

## INITIAL STATEMENT OF REASONS

### **2728. Partners Operating from Branch Offices.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

Business and Professions Code Section 10137.1 provides that real estate brokers may form partnerships that can perform acts requiring a real estate broker license provided that every partner through whom the partnership performs such acts is a licensed real estate broker. Regulation Sections 2728 and 2755 were adopted as a complement to Section 10137.1 to facilitate the operation of partnerships established pursuant to Section 10137.1. These regulations as they exist today are confusing to licensees and the public because the Department does not license partnerships. As a result, the Department proposes to repeal Sections 2728 and 2755 and re-adopt a new Section 2728 to explain and incorporate the repealed regulations into one.

#### SPECIFIC PURPOSE OF THE REGULATION

The specific purpose of the repeal is to eliminate confusion and re-adopt a new Regulation Section 2728 explaining and incorporating both Section 2728 and 2755.

#### NECESSITY

The repeal is necessary to allow a re-adoption of the regulation and combining it with Section 2755, which is also being repealed, to explain and clarify both regulations.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the repeal of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed repeal or would be as effective and less burdensome to affected private persons than the repeal of the regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there would be no costs associated with these actions. The proposed repeal would not have an adverse economic impact on broker licensees and no

alternatives to this proposed repeal were identified that would lessen any adverse impact on businesses.

### **2728. Brokers and Salespersons Performing Licensed Activities through a Partnership.**

#### **PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS**

Business and Professions Code Section 10137.1 provides that real estate brokers may form partnerships that can perform acts requiring a real estate broker license provided that every partner through whom the partnership performs such acts is a licensed real estate broker. Regulation Sections 2728 and 2755 were adopted as a complement to Section 10137.1 to facilitate the operation of partnerships established pursuant to Section 10137.1. These regulations as they exist today are confusing to licensees and the public because the Department does not license partnerships. As a result, the Department proposes to repeal Sections 2728 and 2755 and re-adopt a new Section 2728 to explain and incorporate the repealed regulations into one.

#### **SPECIFIC PURPOSE OF THE REGULATION**

The specific purpose of the adoption is to eliminate confusion by re-adopting a new Regulation Section 2728 explaining and incorporating both Section 2728 and 2755.

#### **NECESSITY**

The re-adoption is necessary to allow the combining of the repealed Section 2728 with Section 2755, which is also being repealed, to explain and clarify both regulations.

#### **TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS**

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### **ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS**

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed adoption or would be as effective and less burdensome to affected private persons than the adoption of the regulation.

#### **ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES**

The Commissioner has determined that there would be no costs associated with these actions. The proposed adoption would not have an adverse economic impact on broker licensees and no

alternatives to this proposed adoption were identified that would lessen any adverse impact on businesses.

### **2731. Use of False or Fictitious Name.**

#### **PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS**

A licensed real estate broker is allowed to conduct an escrow in the course of, or incidental to, a real estate transaction in which the broker is an agent or a party to the transaction and in which the broker is performing an act for which a real estate license is required under the authority of Section 17006 (a) (4) of the Financial Code. Brokers who choose to perform escrow services under this condition are exempt from obtaining a license as an escrow company issued by the Department of Corporations (DOC). Some brokers have requested that the Department allow them to add a fictitious business name to their license which contains the term escrow to call attention to potential clients that they provide in-house escrow services. Prior to the Department approving a fictitious business name with the word “escrow” in it, the Department asks the DOC whether they have any objection to the use of the proposed name. Historically, the DOC has no objection. Recently, however, DOC has informed the Department they will no longer provide letters of no objection for brokers who use or intend to use the word “escrow” in fictitious business names of real estate brokers. Further, DOC has expressed concerns about the names that real estate brokers are using to identify in-house escrow operations because of the problem of distinguishing those business entities from independent escrow operations licensed by DOC. This proposed amendment would clarify to the real estate consuming public that escrow services, which are performed under this Financial Code exemption, are limited. Members of the public would be less likely to be misled or confused into thinking that a licensed broker can provide these services unless the broker (1) is a principal in the underlying transaction or (2) is otherwise performing services for which a real estate license is required for the buyer or the seller.

#### **SPECIFIC PURPOSE OF THE REGULATION**

The purpose of this proposed change is to add a subsection (d) to require that brokers who currently hold a broker license with a fictitious business name which contains the term “escrow”, upon the renewal of their broker license, amend their fictitious business name on their license to include the words “a non-independent broker escrow”. In the future brokers who intend to apply for a license with a fictitious business name which contains the term escrow would need to include the words “a non-independent broker escrow” as part of the fictitious business name. All brokers using a fictitious business name with the term escrow would have to include the term “a non-independent broker escrow” in any advertising, signs, or electronic promotional material.

#### **NECESSITY**

The amendment is necessary to allow members of the public to make a clear distinction between brokers who conduct in-house escrow services for their own clients based on the exemption in the Financial Code and independent escrow companies which perform escrow services under the authority granted by the Department of Corporations.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there would be minor costs associated with this action for approximately 490 licensed brokers who currently have an approved fictitious business name which contains the term escrow. However, the proposed regulation change would not have an adverse economic impact on over 99% of other currently licensed broker licensees and no alternatives to these changes were identified that would lessen any adverse impact on businesses. There would be no additional costs to comply with this action for brokers who intend to add a new fictitious business name with the term escrow on their license in the future. Those brokers would bear the same costs to comply with this action that would be incurred to add any new fictitious business name to their license.

#### **2755. Salesperson Working for Partnership.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

Business and Professions Code Section 10137.1 provides that real estate brokers may form partnerships that can perform acts requiring a real estate broker license provided that every partner through whom the partnership performs such acts is a licensed real estate broker. Regulation Sections 2728 and 2755 were adopted as a complement to Section 10137.1 to facilitate the operation of partnerships established pursuant to Section 10137.1. These regulations as they exist today are confusing to licensees and the public because the Department does not license partnerships. As a result, the Department proposes to repeal Sections 2728 and 2755 and re-adopt a new Section 2728 to explain and incorporate the repealed regulations into one.

## SPECIFIC PURPOSE OF THE REGULATION

The specific purpose of the repeal is to eliminate confusion and re-adopt a new Regulation Section 2728 explaining and incorporating both Section 2728 and 2755.

## NECESSITY

The repeal is necessary to allow a re-adoption of the regulation and combining it with Section 2728, which is also being repealed, to explain and clarify both regulations.

## TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the repeal of this regulation.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed repeal or would be as effective and less burdensome to affected private persons than the repeal of the regulation.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there would be no costs associated with these actions. The proposed repeal would not have an adverse economic impact on broker licensees and no alternatives to this proposed repeal were identified that would lessen any adverse impact on businesses.

## **2773. Disclosure of License Identification Number on Solicitation Materials – First Point of Contact with Consumers.**

## PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

Effective July 1, 2009, Section 10140.6 subsection (b) (1) of the California Business and Professions Code provides that a real estate licensee shall disclose his or her license identification number on all solicitation materials intended to be the first point of contact with consumers and on real property purchase agreements when acting as an agent in those transactions. The name of the licensee alone does not provide this protection due the commonality of names and the use of nicknames or team names in the course of doing

business. Further, this section provides that the commissioner may adopt regulations identifying the materials in which a licensee must disclose a license identification number. Regulation 2773 is being proposed to implement the statutory amendment and make specific the types of solicitation and contact information to which the amendment applies.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this proposed regulation is to implement and make specific the types of solicitation and contact information to which the statute applies and to assist real estate licensees in complying with the disclose requirements.

#### NECESSITY

This regulation is necessary to comply with Section 10140.6 subsection (b)(1) and ensure that public first contact materials contain adequate license identification information to enable the consumer to validate the license status of the real estate licensee.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there may be insignificant additional costs associated with this action. To limit the costs to business, the proposed regulation specifically excludes certain advertisements and signage that could be more expensive to change and provide minimal consumer protection. The proposed regulation would not have an adverse economic impact on licensees and no additional alternatives to this regulation were identified that would lessen any adverse impact on businesses.

#### **2848. Advertising Criteria.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

Sections 10232.1 and 10235 of the Business and Professions Code provide the statutory basis for the Department's obligation to assure that the advertising of real estate brokers who solicit borrowers or lenders for or negotiate loans or collect payments or perform services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity, are not doing so in a false, misleading or deceptive manner. Regulation Section 2848, Title 10, California Code of Regulations was promulgated in 1965 to implement, interpret, and make specific the provisions of Sections 10232.1 and 10235. As a result of the changing conditions of the real estate market, the need to protect consumers and the concerns as raised by the Legislature, Section 2848 was amended in 2007 to require additional disclosures in advertising by licensees regarding various "higher risk" loan products to assure that the advertising is not misleading or deceptive. Concerns continue to be raised about investments in trust deeds secured by one or more interests in real property. These high risk investments were not specifically included in the 2007 amendments. As a result, the Department proposes to amend Section 2848 to include a subsection (19) which would require a statement in advertisements of such products regarding risk of loss and would also require retention of advertising materials for 3 years. The changes proposed in Regulation Section 2848 are intended to implement, interpret or make specific Sections 10232.1 and 10235 of the Business and Professions Code.

#### **SPECIFIC PURPOSE OF THE REGULATION**

The purpose of this proposed change is to amend the regulation to require licensees to provide a statement in advertisements of investments in trust deeds secured by one or more interests in real property regarding risk of loss and would also require retention of the advertising materials for 3 years.

#### **NECESSITY**

The amendment is necessary to assist real estate brokers in meeting the requirements of Sections 10232.1 and 10235 of the Code to assure that advertising is not misleading or deceptive.

#### **TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS**

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### **ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS**

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as

effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are minimal additional costs associated with this action. Therefore, the proposed regulation change would not have an adverse economic impact on licensees and no alternatives to these changes were identified that would lessen any adverse economic impact on businesses.

#### **2903. Disclosure by Person or Entity Acting in a Transaction as Both Agent in a Sale, Lease, or Exchange and as an Arranger of Financing.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

Effective January 1, 2009, Section 10177.6 of the Business and Professions Code requires a person or entity that arranges financing in connection with a sale, lease, or exchange of real property and acts as an agent with respect to that property to make a written disclosure of those roles, within 24 hours, to all parties to the sale, lease, or exchange and any related loan transaction. However, the statute fails to require a written acknowledgment from all parties to assure that the disclosure has been received by all parties. As a result, newly proposed Regulation Section 2903 will make specific that the written disclosure must be acknowledged in writing by all of the parties to the sale, lease, or exchange, and any related loan or financing transaction.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this proposed change is to make specific that the written disclosure required by Section 10177.6 of the Business and Professions Code must be acknowledged in writing by all of the parties to the sale, lease, or exchange, and any related loan or financing transaction.

#### NECESSITY

The amendment is necessary to assure that the written disclosure required by Section 10177.6 of the Business and Professions Code has been received by all parties.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are minimal additional costs associated with this action. Therefore, the proposed regulation change would not have an adverse economic impact on licensees and no alternatives to these changes were identified that would lessen any adverse economic impact on businesses.

### **2930. Standard Proposed Decision Language.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

Section 2930 was adopted in 1998 to assist Administrative Law Judges in crafting Orders in Proposed Decisions prepared by them as a result of conducting hearings on behalf of the Commissioner based on Accusations and Statements of Issues filed against real estate licensees and license applicants. Over the years Section 2930 has been in effect amendments have been made to the regulation as changes in the law and practice of real estate have dictated. Section 2930 was amended in 2003 to include subsection 17. Trust Fund Violation Course Requirement to assure that licensees who committed trust fund violations would have to complete a specified trust fund accounting continuing education course before they could obtain a restricted real estate license. The Department is now proposing (1) that licensees who have had their licenses suspended because of trust fund violations be required to complete a specified trust fund accounting continuing education course before their suspension would be lifted and (2) to clarify the time period in which licensees who committed trust fund violations and are seeking to obtain a restricted license would have to complete the trust fund accounting continuing education course.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this proposed amendment to subsection 17. is to (1) require that licensees who have had their licenses suspended because of trust fund violations be required to complete a specified trust fund accounting continuing education course before their suspension would be lifted and (2) clarify the time period in which licensees who committed trust fund violations and are seeking to obtain a restricted license would have to complete the trust fund accounting continuing education course.

## NECESSITY

The amendment is necessary to clarify subsection 17. and extend its reach to include licensees who are suspended for committing trust fund violations.

## TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation changes or would be as effective and less burdensome to affected private persons than the proposed regulation changes.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are no additional costs associated with this action. Therefore, the proposed regulation change would not have an adverse economic impact on licensees and no alternatives to these changes were identified that would lessen any adverse impact on businesses.

### **2971. Form of Advance Fee Agreements (Loan Modification Services).**

## PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

Section 10132.1 of the California Business and Professions Code (the Code) defines a real estate broker as a person who engages in the business of, among other things, charging or collecting an advance fee. Section 10026 of the Code defines an “advance fee” as a fee charged or collected from a principal in connection with the performance of any acts for which a real estate license is required.

Section 2970 of Title 10, California Code of Regulations, requires persons who propose to collect an advance fee to submit to the Commissioner all materials to be used in advertising or soliciting the payment of an advance fee including the form of advance fee agreement proposed to be used. Advance fee materials proposed to be used by real estate brokers and submitted to the Department are reviewed to determine whether they comply with the requirements of Regulation Section 2970.

As a result of the recent downturn in the real estate sales and loan markets and the increase in real property foreclosures in California, some real estate brokers who formerly derived a substantial portion of their income from soliciting and negotiating loans for homeowners have now expanded their services to include arranging or attempting to arrange loan modifications for those homeowners whose loans are in default and who face foreclosure.

California Civil Code sections 2945 et seq. were passed by the Legislature in an effort to protect the public from “foreclosure consultants” who take unfair advantage of homeowners who have defaulted on their financial obligations which are secured by their homes.

The number of advance fee agreements submitted to the Department pursuant to Regulation Section 2970 has increased substantially over the past twelve months. That increase is expected to continue into the near future. Without the benefit of a streamlined review process made possible by a model advance fee agreement, the ability of Department personnel to respond to the increased volume in a timely manner will, at some point in the near future, be compromised.

Section 10085 of the Code provides that the Commissioner may determine the form of advance fee agreements. The model agreements set out in this proposed regulation are meant to substantially reduce the amount of time it will take Department personnel to review those particular agreements when submitted to the Department pursuant to Regulation Section 2970.

#### **SPECIFIC PURPOSE OF THE REGULATION**

The purpose of this proposed regulation is to provide model advance fee agreements acceptable to the Department for use by real estate brokers who engage in loan modification services.

#### **NECESSITY**

This regulation is necessary to provide for expedited review by the Department of advance fee agreements submitted pursuant to Regulation Section 2970.

#### **TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS**

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### **ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS**

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective as and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there may be minor additional costs associated with this action relating to the adoption and duplication of the approved forms. The proposed regulation would not have an adverse economic impact on licensees and no additional alternatives to this regulation were identified that would lessen any adverse impact on businesses.

#### **3005. Definitions.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. That was the year that Section 3005 was first adopted. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed and major deletions made to others. With the explosion of real estate licensees to over 500,000 in the state and advances in technology, it became necessary to change focus again. In 2007 Section 3005 was amended to require final examinations in all continuing education offerings and to include a change in the method of presentation as a material change in a continuing education offering to accommodate courses presented through the Internet. Due to the current market economy, real estate licensees are also looking toward technology as a means of completing their continuing education requirements. To address this issue and to provide consistency throughout the continuing education program, the Department proposes to make changes to Sections 3006, 3007 and 3007.3 and repeal Section 3005. The definitions currently contained in Section 3005 will be incorporated into the amendments to Sections 3006 and 3007.3 which will provide further clarity where appropriate.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this proposed change is to repeal section 3005 of the regulations and include the definitions contained in Section 3005 into the proposed changes made to Sections 3006 and 3007.3.

#### NECESSITY

The repeal is necessary to assure that the offerings of continuing education providers are appropriate for the medium being used and to insure the integrity and consistency of all continuing education offerings.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the repeal of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are no additional costs associated with this action and that no alternatives to the proposed regulation change would lessen any adverse economic impact on licensees or on businesses in general.

### **3006. Criteria for Approval of Offerings.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed and major deletions made to others. With the explosion of real estate licensees to over 500,000 in the state, it became necessary to change focus again. In 2007 Section 3006 was amended to require final examinations in all continuing education courses. Technology has changed the way continuing education courses are presented and the speed with which information is disseminated and manipulated. In addition, due to the current market economy, real estate licensees are looking toward technology as a means of completing their continuing education requirements. Rules must be established to keep pace with technology and to insure the consistency of the continuing education program regardless of the method of presentation. As a result, the Department is proposing to amend the introduction paragraph of Section 3006 and subsections (a) through (d) and (g), and add subsections (j) through (q) to insure all applications received for continuing education

approval are consistent and approval of any course is based on the same criteria. Subsections (e), (h) and (i) are being amended for editorial and grammatical corrections.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of the proposed changes are to establish and clarify the criteria that the Commissioner will apply when reviewing an application for a continuing education course for approval, that the criteria are consistent through out the program regardless of the method of presentation, and to insure the integrity of all continuing education offerings.

#### NECESSITY

This amendment is necessary to make specific the requirements a continuing education provider must adhere to when submitting a continuing education course for approval and to insure all course offerings are consistent throughout the continuing education program.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are some small additional costs associated with this action. The proposed regulation change may have an minor indirect adverse economic impact on licensees as a result of additional costs to course providers but no alternatives to these changes were identified that would lessen any adverse impact on businesses.

#### **3007. Application for Offering Approval.**

## PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed and major deletions made to others. Technology has changed the way continuing education courses are presented and the speed with which information is disseminated and manipulated. The explosion of real estate licensees to over 500,000 in the state and the advancements in technology has made it necessary to change focus again. Due to the current market economy, real estate licensees are looking toward technology as a means of completing their continuing education requirements. Rules must be established to keep pace with technology and to insure the consistency of the continuing education program regardless of the method of presentation. As a result, the Department is proposing to amend Sections 3006, 3007 and 3007.3. The proposed changes to Section 3007 are to amend subsections (a ) and (b) and to add subsections (c) through (k) to clarify the supporting documentation that must accompany an application submitted for continuing education approval and to insure all course approvals are based on the same criteria and consistent with the amendments made to Sections 3006 and 3007.3.

## SPECIFIC PURPOSE OF THE REGULATION

The purpose of the proposed changes are to establish and clarify the supporting documentation that must accompany an application for approval of a continuing education course, to insure all course approvals are consistent through out the program regardless of the method of presentation, and to insure the integrity of all continuing education offerings.

## NECESSITY

This amendment is necessary to make specific the requirements a continuing education provider must adhere to when submitting a continuing education course for approval to insure that all course offerings are consistent throughout the continuing education program.

## TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are insignificant additional costs, on a per student basis associated with this action. The proposed regulation change may also have an insignificant indirect adverse economic impact on licensees as a result of the additional costs to course providers. However, no alternatives to these changes were identified that would lessen any adverse impact on businesses.

#### **3007.05. Forms of Identification Accepted.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

A grammatical mistake was made in subsection (a).

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this proposed change is to make a grammatical correction to subsection (a) to delete the “s” from “drivers” license.

#### NECESSITY

The amendment is necessary to grammatically correct the regulation.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are no additional costs associated with this action and that no alternatives to the proposed regulation change would lessen any adverse economic impact on licensees or on businesses in general.

### **3007.2. Material Change in Course Offering.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed and major deletions made to others. At that time Section 3007.2 was repealed. The explosion of real estate licensees to over 500,000 in the state made it necessary to change focus again and in 2007 Section 3007.2 was re-adopted in essentially the same language as that repealed in 1996 and Section 3005 was amended to further broaden the definition of a material change to include a change in the method of presentation to accommodate courses presented through the Internet. The Department proposes to repeal Section 3005; therefore the Department is proposing to change Section 3007.2, subsection (a) to provide clarification as to what constitutes a material change to an approved continuing education course and to amend subsection (b) to delete reference to Section 3005.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this amendment is to further clarify that course providers are required to obtain approval of material changes to an approved course before the changes are implemented.

#### NECESSITY

The amendment is necessary to assure that course offerings continue to meet acceptable standards of quality.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are no additional costs associated with this action and that no alternatives to the proposed regulation change would lessen any adverse economic impact on licensees or on businesses in general.

#### **3007.3. Final Examination Rules.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed and major deletions made to others. The explosion of real estate licensees to over 500,000 in the state, and the advancements in technology made it necessary to change focus again. In 2007 Section 3007.3 was amended to require final examinations for all continuing education courses and to establish rules regarding the successful completion of a continuing education course through a final examination. The Internet is a new medium that course providers are now using to provide their offerings to licensees. Due to the current market economy, real estate licensees are also looking toward the Internet as a means of completing their continuing education requirements. Rules therefore must be established to keep pace with technology and to insure the consistency of the continuing education program regardless of the method of presentation. As a result, the Department is proposing to amend Section 3007.3 to establish and provide clarity to the final examination rules that all course providers and participants must follow regardless of the method of presentation. Specifically subsection (a) is being amended and subsections (b) through (d) are being re-lettered to accommodate the addition of new subsections (b) through (m) which clarify the procedures a course provider must follow for the various methods of administering a final examination and to insure the integrity of the final examination is protected.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of the proposed changes is to clarify and establish the procedures a course provider must follow during the administration of a final examination, regardless of the method of delivery, to insure the integrity of the final examination is protected.

## NECESSITY

The regulation is necessary to assure the integrity of continuing education offerings.

## TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

## ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are some minor additional costs associated with this action on a per student basis. Therefore, the proposed regulation change could have a small indirect adverse economic impact on licensees as a result of the additional costs to course providers, but no alternatives to these changes were identified that would lessen any adverse economic impact on businesses.

### **3007.6. Advertising and Promotional Material.**

## PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed. With the explosion of real estate licensees to over 500,000 in the state and the advances in technology and the utilization of the Internet has made it necessary to change focus again. Due to the current market economy, continuing education providers are looking toward other avenues for the distribution of their approved courses. The Department is proposing to amend Section 3007.6 to add subsection (a) (3) to require that all advertisements of continuing education courses include the identification number of the course provider that has been assigned by the Department. This will allow a prospective

student to verify that the course is approved and may be applied toward their continuing education requirements for the renewal of their real estate license.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this amendment is to provide a means for a real estate licensee to verify that a continuing education course has been approved by the Department prior to their enrollment in the course.

#### NECESSITY

The amendment is necessary to protect a real estate licensee in the selection of continuing education courses to satisfy their license renewal requirements.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are insignificant additional costs associated with this action. However, the proposed regulation change would not have an adverse economic impact on licensees and no alternatives to these changes were identified that would lessen any adverse impact on businesses.

#### **3008. Offerings Not to Be Approved.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

Non-substantive editorial and grammatical errors were made in the regulation.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this proposed change is to make editorial and grammatical corrections to capitalize “Commissioner” and “Section” where appropriate and to rearrange the words in subsection (a) for greater readability.

#### NECESSITY

The amendment is to make editorial and grammatical corrections.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are no additional costs associated with this action. Therefore, there were no alternatives to the proposed regulation change that would lessen any adverse economic impact on licensees or businesses.

#### **3010. Denial or Withdrawal of Approval.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

Non-substantive grammatical mistakes were made in the regulation.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this proposed change is to make grammatical corrections to capitalize the word “Commissioner”.

#### NECESSITY

The amendment is necessary to grammatically correct the regulation.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are no additional costs associated with this action. Therefore, the proposed regulation change would not have an adverse economic impact on licensees or businesses.

### **3011.1. Petitions for Equivalency for Course Instruction.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed. The explosion of real estate licensees to over 500,000 in the state made it necessary to change focus again. B&P Code §10170.4 requires the Commissioner prescribe a procedure for evaluation of petitions based on a claim of equivalency with the basic requirements for continuing education and a reasonable standard by which an activity would be judged equivalent, including course instruction. The proposed amendment to Section 3011.1, subsection (a) clarifies the course materials that are to be submitted to insure all petitions for equivalency for course instruction contain sufficient information to determine appropriateness of the topic and the number of credit hours that should be granted if the petition is approved. Subsection (b) has been amended to clarify when a course provider can issue a completion certificate to an instructor of an approved continuing education course.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this amendment is to clarify the course materials required to properly evaluate a petition for course instruction as well as when a course provider can issue a completion certificate to an instructor of an approved continuing education course.

#### NECESSITY

The amendment is necessary to assure that all offerings utilized to meet the continuing education requirements are consistent throughout the program including courses or activities considered to be equivalent to approved courses.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are minimal additional costs associated with this action. However, no alternatives to the proposed regulation change would lessen the minimal adverse economic impact on licensees or businesses in general.

### **3011.2. Petitions for Equivalency for Authorship of Articles or Books.**

#### PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed. The explosion of real estate licensees to over 500,000 in the state made it necessary to change focus again. B&P Code §10170.4 requires the Commissioner to prescribe a procedure for evaluation of petitions based on a claim of equivalency with the basic requirements for

continuing education and a reasonable standard by which an activity would be judged equivalent, including authorship of articles or books. The proposed amendment to Section 3011.2, adds a new subsection (a) that establishes the criteria that a petitioner would need to follow to insure all petitions for authorship of articles or books contain sufficient information to determine appropriateness of the topic and the number of credit hours that should be granted if the petition is approved. The current subsection (a) has been re-lettered to subsection (b) and the current subsection (b) deleted.

#### SPECIFIC PURPOSE OF THE REGULATION

The purpose of this amendment is to clarify the course materials required to properly evaluate a petition for authorship of an article or book in determining equivalency in meeting continuing education requirements.

#### NECESSITY

The amendment is necessary to assure that all offerings utilized to meet the continuing education requirements are consistent throughout the program including courses or activities considered to be equivalent to approved courses.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

#### ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES

The Commissioner has determined that there are minimal additional costs associated with this action. However, no alternatives to the proposed regulation change would lessen the minimal adverse economic impact on licensees or businesses in general.

#### **3011.4. Petitions for Equivalency for Attendance at Unapproved Programs.**

**PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER  
CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO  
ADDRESS**

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed. The explosion of real estate licensees to over 500,000 in the state made it necessary to change focus again. B&P Code §10170.4 requires the Commissioner prescribe a procedure for evaluation of petitions based on a claim of equivalency with the basic requirements for continuing education and a reasonable standard by which an activity would be judged equivalent, including completion of an unapproved course. The proposed amendment to Section 3011.4, subsection (b) (6) is divided into subsections (b) (6) and (b) (7) for clarity and adds subsection (b) (8) to require submission of a completion certificate.

**SPECIFIC PURPOSE OF THE REGULATION**

The purpose of this amendment is to clarify the course materials required to properly evaluate a petition for attendance at an unapproved course in determining equivalency in meeting continuing education requirements.

**NECESSITY**

The amendment is necessary to assure that all offerings utilized to meet the continuing education requirements are consistent throughout the program including courses considered to be equivalent to approved courses.

**TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR  
DOCUMENTS**

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

**ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD  
BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS**

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

**ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD  
LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES**

The Commissioner has determined that there are minimal additional costs associated with this action. However, no alternatives to the proposed regulation change would lessen the minimal adverse economic impact on licensees or businesses in general.

### **3012.2. Record Keeping.**

#### **PUBLIC PROBLEM, ADMINISTRATIVE REQUIREMENT, OR OTHER CONDITION OR CIRCUMSTANCE THAT THE REGULATION IS INTENDED TO ADDRESS**

In 1984 the real estate industry and the Department increased the emphasis on continuing education for real estate licensees. In 1996 sweeping changes were made again, with many of the continuing education regulations being repealed and major deletions made to others. With the explosion of real estate licensees to over 500,000 in the state, it became necessary to change focus again. In 2007 Section 3006 was amended to require final examinations in all continuing education courses. As a result, the Department is proposing to amend Section 3012.2 to include the requirement that a course provider retain the final examination grade to evidence successful completion of a continuing education course.

#### **SPECIFIC PURPOSE OF THE REGULATION**

The purpose of this proposed regulation is to require final examination grades be retained as proof of a participant's successful completion of a continuing education course to issue a duplicate completion certificate upon request.

#### **NECESSITY**

The regulation is necessary to assure the integrity of all continuing education offerings.

#### **TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS**

The Commissioner did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### **ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD BE AS EFFECTIVE AND LESS BURDENSOME TO PRIVATE PERSONS**

The Commissioner finds that no alternatives he has considered would be more effective in carrying out the purpose of the proposed regulation change or would be as effective and less burdensome to affected private persons than the proposed regulation change.

**ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD  
LESSEN ANY ADVERSE ECONOMIC IMPACT ON BUSINESSES**

The Commissioner has determined that there are minimal additional costs associated with this action. However, the proposed regulation change would not have an adverse economic impact on licensees and no alternatives to these changes were identified that would lessen any adverse impact on businesses.