

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
100 Van Ness Avenue
San Francisco, California 94102

Bulletin No. 80-12-A

February 8, 1982

TO: ALL TITLE INSURERS, UNDERWRITTEN TITLE COMPANIES,
CONTROLLED ESCROW COMPANIES AND OTHER INTERESTED PERSONS

SUBJECT: INSURANCE CODE SECTION 12404 - UNLAWFUL REBATES
AMENDMENT TO PARAGRAPH NUMBERED 11

Recent regulatory efforts have revealed that some confusion exists in the interpretation and application of the Paragraph numbered 11. We have concluded that said confusion can best be eliminated by restating and amending this Rule.

Paragraph 11, as amended, is set forth:

11) Furnishing, or offering to furnish, all or any part of the time or productive effort of any employee of the title entity (e.g., office manager, escrow officer, secretary, clerk, messenger, etc.) to any such person and subject to the following:

A title entity may give assistance, without separate charge, to subdividers in their completion/submission of the "Notice of Intention - Questionnaire - Application" (R.E. form 624, 628, etc.) and the assembling of the various additional documents (exhibits) which must be submitted to the Department of Real Estate pursuant to Section 11010, et. seq., Business and Professions Code.

However, title entities shall not assist or prepare, and/or pay, or offer to pay, either directly or indirectly, for the preparation or drafting of budgets, articles of incorporation, leases, bylaws, or covenants, conditions and restriction (CC & R's) which are incorporated in any such submission. To do so, will be viewed as a violation of law.

If a title entity does provide assistance in the preparation or submission of a Notice of Intention - Questionnaire - Application to be passed upon by the Department of Real Estate, the title entity shall also submit to the Department of Real Estate a statement in writing as to who (name and address) prepared the

Notice of Intention - Questionnaire - Application, i.e., title entity or other party; supporting documents, i.e., name and address of the budget prepared, the party who drafted the CC & R's, articles of incorporation, bylaws, leases and/or other legal documents.

This Department solicits the assistance and cooperation of the title industry in assuring strict compliance with this amended Rule.

A handwritten signature in cursive script that reads "Robert C. Quinn". The signature is written in dark ink and is positioned to the left of the typed name.

ROBERT C. QUINN
Insurance Commissioner