



## FAIR POLITICAL PRACTICES COMMISSION

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March 23, 1999

Nancy N. Zoller  
Zoller & Associates  
2100 Gold Hill Rod.  
Newcastle, CA 95658

Re: Your Request for Advice  
Our File No. I-99-072

Dear Ms. Zoller:

This letter is in response to your request for advice regarding the provisions of the Political Reform Act (the "Act").<sup>1</sup> Because your questions are hypothetical in nature, we can only provide general guidance in response to your questions. Accordingly, we are treating your request as one for informal assistance, which does not provide the requestor with the immunity provided by formal written advice. (Section 83114; Regulation 18329(c)(3).)

### QUESTION

When an individual takes out a loan from a commercial lending institution in order to make a loan to a committee, and subsequently forgives the loan to the committee, should the date of forgiveness be the date the contributor repaid the loan to the bank or the date of the memo forgiving the loan to the committee?

### CONCLUSION

The committee should report on Schedule B, Part II the date of the memo as the date the loan was forgiven.

### FACTS

Hypothetically, a candidate committee received a loan from an individual. In order to make the loan to the committee, the individual obtained a personal loan from a commercial

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<sup>1</sup> Government Code sections 81000 - 91014. Commission regulations appear at title 2, sections 18109 - 18995, of the California Code of Regulations.

lending institution. Six months after paying off the loan, the individual forgave the loan to the candidate committee.

### ANALYSIS

Section 84216 requires that for a loan that is forgiven, the following information be provided *for the period in which the loan was forgiven*:

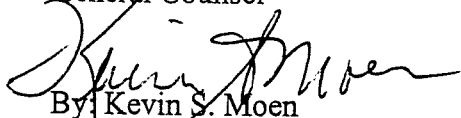
- “(1) The original date and source of the loan.
- (2) Any change in the interest rate on the loan.
- (3) The balance owed on the original principal at the end of the reporting period.”

Since, in your scenario, the committee owed the loan to the individual and not to the financial institution, as treasurer, you would report the loan forgiveness during the reporting period in which the individual forgave the loan to the committee.

If you have additional questions, please feel free to contact me at (916) 322-5660.

Sincerely,

Steven G. Churchwell  
General Counsel



By Kevin S. Moen  
Political Reform Consultant