

**CITATION AND FINE REGULATIONS
IMPLEMENTATION OF BUSINESS AND PROFESSIONS CODE SECTION 10080.9
ECONOMIC IMPACT ASSESSMENT (Government Code Section 11346.3(b))**

Government Code Section 11346.3(b) Compliance Summary

- The proposal does not significantly affect the creation or elimination of jobs within the State of California.
- The proposal does not significantly affect the creation of new businesses or the elimination of existing businesses within the State of California.
- The proposal does not significantly affect the expansion of businesses currently doing business within the State of California.
- The proposal will not adversely affect the health and welfare of California residents, worker safety, or the State's environment. By implementing, interpreting, and clarifying this new level of discipline within the spectrum of disciplinary actions available to the Department, the proposal will benefit the general welfare of California residents by ensuring that licensees and unlicensed persons abide by the Real Estate Law and the protections that law affords the public.

Summary of the Proposed Regulations

The proposed regulations implement, interpret, and clarify Business and Professions Code ("the Code") Section 10080.9, which authorizes the Citation and Fine level of discipline within the spectrum of discipline available to the Department of Real Estate ("the Department").

Section 2907.1: Establishes the basic rules regarding citations that render any disciplinary matter enforceable – the "who, what, when, where, and how," without which a person or entity subject to discipline may attempt to challenge the Department's action as unfair or arbitrarily enforced.

Section 2907.2: Sets out the criteria that qualify a violation for Citation and Fine, and which affect the level of fine assessed.

Section 2907.3: Describes the "due process" for appeal of a citation and/or fine.

Section 2907.4: Sets out a reasonable, justifiable, and enforceable standard for compliance regarding payment of fines.

Creation or Elimination of Jobs Within the State of California

The statute that these regulations address creates a new, lower level of license discipline within the spectrum of discipline that the Department may mete out to licensees. At most, a licensee may pay \$2,500 per citation. Department staff understand that this statute was intended to create a new, lower level of discipline that would allow minor violations to be addressed substantively, but without the significant costs associated with formal discipline in which the licensee's license right is at stake. The regulations harmonize with that intent, establishing a cost-effective initial appeal process to minimize both Departmental and respondent costs for these low-level cases. Although savings are created on both sides, however, on a per-case basis the amounts are modest, as one would expect for a low-level disciplinary action. Department staff foresee no jobs being created or eliminated by the underlying Code Section 10080.9, or the Department's proposal.

The statute also imposes a new, high level of discipline for unlicensed persons who are conducting activity requiring a license. That discipline is intended to stop these persons from doing this work. The unlicensed acts so addressed, however, have been contrary to the Code for many years and will not be addressed as "job elimination" in this document.

Creation or Elimination of Existing Businesses Within the State of California

For the reasons stated immediately above, Department staff foresee only modest economic impacts on a per-licensee basis, not sufficient to create or eliminate a business.

Expansion of Existing Business Within the State of California

For the reasons stated above, Department staff foresee only modest economic impacts on a per-licensee basis, not sufficient to result in business expansion or contraction.

Benefits of the Regulations

As with all the Department's tools, this proposal is intended to protect the public. The department believes that a clear and efficient appeal process for citations and fines will result in quick resolution of minor violations of the real estate law. Rapid correction of even these minor risky practices of licensees will provide greater assurance that the licensee's future work for clients is lawful and safe.