



More States Regulate Subdivision Sales

Interstate and international merchandising of new and sometimes questionable land developments is a matter of concern not only in California but nationally. The National Association of License Law Officials, during Assistant Commissioner Donald McClure's presidency, was successful in stimulating remedial legislation in some states, bringing more effective regulation and control to such operations.

The following states now have laws or rules regulating in some degree this type of land sales promotions: Arizona, California, Florida, Hawaii, Indiana, Iowa, Michigan, Minnesota, Nebraska, Nevada, New Jersey, New York, and Wisconsin. British Columbia also moved to protect its citizens from exploitation by land promoters. In addition to these, the Ohio Legislature was asked to consider regulation of out-of-state land offerings and officials of Washington and Missouri have indicated strong public support for control.

These laws are far from uniform and indications are that many, if not all of them, will be ultimately strengthened for greater protection of the public interest.

Typical of widespread concern about current practices are the present investigation being conducted by a California legislative interim committee (see first page, Sept.-Oct. *Bulletin*) and the following allegations set forth in a resolution recently directed by the Nevada Real Estate Commission to that state's governor and his legislative commission:

"1. The Nevada Real Estate Commission has, through its investigative officers, determined that over 225,000 acres of fee lands in Nevada have been and are being sold through the mails as residential, commercial and prime agricultural lands to persons residing outside the state of Nevada; and

"2. The great majority of such sales are made by unrecorded contracts of

sale offering low monthly payments and other inducements; and

"3. Purchasers are led to believe, in many cases through exaggerated claims, that said lands are valuable now and will appreciate in value; and

"4. It appears that the great majority of such sales are speculative in nature and not based on proven land values; and

"5. It appears that improvements such as streets, curbs, gutters, sewers, power and water, which usually accompany orderly development of real property, are absent in most instances in such sales, and

"6. This area of real estate activity if uncontrolled lends itself to the perpetration of fraud and deceit upon the general public."

Regulations Changed; No More Preliminary Reports

Preliminary public reports on subdivisions will not be issued after December 21, 1961, in consequence of a change in the Commissioner's Regulations effective that date. The decision to discontinue them was based upon evidence that the preliminary reports were no longer serving a useful purpose and in some cases were being abused.

At the public hearing called in accordance with the law to consider the several changes in regulations, not a protest was registered against the dropping of the preliminary report by

Greetings to All Licensees

This issue of the *Real Estate Bulletin* spans the two months having important holidays when gratitude is expressed--Thanksgiving and Christmas.

The commissioner and his staff extend their thanks to licensees for the spirit of co-operation usually displayed, and offer to all licensees a concerted and earnest wish for a year full of the satisfactions accompanying success in their endeavors.

the amendment of Sections 2794 and 2795 of the regulations.

Also effective December 21 are the following changes in regulations:

a. Added is Section 2795.1 which requires the owner, subdivider or agent of a subdivision to use a prescribed approved form on which to obtain the purchaser's receipt for the Commissioner's Subdivision Public Report.

b. Under new Section 2795.2 the subdivider of lands without on-site improvements being offered for sale in California must deliver a copy of the public report to the management of any advertising medium which will carry advertising on the subdivision.

c. Section 2818 is amended to limit escrows acceptable to the commissioner in connection with subdivision offerings to those escrow companies, banks, savings and loan associations and title companies *qualified to do business within the State of California*. This proposes to protect moneys paid to out-of-state subdividers.

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**FHA-VA SUBDIVISION
QUESTIONNAIRES
DISCONTINUED**

Subdivision filings using the FHA-VA short form questionnaire are no longer acceptable by the Division of Real Estate. The short forms were to be used only on tracts where all sales utilized FHA or VA financing. In today's market, subdividers who have availed themselves of the short form filing have found it expedient to broaden financing possibilities, sometimes without notifying the Commissioner of the "material change" entailed.

Disciplinary Action—September, October, 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 September, October, 1961

Name	Address	Effective date	Violation
Roach, Hillard Torrance Real Estate Salesman	E. Palm Canyon Dr., Borrego Springs	8/19/61 (Late entry)	Secs. 10176 (a), (i); 10177 (d) & (f)
Knight, C. Edgar Real Estate Broker	1465 Burlingame Ave., Burlingame	9/11/61 (Granted right to restricted licenses on terms and conditions)	Secs. 10176 (c), (i); 10177 (d), (f); 10302 (c); Secs. 2830 & 2832 of R.E. Comm. Rules and Regulations
Timber, Frances Helen Real Estate Broker	4320 Santa Rosalia Dr., Los Angeles	9/14/61	Sec. 10177.6
Bell, John Jerome Real Estate Salesman	1277 Oberlin, San Leandro	9/18/61	Secs. 10130 & 10177 (f)
Davis, Clarence William Real Estate Salesman	4000½ 24th St., Sacramento	9/18/61	Secs. 10176 (c), (i) & 10177 (f)
Moore, Carleton Clement Real Estate Broker	1425 W. Andrews Ave., Fresno	9/21/61	Secs. 10159.5; 10176 (a), (b) & 10177 (e)
Ginn, Grace Fisher dba Atkins Properties Real Estate Broker	3734 W. Adams Blvd., Los Angeles	10/ 2/61 (Granted right to restricted license on terms and conditions)	Secs. 10176 (c), (i); 10177 (d) & (f); Sec. 2831 of R.E. Comm. Regulations
Blohm, Carl Henry dba Philconn Co. Real Estate Broker	1207 Wishon Ave., Fresno	10/ 3/61 (Granted right to restricted licenses on terms and conditions)	Secs. 10176 (a), (b), (i); 10177 (d), (f), (j) & 10302 (c); Sec. 2795 of R.E. Comm. Regulations
Sharp, Willis Adelbert Real Estate Broker	5660 Franklin Blvd., Sacramento	10/11/61 (Stayed for five years on conditions)	Secs. 10177 (b) & (f)
Wolf, Woodrow Wilson Real Estate Broker	134 N. Euclid Ave., Ontario	10/11/61	Secs. 10176 (c), (i); 10177 (b) & (f); Secs. 2831 & 2832 of R.E. Comm. Regulations
Dillard, Theatrice Restricted Real Estate Broker	538 W. Compton Blvd., Compton	10/12/61	Secs. 10176 (c), (i); 10177 (d) & (f); Sec. 2830 of R.E. Comm. Regulations
Harvey, Hurlen G. dba Harvey Realty Restricted Real Estate Broker	1135 F St., Fresno	10/16/61	Secs. 10176 (c), (i); 10177 (d) & (f); Sec. 2832 of R.E. Comm. Regulations
Leahy, Charles Francis Business Opportunity Salesman	4721 Mission St., San Francisco	10/17/61 (Granted right to restricted license)	Secs. 10302 (b) & (c)
Langley, John Walter dba Jack Langley Real Estate Broker	222 Washington Ave., Santa Monica	10/26/61	Secs. 10177 (b) & (f)

Licenses Suspended During September, October, 1961

Name	Address	Effective date and term	Violation
Knight, C. Edgar Restricted Real Estate Broker	1465 Burlingame Ave., Burlingame	9/11/61 60 days	Secs. 10176 (c), (i); 10177 (d), (f), (j); 10302 (c); Secs. 2830 & 2832 of R.E. Comm. Regulations
Barone, Anthony Joseph Real Estate Salesman	841 N. Fulton St., Fresno	10/ 3/61 90 days	Secs. 10176 (a), (b), (i); 10177 (d) & (f); Sec. 2795 of R.E. Comm. Regulations
Morgan, Edwin Henderson Restricted Real Estate Salesman	1481 Burlingame Ave., Burlingame	10/11/61 30 days	Secs. 10156.5; 10156.6; 10156.7 & 10177 (d)
Barnoli, Silvio Martino Member Dial Associates Real Estate Broker	5365 Mission St., San Francisco	10/12/61 30 days	Secs. 10176 (a), (b), (i) & 10177 (f)
Campbell, Robert Randolph Real Estate Broker	10756 Washington Blvd., Culver City	10/12/61 30 days	Secs. 10177 (b) & (f)
Deming, Robert Merrill Real Estate Salesman	Rt. 1 Box 265, Yucaipa	10/12/61 60 days	Secs. 10177 (b) & (f)
Hagerman, Ernest William dba Big 4 Realty Real Estate Broker	5392 Mission St., San Francisco	10/12/61 30 days	Secs. 10176 (a), (b), (i) & 10177 (f)
Kelso, Charles Clayton Real Estate Broker	1651 Church St., San Francisco	10/12/61 30 days	Secs. 10177 (f) & 10302 (c)
Splude, William Edward Real Estate Salesman	5392 Mission St., San Francisco	10/12/61	Secs. 10176 (a), (b), (i) & 10177 (f)
Wilson, Leo James dba New City Realty Real Estate Broker	1020 Eighth St., Bakersfield	10/16/61 120 days	Secs. 10142; 10176 (a), (b), (c); 10177 (d), (f); 10263 & 10302 (c)
Stone Bros. Merrill LaVar Stone Member Real Estate Partnership	1020½ Eighth St., Bakersfield	10/18/61 30 days	Sec. 10177 (f)
Price, Charles Eugene Restricted Real Estate Salesman	4121 Eagle Rock Blvd., Los Angeles	10/26/61 30 days	Secs. 10177 (d) & (f)

CREA to Install New President



CHARLES H. BROWN
CREA President Elect

Charles H. Brown, prominent Pasadena Realtor and civic leader, was named 1962 president of the 35,000 member California Real Estate Association during the course of the group's 57th annual convention held this year in Los Angeles. The new president-elect will succeed the incumbent, Kenneth H. Smitten of San Francisco, following formal installation ceremonies in early January.

Mr. Brown began his well-rounded career in real estate as an employee in his father's Pasadena office in 1915, taking over the ownership and management of the business in 1920 when the company's founder, C. G. Brown, died.

As is typical of successful brokers throughout the State, President-elect Brown has been active in both real estate and community service organizations. He is presently Vice President of the National Association of Real Estate Boards and has served CREA in many capacities through the years, including nine consecutive terms as treasurer. In 1958 he was honored by being chosen a United States delegate to the International Real Estate Federation's convention in Madrid, Spain. He is past president of the Pasadena Board of Realtors and served as state inheritance tax appraiser from 1942 to 1959.

Among the new executive's many civic interests may be listed: memberships in the Pasadena Tournament of Roses Committee, the Chamber of Commerce, and the Pasadena Civic Association; past president and charter member of the Kiwanis Club, with 27 years of perfect attendance; member and trustee of the Pasadena First Methodist Church; member of the Y's Mens Club and Camp Committee of the Pasadena YMCA; member of Omega Tau Rho, honorary realtor's fraternity; member of Altadena Masonic Lodge and a Scottish Rite Mason; member of the board of directors of the Pasadena Boys Club.

To Charles H. Brown, and to his wife and family, we extend the congratulations of the State's license law agency.

Junior College Workshop Plans Real Estate Major

On October 19-20, 1961, Chaffey College, in co-operation with the California Division of Real Estate, held the first curriculum conference for the development of a recommended uniform pattern of real estate courses leading to a junior college A.A. degree with a major in real estate.

Administrators and instructors representing most of the State's junior colleges which now offer real estate subjects in their departments of business education were present.

The conferees developed a suggested curriculum for statewide usage by those colleges offering or choosing to offer a real estate major.

Preliminary Reports

(Continued from Page 517)

d. Added Section 2978.2 bans any real estate broker from using the term Real Property Securities Dealer in his advertising unless he is so endorsed and is in fact soliciting for or offering for sale real property securities.

e. Sections 2767 and 2849.8 are repealed as no longer needed due to changes in the law.

Commissioner Takes Over Mortgage Loan Operation

On October 20, 1961, the Real Estate Commissioner took over the business and assets of allied O. W. Curran interests including The Curran Company, The Curran Insurance Agency, Inc. and The Capital Gains Investment Company, Sacramento.

In so doing, the commissioner exercised for the first time the conservatorship powers granted by the 1961 Legislature through the enactment of A.B. 1344, designed to curb undesirable mortgage loan operations more effectively.

The takeover operation was accomplished with the advice of the Attorney General and was based on the ground that the affiliated companies were conducting their business in such a manner as to render further operations hazardous to the public. An audit performed by the Division of Real Estate had revealed that the assets of the companies were so impaired as to prevent their meeting outstanding obligations.

The Curran Company had received over three million dollars in the past

five years from the public for investment in real estate and trust deeds.

The Real Estate Commissioner, in taking possession, is obligated to conduct the company to protect as far as possible the interests of investors, home purchasers and creditors. Among other steps, a letter has been sent to all investors in the companies advising them of the situation and suggesting they consult the local office of the Division of Real Estate for further information.

Marshall S. Mayer, Deputy Corporations Commissioner, has been appointed by Real Estate Commissioner W. A. Savage as acting conservator and custodian, and a deputy real estate commissioner has been assigned to assist him in counseling investors as to advisable procedures in the light of their individual situations.

DID YOU KNOW

That the average fee for a broker's license in the United States is \$28.76. The average fee for a salesman's license is \$14.75.

GOVERNOR BROWN'S MESSAGE TO REAL ESTATE GROUP

Governor Edmund G. Brown, in his address before the 1961 California Real Estate Association convention in Los Angeles, pointed up a quality peculiar to the real estate industry when he told the assembled delegates:

"More than any other group of businessmen in our State, you are aware of the close tie which exists between the property you sell and the wants and needs of those who buy. Your concerns are many and wide-spread. You may be developing a new shopping center—or an industrial project—or a block of residential income units—or you may be selling single family residences in a burgeoning subdivision. In every case, you must answer many more questions than the basic one: 'What is the selling price?'"

"Your buyers want to know about the cultural and other advantages offered in the community. They will ask: How are the schools? What are the employment opportunities now and in the future? What about public utilities—electric power, water, natural gas? Are there emergency supplies? What about transportation? In short, they want to know whether the community in which you are doing business is a good place to live."

This is definitely so and because licensees must answer such questions accurately, and because the probability of a sale is dependent to a great degree upon those answers being positive, he has a hard, down-to-earth, bread and butter reason for being a creative citizen vitally involved in community affairs.

BOMB SHELTERS—CLAIM OR FACT

Paul S. Visher, Assistant Secretary of Defense for Civil Defense, has announced the determination of federal agencies to crack down on those contractors who have sought to capitalize on worries about thermonuclear warfare and nuclear fallout by selling shelters that offer little or no actual protection. He stated further that there have been instances of unscrupulous promoters taking payment for shelters which they have no intention of constructing.

In connection with this widespread public concern about bomb and fallout protection, some licensees, the division has been informed, are advertising properties as being adequate as bomb shelters.

Possible Misrepresentation

This raises a very strong question as to possible misrepresentation because it is generally understood that the essential elements of a satisfactory bomb shelter have not yet been determined. Certainly, licensees should not indulge in this type of advertising unless a clearance of a particular property has been obtained from the Civilian Defense office, if such a clearance can be obtained from that agency.

University Appoints Denton As Extension Co-ordinator

John H. Denton has been appointed Statewide Co-ordinator of the Real Estate Certificate Program and lecturer in real estate appraising in the School of Business Administration at the University of California, Berkeley. Denton comes to California from the University of Arizona where he was major professor in real estate. Previously, he had been a lecturer at Adelphi College, the New York Business Institute and at Seton Hall University in New Jersey.

Mr. Denton is an attorney, a member of the New York and Arizona Bars, and since 1956 he has been a senior member of the Society of Residential Appraisers and a member of the American Institute of Real Estate Appraisers.

Numerous articles have been published by Mr. Denton and he is the author of two recent books. One is *Legal Aspects of Doing Business in Arizona* (Bureau of Business Research, University of Arizona, Tucson) which provides basic information about Arizona law in language comprehensible to any informed businessman. The other book is *Buying or Selling Your Home* which has been described as an understand-it-yourself but not as a do-it-yourself book.

Problem Solving

The true mark of a successful man in any field is his capacity for problem solving. Problems cannot be escaped; they are mastered or they master. J. M. Wedemeyer, Director of California's Department of Social Welfare, recently outlined the following problem solving process:

- (1) Here is the nature and extent of the problems we are charged with doing something about.
- (2) Here are the things that are keys to the situation and to the achievement of a goal.
- (3) Here is what we have done and what we are doing about problems. Here is where we succeeded.
- (4) Here is where we failed and, most important, why.
- (5) Here is what we should do in the future.
- (6) Here is what it will take to do what we plan to do in the future.

Two Kinds of Wisdom

Wise is that agent who is aware of his potentials for growth and continues to cultivate them. But also wise is he who knows his limitations and stays within them.

A "guesstimation" of value is not an appraisal, neither does the ability to fill in a set form qualify one to practice law. Knowing the definition of capital gain does not make one a tax attorney.

When these services are called for, refer your clients to those qualified to give them or—in many cases, better yet—call in the experts yourself.

It will make you friends, make you money, and lessen the risk of disciplinary action.

WHY WOMEN SUCCEED

References are often made to the demonstrated effectiveness of women in the real estate industry. The reason is now clear. A recent world language study by the National Geographic Society uncovered the fact that the American female outspeaks the American male 175 syllables per minute to his 150. She has a 25 syllable head start in the race to escrow.

Change in Partnership Requires New Application And License Fee

“Will the surviving partner have to file a new license application with fee when a licensed partnership adds or loses a member or members?” The answer is “yes.” Each of the new and remaining partners must file a new application and pay the full fee.

As previously reported in the *Bulletin*, the Attorney General has said, “a partnership is not considered an entity but an association of individuals and exists as long as such individuals remain associated. The death, increase or decrease in the number of individuals so associated terminates the partnership. Any continuance of the association by the surviving, increased or decreased individuals of the terminated partnership creates a new partnership.”

Since applying this ruling to partnership licenses, there have been a few instances in which members have questioned paying the full license fee due to the fact their prior licenses as members of the old partnership had some time to run. Unfortunately, no part of any fee paid for a license under the terminated partnership can be transferred toward payment for a new license.

To Continue in Business

If a broker who is a member of the terminated partnership desires to continue as an individual broker (provided he does not have a concurrent active or inactive individual broker license), he must file an application with the full fee in order to secure the individual broker license. Salesmen who were employed by the terminated partnership must submit a transfer application and \$1 fee if they want to continue in business.

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.

ACRES AND AGENTS

The office gremlin looked up from a sheaf of data sheets, put his tongue firmly in cheek, and exclaimed, “Well, f'heaven's sake! Have you noted this National Association of License Law Officials' summary of national license statistics which says that California's real estate licenses represent approximately 21 percent of all such licenses outstanding in all the states and British Columbia?”

“And just take a look at this agency's fiscal year report,” he continued. “Did you know that if we divided all California land area—including deserts, mountains, rangeland and athletic stadia—into square-mile units, there would be almost one real estate license for each square mile?”

“If you think that is interesting,” he rattled on before anyone could so much as gulp, “let's look at regulatory area figures. The predominantly agricultural region served by the Division of Real Estate's Fresno office would have one license to each 10-square mile segment of vineyard, figs, national parks, or whatever. The northern land expanse administered from Sacramento would have a license for each six-mile area of variegated rangeland, hopland, residential and commercial property with mountain ranges thrown in.”

Licenses on the Landscape

“At this point the picture really perks up,” he continued, hopping with excitement. “The Oakland district of-

rice would supervise an area where one license would service each $\frac{3}{100}$ of a people-packed mile. That part of the State serviced from San Francisco, which includes the comparatively sparsely populated north coast area, would bravely face the sales efforts of one license to every $\frac{82}{100}$ of a mile. Although their area includes a lot of desert and mountain country, Los Angeles based deputies would range over a portion of the State having one license to every congested half square mile. And each $\frac{93}{100}$ of a sun-drenched San Diego square mile would have to bear up under the sales impact generated by one California real estate license.”

Ordinarily the gremlin gets little attention, but this time his statistical comments were well based. After excluding all types of business opportunity and mineral, oil and gas licenses and out-of-state licenses issued by its Division of Real Estate, California had, at fiscal year's end, 134,955 total real estate licenses in effect. These, and not the total of all licenses, are used to get the ratios here cited.

Even though allowance might be made for the 31,876 inactive real estate licenses, which are included in the above ratios, there are a lot of authorizations to practice now in effect, particularly when we consider the fact that licensees are not scattered evenly over the landscape but concentrated largely in metropolitan centers.

LICENSE TO SQUARE MILE RATIOS BY REGULATORY AREAS

District Offices	Land Area (Square Mile Units)	Real Estate Licenses	License to Square Mile Ratios
Sacramento.....	47,950	9,361	1 to 5.7
Fresno.....	36,393	3,517	1 to 10.4
Oakland.....	4,664	10,551	1 to .39
San Francisco.....	17,149	20,995	1 to .82
Northern California.....	105,456	43,444	1 to 2.4
Los Angeles.....	42,815	82,413	1 to .52
San Diego.....	8,542	9,138	1 to .93
Southern California.....	51,357	91,551	1 to .56
Statewide.....	156,813	134,995	1 to 1.16

SUBDIVISION ACTIVITY A Fiscal Year Comparison

(For counties having 15 or more final Public Reports
in either of past two years)

County	Final reports issued		Acres		Lots	
	1959-60	1960-61	1959-60	1960-61	1959-60	1960-61
Alameda	93	92	1,382.95	1,498.35	5,454	5,581
Amador	11	4	1,640.25	270.00	641	161
Butte	21	28	178.80	197.25	486	534
Contra Costa	88	70	1,251.25	1,089.75	3,501	3,172
El Dorado	32	25	2,004.50	1,087.00	2,095	1,942
Fresno	47	36	1,359.50	545.50	3,715	1,814
Imperial	24	3	2,880.20	13.11	4,654	57
Kern	60	60	1,333.50	2,930.25	2,960	2,677
Kings	10	15	89.00	261.00	359	962
Los Angeles	465	420	9,237.79	11,302.52	21,779	18,073
Madera	16	14	1,583.75	1,242.00	1,480	1,345
Marin	26	45	457.50	655.25	1,238	1,580
Merced	18	14	153.50	115.00	551	293
Monterey	20	24	679.55	335.00	577	923
Nevada	13	17	681.25	1,046.00	571	767
Orange	251	286	3,231.01	3,759.45	11,994	14,249
Placer	29	22	1,259.00	699.50	1,904	1,386
Riverside	152	101	3,986.90	1,843.72	8,179	4,779
Sacramento	208	185	3,133.35	1,752.51	11,420	6,152
San Bernardino	130	293	5,066.06	13,786.48	6,674	15,577
San Diego	295	189	4,985.03	3,159.35	15,907	9,771
San Joaquin	27	21	316.52	182.25	1,309	666
San Luis Obispo	20	36	356.11	10,885.50	1,401	5,665
San Mateo	66	48	911.75	655.76	2,722	1,873
Santa Barbara	85	74	1,617.19	1,076.95	3,714	3,338
Santa Clara	251	203	4,184.33	2,597.57	13,290	9,776
Santa Cruz	28	40	438.75	433.00	753	920
Shasta	19	9	417.00	148.50	484	172
Solano	28	14	447.50	134.50	1,604	546
Sonoma	33	47	629.50	544.00	1,022	1,369
Stanislaus	17	26	232.50	275.00	859	1,090
Tulare	31	27	396.50	604.00	1,154	962
Ventura	84	85	1,160.63	1,466.05	4,204	5,528
Yolo	14	16	299.75	261.75	607	664
Totals	2,712	2,589	58,082.67	66,853.81	139,262	124,364
Percentage change		-4.5%		+15.3%		-10.7%

EDITOR'S NOTE: Similar data for counties unreported above is available upon request.

Commissioner's Tour of Duty

Over and above his official responsibilities as Real Estate Commissioner for the State of California, W. A. Savage receives many calls to address professional bodies as an authority in the field of real estate values and property management. For example, in his private capacity and at no expense to the State, he flew to Washington, D.C., October 26 to address the National Conference of Section 608 apartment owners on the subject "Multi-family Dwelling Rental Market—Now and Future." The close rapport established and maintained with national and state leaders of the real estate industry and with the public, through this and a continuing series of talks and get-togethers throughout California, are of great value to him in directing the policies and operations of the Division of Real Estate.

The commissioner's heavy schedule of speaking engagements throughout the State is designed to acquaint civic and real estate industry leaders at first hand with the program of the Division of Real Estate, the efforts to curb abuses in the mortgage loan field, the present impact of new legislation upon the practice of real estate and the problem of out-of-state subdivisions.

The commissioner's special emphasis necessarily falls upon clarification of the real property securities dealer's controls hammered out by the 1961 Legislature and designated urgency legislation.

T.V. Antenna . . .

Fixture or Personal Property?

Fixtures are items of personal property which are attached to the land or improvements in such a manner as to be considered a part of the real property itself. Depending on the circumstances, personal property may or may not become so integrated with the land that it is regarded as part of the real property, belonging to the owner thereof. This can become a delicate question on the sale of a property.

Posed the question: Does the T.V. antenna go or stay? There is no fixed rule that determines the antenna as real or personal property. The law of real property and fixtures is complex and indefinite in such a case. There is no cut and dried answer, so protect your clients by spelling out the disposition of the antenna. The best protection to your seller and your buyer, as well as to your co-operating broker, is to settle this matter when you take the listing. Have the listing stipulate that the antenna remains a part of the realty, or, if the seller wants to keep the antenna, have the listing state that

it shall be considered personal property and not part of the home. These same provisions should also be included in the deposit receipt for the protection of all parties and to prevent misunderstandings.

From a practical viewpoint, it might be well to persuade your property owner to leave the antenna. When one considers the cost of taking it down and putting it back up, together with wear and tear on the roof, it seems it might be cheaper to leave the antenna regarding it as a fixture.

SIGNIFICANT FACTS ABOUT LAND CONTRACTS

(EDITOR'S NOTE: So many questions are continually being posed about pros and cons of land contracts that the "Bulletin" asked and received permission to reprint this article by Frank E. Good, Associate Counsel and Law Department Manager for the Union Title Insurance Company of San Diego. Mr. Good's commentary originally appeared in the September issue of Union Title Topics under the heading "Legally Speaking.")

"A contract is an agreement to do or not to do a certain thing"; as defined in California Civil Code 1549. A land contract then would relate to the sale of real property; and would therefore have to be in writing to be enforceable. California Civil Code 1624 (4) (7).

A "land contract" is often used as a security device as well as a marketing one. It is these two uses that have led to the confusion surrounding this vehicle; and brought it to its present questionable position.

The installment sales contract, so successful since 1940 in the personal property area despite the enactment of various regulatory statutes such as the Unruh Act designed to protect the consumer, has application to the sale of real property as well; the first case of importance being the now famous *Glock v. Howard & Wilson Colony Company* in 1898 (123 Cal. 1. 55 p. 713).

The Glock case established various remedies all to the benefit of the vendor. The vendor could stand on the contract and sue for the breach, or retain the moneys theretofore paid and remain in a pose of quietude. In addition to the foregoing, he could state a cause of action in specific performance or agree to a mutual cancellation, in which case the vendee would be entitled to a return of his money.

The result of the establishment of this harsh rule of forfeiture led to a number of strict foreclosures which continued until 1949 when the case *Barkis v. Scott* (34 Cal. 2d 116, 208 p. 2d 367) was decided. The decision simply stated that California Civil Code 3275 was itself sufficient to preclude a forfeiture.

Policy Against Forfeitures

The Barkis decision established that a nonwillful defaulter could reinstate

the contract or recover excess payments. The next step followed when the court ruled that a willfully defaulting purchaser was entitled to restitution when the amount he would forfeit exceeded the amount that would be the vendor's damage under California Civil Code 3307.

The Ninth Circuit Court then relied on the Freedman and Barkis cases and reasoned that the general policy of the law is against forfeitures. They ruled in effect that the willfully defaulting vendee could compel specific performance of the contract he had breached, *Ward v. Union Bond and Trust Co.* (243 F. 2d 476, 9th Cir. 1957). The decision has been subject to considerable criticism; nevertheless, for the present, a wise vendor would consider the *Ward v. Union Bond*, and *Freedman v. The Rector* (37 Cal. 2d 16) to represent the California law.

The land contract still remains attractive to some vendors, particularly developers of large areas of unimproved property. They find that the low or nothing down installment payments enable them to obtain purchasers and they have no practical problems as the vendee is seldom if ever in possession. The only risk they assume is that of a cloud on the title, but this is more than offset by the financial return.

The conclusion to be reached is that, except in certain special areas, the land contract today as a security device is poor competition to the deed of trust with power of sale extensively employed in California.

Selling Improved Property

One of the said special areas in which the land contract is advantageous is where a large and reputable builder uses the land contract to sell improved real property as distinguished from unimproved real property. It is in this field where the buyer, not having sufficient means with which to qualify for a loan, but otherwise earning a large monthly salary is enabled to purchase a home which would otherwise be beyond his reach. It is in these specific areas where the land contract has been util-

ized to the advantage of both buyer and seller.

The disadvantages that the land contract offers to the seller include the time and expense of reacquiring possession, of bringing a quiet title action, and the now probability of having to make restitution, an increased investment in property likely already overencumbered. The lack of an easy, certain, fast and inexpensive solution of these problems leaves little to recommend the land contract. The contract does not offer any deficiency judgment advantage over the purchase money deed of trust, such a judgment not being proper.

Disadvantages to Buyer

The disadvantages to the buyer are:

1. The transfer of his interest frequently is restricted by covenants against assignment or transfer of the land contract.
2. Conservative opinion among financial institutions that his interest is poor collateral because it is subject to a more rapid termination upon default.
3. After full performance by the buyer he may receive defective title or no title at all, although normally the contract will require delivery of a policy of title insurance for which the buyer may find he will have to pay the premium.
4. The seller may not have good title at the time the contract is made and prior to full performance by the buyer the latter may not rescind the contract on such grounds.
5. If during the interim from the execution of the contract to full performance by the buyer, the seller should be adjudicated a bankrupt, die and title pass to his heirs, be adjudicated an incompetent or have a conservator appointed, the buyer can with reasonable certainty anticipate time consuming, frustrating, and expensive litigation before he obtains his deed and policy of title insurance.

Real Estate Research At Berkeley

PROBLEMS OF URBAN RENEWAL

During those first 100 days President Kennedy signaled a renewed attack upon an unfinished and neglected problem that has long plagued our national household—the blighted urban area.

“Twelve long years after Congress declared our goals to be a decent home and a suitable environment for every American family, we still have 25,000,000 Americans living in substandard homes,” asserted the President. In its 1960 report the Bureau of Census estimated 11,400,000 dwelling units in the United States as either deteriorating or dilapidated.

Before efforts and programs of attack become effective, there must be careful analysis, especially by real estate licensees, of this major domestic problem—squalor in our cities. The investor must have an overview—some certain knowledge that participation in an urban renewal project will pay, and that there will be sufficient return on money invested.

A recent report, *Economic Aspects of Urban Renewal: Theory, Policy, and Area Analysis*, by A. H. Schaaf of the University of California Real Estate Research Program, Berkeley, focuses on the economic feasibility of urban residential rehabilitation undertaken with local and federal approval and assistance.

Tear Down or Tack On

In terms of federal assistance, contained mainly in the Federal Housing Acts of 1949 and 1954, the Schaaf study considers rehabilitation and replacement aspects of urban renewal—whether it is better to tear down the old and build anew or rehabilitate by repair and renovation.

To attract private investors to urban renewal in the first place, there must be profit incentive fostered by implementing policies of federal and local governments. So the report analyzes two main approaches in governmental policies.

Resale

The first approach, developed in the Housing Act of 1949, is one in which

the local government, using eminent domain powers and subsidized by federal grants, acquires properties in an area, clears existing structures, and resells the land to private developers at a price that insures them profit.

The second, contained in the Housing Act of 1954, uses environmental improvements such as landscaping, increased maintenance and protective services, limited replanning of streets, and spot clearance of non-conforming structures to enhance the seclusion and residential character of an area. Inducement to the developer is provided by liberal financing, under Section 220 of the National Housing Act, in the form of insurance and FNMA takeouts for mortgages secured by either rehabilitated or newly constructed properties.

Other Questions

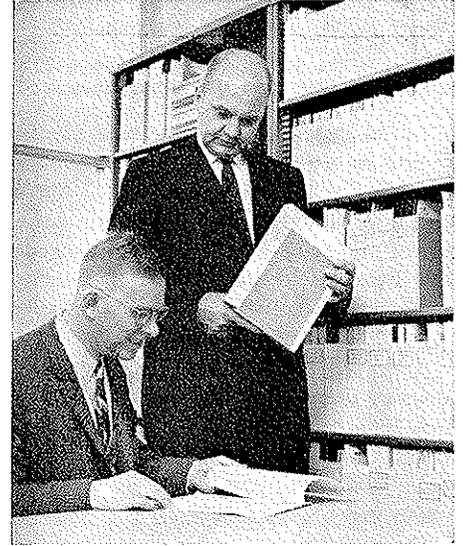
To what extent will code enforcement, environmental improvements, and liberal financing attract the private investor? To what standards will properties be renewed? What will be the initial losses faced by current property owners as a result of code enforcement? And what will be the relative roles of rehabilitation and replacement as the two methods through which renewal is carried out? These are some of the questions probed by the Schaaf report.

The Schaaf study and the Thompson Shopping Center study may be obtained by writing the Real Estate Research Program, University of California, Room 208, Stephens Memorial Hall, Berkeley 4, California. Price \$1.50 each. Other reports and reprints from journals are available.

Metropolitan Finance

Though most of the nation's wealth is centered in metropolitan areas, many of our cities face critical financial problems. Why? The study, *Metropolitan Finance Problems: Territories, Functions, and Growth*, by Julius Margolis investigates these problems and the reasons behind them.

Report of



Professor Fred E. Case, right, assisting George K. Schaeffer, (left), Property Manager, in selecting an item from the Real Estate Library on the UCLA Campus.

Shopping Centers

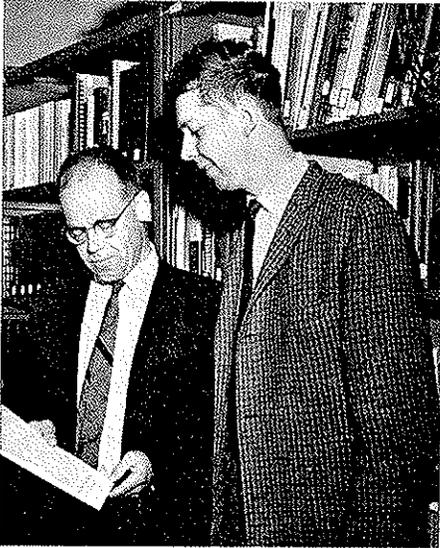
What talents of planning, development and management are behind the modern shopping center—that group of commercial establishments where each year more Americans are congregating and buying? Gathering data for his recent report, *A Study of Shopping Centers*, Richard Grant Thompson of the University of California, Berkeley Real Estate Research Program talked with developers, owners, architects, appraisers, engineers, real estate agents, and market economists to unearth some intriguing facts about the well designed center.

There are “older” and “modern” centers. The modern ones Thompson divides into three classes: The largest, the *regional center*, should have one or more major department stores as key tenants. Sometimes called a community or district center, the *suburban center* is usually built around a variety or junior department store, while the *neighborhood center* is built around a core of food and drug stores, the supermarket being its main draw.

Enlightened developers of the modern center, according to Thompson, no longer rely upon rule of thumb to

(Continued next page, Col. 1)

Researchers



Professor A. H. Schaaf (left) discusses his recently published study, *Economic Aspects of Urban Renewal*, with Professor Roland Artle in the U.C. Real Estate Research Program library in Berkeley.

(Continued from page 524)

determine location. Today such factors as consumer's spendable income, competition in the area, drawing power of the proposed center, and traffic patterns determine the economic feasibility of a proposed venture. Ample parking, as well as free flow of traffic both within and without the center, are necessities in this age when shopping thrives on traffic.

Advice—Tips

To the developer Thompson offers these suggestions: Smaller stores should be located to take advantage of foot traffic generated by larger key tenants. Balanced retail representation geared to the trade area discourages competition, while proper grouping of stores makes the center an easy place to shop. Long-term leases with key tenants furnish adequate financing for a center, and short leases for smaller tenants facilitate relocation as the center expands. Caution in negotiating leases prevents misunderstanding as to what landlord and tenant supplies, warns Thompson.

There is no best method of development, no blanket plan for the creation of a successful shopping center, because each problem remains unique.

Real Estate Research—UCLA

The Real Estate Research Program at UCLA has moved from its former quarters on Westwood Boulevard in Los Angeles to the sixth floor of the new Graduate School of Business Administration Building on the Los Angeles campus of the university. As in the past, the offices are open to anyone who wishes to visit and study in the real estate library.

The move did not interrupt research at UCLA and further progress can be reported. Two major studies entitled *The Secondary Mortgage Market—Its Purpose, Performance and Potential* and *The Cal-Vet Program—A Study of State-financed Housing in California* have gone to press and will be available by the end of the year. Conclusions from these studies were discussed in the May-June *Bulletin*. The following are some of the ongoing and recently completed projects.

Management in the Light Construction Industry

More than 6 percent of all civilian employment in California has been provided by construction activity in every year from 1947-1959. The direct impact of the industry on local economies, however, varies from area to area. In 1960, as few as one out of every 17 wage and salary workers was in construction in the Los Angeles metropolitan areas, and as many as one out of every 11 workers in the Sacramento area.

Clearly, the industry's contribution to economic activity goes beyond direct construction operations. For every person directly employed in construction, approximately 1.55 persons are employed in the production of materials and services utilized in construction. While the real gains to the State's economy associated with an effective construction industry are almost impossible to measure, it is quite evident that the large influx of persons into California could not have been accommodated without an effective construction industry capable of expanding efficiently in the face of unprecedented demand.

Very little is known as to individual construction firm's structure and be-

havior in the market. Consequently, James Gillies and Frank G. Mittelbach of UCLA have studied the problem of management decision-making in construction, by analyzing in detail the operations of a selected group of firms. The study is somewhat similar to Professor Case's previous report on real estate brokerage firms.

A number of conclusions are developed from the study. The process of subcontracting together with the small size of the typical construction firm and the instabilities of the market creates unique organization problems. Fluidity in organizational structure is of key importance for successful operations. Highly centralized authority relationships predominate among construction firms primarily because of concern about market instabilities, fear of loss of key personnel, and unwillingness to delegate the making of key decisions involving large expenditures. The complex and highly structured organizations so common in other industries have not developed in construction. However, the difficulties and risks so often cited as limiting the need for more complex organizations are overemphasized.

Significantly, it was found that construction firms, at least in Southern California, enter and leave various types of markets with relative ease. Many firms build a wide variety of types of buildings both residential and nonresidential. If this holds for other parts of the country, a national policy to stabilize any one type or portion of

(Continued on Page 526, Col. 1)

Dr. Fred E. Case of U.C.L.A. has recently received the \$1,000 George L. Schmutz Memorial Award of the American Institute of Real Estate Appraisers for Technical Papers in the Field of Real Estate Valuation. The award, the purpose of which is to recognize outstanding new contributions to knowledge in the field, was granted to Dr. Case for his study entitled *Los Angeles Real Estate—A Study of Investment Experience*—a study sponsored by the Real Estate Research Program.

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EDUCATION FOR PROGRESS

Brochures outlining courses, schedules, locations, and all other facts pertaining to University of California extension real estate certificate courses to be offered throughout the State beginning between January 29, 1962, and February 19, 1962, are being readied for mailing to all licensees. Further information may be had by visiting, writing, or phoning University Extension, 2441 Bancroft Way, Berkeley 4, California [TH or wall 8-8940] or 813 South Hill Street, Los Angeles 14, California [MA dison 3-6123]. Plan now for professional growth!

Canadian License Official Commends California Progress

A recent communication from Colonel Herbert R. Fullerton, President, Canadian Association of Real Estate Boards and Chairman of British Columbia's Real Estate Council, contains the following commendatory paragraph:

"The progress that you in California have made in the field of real estate license law and real estate education is an example and inspiration to all concerned with these subjects on this continent."

Such praise might unduly inflate the ego, except that most of us here concerned are painfully aware of the distance between where we are and that high degree of regulatory effectiveness and educational attainment toward which we strive.

A Broker's Achievement

"A man of vision" is a characterization which seems made to order for real estate broker Clarence "Bud" Simpkins of Auburn, California, and yet Mr. Simpkins has been totally blind since 1954.

"Bud" opened his real estate office in 1947 and by 1954 had attained sufficient recognition that he was elected president of the Placer County Real Estate Board. Then fate dropped the barrier of blindness across his path.

To a less determined man this would have marked the end of a promising career, but not so with Mr. Simpkins. With the aid and encouragement of his wife he faced the challenge and in 1961 remains the active head of a going concern.

Asked for a word of counsel to those considering real estate as a life work he said, "Give service first and the commissions will take care of themselves. . . . Be real! Artificial friendship isn't worth a whoop!"

SUBDIVISION MANUAL

The Third Edition of the Subdivision Manual (1962), revised in terms of latest changes in legislation and practice, is now available at all offices of the Division of Real Estate at 78 cents including tax. Address mail orders to the Sacramento office, 1015 L Street, with check or money order. No cash, please.

Creed for a Real Estate Broker

Contributed by a licensee

My state has licensed me to practice the brokerage business of real estate.

I deem that license a privilege and a trust which I shall safeguard with all my diligence, my integrity and my honor.

I am aware that I occupy an important position in the economic life of my community and shall therefore always strive for status of trust and confidence.

In cooperation with my fellow real estate brokers, I pledge myself to maintain and improve the standards of our profession.

Because of the personal relationship that exists between myself as agent and my principal who may be the buyer or seller, I am aware that obligations are imposed which add grave responsibilities.

I am the procuring agent through whom homes are created.

I facilitate the selection of commercial property where merchants can best offer their wares.

I am the instrumentality through whom manufacturers select the most suitable site to turn the wheels of industry.

I am an important factor in the creation of communities, the building of cities, the development of our nation.

I am a real estate broker.