

ORIGINAL

Decision No. 34699

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of VALLEY MOTOR LINES, INC. for authority to assume an obligation of \$22,995.20 payable monthly in instalments of \$422.00 per month incident to the acquisition by applicant of certain real property situated in the City of Fresno, County of Fresno, State of California, and HAROLD FRASHER and HATTIE HARM, co-partners, doing business as TERMINAL WAREHOUSE CO., for authority to sell certain real property to VALLEY MOTOR LINES, INC.

Application No. 24446

W. S. JOHNSON, for Applicants.

BY THE COMMISSION:

O P I N I O N

In this application, as amended, Valley Motor Lines, Inc., a corporation, and Harold Frasher and Hattie Harm, co-partners doing business under the firm name and style of Terminal Warehouse Co., ask the Commission for orders authorizing the transfer of property and the assumption of indebtedness represented by a note secured by a deed of trust and such other order as the Commission may deem proper.

It appears that the members of the co-partnership are the largest individual stockholders of the corporation, appli-

cant herein, and that both organizations have their headquarters in Fresno. Valley Motor Lines, Inc. is engaged in business as a highway common carrier of property between various points in the Sacramento and San Joaquin Valleys and San Francisco, and elsewhere, and Terminal Warehouse Co. is engaged in business as a public warehouseman in Fresno and in certain nonutility activities.

During 1936, Valley Motor Lines, Inc. purchased certain real property in Fresno and commenced the construction of a terminal building, expending, for these purposes, the sum of \$9,895.76 for the land and \$15,074.27 for payments to contractors, a total of \$24,970.05.

Thereafter, it was found necessary to borrow from Bank of America National Trust & Savings Association the sum of \$32,000 to complete the construction work. Inasmuch as the bank desired the signatures to the note and deed of trust of the principal stockholders of Valley Motor Lines, Inc. - at that time George Harm and Harold Frasher - and their wives, it was deemed more advantageous for the loan to be arranged by George Harm and Harold Frasher, as co-partners, rather than as individuals. Accordingly, title to the real property and improvements was transferred to Terminal Warehouse Co., a co-partnership comprised of George Harm and Harold Frasher, who thereupon, as of August 18, 1938, executed a deed of trust and issued a 5% note for \$32,000 principal and interest, payable in monthly installments of \$422, and completed the construction of the terminal building. The interest due on the note has been regularly paid and the principal through payments reduced to \$22,995.20.

The deed of a trust was intended to be a lien on "lots eight (8) to twenty-five (25), inclusive, in block eighteen (18), of the Town (now City) of Fresno, according to the map thereof recorded December 10, 1888 in book 4 page 2 of plats, in the County Recorder of said County" including all appurtenances and easements used in connection therewith.

On October 31, 1936, a lease agreement was made whereby George Harm and Harold Frasher leased the terminal premises, on a year to year basis, to Valley Motor Lines, Inc. for the sum of \$422 a month, such sum to be paid to Bank of America and credited upon the deed of trust executed by the lessors. The agreement provides that at any time Valley Motor Lines, Inc. may acquire the properties upon assumption of the unpaid balance of the deed of trust, in which event the \$24,970.05 originally paid by it will be refunded to it.

The Commission did not authorize the execution of the deed of trust and the note for \$32,000. In our opinion, these instruments are void and we do not believe that we should make an order authorizing Valley Motor Lines, Inc. to assume these void instruments. In our opinion a new deed of trust and a new note should be executed under authorization first being granted by this Commission. The order herein will so provide.

ORDER

Valley Motor Lines, Inc. and Harold Frasher and

Hattie Harm, co-partners doing business under the firm name and style of Terminal Warehouse Co., having applied to the Railroad Commission for orders authorizing the transfer of property and the assumption of indebtedness and for such further order as the Commission may deem proper, a public hearing having been held before Examiner Fankhauser, and the Commission having considered the matter,

IT IS HEREBY ORDERED as follows:

1. Harold Frasher and Hattie Harm, co-partners doing business under the firm name and style of Terminal Warehouse Co., may, on or before December 31, 1941, transfer to Valley Motor Lines, Inc. the real property and improvements described in this application and referred to in the foregoing opinion.

2. Harold Frasher and Hattie Harm, co-partners doing business under the firm name and style of Terminal Warehouse Co. or Valley Motor Lines, Inc., either one or the other, may, on or before December 31, 1941, for the purpose of financing, in part, the cost of the real property and improvements herein authorized to be transferred, execute a deed of trust and issue a note, in or substantially in the same forms as the deed of trust and note filed as Exhibits "D" and "C," respectively, with the amended application herein, such note to be in the principal amount of not exceeding \$22,995.20. In the event the deed of trust and note are executed by Harold Frasher and Hattie Harm, co-partners doing business under the firm name and style of Terminal Warehouse Co., said Valley Motor Lines, Inc. may assume the payment

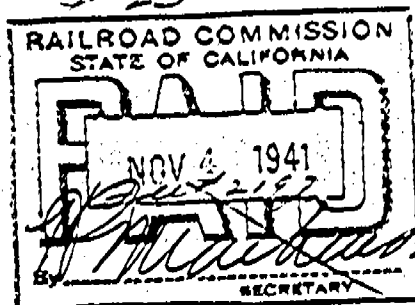
thereof. In the opinion of the Commission, the money, property or labor procured or paid for through the issue of the note is reasonably required for the purpose specified herein and the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income.

3. The authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of the deed of trust as to such other legal requirements to which it may be subject.

4. Valley Motor Lines, Inc., on or before January 15, 1942, shall file with the Commission a written statement showing the action taken by applicants under the authority herein granted.

5. The authority herein granted will become effective when Valley Motor Lines, Inc. and/or Harold Frasher and Hattie Harm, co-partners doing business under the firm name and style of Terminal Warehouse Co., have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty five (\$25.00) Dollars.

Dated at Los Angeles, California, this 28<sup>th</sup> day of October, 1941.



[Signature]  
[Signature]  
Justin F. Coe  
Francis R. Havenner  
[Signature]  
General Managers