

The CALIFORNIA LICENSED CONTRACTOR

EDMUND G. BROWN, Governor

NOVEMBER 1966

HAROLD J. POWERS, Director

BOARD ACTION AT QUARTERLY MEETING

J. D. MACK

The Contractors' State License Board held its regular quarterly meeting on October 13 at the Jack Tar Hotel in San Francisco. On the agenda were several petitions filed by trade associations.

The board denied a petition for a public hearing filed by the Glass Management Association to amend Board Rule 750. This rule sets forth the scope of work of glazing contractors. It was adopted September 8, 1942, and has not since been amended.

The Glass Management Association proposed that the rule be revised to include the selecting, cutting, fabrication assembly and installation of all glass holding members and related components in any opening, and other products attendant to store front construction such as entrance doors and frames, metal or glass facing and trim materials.

Opposition was voiced by the sheet metal contractors, who claim portions of the work set forth in the proposed revision as properly within the scope of a sheet metal contractor. Spokesman for the association informed the board that they intend to file a petition for a hearing to amend Board Rule 742 which defines sheet metal contractor.

The board suggested that the Glass Management Association and the sheet metal contractors attempt to resolve their differences prior to the filing of any further petition.

On June 20, 1966, the registrar made an administrative interpretation of Board Rule 734, which defines plumbing contractor. It was his determination that both fire protection engineering contractors and plumbing contractors could install fire protection systems.

The National Automatic Sprinkler and Fire Control Association, Inc., presented arguments before the board that plumbing contractors should not be permitted to perform sprinkler

system work which they claimed to be solely within the scope of fire protection engineering contractors. The board ruled the registrar's interpretation as proper and in conformance with the wording of Board Rule 734.

The California Commercial Arborists Association, whose members are in the business of contracting for specific work on trees such as tree stump and limb removal and the guying of limbs and trees, requested that the board license such contractors under the classification C-61, limited specialty.

In 1954 the Attorney General had ruled that removal of trees, where not a part of a specific construction project, would not require a license. Since that time the board has not required that persons engaged in this line of work be licensed unless such work was part of a project such as site clearing for a highway or building.

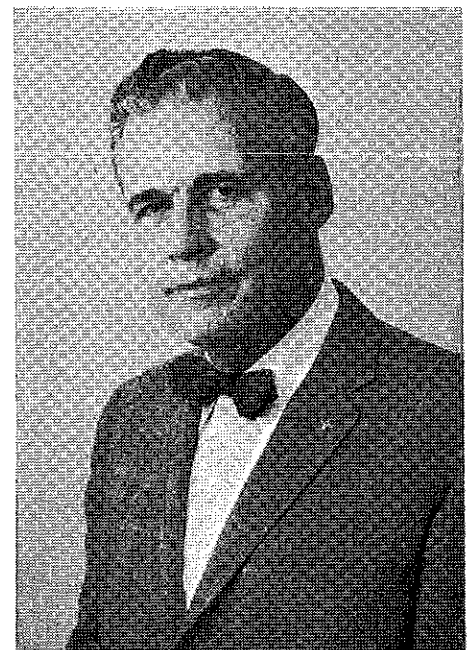
The board deferred action on the request of the California Commercial Arborists Association and asked the registrar to secure an opinion of the Attorney General whether a license is required.

Board Rule 786, which now reads "No 'joint license' shall be renewed unless the license of each member thereof has first been renewed," was adopted November 18, 1941.

The registrar and his staff could see no real reason for this regulation, and it caused a considerable amount of extra work for the Files and Records Section at renewal time. When an application for a renewal of a joint license is received it must be kept in suspense until it is determined that each member of the joint venture has first renewed its own license.

It can be readily seen this can cause quite a suspense backlog at renewal time and a great deal of uncertainty

(Continued on page 6)



This issue's construction industry legislative personality needs little introduction as he is a familiar figure in construction and legislative circles throughout the state. He is J. D. Mack, for the past 16 years executive manager of the Plumbing-Heating Cooling Contractors of California.

J. D. was born in Topeka, Kansas, and attended school in St. Joseph, Missouri. He started his business career with Household Finance Corporation and served as that agency's branch manager in St. Joseph and in Fresno, California.

After 17 years with Household Finance, J. D. left in 1949 to become the executive manager of the Central California Plumbing Contractors Association in Fresno. He assumed his present post in 1950.

As executive manager of the state association, J. D. works closely with more than 30 local plumbing-heating-

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**THE CALIFORNIA
LICENSED CONTRACTOR**

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Board*

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STATE OF CALIFORNIA
EDMUND G. BROWN, Governor
HAROLD J. POWERS, Director

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Compiled and Edited by:

FREDERICO H. BRUMM and
GORDON E. EATON

**DISCIPLINARY ACTIONS TAKEN—3RD QUARTER, 1965-66
SUSPENDED**

| Name | Address | Effective date | Violations |
|-----------------------------------|-----------------------------------|----------------|---|
| Artistic House | 39318 Mariposa, Fremont | 4/28/66 | Secs. 7110, 7107, 7109, 7113, 7116 For 180 days |
| Ashton, Thomas, A. | 9650 Cypress Ave., Fontana | 6/16/66 | Secs. 7113, 7120 For 90 days |
| Avery, Charles G. | 1157 Saratoga Ave., San Jose | 6/30/66 | Sec. 7122 For 30 days 25 days permanently stayed 5-day suspension |
| Balch, D. L. | 7870 S. Western Ave., Los Angeles | 4/27/66 | Secs. 7113, 7115, 7120, 7008.2 For 3 months |
| Barron, Stanley D. | 6490 W. McKinley, Fresno | 6/10/66 | Sec. 7113.5 For 90 days 85 days stayed with conditions 5-day suspension |
| Bassett, Richard L. | 7418 Wilbur Ave., Reseda | 4/13/66 | Secs. 7113, 7029, 7117, 7113.5, 7115 For 45 days |
| Downe, Ronald V. | 10141 Laramie Ave., Chatsworth | 4/13/66 | Secs. 7113, 7029, 7113.5, 7117, 7115 For 45 days |
| Brasiel Construction Co. | P.O. Box 325, Hayward | 4/26/66 | Secs. 7122.5, 7008.1, 7115 For 60 days |
| Breuner, James H. | 225 25th Ave., Santa Cruz | 4/26/66 | Sec. 7113.5 For 30 days |
| Burba, Donald E. | 354 W. Westlake Dr., Palmdale | 5/10/66 | Secs. 7109, 7113 For 10 days stayed with conditions for one year |
| Castro Valley Roofing | 2219 Grove Way, Castro Valley | 6/24/66 | Sec. 7122.5 For 90 days 60 days stayed with conditions 30-day suspension |
| Cooper, Ray & Son's Const. Co. | 11869 E. 161st St., Norwalk | 4/26/66 | Sec. 7122.5 For 90 days stayed with conditions |
| Cooper, William | 49 Arthur Rd., Watsonville | 6/24/66 | Secs. 7114, 7115 For 90 days |
| Curran, Thomas M. | 25 Shoshone Pl., Portola Valley | 6/10/66 | Secs. 7109, 7113 For 30 days stayed with conditions |
| D'Agostino Construction Co. | 6566 Beck Ave., North Hollywood | 6/10/66 | Secs. 7109, 7113, 7118 For 90 days |
| Di Santo, Mario Raymond | 164 W. 38th Ave., San Mateo | 6/16/66 | Sec. 7122.5 For 60 days |
| Fisher, William R. | 7135 Orral St., Oakland | 6/21/66 | Secs. 7120, 7109, 7113, 7111, 7113.5 For 60 days |
| Greens, Virgil J. | 165 N. 10th St., San Jose | 5/ 6/66 | Sec. 7115 For 60 days |
| Knight, Joseph S. | 7011 Lexington Ave., Hollywood | 6/10/66 | Sec. 7122.5 For 90 days |
| Martineau, Lennox | 4436 Wyman Dr., Sacramento | 6/30/66 | Sec. 7122.5 For 90 days |
| Matthew, John T. | 1044 5th Ave., Oakland | 4/ 5/66 | Secs. 7107, 7113 For 60 days permanently stayed |
| Molloy, George R. | 970 Callo Paseo, Novato | 4/ 5/66 | Sec. 7114 For 10 days |
| Morano, Carlo dba Amnco Plumbing | 4460 B, Sacramento | 4/20/66 | Secs. 7107, 7113, 7122.5 For 180 days |
| Muzzini, Angelo L. | 1719 Aleatraz Ave., Berkeley | 4/27/66 | Sec. 7113.5 For 10 days |
| Parker Construction Co. | 1136 Loo Dr., San Jose | 5/27/66 | Secs. 7120, 7108, 7111 For 30 days |
| Paulsen, Anthony E., Contractor | 13018 Ocean Gate Ave., Hawthorne | 4/20/66 | Sec. 7120 For 30 days |
| Perrine Masonry Co. | 7261 Hansen Dr., Dublin | 4/ 6/66 | Secs. 7120, 7113.5 For 90 days |
| Pires, John | 2803 Del Paso Blvd., Sacramento | 5/31/66 | Sec. 7116 For 10 days |
| Rex Construction Co. | P.O. Box 791, Anderson | 6/30/66 | Secs. 7112, 7110, 7113.5 For 360 days stayed with conditions, 30-day suspension |
| S P Construction | 33 Honeyhill Rd., Orinda | 0/24/66 | Sec. 7122 For 90 days; 60 days stayed with conditions; 30-day suspension |
| Schultz, Alfred Walter | 15814 Via Arroyo, San Lorenzo | 4/20/66 | Secs. 7068.1, 7122.5 For 30 days |
| Spates, I. W., General Contractor | 810 E. 91st St., Los Angeles | 4/26/66 | Sec. 7122.5 For 15 days; stayed with conditions |
| Tracy, E. W. | P.O. Box 461, Stockton | 12/25/66 | Sec. 7113.5 For indefinitely |

REVOKED

| Name | Address | Effective date | Violations |
|-----------------------------------|------------------------------|----------------|--|
| Able Painting Service | 1942 Avon, Spring Valley | 5/ 6/66 | Secs. 7115, 7120, 7113, 7112 |
| Admiral Heating Service | 1411 Center St., Oakland | 5/30/66 | Secs. 7116, 7123 Stayed with conditions; 30-day suspension |
| Anthony Electric Construction Co. | 3866 24th St., San Francisco | 6/30/66 | Sec. 7113 Stayed with conditions; suspended indefinitely |
| Apex Heating Company | 7500 14th Ave., Sacramento | 5/27/66 | Secs. 7109, 7110, 7116 |
| Armstrongs Pacific Roofing | 102 Couch St., Vallejo | 6/10/66 | Secs. 7112, 7115, 7117 Without prejudice to Ronald J. Paez |

IMPORTANT NOTICE

Your name is on our current mailing list for "The California Licensed Contractor." Under Section 13688 of the Government Code, this agency is required to verify and correct this mailing list annually.

If you wish to continue to receive "The California Licensed Contractor" clip this notice, make any corrections in name or address on the mailing label (reverse side) and return the notice immediately to:

Contractors' State License Board
1020 N Street
Sacramento, California 95814

Reminder: Report future changes of address to insure continuance of your subscription. Specify for "The California Licensed Contractor" when reporting.

FAILURE TO RETURN THIS NOTICE WILL RESULT IN THE AUTOMATIC DELETION OF YOUR NAME FROM THE MAILING LIST.

STIFF PENALTIES FOR UNLICENSED CONTRACTING

Two unlicensed contractors have learned that contracting without a license can have serious consequences. In August, Judge William Wright of the Antelope Valley Municipal Court fined one violator \$250 and imposed a 60-day jail sentence, suspended with one-year summary probation. Part of the fine was suspended on condition that restitution be made to the injured homeowner within 30 days.

A second violator, after a plea of nolo contendere, was fined \$500 and sentenced to 30 days in jail, suspended for one year provided the defendant made restitution to the homeowner and material houses. Further, the defendant was ordered to serve 15 days with the U.S. Forestry Service, maintain suitable employment and not violate the law.

J. D. Mack

(Continued from page 1)

cooling contractors associations. This is only one facet of his many activities. As a registered lobbyist and delegate of the Construction Industry Legislative Council, J. D. spends much of his time in Sacramento, particularly when the Legislature is in session.

He is well versed in both the history and the many problems of the Contractors' State License Board. There have been very few board meetings in

BOND INFORMATION

After more than two years' experience in administering the bonding provisions of the Contractors' License Law, some statistics and trends can now be reported.

As of July 31, 1966, 63,008 surety bonds and 9,565 cash deposits were on file with the registrar.

Cash deposits during June and July increased 98 percent over April and May. This may well be attributed to the increase in the cost of surety bonds. Many contractors prefer to file a cash deposit and earn the interest.

Not unexpectedly, the bonding requirements have greatly increased the workload, particularly in our files and

which J. D. was not an active participant.

An avid golfer, J. D. belongs to the Crystal Springs Golf Club. He is a member of the Press Club of San Francisco; the Elks Club; the Tehran Temple of the Shrine; and a charter member of the Ponderosa Masonic Lodge. He was toparch of the Scouts in 1948 and is also a member of the Scottish Rite.

J. D. and his wife, Katie, reside in Millbrae. They have three grown sons and a daughter, all of whom have families of their own.

The registrar and his staff are indebted to J. D. for his interest and many years' close cooperation.

records section. During the past fiscal year, notices of cancellation of surety bonds have been received at an average rate of 500 per month. Such cancellations resulted in a monthly average of 290 license suspensions. In June and July the cancellation rate jumped to almost 1,000 per month with a monthly average of 400 suspensions.

Prior to June this year, our records have reflected an average of 1,200 licenses under suspension for failure to maintain a bond on file. In June and July this figure jumped to almost 2,000.

Throughout each month the files and records section will receive over 850 items of correspondence in relation to surety bonds or cash deposits. Most of these require a diligent search of files and records and lengthy detailed answers.

When licensee bonds were first required, most surety companies would write such a bond for \$25 for three years. In June the rate was increased to \$50 per annum.

The following article, prepared by Mr. S. R. Walsh, bond department manager, Aetna Casualty and Surety Company, San Francisco, explains very clearly the reasons behind this action. The registrar and the editors of the *California Licensed Contractor* thank Mr. Walsh for his contribution to our bulletin.

DISCIPLINARY ACTIONS TAKEN 3RD QUARTER, 1965-66—Continued

REVOKED—Continued

| Name | Address | Effective date | Violations |
|--|--------------------------------------|----------------|--|
| Ball, Fred H. | 5229 Cherry Ave., Long Beach | 5/10/66 | Sec. 7122.5 |
| Bean, Robert D. | 41305 Dixon Dr., Hemet | 6/28/66 | Secs. 7113, 7115 |
| Chapin, Chet | 1112 Annapolis Dr., San Mateo | 5/27/66 | Secs. 7107, 7109, 7113.5, 7113, 7112 |
| Chapin's Sheet Metal | 2612 Beach St., Bakersfield | 4/ 6/66 | Secs. 7107, 7113, 7113.5 |
| Craig, Melvin A. | P.O. Box 322, Indio | 6/ 1/66 | Sec. 7120 |
| Dona-Topo, Inc. dba Tro-Pio-Kal of Sacramento | 8728 Fair Oaks Blvd., Carmichael | 5/31/66 | Secs. 7109, 7120, 7116 |
| Edward's Construction Co. | 4127 N. Mission Rd., Los Angeles | 5/31/66 | Secs. 7107, 7113, 7120 Stayed with conditions for 90 days |
| Franks, G. E. | 601 S. Woods Ave., Fullerton | 6/30/66 | Sec. 7113.5 |
| Glasner Construction | 1775 Treble Glen Rd., Piedmont | 6/ 8/66 | Secs. 7107, 7108, 7113.5, 7113, 7115, 7120 |
| Glasson & Glasson Assoc. dba California Plumbing Co. | 1369 Blackstone, Fresno | 4/29/66 | Secs. 7109, 7110, 7113 |
| Guy, Lester L. | 4855 Sycamore Ave., Atascadero | 4/22/66 | Sec. 7113.5 |
| Hercules Construction Co. | 16024 Ventura Blvd., Encino | 4/26/66 | Secs. 7107, 7109, 7113, 7120 |
| Hopkins, H. L. | P.O. Box 247, Thousand Palms | 6/ 2/66 | Secs. 7121, 7113.5 |
| House Beautiful by Bond Built Builders | 13169 Brookhurst St., Garden Grove | 4/19/66 | Secs. 7107, 7113, 7111 |
| Hunter, John A., Builder | 1282 Page St., San Francisco | 4/28/66 | Secs. 7107, 7108, 7110, 7113, 7120 |
| Jensen, J. C. | P.O. Box 216, Bijou | 5/27/66 | Sec. 7113.5 |
| Joske, Jack Edward | 3637 Lankershim Way, North Highlands | 4/ 1/66 | Sec. 7122.5 |
| Kern County Plumbing | 1109 Greenwood Dr., Bakersfield | 4/16/66 | Sec. 7113.5 |
| M & E Cabinet & Fixture Co. | 3515 S. Lifer Ave., Los Angeles | 5/31/66 | Sec. 7122.5 Stayed with conditions for 90 days |
| Miles, Lee Franklin, Valley Const. Co. | 3401 Madrona Dr., Santa Barbara | 6/28/66 | Secs. 7107, 7109, 7113 |
| Mowreader, George M., Plastering Co. | 821 Kempton St., Spring Valley | 4/19/66 | Secs. 7113, 7120, 7113.5 |
| Noel, Lyla F. | 681 Patoma Ct., Niles | 4/27/66 | Secs. 7111, 7108, 7113.5 |
| New Mission Electric Co. | 26 Dorchester, San Leandro | 5/ 3/66 | Sec. 7113.5 |
| Nofziger & Perkins Pools, Inc. | 116 Park Blvd., Millbrae | 4/22/66 | Secs. 7120, 7108 |
| Palmtree, Gene | 1302 Colombino Pl., Anaheim | 4/27/66 | Sec. 7113.5 Stayed with conditions; 60-day suspension |
| Palmer Aluminum & Glass Products Co. | 8055 Aptos Rd., Aptos | 6/24/66 | Secs. 7117, 7113.5 |
| Randall, Bert A. | 1999 Navajo Dr., Palm Springs | 6/16/66 | Secs. 7107, 7109, 7113 Stayed with conditions for 2 years |
| Reid Drilling and Water Well Service | 3528 Hazelwood, Vallejo | 6/24/66 | Sec. 7112 |
| Rouse, Frank G., Jr. | 45 Palm Ave., Los Gatos | 5/10/66 | Secs. 7109, 7116 |
| Sewer Rooter Service Co. | 1359 Blackstone, Fresno | 4/29/66 | Sec. 7122.5 |
| Sherman Plumbing | 2240 Temple St., Los Angeles | 5/27/66 | Sec. 7122.5 |
| Smith, Donald C. | 826 E. 133rd St., Hawthorne | 4/29/66 | Secs. 7121, 7122.5 |
| Sponner, William G., Plastering Co. | 5801 28th St., Sacramento | 6/14/66 | Sec. 7110 |
| Streich, Arthur | P.O. Box 58, Cedar Pines Park | 6/ 7/66 | Sec. 7114 |
| Sug's | 424 S. Northwood Ave., Compton | 5/27/66 | Sec. 7112 |
| Tyler Electric | 15021 Beach Blvd., Westminster | 6/ 3/66 | Sec. 7122.5 |

DENIED

| Name and address | Class | Grounds | Date denied |
|--|------------|------------------------------------|-------------|
| Ackerson, C. A. 9982 Almeria, Fontana | B-1 | 7069 | 4/ 5/66 |
| Banta, H. W. dba Custom Plastering 2050 Golden Ave., Long Beach | C-35 | 7102, 7069, 7069(a) | 6/14/66 |
| Bourdon, Robert J. 7744 Aura Ave., Roseda | C-53 | 7069, 7112 | 4/29/66 |
| Chaney, Joseph L. 4408 Crystal St., Redding | B-1 | 7115, 7069 | 5/10/66 |
| Ervin, Robert Lee 1600 E. 126th St., Compton | C-6 | 7069 | 5/31/66 |
| Etna Manufacturing P.O. Box 646, Etna | C-26 | 7069(a), 7102, 7068.1 | 4/15/66 |
| Harper, Vernon L., Const. Co. 550 W. Duarte Rd., Monrovia | B-1 | 7069, 7069(a) | 4/26/66 |
| Hercules Engineering & Construction Co., Inc. dba Hercules Construction Co. 16024 Ventura Blvd., Encino | B-1 | 7069(a) | 6/21/66 |
| Kessler, Edward P.O. Box 2203, Stateline | B-1 | 7069, 7069(a) | 6/10/66 |
| Marshall, Harold 5710 Corbett St., Los Angeles | C-12 | 7069, 7069(a), 7102 | 4/12/66 |
| Merrill, R. E., Excavating Co. 6081 Linden Ave., Long Beach | C-17 | 7069(a) | 5/20/66 |
| Pacific Glass Co. 4530 Auburn Blvd., Sacramento | C-53 | 7069(a), 7112 | 6/14/66 |
| Pla-Mor Pools of California (application of 5-19) | | Without prejudice to Howard Wright | |
| 401 S. Hartz Ave., Danville | C-53, SB-1 | 7069(a), 7112 | 6/14/66 |
| Pla-Mor Pools of California (application of 7-1) | | 7069(a), 7102 | 6/27/66 |
| 401 S. Hartz Ave., Danville | | 7069, 7069(a) | 5/27/66 |
| The Remodeling Center 1904 Garnet St., San Diego | B-1 | 7069(a) | 4/27/66 |
| Roe, C. L., Masonry 8125 Tamarack Dr., Dublin | C-29 | 7069(a) | 5/11/66 |
| Tack, Ernest William 5077 Cleander Pl., Santa Barbara | B-1 | 7069(a), 7110, 7113, 7114, 7117 | 6/30/66 |
| Wargo & Panackia, General Contractor 340 W. Raymond St., Compton | B-1 | 7069(a), 7102 | 6/30/66 |
| West Coast Electric 1820 Indian Hill Blvd., Pomona | C-10 | 7069, 7069(a), 7069(d), 7112 | 6/30/66 |

The Registrar's Corner

The Contractors' State License Board is happy to publish another issue of the CALIFORNIA LICENSED CONTRACTOR.

There are many misconceptions prevalent among the general public as to the purpose and function of the Contractors' State License Board. One of the most common is that the Contractors' State License Board, in addition to its function of qualifying, licensing and regulating contractors, is an agency that considers any matter including legal and otherwise which may arise in or from a transaction with a licensed contractor. This is not the case even though the agency title, Contractors' State License Board, may indicate otherwise. It probably accounts in part for the large number of persons who contact the agency seeking purely legal advice or information on matters not within the agency's jurisdiction.

Inquiries from the public are many and varied in their nature. For instance, they include requests on how to file a mechanics' lien; how to bring an action against a licensee's bond; what to put into a building contract; how to bring suit against a contractor; how to make a contractor follow or change a construction contract; what to do about extras; and so forth.

The Contractors' State License Board is required under the law to perform many functions in regards to contractors. It cannot, however, act as an information bureau on legal or business matters. One of its main concerns is with the regulation of contractors, and even here the agency may not assume the jurisdiction of a court.

The agency is always willing to listen to the complaint of any person and will investigate that complaint if it comes within the agency's legal jurisdiction. The law provides that it is the duty of the registrar to consider and analyze complaints against licensees which might lead to a disciplinary action. I reiterate, however, that the agency is not a source of legal advice in contracting matters.

Leo P. Roschko

SECTION 7018—"NOTICE"

The registrar of contractors has received an informal opinion from the office of the Attorney General on additional questions involving the application of Section 7018 of the Business and Professions Code ("Notice" concerning lien laws) to public utility projects and to minor projects.

The questions and conclusions follow:

Questions:

1. Does a contractor, subcontractor, materialman, or other have the right to assert a lien against the property of a public utility, assuming the existence of facts which would justify such action?

2. Is the "Notice" required by Business and Professions Code Section 7018 to be given to a public utility provided a lien may be filed against such property?

3. Is a contractor or subcontractor required to give the "Notice" required by Section 7018 of the Business and Professions Code when the work or operation on one undertaking or project where the aggregate contract price for labor, materials and all other items, is less than one hundred dollars (\$100), such work or operation being considered as a casual, minor or inconsequential nature (such as service work)?

Conclusions:

1. Although we are unable to find that such has ever been the case, it would be our opinion that a lien may be attached to public utility property provided such property is neither necessary or useful to the function of the utility as a public utility.

2. Although we conclude in (1) above that a public utility may well own property which may be liened, we, nevertheless, feel that Section 7018 does not require that the contractor give the "Notice" specified therein to the public utility or to the agent for said utility.

As a general rule, public utility property may not be the subject of a lien. Section 816 of the Public Utilities Act specifically limits the power of the public utilities to create liens on their property. Article 6 of the Public Utilities Act, beginning with Section 851, relates to the transfer or

encumbrance of utility property. A reading of the three sections which make up the article leads to the conclusion that a lien may not generally attach to the property of a public utility. There is an exception, however. A lien may attach to utility property which is neither necessary nor useful to the function of the utility as a public utility (Section 851).

With relationship to the second question, it seems apparent that a public utility is not within the class of persons sought to be protected by the Legislature in Section 7018. The history of this section shows rather conclusively that the intent of the Legislature was to enact a section which would insure that members of the public doing business with contractors were aware of the lien laws of the state. The problem which was sought to be remedied by the Legislature is of long standing. Homeowners generally are unaware of the operation of the lien laws of the State of California and frequently learn of their operation when they are required to make a second payment on a finished product because of some defalcation on the part of the contractor. It was for the purpose of remedying this situation that the Legislature enacted the present Section 7018.

It is clear that a public utility, with a staff of attorneys, cannot reasonably be equated with an uninformed homeowner. It would seem patently ridiculous to require that a contractor notify a public utility of the meaning and effect of the lien laws of the state. To place such a construction on 7018 would not only be inconsistent with the purpose for the enactment of the statute but would also place the contractor in a situation where he would have to decide whether a given piece of utility property was necessary or useful to the utility in its function as a public utility.

3. The answer is no. "Notice" is not required.

Section 7048 of the Business and Professions Code generally requires no license where the work performed totals less than one hundred dollars (\$100). Section 7018 of the Business and Professions Code provides that the "Notice" is required to receive payment for work for which a contractor's license is required. If no license is required—no "Notice" is required.

RATE CHANGE FOR CONTRACTORS LICENSE BONDS

As of June 10th this year, the charge for corporate surety bonds to accompany contractors' licenses increase from \$10 per 1,000 to \$50 per 1,000 per year. A number of inquiries have been received as to what occasioned this.

When the law was passed in 1963 calling for bond on new contractors effective January 1, 1964, and on existing contractors July 1, 1965, it was decided that these bonds would be classified as compliance guarantees, that is, the bonded principal would comply with the safety, sanitary, and other provisions of the various building codes. The standard rate for this type of guarantee is \$10 per 1,000 per year.

Few problems were encountered during 1965, but this year an increasing number of claims have been filed through the license board and directly against the surety companies for unpaid labor and materials bills as well as failure to perform contracts. The interpretation of the Contractors' License Law bonding provision to cover claims of this sort required the surety companies to regard the bond as a blanket performance and payment bond subject to a rate of \$50 per 1,000 per year.

Recognizing that there is the possibility of duplicate coverage under regular performance and payment bonds filed in connection with construction projects, the surety companies adopted a rule which permits a credit for part of the premium for the license bond toward payment of the premium for any performance or payment bonds executed for work in California during the license year of the principal. In most instances, this results in a return premium of \$40.

484(h) P.C. Charged Against Contractor

In January 1962, a licensed copartnership was dissolved. Neither partner notified the registrar of contractors. The qualifying partner, holder of an individual license, remained in the area while his associate moved to the coast where he continued to contract under the copartnership license.

Early in 1966, investigation of complaints filed in the San Luis Obispo area against the ostensible copartner-

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484(b) P.C. Charged Against Contractor

(Continued from page 5)

ship disclosed the dissolution and the illegal operations of the nonqualifying partner. Pursuant to law, the registrar cancelled the license effective as of the date of dissolution of the co-partnership. The unlicensed expartner continued to operate despite the cancellation of the license. Additional complaints were received alleging failure to pay materialmen and subcon-

tractors on two projects. Upon investigation, sufficient evidence was uncovered to refer the matter to the District Attorney of San Luis Obispo County.

A warrant charging violation of Section 484(b) of the Penal Code was issued. The amounts alleged to have been wrongfully diverted by the defendant were under \$10,000 on each project and, therefore, the charge is a misdemeanor.

Board Action at Quarterly Meeting

(Continued from page 1)

during July and August on whether or not a joint license has been renewed.

The board, therefore, has repealed Rule 786 effective 30 days after filing with the Secretary of State.

The next scheduled meeting of the Contractors' State License Board will be held in Sacramento on Friday, January 20, 1967.