

1979-80 INSTRUCTION MANUAL FOR STATEMENTS OF ECONOMIC INTERESTS FORM 721

(Government Code Sections 87200-87210)

For Use By:

**NEWLY-ELECTED STATE OFFICERS
WHO ASSUME OFFICE IN DECEMBER OR JANUARY ***

* * * *

OFFICEHOLDERS FILING ANNUAL STATEMENTS

* * * *

OFFICEHOLDERS WHO HAVE LEFT OFFICE

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* Other newly-elected (i.e., non-incumbent) officeholders, including those elected to offices other than state offices and those elected to state offices who assume office at a time other than in December or January; candidates; and newly-appointed officeholders must file Form 720. See Instruction Manual for Statements of Economic Interests—Form 720.

*Fair Political Practices Commission
P.O. Box 807
Sacramento, California 95804
Phone: (916) 322-6444*

INSTRUCTION MANUAL FOR STATEMENTS OF ECONOMIC INTERESTS—FORM 721

These instructions are intended to assist the following persons to comply with the financial disclosure requirements of the Political Reform Act (Government Code §§ 87200 *et seq.*):

- Newly-elected state officeholders who assume office in December or January
- Officeholders filing annual Statements
- Officeholders leaving office

WHAT IS A STATEMENT OF ECONOMIC INTERESTS?

A Statement of Economic Interests is a form, available for inspection by the public, which discloses certain financial interests reported by officeholders including investments, interests in real property, income and gifts.

WHO MUST FILE STATEMENTS?

State Officers—Governor

Lieutenant Governor
Attorney General
Comptroller
Secretary of State
Treasurer
Superintendent of Public Instruction
Members of the Legislature
Members of the State Board of Equalization
Members of the Public Utilities Commission
Members of the State Energy Resources Conservation and Development Commission
Members of the State or Regional Coastal Commission
Members of the Fair Political Practices Commission

Judges—Judges of a court of record (Supreme, Appellate, Superior & Municipal)

County Officers—Members of the Board of Supervisors

Chief Administrative Officers
District Attorneys
Planning Commissioners *

City Officers—Mayors

Members of the City Council
City Managers
Chief Administrative Officers
Planning Commissioners *

* The disclosure obligations of Planning Commissioners were modified somewhat by legislation effective January 1, 1980. Previously, they were required to file Statements under local Conflict of Interest Codes or, if no Code had yet been adopted for them, under the Moscone Governmental Conflict of Interests and Disclosure Act, Government Code Section 3600, *et seq.* Now their disclosure obligations are established directly by Article 2, Chapter 7 of the Political Reform Act, Government Code Section 87200, *et seq.* Since annual Statements filed under the Political Reform Act cover the *previous* calendar year, Planning Commissioners should not file such Statements under the provisions of Article 2, i.e., they should not file annual Statements for 1979 on Form 721. Instead, they should file annual Statements pursuant to their local Conflict of Interest Codes or pursuant to the Moscone Act, whichever is applicable. If a Planning Commissioner leaves office in 1980, however, he or she should file a Form 721 leaving office Statement. The FPPC Technical Assistance staff is available to answer any questions concerning such a Statement, particularly as to the filing of such a Statement, at (916) 322-6444.

WHEN MUST STATEMENTS BE FILED

ASSUMING OFFICE STATEMENTS

- State Officers (as listed above)*—Any time after January 1, 1980 and no later than March 1, 1980

ANNUAL STATEMENTS

- State Officers (as listed above)—Any time after January 1, 1980 and no later than March 1, 1980
- Judges—Any time after January 1, 1980 and no later than March 1, 1980
- City and County Officers (as listed above)—Any time after January 1, 1980 and no later than April 1, 1980.

LEAVING OFFICE STATEMENTS—Within 30 days after leaving office.

PLEASE NOTE: Failure to file Statements on time may result in penalties including but not limited to late fines.

WHAT PERIOD SHOULD THE STATEMENT COVER?

ASSUMING OFFICE STATEMENT*—from the day after the closing date of your candidate Statement through December 31, 1979. If you were not required to file a candidate Statement (see Special Exceptions, below), the period covered by this assuming office Statement should go back to the day after the closing date of the previous annual or assuming office Statement filed.

ANNUAL STATEMENT—from January 1, 1979 or the day after the closing date of your assuming office Statement (Form 720) through December 31, 1979.

LEAVING OFFICE STATEMENT—from January 1, 1979 or the day after the closing date of your assuming office Statement (Form 720) through the date of leaving office.

WHAT IS THE "CLOSING DATE" OF A STATEMENT?

Statements will require you to disclose your financial interests either on one certain date (e.g., the date you assumed office) or over a period of time (e.g., the previous calendar year). The last date for which you must disclose is the "closing date" of the Statement. The date by which the Statement must be filed is usually somewhat later than the closing date. Subsequent Statements will generally cover a period that starts the day after the closing date of the previous Statement filed.

SPECIAL EXCEPTIONS

- If you leave one of the offices listed above and assume another in the same jurisdiction on the same day, you are deemed not to have left and assumed office and you do not have to file leaving office and assuming office Statements.
- If you have filed either an assuming office or annual Statement within 60 days before filing your declaration of candidacy for another office in the same jurisdiction, you do not have to file a candidate Statement.
- If you have filed either an annual or a candidate Statement within 60 days before assuming another office in the same jurisdiction, you do not have to file an assuming office Statement.
- If you leave office between January 1, 1980 and the filing deadline for your 1979 annual Statement, you may (but are not required to) combine your leaving office and annual Statements. The period covered should be from January 1, 1979 or from the day after the closing date of your assuming office Statement (Form 720) through the date of leaving office. The Statement must be filed within 30 days of leaving office. If this is later than the annual filing deadline, you must inform the filing officer in writing before the annual filing deadline that you intend to follow this procedure.
- If you assumed office between October 1, 1979 and December 31, 1979 and filed an assuming office Statement (Form 720), you do not have to file an annual Statement in 1980 but may wait until the next filing deadline. The period covered by your next Statement should then go back to the date you assumed office. This exception is not available to newly-elected non-incumbent state officers who assume office in December 1979.

* Only newly-elected state officers who were non-incumbent candidates and who assume office in December 1979 or January 1980 file assuming office Statements on Form 721. Those who are reelected or who leave one state office and assume another on the same day file annual Statements. Those who assume office at some other time file assuming office Statements on Form 720.

WHERE MUST STATEMENTS BE FILED?

State Officer—With your agency (State Senators file with the Secretary of the Senate, the Treasurer with the Treasurer's Office etc.)

Judge—With the clerk of your court

Planning Commissioner—With your agency

County Officer—With your county clerk

City Officer—With your city clerk

All Statements of Economic Interests filed by the above-mentioned officeholders are forwarded to the filing officer, the Fair Political Practices Commission, by the agency which receives the Statement. Copies of Statements filed by members of the Legislature will be sent by the Fair Political Practices Commission to the counties where they reside and to the counties which contain the most registered voters in their election districts..

WHAT TO DISCLOSE?

You must disclose:

- Investments
 - Worth more than \$1,000
 - In business entities in your jurisdiction
- Interests in real property
 - Worth more than \$1,000
 - In your jurisdiction
- Sources of income (including outstanding loans)
 - Aggregating \$250 or more during the reporting period
 - In your jurisdiction
- Sources of gifts
 - Aggregating \$25 or more during the reporting period

You must disclose investments and interests in real property held at any time during the reporting period, whether or not they are still held at the time of filing, if they were worth more than \$1,000 at any time while you held them.

"Jurisdiction" means the state if you are a judge or a state officeholder or a person who has left those offices, the county if you are a county officeholder or a person who has left a county office, or the city if you are a city officeholder or a person who has left a city office. However, real property outside the city or county is deemed to be within the jurisdiction if it is located within two miles of the boundary or within two miles of any land owned or used by the city or county.

A business entity is in your jurisdiction if it or any parent, subsidiary or otherwise related entity owns real property in your jurisdiction or does business, plans to do business or has done business in your jurisdiction within the past two years.

HOW TO COMPLETE A FORM 721 COVER SHEET AND SUMMARY PAGE

The cover sheet and summary page must be completed on your Statement. The cover sheet is self-explanatory and contains such information as your name, address, type of Statement being filed and period covered by the Statement. The summary page requires you to indicate whether each of the seven schedules is:

- Completed and attached, or
- Not completed because you had no interests to report.

If your interests have not changed since a previously filed annual Statement, you may attach a copy of the schedule from your previously filed Statement and mark the box on the summary page that the schedule has been completed and attached.

EXAMPLE, SUMMARY PAGE

You have some reportable investments and income, including several gifts but no honoraria or loans. The only real property which you own is your home, which is not reportable. You do not own 10 percent or more of any business entity. Your summary sheet should be completed as follows:

SCHEDULE A—Investments

Schedule completed and attached No reportable interests

SCHEDULE B—Interests in Real Property

Schedule completed and attached No reportable interests

SCHEDULE C—Investments and Interests in Real Property Held by Business Entities or Trusts

Schedule completed and attached No reportable interests

SCHEDULE D—Income (Other than Gifts or Loans)

Schedule completed and attached No reportable interests

SCHEDULE E—Loans

Schedule completed and attached No reportable interests

SCHEDULE F—Gifts

Schedule completed and attached No reportable interests

SCHEDULE G—Honoraria

Schedule completed and attached No reportable interests

SCHEDULE H—Income of Business Entity

Schedule completed and attached No reportable interests

SCHEDULE 721-A Investments

You must report each of your investments (i.e., any financial interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership or other ownership interest) valued over \$1,000 if the business entity is in your jurisdiction.

Any investments held by your spouse or dependent children * must be reported as though held by you personally.

EXCEPTIONS: You are *not* required to disclose the following:

- Time or demand deposits in financial institutions (e.g., bank accounts, savings accounts)
- Shares in a credit union
- Insurance policies
- Bonds and other debt instruments issued by any government or government agency
- Diversified mutual funds registered with the Securities and Exchange Commission
- Common trust funds created under California Financial Code Section 1564
- Investments acquired by a blind trust pursuant to FPPC Regulation 18235 (For a discussion on blind trusts see Appendix 1, following Schedule 721-I.)

For each reportable investment you must report the following:

- Nature of the investment (e.g., common stock, partnership interest)
- Name of the business entity and a general description of its business activity
- Date you acquired or disposed of the investment if you did so during the period covered by the Statement
- Value of your investment. For purposes of determining whether or not the value of an investment exceeds \$1,000, \$10,000 or \$100,000, you must consider the highest value of the asset during the period covered.

EXAMPLE, SCHEDULE 721-A

On February 1, you purchased \$800 worth of stock in XYZ Corporation. On March 1 the stock had a market value of \$1,200. On May 1, you sold the stock for \$900. You must list the stock because for part of the period covered by the Statement your investment was worth more than \$1,000. In addition, you have a 10 percent partnership interest worth \$40,000 in an insurance brokerage firm. Both your insurance firm and XYZ Corporation do business in your jurisdiction. Schedule 721-A should be completed as follows:

<p>XYZ Corporation <small>(Name of Company)</small></p> <p>Common stock <small>(Nature of Interests, e.g., Common Stock, Partnership Interest, etc.)</small></p> <p>Manufactures widgets Date Acquired 2/1/79 <small>(General Description of Business Activity) Date Disposed 5/1/79</small></p>	<p>Check One</p> <p><input checked="" type="checkbox"/> Value does not exceed \$10,000</p> <p><input type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000</p> <p><input type="checkbox"/> Value exceeds \$100,000</p>
<p>Smith & Black <small>(Name of Company)</small></p> <p>Partnership <small>(Nature of Interests, e.g., Common Stock, Partnership Interest, etc.)</small></p> <p>Insurance Brokers Date Acquired _____ <small>(General Description of Business Activity) Date Disposed _____</small></p>	<p>Check One</p> <p><input type="checkbox"/> Value does not exceed \$10,000</p> <p><input checked="" type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000</p> <p><input type="checkbox"/> Value exceeds \$100,000</p>

* Your natural or adopted children under the age of 18 who are eligible to be claimed by you as an exemption for tax purposes.

SCHEDULE 721-B Interests in Real Property

You must report each interest in real property (including any leasehold*, beneficial or ownership interest or an option to acquire such an interest in real property) in your jurisdiction if the fair market value of your interest is more than \$1,000.

An interest in real property held by your spouse or dependent children must be reported as though held by you personally.

EXCEPTIONS: You are *not* required to disclose the following:

- Your principal place of residence. However, if your principal place of residence is also a place of business, e.g., a family farm or retail store, you are required to disclose that portion of the interest in real property which is used in connection with your business activities.
- Interests in real property acquired by a blind trust pursuant to FPPC Regulation 18235. (For a discussion of blind trusts see Appendix I, following Schedule 721-I.)

For each reportable interest in real property you must report the following:

- Street address and city or county. If there is no street address, you must state the lot number and subdivisions, the assessor's parcel number, or other precise location of the real property.
- Nature of your interest (e.g., ownership, option)
- Date you acquired or disposed of the real property if you did so during the period covered by the Statement
- Value of your interest. The value of property you own is your equity interest, which consists of the fair market value of the property (including any appreciation since it was purchased minus any outstanding debt secured by the property).

EXAMPLE, SCHEDULE 721-B

You own an apartment in which your equity is \$140,000 and during the reporting period you paid \$4,500 to obtain an option to buy a lot. Both pieces of property are in your jurisdiction. Schedule 721-B should be completed as follows:

1345 Third Street	Check One
(Street Address or Precise Location of Property)	<input type="checkbox"/> Value does not exceed \$10,000
Mudville	<input type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000
(City or County)	<input checked="" type="checkbox"/> Value exceeds \$100,000
Equity	
(Nature of Interest, e.g., Equity, Option)	
Date Acquired _____	
Date Disposed _____	
Lot 212, Idylwilde Subdivision	Check One
(Street Address or Precise Location of Property)	<input checked="" type="checkbox"/> Value does not exceed \$10,000
Mudville	<input type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000
(City or County)	<input type="checkbox"/> Value exceeds \$100,000
Option	
(Nature of Interest, e.g., Equity, Option)	
Date Acquired 6/1/79	
Date Disposed _____	

* An interest in a lease on real property which will not expire for at least ten years after the first day of the period covered by the filer's Statement of Economic Interest is reportable if the value of the leasehold interest is more than \$1,000. The value of the leasehold interest is the total amount of rent owed by the filer during the period covered by the Statement. No leasehold interest of less than 10 years or with a value of \$1,000 or less need be reported. When reporting a leasehold interest, the filer must include the number of years remaining on the lease, the address or other precise location of the leased property and the date upon which the lease became effective or terminated if either date occurred during the period covered by the Statement.

SCHEDULE 721-C
Investments and Interests in Real Property
Held by Business Entities or Trusts

BUSINESS ENTITIES: If you, your spouse or dependent children own, individually or collectively, from 10 percent to 49 percent of a business entity, you must report your pro rata share, if worth \$1,000 or more, of any investment or interest in real property (in your jurisdiction) which is held by the business entity.

If you, your spouse or dependent children own, individually or collectively, 50 percent or more of a business entity, you must disclose the full value of investments and interests in real property (located in your jurisdiction) worth \$1,000 or more which are held by the business entity rather than merely your pro rata share of such investments and interests in real property. For each reportable investment or interest in real property you must provide the same information that is required for any other investment or interest in real property. (See discussions of Schedules 721-A and 721-B.)

TRUSTS: If you, your spouse or dependent children have, individually or collectively, a 10 percent or greater interest in a trust, you must report your pro rata share, if worth \$1,000 or more, of any investment or interest in real property (in your jurisdiction) which is held by the trust. According to FPPC Regulation 18234, you have an interest in a trust if you are:

1. A maker and:
 - a. can revoke or terminate the trust; or
 - b. have retained any rights to the income or principal of the trust or retained any reversionary or remainder interest; or
 - c. have retained any power of appointment including the power to change the beneficiaries.
2. A beneficiary and:
 - a. presently receive income; or
 - b. have an irrevocable future right to receive income or principal

If you are only a trustee, you do not have a reportable interest in the trust.

For each reportable investment or interest in real property you must provide the same information that is required for any other investment or interest in real property. (See discussions of Schedules 721-A and 721-B.)

EXAMPLE, SCHEDULE 721-C

Investors, Inc., in which you own a 75 percent interest, owns an apartment complex which is in your jurisdiction and in which Investors has a \$200,000 equity. In addition, on September 6, 1979, Investors bought \$20,000 worth of common stock in QED Corp., an entity which manufactures widgets in your jurisdiction. Schedule 721-C should be completed as follows:

Name of Business Entity Investors, Inc.

INVESTMENTS HELD BY BUSINESS ENTITY

QED Corp. <small>(Name of Company)</small>	Check One <input type="checkbox"/> Value does not exceed \$10,000
Common stock <small>(Nature of Investment, e.g., Common Stock, Partnership Interest, etc.)</small>	<input checked="" type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000
Manufactures widgets <small>(General Description of Business Activity)</small>	<input type="checkbox"/> Value exceeds \$100,000
Date Acquired <u>9/6/79</u> Date Disposed _____	

INTERESTS IN REAL PROPERTY HELD BY BUSINESS ENTITY

123 Main Street, Mudville <small>(Street Address or Precise Location of Property)</small>	Check One <input type="checkbox"/> Value does not exceed \$10,000
Mudville <small>(City or County)</small>	<input type="checkbox"/> Value exceeds \$10,000 but does not exceed \$100,000
Equity <small>(Nature of Interest, e.g., Equity, Option)</small>	<input checked="" type="checkbox"/> Value exceeds \$100,000
Date Acquired _____ Date Disposed _____	

SCHEDULE 721-D Income (Other Than Gifts or Loans)

You must disclose income aggregating \$250 or more received during the reporting period from any one source which is within your jurisdiction. Income to be reported on this schedule includes any salary, wage, advance, dividend, interest, rent, proceeds from any sale including sale of your house or car, forgiveness or payment by a third party of indebtedness owed by you, repayment of indebtedness owed to you, any reimbursement for expenses, per diem, and contributions to an insurance or pension program paid by any person other than your employer. Income which is loans should be reported on Schedule 721-E and income which is gifts should be reported on Schedule 721-F.

You must report as income any community property interest you have in income of your spouse. You are not required to report income of your dependent children.

Your reportable income includes your pro rata share of any income of a trust in your jurisdiction in which you, your spouse or dependent children own directly, indirectly or beneficially a 10 percent or greater interest.

EXCEPTIONS: You are *not* required to disclose the following:

- Salary or reimbursement for expenses and per diem received from a federal, state or local government agency.
- Reimbursement for travel expenses and per diem received from a bona fide educational, academic or charitable organization
- Campaign contributions
- Devise or inheritance
- Dividends, interest or other return on a security which is registered with the Securities and Exchange Commission of the U.S. Government
- Payments received under an insurance policy
- Interest, dividends or premiums on a time or demand deposit in a financial institution, shares in a credit union, an insurance policy or a bond or other debt instrument issued by a government or government agency
- Income of dependent children
- Alimony or child support payments
- Redemption of a mutual fund
- Payments received under a defined benefit pension plan qualified under Internal Revenue Section 401(a)
- Income from assets acquired by a blind trust (For a discussion of blind trusts see Appendix I following Schedule 721-H.)

When income from a *reportable* source is disclosed, you must include the following:

- Name of the source of income
- Address of the source of income
- Business activity of the source of income
- Description of the consideration for which the income was received
- Amount or value received

EXAMPLE, SCHEDULE 721-D

You received the following income during the reporting period:

- \$2,000 in dividends from stock which is registered with the Securities and Exchange Commission
- \$15,000 salary income from your insurance business which is in your jurisdiction
- \$1,500 interest income from a plumbing business which is not in your jurisdiction
- \$1,200 salary income from the county for your services as supervisor
- \$2,400 rental income from property which is in your jurisdiction

Of the income you received, the following is not reportable income:

- The dividend income, because the stock is registered with the Securities and Exchange Commission.
- The interest income, because the business is not in your jurisdiction.
- The salary income from the county, because income from local government agencies is not reportable.

Schedule 721-D should be completed as follows:

Smith and Jones Insurance Co. <small>(Name of the Source of Income)</small>	<i>Check One</i>
110 Main Street <small>(Address of the Source of Income)</small>	<input type="checkbox"/> Amount or value received was not greater than \$1,000
Mudville, California <small>(City or County)</small>	<input type="checkbox"/> Amount or value received was greater than \$1,000 and was not greater than \$10,000
Insurance brokerage <small>(Business Activity of the Source of Income)</small>	<input type="checkbox"/> Amount or value received was greater than \$10,000
Personal Services <small>(Description of the consideration, if any, for the Income)</small>	
Duplex <small>(Name of the Source of Income)</small>	<i>Check One</i>
104 Main Street <small>(Address of the Source of Income)</small>	<input type="checkbox"/> Amount or value received was greater than \$1,000
Mudville, California <small>(City or County)</small>	<input type="checkbox"/> Amount or value received was greater than \$1,000 and was not greater than \$10,000
Rental Property <small>(Business Activity of the Source of Income)</small>	<input type="checkbox"/> Amount or value received was greater than \$10,000
Rental <small>(Description of the consideration, if any, for the income)</small>	

SCHEDULE 721-E Loans

You must disclose outstanding loans aggregating \$250 or more at any time during the reporting period from any source in the jurisdiction.

EXCEPTIONS: You are *not* required to disclose the following:

- Any loan from a commercial lending institution used to purchase your principal place of residence if the loan was made in the lender's regular course of business on terms available to members of the public without regard to official status
- Any loan or loans from a commercial lending institution on which the aggregate amount owed does not exceed \$10,000 at any time during the period covered by the Statement, if the loan or loans were made in the lender's regular course of business on terms available to the public without regard to official status
- Any indebtedness created as part of a retail installment or credit transaction made in the creditor's regular course of business on terms available to the public without regard to official status if the aggregate amount owed to the creditor does not exceed \$10,000 at any time during the period covered by the Statement
- Any loan from your spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin or the spouse of any such person, except that a loan from any such person is reportable if the lender is acting as an intermediary or agent for any person not covered by this provision

For each reportable loan, you must disclose the following:

- The name of the lender
- The address of the lender
- The business activity of the lender
- The security, if any, given for the loan
- The annual interest rate
- Whether the entire loan has been repaid
- The highest amount outstanding on the loan at any time during the reporting period

EXAMPLE, SCHEDULE 721-E

Several years ago you bought your home and financed it with a mortgage through a savings and loan on their standard terms and with a second mortgage which the seller, Joe Smith, took in place of a larger down payment. At the beginning of 1979 you owed Smith \$2,000 and during the year you paid him back enough so that at the end of the year you owed him \$800. Also during 1979 you bought a car which you financed through the dealer at his standard terms. The highest amount you owed him at any time during the year was \$7,000. You do not have to report the debt to the auto dealer since it resulted from a retail installment or credit transaction and did not aggregate more than \$10,000 at any time during the year, nor must you report the mortgage held by the savings and loan. Assuming Joe Smith is in your jurisdiction, you must report the debt to him at the highest amount owed during the period. Schedule 721-E should therefore be completed as follows:

<p>Joe Smith <small>(Name of Lender)</small></p> <p>123 Main Street, Hometown, California <small>(Address of Lender)</small></p> <p>Real estate development <small>(Business Activity of Lender)</small></p> <p>Home <small>(Security for Loan)</small></p>	<p style="text-align: center;"><i>Check One</i></p> <p><input type="checkbox"/> Amount owed was not greater than \$1,000</p> <p><input checked="" type="checkbox"/> Amount owed was greater than \$1,000 but not greater than \$10,000</p> <p><input type="checkbox"/> Amount owed was greater than \$10,000</p>
<input type="checkbox"/> None	<input type="checkbox"/> None
<input type="checkbox"/> None	<input type="checkbox"/> None

SCHEDULE 721-F

Gifts

Gifts from one source which total \$25 or more during the reporting period must be disclosed whether or not the donor is within the jurisdiction. You must disclose the name and address of each source plus a general description of the source's business activity, if any, and the amount and the date on which the gift was received.

If you receive an item of value including food or drink and do not provide anything of equal or greater value in return for that item, then you have accepted a gift. It is the acceptance of the gift, and not the ultimate use to which it is put, that imposes a reporting obligation on you. Thus, if you receive a season pass to the games of your own hometown football team, you must report it as a gift if its fair market value is \$25 or more even if you never make personal use of the pass or if you give it away to other persons. If the exact amount of the gift is not known, you must make a good faith estimate of the item's fair market value. Listing the value of the gift as "over \$25" is not adequate disclosure.

An honorarium given to you for a speaking engagement or similar service must be reported as a gift, unless it is clear from the surrounding circumstances that the services provided represented an equal or greater value than the payment received. If the services were of equal or greater value than the payment received, the payment may be reported as income on Schedule 721-D. (Schedule 721-G, below is an alternative schedule for reporting honoraria.)

EXCEPTIONS: You are *not* required to disclose the following:

- Food, drink or lodging provided in an individual's home
- Gifts approximately equal in value exchanged between you and an individual, other than a lobbyist, on holidays, birthdays or similar occasions
- Gifts of informational material, such as books, pamphlets, reports, calendars or periodicals
- Gifts from your spouse, child, parent, grandparent, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, or first cousin or the spouse of any such person, provided that a gift from any such person must be disclosed if the donor is acting as an agent or intermediary for a reportable source of income
- Gifts which are not used and which, within 30 days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes

For each reportable gift you must disclose the following:

- Name of the donor
- Address of the donor
- Business activity, if any, of the donor
- Date the gift was received
- Value of the gift
- Description of the gift

If you receive a gift through an intermediary, you must disclose the name, address, and business activity of both the donor and the intermediary.

EXAMPLE, SCHEDULE 721-F

You received complimentary season tickets worth \$100 from your local professional football team. You also received a complimentary dinner certificate worth \$40 from a local restaurant. Schedule 721-F should be completed as follows:

Hangtown Hornets	2/1/79
(Name of Donor)	Date(s) of Gift(s)
200 Main Street, Mudville	\$100
(Address)	Value of Gift(s)
Football Team	Season tickets
(Business Activity, if any, of the Donor)	Description of Gift(s)
Le Connoisseur Restaurant	1/7/79
(Name of Donor)	Date(s) of Gift(s)
1100 Fifth Street, Mudville	\$40
(Address)	Value of Gift(s)
Restaurant	Food and Drink
(Business Activity, if any, of the Donor)	Description of Gift(s)

SCHEDULE 721-G Honoraria

This schedule is an alternative to Schedules 721-D (Income other than Gifts and Loans) and 721-F (Gifts) and may be used to report payments received for speaking, serving on a panel, leading a seminar, or providing similar services ("honoraria"), regardless of whether such payments are gifts or income as defined in Government Code Sections 82028 and 82030 and FPPC Regulation 18728. If you prefer, you may report honoraria which are gifts on Schedule 721-F and honoraria which are income on Schedule 721-D, but you should be aware that under the Political Reform Act if you report an honorarium as income you will bear the burden of establishing that it was not a gift if any challenge is raised. If Schedule 721-G is used, no additional determination must be made regarding whether the honorarium is a gift or income. However, if you report on Schedule 721-G, you must include all honoraria of \$25 or more received during the reporting period.

The name, address, and business activity of the source of the payment, along with the date(s), the amount and the description of the payments and a description of the services rendered must be reported. Although you are not required to do so, you may wish to use the space provided to present other relevant information with respect to the circumstances under which an honorarium was received.

If you are employed by a state agency and you wish to accept an honorarium from a lobbyist who is registered to influence your agency, you should consult FPPC Regulation 18623 to determine whether to do so would be a violation of the Act.

EXCEPTIONS: With respect to an event at which you speak, serve on a panel, lead a seminar, or provide similar services, you are *not* required to disclose the following:

- Free admission, food, beverages and similar nominal benefits provided at the event
- Reimbursement or advance for actual travel within California to and from the event
- Reimbursement or advance for necessary accommodations provided directly in connection with the event

EXAMPLE, SCHEDULE 721-G

You address the annual convention of the American Growers Association in Mudville, California. The Association pays you \$300 for speaking, reimburses your travel expenses of \$100 and provides you with dinner before your speech. You have also provided resource information to the Association. You do not have to report the \$100 reimbursement for travel in California or the value of the dinner. You may report the honorarium on Schedule 721-G as follows:

	7/21/79
	Date(s) of Payment(s)
American Growers Group	\$300
(Name of Source)	Amount or Value of Payment(s)
77 Green Lane, New Town, California	Honoraria
(Address)	Description of Payment(s)
Produce growers	Keynote speaker at annual convention
(Business Activity, if any, of Source)	Specific Description of Service(s) Rendered
Other Relevant Information (Optional):	

Also provided resource information concerning the legislative process for seminars conducted during the conference.

SCHEDULE 721-H
Income of a Business Entity

If you, your spouse or dependent children, individually or collectively, own a 10 percent or greater interest in a business entity, you must report the name of any source of income (in your jurisdiction) which provides gross receipts to the business entity if your pro rata share of such gross receipts is \$10,000 or more.

FPPC Regulation 18740 contains information regarding the procedure for exempting from disclosure clients' names which are legally recognized as privileged under California law. If you wish to obtain such an exemption, you may obtain a copy of Regulation 18740 by contacting the Fair Political Practices Commission.

EXAMPLE, SCHEDULE 721-H

Assume that Super Hotel Corporation and Mudville Construction are in your jurisdiction. You own one-third of Hanks' Plumbing Supply which sold \$45,000 worth of equipment to Super Hotel Corporation. You own 5 percent of California Lumber Company which sold \$200,000 worth of lumber to Mudville Construction Company. You need not report information concerning the California Lumber Company on this schedule since you own less than a 10 percent interest in the business, but you must list Super Hotel Corporation since you own more than 10 percent of Hanks' Plumbing Supply and your pro rata share of gross receipts from Super Hotel Corporation was more than \$10,000. Schedule 721-H should be completed as follows:

Hank's Plumbing Supply

(Name of Business Entity)

104 Main Street, Mudville, California

(Address of Business Entity)

Plumbing supply

(Description of its Business Activity)

List the name of each individual or entity from whom the above business received payments if your pro rata share of gross receipts from the individual or entity was \$10,000 or more.

Super Hotel Corporation

APPENDIX I Blind Trusts

According to FPPC Regulation 18235, if you have a direct, indirect or beneficial interest in a blind trust that meets certain standards, you are not required to disclose your pro rata share of the trust's assets acquired after the trust meets the standards or income derived from such assets. However, you must continue to disclose the assets originally transferred into the blind trust and income from such assets until the trustee notifies you that they have been replaced. To qualify as a blind trust:

1. The trustee must be a disinterested party and someone other than a member of your family;
2. The trustee must not disclose any information regarding the replacement assets, except for certain minimal tax information;
3. The trustee must be given complete discretion to manage the trust without consulting or notifying you; and
4. The trustee must be required to notify you of the date of disposition and value at disposition of any original investments or interests in real property.

If the blind trust is revoked while you are a public official, or if you learn of any replacement assets of the trust, you must amend your most recent Statement, disclosing the date of revocation and/or the previously unreported information. When completing a Statement you must disclose the existence of the blind trust, its date of creation and the name of the trustee. You must also attach a statement, signed by the trustee, indicating under penalty of perjury that no information regarding assets or income of the trust has been revealed to you other than the information allowed under the regulation and that the trust conforms with the standards. If you wish to create a blind trust, we suggest that you and your trustee review FPPC Regulation 18235 together.

APPENDIX II Reporting Interests in Rental Property

As rental property is an "enterprise operated for profit" it is technically a business entity under Government Code Section 82005. This means that ownership of such property could be considered an investment within the meaning of Government Code Section 82034, leading to disclosure of rental property on Schedule 721-A (Investments) as well as Schedule 721-B (Interests in Real Property). To avoid such duplicative reporting, the FPPC has developed the following guidelines.

If you, your spouse or dependent children own all the equity in a piece of rental property, you should report the property on Schedule 721-B, your share of the total amount of rents received from the property on Schedule 721-D, and the name of any tenants who pay rents of which your share is \$10,000 or more on Schedule 721-H.

If you, your spouse or dependent children own 10% or more of a business entity, such as a partnership or joint venture, which owns rental property, you should report the business entity on Schedule 721-A, the property on Schedule 721-C, your share of the total amount of income received from the entity, including rents, on Schedule 721-D, and the name of any tenants who pay rents of which your share is \$10,000 or more on Schedule 721-H.

If you, your spouse or dependent children own less than 10% of a business entity, such as a partnership or joint venture, which owns rental property, you should report the business entity on Schedule 721-A and your share of income received from the entity, including rents, on Schedule 721-D. You do not have to report either the rental property or the tenants.