

Oregon Real Estate News-Journal

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Commissioner Gene Bentley

2009 Legislative Session Update

Gene Bentley, Real Estate Commissioner

The 75th Legislative Assembly convened January 12, 2009. As anticipated, our legislators are busy. At last report, it there will be more than 2,500 bills introduced this session, not counting resolutions and memorials.

The Real Estate Agency has proposed two bills (Senate Bill 140 and Senate Bill 141) resulting from collaboration with the Real Estate Board and the rule review work groups convened last year. Both bills amend Oregon Revised Statute Chapter 696.

SB 140 passed out of the Senate and as of this writing, is being scheduled through the House. Among other things, the bill proposes to modify provisions relating to registered business names and branch offices of real estate licensees and allows imposition of a civil penalty for failure to make real estate property management

records available for inspection by the Agency.

SB 141 also passed out of the Senate and is progressing through the House. The bill states that the procedural aspects of the existing licensing system for escrow agents be established by rule, but the requirements for obtaining a license remain in statute. This change parallels the statutes for licensing brokers and property managers. The bill also expands causes for disciplinary action for imposition of civil penalties for violation of escrow agent licensing statutes.

The bills can be viewed at www.leg.state.or.us.

The Agency's two budget bills (House Bills 5045 and 5046) received "do pass" recommendations from the Subcommittee on Transportation and Economic Development on March 19. The bills will now be forwarded to the full Joint Ways and Means Committee.



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Temporary Authorization Delegation Rule Change

Principal brokers, sole practitioner brokers, or property managers who wish to temporarily designate someone to run their real estate or property management business need to be aware of a rule change.

As of January 1, 2009, a principal real estate broker can only delegate authorization rights to another principal real estate broker, a sole practitioner broker can only delegate authorization rights to another sole practitioner broker or to a principal real estate broker, and a property man-

ager can delegate authorization rights to another property manager, a principal real estate broker or a sole practitioner broker.

Per OAR 863-014-0085 or OAR 863-024-0085, the "Temporary Authorization Delegation Form" is required to be used to delegate authority to control and supervise real estate or property management activity for a specified period of time, which may not exceed 90 days. The form must be submitted prior to the authorization period. ■

What's the Difference Between an Inactive License and an Expired License?

It's important to understand that there are distinct differences between an "inactive" license and an "expired" license.

Inactive - Per OAR 863-014-0050, an active licensee can change to inactive status at any time. Under current law, the license can be renewed in inactive status indefinitely, which gives the licensee the option to reactivate at any time without having to complete the courses, exam and background check again. The process to reactivate the license varies depending on

how long the license has been inactive.

Expired - Per OAR 863-014-0050, after a real estate license that has been expired for more than one year, the licensee has lost all rights to the license. In order to become re-licensed at any time after that date, the former licensee has to reapply and meet all the requirements of new license applicants.

If you have any questions regarding these license statuses, please contact the Licensing Division at (503)-378-4170, selection 2. ■

Do You Know Your License Expiration Date?

It is critical that every licensee knows what their expiration date is. Real estate Principal broker, sole practitioner broker, broker and property management licenses expire every two years in the licensee's birth month.

Do you know when you last renewed? If not, check the dates on your license or look up your license information through our Licensee Search feature on the Agency website at www.rea.state.or.us. Continuing education must be completed before you can renew, so knowing your expiration date gives you the ability to plan for that.

As a courtesy, the Agency mails renewal

forms out at the beginning of the month of your license expiration, so it's imperative that you know when the renewal should be arriving and that you do everything necessary to make sure it is returned to us in a timely manner.

You are responsible for your license. Any real estate activity conducted while a license is expired is considered unlicensed activity, which can result in penalties and/or fines, regardless of the reason it is expired.

If you have any questions regarding the expiration date of your license, please contact the Licensing Division at (503)-378-4170 selection 2. ■

Agency Announces Staff Changes

Stacey Harrison was hired as a Public Service Representative in the Land Development Division. Ms. Harrison was hired to fill the vacancy created with Kathy Forstrom's retirement. Stacey comes to the agency with a strong background in escrow.

Kris Nordquist will be retiring as of March 31, 2009. Ms. Nordquist has been

with the Agency for thirty years. She has seen many changes through the years and takes with her an enormous amount of historical knowledge. Ms. Nordquist plans to move to Washington to be closer to her family.

The Agency welcomes Ms. Harrison and wishes Ms. Nordquist well. ■

Editor's Note: See the Agency's website at www.rea.state.or.us for available employment opportunities.

Escrow License Continuing Education Requirements

The deadline for escrow agent license renewals is June 30, 2009. ORS 696.511 sets out renewal requirements, including continuing education.

Each year, escrow licensees must provide an average of six or more hours of training per permanent, full-time employee. The requirement only applies to escrow employees located in Oregon. Training must

be in subjects that bear directly on the administration of escrows. The type and method of training is left at the discretion of the escrow licensee. The Agency does not specify topics, waive requirements, or approve classes.

Please contact Education Manager Mesheal Heyman at (503) 378-4618 with any questions. ■

Continuing Education for Real Estate Licensees

Thirty hours of continuing education are required to renew a real estate license in Oregon. Principal brokers approve education for themselves and their affiliated licensees. Sole practitioner brokers and property managers approve their own education. **The Oregon Real Estate Agency does not approve continuing education. The Agency does not maintain a list of continuing education course providers.**

Licensees who approve education decide whether a course is in required or elective topics. OAR 863-015-0055 requires that at least 15 hours of continuing education taken by a licensee must be taken within the required topics (see sidebar). The rest of the hours can be either required or elective.

Continuing education must be "real estate-oriented." It must be a minimum of one hour in length.

Continuing education taken out-of-state may be approved by the approving licensee if the content applies to Oregon. Online or distance education classes may also be approved.

A principal broker may let affiliated brokers use the Advanced Real Estate Practices course for continuing education (See "Advanced Real Estate Practices - Do You Need It?," page 6).

Certificates of attendance must be kept by the approving licensee for six years

Required Topics:

- Trust Accounts
- Misrepresentation
- Anti-Trust
- Rule and Law Update
- Property Management
- Commercial Brokerage and Leasing
- Real Estate Taxation
- Agency
- Fair Housing
- Contracts
- Evaluation of Property
- Brokerage Management
- Land
- Business Ethics

Visit the Agency's website at www.rea.state.or.us for more information, or call the Agency at (503) 378-4170. ■

Administrative Actions

November 1, 2008 thru February 28, 2009

REVOCATIONS

Halpin, J. Paul (Redmond) Broker
#840500092
Default Order dated January 7, 2009, effective January 7, 2009. Halpin commingled \$750 of his money with security deposits; Halpin failed to show from whom the funds were received in the security deposit account; Halpin failed to maintain a bank statement; Halpin failed to maintain all cancelled and voided checks as part of the records maintained; Halpin failed to identify the property charged; Halpin failed to account for checks; Halpin failed to identify the reason for disbursement; Halpin transferred security deposit funds into his business operating account; Halpin failed to maintain security deposits in the security deposit account; Halpin allowed bank fees to be withdrawn from the clients' trust account; Halpin overdraw his clients' trust account; Halpin allowed insufficient fund fees to be withdrawn from his clients' trust account; Halpin conducted his property management business in a name other than his licensed name; and Halpin committed fraud or engaged in dishonest conduct substantially related to his fitness to conduct professional real estate activity.

Violations: ORS 696.241(8), 696.301(1)(14); OAR 863-025-0025(1)(3)(a)(9), 025-0030(1), 025-0035(1)(b), 025-0040(2), 025-0065(3) and (5)

Stacey, Ronald W. (Portland) Broker
#980600142
Hearing order dated November 24, 2008, effective December 1, 2008. Stacey was convicted of a felony or misdemeanor related to his trustworthiness or competence to engage in professional real estate activity; Stacey failed to advise Oregon Real Estate Agency of his federal conviction; and Stacey applied for a real estate license after agreeing not to do so.

Violations: ORS 696.301(13) and (26) (prior to 1-1-06), OAR 863-015-0175(1)

SUSPENSIONS

Murr, Leo Orozco (Beaverton) Broker
#200509081

Default order dated November 4, 2008, issuing a 6-month suspension effective December 1, 2008. Murr obtained the commission check payable to his brokerage, signed his name on the back of the check, and deposited the check into his personal bank account.

Violation: ORS 696.301(14)

Konev, Lazar N. (Salem) Broker
#200004075

Default order dated November 13, 2008, issuing a 6-month suspension effective November 13, 2008. Konev advertised in a multiple listing service and on a flyer that water and sewer utility connections had been made to vacant land offered for sale by his client, when in fact no such connections had been made.

Violation: OAR 863-015-0125(5)(a)



Gurzi, Steve (Grants Pass) Broker
#870200039

Stipulated order dated January 28, 2009. Gurzi allowed the buyer access to the subject property by giving him the security gate access code to the subject property.

Violation: ORS 696.810(3)(a)

REPRIMANDS

Spear, Donna J. (Coos Bay) Broker
#990700154

Stipulated order dated January 5, 2009. Spear advertised two properties without the written permission of the property owners or owners' authorized agent; Spear failed to submit her proposed advertising to her principal broker for review and receive her principal broker's approval before publicly releasing the advertising.

Violations: OAR 863-015-0125(2)(e) and (5)(a)

The Agency is required by Oregon Real Estate License Law to publish disciplinary actions. A list of those actions, a brief description of the situation, and the grounds for the Commissioner's action follows. Please note, there are individuals with real estate licenses that may have similar or the same names as those listed herein, or even work in the same market area. If you are in doubt if an individual listed here is someone you know or with whom you are dealing, please contact the Agency for verification.

Finally, please note that stipulated settlements do not necessarily reflect all the factual violations initially alleged by the Agency, and the sanction(s) may have been adjusted as part of the negotiation process. Such settlements may not, therefore, directly compare in severity/sanction with other cases.

Stern, Lisa Ann (Medford) Broker #200606099
Stipulated order dated February 9, 2009. Stern allowed a yard sign to be placed that did not include the licensed registered business name of her principal broker, was not identified as advertising of a licensee where the telephone number listed on the sign led callers to her contact information, and was not submitted to her principal broker for approval; Stern allowed a recorded message to be used that was not identified as advertising of a licensee, and stated that she was the owner of the property when she was not.

Violations: OAR 863-015-0125(2)(a)(b), (4) and (5)(a)

Terway, Janice K. (Dallas) Broker #961000231
Hearing order dated April 14, 2006. The Agency order was appealed and the Court of Appeals affirmed the Agency order on November 5, 2008. Terway failed to disclose the flood plain information in her possession to the buyers or their agent, which was a material fact, which created a reasonable probability of damage or injury. Terway failed to disclose the flood plain information to the buyers or their agent, which was a material fact known to the licensee and not readily apparent or ascertainable to a party.

Violations: ORS 696.301(1) and 696.805(2)(c) (2003 Edition)

Winqvist, John C. (Tigard) Property Manager #920800151
Stipulated Order dated November 13, 2008. Winqvist failed to maintain a copy of a management agreement in his records; Winqvist failed to deposit security deposit funds within three banking days; Winqvist failed to hold security deposits in an account labeled "Clients' Trust Account - Security Deposits"; and Winqvist failed to provide the amount of and the reason for all funds paid by the tenant to the property manager.

Violations: OAR 863-025-0035, 025-0030(1)(2), 025-0045(1)(c)

CIVIL PENALTIES

Expired — OAR 863-015-0050(2) —

31-60 days — \$100

Childs, Gregg E. (Portland) #980200122 – 36 days – 12/10/08 Stipulated Order

Expired — OAR 863-015-0050(2) — 61-90 days — \$600

Brandon-Lasko, Christine L. (Portland) #950300171 – 80 days – 1/13/09 Stipulated Order

Chase, Stephen M. (St Helens) #990900066 – 69 days – 11/18/08 Hearing Order

Crane, Jennifer Lupton (Ashland) #200604045 – 75 days – 11/17/08 Stipulated Order

Expired — OAR 863-015-0050(2) — 91-120 days — \$1,100

Johnston, Janet M. (Roseburg) – #790800312 – 108 days - 11/17/08 Stipulated Order

Expired — OAR 863-015-0050(2) — 151-180 days — \$2,100

Galaski, Julie N. (Portland) #951000151 164 days – 1/6/09 Stipulated Order

Expired — OAR 863-015-0050(2) — 211-240 days — \$3,100

Culick, Marietta "Molly" Huxham (Salem) #200602063 – 226 days – 12-10-08 Stipulated Order. Prior to renewal, Culick changed her name and Oregon Real Estate Agency did not mail her license after the name change, which caused problems in tracking the renewal, resulting in a \$1,550 civil penalty.

Wyszynski, Christina (Portland) #970700063 – 244 days – 12/10/08 Stipulated Order. Wyszynski maintained a full time job outside of real estate and was involved in only one transaction during the time her license was expired, which was completed in under 30 days, resulting in a \$100 civil penalty.

Expired — OAR 863-015-0050(2) — 331-360 days — \$5,100

Kramer, Kristan Nicole (Portland) 200504525 – 346 days – 11/24/08 Stipulated Order

Please see **Administrative Actions** on Page 8

The complete order for each administrative action can be found as a supplement to the electronic version of the *OREN-J* on the Agency's website. Visit www.oregonrealstate.or.us, and select "News-Journal" from the menu.

Change Was an Evolution

By Michael R. Graeper, 2004-2008 Chairman of the Real Estate Board

In October 2006, the Oregon Real Estate News-Journal published my article "Change Is Evolution." At that time, the Oregon Real Estate Agency was under review by the legislature and faced many potential changes. An Interim Joint Legislative Committee had been formed to evaluate the Real Estate Agency and determine if legislation was necessary to reshape the Agency and perhaps change the role, function and practices of the Oregon Real Estate Board, as well as the role of the Commissioner and the structure of Agency as a whole. The Interim Committee met four times to hear testimony from interested parties. At that time I wasn't convinced that the model of the Oregon Real Estate Agency was the best.

Our state is one of only three that have a commissioner of real estate and an advisory board. Most states have a policy setting board, who are often called "commissioners" and an individual to run the administration of the Agency. In our model, the governor-appointed commissioner comes from an active career in the real estate industry. The individual is knowledgeable about the practices of the real estate industry when they are appointed but usually has little or no knowledge of how to run a large state agency. In addition, the Board, which is comprised of seven members from the real estate industry and two members from the public, has a purely advisory role.

In the past the Board had largely been asked only to determine whether the three-year active practice requirement should be waived for a licensee to receive their principal broker license. The balance of the meeting was dedicated to the Commissioner's report. The Board was not asked to review current or future policies nor the budget of the Agency. Neither did the Board have knowledge of, nor had any role in, the disciplinary policy or process of the Agency.

In the spring of 2006 the Oregon Association of Realtors passed a motion to recommend to the Interim Legislative Committee on the Real Estate Agency to "create a true Commission with the Real Estate Board/Commissioners (appointed by the Governor) empow-

ered to set policy, budgets and administrative rules, and with oversight over an agency head/administrator who would manage operations and facilitate the policy and budgetary role of the Commission." The Interim Legislative Committee came to the same conclusion and Senate Bill 324 was presented to the Legislature in order to bring about these changes.

SB 324 would have empowered the Real Estate Board with policymaking authority and a role in the disciplinary process. The Commissioner would administer the day-in and day-out running of the Real Estate Agency with all of its personnel, union and budget considerations. Matters that go before the legislature such as budgets and license law changes would need Board review and approval as would administrative rules. The problem with SB 324 was that no one had bothered to ask the Governor what his position was on the measure. In my opinion he felt that when he was the Insurance Commissioner he could not think of anything worse than having a nine-member Board, perched on his shoulder, second guessing any decision that he might make. The Governor did, however, set out to correct the problem by appointing a new Real Estate Commissioner from the industry and also with the background knowledge of how to run a State Agency and charged him with getting the Real Estate Board involved in the decision-making process of the Real Estate Agency. I am glad to say that the Real Estate Board, that has five new members since 2006, is now very involved in the policy, budget, regulatory, education and disciplinary process of the Real Estate Agency. The Board's advice on these matters and others is actively sought by both the Commissioner and Deputy Commissioner.

As a result of these changes, I believe that we can now better meet the objectives of the Real Estate Agency which is to help create a healthy real estate market atmosphere for the public and to assure that professional real estate activity is conducted with high fiduciary standards. ■

The Oregon Real Estate Agency

Division Reports

Editor's note: This section will provide updates from the managers of each of the Real Estate Agency's divisions, and will appear regularly in the Oregon Real Estate News-Journal.

Education Division

Manager - Mesheal Heyman

Division Overview

This division carries out the Agency's mission by striving for a competent licensed real estate community. The division does this by approving pre-license and post-license courses, coordinating license exam services, developing informational publications and websites, providing customer services via phone and electronic mail, and conducting compliance reviews and mail-in audits.

Workload and Activity Indicators

2,084 license exams were administered by PSI, Inc. in 2008. That is a 43% decrease from the number administered in 2007.

The Division responds to over 500 inquiries each month. Topics range from licensing and continuing education requirements, to regulatory requirements for advertising and record retentions, to the Agency's complaint process.

Education Approval Overview

Real estate schools must be approved by two state agencies before offering pre-license education for broker and property manager applicants.

Schools must be licensed as a career school through the Oregon Department of Education. ODE confirms that the admission, tuition, and record retention policies of each school meet the requirements set out in Oregon law.

Real estate schools must also have courses and instructors approved by the Real Estate Agency. Instructor resumes, course outlines, quizzes and assignments, and final exams are submitted for review by the Agency using established guidelines.

If a real estate school wants to offer a

course in a format other than live lecture in a classroom, then the school must also obtain distance education certification from the Association of Real Estate License Law Officials.

Regulation Division

Manager - Selina Barnes

Division Overview

This division receives complaints and determines validity and assignment for investigation. Investigators gather facts, complete report and submit to Manager for review. The Manager determines whether the evidence supports charging a person with a violation of Agency statutes or administrative rules.

Program Changes, Future Projects, Streamlining

The option of holding settlement conferences via phone is being offered to respondents, rather than requiring the respondent to travel to the Agency. This has been met with a positive response, whether or not the option is chosen.

Licensing Division

Manager-Laurie Hall

The Licensing Division has five staff members who are responsible for public and licensee information services, real estate, property management and escrow licensing transactions and the registration of real estate business names. The staff is also responsible for reception, phones and mail processing.

There are approximately 28,000 individuals and facilities throughout the state of Oregon that are licensed and registered with the Agency. This generates an average of 2,000 transactions and 2,800 phone calls each month that must be received and processed by the Licensing Division. Although the Agency has seen a drop in the number of

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Agency Division Reports

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new licensees, the number of existing licensed individuals and facilities has only decreased by 1,200 since a peak number of 29,164 in October of 2007.

Land Development Division

Manager-Laurie Skillman

The Land Development Division has two staff members and reviews and approves land development filings, including condominiums, out-of-state subdivisions, timeshares, membership campgrounds and manufactured dwelling subdivisions. The majority of the work of the division is done for condominium filings.

The average number of land development reviews per month for 2008 was 483, compared to 753 for 2007. The monthly statistics for 2008 closely track the number of filings for 2006. The decrease in filings is due in large part to significant changes in financing, housing markets and construction. Developers have difficulty obtaining financing for projects and buyers have challenges obtaining long-term financing.

The majority of new condominium developments continue to be in the Portland-metropolitan area, however, the Agency has seen an increase in filings for the coast and southern Oregon. Anecdotal information indicates that many units in completed condominium projects cannot be sold and developers are being forced to rent units. In addition, several

completed projects have faced significant financial problems and developers have sold their unsold units in bulk to successor developers.

Administrative Services Division

Manager – Kate Nass

The Administrative Services Division includes five full-time employees and four part-time employees and acts as support to the agency.

This division manages budget preparation, accounting, information technology, purchasing and contracting, inventory control, facilities, payroll and personnel contacts, and special projects.

Administrative Services Division, along with a committee of Agency staff, have been working on a complete update of the Agency's website. This update will make it easier for site visitors to find the information they are looking for.

The division has been working with the Department of Administrative Services and Legislative Fiscal Office in preparation for the Real Estate Agency's 2009-2011 Budget. The Agency presented the requested budget to the Ways and Means Subcommittee on Transportation and Economic Development in a Public Hearing on February 10, and a Work Session is scheduled for mid-March. This process decides the Agency's Legislatively Adopted Budget for the 2009-2011 biennium. ■

Administrative Actions

Continued from Page 5

Unlicensed Activity

Byer, Scott W. (Portland) Unlicensed Stipulated order dated January 26, 2009 issuing a \$1,600 civil penalty. Byer managed property owned by someone else from June 1, 2007 to October 1, 2007 without a real estate or property manager license.

Violation: ORS 696.020.

Winchell, Derek (Medford) Unlicensed Stipulated order dated January 20, 2009 issuing a \$200 civil penalty. Winchell offered to set up an appointment to show a property.

Violation: ORS 696.020 ■

Advanced Real Estate Practices - Do You Need It?

Real Estate Agency Staff

If you are a new Oregon broker, you must take the 30-hour Advanced Real Estate Practices (AP) course before your first active license renewal.

You must complete the Real Estate Agency-approved AP course if you:

- received your very first Oregon real estate broker license on or after July 1, 2002; or
- let a previous Oregon license expire (or otherwise lapse) and obtained a new broker license on or after July 1, 2002.

Principal brokers, sole practitioner brokers and property managers are not required to take the AP course.

The AP course is a specific 30-hour course that must be taken from an Agency-approved course provider. A list of approved providers for the AP course can be found in the document called "Approved Pre-License and Post-License Real Estate Education," which can be obtained by visiting the Agency's website at www.rea.state.or.us.

Completion of the course is required by OAR 863-015-0055(4).

If your license is inactive at the time of renewal, you do not need to take the AP course until you reactivate your license.

Although the AP course requirement is separate from continuing education requirements, a principal broker may let affiliated brokers use the AP course to meet the continuing education requirements for license renewal.

When affiliated brokers complete the AP course, the course certificate must be given to their principal broker. The principal broker signs the Renewal Continuing Education Certification Form indicating that the course has been completed. The principal broker then keeps the certificate and the certification form for six years as required by ORS 696.280(2) and (3), and

OAR 863-015-0055(2)(c).

Find out if you need it:

Active broker licensees, you need to take the AP course to renew your license if:

- the license is being renewed for the very first time.
- you had an Oregon real estate license, but let it expire or otherwise lapse. You have now re-licensed as a broker by meeting the current licensing requirements. Your first license renewal since re-licensing is now coming up.

Inactive broker licensees, you need to take the AP course to activate your license if:

- you obtained your very first broker license after June 30, 2002, but it has been inactive the entire time. You have renewed your inactive license at least once, and now you wish to activate it.
- you had an Oregon real estate license, but let it expire or otherwise lapse. You became re-licensed as a broker after June 30, 2002 by meeting the current licensing requirements, but have had an inactive license since then. You have renewed your inactive license at least once, and now wish to activate it.

You do not need the AP course if:

- you are an affiliated broker who was licensed prior to July 1, 2002, and you have maintained your license, not letting it expire or otherwise lapse.
- you are a principal broker
- you are a sole practitioner broker
- you are a property manager
- your license is currently inactive (but you may need it to activate your license. See "Inactive Broker Licensees" above.)

Reciprocal Licensees:

Please contact the Agency at (503) 378-4170 if you will be renewing your Oregon license for the first time.

HAPPY BIRTHDAY OREGON!

To celebrate the state's sesquicentennial, the Real Estate Agency offers this second of four Oregon Real Estate News-Journals highlighting the ways real estate and land use has shaped Oregon.

Editor's Note:

The December 2008 edition of the *Oregon Real Estate News-Journal* contained an article entitled "The Oregon Country: A New Eden." The *News-Journal* failed to give recognition for the source of the information for the article: the Oregon Historical Society and its Oregon History Project. The Oregon Real Estate Agency regrets the omission. For additional information on the Oregon History Project, please visit its website at www.ohs.org/education/oregonhistory/.

Shaping Oregon: The Land Donation Act, Railroads and the Gold Rush

By Katie Archambault, Real Estate Agency Staff

Before the state boundaries of Oregon were established in 1859, the Donation Land Act of 1850 had already helped shape and populate much of the region. The act was a historic law passed by Congress intended to promote the settlement and development of the Oregon Territory. Under the terms of the act, every white male American citizens and half-blood Native Americans over the age of 18 would be granted a 320-acre parcel of land (640 if married) so long as they lived upon and cultivated it for a period of four consecutive years.¹ Upon proof that the settler met those conditions, he would receive an ownership certificate for his land "as the free gift of a generous nation."² The act expired in 1855, but in its five-year existence the government granted nearly 8,000 claims covering about three million acres in Oregon and Washington.³

While the Donation Land Act of 1850 seemed like a great arrangement between the U.S. government and people seeking settlement in the Oregon Territory, the act kept certain races from sharing in the bounty of Oregon. This resulted in immense and long-lasting repercussions that are still noticeable today. First and foremost, the Donation Land Act of 1850 breached the most basic tenet of U.S. – Indian policy of the time: "the requirement that Indian title to land must be extinguished before opening the land to settlement by whites."⁴ As a result, growing friction between whites and Indians ensued as white settlers moved in, thrusting Indians from their land and forcing them to relocate (later onto reservations). However, the act not only heightened the white settlers' tension with Indians, but it also created

new distances between whites and the other races the act denied ownership of land; specifically: African Americans, Hawaiians, Asians, and other non-white American citizens. The racial exclusion laws put in place by the Land Donation Act of 1850 created the foundation for a state in which racial diversity was rare, especially in rural areas.⁵

A year before the Land Donation Act of 1850 was promulgated, the discovery of gold in California in 1849 thrust American's into a gold-seeking frenzy. Thousands of people stricken with gold-fever embarked upon a journey to California with the hope of striking it rich. The massive number of people who flocked to the gold mines of California created an instant market for food and building materials, and Oregon was well situated geographically to take advantage of these new markets. However, while many gold-seekers failed to actually cash in on the prosperity they sought, the immediate aftermath of the gold rush served as a great catalyst for Oregon agriculturally as well as commercially. In fact, Oregon City and Portland developed an instant lumber and flour trade, with the number of commercial buildings in Portland increasing from five in 1850 to forty by 1853.⁶ People's insatiable desire to find gold also fueled the rise of many towns and cities in Oregon such as Jacksonville and Gold Beach when word spread that, like California, the Oregon Territory was also plentiful in gold.

While the gold rush sparked the commercial and agricultural development of Oregon, the creation of the Oregon and California Railroad (O&C) ignited Oregon's development and ushered in a new era of prosperity

for the region. Historian Carlos Schwantes claimed that railroads “served as the engines of empire,” for they were symbols of industrial capitalism and progress.⁷ The construction of the O&C began in Portland during the spring of 1868 and was to be the first railroad to connect Oregon with California. As an incentive to foster development of the region, historian Cain Allen stated, “the state and federal governments granted the O&C a total of 3.7 million acres of land” that extended from Portland to the California boarder.⁸

However, the construction process of the railroad was wrought with corruption by the greedy actions of transportation tycoon Benjamin Holladay. According to historian William Robbins, “Holladay literally purchased votes to assure that the Oregon legislature would award his company a large land grant from Congress... [however] because he had vastly overextended his financial reach, Holladay ultimately lost control of the O&C to Henry Villard.”⁹ Despite the line being riddled with corruption in its early years of construction, the O&C was finally finished in 1887. The completion of the O&C brought with it the expedience in the shipping of people, agricultural commodities, and manufactured goods and supplies. William Robbins also notes:

Some scholars have judged that the O&C ushered in a golden age for agriculture in the Willamette Valley. During its first decade of operation, the number of people in the valley grew by 62 percent and wheat production more than doubled. In the midst of the early euphoria over the O&C, the Willamette Farmer bragged that railroads were true measures of progress, symbols of advancement and improvement.¹⁰

In a brief fifty years, from 1850-1900, Oregon (then still the Oregon Territory until 1859) witnessed many things that attributed to its advancement and future success: the work of the U.S. government to promote the settlement of the Oregon Territory; the creation and resulting prosperity of new markets brought about by the gold rush; the inclusion into the Union as the 33rd state in 1859; and the unprecedented growth and development brought about by the railroads. It is evident that the 19th century brought

with it a significant growth and advancement in the use of land in Oregon. However, in order to ensure the protection of land and people’s claim to it, there would soon be a need for the regulation and management of land and its purchase. This would come to Oregon in the early 20th century with the promulgation of the nation’s first real estate license regulatory law.

1 *Historic Oregon City*, “Land Claims: Claiming the Farm,” Clackamas Heritage Partners, http://historicoregoncity.org/HOC/index.php?option=com_content&view=article&catid=70%3Aoregon-trail-history&id=150%3Aland-claims&Itemid=98 (accessed February 4, 2009).

2 *Washington State Historical Society*, “The Treaty Trail: U.S. – Indian Treaty Councils in the Northwest,” <http://stories.washingtonhistory.org/treatytrail/context/context-onepage.htm> (accessed February 5, 2009).

3 *Center for the Study of the Pacific Northwest*, “A History of Treaty-Making and Reservations on the Olympic Peninsula: Oregon Donation Land Act,” *University of Washington*, <http://content.lib.washington.edu/curriculumpackets/treaties/oregon.html> (accessed February 4, 2009).

4 *Ibid.*

5 *Dane Bevan*, “Oregon Land Donation Claim Notification,” *Oregon Historical Society Oregon History Project*, http://www.ohs.org/education/oregonhistory/historical_records/dspDocument.cfm?doc_ID=2D6350BC-CC5A-E143-2EB7E422E9D-FE9A7 (accessed February 4, 2009).

6 *William G. Robbins*, “The Great Divide: Resettlement and the New Economy: After the Gold Rush,” *Oregon Historical Society Oregon History Project*, http://www.ohs.org/education/oregonhistory/narratives/subtopic.cfm?subtopic_ID=28 (accessed February 4, 2009).

7 *William G. Robbins*, “The Great Divide: Resettlement and the New Economy: Indispensable Signs of Civilization and Progress,” *Oregon Historical Society Oregon History Project*, http://www.ohs.org/education/oregonhistory/narratives/subtopic.cfm?subtopic_ID=30 (accessed February 4, 2009).

8 *Cain Allen*, “Oregon and California Railroad,” *Oregon Historical Society Oregon History Project*, http://www.ohs.org/education/oregonhistory/historical_records/dspDocument.cfm?doc_ID=57DC68B6-D7DF-29DF-E0AEFFF6262C7F98 (accessed February 4, 2009).

9 *William G. Robbins*, “The Great Divide: Resettlement and the New Economy: Indispensable Signs of Civilization and Progress”.

10 *Ibid.*

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