (g), (i) & 10177 (d) & (f)
Dixon, Ruby Lee Real Estate Broker (Conditional)	1109 E. Vernon Ave., Los Angeles	9/16/52	Sec. 10177 (b)
Newman, Robert Barry Real Estate Broker (Conditional)	1109 E. Vernon Ave., Los Angeles	9/16/52	Sec. 10177 (b)
Peterson, Dan Real Estate Broker (Conditional)	400 S. 1st Ave., Arcadia	9/19/52	Secs. 10177 (b) & (f)

LICENSES SUSPENDED DURING AUGUST AND SEPTEMBER, 1952

Name	Address	Effective date and term	Violation
Jones, Clement Benjamin Real Estate Broker (Conditional)	5928 MacArthur Blvd., Oakland	8/4/52 6 months	Secs. 10176 (a), (e) (i); 10177 (f) & Secs. 2830, 2831 & 2832 of Title 10 of the Calif. Admin. Code
Sheehan, Kenneth Real Estate Broker	5963 Graciosa Drive, Hollywood	8/6/52 6 months	Sec. 10177 (b)
Vernon, Hugh Real Estate Broker	424 Alvarado St., Monterey	8/7/52 180 days	Secs. 10176 (a), (g), (i) & 10177 (f)
Clark, Walter Dana Real Estate Broker	402-A Alvarado St., Monterey	8/7/52 180 days	Secs. 10176 (a), (g), (i) & 10177 (f)
Wolvin, Joseph Oliver Real Estate Broker	3846 Wilshire Blvd., Los Angeles	8/20/52 3 months	Sec. 10176 (a)
Hagberg, Charles Edwin Real Estate Broker Business Opportunity Broker	3854 E. Colorado St., Pasadena	8/21/52 RE 30 days BO 90 days	Secs. 10177 (f) & 10302 (e) & 10301 (i)
Kroesen, Arthur LeRoy Business Opportunity Salesman	3854 E. Colorado St., Pasadena	8/21/52 90 days	Secs. 10301 (i) & 10302 (e)
Netzow, Edgar Otto Real Estate Broker	8537 Reseda Blvd., Northridge	8/21/52 90 days	Secs. 10176 (i) & 10177 (f)
Adden, William Wesley Real Estate Salesman	13010 E. Whittier Blvd., Whittier	8/26/52 30 days	Secs. 11010, 11020, 10177 (d) & (f)
Shaddrick, John M. dba The Highlanders of Hollywood Real Estate Broker (Right to Renew and Reinstate)	2411 Lanterman Ter., Los Angeles	9/5/52 60 days	Sec. 10162
Grant, Douglas Thomas Real Estate Broker	1910 S. Arlington Ave., Los Angeles	9/12/52 30 days	Sec. 10176 (g)
Hevesy, Michael Toth, Jr. Real Estate Broker	2034 W. Santa Barbara Ave., Los Angeles	9/12/52 30 days	Sec. 10176 (g)

Double Fees Without Full Disclosure Risky

Broker Cannot Always Rely on Escrow Instructions to Put Parties on Notice

A broker who accepts a fee from a purchaser to find a suitable property for him cannot, without the purchaser's knowledge and consent, accept a commission from the seller if a deal materializes.

Such an act may be in violation of the provisions of the license law, which provides for revocation or suspension of a license if an agent acts for more than one party in a transaction without the knowledge and consent of all parties thereto.

In a fairly recent appellate court case, the broker received a commission from the buyers for finding them a suitable property. It developed that he also received a fee from the sellers through escrow, the amount being set forth in the escrow instructions.

The buyers upon learning about the matter, made demand upon the broker for the return of the commission they had paid him, also for the sum of \$2,000 he had received from the seller on the grounds that it was a secret profit.

The trial court ruled in favor of the broker, sustaining a demurrer on the grounds that the buyer had not stated a cause of action. The appellate court, ruled that a cause or causes of action existed, and directed the trial court to allow defendant to answer the charges.

As to the broker's contention that the sellers had notice that he was securing \$2,000 from the sellers because the fact was set forth in the escrow instructions, **the court commented that although the buyers are charged with knowledge of the escrow instructions, and should have known that the broker was receiving \$2,000 from the sellers, the escrow documents disclose no illegal purpose for the payment.** The broker, the court commented, might have been entitled to it as reimbursement to him for advances which he had made to the seller or in connection with a transaction entirely unrelated to that of the buyers in this case. (Reported in 35 Cal. 2d 713.)

Listing Not Extended Orally

(Cont. from Page 65, Col. 3)

suit by a broker who appears to have negotiated for the sale of land, which sale was eventually made to the parties with whom he negotiated. The sale, however, did not occur for over a year after the expiration of his listing contract, although the broker voluntarily continued to work on the sale.

The court held that the activities of the broker after the expiration of his written listing were purely as a volunteer, and that he was wholly without authority to act for, represent or deal for or on behalf of the owner. The court also found that the buyer was not ready, willing and able to purchase the land during the period of the broker's contract. The time limit in an agreement to pay commissions for the sale of real property cannot be extended by oral agreement, the court also held.

This case is differentiated from another previously reported upon in this *Bulletin*, wherein it was shown by the evidence that the seller encouraged and even urged the broker to continue his efforts after the expiration of his listing. **The broker was successful in that case, no doubt, due to the exception recited in this case, namely the negligence, fraud or fault of the owner being the cause for the failure to consummate the deal within the period of the listing contract.**

Hiring a Salesman Without A Contract Invites Disputes

Our readers may begin to wonder why the subject of employment contracts between brokers and salesmen is so often touched on in this *Bulletin*. The reason is that day after day calls come into the division offices from salesmen and brokers who have had some dispute arising from the employment. They ask about commission splits, salesman's listing fees and other matters, and what the usual arrangement is. They ask if these things are covered by the law.

The employment of a salesman by a broker in many respects is no different than employment of personnel by any business concern. All of the provisions of the employment should be set forth in a memorandum or contract signed by both parties. In many cases this would prevent disputes, some of which might result in a separation to the detriment of all concerned.

Termination of Employment

It is particularly important to set forth the rights of parties in event of termination of employment. Such matters as who has a right to the listings, whether or not the salesman can work on prospects secured through the office, and other similar matters should be determined.

Many a salesman is employed with no more formality than for the broker to show him where to hang up his hat and what desk he should use. There is no discussion as to what advertising shall be run and who shall pay for it, who pays for long distance telephone calls, who pays for city license taxes and dozens of other matters, any one of which can lead to a dispute.

One real estate board, realizing the importance of such a contract, undertook to prepare one. It polled each of its members having a sales staff regarding the most pertinent points to be covered in such an agreement. As a result, a good workable contract was prepared and the board rendered another service to its membership.

NEW CONSTRUCTION IN CALIFORNIA

During 1951 the amount spent on new construction in California exceeded the construction spending in any other state by more than \$1,200,000,000. The California total was \$3,508,800,000. New York was second with \$2,311,500,000 and Texas third with \$2,234,900,000.

University Reports Gains in Realty Studies

Preliminary Reports Made at Berkeley Meeting by Research Officials

How can a university assist the real estate profession to learn more about itself? That, in essence, was the subject of a real estate round table discussion held on the University of California campus, Saturday, October 4th. The highly successful event was sponsored by the School of Business Administration. Presidents of real estates boards from all over California, university officials and members of the State Real Estate Board attended the all-day session.

Dean Issues Welcome

The proceedings began with a cordial welcome from E. T. Grether, Dean of the School of Business Administration at Berkeley. Dr. Grether reviewed the progress made by the university in developing well-rounded instruction on campus as well as in the University Extension Division. He emphasized the importance of real estate research in supplying practical answers for businessmen and investors and in providing a body of knowledge for textbooks and more advanced research. Cooperation between the California Real Estate Association and the university was warmly praised by the professor, who termed the real estate profession "the laboratory for the University. Nothing could be done in the way of research," he said, "without the support and assistance of you in the business, who are closest to the facts and the problems."

U. C. L. A. Program

California's pre-eminence in the national real estate market was offered as a strong reason for the development of further research by Dean Fred E. Case of the School of Business Administration, University of California at Los Angeles. He described California as the "Nation's pace setter" and pointed out that the State does approximately 10 percent of United States business according to data developed in the south.

The five-year real estate research program at the University of California at Los Angeles was the principal topic of Dean Case's talk. He described the current year's pilot study of land-uses in the San Fernando Valley, whose purpose is to analyze the economic effect of rapid transition from rural to urban development. **An important element of the study is an examination of the growth of industry in the over-all growth of the area. Tentative findings show that while industrial growth is vital to revenue and employment in a new community, it creates problems.** Illustrating the point, he mentioned the blighting effect of certain types of industries on adjacent homes, and the difficulty industry has in expanding to economic size when closely surrounded by residences. "One is led to the conclusion that effective zoning controls must protect each

type of use from the other to insure sound and orderly development," he said.

Other topics to be taken up during the five-year program are: the lending market, real estate marketing, appraisal and land valuation, and building and development practices and techniques.

Bay Area Research

"When an investor looks for information before buying a share of stock, his broker can fill his desk with facts about earnings, assets, dividends and production. If the same man wants to buy real estate worth many times the value of those securities, what facts can a realtor offer?" Bay Area Council Vice President, Raymond Reeves, answered his own question by urging increased effort in getting hard facts about real property. As an example of strides in that direction, he cited the work being done by the Bay Area Council Real Estate Research Committee, which he directs. The committee publishes the Bay Area Research Bulletin, a technical quarterly devoted to studying the local market. He commended the cooperation of University researchers contributing to the bulletin.

City Planners' Views

City Planners and Real Estate men share the need for more information

CREA Selects MacBride

At the closing session of the California Real Estate Association's forty-eighth annual convention held this year in San Francisco, Mr. Frank MacBride, Jr., of Sacramento, was chosen as the new president of the group for 1953. He will succeed Mr. James M. Udall of Los Angeles.

Mr. MacBride has been in the real estate business in Sacramento since 1933 as broker, subdivider, and builder; has been active in the affairs of state and national organized real estate; and has gained national prominence for his promotional and advertising work ideas.

The San Francisco convention of the CREA, under Mr. Udall's leadership, has been described as one of the most successful in the history of the organization.

about urban land uses and values. To prove that point, George Duggar of the University's Bureau of Public Administration outlined some basic principles of planning the land-use and transportation requirements of cities. He listed the types of data used by planners in preparing master plans and redevelopment studies. Duggar, who recently served on the staff of the San Francisco Planning Commission, recounted numerous examples where research data have been applied to the planning process in San Francisco, as well as in New York City and elsewhere.

Central City Land Values

Dr. Paul S. Wendt of the School of Business Administration at Berkeley served in the dual capacity of chairman for the day and concluding panel speaker. He described the tentative results of a study undertaken to shed light on the question: Is a decline in downtown land values hastening decentralization? Basic data for the study were obtained by sampling major business groupings of properties in San Francisco's central business district. **Information on values, earnings and trends have led to the preliminary conclusion that central city values have remained nearly static for a full quarter century. Current prices for real property are reported to be about the same as they were in 1927.**

New Publication Offers Guide To Real Estate Reading

"A Key to Readings in Real Estate" is the title of a new 89-page bibliography just made available by the University of California. As the name implies, the new publication is designed to serve as a guide to real estate men and women who have often voiced the need for help in picking reading materials on the subjects with which they are concerned. The pamphlet was prepared, under the supervision of Sherman J. Maisel and Paul F. Wendt, by Marybeth Branaman, Betty B. Hogan, and Stanley C. Nelson, all of the University Staff.

The reading references have been selected for the multiple purpose of meeting the requirements of real estate practitioners who desire to increase their stock of information on the many aspects of their profession; to assist persons in related professions; to aid people engaged in real estate research and all those whose interests prompt them to inform themselves on some phase of this complex subject.

Classified by Subject

To facilitate the use of this bibliography by individuals or groups interested in special aspects of the field, the publications reviewed are classified under the following subject headings: The Real Estate Business, Legal Problems and Approaches, Property Valuation and Appraisal, Housing, Building, and Urban Development and Land Use. A certain amount of overlapping of subject matter is often unavoidable; references have been classified according to major interests.

For each publication, the bibliography includes title, author, publisher, address of publisher, date of publication, number of pages, price, and a short description of the contents.

The bibliography is one of the group of special studies in the field of real estate and urban land economics, support for which was made available from the State Real Estate Fund by appropriation of the California Legislature in 1950.

The Real Estate Commissioner unreservedly recommends "A Key to Readings in Real Estate" as a guide to all those who are seriously interested

Poor Contracts Are Cause of Lost Sales

Counsel for Realty Group Points Out Common Errors in Sales Agreements

Perhaps the most important duty undertaken by a broker is to properly fill out a sales agreement and deposit receipt. He should be thoroughly familiar with the necessity of inserting the proper information. As a matter of actual practice, these documents in most cases are filled out by salesmen, therefore it is highly important that they receive competent instruction on this important step in the sale.

A discussion of this subject was ably presented by Herbert L. Breed, Esq., counsel for the California Real Estate Association, at the organization's convention in San Francisco, in October. Mr. Breed has specialized in real estate law for many years and has written numerous articles on the use of real estate contracts which have been highly valuable to the business.

He pointed out that a contract in writing supersedes all other oral agreements and it is therefore necessary that all agreements be reduced to writing in the deposit receipt contract. He urged that particular attention be paid to a proper and complete description of the property in question, exactly how and when the moneys involved are to be paid, the specific terms, including rate of interest, monthly payments, and expiration date of all trust deeds involved, and whether or not any of them are to be assumed by the buyer.

A situation which causes considerable trouble arises when an offer submitted to an owner is changed by the owner on the form before signing his acceptance, stated Mr. Breed. In cases of this nature it is absolutely essential that the acceptance of the owner be returned to the buyer for approval of the changes by initialing same, he continued. He also stressed the necessity, in order to bind a contract, of communicating to the buyer the acceptance on the part of the seller.

Recently, deposit receipt contracts have come into use which contain a provision whereby the broker is given the prerogative of extending, on his own initiative, the time set up in the contract for payment of additional moneys, closing of escrow, date of occupancy, etc. The speaker strongly recommended that such contract forms be not used.

Cars Need More Space

The parking space allowed for each automobile in a parking lot connected with a decentralized parking area is increasing, according to developers. Where a space eight feet wide was formerly considered ample, nine feet is now recommended.

Reasons given are that cars are wider, and many are of the two-door type with unusually wide doors.

in adding to their knowledge of this many-phased subject. The University hopes, and the commissioner believes, that this guide to reading in real estate will serve as a useful supplement to the University of California program of real estate education.

Price of "A Key to Readings in Real Estate" is \$1.00, plus sales tax. Address orders to the Bureau of Business and Economic Research, University of California, Berkeley.

The Future of Our Cities

The question, "Can Our Cities Survive?" is being considered at a one day conference to be held November 7 at Gainesville, Florida. The conference will be sponsored by the National Association of Real Estate Boards' Committee on Education and the College of Business Administration of the University of Florida.

Leland P. Reeder, NAREB Education Chairman and member of the California State Real Estate Advisory Board, has announced that, "The purpose of the conference is to air the best ideas and plans for making cities more livable. Leading the discussion will be representatives of private enterprise and public service."

In addition to Mr. Reeder, Mr. Charles B. Shattuck and Maurice G. Read, also members of the State Advisory Board, will attend and participate in the discussions, as will Dr. Paul Wendt of the University of California.

VA Announces Opinions On Financing Practices

An important new series of opinions on the legality of certain GI financing practices involving fees and charges has just been released by the VA. Written by the VA Solicitor, they may clear up some of the present doubts as to the legality of specific financing practices under the terms of recent VA bulletins. Briefly summarized, here are the details of the four most important of these opinions:

1. **Payment of a commitment fee by a builder to a mortgage company is ruled to be legal.** This is where a mortgage company for a fixed fee commits itself to purchase VA loans at less than par from a builder, the fee being retained whether or not the VA loans are delivered by the builder. **The VA Solicitor's ruling on this arrangement is conditioned** by a provision that the commitment fee applicable to a particular loan, when added to the amount paid for non-GI conventional construction financing, cannot exceed the allowable maximum fees and charges under the applicable local conventional loan schedules.

2. **"Repurchase" agreements are declared legal if made in good faith** and not merely as a method for charging a fee to the builder in excess of that allowable, and if not resulting in an increase in the purchase price or cost to the veteran. The opinion gives details on what provisions must be contained in such agreements and what evidence would cast doubt on their good faith.

3. **A finder's fee paid to a loan broker to find a lender is ruled to be legal,** provided the transaction is in good faith and the payment will not result in an increased cost to the veteran. **For new construction,** where reasonable value is established after May 28, 1952, the "finder's fee," when added to the amount paid for construction financing, cannot exceed the allowable amount under applicable local loan schedules. **The broker cannot be connected with the lender and no part of the "finder's fee" can be paid over to the lender by the broker.**

Home Owner's Service Warranty New Service to Buyers Builders Introduce Warranty Plan and Buyers' Home Care Book on Maintenance

The home building industry has moved to eliminate the causes of many of the misunderstandings and complaints which sometimes attend the adjustment of the new home buyer and his family to their new house. This has been accomplished by introducing a plan of warranties on homes built by members of the organized home building industry. Companion to this warranty is a home care book instructing the buyer on care and maintenance of his home.

Both features have been introduced by the National Association of Home Builders and are being put in effect by its local chapters here in California. A one year "Home Owners' Service Warranty" is issued, to which is attached a slip which the buyer fills out and returns to the local association's office where it is registered for the entire service period.

The warranty certifies that the new home is free of defective materials or workmanship. Should deficiencies occur during the initial year of ownership, they will be adjusted without

charge. This warranty is an example of growing stability in an industry which has recorded one of history's most stirring production records.

The home care book given to the new buyer instructs him in the "breaking in period" of his new home just as the automobile manufacturers attempt to instruct the new buyers of their product in its care and maintenance. The home buyer's manual appears to fill a long felt need and, according to its sponsors, has been favorably received.

Owning and Renting

What proportion of our families rent and what percentage own their homes?

This probably varies in different communities; however, the Los Angeles figures for 1950 were recently made available by the Population and Housing Division of the U. S. Census of Housing. This agency states there were 698,039 dwellings in the City of Los Angeles, and 305,393 were owner occupied, or 43.8 percent. Renters occupied 51.8 percent of them, and about 2.7 percent were vacant.

The release further stated that most of these dwellings averaged 1.5 or less persons per room, and that of the owner-occupied units for sale, the selling price averaged \$11,925 each.

4. **Pledging of VA guaranteed loans as collateral security ("warehousing") is declared to be legal and held not to constitute an agreement prohibited by the present certification required by builders where the request for establishment of reasonable value is made after May 28, 1952.**

—Washington News Letter
Nat'l Ass'n of Home Builders

Home-buying Dollar

Alan E. Brockbank, President of the National Association of Home Builders offers the opinion that the new home buyer today, in comparison to pre-World War II, gets his money's worth when all factors of modernity, comfort, convenience and the depreciated dollar are taken into consideration.

In Mr. Brockbank's words, "A survey of facts and figures shows that housing today is one of the least inflationary buys, with the home purchaser getting more for his dollar, at less proportion to his income, than at prewar prices. With the steady rise in personal income since 1939, purchasing power has also increased, and the new home is now easier to buy. Mortgage terms are more favorable, with the Government and the home builder cooperating to produce long-term financing. Also not to be overlooked is the fact that real estate taxes and interest on mortgages are deductible from federal income taxes.

"A new high has been reached in the quality of homes now being built, with features, which before were restricted to luxury housing, a part of building plans."

Division's Function, Operation and Personnel Allocation

(Cont. from Page 65, Col. 2)

Operations and Manpower Distribution

The following table makes a comparison between the year 1929 and the last fiscal year. Compared are the number of employees (classified as deputy and general), the number of licensees involved and the population of the State.

Year	Deputy personnel	General personnel
1929	33	70
1951-52	36	71
	3 more	1 more

Year	Licensees	Population
1929	55,812	5,448,650
1951-52	98,361	11,236,900
	42,549 more	5,788,250 more

The number of licensees has almost doubled since 1929, and the State's population has more than doubled. The increase in number of licensees and in subdivision activity and the resultant total over-all increase in fees collected has given the division more money for its operation. However, the number of employees is about the same as 1929 despite the fact that since that year additional administrative burdens have been placed upon the division, including the requirement of written examinations for all licensees, the regulation of subdivisions of land either improved or unimproved, business opportunity licensing, mineral, oil and gas licensing, fingerprinting and investigation of all license applicants, jurisdiction over rental agencies, regulation of community apartment promotions, and various others.

Deputy personnel includes the enforcement or "field" force, plus administrative personnel. Also included on the deputy staff are hearing deputies and hearing officers. Deputies must divide their time between "field" or law enforcement work and the work involved in office details. The following breakdown by offices shows how the over-all deputy personnel is assigned.

Northern California

Sacramento Office

In the Sacramento office are centered the licensing and general over-all ac-

tivities of the division. This office has 47 clerical employees, and it has six in the "deputy" classification whose duties are such that the full time of two deputies and half the time of another is devoted to field and enforcement work, covering an area of 47,305 square miles, with a population of 1,068,000 persons, and about 6,000 licensees.

San Francisco Office

This office has four clerical employees and seven deputies. Five of the latter handle enforcement matters, covering an area of 17,223 square miles, a population of 1,820,000 people, and almost 20,000 licensees.

Oakland Office

This office has two clerical employees and two deputies of whom one devotes most of his time to administrative work. The area covered is 4,015 square miles, with a population of almost 1,200,000, and a total of almost 10,000 licensees.

Fresno Office

One clerical employee and one deputy, who must devote almost half his time to office and administrative work. Covered out of this office is an area of 38,559 square miles, with a population of 827,000 people, and more than 3,000 licensees.

Southern California

Los Angeles Office

Fifteen clerical employees and nine enforcement deputies are assigned to this office. The time of the other deputy personnel is devoted to administrative duty, and covered out of this office is an area of 40,240 square miles, with a population of 5,100,000 people, and a total of over 50,000 licensees.

San Diego Office

Two clerical workers and two deputies, one of whom must spend most of his time on office and administrative detail. The area covered out of this

California Tourist Travel At New Peak in 1952

Good news for the average real estate man and for California business in general is the announcement that California is entertaining more out-of-state visitors this year than ever before in history. Authority for this statement is the Bureau of Plant Quarantine of the State Department of Agriculture, which keeps an accurate account of the number of out-of-state cars entering California and the number of passengers carried, through the checks conducted by its border stations.

During the first nine months of 1952, the bureau reported that 1,196,248 cars with out-of-state registrations had entered California. These cars carried 3,244,280 passengers. Making due allowance for seasonal factors, the bureau estimates that out-of-state cars will bring more than 4,240,000 passengers into California during 1952, or more than one-third of the resident population of the State. In addition, during the first nine months of 1952, almost 700,000 persons have come into the State on passenger busses. The bureau does not keep a tally of tourists entering the State by plane or railroad.

Most of the persons counted each year in the state line checks are tourists who have no intention of moving to California, but unquestionably their visits lay the groundwork for the great and continuing immigration into California of people coming from other areas.

office embraces 8,310 square miles, has a population of over 620,000 people, and has about 3,000 licensees.

General

During the last full fiscal year, the offices of the division handled 54,000 counter calls, 129,000 phone calls, received 2,700 complaints, made 5,800 investigations involving 15,000 interviews, received 160,000 and mailed out 685,000 pieces of mail.

We trust the above brief outline explaining where your license dollar goes will prove of interest to you who make the California Division of Real Estate a self-supporting agency.

Division's "Twenty-five Year Employees" Pictured on Capitol Steps Prior to Receiving Awards



FIRST ROW, LEFT TO RIGHT—Josephine N. Pfaendler, Ruth Diggles, Gladys K. Peters, Commissioner D. D. Watson, Chief Deputy G. K. Nye, Blanche Van Gundy, Emily Smith, and Pearl Moureaux. SECOND ROW—Brice Martin, Helen Lucks, Constance Silverman, Mercedes Poole, Echo I. Hateley, Dell Henry, and Arthur Day.

Twenty-five Year Employees

(Cont. from Page 65, Col. 3)

next in line with over 31 years. Mrs. Dell Henry's experience stretches over 30 years. She supervises the general correspondence in Sacramento. In the Los Angeles office, Mrs. Helen Lucks, senior clerk, has been with the division 30 years, while Brice Martin, hearing officer, has almost 27 years of service.

Of the deputies, Arthur M. Day and Miss Josephine N. Pfaendler, both of the Sacramento office, have had the longest tenure with the division. Mr. Day has had 28 years of service, while Miss Pfaendler has had 27.

Mrs. Pearl Moureaux, who processes applications for license, and Mrs. Echo I. Hateley, in the addressograph section at Sacramento, both look back over 28 years' experience with the division.

Miss Mercedes Poole, secretary to the Real Estate Commissioner, Mrs. Constance Silverman, secretary to the Southern California chief deputy, Blanche Van Gundy, who supervises complaint and hearing files at Sacramento, and Ruth Diggles, addressograph section supervisor, are the "babies" of the 25-year class. Emily Smith, retired, also has had 25 years of service with the division.

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