

DEPARTMENT OF BUSINESS OVERSIGHT  
1515 K STREET, SUITE 200  
SACRAMENTO, CA 95814

NOTICE OF MODIFICATIONS TO TEXT OF  
PROPOSED REGULATION

Pursuant to the requirements of Government Code Section 11346.8(c), and section 44 Title 1 of the California Code of Regulations, the Department of Business Oversight is providing notice of changes made to proposed regulation Title 10, Section 1718.1 published in the California Regulatory Notice Register 2012, No. 52-Z. These changes are in response to comments received regarding the proposed regulation. Additions are shown by double underlining and deletions are shown by double strike-out.

Effective July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the Department of Business Oversight, in accordance with the Governor's Reorganization Plan 2 (GRP 2, 2012), a reorganization of state departments and agencies to provide services more efficiently and effectively. The Department of Business Oversight has all of the powers, authority, enforcement, jurisdiction, laws and regulations that were under the former Department of Corporations and former Department of Financial Institutions.

The Department of Business Oversight licenses and regulates businesses engaged in financial transactions that were under the former Department of Corporations, such as escrow agents, mortgage loan originators, finance lenders, securities broker-dealers, investment advisers and securities depositories.

If you have any comments regarding the proposed changes, the Department will accept written comments between August 29, 2013 and September 13, 2013. All written comments must be submitted to the Department no later than 5:00 p.m. on September 13, 2013, and addressed to:

Karen Fong, Staff Service Analyst  
Department of Business Oversight  
Law and Policy Division  
1515 K Street, Suite 200  
Sacramento, California 95814  
(916) 322-3553  
[Regulations@dbo.ca.gov](mailto:Regulations@dbo.ca.gov)

All written comments received by September 13, 2013, which pertain to the indicated changes will be reviewed and responded to by the Department staff as part of the compilation of the rulemaking file. Please limit your comments to the modifications to the text. If the final day for the acceptance of comments is a Saturday, Sunday or state holiday, the comment period will close at 5 p.m. on the next business day.

## REASONS FOR CHANGES

Section 1718.1 relates to the format of and instructions for the proposed surety bond form, which escrow agent applicants are required to file with the Commissioner of Business Oversight with their application for an escrow agent license under California Escrow Law (Financial Code Section 17202). The proposed changes to the form would:

1. Require a surety to mail or deliver a copy of a notice of action to the Escrow Agents' Fidelity Corporation at the same time it provides one to the Department of Business Oversight.
2. Require a surety to mail or deliver a copy of a notice of payment to the Escrow Agents' Fidelity Corporation at the same time it provides one to the Department of Business Oversight.
3. Require a surety when it receives a claim or makes full or partial payment on a bond to immediately give written notice of such claim or full or partial payment to the Commissioner of Business Oversight.
4. Modify the language regarding the applicant's signature on the bond form to reflect the language used in most other state licensee bonds.

The Department of Business Oversight is also proposing non-substantive changes to Section 1718.1 regarding the form of escrow agent surety bond under the Escrow Law; non-substantive changes throughout the proposed text to amend the references to the Commissioner of Corporations to the Commissioner of Business Oversight, and the Department of Corporations to the Department of Business Oversight.

The addendum to the initial statement of reasons for the proposed action is necessary to clarify and explain in detail the necessity for the proposed amendments to the Escrow Law surety bond regulations.

The addendum to the initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available at the Department's website [www.dbo.ca.gov](http://www.dbo.ca.gov). The rulemaking file is available for public inspection and copying throughout the rulemaking process at the Department of Business Oversight, Law and Policy Division, 1515 K Street, Suite 200, Sacramento, California 95814.

The proposed changes to the Commissioner's rules in the text accompanying this notice are not yet effective, and will not be effective until approved by the Office of Administrative Law and filed with the Secretary of State in accordance with Government Code Section 11349.3.

Dated: August 29, 2013  
Sacramento, California