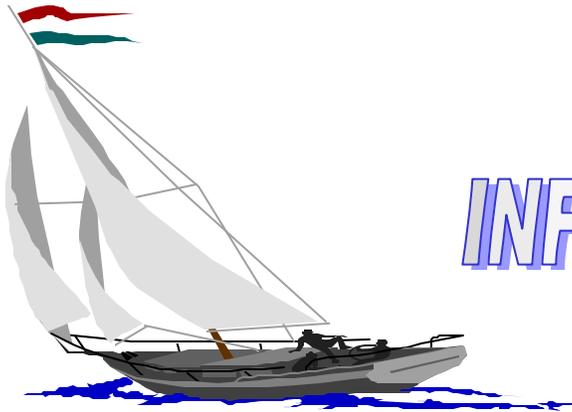


DEPARTMENT OF BOATING AND WATERWAYS

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INFORMATION LETTER

DATE: October 1, 1998

TO: Licensed Brokers and Salespersons

FROM: Corrina Dugger, Associate Boating Administrator
Dave Trillo, Analyst
Yacht and Ship Broker Licensing Unit

SUBJECTS: 1) Digital Photos 2) Property Tax Pro-ration 3) Both Brokers signatures on a Co-Op
4) Personal Checks 5) Refunds 6) New Directory Information

First of all, we would like to say **"Thank You"** to all of you who have assisted us throughout these past months. We received an overwhelming welcome by all and look forward to continuing our successful working relationship in the future.

1) Digital Photos:

Modern Technology has hit the Department! A Digital Photo is defined as a picture that is taken using a computerized digital camera that processes the image through a computer. The Department has recently been receiving "Digital Photos" in place of standard camera photos when submitting their picture with initial applications for a "Salesperson" and/or "Broker" license. Since these photos can be easily altered, the Department will not accept such photos unless they are hand delivered along with their application for licensure. This will ensure proper identification by staff members.

2) Personal Property Tax Pro-Ration:

Over the past several months the Department has received numerous calls concerning the Property Tax Pro-ration questions on the Yacht and Ship Broker and Salesperson examination. The study material that the Department provides **recommends** that Brokers avoid this task and allow the buyer and sellers to deal directly with the tax assessing entity. The Department is aware that some Brokers provide this service as a courtesy to their clients, which is fine to do, however, this is not to be construed in anyway to mean the examination does not contain tax pro-ration questions.

In order to better educate Brokers and Salespersons in configuring the pro-ration of property taxes, the Department has provided an example and instructions to execute the process correctly.

EXAMPLE

A vessel sale is completed on February 1, 1996 for \$71,000. On March 1, 1995 the vessel was assessed for \$63,500. The county tax rate is 1.80 percent. Using July 1, 1995 to June 30, 1996 as the tax pro-ration period:

(a) Calculate the portion of the personal property taxes to be paid by the buyer.

The correct calculation is as follows:

Step 1

Use the current assessment price and multiply it by the tax rate and divide by 100

$$=(63,500 \times 1.80)/100 = 1143.00$$

Step 2

Determine the daily rate for 12 months

$$=1143/365= \$3.13$$

Step 3

Determine number of days left in the tax year-from February 1, 1996(sale date) to June 30, 1996

$$=151 \text{ days} \times 3.13 = \$472.63$$

(b) Calculate the buyer-estimated taxes for the 1996-97 tax year using the assumption the vessel is assessed for the selling price with the tax rate remaining the same:

The correct calculation is as follows:

Step 1

Multiply the assessment price by the tax rate and divide by 100

$$=(71,000 \times 1.80)/100 = \$1,278$$

3) Both Brokers signatures on a Co-Op Agreement

*There has been some concerns regarding the requirement that both brokers signature must be present on the Co-Op agreement. The Department **does not** require both signatures to make a Co-Op valid, howe ver, in general, for a contract to be valid, both signatures are required to bind all parties, and that they all are in agreement.*

The Department will not regulate against those contracts that do not have two signatures if in fact the Co-Op is on one brokers' letterhead, identifying that specific broker and the other broker's signature is present.

In addition, if a broker chooses to have both brokers signature on their Co-Op Agreement, the Department will not interfere with their decision to do so.

According to Section 7605, Title 14, of the California Code of Regulations the listing broker is responsible for obtaining, in writing, authorization to share the listing with another broker.

4) Personal Checks (New Salespersons Only)

The Department has been receiving a large volume of personal checks from new Salespersons' that are being returned due to "Non-Sufficient Funds". Each check that is returned costs you a \$15.00 fee and a very expensive administrative process for the Department. If this continues to be an issue, the Department will have no other choice than to discontinue accepting personal checks and only accept cashier's checks or money orders.

In addition, if you submit a check and the Department issues you a "Temporary" salespersons license, and the check is returned, this automatically voids your "Temporary" license and you will be considered unlicensed and both the Salesperson and Broker will be cited pursuant to Section 708 (a) for Unlicensed Activity.

5) Refunds

Effective immediately, when the Department receives a request for a refund, each request will be determined on a case-to-case basis.

6) New Directory Information

*Each year, the Department puts out a new directory of licensed Yacht and Ship Brokers and salespersons. In the upcoming directory that will be published May 1999, we would like to include Brokers fax numbers and E-mail addresses. If you would like your brokerage's fax and/or E-mail address listed, please mail those numbers to Debbie Durant's attention at the Department (1629 'S' Street, Sacramento, CA 95814) or via E-mail to ddurant@dbw.ca.gov. Please **DO NOT** telephone Debbie with this information.*

The Department believes that the majority of brokers strive for a commitment to excellence in the work place by following all of the Department's Rules and Regulations. As always, If you have any questions or need further clarification, CALL US! We are here to help you!

For Broker licensing questions, please contact Debbie Durant at (916) 445-5684, and for Salesperson licensing questions, please contact Jill Barnes (916) 322-1836.

Sincerely,

*Corrina Dugger
(916) 322-1835*

*Dave Trillo
(916) 445-5685*