



REAL ESTATE

Bulletin

EDMUND G. BROWN, Governor

December 1963

MILTON G. GORDON, Commissioner

REAL ESTATE COMMISSION OPPOSES DISCRIMINATION INITIATIVE

The California Real Estate Commission, meeting in Berkeley, November 21, after a careful study of all aspects of the campaign to put an initiative measure on the ballot intended to cancel the fair housing laws, unanimously urged Commissioner Milton G. Gordon to use effective means to inform real estate licensees of "the importance to the State and nation of eliminating discrimination in housing," and to inform them, as well, of their responsibility to understand and practice in terms of this and other state laws banning discrimination.

Members present and endorsing a strong resolution in opposition to the initiative operation were: Leonard Seeley, Hayward, past president of the Southern Alameda County Board of Realtors and past director of CREA; Joseph H. Carter, Eureka, vice president of CREA and a past president of the Eureka-Humboldt County Board of Realtors; Ralph H. Miller, Upland, past president of the Ontario-Upland Board of Realtors and a leader in the CREA education program; John H. Tolan, Jr., Richmond, Northern California Realtor, builder and attorney; David Miller, Riverside, a member of the Riverside Board of Realtors; and Real Estate Commissioner Milton G. Gordon, Los Angeles, past secretary of the Westwood Division, Los Angeles Realty Board and a past member of that organization's Board of Governors and member of the Beverly Hills Realty Board.

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Commissioner Speaks on Fair Housing Issue

By Milton G. Gordon

I have been directed by the Real Estate Commission of the State of California to bring to the attention of licensees the reasons why the Real Estate Commission opposes the pending initiative to amend the Constitution of California.

The Rumford Fair Housing Law was enacted by the Legislature with bipartisan support after extensive hearings and debate in response to a growing need in our State to eliminate discrimination in housing. Few people, if any at all, would suggest that the statute is perfect in all respects. Like most any law, it may require amendment or change.

The State Real Estate Commission feels that this new legislation deserves a fair trial.

There are nine other states in the union with "fair housing" laws on the books. There are 18 other states with laws addressed to the problem of discrimination in housing. The Rumford Act is neither radical nor new.

If it should prove unworkable or unfair, the Legislature of this State can be petitioned at the next general session to make changes in the law, or even to repeal it. If the Legislature should be unresponsive, there will still be the opportunity to proceed with an initiative operation.

The Legislature of California has always shown itself to be responsive to the needs of the real estate licensees of our State. At the urging of the California Real Estate Association, it

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Governor's Letter to Real Estate Licensees

Dear Fellow Californians:

As a real estate licensee, you exercise a great influence on the way in which California grows and develops. The State has provided you with laws to make this influence more effective, more professional and more generally respected by society. One of the more recent laws is the Rumford Fair Housing Act. We hope you will use it as an aid to making more uniform the ethical and spiritual goals of America and your profession.

If you have any doubts about the value of the Fair Housing Law to real estate licensees, to homeowners and to our citizens in general, I suggest that you work with it until the next general legislative session. I am confident that you will find—as have the nine other states with a similar law—that it is a sound approach to a serious problem. I am equally certain that we will never know whether the law can be effective unless we can give it a fair trial.

The initiative against this law will divide the people of California and it will divide organized real estate. It will leave a lasting scar on our communities and on your profession. You have every right to circulate the petitions. However, I urge individuals and members of organized real estate to reconsider any decision to destroy all antidiscrimination legislation in the field of housing and to join with churchmen and others who are calling upon California to make the Fair Housing Act work.

Sincerely,

Edmund G. Brown
Governor

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DIVISION OF REAL ESTATE

STATE OF CALIFORNIA
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Real Estate Commissioner

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Commissioner Speaks—Continued

enacted our license law in 1919. The Legislature has always been mindful of our struggle to achieve professional orientation for the real estate industry. I am confident we can look for the Legislature's earnest attention to demonstrated needs in the future as we have in the past.

The great tragedy of the present initiative operation is that it has evoked so much criticism of organized real estate from constitutional officers, legislators, public officials and, perhaps most lamentable of all, the clergy and religious leaders of our great

Disciplinary Action—August, September, October, 1963

NOTE: A list of actions is not published in this *Bulletin* until the 30-day 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 August, September, October, 1963

Name	Address	Effective date	Violation
Padovano, August Mario	532 Flynn Ave., Redwood City	8/ 5/63	Secs. 10176 (a), (c), (i); 10177 (d), (f) and (k)
Restricted Real Estate Salesman			
Dodge, Robert Earl	3224 Montclair St., Sacramento	8/22/63	Secs. 10176 (a), (b), (g), (i) and 10177 (f)
Real Estate Salesman			
Mahon, Richard E.	8964 New Dawn Dr., Sacramento	8/22/63	Secs. 10130; 10176 (j); 10177 (c), (d); (i) and Sec. 2770 of R.E. Comm. Reg.
Real Estate Salesman			
Sorensen, Charles P., Jr.	2707 Del Paso Blvd., North Sacra- meato	8/22/63	Secs. 10176 (a), (b), (g), (i) and 10177 (f)
Real Estate Broker			
Real Estate Salesman	5712 Southgrove Dr., Citrus Heights		
Hall, Rosalae LaVina	13047 Ventura Blvd., Studio City	8/28/63	Sec. 10177 (b) and (i)
Real Estate Salesman			
(Granted right to restricted license on terms and conditions)			
Burger, Stewart Irving	3833 Marconi Ave., #209, Sacra- meato	8/29/63	Secs. 10176 (c); 10177 (d), (f); Secs. 2830 and 2832 of R.E. Comm. Reg.
Real Estate Broker			
(Granted right to restricted license 30 days from effective date of decision on conditions)			
Senigaglia, Gilbert	1612 Eldorado Ave., San Jose	9/ 3/63	Secs. 10177 (d), (f); 10302 (d), (e); 11012; 11013.2 (a) and 11020
Real Estate Broker			
Business Opportunity Broker			
(Granted right to restricted license on conditions)			
Tri-State Realty, Inc.	1612 Eldorado Ave., San Jose	9/ 3/63	Secs. 10177 (d), (f); 10302 (d), (e); 11012; 11013.2 (a) and 11020
Gilbert Senigaglia, Vice President			
Real Estate Corporation			
Jacobson, Marshall Howard	11102 Santa Monica Blvd., West Los Angeles	9/11/63	Sec. 10177 (b) and (f)
Real Estate Broker			
(Granted right to restricted license on terms and conditions)			
Sutterfield, William R.	2644 Palms Rd., Anaheim	9/11/63	Secs. 10177 (d), (i) and 10242 (c)
Real Estate Salesman			
Trainor, Walter Elliott, Jr.	920 Dachow Way, Folsom	9/12/63	Secs. 10176 (c), (i); 10177 (d), (f) and Sec. 2830 of R.E. Comm. Reg.
dba Trainor Realty Co.			
Real Estate Broker			
(Granted right to restricted license on conditions)			
Borg, Charles John	1402 E. Artesia, Long Beach	9/19/63	Secs. 10258; 10301 (a), (b), (d), (i); 10302 (d), (c), (g) and (i)
Business Opportunity Salesman			
Vogel, Roy George	2525 W. 7th St., Los Angeles	9/24/63	Secs. 10176 (g), (i); 10177 (d), (f) and (i)
Real Estate Broker			
(Granted right to restricted license on terms and conditions)			
Everline, Alfred Norman	72 Majestic Ave., San Francisco	9/30/63	Sec. 10177 (b)
Real Estate Salesman			
(Granted right to restricted license on conditions)			
Matlock, Louise Holder	657 Fillmore St., San Francisco	10/ 7/63	Sec. 10177 (b)
dba Matlock's Real Estate and Rentals			
Real Estate Broker			
(Granted right to restricted real estate salesman license on terms and conditions)			
Leintz, Lawrence L.	3575 W. Manchester, Inglewood	10/ 8/63	Sec. 10177 (a) and (f)
Real Estate Salesman			
(Granted right to restricted license on conditions)			

(Continued on next page)

State. A number of statements have been made by leading clergymen of our State—Protestant, Catholic and Jewish—deploring the initiative action.

Many have asked why not take this issue from their elected representatives and let the initiative go on the ballot for the people to decide. The pitfall at this point in time is, as Bishop James Pike pointed out in his pastoral letter to all the churches of the California Episcopal Diocese, the debate on the initiative will take place in a highly emotional atmosphere rather than in a climate of dispassionate, clear study of the facts at hand. Unfortunately, the high tone of the debate, which I feel the California Real Estate Association has made, up to now, will not be emulated by the extremists on both sides who will jump into the fray.

As Chairman of the California Real Estate Commission, I express to you the fervent hope of the commission that the Board of Directors of the California Real Estate Association will reconsider its action, submit the Rumford Act to a fair trial for a year or two, then petition the Legislature, if necessary, for changes or amendments—and only then, in the absence of a response, proceed to an initiative operation.

INDEX COMING UP

For those licensees who keep a permanent file of *Bulletins*, the January 1964 issue will contain a complete subject index of all articles which have appeared during 1963.

Disciplinary Action—Continued

Name	Address	Effective date	Violation
Rosenberg, Dave Real Estate Broker Real Estate Salesman (Granted right to restricted license on conditions; said restricted license shall be suspended 180 days from effective date of decision)	910 N. Orange Grove Ave., Los Angeles	10/10/63	Secs. 10176 (a), (b), (i); 10177 (f) and (j)
Byrd, Floyd Guy dba Golden West Realty Co. Restricted Real Estate Broker	1501 W. Capitol Ave., West Sacramento	10/17/63	Sec. 10177 (f) and (l)
Haymes, David Joseph Real Estate Salesman (Granted right to restricted license on conditions)	1715 18th St., Bakersfield	10/22/63	Sec. 10177 (b)
Royer, John Whittier, Jr. Restricted Real Estate Salesman	540 University-Dr., Menlo Park	10/28/63	Sec. 10177 (f) and (k)
Kelles, Louis Real Estate Salesman (Stayed for three years on conditions) (Respondent shall not exercise the privilege of his license for 30 days next succeeding effective date of decision)	6760 S. Land Park Dr., Sacramento	10/28/63	Secs. 10176 (a); 10177 (f) and (j)
Miller, Robert Eugene Real Estate Salesman (Granted right to restricted license on terms and conditions)	3361 Mt. Diablo Blvd., Lafayette	10/29/63	Sec. 10177 (a) and (f)

Licenses Suspended During August, September, October, 1963

Name	Address	Effective date and term	Violation
Keller, Marvin Douglas Real Estate Broker	3814 Niles St., Bakersfield	8/ 5/63 45 days	Secs. 10177 (d), (f); 11010, 11020; Secs. 2794 and 2795 of R.E. Comm. Reg.
Lichens, Robert James Real Estate Salesman	Klamath River	9/ 3/63 Indefinitely	Sec. 10177 (b) and (f)
Armentrout, Myrtle Evelyn dba Armentrout Real Estate & Insurance Co. Real Estate Broker Business Opportunity Broker	4 miles N. of Willows, Hwy. 99W., Rt. 1, Box 175, Willows	9/16/63 180 days	Secs. 10176 (a), (g), (i); 10177 (f), (j) and 10302 (e)
Jamison, Fred Leonard dba Jamison Investment Co. Real Estate Broker (Last 60 days of suspension stayed for one year on conditions)	6067 Wilshire Blvd., Los Angeles	9/19/63 90 days	Secs. 10142 (b), (f); 10176 (j); 10177 (d), (f), (j); 10240 and Sec. 2842.5 of R.E. Comm. Reg.
Kuhns, Anne McKiven Real Estate Salesman	Wofford Heights Blvd. and Edison Rd., Wofford Heights	9/27/63 30 days	Secs. 10177 (d) and 10250
Palmrose, Rose Annes dba Wofford Heights Real Estate Co. Real Estate Broker Business Opportunity Broker (Last 30 days of suspension stayed for one year on conditions)	Wofford Blvd., P.O. Box 146, Wofford Heights	9/27/63 60 days	Secs. 10177 (d); 10258 and 10301 (e)
LaBat, Billie Real Estate Broker Business Opportunity Broker	2123 Hedding St., San Jose	10/ 2/63 60 days	Secs. 10176 (a), (i); 10177 (f), (j) and 10302 (e)
Gustafson, Theodore McKinley dba Ted Gustafson Co. Restricted Real Estate Broker Restricted Business Opportunity Broker	3963 Wilshire Blvd., Los Angeles	10/22/63 60 days	Secs. 10177 (d), (f), (g), (k); 10302 (d), (e), (k) and Sec. 2830 of R.E. Comm. Reg.

REAL ESTATE COMMISSION OPPOSES DISCRIMINATION INITIATIVE—Continued

The complete text of the commission's resolution follows:

"For many years the law of this State have said that discrimination on the basis of race, color, religion, national origin or ancestry is against public policy. In furtherance of this, the "Fair Housing Law" was enacted in 1963. This law forces no one to sell or rent to anyone but lays down guidelines to assure equal housing opportunity for all residents of this State regardless of their race, color, religion, national origin or ancestry. Believing that it is in the best interests of the people of the State of California to give this law a fair and impartial trial, and since under the provisions of Section 10059 of the Real Estate Law it is the duty and respon-

sibility of the members of the Real Estate Commission to make such recommendations and suggestions as the members deem beneficial and proper for the welfare and progress of the real estate licensees and of the people and of the real estate business in California;

"Now, therefore, be it resolved by the Real Estate Commission of the State of California that the Real Estate Commissioner should point out to the licensees of the Division of Real Estate the harm that will be done to the cause of the professional orientation of the real estate business by support of an initiative measure seeking repeal of this recent legislative action by the State Legislature. The commissioner is further urged to take every reason-

DEPUTY COMMISSIONER JOBS; APPLICATIONS INVITED

Opportunities to enter California state government service as a deputy real estate commissioner will be offered in coming months. The jobs start at \$590 per month, rising over four years to \$717, with opportunity for further advancement.

Applicants must qualify by competitive written and oral civil service examinations. Applications for examination must be made on official forms and filed on or before January 17, 1964.

To qualify for examination, the applicant must have had either two years of full-time paid experience in real estate or three years' paid experience in field investigation work, plus education equivalent to graduation from college. Additional qualifying experience may be substituted for the required education on a year-for-year basis.

Any person interested in becoming a deputy real estate commissioner can get an application form from the State Personnel Board, 801 Capitol Mall, Sacramento, or from its branch offices in San Francisco or Los Angeles. Applications can also be obtained at any office of the State Department of Employment.

able action to bring to the attention of the real estate licensees the importance to the State and nation of eliminating discrimination in housing and of helping licensees to know and to understand their responsibilities and the impact of those state laws relating to their activities in this field; we call upon him to urge licensees to participate in groups devoted to the solving of interracial problems in every metropolitan area. We ask that he offer to them the help of his office in explaining these statutes and in keeping real estate licensees current with developments and activities by the other agencies and groups; that they may do their duty in improving their business relationships and in implementing their responsibilities as law-abiding citizens."

WHAT IS THE EFFECT OF THE CALIFORNIA FAIR HOUSING LAWS?

A Series of Questions and Answers

The California Fair Housing Act, also known as the Rumford Act, prohibiting discrimination in certain types of housing, was passed by the 1963 Legislature and signed by the Governor, becoming effective on September 20, 1963.

The act has many ramifications applying, as it does, to owners of specified types of property, to real estate brokers and salesmen, to other agents, and to financial institutions. One way to explain the law, then, would seem to be a series of questions and answers covering situations related to the application of the law. Such a series of questions and answers appears below. They are intended to be informative and cover most of the conditions with which the law is concerned. In some cases, the questions or answers touch upon the Unruh Act, relating to the same general subject, which was passed in 1959. There are several references to the Unruh Act in the Rumford Act.

As this is written, the Rumford Act has not been tested in the courts, and the answers here given may not be completely authoritative. (Note, however, that the Unruh Act has been tested in the courts and broadly interpreted.) Anyone concerned would be well advised to seek counsel of his attorney if there is any doubt in a given instance.

1. Q. What is the California Fair Housing Act?

A. *It is the law against discrimination in housing. It is often known as the Rumford Act, going into effect on September 20, 1963. It restates previous law that discrimination in supplying housing accommodations because of race, color, religion, national origin, or ancestry is against public policy in California. It forbids such discrimination in the sale, rental, lease, or financing of many types of housing, and establishes methods of preventing and remedying violations.*

2. Q. Does this law force anyone to sell his home to a person not of his own choosing?

A. *No. However, when dwellings falling into the categories described below are placed for sale or lease, certain penalties (see Q. 23) can be invoked if the owner or agent refuses to sell or lease to an otherwise qualified buyer solely because of the buyer's race, color, religion, national origin, or ancestry. The owner is specifically authorized to use all his other usual bases for selection.*

3. Q. Why was such a law needed?

A. *The law was enacted after extensive evidence showed that Negroes, Mexican-Americans, and other ethnic groups have been excluded from many residential areas and, in effect, have been restricted to living in "ghettoes," a moral injustice resulting in serious social ills. Through the enactment of the Unruh and the Hawkins Acts, these problems had been recognized in California law since 1959. The basic change made by the 1963 Rumford Act is the assignment to the California Fair Employment Practice Commission of responsibility for administration of the act and for conducting a program of education and affirmative action to encourage voluntary elimination of discrimination in housing.*

4. Q. Does the Rumford Act add any new restraints on the licensed real estate broker in regard to discriminatory practices on his part?

A. *Not when he is acting as an agent. The real estate broker since 1959, because the courts have held he operates a "business establishment," has been precluded from discriminatory practices. This has applied to his own role in handling any residential properties, not just those properties defined below as covered by the Rumford Act.*

5. Q. To what persons or organizations does the new law apply?

A. *It applies to all "owners" of properties specified by the law. An "owner" is defined as including a lessee, sublessee, assignee, managing agent, or any person having right of ownership or possession.*

It specifically includes real estate brokers and salesmen who were al-

ready restrained from discriminatory practices by the Unruh Act, Section 51 of the Civil Code.

Also included are persons, banks, mortgage companies, or other financial institutions making home loans for construction or purchase.

6. Q. What kinds of housing are covered by the Fair Housing Act?

A. *Public and redevelopment housing; publicly assisted, owner-occupied, single-unit homes; publicly assisted apartments in structures of three or more units; any apartment rentals in structures of five * or more units; tract developments.*

7. Q. What are "publicly assisted housing accommodations?"

A. (a) *Housing which (at the time of the discriminatory act) is financed in whole or in part by a loan, the repayment of which is guaranteed or insured by the federal government or by the State or any agency of either.*

(b) *A housing accommodation which is exempted in whole or in part from state or local taxes (this does not apply to any housing accommodation exempt from a portion of taxes by reason of the owner's status as a veteran).*

(c) *A housing accommodation which is constructed on land sold below cost by the state or a local agency pursuant to the Federal Housing Act of 1949.*

(d) *A housing accommodation which is constructed in whole or in part on property acquired by the state or a local agency through the power of condemnation, or otherwise, for the purpose of such construction.*

8. Q. Are all single-family houses covered under the law?

A. *No. Only owner-occupied, publicly assisted, single-family homes are included.*

9. Q. Is any single-family house not occupied by the owner covered by the new law?

A. *No. Such a house would appear to be exempt because the new law*

* The case of Swann vs. Burkett [(1962) (1st Dist.) 209 C. A. 685], decided under the provisions of the Unruh Act, held that all apartment structures of three or more units are covered.

MORE QUESTIONS AND ANSWERS ON FAIR HOUSING ACT

specifically uses the term "occupied by the owner." The exemption probably does not apply if owner is in the "business" of furnishing housing.

10. Q. If a single-family house is clear, or is financed by conventional financing and does not have an FHA home improvement loan against it, is it exempt from the operation of the new law?

A. Yes. However, the real estate broker or salesman acting as an agent in the sale was not and is not exempt in his activities (because he comes within the purview of the Unruh Act).

11. Q. Are duplexes exempt from the operation of the new law?

A. Yes. Again, this exemption did not before and does not now reach to the broker or salesman handling such properties as an agent.

12. Q. Actually, what does this new law prohibit?

A. (a) Refusal to sell, rent, lease, or otherwise deny or withhold any housing covered because of the race, color, religion, national origin, or ancestry of the person interested in the housing.

(b) Discrimination against any person on account of race, color, religion, national origin, or ancestry by any person, bank, mortgage company, or financial institution as to terms, conditions, or privileges relating to financial assistance in housing transactions.

(c) Making inquiry of prospective purchasers, renters, or other such persons regarding their race, color, etc. (This provision probably covers advertising containing such limitations or specifications.)

(d) Any person from willfully aiding, abetting, inciting, compelling, or coercing the doing of any of the acts or practices declared unlawful, or from attempting to do so.

13. Q. Who administers the provisions of the California Fair Housing Act?

A. The Fair Employment Practice Commission, staffed by the Division of Fair Employment Practices, California Department of Industrial Relations. This agency has administered the Fair Employment Practice Act since 1959.

14. Q. Ordinarily, who may file a complaint with the FEPC?

A. Any person claiming to be aggrieved; that is, an individual who believes he has been wrongfully refused housing accommodations because of his race, color, religion, national origin, or ancestry.

15. Q. What is the procedure for filing a complaint?

A. The aggrieved person files a verified complaint with the FEPC within 60 days after the alleged violation; if he doesn't learn of the alleged violation until after 60 days have passed, he may be allowed another 60 days in which to file.

The person filing a complaint with the FEPC is required to waive any and all rights or claims he may have had for damages under Section 52 of the Civil Code (Unruh Act).

16. Q. Who makes the investigation, and how is it made?

A. A staff consultant for the commission makes the investigation. The commission is required to send a copy of the complaint to the "owner" involved without undue delay. It is the duty of the investigator to find out exactly what happened, and he will gather information from all reliable sources.

If the preliminary investigation does not reveal probable cause for believing the allegations of the complaint, the commission dismisses the complaint with notice to both "owner" and "complainant."

17. Q. How is the decision made as to what is discriminatory?

A. The main test is whether the standards set by the owner, manager, agent, or business firm (all of whom fall within the definition of "owner" in the law) have been applied equally to all qualified shelter seekers. If the treatment is different because of race, color, religion, national origin, or ancestry, this is discrimination.

18. Q. What happens if after a preliminary investigation the commission finds cause for believing the allegations of the complainant?

A. The commission is required by law to endeavor to eliminate the cause of complaint by conference, conciliation and persuasion. This constitutes an effort to obtain a just and practi-

cable remedy for the person whose rights have been violated, and to correct the unlawful practice through a negotiated settlement.

19. Q. Can the "owner" freely discuss the entire situation with a commission investigator?

A. Yes. All matters connected with any conference, conciliation, or persuasive attempt are privileged; the law forbids disclosure of what transpires during endeavors at conciliation.

20. Q. What would be a typical settlement by conciliation?

A. As an example, where the housing accommodation in question is still available, its sale or rental to the complainant may be arranged. If it is not available, a like accommodation may be arranged or the next vacancy reserved for the complainant.

21. Q. What happens if the "owner" refuses to agree to a negotiated settlement and the commission believes that probable cause involving alleged unlawful practice still exists.

A. The commission serves the "owner," now respondent, with a written accusation detailing charges which he will be required to defend against in a formal, public hearing conducted under the provisions of the California Administrative Act. At least four of the seven members of the FEPC sit as a panel to conduct the hearing. Questions of law are referred to an authorized hearing officer provided by the Office of Administrative Procedure.

22. Q. Could the courts be called upon for any action prior to the hearing?

A. Yes, in two circumstances.

(a) After preliminary investigation has been made (or a 20-day period has elapsed, if the preliminary investigation has not then been completed), a superior court is authorized, upon the motion of the owner, to order the FEPC to give to the owner copies of any documents in the possession of the commission which contain evidence relating to the merits of the complaint.

(b) When the commission determines that probable cause exists for believing that the allegations of the complaint are true and constitute a

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RESEARCH - BERKELEY

Berkeley Real Estate Briefs



CENTER SURVEYS REAL ESTATE INDUSTRY

The structural characteristics and reading habits of California's real estate industry were surveyed recently by a research team from the Center for Real Estate and Urban Economics at the University of California at Berkeley.

Results of the survey are outlined in a special report on *California's Real Estate Industry—Its Characteristics and Information Sources*, by Andrew L. Pierovich and Harry O. Bain of the Berkeley Center.

According to the report, there are roughly three times as many men as women actively engaged in real estate in California. Full-time outnumber part-time licensees by approximately four to one. By far the most common real estate activity is listing and selling residential property, with 67 percent of the survey audience mentioning this as a primary task. The second most common activity is listing and selling commercial property.

TYPICAL LICENSEE

From characteristics most often encountered in the investigation the researchers attempted to sketch a "typical" member of the survey audience of active licensees:

"The 'typical' member of the survey audience is a full-time broker, a male, with about 8 to 10 years' experience in the real estate business. Most of his worktime (and this comprises more than a 40-hour week) is devoted to listing and selling residential property.

"If he is 'typical,'" the report continues, "the active licensee's formal educational background will include training at the high school and possibly the college level. In addition to formal education, he will have taken specialized courses in real estate either at a privately owned real estate school or through the University of California Extension Certificate Program."

The researchers estimate that the "typical" active licensee earns from \$7,000 to \$10,000 yearly.

As a reader he relies primarily on his local newspaper for market information, favoring this source over newsletters and professional journals. He probably attends educational conferences and real estate conventions and meetings, and relies on these sources more than on business contacts as sources of general information.

MAGAZINE READER

According to the report, the "typical" active licensee is a magazine reader who prefers a general type of publication, like *Reader's Digest*, but also occasionally scans a news magazine.

Questioning by the researchers established the *Real Estate Bulletin*, published by the California Division of Real Estate, as the industry-related publication "most frequently read."

Ninety-one percent of the survey audience reportedly read the *Bulletin*. With a readership of 75 percent of the *California Real Estate Magazine* (the California Real Estate Association's monthly publication) ranked second in the poll, followed by the *Division of Real Estate Reference Book* (61 percent); *Realtor's Headlines* (55 percent); the *National Association of Real Estate Boards' Educational Letter* (49 percent); *Appraisal Journal* (25 percent); *Journal of Property Management* (14 percent); and the *Mortgage Banker* (13 percent).

The Pierovich-Bain survey, which is aimed at establishing guidelines for improving communications between researchers and the real estate industry, is part of a project undertaken jointly by the Berkeley Center and the Real Estate Research Program at UCLA.

The complete study may be obtained by writing the Center for Real Estate and Urban Economics, Room 208 Stephens Memorial Hall, University of California, Berkeley, California 94704. Price: \$1.50

CONDOMINIUM OWNERS QUESTIONED

For some time now experts have been scrutinizing the many sides of condominium ownership—from legislation and title insurance to financing and promotion. But the condominium owner, perhaps the most important figure in the "own your own apartment" trend, is completely neglected by many researchers.

This point is highlighted by A. Dale Godfrey in an article in the current issue of the *Bay Area Real Estate Report*, a quarterly journal published by the Bay Area Council.

Earlier in the year, Godfrey surveyed six condominium projects located outside the central cities of the Bay area in an effort to gather opinions from condominium purchasers.

Why had these people bought condominiums? What had originally attracted them to condominium living? Were they satisfied with this new form of ownership?

By far the most frequently mentioned reason for purchasing a suburban condominium was that the dwelling afforded owner-occupants "more free time." This meant less yard work, limited upkeep of property, and more time to travel.

The need for a more desirable location figured as the second most frequently mentioned motive for buying. Some owners felt that their previous homes were too large, while others mentioned reduced housing costs as a reason for buying. Some thought that condominium afforded more luxuries; others (former renters) felt that it satisfied the desire to own.

A few were motivated to buy because ownership brought them in close proximity to relatives, or because they were attracted by the design features of the dwelling. A number offered miscellaneous reasons for buying—the "newness" of the project or the fact that the dwelling had a manager in residence.

(Continued on page 643, col. 1)

RESEARCH AT U.C.L.A.

Recent Real Estate Findings

RESEARCH PROGRAM

Senior Colleges — Junior Colleges

QUESTIONS ANSWERED

What can real estate brokers and salesmen learn from the records of multiple listing systems? What is the relationship between real estate taxation and land use and development? How much and in what ways has the housing inventory of the Los Angeles area changed in the past decade, and can one discover any future trends from these changes? How can older neighborhoods be stabilized and improved? Is Los Angeles facing a serious shortage of developable land as its population continues to increase?

These are among the questions answered in some of the recently completed studies of the UCLA real estate research program, or to be answered by some of the research work now in process. All of them have a direct bearing on the real estate business, and most of them deal also with problems of vital interest to the community and public policy.

MULTIPLE LISTING

Entitled *Real Estate Market Behavior in Los Angeles—A Study of Multiple Listing System Data*, a new report by Fred E. Case presents a comprehensive analysis of the rich materials on real estate transactions in the files of multiple listing offices. As every broker knows, the offices keep careful records of listings, sales, asking prices and actual sales prices, time elapsed between listing and sale, and similar matters. But the records have rarely been assembled and analyzed in such fashion that they can be made useful indicators of real estate market trends. This is the main purpose of Dr. Case's study. The data cover the period from 1953 to 1960 and seven of the largest multiple listing systems in Los Angeles County.

Significant Findings

Among the significant findings are these: The average difference between asking and actual price in the seven systems during the eight-year period was about 4.3 percent, and this dif-

UCLA STUDENT OBTAINS J. C. NICHOLS AWARD

As reported in the April 1963 issue of the *Bulletin*, the Graduate School of Business Administration at UCLA was designated for the administration of an award granted by the J. C. Nichols Foundation of the Urban Land Institute for the academic year 1963-64. Meanwhile, Claude E. Elias, Jr., a Ph.D. candidate in the field of real estate and urban land economics, was selected to receive the award. The grant will enable Mr. Elias to write a thesis extending his earlier work on remote subdivisions and to include real estate tax aspects of the subject in his dissertation.

ference did not change greatly in prosperity and recession, although it varied from district to district. But in recent years the properties which experienced price cuts represented a growing share of all transactions. The average number of days required to make a sale increased also, but varied again from one multiple listing system to another. Both the number of sales and the dollar volume handled by the seven systems together showed great gains between 1953 and 1960. These gains were quite unevenly distributed among the individual systems, and when sales are related to the number of single-family homes in which practically all of the systems specialize, transactions "per prospect" varied a great deal. Generally, the San Fernando Valley and other suburban systems did better than those in older areas.

The multiple listing data together with 1960 census information reveal a great deal about real estate trends in local submarkets, on which there is little other organized knowledge. The study suggests various ways in which multiple listing data may be improved

ENOUGH LAND?

This question has become a matter of serious concern to builders in the Los Angeles area, as well as elsewhere, who find it more and more difficult to locate land suitable for development within an acceptable commuting radius. Land prices have risen sharply in recent years. Will there be enough land to accommodate the projected population growth of the Los Angeles area?

Under a research contract with the Housing and Home Finance Agency, the UCLA program has embarked on a study designed to illuminate the alleged shortage of developable land. The project will determine the amount and quality of developable land accessible to major employment centers and calculate the population growth potential that can be accommodated on such land under varying density and other assumptions. Another phase of the study will trace vacant parcels of 10 acres or more in two areas at various points of time during the postwar period, their ownership transfers and prices, and the extent to which they were converted to specific urban uses.

Work on the study was begun last July and is scheduled for 18 months at a total cost of nearly \$36,000. The project is another example of how the basic support from the Real Estate Education and Research Fund has placed the program in a position to attract other financial support for studies which add to the information and analysis available to the industry.

and released in regular intervals for the benefit of the industry, including sampling and the use of computers. One of the chapters presents an account of the development and organization of multiple listing systems, which should be of interest to the many members of these co-operative organizations.

(More on UCLA program, page 642)

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SUBDIVISION PROCEDURES

To assure uniform statewide enforcement of the subdivision law administered by the Real Estate Commissioner, all subdivision public reports are reviewed at a central point before issuance. The review staff consists of a chief deputy, an appraiser and an attorney.

Under the strengthened law, eight different grounds are specified for denial of a subdivision public report by the commissioner. It is the responsibility of the review staff at Sacramento to apply these standards and others uniformly throughout the State. It is also the duty of this unit to inspect and report on all out-of-state subdivisions proposed to be sold in California.

Reports on subdivisions written in the several district offices go to Sacramento for review and approval. If the review does not disclose good cause for further examination of the project, the report must be cleared from Sacramento on the same day it is received. Most of the 3,000 subdivisions which are filed with the commissioner in the average year do not present complicated problems and fall within this category.

On the other hand, developments which have aspects of common ownership and those which contemplate future improvements can and do give rise to extremely complicated questions, many relating to financing. The Division of Real Estate is constantly examining procedures and requirements, seeking to eliminate any which can be dispensed with without relaxing the public protection features afforded by the subdivision law.

AUDITORS SPOT-CHECK TRUST FUND ACCOUNTS

Spot checking of individual broker offices for compliance with trust fund regulations will be a continuing part of the Division of Real Estate's program. The checks are conducted by division auditors, sometimes assisted by deputies.

With a comparatively small staff, it is manifestly impossible to check trust fund account procedures and balances in all California real estate brokers' offices on a predetermined schedule basis, for example, annually or biannually. The practical alternative is to spot check offices in a range of communities.

The audit program is educational to an extent; but if shortages or other serious infractions are revealed, the commissioner has no choice but to proceed with disciplinary action. All brokers should be aware of their obligation to maintain a trust fund account with a bank or recognized depository and to deposit therein funds received as an agent, unless such funds are immediately placed in a neutral escrow depository or in the hands of principals. Sections 2831 and 2831.1 of the Commissioner's Regulations specify minimum records to be maintained in connection with trust fund accounts. (See "Changes in Commissioner's Regulations," p. 621, October 1963 *Real Estate Bulletin*.)

The broker who keeps proper trust fund account records saves himself a lot of headaches in the conduct of his own business, aside from any interest a regulatory agency may have in the matter.

Inflated Sale Appraisals; Double Escrow Practices

Growing concern is expressed in many quarters about the prevalence of inflated appraisals made strictly for loan purposes at the time of property sale, often followed by double escrows. Sometimes the inflation involves a second trust deed, which is planned for early sale at substantial discount. The licensee participating in such off-color transactions invites the possibility of disciplinary action against his license.

Investigations in this general area of operations are now under way, and it is hoped that a comprehensive report can be made in the next *Bulletin*. In addition to license jeopardy, brokers and salesmen should know there are stringent penal provisions in the state and federal codes applying to falsification in financial matters. Examples are:

Calif. Penal Code, Sec. 532, which says in essence that any person making, benefitting by, or reaffirming falsification regarding financial conditions is punishable by a fine of not more than \$500 or by imprisonment for not more than six months or both.

Title 18, paragraph 1014 of the United States Code provides that, "Anyone who knowingly makes any false statement or report, or wilfully overvalues any land, property, or security, for the purpose of influencing in any way the action of . . . a Federal savings and loan association, upon any application, advance, discount, . . . shall be fined not more than \$5,000 or imprisoned not more than two years, or both."