

The CALIFORNIA LICENSED CONTRACTOR



OCTOBER, 1950

N. J. Morrisey Named Registrar

By Roy M. Butcher

Chairman, Contractors' State License Board

N. J. Morrisey was named during the month of April, 1950, to the post of Registrar of Contractors of the State of California, succeeding Eugene E. Zeiss who resigned three months prior to accept a post of executive secretary for a retail lumbermen's association in San Diego.

Announcement of Morrisey's selection was made by Joseph A. McNeil, the Chairman of the Contractors' State License Board, following its regular April meeting in Los Angeles. This appointment was favorably received and acknowledged by the representative organizations in the construction industry by means of testimonial meetings and banquets throughout the State. Morrisey thus became the ninth registrar in the 21-year-old history of the licensing organization.

It is interesting to note that Morrisey is the first registrar to be promoted from the ranks in recognition of the merit system of the State. Starting as an inspector 18 years ago, his first promotion was to that of deputy registrar. In charge of the Sacramento district office his duties encompassed supervision over the administering of board policies, public relations, issuance of licenses following proper qualification therefore, maintaining and keeping official records and files of the department as well as supervision over an investigation staff. This administrative ability won speedy recognition for Morrisey in his appointment to the position of assistant registrar under the merit system.

Following the resignation of Zeiss in February, 1950, Morrisey was placed in charge of departmental activities as acting registrar, which position he retained until the board's action naming him to the noncivil service position as registrar. His long

... Continued on page 4

CALIFORNIA BUILDING TOPS 1 BILLION MARK New Federal Credit Regulations on Home Construction

The following facts and figures compiled by the Department of Finance show that California's home builders outstripped all previous records during the first six months of 1950 in the number of new dwellings started.

In the six months period ending June 30, 1950, California's two big metropolitan areas alone, namely Los Angeles and the San Francisco Bay area, averaged 11,600 units per month. These two areas with but 4.4 percent of the entire Nation's population, have started 10.3 percent of all new home construction in the United States. At the end of the second quarter, 1950, the total value of building permits issued in California cities and unincorporated areas rose to a new record high, topping the previous peak reached in the second quarter of 1948 by some 33 percent. The total value was 66 percent above the second quarter of 1949, and 28 percent above the first quarter of the year 1950.

The best available sources of information show clearly that California has provided approximately 864,000 new dwelling units during the five and one-half year period January 1, 1945, through June 30, 1950.

For the first time in California's history private residential construction reached almost \$1,500,000,000 in 1948, and again in 1949 exceeded \$1,000,000,000.

Estimates indicate that the 1950 total will be in the neighborhood of \$1,750,000,000, which will substantially exceed the record year of 1948; however, this estimate could be affected by the new federal credit curbs on home construction which were put into effect October 11, 1950.

The new regulation specifies that in both private and government financed home mortgages, non-veterans must make down payments from 10 to 50 percent, depending on the cost of the individual house. Veterans down payments run from 5 to 45 percent.

Following is a table of down payments required by the new mortgage regulations.

NEW FEDERAL CREDIT CURBS ON HOMES

Down payment requirements under the government's new home mortgage regulations, varying for the veteran and the non-veteran, are as follows:

Non-Veterans			
Value (Trans. price)	Down payment %	Down payment amount	Loan amount
\$5,000	10.0	\$ 500	\$4,500
6,000	14.2	850	5,150
7,000	17.1	1,200	5,800
8,000	19.4	1,550	6,450
9,000	21.1	1,900	7,100
10,000	23.0	2,300	7,700
11,000	24.5	2,700	8,300
12,000	25.8	3,100	8,900
13,000	26.9	3,500	9,500
14,000	27.9	3,900	10,100
15,000	28.7	4,300	10,700
16,000	31.9	5,100	10,900
17,000	34.7	5,900	11,100
18,000	37.2	6,700	11,300
19,000	39.5	7,500	11,500
20,000	41.5	8,300	11,700
21,000	43.8	9,200	11,800
22,000	45.9	10,100	11,900
23,000	47.8	11,000	12,000
24,000	49.6	11,900	12,100
24,250	50.0	12,125	12,125
Over 24,250	50.0		

Veterans			
Value (Trans. price)	Down payment %	Down payment amount	Loan amount
\$5,000	5.0	\$ 250	\$4,750
6,000	4.2	250	5,750
7,000	7.1	500	6,500
8,000	9.4	750	7,250
9,000	11.1	1,000	8,000
10,000	13.0	1,300	8,700
11,000	14.5	1,600	9,400
12,000	15.8	1,900	10,100
13,000	18.8	2,450	10,550
14,000	21.4	3,000	11,000
15,000	23.7	3,550	11,450
16,000	26.9	4,300	11,700
17,000	29.7	5,050	11,950
18,000	32.2	5,800	12,200
19,000	34.5	6,550	12,450
20,000	36.5	7,300	12,700
21,000	38.8	8,150	12,850
22,000	40.9	9,000	13,000
23,000	42.8	9,850	13,150
24,000	44.6	10,700	13,300
24,250	45.0	10,912.50	13,337.50
Over 24,250	45.0		

Registration In Five Principal Classifications

(As of June 30, 1950)

	1934	1950
B 1	6,191	24,762
C 33	3,022	6,574
C 36	2,034	5,231
C 10	1,570	4,844
A	1,290	2,360

17-Year Registration History

(As of June 30, 1950)

1934	22,418
1935	22,619
1936	26,234
1937	29,446
1938	33,204
1939	37,659
1940	39,523
1941	38,966
1942	36,808
1943	31,906
1944	30,184
1945	32,217
1946	39,139
1947	45,733
1948	51,342
1949	56,710
1950	60,397

REGISTRATION BY CLASSIFICATION

(As of June 30, 1950)

A	General Engineering Contractors	2,360
B 1	General Building Contractors	24,762
C 4	Boilers, Hot Water Heating, Steam Fitting	154
C 6	Cabinet and Mill Work	394
C 8	Cement and Concrete	1,293
C 45	Electric Signs	174
C 10	Electrical (general)	4,844
C 11	Elevator Installation	84
C 12	Excavating, Grading, Trenching, Paving, Surfacing	830
C 15	Flooring (wood)	737
C 16	Fire Protection Engineering	29
C 17	Glazing	397
C 21	House and Building Moving	236
C 2	Insulation	199
C 27	Landscaping	365
C 26	Lathing	384
C 29	Masonry	1,102
C 23	Ornamental Metals	222
C 33	Painting, Decorating, Paperhanging	6,574
C 35	Plastering	1,926
C 36	Plumbing	5,231
C 38	Refrigeration	399
C 39	Roofing	1,264
C 42	Sewer, Sewage Disposal, Drain, Cement Pipe Laying	477
C 43	Sheet Metal	964
C 50	Steel, Reinforcing	81
C 51	Steel, Structural	189
C 22	Structural Pest Control	119
C 54	Tile (Ceramic and Mosaic)	974
C 20	Warm-Air Heating, Ventilating, Air Conditioning	619
C 60	Welding	168
C 57	Well Drilling	481
C 61	Classified Specialists	2,345
		60,397

16 YEARS OF PROGRESS UNDER BOARD ADMINISTRATION

In the annual report of the Contractors' License Bureau for the year ending June 30, 1935, attention was called to the fact that during that fiscal year operations of the Contractors' License Bureau were made more difficult than usual due to the necessity of replacing a substantial portion of the force of inspectors with new men selected under the provisions of the recent constitutional amendment relating to civil service. The report stated that it was practically impossible to secure men for field work under the Contractors' License Law who had had similar experience elsewhere for the reason that this type of work called for the employment of such a few number of persons throughout the country. In other words, new inspectors in the Contractors' License Bureau had to be trained by the bureau. It further stated that the high type of men secured that year, however, made the problem less of a burden and the transitional period resulted in no impairment of service to the public.

At the close of the 1933-34 Fiscal Year the licensee registration of the bureau totaled 22,418, and the administrative work of the bureau was being carried on by 22 inspectors.

In the same report, attention was also called to the fact that the Governor would shortly appoint the Contractors' License Board which had been newly set up by statute to supervise the administration of the bureau; that when the board was appointed it would find a highly intelligent and well-trained organization functioning along economical and efficient lines.

During the 1935-36 Fiscal Year, the Contractors' State License Bureau became known as the Contractors' State License Board. The first panel of board members was appointed of which Warren A. Bechtel, Jr., was chairman and Ralph E. Homann was vice chairman. Other members of the seven-man board appointed were Roy M. Butcher, Stephen L. Ford, S. G. Johnson, Hugh McNulty and William Nies. It is interesting to note that of these original seven, Roy M. Butcher and William Nies still remain as active members, giving of their time, energy and experience, as do the other five, without compensation except as to the pride of accomplishment of a job well done.

Since the inception and appointment of the original panel of board members each fiscal year has been a milestone of progress in administering the regulations of one of the largest industries in the State of California and in the Country. Problems of both periods of peace and war have been promptly and efficiently solved.

Increasing demands of the industry, amendments to the statutes, policing problems created by a greatly increased state population, and necessity for proper qualification and classification of applicants for a license have dissolved as problems and, with dispatch, become routine administrative matters.

Reference to another item in this issue, detailing past registration history, will show that since June 30, 1934, at which time there were 22,418 licensees of record, the registration has materially increased until, as of June 30, 1950, it reached an all-time high of 60,397, an increase of 169 percent. During the same period, the inspection force, now known and properly classified as investigators, has grown to a total of 45, or an increase of only 105 percent, despite all of the added duties involved in the administration of the statutes and board rules and regulations.

The prior so-called Contractors' License Law is now found in and known as Chapter 9, of Division 3, of the Business and Professions Code of the State of California. Under the former bureau the Registrar of Contractors functioned as such on a part-time basis. Since the inception of the board, the registrar devotes full time to his duties as such and as executive secretary to the board.

The substantial growth of registration and administrative responsibilities of the board and its staff has been accomplished in many ways too numerous to mention in such an article as this. However, there are certain factors which are worthy of note and to which the board looks back with pride of accomplishment rather than forward with misgivings. All of these factors were nonexistent as of June 30, 1934, and have resulted in substantial additional work loads for the staff.

Among these factors to which particular attention should be given are the following:

1. Promulgating and putting into effect rules and regulations pursuant to Section 7059 of the Business and Professions Code necessary to effect classification of contractors in a man-

... Continued on page 3

16 Years of Progress

Continued from page 2 . . .

ner consistent with established usage and procedure as found in the construction business, including the defining of said classifications and the limiting of the field and scope of licensees to those in which they are classified and qualified to engage.

2. Originating and setting up of examination procedures. The first examinations set up by the board included only 20 questions and the same examination was given every applicant for a license regardless of classification.

Following many meetings of the board committees, and with representative groups from the construction industry, the board has subsequently set up original and alternate examinations for each specific classification recognized by both board rules of limitation and by statute. No examinations are given an applicant until he first qualifies as to experience and good character. After examination, a successful applicant is not issued a license, except in rare instances allowed by board rule, until his name has been publicly posted, so that any legitimate challenge as to his qualifications and/or past record may be met by investigation and possible formal hearing as to whether a license should be denied said applicant.

3. Conforming to and adapting administrative practices to the Administrative Procedure Act relative to the handling, hearing and disposition of disciplinary actions instituted through complaints against licensees. Hearings are held before qualified hearing officers who have had no connection whatsoever in the investigation of the matter. Recommended decisions of said hearing officers, when accepted and signed by the registrar, are subject to review by the proper courts in the manner as prescribed in the Government Code of the State of California. All such matters are handled fairly and expeditiously for the benefit of both licensee and the complaining public.

4. Editing and publishing the "California Licensed Contractor" for the benefit of both licensees and the construction industry at large. This started as a quarterly bulletin but was discontinued during the war periods.

In assuming and performing this added work with an increase in staff personnel proportionately much less than the increase in registration, the high type of intelligent, well-trained men at the board's disposal has been of immeasurable value. It has been their lot to devise ways and means to

cope with the added load as passed on by the board. At the same time, each new member added to the staff has been compelled to undergo the training necessary to make him an efficient and integral part of the administrative machinery. In not one instance has the board secured the services of a man fully trained as an investigator in this line of work. Only by the continued high type which rigid civil service examinations have ferreted out from thousands of applicants has the board been able to continually have such an efficient staff.

No small amount of credit, however, is due the panel of board members who have, by their leadership during these past 16 years, made the Contractors' Licensing Law of California a pattern which is now being followed by a majority of other states of the Union. California pioneered and is still pioneering. In this centennial year of its statehood, the construction industry also helps celebrate the pioneering of a contractors' license law by California. The board members have been pioneers. They serve without pay; they take of their time from their own businesses; they perform exhausting duties in public relation and industry hearing meetings; they are the highest type of men from their particular classifications; they are leaders and are still leading the California contractors to professional acknowledgment and acceptance by the general public; they are the Contractors' State License Board of California.

Roy M. Butcher Board Chairman for 1950-51 Fiscal Year

At the regular July quarterly meeting of the Contractors' State License Board of California, Roy M. Butcher, San Jose electrical contractor, was selected to be chairman by his fellow members for the 1950-51 Fiscal Year.

Butcher is one of the original members of the board, having been originally appointed in 1935.

Classification Seminars

Recent regional seminars sponsored by Registrar Morrisey and his staff have proven beneficial in illustrating the practical application of classification provisions of board rules and statutes.

The extent to which licensees may legally operate within the classifications set up and recognized by the board is becoming increasingly important in the light of recent court decisions.

Proper Use of License Stressed By Registrar

The registrar again calls the attention of contractors to the importance of compliance with the Business and Professions Code relative to securing and maintaining the proper type of license and operations thereunder.

Attention is called especially to the following sections, to wit:

Sec. 7028.5. "It is unlawful for any person who is or has been a member, officer, director or responsible managing officer of a licensed copartnership, corporation, firm, association or other organization, to individually engage in the business or individually act in the capacity of a contractor within this State without having a license in good standing to so engage or act."

Sec. 7029. "It is unlawful for any two or more licensees, each of whom has been issued a license to engage separately in the business or to act separately in the capacity of a contractor within this State, to jointly submit a bid or otherwise act in the capacity of a contractor within this State without first having secured an additional license for acting in the capacity of such joint venture or combination in accordance with the provisions of this chapter as provided for an individual, copartnership or corporation."

Recently a well known contractor submitted a low bid on a \$200,000 public works project under a copartnership license. It was ascertained, after the bid was submitted, that the partnership had been dissolved and that this bidder was operating as an individual under the old partnership license. The bid was thrown out and the second low bidder awarded the contract.

A little time and attention to legal details at the proper time would have saved this man the loss of a substantial contract to which he would have been entitled providing he were qualified pursuant to Section 7028.5 of the Business and Professions Code.

Name Board Committees

Chairman Roy M. Butcher recently announced the following standing committees of the Contractors' State License Board for the 1950-51 Fiscal Year:

PUBLIC RELATIONS AND GRIEVANCES, Jess Worthington, chairman; H. Cedric Roberts; J. Philip Murphy. PERSONNEL AND DEPARTMENTAL RELATIONS, H. Cedric Roberts, chairman; Chris D. McKeon; Jess Worthington. RULES AND REGULATIONS, William Nies, chairman; J. Philip Murphy; H. Cedric Roberts. FINANCE AND BUDGET, J. Philip Murphy, chairman; Jess Worthington; William Nies. LEGISLATIVE, Joseph A. McNeil, chairman; Chris D. McKeon; William Nies. PREQUALIFICATION AND EXAMINATION, Chris D. McKeon, chairman; Joseph A. McNeil; William Nies.

Pitfalls of a Contractor

Contractors often find they are in avoidable difficulties by their failure to thoroughly acquaint themselves with the state laws under which their license to engage in business was issued, or they are negligent in their business methods.

Licenses are issued to cover each type of entity, namely: Individuals, copartnerships, corporations, and joint ventures, and are also classified in one or more of the 32 provided classifications.

Upon reviewing cases presented to the board for investigation a few causes of contractors' difficulties are attributed to the following:

1. Improper license status.
 - (a) Individual, copartnership, corporate, and joint venture.
 - (b) Using improper name style.
 - (c) Unlicensed persons working under another's license.
 - (d) Contracting out of classification.
2. Lack of a well-defined contract.
 - (a) Written confirmation of extras.
3. Incomplete or ambiguous plans and specifications.
4. Failure to check subcontractors for license, insurance and financial responsibility.
5. Nonobservance of building ordinances.
6. Deviation from plans and specifications without written authority.
7. Failure to establish a definite business policy for all associates and representatives, and elimination of unfair trade practices.

Compliance with the license provisions of the law is conducive to good business practice and failure to comply often results in disaster. A contractor operating in a capacity or name style other than that in which he is licensed may be unable to collect for his services, should circumstances force him to resort to the courts for settlement (See Section 7031 of the Business and Professions Code). His license may also be subject to disciplinary action in a formal hearing before the Registrar.

Disputes between contractor and client are numerous and in the analysis it usually is found that an oral

agreement or promise by either party was the basis for the misunderstanding. Once the seed of misrepresentation or distrust enters the picture, then the doors are wide open for litigation. As the client builds but a house or two in his lifetime, he is usually not conversant with trade terminology appearing in the plans and specifications. It is important that they be made clear before the job is started. Expectations will then be realized when the project is finished and a satisfied owner is the contractor's greatest asset.

A good business structure is dependent on a complete and accurate method of bookkeeping. Job cost, overhead, withholdings, and profit and loss can only be determined in this manner. The practice of diverting funds from one to another project can thus be avoided.

Failure to observe or become familiar with building ordinances often causes grief. Corrections and replacements of completed work is expensive and obviously falls on the contractor.

A sales policy is vital to any business and while it is treated by many as a matter of routine, its important part seldom is given consideration.

A well set up policy, defining the responsibilities of all concerned, as also the presentation, is very important. The unscrupulous, itinerant peddler who tenders a limited written contract, invariably has verbally promised the impossible and must be eliminated from the industry.

The licensed building contractors are obligated to help keep the building industry clean. This is your lifetime occupation; protect it and watch it grow. The satisfaction of creation, whether a building or a business which is an asset to the community, can never be taken from you.

Morrissey Named Registrar

Continued from page 1...

experience has resulted in an uninterrupted transition period from one registrar to another. His proven knowledge of departmental affairs and functions has already been reflected in administrative and operational changes tending toward greater efficiency within the department. His appointment augurs a highly successful period in the history of the board.

THE CALIFORNIA LICENSED CONTRACTOR

DEPARTMENT OF PROFESSIONAL AND VOCATIONAL STANDARDS

Earl Warren, Governor

James A. Arnerich, Director

Fred A. Taylor, Assistant Director

MEMBERS AND OFFICERS CONTRACTORS' STATE LICENSE BOARD

Roy M. Butcher, Chairman..... San Jose
 H. Cedric Roberts, Vice Chairman..... Burbank
 Chris D. McKeon..... San Francisco
 Joseph A. McNeil..... Los Angeles
 J. Philip Murphy..... San Francisco
 William Nies..... Los Angeles
 Jess B. Worthington..... San Diego
 N. J. Morrissey, Registrar—Sacramento

DEPUTY REGISTRARS

Henry Gray Clark..... Los Angeles
 Louis F. Erb..... San Francisco
 Willard A. Evison..... Los Angeles

DISTRICT SUPERVISOR

E. W. Ford..... Sacramento

EXAMINERS

Harry W. Abrahams..... San Francisco
 Warren S. McKay..... Sacramento

MAIN OFFICE

1020 N Street..... Sacramento

BRANCH OFFICES

145 S. Spring Street..... Los Angeles
 507 Polk Street..... San Francisco

Posting Period Now 20 Days

Effective July 31, 1950, the "posting" period for new state contractors' licenses has been extended from 10 days to 20 days by action of the board at its July meeting.

The board publishes the names of applicants for new licenses for a period prior to the granting of a license, in order to give anyone who might wish to show cause why the license should not be granted a chance to protest and be heard.

This action was taken after representative organizations of the industry made a showing that too short a time was allowed by the previous 10 days to properly assist the board in fully utilizing the listings for investigation purposes. These groups asked for 30 days but the board compromised on 20. This time extension has proven very effective.

34145 10-50 61M



ABRAHAMS, HARRY W.
 507 POLK ST., 305 JOSLIN BLDG.,
 SAN FRANCISCO, CALIF.