

AMENDED IN SENATE MARCH 17, 1998

SENATE BILL

No. 1554

Introduced by Senator Kopp

February 11, 1998

~~An act to amend Sections 10232.5 and 10233 of, and to repeal Section 10232.6 of, the Business and Professions Code, and to amend Section 17006 of the Financial Code, relating to real estate brokers. An act to amend Sections 10232.5, 10233, 10240, and 10471 of, to add Sections 10229.1, 10236.6, and 10236.7 to, and to repeal Section 10232.6 of, the Business and Professions Code, and to amend Section 17006 of the Financial Code, relating to real estate brokers, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1554, as amended, Kopp. Real estate brokers.

(1) Existing law provides for the licensure and regulation of real estate brokers. Existing law requires a real estate broker who is performing certain specified acts in negotiating a loan to be secured by a lien on real property or on a business opportunity, or performing certain specified acts in negotiating the sale of a real property sales contract or promissory note secured directly or collaterally by a lien on real property, to provide the prospective lender or the prospective purchaser, as the case may be, with a disclosure statement, as specified. Existing law requires that the disclosure statement include the estimated fair market value of the securing property, and, if that estimate is based upon

an appraisal, certain information regarding the appraisal and the appraiser.

This bill would instead require that the disclosure statement include the estimated fair market value of the securing property as determined by an appraisal, as specified, and would require the real estate broker to provide a copy of that appraisal to the lender or purchaser. It would, however, authorize certain lenders or purchasers to waive this requirement, in which case the real estate broker would be required to provide the broker's written estimated fair market value of the securing property, *including the objective data upon which the broker's estimate is based*. This bill would also require the broker to provide, ~~unless waived in writing by the lender or purchaser,~~ a preliminary title report and a title insurance policy covering the real property, *and a copy of a written loan application, a credit report, and any supporting document prepared by or on the prospective borrower or the trustor or vendee, as applicable*.

(2) Existing law requires any real estate licensee who undertakes to service a promissory note secured directly or collaterally by a lien on real property or a real property sales contract to have a written authorization from the borrower or lender or holder of the contract.

This bill would instead require the real estate licensee, in this regard, to (1) have a written authorization from the borrower, the lender, or the owner of the note or contract *that is included within the terms of a written servicing agreement satisfying specified requirements*, (2) provide the lender or the owner of the note or contract with ~~at least an annual accounting of collections and disbursements made in connection with~~ *specified accountings of* the note or contract, and (3) provide to the lender or the owner of the note or contract written notification of the recording of a notice of default, the recording of a notice of trustee's sale, ~~or~~ the receipt of *any payment in full or together with* a request for *partial or total* reconveyance of the real property, *or the delinquency of any installment or other obligation over 30 days*. This bill would also authorize the commissioner to conduct certain audits of brokers and would require brokers



to obtain licenses from the Commissioner of Corporations to enter into certain real property securities transactions.

(3) Existing law prescribes certain requirements, known as “multilender” requirements, on real estate brokers with respect to the sale of or offer to sell a series of notes secured directly by an interest in the same real property, or the sale of undivided interests in a note secured directly by real property that is equivalent to a series transaction.

This bill would make those so-called “multilender” requirements applicable to the sale of or offer to sell any note or notes by a real estate broker subject to specified provisions of law.

(4) Existing law requires a real estate broker who negotiates certain real property loans to provide to the borrower a written statement containing specified information relating to that loan. Existing law provides an exception to that requirement for a real estate broker in certain federally regulated residential mortgage loan transactions.

This bill would make that exception applicable only to a real estate broker who, in that transaction, is either the creditor or acting as an agent of the creditor, as defined under the federal Truth in Lending Act.

(5) Existing law establishes in the Real Estate Fund the Recovery Account, which is continuously appropriated for purposes of funding the Real Estate Recovery Program. The account is funded by crediting a specified percentage of any real estate license fee collected. Existing law provides that when an aggrieved person obtains a final judgment in a court of competent jurisdiction or an arbitration award against a defendant based upon the defendant’s fraud, misrepresentation, or deceit, made with intent to defraud, or conversion of trust funds arising directly out of any transaction in which the defendant, a real estate licensee, performed acts for which his or her license was required, the aggrieved person may file an application with the Department of Real Estate for payment from the Recovery Account of the amount unpaid in the judgment which represents an actual and direct loss to the claimant in the transaction.



This bill would authorize payments from the Recovery Account with respect to any such transaction in which the defendant real estate licensee either performed acts for which his or her license was required or for which another license under the Real Estate Law was required or performed other real estate-related acts for which no license under the Real Estate Law was required.

By expanding the scope of eligible claims that can be made against the Recovery Account, this bill would make an appropriation.

(6) Existing law makes it a crime to willfully violate any of the provisions governing real estate, including those governing real estate brokers. By adding these new requirements for real estate brokers, this bill would expand the scope of an existing crime, thereby imposing a state-mandated local program.

(7) Existing law, known as the Escrow Law, provides for the licensure and regulation of escrow agents, and provides for the exemption of certain persons from that law, including any licensed real estate broker while performing acts, as an agent or party, in connection with a real estate transaction for which a real estate ~~licensed~~ license is required.

This bill would instead exempt from the Escrow Law, any licensed real estate broker while performing acts, as an agent ~~or party~~, in connection with a real estate loan transaction in which the borrower is financing all or a part of the purchase of real property *with certain specified financial institutions or licensed lenders*, or any other real estate purchase transaction in which the broker is performing acts for which a real estate license is required.

(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: yes.



The people of the State of California do enact as follows:

1 SECTION 1. *Section 10229.1 is added to the Business
2 and Professions Code, to read:*

3 *10229.1. The requirements of Section 10229 shall
4 apply to the sale of or offer to sell any note or notes subject
5 to the provisions of this article.*

6 SEC. 2. Section 10232.5 of the Business and
7 Professions Code is amended to read:

8 10232.5. (a) If the real estate broker is performing
9 acts described in subdivision (d) of Section 10131 in
10 negotiating a loan to be secured by a lien on real property
11 or on a business opportunity, the statement required to
12 be given to the prospective lender shall include, but shall
13 not necessarily be limited to, the following information:

14 (1) Address or other means of identification of the real
15 property that is to be the security for the borrower's
16 obligation.

17 (2) Estimated fair market value of the securing
18 property as determined by an appraisal conducted by an
19 appraiser licensed or certified by the Office of Real Estate
20 Appraisers for the applicable transaction, a copy of which
21 shall be provided to the lender. However, a lender that
22 is described in subdivision (b) of Section 10232.4 may
23 waive the requirement of an *independent* appraisal in
24 writing, *on a case-by-case basis*, in which case, the real
25 estate broker shall provide the broker's written estimated
26 fair market value of the securing property, *which shall
27 include the objective data upon which the broker's
28 estimate is based.*

29 (3) Age, size, type of construction and a description of
30 improvements to the property if contained in the
31 appraisal or as represented to the broker by the
32 prospective borrower.

33 (4) Identity, occupation, employment, income, and
34 credit data about the prospective borrower or borrowers
35 as represented to the broker by the prospective borrower
36 or borrowers.

37 (5) Terms of the promissory note to be given to the
38 lender.



1 (6) Pertinent information concerning all
2 encumbrances which constitute liens against the securing
3 property and, to the extent of actual knowledge of the
4 broker, pertinent information about other loans that the
5 borrower expects or anticipates will result in a lien being
6 recorded against the property securing the promissory
7 note to be created in favor of the prospective lender.

8 As used in this paragraph, actual knowledge with
9 respect to any anticipated or expected loan, means
10 knowledge gained by the broker through arranging that
11 other loan or receipt of written notification of that other
12 loan. In this regard, the broker shall also ~~provide, unless~~
13 ~~waived in writing by the lender, a preliminary title report~~
14 ~~and title insurance policy covering the securing property.~~
15 *provide a preliminary report and title insurance policy*
16 *covering the securing property, and a copy of a written*
17 *loan application, a credit report, and any supporting*
18 *document prepared by or on the prospective borrower.*

19 (7) Provisions for servicing of the loan, if any,
20 including disposition of the late charge and prepayment
21 penalty fees paid by the borrower.

22 (8) Detailed information concerning any proposed
23 arrangement under which the prospective lender along
24 with persons not otherwise associated with him or her will
25 be joint beneficiaries or obligees.

26 (9) If the solicitation is subject to the provisions of
27 Section 10231.2, a detailed statement of the intended use
28 and disposition of the funds being solicited including an
29 explanation of the nature and extent of the benefits to be
30 directly or indirectly derived by the broker.

31 (b) If the real estate broker is performing acts
32 described in subdivision (e) of Section 10131 or in Section
33 10131.1 in negotiating the sale of a real property sales
34 contract or promissory note secured directly or
35 collaterally by a lien on real property, the statement
36 required to be given to the prospective purchaser by
37 Section 10232.4 shall include, but shall not necessarily be
38 limited to, the following information:



1 (1) Address or other means of identification of the real
2 property that is the security for the trustor's or vendee's
3 obligation.

4 (2) Estimated fair market value of the real property as
5 determined by an appraisal conducted by an appraiser
6 licensed or certified by the Office of Real Estate
7 Appraisers for the applicable transaction, a copy of which
8 shall be provided to the prospective purchaser. However,
9 a purchaser that is described in subdivision (b) of Section
10 10232.4 may waive ~~the requirement of an appraisal in~~
11 ~~writing, in which case, the requirement of an~~
12 ~~independent appraisal in writing, on a case-by-case basis,~~
13 ~~in which case,~~ the real estate broker shall provide the
14 broker's written estimated fair market value of the
15 securing property, *which shall include the objective data*
16 *upon which the broker's estimate is based.*

17 (3) Age, size, type of construction and a description of
18 improvements to the real property if known by the
19 broker.

20 (4) Information available to the broker relative to the
21 ability of the trustor or vendee to meet his or her
22 contractual obligations under the note or contract
23 including the trustor's or vendee's payment history under
24 the note or contract.

25 (5) Terms of the contract or note including the
26 principal balance owing.

27 (6) Provisions for servicing of the note or contract, if
28 any, including disposition of late charge, prepayment
29 penalty or other fees or charges paid by the trustor or
30 vendee.

31 (7) Detailed information concerning any proposed
32 arrangement under which the prospective purchaser
33 along with persons not otherwise associated with him or
34 her will be joint beneficiaries or obligees. In this regard,
35 ~~the broker shall also provide, unless waived by the~~
36 ~~prospective purchaser in writing, a preliminary title~~
37 ~~report and title insurance policy covering the real~~
38 ~~property.~~ *the broker shall also provide a preliminary*
39 *report and a title insurance policy covering the real*
40 *property and, if available from the seller of the note or*



1 *contract or from the original lender, a copy of a written*
2 *loan application, a credit report, and any supporting*
3 *document prepared by or on the trustor or vendee.*

4 (8) A statement as to whether the dealer is acting as a
5 principal or as an agent in the transaction with the
6 prospective purchaser.

7 ~~SEC. 2.~~

8 SEC. 3. Section 10232.6 of the Business and
9 Professions Code is repealed.

10 ~~SEC. 3.~~

11 SEC. 4. Section 10233 of the Business and Professions
12 Code is amended to read:

13 10233. Any real estate licensee who undertakes to
14 service a promissory note secured directly or collaterally
15 by a lien on real property or a real property sales contract
16 shall comply with each of the following requirements:

17 (a) The licensee shall have a written authorization
18 from the borrower, the lender, or the owner of the note
19 or contract, *that is included within the terms of a written*
20 *servicing agreement that satisfies the requirements of*
21 *subdivision (j) of Section 10229.*

22 (b) The licensee shall provide the lender or the owner
23 ~~of the note or contract with at least an annual accounting~~
24 ~~of collections and disbursements made in connection~~
25 ~~with the note or contract and shall retain copies of those~~
26 ~~accountings in the licensee's files on the note or contract.~~
27 *of the note or contract with at least the following*
28 *accountings:*

29 (1) *An accounting of the unpaid principal balance at*
30 *the beginning of each year.*

31 (2) *An accounting of the unpaid principal balance at*
32 *the end of each year.*

33 (3) *An accounting of collections and disbursements*
34 *received and made during each year.*

35 (4) *Each accounting required under this subdivision*
36 *shall identify the person who holds the original note or*
37 *contract and the deed of trust evidencing and securing*
38 *the debt or obligation for which the accounting has been*
39 *provided.*



1 (c) The licensee shall provide to the lender or the
2 owner of the note or contract written notification within
3 ~~10 days of learning of any of the following events: 15 days~~
4 *of the occurrence of any of the following events:*

- 5 (1) The recording of a notice of default.
- 6 (2) The recording of a notice of trustee’s sale.
- 7 ~~(3) The receipt of payment in full or a request for~~
8 ~~reconveyance of the real property, or both of those things,~~
9 ~~in which case the notice shall also indicate any further~~
10 ~~transfer or delivery instructions.~~
11 *(3) The receipt of any payment, together with a*
12 *request for partial or total reconveyance of the real*
13 *property, in which case the notice shall also indicate any*
14 *further transfer or delivery instructions.*
15 *(4) The delinquency of any installment or other*
16 *obligation under the note or contract for over 30 days.*

17 ~~SEC. 4.~~

18 *SEC. 5. Section 10236.6 is added to the Business and*
19 *Professions Code, to read:*

20 *10236.6. (a) The commissioner, in his or her*
21 *discretion, may audit any broker who conducts*
22 *transactions subject to the provisions of this article. The*
23 *audit shall be conducted after reasonable notice to the*
24 *broker and shall include an examination of both of the*
25 *following:*

- 26 *(1) Trust accounts under the control of the broker or*
27 *in any manner affiliated with the broker.*
- 28 *(2) Nontrust accounts under the control of the broker*
29 *or in any manner affiliated with the broker to which funds*
30 *from trust accounts have been deposited other than for*
31 *the payment of commissions, fees, costs, or expenses due*
32 *to or incurred by the broker. However, the authority to*
33 *audit these nontrust accounts shall be limited to instances*
34 *where either an annual audit conducted by an*
35 *independent certified public accountant or a*
36 *departmental audit revealed unauthorized transfers of*
37 *money to those accounts.*
- 38 *(b) The costs of any audit under this section shall be*
39 *borne by the broker.*



1 SEC. 6. Section 10236.7 is added to the Business and
2 Professions Code, to read:

3 10236.7. No real estate broker shall, without first
4 obtaining an applicable license from the Commissioner of
5 Corporations, enter into an agreement made in
6 connection with the arranging of a loan evidenced by a
7 promissory note secured directly or collaterally by a lien
8 on real property or made in connection with the sale of
9 a promissory note secured directly or collaterally by a lien
10 on real property or a real property sales contract wherein
11 the broker expressly or impliedly agrees to do any of the
12 following:

13 (a) Guarantee the note or contract against loss at any
14 time.

15 (b) Guarantee that payments of principal or interest
16 will be paid in conformity with the terms of the note or
17 contract.

18 (c) Assume any payments necessary to protect the
19 security of the note or contract.

20 (d) Accept, from time to time, partial payments for
21 funding the loan or purchasing the note or contract.

22 (e) Guarantee a specific yield or return on the note or
23 contract.

24 (f) Pay with his or her own funds any interest or
25 premium for a period prior to actual purchase and
26 delivery of the note or contract.

27 (g) Repurchase the note or contract.

28 SEC. 7. Section 10240 of the Business and Professions
29 Code is amended to read:

30 10240. (a) Every real estate broker, upon acting
31 within the meaning of subdivision (d) of Section 10131,
32 who negotiates a loan to be secured directly or collaterally
33 by a lien on real property shall, within three business days
34 after receipt of a completed written loan application or
35 before the borrower becomes obligated on the note,
36 whichever is earlier, cause to be delivered to the
37 borrower a statement in writing, containing all the
38 information required by Section 10241. It shall be
39 personally signed by the borrower and by the real estate
40 broker negotiating the loan or by a real estate licensee



1 acting for the broker in negotiating the loan. When so
2 executed, an exact copy thereof shall be delivered to the
3 borrower at the time of its execution. The real estate
4 broker negotiating the loan shall retain on file for a period
5 of three years a true and correct copy of the statement as
6 signed by the borrower.

7 No real estate licensee shall permit the statement to be
8 signed by a borrower if any information required by
9 Section 10241 is omitted.

10 (b) For the purposes of applying the provisions of this
11 article, a real estate broker is acting within the meaning
12 of subdivision (d) of Section 10131 if he or she solicits
13 borrowers, or causes borrowers to be solicited, through
14 express or implied representations that the broker will act
15 as an agent in arranging a loan, but in fact makes the loan
16 to the borrower from funds belonging to the broker.

17 (c) In a federally regulated residential mortgage loan
18 transaction in which the principal loan amount exceeds
19 the principal loan levels set forth in Section 10245, a real
20 estate broker *who is either the creditor or acting as an*
21 *agent of the creditor, as defined under the Truth in*
22 *Lending Act (15 U.S.C.A. 16 et seq.),* satisfies the
23 requirements of this section if the borrower receives (1)
24 a “good faith estimate” that satisfies the requirements of
25 the Real Estate Settlement Procedures Act of 1974 (12
26 U.S.C.A. 2601 et seq.), and that sets forth the broker’s real
27 estate license number and a clear and conspicuous
28 statement on the face of the document stating that the
29 “good faith estimate” does not constitute a loan
30 commitment, (2) all applicable disclosures required by
31 the Truth in Lending Act (15 U.S.C.A. 1601 et seq.), and
32 (3) if the loan contains a balloon payment provision, the
33 disclosure described in subdivision (h) of Section 10241,
34 the balloon disclosure required for that loan by Fannie
35 Mae or Freddie Mac, or an alternative disclosure
36 determined by the commissioner to satisfy the
37 requirements of the Truth in Lending Act.

38 *SEC. 8. Section 10471 of the Business and Professions*
39 *Code is amended to read:*



1 10471. (a) When an aggrieved person obtains (1) a
2 final judgment in a court of competent jurisdiction,
3 including, but not limited to, a criminal restitution order
4 issued pursuant to subdivision (f) of Section 1202.4 of the
5 Penal Code or Section 3663 of Title 18 of the United States
6 Code, or (2) an arbitration award that includes findings
7 of fact and conclusions of law rendered in accordance
8 with the rules established by the American Arbitration
9 Association or another recognized arbitration body, and
10 in accordance with Sections 1281 to 1294.2, inclusive, of
11 the Code of Civil Procedure where applicable, and where
12 the arbitration award has been confirmed and reduced to
13 judgment pursuant to Section 1287.4 of the Code of Civil
14 Procedure, against a defendant based upon the
15 defendant's fraud, misrepresentation, or deceit, made
16 with intent to defraud, or conversion of trust funds arising
17 directly out of any transaction not in violation of Section
18 10137 or 10138 in which the defendant, while licensed
19 under this part, *either performed acts for which that*
20 *license or another license under this part was required or*
21 *performed other real estate-related acts for which no*
22 *license under this part was required,* the aggrieved
23 person may, upon the judgment becoming final, file an
24 application with the Department of Real Estate for
25 payment from the Recovery Account, within the
26 limitations specified in Section 10474, of the amount
27 unpaid on the judgment that represents an actual and
28 direct loss to the claimant in the transaction.

29 (b) The application shall be delivered in person or by
30 certified mail to an office of the department not later than
31 one year after the judgment has become final.

32 (c) The application shall be made on a form prescribed
33 by the department, verified by the claimant, and shall
34 include the following:

35 (1) The name and address of the claimant.

36 (2) If the claimant is represented by an attorney, the
37 name, business address, and telephone number of the
38 attorney.

39 (3) The identification of the judgment, the amount of
40 the claim and an explanation of its computation.



1 (4) A detailed narrative statement of the facts in
2 explanation of the allegations of the complaint upon
3 which the underlying judgment is based.

4 (5) (A) Except as provided in subparagraph (B), a
5 statement by the claimant, signed under penalty of
6 perjury, that the complaint upon which the underlying
7 judgment is based was prosecuted conscientiously and in
8 good faith. As used in this section, “conscientiously and in
9 good faith” means that no party potentially liable to the
10 claimant in the underlying transaction was intentionally
11 and without good cause omitted from the complaint, that
12 no party named in the complaint who otherwise
13 reasonably appeared capable of responding in damages
14 was dismissed from the complaint intentionally and
15 without good cause, and that the claimant employed no
16 other procedural means contrary to the diligent
17 prosecution of the complaint in order to seek to qualify for
18 the Recovery Account.

19 (B) For the purpose of an application based on a
20 criminal restitution order, all of the following statements
21 by the claimant:

22 (i) The claimant has not intentionally and without
23 good cause failed to pursue any person potentially liable
24 to the claimant in the underlying transaction other than
25 a defendant who is the subject of a criminal restitution
26 order.

27 (ii) The claimant has not intentionally and without
28 good cause failed to pursue in a civil action for damages
29 all persons potentially liable to the claimant in the
30 underlying transaction who otherwise reasonably
31 appeared capable of responding in damages other than a
32 defendant who is the subject of a criminal restitution
33 order.

34 (iii) The claimant employed no other procedural
35 means contrary to the diligent prosecution of the
36 complaint in order to seek to qualify for the Recovery
37 Account.

38 (6) The name and address of the judgment debtor or,
39 if not known, the names and addresses of persons who
40 may know the judgment debtor’s present whereabouts.



1 (7) The following representations and information
2 from the claimant:

3 (A) That he or she is not a spouse of the judgment
4 debtor nor a personal representative of the spouse.

5 (B) That he or she has complied with all of the
6 requirements of this chapter.

7 (C) That the judgment underlying the claim meets
8 the requirements of subdivision (a).

9 (D) A description of searches and inquiries conducted
10 by or on behalf of the claimant with respect to the
11 judgment debtor's assets liable to be sold or applied to
12 satisfaction of the judgment, an itemized valuation of the
13 assets discovered, and the results of actions by the
14 claimant to have the assets applied to satisfaction of the
15 judgment.

16 (E) That he or she has diligently pursued collection
17 efforts against other judgment debtors and all other
18 persons liable to the claimant in the transaction that is the
19 basis for the underlying judgment.

20 (F) That the underlying judgment and debt have not
21 been discharged in bankruptcy, or, in the case of a
22 bankruptcy proceeding that is open at the time of the
23 filing of the application, that the judgment and debt have
24 been declared to be nondischargeable.

25 (G) That the application was mailed or delivered to
26 the department no later than one year after the
27 underlying judgment became final.

28 (d) The application form shall include detailed
29 instructions with respect to documentary evidence,
30 pleadings, court rulings, the products of discovery in the
31 underlying litigation, and a notice to the applicant of his
32 or her obligation to protect the underlying judgment
33 from discharge in bankruptcy, to be appended to the
34 application.

35 (e) An application for payment from the Recovery
36 Account that is based on a criminal restitution order shall
37 comply with all of the requirements of this chapter. For
38 the purpose of an application based on a criminal
39 restitution order, the following terms have the following
40 meanings:



1 (1) “Judgment” means the criminal restitution order.

2 (2) “Complaint” means the facts of the underlying
3 transaction upon which the criminal restitution order is
4 based.

5 (3) “Judgment debtor” means any defendant who is
6 the subject of the criminal restitution order.

7 *SEC. 9.* Section 17006 of the Financial Code is
8 amended to read:

9 17006. (a) This division does not apply to:

10 (1) Any person doing business under any law of this
11 state or the United States relating to banks, trust
12 companies, building and loan or savings and loan
13 associations, or insurance companies.

14 (2) Any person licensed to practice law in California
15 who is not actively engaged in conducting an escrow
16 agency.

17 (3) Any person whose principal business is that of
18 preparing abstracts or making searches of title that are
19 used as a basis for the issuance of a policy of title insurance
20 by a company doing business under any law of this state
21 relating to insurance companies.

22 (4) Any broker licensed by the Real Estate
23 Commissioner while performing acts in the course of or
24 incidental to a real estate loan transaction in which the
25 borrower is financing all or a part of the purchase of real
26 property *with a financial institution or a licensed lender*
27 *described in subdivision (b) of Section 22340*, or any other
28 real estate purchase transaction in which the broker is an
29 agent ~~or a party to the transaction~~ and in which the
30 broker is performing an act for which a real estate license
31 is required.

32 (b) The exemptions provided for in paragraphs (2)
33 and (4) of subdivision (a) are personal to the persons
34 listed, and those persons shall not delegate any duties
35 other than duties performed under the direct supervision
36 of those persons. Notwithstanding the provisions of this
37 subdivision, the exemptions provided for in paragraphs
38 (2) and (4) of subdivision (a) are not available for any
39 arrangement entered into for the purpose of performing
40 escrows for more than one business.



1 ~~SEC. 5.~~

2 *SEC. 10.* No reimbursement is required by this act
3 pursuant to Section 6 of Article XIII B of the California
4 Constitution because the only costs that may be incurred
5 by a local agency or school district will be incurred
6 because this act creates a new crime or infraction,
7 eliminates a crime or infraction, or changes the penalty
8 for a crime or infraction, within the meaning of Section
9 17556 of the Government Code, or changes the definition
10 of a crime within the meaning of Section 6 of Article
11 XIII B of the California Constitution.

12 Notwithstanding Section 17580 of the Government
13 Code, unless otherwise specified, the provisions of this act
14 shall become operative on the same date that the act
15 takes effect pursuant to the California Constitution.

