

CONTRACTORS STATE LICENSE BOARD

ADOPTED LANGUAGE

California Code of Regulations Title 1, Section 100 Changes

Title 16, Division 8

Article 6. Bonds

Amend Section 858.2 as follows:

§858.2. Application for Approval of Blanket Performance and Payment Bond.

(a) A licensee seeking approval of a blanket bond shall meet the applicable conditions specified under this Article and submit to the Board an Application for Approval of Blanket Performance and Payment Bond, form 13B-35 (rev. 11/2014~~9/2022~~), that includes the following information:

(1) The name and address of the licensee as listed on the license record and the license number.

(2) The name of every person listed on the license record of the applicant who, as specified under Section 7068 of the Code, is acting as a qualifier for the license.

(3) The reviewed year-end financial statements and a report prepared by a certified public accountant (CPA) duly licensed by the California Board of Accountancy or licensed by another state board of accountancy. The reviewed financial statements shall include supplemental information related to the liquidity ratios of the licensee's business and shall particularly include the current ratio and the quick ratio, the calculations for which are specified under subparagraphs (A) and (B) below. The review report, or a separate supplementary report, shall include an explanation that the information has been subject to the review of the CPA. The review report shall cover the two fiscal years immediately preceding application for approval of the blanket bond and should be prepared in accordance with the current Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

(A) Current ratio calculation: current assets; divided by current liabilities.

(B) Quick ratio calculation: current assets minus inventory; divided by current liabilities.

(4) A certification statement, signed under penalty of perjury by the qualifier for the license, ~~which that~~ shall conform to the following language:

QUALIFIER'S CERTIFICATION STATEMENT

(Unless otherwise noted, all section references are to the California Business and Professions Code.)

The undersigned declares that, in accordance with Sections 7068 and 7068.1 of the Code, ~~he or she is~~ they are a qualifier for the licensee identified below (hereafter referred to as "licensee") and ~~is~~ are responsible for exercising the direct supervision and control of the licensee's operations as is necessary to secure full compliance with the laws and regulations that are under the jurisdiction of the Contractors State License Board. As a qualifier of the licensee, the undersigned has reviewed sufficient financial information to execute this certification as it pertains to the licensee's home improvement sales and services that are subject to the home improvement contract requirements specified under Section 7159 of the Code. As of close of business on _____,

(Date)

_____ issued by _____ as Surety is,
(Bond Number) (Name of Surety Company)

according to ~~my~~ the qualifier's comprehension of the data derived from the licensee, in an aggregate amount that is sufficient to comply with the "100% rule" as specified in the provisions of Section 858.1 of Title 16, Division 8 of the California Code of Regulations.

The undersigned also certifies that ~~he or she~~ they will monitor the relevant business activity of the licensee; ~~;~~ ; exercise due diligence to secure ongoing compliance with the 100% rule; ~~;~~ ; and notify the Registrar within 30 days of the licensee's refusal, failure, or inability to comply with the 100% rule.

The undersigned also certifies that, upon approval of the blanket bond by the Registrar, the contract forms that will be used by the licensee for all transactions ~~which~~ that are subject to Section 7159 of the Code will contain a notice ~~which~~ that informs the property owner that a blanket performance and payment bond is on file with the Registrar of Contractors, or in lieu thereof, a notice that clearly identifies the name and address of the Surety that has issued the blanket performance and payment bond.

As a qualifying individual for the licensee, ~~I~~ the undersigned declares under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on _____ at

(Date)

_____, _____
(City and State)

(Name of Licensee as it Appears on the License)

(License Number)

(Printed Name of Qualifier)

(Signature of Qualifier)

(b) A licensee shall be licensed in this state in an active status for not less than two years prior to submitting the application provided for by this section.

(c) Except as otherwise provided under this subsection, an application for approval of a blanket bond shall not be accepted for consideration if any member of the personnel of record of the licensee, or any home improvement salespersons registered to the licensee, was found to have been responsible for, participated in, or otherwise culpable relative to any legal action that is subject to disclosure under Section 7124.6(e)(2) or 7124.6(e)(3) of the Code, or is named on a license that is suspended pursuant to Section 7071.17 of the Code.

(1) Any person who, after the effective date of the most recent disciplinary order applicable to that individual, is listed on an active license for three consecutive years with no violations resulting in disciplinary action may make application as provided under this Article.

(d) The application shall be signed by the person qualifying on behalf of the licensee who has executed the qualifier's certification statement required under this section. In the case of a responsible managing employee qualifier, the application shall also be signed by the owner, partner, or current corporate officer.

(e) The application shall be accompanied by a blanket bond that complies with the provisions of Section 858.1 of this Article and is underwritten by a surety that has been admitted in the State of California.

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Sections 7068, 7068.1, 7071.17, 7124.6, 7159 and 7159.5, Business and Professions Code.