

ORIGINAL

Decision No. 5203

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA SOUTHERN RAILROAD COMPANY)
for a finding that certain non-opera-)
tive properties are not necessary or)
useful in the performance of Appli-)
cant's duties to the public, within)
the meaning of Section 51 of the Pub-)
lic Utilities Act, and which there-)
fore may be sold.)

Application
No. 3500.

Ward Chapman for California Southern Railroad Company

GORDON, Commissioner.

O P I N I O N

In this application CALIFORNIA SOUTHERN RAILROAD COMPANY, which is engaged in operating a steam railway as a common carrier from Blythe Junction to the town of Blythe in Riverside County, asks the Commission's permission to dispose of certain non-operative lands and other properties, and to investigate and satisfy itself that the price of \$59,512.83, for which these properties are to be sold, is a reasonable one and should therefore be approved.

A hearing was held in Blythe in this matter on February 28, 1918.

These properties, generally, consist of all unsold lands acquired by Applicant through grants and donations made in aid of ^{the} construction of its railroad, aggregating 1089.36 acres, and also of all Applicant's equities and interests in certain real estate under contract of sale, covering approxi-

mately 440 acres which were also acquired through grants in aid of construction.

In addition, the proposed sale is to include, according to Applicant, all promissory notes, to the number of about 283, aggregating originally the sum of \$18,934.90, as well as all unfulfilled subscription contracts and all of the property rights or interests of the Applicant therein.

It will be desirable to review briefly the history and the status of these donated properties. Prior to the commencement of the work on the construction of Applicant's railroad the promoters of the enterprise in 1914 and 1915 solicited and obtained from numerous property owners and prospective share owners of the proposed railroad who would be benefitted by this construction, subscriptions in the form of contracts to contribute money or other property, to encourage the prosecution of the enterprise and to aid in financing the construction of the road.

Originally all subscription contracts were made in favor of and in the names of the individuals promoting the enterprise or in favor of the Blythe Construction Company, a corporation organized for the purpose of constructing the road, in pursuance with a contract with the railroad.

During the course of construction all subscription contracts and grants or contributions made, became vested in the Blythe Construction Company and, in the large part, were pledged or used in the construction.

In the course of the hearing before this Commission in August 1915 the question arose as to whether the property thus donated and subscribed, and the proceeds arising therefrom, should inure to the benefit of the railroad or whether this benefit should go to the Blythe Construction Company. In the Decision No. 2743, rendered October 4, 1915, this Commission required as a condition

to authorizing the issuance of bonds and stocks that a statement of all bonuses thus subscribed should be filed, and that all such bonuses or grants, unless otherwise authorized by the Commission, should be made payable or assigned to the railroad, and that the proceeds derived should be held for its benefit.

In October 1915, in compliance with this requirement, the statement of subscriptions was filed with the Commission and an assignment was made by the Blythe Construction Company to the applicant of all its rights, titles or interests in the subscriptions or grants or contributions made for the purpose of constructing the railroad.

This Commission in its Supplemental Decision No. 2910 dated November 19, 1915, found that Applicant had complied with these requirements so that the bonuses would be payable for the benefit of the railroad enterprise.

In the hearing before the Commission in August 1915, heretofore referred to, there was considered also the question of whether a conveyance of 1000 acres of land in the Palo Verde Valley contracted to be made by the Palo Verde Land and Water Company to one H. L. Martin in pursuance of a contract dated December 1, 1914, whereby said Martin was given an agency for the sale of 11,000 acres of land upon certain terms and conditions therein set forth, and whereby said Palo Verde Land and Water Company also agreed to make two grants of 500 acres each conditional upon the construction of the railroad within certain time limits, was likewise made for the benefit of the railroad company.

At that hearing Applicant took the position that this contract was an independent transaction between the parties above named, which contemplated the conveyance of said 1,000 acres of land to said Martin or to his assignee, the Blythe Construction Company, as a part of the consideration of the obligations under-

taken by them in connection with the selling agency of the said 11,000 acres of land belonging to the Palo Verde Land and Water Company, and that the contract for the conveyance of said 1,000 acres could not therefore lawfully be treated as a subscription to the railroad enterprise.

This Commission, while of a different opinion, made no determination of the question at that time nor at any subsequent time, but through negotiations, thereafter, it was arranged that the Blythe Construction Company should likewise assign the 1,000 acres acquired by it under that contract to the California Southern Railroad Company, but subject, however, to an indebtedness of \$35,000, for which that land had been hypothecated and which sum had been used in the construction of the railroad.

Subsequently these lands were pledged for an additional loan of \$10,000, which likewise was used in the construction of the road. Accordingly, on June 13, 1917, the Blythe Construction Company assigned all of its interest in said 1,000 acres of land to the Applicant herein, subject to the original indebtedness of \$35,000 and the later indebtedness of \$10,000 or a total indebtedness of \$45,000.

While, therefore, the title to the unsold real estate realized from all subscriptions thus made, stands in the name of the Peoples Trust and Savings Bank of Riverside, in trust for the more convenient handling of the same, as well as security for an indebtedness to that bank, nevertheless all such grants of real estate, including the grant of the 1,000 acres above mentioned, are now owned and controlled by this applicant. Besides the beneficial interest in all real estate contributed or granted in aid of construction of the road thus vested in the Applicant, the Applicant has succeeded to and become vested with all other rights and equities of the parties to whom the original subscriptions

were made, comprising promissory notes, unfulfilled subscriptions, contracts of sale, and other evidences of indebtedness, so that Applicant has, ever since the assignment above mentioned, controlled, and still does control, the disposition of all properties of every nature comprising bonus grants or subscriptions.

The character and status of the bonus grants and subscriptions may be classified as follows:-

1.-Unsold Real Estate:-

The original subscriptions call for a total of 2,082.23 acres of land in the Palo Verde Valley; in addition, 160 acres was deeded in lieu of cash subscriptions, making a total acreage called for by subscriptions of 2,242.23 acres.

Applicant informs the Commission that of this total, subscriptions for 422 acres were never fulfilled, and probably never will be, notwithstanding persistent efforts to obtain the land. Eighty acres of poor land subscribed and deeded was exchanged for 40 acres of better land, which resulted in a deduction of 40 acres from the total; 60.87 acres were sold outright for cash, and 440 acres have been sold on instalment contract. In addition 190 acres, conveyances for which have been offered, have not been accepted by Applicant because the incumbrances required to be assumed were deemed to be greater than the value of the land. Deducting these items from the total acreage subscribed, there is left on hand 1,089.36 acres.

The number of acres of real estate which Applicant desires to sell, together with a legal description thereof and the appraised value, is set forth in Schedule "A" attached hereto.

There is also indicated in that exhibit the various parcels of land to which water stock of the Palo Verde Mutual Company

is appurtenant. Applicant has appraised these parcels of unsold land together with the water stock, and in its application shows an aggregate valuation of land and water stock of \$44,050.

2. Acreage under Contracts of Sale:

According to the Applicant's statement, 13 sales of land have been made, in most instances through the agency of the California Southern Realty Company, under an agency or selling contract made between the Blythe Construction Company and said Realty Company before the assignment of the bonus grants to the railroad company whereby said realty company was appointed the selling agent upon a commission basis of 15% on the selling price, plus an equal division of profits over and above the base price of \$60 per acre, and obligating the realty company to assume the expense of advertising and other expenses in finding purchasers. The total number of acres thus sold is 440.

The balance due on the principal is \$36,383, and the Applicant's share thereof, calculated on the assumption that all instalments will be paid as required by the contracts, and estimating deductions for expenses as nearly as may be, is \$27,979.32.

Applicant asks the Commission, however, to take into consideration the difficulty and expense of collections of instalments as indicated by past experiences with these contracts. The probability of forfeitures in some instances and the fact that the security for the balances due is not considered sufficient to make the vendor's interests readily marketable, must also be considered. Applicant avers that a discount of not less than 25% must be made for future contingencies. Applicant states that the value of its interest in these contracts, therefore, will not exceed \$20,984.49.

As bearing upon the benefits which Applicant derived by reason of the sales contract between the Construction Company and the Realty Company heretofore referred to, the Applicant, during the hearing at Blythe, was asked to submit to the Commission a statement of benefits realized from the sales of lands made through the California Southern Realty Company under the selling contract, read in evidence. This statement, as taken from the books of the California Southern Realty Company, has now been furnished and shows the following items:

Profits realized by California Southern Railroad Company from sales of bonus lands, including the 1,000 acre grant made by the Palo Verde Land and Water Company, over and above the base price provided for in the contract - - - - - \$ 5 328.85

Profits realized from sales of lands acquired by the California Southern Realty Company solely through its own efforts and from its own resources independently of bonus lands or any lands belonging to the California Southern Realty Company and credited to the California Southern Realty Company as its share of the profits under selling contract - - - - - 19 430.64
 Total - - - - - \$ 24 759.49

Amount paid to the California Southern Railroad Company on the above Account - - - - - \$ 7 421.64

Balance remaining to be paid to California Southern Railroad Company as collections are made from existing contracts - - - - - \$ 17 357.85

From the above balance, however, there will be deducted the Railroad Company's share of small incidental expenses neces-

sary to be incurred in transferring the title, bringing down certificates, escrow and trustees' charges, as the various transactions are closed, but accrued interest will more than offset these charges. This interest, therefore, has turned out to be a very advantageous asset to the Applicant.

3. Water Stock of the Palo Verde Mutual Water Company:

One thousand and thirty-two shares of water stock is held by the Peoples Trust and Savings Bank of Riverside as the trustee for the Applicant. These shares, according to Applicant's statement, have either been sold or contracted to be sold with the land under contract as above set forth and are included in the appraised value of the balances due on these contracts, and the value, therefore, is included in the appraised value of the land to which the shares are appurtenant.

4. Promissory Notes:

Applicant has in its possession or under its control 283 promissory notes, ranging in amount from \$12.50 to \$400. Most of these notes are long past due. The aggregate total face value of the principal of all notes is \$18,934.90, and, as stated in the application, only \$283.77 of this amount has been collected on the principal of these notes in cash, and \$80.70 on the interest, although credit has been given on the principal for merchandise and labor in the sum of \$750.22, and on the interest \$47.96. The balance due on the principal, therefore, is \$17,900.91, and the balance due on accrued interest is \$2,021.50, making a total balance due of \$19,922.41.

Applicant's statement as to the present value of these promissory notes is as follows:

"Many of the makers of these promissory notes are judgment proof; many have left the Valley and efforts to get into communication with them have failed. Past effort to collect upon the notes has met with so little success that it is next to impossible

"to estimate what amount might be realized thereon or what the notes might be sold for, but it is safe to say that a fair market value would not be in excess of 25% of the balance due, or a total of \$4,980.60."

5. Miscellaneous Subscriptions:

Besides the subscriptions payable in land as hereinbefore set forth, other subscriptions were made payable in other commodities or in other ways, aggregating a total of \$104,131; of those subscriptions a total of \$18,684.90 was fulfilled by the giving of notes, and are included in the foregoing summary with reference to the notes.

Subscriptions aggregating \$25,570.92 were paid in cash and applied to applicant's benefit; \$26,478.20 of said subscriptions was paid in supplies furnished, team hire or labor performed during the construction period, for which, also, Applicant received due credit; 160 acres of land was also deeded in lieu of cash subscriptions, and is included in the summary of real estate as hereinbefore shown. The balance of said subscriptions aggregating on their face a total of \$33,396.98 have never been paid or fulfilled in any way, and the prospects of realizing anything further are so remote and improbable that no attempt has been made by Applicant to make an estimate of present value.

6. Contracts for Real Estate unfulfilled:

As stated above, subscriptions which called for real estate aggregating a total of 422 acres were made but never fulfilled. In view of the failure of past efforts and the unpromising prospects of ever being able to realize anything from those subscriptions, it is not probable that whatever property rights

pertain to those subscriptions are of any substantial value. Applicant therefore makes no estimate of present value.

The foregoing comprises a summary of all undisposed assets belonging to Applicant and realized from bonus subscriptions or grants in aid of construction of the railroad. The valuation placed on these assets, without considering the unfulfilled subscriptions, aggregate a total of \$70,015.09, and Applicant believes that this amount is a fair estimate of the sum that can be realized. For the purposes of sale as a whole, however, a further deduction should be made, in the opinion of the Applicant, to offset or to anticipate the carrying expense over the period of time that must elapse before these assets can be realized upon, and on that account and for the purpose of arriving at a fair selling price for the whole and for cash, a discount of 15% is deemed by Applicant reasonable, making the total selling price \$59,512.83.

I have given this general description of the property in consideration in this application in order that the two questions before the Commission may properly be determined. These questions are:

First: Should the property referred to be classed as non-operative, that is, is it unnecessary for the efficient operation of the railroad and for the convenience of the public served by this road?

Second: What is a fair present value, under the circumstances, for these properties?

The first question I have no hesitancy in answering in the affirmative. So far as the lands are concerned, they are all distinct or separate from the right of way and station grounds used by the railroad, and in fact are scattered in individual and

disconnected parcels throughout the length and width of the Valley. None of the property has any prospective use as part of the operative system for any purpose or in any sense whatever.

It also appears that the Applicant's Board of Directors has the written assent of the holders of more than 90% of Applicant's capital stock that it would be to the best interest of Applicant as well as of its stockholders, and of the public generally, to dispose of all its non-operative assets as a whole for such a price as may fairly be obtained.

The fact is to be remembered, also, that the remaining real estate is practically non-income-producing, and the expenses of maintenance, of taxes, of assessments upon water stock, etc., is not only a drain upon Applicant's resources which are needed for other purposes, but will likely more than offset any expected increase in value if it were attempted to hold these lands for future disposition. This will more clearly appear by reference to Exhibit B attached to the application, being the schedule of expenses and disbursements for assessments upon water stock, taxes and other maintenance charges incurred in connection with the holding of this real estate.

The reasons which make it advantageous for the railroad company to dispose of these non-operative bonus lands are equally cogent in the case of the other non-operative items as listed above.

The second question as to the fair value of this non-operative property is more difficult to answer. Taking into consideration, however, the facts surrounding these grants and donations, I have reached the conclusion that the value put upon this property as a whole by Applicant is fair and liberal.

In my opinion, the railroad company, if it can realize the total amount of \$59,512.83 and be rid, in the future, of the increasing expense and difficulties attached to these non-operative properties, will not have made a bad bargain. This conviction on my part is strengthened by the personal inspection which I made of the majority of the parcels of land remaining in Applicant's hands, and by the securing of the opinion of the Commission's engineering department, which also made an inspection of those lands and which came to a similar conclusion, i. e., that the values assigned to the individual parcels by applicant may be considered as fair.

Applicant has an authorized bond issue of \$750,000.00 divided into \$350,000.00 of First Mortgage 6 Per Cent Gold Bonds, payable July 1, 1955 and \$400,000.00 of Class "B" 6 per cent Gold Bonds, payable July 1, 1955. The Class "B" bonds are in effect a second mortgage bond. Applicant's reports filed with the Railroad Commission show \$213,000.00 of the First Mortgage and \$262,000.00 of the Second Mortgage bonds outstanding. Both the first and second mortgages contain the usual after-acquired property clause. It appears to me that when the bonus subscriptions, donations, etc., were assigned to Applicant, the lien of Applicant's mortgages attached thereto. Apparently it can release the properties it now desires to sell from the lien of its mortgages only if it complies with Article V. of the first and Article V, of its second mortgage. Section 1, of Article V. reads in part as follows:-

"Section 1. Upon the written request of the Railroad Company evidenced by resolution of its Board of Directors, the Trustee, from time to time while the Railroad Company is in possession of the mortgaged premises and property, but subject to the conditions and limitations in this section prescribed and not otherwise, shall release from the lien and operation of this Indenture any part of the real estate hereby mortgaged

and conveyed; provided (1) that no part of the lines of track or of the rights of way shall be released unless the same shall no longer be of use in the operation of any of the mortgaged lines of railroad, and that no part of such lines of track or rights of way shall be so released if thereby the continuity of the lines of railroad of the Railroad Company hereinbefore particularly described or between the respective termini above mentioned shall be broken; and (2) that no part of the mortgaged railroads or other property shall be released hereunder unless at the time of such release it shall no longer be necessary or expedient to retain the same for the operation, maintenance or use of the remaining lines of railroad, or for use in conducting the business of the Railroad Company.

No such release shall be made under this section unless the Railroad Company shall have sold or shall have contracted to exchange for other property or to sell the property so to be released, or shall, for the purpose of improving its alignment or the arrangement of its terminals or railroad facilities, have substituted for the property released other property having the same general purpose and of a value equal to or greater than that of the property so released; or unless the proceeds of any and all such sales, and all moneys received as compensation for any property subject to this Indenture shall be paid to the Trustee to be held in trust and paid out for the acquisition of other property or the redemption of bonds hereunder.

At the hearing applicant stipulated that it would use the proceeds from the sale of the properties for the reduction of its funded and other indebtedness. It appears to me that if the properties are subject to the lien of applicant's mortgages the proceeds can only be used for such purposes as are specified in the mortgages. The question of modifying or amending these instruments is not before the Commission at this time.

I herewith submit the following form of Order:-

O R D E R

CALIFORNIA SOUTHERN RAILROAD COMPANY having made application to the Railroad Commission, as appearing in the Opinion preceding this Order, a public hearing having been held and this proceeding having been submitted and being ready for decision;

IT IS HEREBY ORDERED that California Southern Railroad Company be, and it is hereby, granted authority to sell and convey its certain non-operative properties described in Schedule "A" attached hereto, and such other properties as are described in the opinion which precedes this order for a sum of not less than \$59,512.83 and ^{to} use the proceeds from the sale of said properties to acquire other properties, redeem bonds ~~or~~ for such other purposes as permitted under its mortgages upon the condition that Applicant file with the Railroad Commission on or before the twenty-fifth day of each month a verified report containing a description of the properties sold during the preceding month, the consideration received therefor and the purposes for which the proceeds obtained from the sale of the properties have been used.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 13th day of March, 1918.

Max Thelen

H. W. Devland

Edwin C. Edgerton

Commissioners.

SCHEDULE "A"

In Exhibit "A" attached to the petition herein, California Southern Railroad Company describes its "unsold bonus real estate" or acreage involved in "bonus subscriptions" as follows:

Description: of Acreage	S.	T	R.	No. of Acres	Water: Stock: Cert.	Appraised: Value Real Est.	Condition of Title and Remarks
NE $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$:34	7	22:	10	:	\$ 100.00	:Clear, deed with People's Trust and Savings Bank.
NW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$:34	7	22:	10	:	100.00	:Clear, deed with People's Trust and Savings Bank
NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$:34	7	22:	10	:	100.00	:Clear, deed with People's Trust and Savings Bank
NW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$:34	7	22:	10	:	100.00	:Clear, deed with People's Trust and Savings Bank
N 15 acres of W $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$:22	6	23:	15	922	750.00	:Clear, deed with People's Trust and Savings Bank
N 10 acres of NW $\frac{1}{4}$ NW $\frac{1}{4}$:20	7	22:	10	:	200.00	:Clear, deed with People's Trust and Savings Bank
NE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$:26	7	22:	10	:	100.00	:Clear, deed with People's Trust and Savings Bank
S $\frac{1}{2}$ S $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$:27	7	22:	10	:	200.00	:Clear, deed with People's Trust and Savings Bank
N $\frac{1}{2}$ W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$:32	7	22:	5	:	50.00	:Clear, deed with People's Trust and Savings Bank
S $\frac{1}{2}$ W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$:32	7	22:	5	:	50.00	:Clear, deed with People's Trust and Savings Bank
SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$:35	8	21:	10	:	50.00	:Clear, deed with P eople's Trust and Savings Bank
SE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$: 2	8	22:	10	:	100.00	:Clear, deed with People's Trust and Savings Bank
E 10 A. Lot 3:	3	8	22:	10	:	100.00	:Clear, deed with People's Trust and Savings Bank
E $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$:12	8	22:	20	:	200.00	:Clear, deed with People's Trust and Savings Bank
SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$:15	8	22:	10	:	100.00	:Clear, deed with People's Trust and Savings Bank
S $\frac{1}{2}$ S $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$:15	8	22:	10	:	100.00	:Clear, deed with People's Trust and Savings Bank
NW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$:15	9	21:	10	:	50.00	:Clear, deed with People's Trust and Savings Bank
S $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$:15	8	22:	20	:	300.00	:Clear, deed with People's Trust and Savings Bank

Description of Acreage	S.	T.	R.	No of Acres	Water-Stock-Cert.	Appraised Value Real Est.	Condition of Title and Remarks
NW $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$	24	7	22	10		\$ - - -	Clear, deed with People's Trust and Savings Bank.
NE $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$	26	8	22	10		100.00	Clear, deed with People's Trust and Savings Bank.
SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$	1	8	22	10		100.00	Clear, deed with People's Trust and Savings Bank.
SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$	15	8	22	20		300.00	Clear, deed with People's Trust and Savings Bank.
W $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$	22	8	22	20		300.00	Clear, deed with People's Trust and Savings Bank.
S $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$	24	7	22	20		200.00	Clear, deed with People's Trust and Savings Bank.
S $\frac{1}{2}$ S $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$	25	8	21	10		150.00	Clear, deed with People's Trust and Savings Bank.
NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$	24	7	22	10		100.00	Clear, deed with People's Trust and Savings Bank.
NE $\frac{1}{4}$ NW $\frac{1}{4}$	22	8	22	40		600.00	Clear, deed with People's Trust and Savings Bank.
NW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$	26	6	22	10		100.00	Clear, deed with People's Trust and Savings Bank.
W $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$	30	7	22	30		450.00	Clear, deed with People's Trust and Savings Bank.
E 10 acres of NW $\frac{1}{4}$ NW $\frac{1}{4}$	4	7	23	10	1029	500.00	Clear, deed with People's Trust and Savings Bank.
Portion Parcel M	32	6	23	26.13	1044	5,400.00	Clear, deed with People's Trust and Savings Bank.
NW $\frac{1}{4}$ SW $\frac{1}{4}$	9	7	23	40	879	2,000.00	} Pledged for loan of \$45,000.00 from People's Trust and Savings Bank assumed by applicant.
NE $\frac{1}{4}$ SW $\frac{1}{4}$	9	7	23	40	1209	2,000.00	
E 30 acres of SE $\frac{1}{4}$ NE $\frac{1}{4}$	16	7	23	30	1209	2,700.00	
E 30 acres of NE $\frac{1}{4}$ SE $\frac{1}{4}$	16	7	23	30	1209		
SE $\frac{1}{4}$ SE $\frac{1}{4}$	16	7	23	40	1209	1,800.00	
W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$	15	7	23	40	1194	1,600.00	
SW $\frac{1}{4}$ NW $\frac{1}{4}$	30	7	23	42.72	1194		
W 22.67 Acres of NW $\frac{1}{4}$ NW $\frac{1}{4}$	30	7	23	22.67	1195	2,400.00	:Ap. as 60A
W $\frac{1}{2}$ SW $\frac{1}{4}$	33	7	22	30	1198	4,000.00	

Description of Acreage	S.	T.	R.	No. of Acres	Water Stock Cert.	Appraised Value Real Est.	Condition of Title and Remarks
W $\frac{1}{2}$ SE $\frac{1}{4}$	18	8	22	80	1198	\$ 4,800.00	Pledged for loan of \$45,000.00 from People's Trust and Savings Bank assumed by Applicant.
W $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$	30	8	22	20	1195	1,100.00	
E $\frac{1}{2}$ NW $\frac{1}{4}$	30	8	22	80	1198	4,500.00	
N $\frac{1}{2}$ NW $\frac{1}{4}$	3	7	23	79	1209	3,600.00	
SW $\frac{1}{4}$ SW $\frac{1}{4}$	19	8	22	43.84	1218	2,400.00	
Total				1,089.36		\$43,950.00	

In Exhibit No. 2 filed at the hearing on this application February 28, 1918, California Southern Railroad Company describes its real estate subject to sales contracts as follows:

Description of Acreage	S.	T.	R.	No. of Acres	Water Stock Cert.	Appraised Value Real Est.	Condition of Title and Remarks
SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$	30	6	23	10	989	\$1,000.00	People's Trust and Savings Bank has deed for entire section.
A Parcel 170' x 225' of Parcel M	32	6	23	7/8		- -	Deed to Southern Sierras Power Co.
10 acres of NE $\frac{1}{4}$ SE $\frac{1}{4}$	4	7	23	10		3,250.00	Deed said to be held in Escrow awaiting Water Stock settlement.
SE $\frac{1}{4}$ SE $\frac{1}{4}$	4	7	23	40			
S $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$	14	7	22	20		1,200.00	---
S $\frac{1}{2}$ NW $\frac{1}{4}$	4	6	23	80		5,000.00	Said to be with Realty Co.
NE $\frac{1}{4}$ SW $\frac{1}{4}$ *	4	6	23	40	879		People's Trust and Savings Bank
NW $\frac{1}{4}$ SW $\frac{1}{4}$ *	4	6	23	40	879	5,500.00	People's Trust and Savings Bank.
N $\frac{1}{2}$ NE $\frac{1}{4}$ *	15	6	23	80	1209	5,600.00	People Trust and Savings Bank.
SW $\frac{1}{4}$ NE $\frac{1}{4}$ *	4	6	23	40	1150	---	People's Trust and Savings Bk.
SE $\frac{1}{4}$ SE $\frac{1}{4}$	9	7	23	40	1209	---	
NE $\frac{1}{4}$ SE $\frac{1}{4}$	9	7	23	40		--	Deeds with People's Trust and Savings Bank

Description of Acreage	S.	T.	R.	No. of Acres	Water-Stock Cert.	Appraised Value Real Est.	Condition of Title and Remarks
W $\frac{1}{2}$ SW $\frac{1}{2}$ NW $\frac{1}{2}$ *	15	7	23	20	1194	\$ 800.00	People's Trust and Savings Bank
NE $\frac{1}{2}$ NE $\frac{1}{2}$	10	6	23	40		---	Deeded to B.W. Smith

(*} Subject to \$45,000.00 loan