



THE CALIFORNIA LICENSED CONTRACTOR

EDMUND G. BROWN JR., *Governor*

FALL 1980

RICHARD B. SPOHN, *Director*

MAJOR CHANGES IN CONTRACTORS LICENSE LAW

Three pieces of legislation introduced by Assemblyman William Lockyer (AB 1363, 670, and 1242) which were signed into law by the Governor during the past year, have made major changes in the laws governing the Contractors State License Board's licensing and regulation of contractors. A general summary of that legislation follows, and some of the more important changes are discussed in detail in other articles in this newsletter.

AB 1363, the most comprehensive of Lockyer's three bills, gave the Board additional means of regulation of the Contractors License Law through powers of arbitration and citation. These powers were to become effective July 1, 1980 upon condition that the necessary funding to implement them was granted the Board. Such

funding is included in the 1980-81 budget and procedures for the new programs are presently being formulated.

The bill also revised provisions of the law relating to qualification for licensure by responsible managing individuals, increased the amount of financial responsibility required of an applicant from \$1,000 net worth to \$2,500 operating capital, and increased the required amount of license bonds or cash deposits and bonds or cash deposits of qualifying individuals from \$2,500 to \$5,000. License bonds or cash deposits for Swimming Pool Contractors (C-53) were increased to \$10,000.

Trustees of express trust funds were added, under certain conditions, to those persons who when damaged may benefit from a

licensee's or qualifying individual's surety bond or cash deposit.

Other amendments or additions to the law in AB 1363 mandated that neither the Board nor the Registrar might grant waivers of examination except in cases in which the applicant is a licensee applying for an additional license in the same classification. The Board was required to periodically review examinations and revise them as needed. Obtaining and providing the examination to another person was made a misdemeanor, and a percentage of applications for license were required to be reviewed for the truth of the statements contained.

(Continued on Page 3, Col. 1)

To the Construction Industry:

We are once more able to bring you on a quarterly basis the California Licensed Contractor. Since the last issue there have been significant changes to the laws that affect you as a licensed contractor. In addition, a significant amount of change has been instituted in the Contractors Board's operation with the intent of improving what we are doing and how we are doing it.

We have had to deal with legislative changes as they occurred, however, the first priority in making any improvements has been to eliminate backlogs in both licensing and complaint investigation. Successful inroads have been made in that direction and with the additional funding and personnel included in this year's budget, as well as new procedures we are developing, we will continue to make progress within coming months.

Although space in this newsletter did not permit discussion of all of the changes which have occurred, in future newsletters we will cover some of those which most affect the industry.

Because the construction industry is multi-faceted and what, for instance, could seriously affect a fencing contractor's operation might have very little effect if any on the operation of a water well drilling contractor, we also want in future newsletters to deal with some issues that are specific to one or more facets of the industry.

To do that effectively we will need your input. The next issue will include a Letters to the Editor column where you can air your ideas or gripes and dialogue can be opened between you and the Board. We'd also like to include a guest column for articles written by members of the industry.

These are only suggestions. I'd like to hear what you think. You can let me know by writing either to myself or the editor, Peggy Dawson.

With your cooperation I think this newsletter can be an effective means of communication between the Industry and the Board.

John F. Maloney
Registrar of Contractors

CONTRACTORS BOARD MOVES

At the time of this writing the Contractors State License Board's headquarters office is scheduled to move to a new location at 3132 Bradshaw Road in Sacramento on the weekend of October 11-13.

Insufficient and ineffective space for the Board's operation in the Department of Consumer Affairs Building, where the office has been located for approximately 40 years, prompted this move. At the time it originally moved into the building, the Board's headquarters staff consisted of about ten people. One hundred and forty employees will be involved in the move to Bradshaw.

Barring any unforeseen problems with the completion of remodeling of those offices, telephone installations, etc., the move should be a fait accompli by the time you read this.

The physical location of the new offices is at the intersection of Bradshaw Road and Highway 50 in the Bradshaw Building. New telephone numbers have not been assigned at this time, however, you should get a referral by dialing the old numbers. Our new mailing address will be, Contractors State License Board, P.O. Box 26000, Sacramento, California 95826.

KNIGHT APPOINTED TO CONTRACTORS BOARD

Evelyn Knight, Executive Director of People Coordinated Services, which serves the greater Los Angeles area with a variety of programs such as drug and alcohol abuse rehabilitation and services to senior citizens, was appointed by Governor Brown to the Contractors Board as a public member on June 1, 1980.

Knight who resides in Long Beach is a member of the Long Beach Democratic Studies Club, the National Association of Social Workers, the Council on International Community Development, and a member of the Board of Directors of the University of Southern California Community Center.

Prior to being appointed Director of People Coordinated Services, Knight was a Senior Social Scientist for Westinghouse Electric where she worked on neighborhood demonstration projects. She has also worked for Richmond Community Demonstration Projects.

Knight says she is looking forward to working for the betterment of the community in California through her involvement with the licensing and regulation of contractors in the state.

ATTENTION

The bonding provisions as set forth in AB 1363 and AB 670 require a contractors bond or cash deposit in the amount of \$5,000 (\$10,000 for Swimming Pool Contractors) to be submitted to the Contractors State License Board by May 1, 1980 and to be retroactive to January 1, 1980.

The recording of all these upgraded bonds and cash deposits has been a time consuming process; although the Board has not yet completed the recording of all these upgraded bonds and cash deposits, we anticipate completion in the near future. In effect this means the Board will be issuing bond suspension notices for those licenses which have failed to upgrade their bond or cash deposit.

In our effort to avoid bond suspension, let this notice serve to remind you that IF YOU HAVE NOT UPGRADED YOUR BOND OR CASH DEPOSIT TO THE AMOUNT OF \$5,000 (\$10,000 FOR SWIMMING POOL CONTRACTORS) RETROACTIVE TO JANUARY 1, 1980, YOU SHOULD DO SO IMMEDIATELY OR EXPECT TO RECEIVE A SUSPENSION NOTICE.

INSULATION REGULATIONS REVIEWED

In late August the California Energy Commission held an advisory committee meeting to review the current status of its insulation regulations. They plan to hold one additional advisory meeting, one meeting with a Commissioner present, and a final adoption hearing in late November.

These regulations are a result of legislation passed in 1977. The regulations have been held up in court since their adoption by the Commission on December 6, 1978. Recently the court held that the regulations were fair and proper and would go into effect immediately. The Commission suspended the regulations pending the adoption of revised and updated standards.

Among products affected by these regulations is urea formaldehyde foam insulation. The Commission proposed to adopt the Department of Energy standard as the standard for California. The Department of Energy standard requires that the component manufacturer train and certify all manufacturers/installers regarding the properties of their product and proper conditions for its installation. The standard also requires disclosure of the potential hazard of exposure to formaldehyde which may occur as a result of the installation. The standard is applicable to UFFI installed in

existing residential exterior sidewalls only. The Contractors State License Board is recommending to the California Energy Commission that the scope of application be expanded to include commercial and new construction as well.

In addition, although the Legislature is out of session, when it reconvenes in January, AB 2586 (Robinson) will be taken up again. In its latest amended version (August 19, 1980) before the recess AB 2586 provided for the guaranteed safety of the installation of UFFI by placing the entire burden of consequence of error upon the installing contractor. The contractor would have the option of taking air samples prior to installation in order to determine whether the level of formaldehyde already present was in excess of the allowable standard set in the bill of 0.2 ppm. If the contractor chose to take no air sample prior to installation and air samples taken subsequent to installation evidenced formaldehyde in excess of that allowable, the contractor would then be burdened with proving that the insulation was not the cause of the excess. This and other violations of the provision of the bill could make the contractor's license subject to revocation after administrative hearing.

THE CALIFORNIA LICENSED CONTRACTOR

FALL 1980

STATE OF CALIFORNIA
EDMUND G. BROWN, JR.
GOVERNOR

RICHARD E. SPOHN
DIRECTOR, CONSUMER AFFAIRS

JOHN F. MALONEY
THE CHIEF OF CONTRACTORS

CONTRACTORS STATE LICENSE BOARD

William D. Rector, Chairman
Newark

W. W. Buzz, Vice Chairman
Santa Monica

Joe Avolio
Berkeley

Frank Chapman
San Francisco

John Quinn
Berkeley Hills

Walter J. Lee
Los Angeles

John Brown
Anaheim

Walter McVey
Oakland

Paul Brock
Alhambra

John D. Knight
Long Beach

Walter
Van Nuys

John
Van Nuys

Patricia
Pasadena

Patricia
Pasadena

Patricia
Pasadena

Changes In Law

(Continued from Page 1)

The requirements for home improvement contracts were tightened in this bill, and the minimum downpayment allowed on home improvements was increased to \$1,000 or 10% of the contract price, whichever is less. A notice was required on all home improvement contracts stating that the owner or tenant has the right to require the contractor to have a performance and payment bond. A notice was also required stating that failure by the contractor without lawful excuse to substantially commence work within 20 days from the approximate date specified in the contract when work will begin is a violation of the Contractors License Law.

Contractors were prohibited from requiring a waiver of lien rights from any subcontractor, employee or supplier, and the Board was required to formulate a Notice To Owner explaining the State's lien laws and the rights and responsibilities of an owner of property.

All of the provisions in AB 1363 with the exception of arbitration, citation and the new Notice To Owner, became effective January 1, 1980.

AB 670 which took effect March 5, 1980 was an emergency measure drafted to clarify some requirements of AB 1363, particularly in respect to bonds and/or cash deposits. AB 1363 had required that increased bond or cash deposit amounts were to be filed as a condition precedent to issuance, reinstatement, reissuance or renewal of a license. AB 670 stated that legislative intent had been, and the Board must require all contractors' license or qualifying individual bonds or cash deposits to be in the increased amounts effective January 1, 1980.

Existing holders of contractor's license or qualifying individual bonds or cash deposits were granted until May, 1980 to file an increase to \$5,000 or \$10,000 as the case might be. All increased bonds were required to have a January 1, 1980 effective date.

Responsible Managing Officers on corporate licenses who had been required by AB 1363 to file a bond or cash deposit of qualifying individual were exempted from this requirement by AB 670 if they owned at least 10% of the voting stock of the corporation for which they qualified.

This bill also included an express trust fund itself, not merely its trustees, as a possible beneficiary of a contractors bond or cash deposit.

AB 1242 which was signed by the Governor May 30, 1980 was also an urgency statute. It amended some of the language contained in AB 1363 regarding qualifying individuals, and added a provision for waiver of examination for persons applying to qualify as responsible managing individuals under certain conditions, and dependent on rules and regulations to be developed by the Board. Two Board Rules dealing with waiver of examination are set for public hearing at the Board's October meeting.

The major emphasis of this bill was on home improvement and swimming pool

BOARD CHAIR AND VICE CHAIR-ELECTED

At its July 25 meeting in Long Beach the Contractors Board elected Anthony DiAngelo as Chairman and Welford W. "Buzz" Wilms as Vice-Chairman for the 1980-81 year.

Prior to handing the gavel over to DiAngelo, Judith Quine, outgoing chairperson, thanked the members of the Board and Registrar, Jack Maloney, for their cooperation and congratulated them on progress made toward making this a more effective agency.

DiAngelo, who served for the 1979-80 year as the Board's Vice-Chairman, began his tenure as chairman by announcing there will be only four regular meetings of the Board scheduled during the 1980-81 year. The first of those meetings was held October 23-24 in Irvine. The other three are tentatively scheduled for January 22-23 in San Diego, April 23-24 in Fresno, and July 23-24 in the San Francisco/Bay Area. Any additional special meetings called by the Board, said DiAngelo, will be scheduled in Sacramento.

Tony DiAngelo, in addition to being Chairman of the Contractors Board, is



Tony DiAngelo
Chairman



W. W. "Buzz" Wilms
Vice Chairman

president and owner of Pacific Coast Insulation Co., Inc., in Redwood City, and a member of the board and twice past president of the Insulation Contractors Association of California.

The Board's new Vice-Chairman, "Buzz" Wilms, is a professor of continuing education at both University of California Los Angeles and Berkeley. He is also project director for the Lawrence Berkeley Laboratory where he does research on energy conservation in California.

NEW "NOTICE TO OWNER" ADOPTED

Section 7018.5 requiring the Contractors State License Board to develop language for a "Notice To Owner" was added to the Business and Professions Code effective June 30, 1980. That language has been adopted by the Board and is contained in Board Rule 794.2.

The notice, which explains the State's lien laws and the rights and responsibilities of an owner of property and a contractor, must be given to the owner, or the owner's agent, on any contract in which the contractor is dealing directly with an owner. The requirement for giving this notice does not apply to subcontractors who are contracting with a prime contractor.

The original legislation does not include a minimum dollar amount for contracts requiring a "Notice To Owner." A proposed Board Rule to limit that requirement to contracts in the amount of \$500 or more has been set for public hearing at the Board's

October 24th meeting at the Registry Hotel in Irvine.

Section 7018.5 states that the notice must be given prior to entering into any contract in which the contractor is dealing directly with the owner. In the case of a home improvement contract the law requires it be included in the contract form. Whether given prior to, or as a part of the actual contract, the intent of the law is to insure that it is given to the owner.

Due to the length of the notice as required in Board Rule 794.2, it will in most cases require a separate or additional page to the contract form. A signed copy of the notice retained in the contractor's file will protect against any future claims by an owner that such notice was not received.

The Board does not print "Notice To Owner" forms but for your convenience the required language for the notice is included on page 5 of this newsletter.

contracts. It included construction of a swimming pool, for which the primary purpose of the contract was not its construction, to the definition of home improvement. Swimming pool salesmen were included in those persons required to register as home improvement salesmen. The payment schedule being referenced in cases of three party contracts involving two payment schedules was clarified by this bill for both home improvement and swimming pool contracts.

A notice stating that the owner has the right to require the contractor to have a payment

and performance bond was added to the requirements for swimming pool contracts.

Swimming pool contractors were exempted from a previous requirement to furnish lien releases, when a performance and payment bond, lien and completion bond, or a bond equivalent approved by the Registrar is furnished covering full performance and completion of the project.

AB 1242 also provided the Contractors State License Board with \$1,089,000 in deficiency funding for the remainder of the 1979-80 fiscal year from unencumbered monies in its special fund.

REQUIREMENTS FOR QUALIFYING INDIVIDUALS AMENDED

Several requirements relating to qualification of a contractor's license through means of a Responsible Managing Employee, Responsible Managing Officer, or Qualifying Partner were added or amended by Assembly bills 1363 and 1242 this year. Some of the new requirements have been further defined by Board Rule and/or administrative policy of the Registrar to aid in implementation.

A Responsible Managing Employee was defined in AB 1363 as a "bona fide" employee. Subsequently, the Contractors Board, by Board Rule, required that to qualify as a "bona fide" employee an individual must be employed by the licensee for at least 32 hours per week, and be actively engaged in the management of the licensee's contracting business for at least one half of the total hours per week that the licensee's business is in operation.

An applicant qualifying for license by means of a Responsible Managing Employee, Responsible Managing Officer or Qualifying Partner, must certify under penalty of perjury that the qualifying individual will exercise direct supervision and control of the

construction operation at all times. A corresponding statement must be certified to by the qualifying individual upon renewal of a license.

The Registrar of Contractors has determined that any one or a combination of the following activities constitute the necessary supervision and control: supervising construction, running jobs, making installations, supervising employees, overseeing subcontractors, checking jobs for proper workmanship, managing contracting activities or working full time on jobs.

The law as amended states that a person acting as the qualifying individual on a license may not concurrently hold any other active license except under certain conditions:

- In all cases an individual licensee must inactivate his individual license prior to qualifying as the Responsible Managing Employee for another license.
- An individual licensee may qualify as the responsible Managing Officer on a corporation or as the Qualifying Partner on a partnership license, and

retain an active individual license if the individual owns at least 20% of the equity in the firm for which he is qualifying. (A statement certifying at least 20% ownership by the qualifying individual should be included in the application for qualification.)

- An individual may qualify more than one license as either a Responsible Managing Employee, Responsible Managing Officer or Qualifying Partner only if there is a common ownership of at least 20% between the firms he is qualifying, or if a majority of the officers or partners of those firms are the same.

Any license (individual or firm) who qualified by means of a qualifying individual and whose license was issued prior to January 1, 1980 when these requirements became effective has until January 1, 1982 to comply. The only exception is that upon renewal of the license a statement will be required certifying that the qualifying individual will exercise direct supervision and control of the licensee's construction operation.

BOARD RULES AND REGULATIONS

A great deal of confusion surrounded Assembly Bill 1363 after its chaptering in September of 1979. A lack of understanding of the board's operations had created ambiguities in the language of the bill, and consequently when it became effective January 1, 1980 there was a need to clarify some of its requirements through board rules and/or administrative policies. Also certain provisions in AB 1363 and later in AB 1242 required that board rules be adopted prior to their implementation.

A brief listing and summary follows of board rules and administrative policies which have been adopted and are presently in effect, as well as of three proposed board rules which are set for public hearing October 24.

BOARD RULES ADOPTED

707.1 Defines "operating capital" as, "... that cash or cash equivalent available in excess of all current liabilities to be at the disposal of the business." (AB 1363 increased the financial responsibility required of an applicant to \$2,500 operating capital.)

723.1 Requires experience claimed by an applicant, while in the employ of a licensed contractor, be supported by a signed statement from the licensee. It also requires that a minimum of 3% of all applications for license be selected at random and undergo a comprehensive field investigation. (AB 1363 mandated that statements of experience made

by an applicant for license must be verified by a qualified and responsible person, and required review of a percentage of such statements.)

795 Defines "bona fide" employee to mean an employee who is employed by the applicant for at least 32 hours per week, and is actively engaged in the management of the applicant's construction operation for at least one half of the total hours per week the business is in operation. (AB 1363 defined a responsible managing employee as a "bona fide" employee.)

794.2 Contains the language for a "Notice To Owner" which explains the State's lien law and the rights and responsibilities of an owner of property and of a contractor. (The complete text of this notice, which was required by AB 1363, is included in this newsletter on page 5.)

BOARD RULE AMENDED

772 Requires an examinee to achieve 150 out of a possible 200 points on any Contractor's License Examination to obtain a passing score; 78% of the score is to be achieved on the law portion of the exam, and 72% on the trade. (This Board Rule became effective April 26, 1980.)

BOARD RULES REPEALED

Board Rules 759, 775, and 775.1 have been repealed. Each of these Board Rules outlined

certain conditions under which the Registrar could waive the written examination for license. (AB 1363 mandated that neither the Registrar nor the Board may waive an examination.)

Board Rule 726, which provided for additional credits toward the examination for experience, has also been repealed.

PROPOSED BOARD RULES

794.3 Would provide that the "Notice To Owner" required by Section 7018.5 of the Business and Professions Code be given to the owner in connection with contracts having a value in excess of \$500. Existing regulations do not specify the minimum value of construction contracts with which such notice is required.

775 Would allow the Registrar to waive the written examination for an individual applying to qualify as a Responsible Managing Individual on behalf of a licensee under certain conditions. The complete text of the rule as proposed follows:

Under criteria set by the Registrar and approved by the Board, the Registrar may waive the written examination for an individual applying to qualify as a Responsible Managing Individual on behalf of a licensee if the individual applying to qualify meets the conditions and requirements of paragraph A below and the

Rules And Regulations

licensee meets the conditions and requirements of paragraph B below:

A. For a total of at least five (5) years within the seven (7) years immediately preceding the date of filing an application, the individual applying to qualify must have been continually employed by the licensee in a supervisory capacity in the same classification/s as the classification/s being applied for.

B. For a total of at least five (5) years within the seven (7) years immediately preceding the date of filing an application, the licensee must have held a license in good standing in the same classification/s as the classification/s being applied for.

For the purposes of Section 7065.1 of the Business and Professions Code, individuals employed by the licensee shall include but not be limited to corporate officers of the licensee.

775.1 Under certain conditions would allow the Registrar to waive the written examination for an applicant for original license who is a member of the immediate family of a licensee in good standing. The complete text of the rule as proposed follows:

Under criteria set by the Registrar and approved by the Board, the Registrar may waive the written examination for an original license when the applicant is a member of the immediate family of a licensee whose license is in good standing and when the applicant shows that:

A. For a total of at least five (5) years within the seven (7) years immediately preceding the date of filing an application, he/she has been continually employed by the licensee in a supervisory capacity in the same classification/s held by the licensee; and

B. The license is required to continue the existing business in the event of the absence or death of the licensee.

The two preceding proposed board rules have been formulated as a result of Section 7018.5 which was added to the law by AB 1242. The section provides that under rules and regulations to be developed by the Board the Registrar may waive the written examination for contractors license under certain specific conditions.

REGISTRAR'S ADMINISTRATIVE POLICIES

No additional examination shall be required of an applicant when, within a period of three years immediately preceding the date of filing an application, the qualifying person has qualified by written examination in the same classification. (Effective 2-7-80)

We will upon request of the applicant, issue an original license on an inactive status. When a license is issued inactive, the Registrar shall issue a current license certificate endorsed across the face with the words: "INACTIVE—This license is inactive and does not permit the holder to transact business as a contractor." (Effective 2-13-80)

NOTICE TO OWNER

The law requires that, before a licensed contractor can enter into a contract with you for a work of improvement on your property, he must give you a copy of this Notice.

Under the mechanics' lien laws of the State of California, persons who help to improve your property and are not paid have a right to enforce their claim against your property. This "claim" is known as a mechanics' lien. Basically, when someone files a mechanics' lien, he is making a claim on your property as security against payment of a just debt.

In other words, this law allows contractors, subcontractors, laborers, materialmen or certain others who may have provided goods or services to place a lien on your home or the structure they built or improved for you for any unpaid portion of the goods and services they furnish. For example, if you fail to pay your contractor, or if your contractor fails to pay his subcontractor or laborers, or neglects to make required contributions to a trust and/or other funds (where applicable), then those people can look to your property for payment, **EVEN IF YOU HAVE PAID YOUR CONTRACTOR IN FULL.**

There are a number of ways to protect yourself and your property at the onset of contracting and throughout the construction project. You might, for instance, request that the contractor furnish you with a payment and performance bond. (This is a different bond than the one currently required by Contractors' License Law.) The additional cost is usually minimal and is a certain guarantee that the project will be completed and the bills paid. You may also wish to record this payment and performance bond and file the contract with the County Recorder to further protect yourself from anyone liening your property. If you do have a contractor provide a special bond on your project and the bonding company does not honor your claim promptly in the event the contractor defaults, you may wish to contact the California Insurance Commission to see if the bonding company is engaging in an unfair claims practice.

Another avenue available to you is to use a funding control company. The control company acts as a third party, disbursing all funds for payment and usually securing all the necessary releases of liens. A funding control company is a specialized construction escrow which makes payment directly to subcontractors and suppliers. By doing this, it affords additional protection against valid liens.

Should you choose not to use the above, the following are some of the important time requirements you should be aware of regarding the mechanics' lien laws:

1. Preliminary Notice.

A claimant, contractor, subcontractor, or materialman is entitled to enforce a lien only if he gives the preliminary twenty (20) days notice, if applicable. All claimants, other than the original contractor (the person you contracted with), or a laborer performing actual labor for wages, must give this notice. Therefore, people who you may not even know, such as a subcontractor, or a material supplier, must notify you that they are providing supplies or services to your property which may later create a lien. This Preliminary Notice must be given no later than twenty (20) days after the claimant has first furnished labor, services, equipment or material to the job site.

If you get such a Preliminary Notice, do not be alarmed. The notice is intended for your protection so that you may then require your contractor to furnish you with an unconditional lien release prior to or concurrently with payment to him.

2. Notice of Mechanics' Lien.

Usually claimants must record a Notice and Claim of Lien within ninety (90) days of the completion of the work. If a Notice of Completion, or a Notice of Cessation of Labor has been recorded, then the Mechanics' Lien must be recorded within sixty (60) days by the original contractor and within thirty (30) days by all other claimants such as subcontractors, materialmen, etc. The claimants must indicate on the notice what is owed to them. This lien will now bind your property like a mortgage or trust deed.

3. Complaint to Foreclose a Mechanics' Lien

If the claimants' demands are not satisfied, then they must usually file suit within ninety (90) days after the recordation of a Notice of Mechanics' Lien. The complaint to foreclose the lien is filed in a regular court proceeding and follows in a similar manner. **YOU SHOULD BE AWARE THAT YOUR PROPERTY COULD BE SOLD AND THE PROCEEDS FROM THE SALE USED TO SATISFY THE CLAIM.**

4. Notice of Non-Responsibility.

You can protect yourself and your property from a valid claim of a contractor, or subcontractor who is doing work on your property, but not at your request (for example if you have a tenant who has contracted for work to be done). You can do this by posting and recording a Notice of Non-Responsibility. The notice must be posted in a conspicuous place within ten (10) days after you have obtained knowledge of the work. You must then record the notice at the County Recorder's Office. You can usually purchase this form from various sources.

5. Unconditional Lien Release.

You may also require that the original contractor provide you with unconditional lien releases signed by each and every person who has performed any work or labor as well as every person who has delivered any materials to your job. Be sure to get releases from each person who gave you a Preliminary Notice.

6. Notice of Completion.

The owner of the property or his agent (sometimes the general contractor) can record a Notice of Completion within ten (10) days following the actual completion of the work of improvement. The effect of the Notice of Completion is to shorten the time period within which the contractors or subcontractors may file their Mechanics' Lien.

The above is not meant to be an exhaustive review of mechanics' liens. It is intended that you understand that you are entering into a contract which may bind your property and it is intended that you understand how to act to protect your property.

Read and acknowledged.

Signature

Dated

DISCIPLINARY ACTIONS DO NOT INCLUDE LICENSES SUSPENDED FOR FAILURE TO MAINTAIN REQUIRED BONDS

The following explanation may be helpful to those persons interested in the causes of disciplinary action indicated by sections violated in the table of Disciplinary Actions:

7071.11	Judgment or admitted claim against bond.	7112	Misrepresentation of a material fact on an application.	7122	Participation of licensee in violating Contractors Law.
7087	Suspension of additional licenses.	7113	Failure to complete a project for the price stated in the contract.	7122.5	Responsibility of Qualifying Person for acts committed by his principal.
7098	Revocation of additional licenses.	7113.5	Avoiding or settling for less than lawful obligations as a contractor through the various bankruptcy proceedings.	7123	Conviction of a Felony in connection with construction activities.
7107	Abandonment of a project without legal excuse.	7114	Aiding and abetting an unlicensed person.	7124	A plea of nolo contendere is considered a conviction.
7108	Diverted funds or property received for a specific job to other purposes.	7115	Failure to comply with the Contractors Law.	7154	Employment of unregistered home improvement salesman.
7109	Willfully disregarded plans and specifications, or has failed to complete the job in a good and workmanlike manner.	7116	Committing a willful or fraudulent act as a contractor.	7155	Participation in violation by a home improvement salesman.
7109.5	Violation of Safety Laws resulting in death or serious injury.	7117	Acting as a contractor out of namestyle.	7157	Model Home. kickback prohibition.
7110	Willful disregard and violation of building laws.	7117.5	Contracting with inactive licensee.	7159	Failure to comply with contract requirements.
7110.1	Violation of Section 206.5 of the Labor Code.	7118	Contracting with unlicensed person.	7161	False advertising.
7111	Failure to keep records and to make them available to a representative of the registrar.	7119	Failure to prosecute a job with diligence.		
		7120	Failure to pay for materials or services.		
		7121	Prohibition against associating with suspended or revoked licensees.		

REVOKED 4th QUARTER 1979-80

Namestyle	Address	Date	Sections Violated
Albarran, Francisco Gomez	2082 1/2 Exposition Place, Los Angeles	6-25-80	7107, 7109, 7110, 7111, 7113, 7115 (7083, 7159), 7116
Anderson, Major Wall Covering Co.	4818 East San Gabriel, Fresno	4-23-80	7109, 7113, 7115 (7159)
APCO Construction	1830 Whitmore Ave., Ceres	5-1-80	7109, 7110, 7113
Aqua-Cal Pools Inc.	3717 S. Mooney, Visalia	5-23-80	7107, 7108, 7111, 7113, 7116, 7115 (7030.5, 7159), 7119, 7154
Aqua Spa Pools	18002 Irvine Blvd., Tustin	4-25-80	7107, 7113
Art's Builders Inc.	859 Houser Blvd., Los Angeles	5-16-80	7107, 7109, 7113, 7119, 7161
Assured Quality Construction Company	119 Circle Drive, Oroville	5-7-80	7107, 7109, 7110, 7111, 7113, 7115 (7159), 7120
Bare, C. R. Contractor	P.O. Box 6325, Modesto	4-23-80	7109, 7110, 7113
Bartlett, Terry W.	P.O. Box 1373, Canoga Park	5-17-80	7107, 7113, 7115 (760c, 7159)
Bell & Lewis Grading & Paving	P.O. Box 7002, 9144 Jackson Rd., Sacto	5-7-80	7120
Bell & Lewis Grading & Paving	P.O. Box 7002, Sacramento	5-7-80	7098, 7122
Bennett, Calvin I.	16138 Three Palms Ave., Hacienda Heights	6-22-80	7107, 7108, 7113, 7115 (7030) 7159
Birdland Concrete Co., Inc.	1428 South Bonnie Cove, Glendora	5-7-80	7110, 7121
Blue Diamond Pools and Spas AC & Y Industries, Inc. (dba)	1312 Thousand Oaks Blvd., Thousand Oaks	4-27-80	7107, 7113, 7110, 7121
Bonafide Construction	43620 Montrose Street, Fremont	4-1-80	7107, 7109, 7113, 7115, (7050) (7159), 7119, 7120
Bramwell The Landscape Man	25262 Arcadian, Mission Viejo	6-25-80	7107, 7113, 7115 (7159-E)
Brown, Donald L.	3997 Hischier Court, Napa	5-10-80	7109, 7110, 7113, 7117
Brown's Roofing Co.	3114 West 69th Street, Los Angeles	5-1-80	7107, 7109, 7113, 7115 (7028, 7083)
C & M Construction	1122 South Redwood Street, Escondido	4-23-80	7107, 7109, 7113, 7115 (7018, 7019, 7159)
Cal Sierra Builders & Developers	935 9th Street, Santa Monica	4-27-80	7098
Carriere Construction Company	10251 Florita Avenue, Sunland	6-13-80	7107, 7108, 7110, 7111, 7115 (7019, 7030, 7083, 7159) 7120
Clear Lake Painting	P.O. Box 83, Finley	6-23-80	7108, 7120
Cook, Jay Dec.	16727 Los Alimos, Granada Hills	6-13-80	7109, 7112, 7113, 7116
Cooper's Remodeling Contractor	8850 1/2 Lankership Blvd., Sun Valley	5-29-80	7107, 7113, 7115 (7159), 7119
Cypress Construction Company	266 Hillcrest Ave., Oroville	5-7-80	7113, 7108
De Voist Construction Co.	39103 Orchard St., Cherry Valley	4-2-80	7108, 7109, 7116
Diaz Paving	203 West Ridgecrest Blvd., #2, Ridgecrest	5-10-80	7108, 7110, 7111, 7115 (7083 & 7159), 7120
Duncan & Frich, Inc.	7902 Dagget St., San Diego	4-24-80	7110
Dunigan Construction Co.	365 West Arbutus St., Compton	5-30-80	7107, 7113, 7115 (7018, 7030), 7117
Floor Fashions	2908 4th Street, Ceres	5-1-80	7098
Fogarty, John Francis & Son	2420 Clement Ave., Venice	5-17-80	7107, 7109, 7113, 7110, 7115 (7159, 7030)
Forrest, Jonathan Jay	9961 Marcus St., Tujunga	5-29-80	7107, 7113, 7115 (7083, 7159)
Foy for Brickwork	200 Bennington St., San Francisco	6-4-80	7109, 7110, 7111, 7113, 7115, (7159) 7116
Fresno Linoleum and Carpet	P.O. Box 12343, Fresno	4-10-80	7108, 7116, 7120
Gabriel and Associates	10349 Balboa Blvd., Granada Hills	4-27-80	7098
Gabriel Construction Company	11354 Covello St., Sun Valley	4-27-80	7107, 7109, 7110, 7113, 7114, 7115 (7159) 7117(b), 7118, 7120
Golden West Fiber Glass	P.O. Box 2041, Carson City, Nv.	5-9-80	7107, 7109, 7113, 7116, 7117(a)
Gonzales, Raymond A.	1525 Walnut Leaf Drive #112, Walnut	6-23-80	7107, 7109, 7110, 7113, 7115 (7159) (BR 760)
H & R Construction	22243 Marbella Ave., Carson	5-23-80	7109, 7113, 7115 (7159), 7110
Harris, Norman	1331 23rd St., Manhattan Beach	4-2-80	7107, 7109, 7110, 7113, 7115 (7159)
Horticultural Landscapes and Designing	1313 Hwy. 1, Sp. 48, Arroyo Grande	4-10-80	7109, 7110, 7113, 7115 (7018, 7019, 7030, 7159)
Knudson, Ole A.	P.O. Box 1416, Chula Vista	4-25-80	7110, 7111
Kool Painting Company	1410 Hillcrest Blvd., Millbrae	5-22-80	7107, 7108, 7111, 7113, 7115 (7159), 7116
Kulikoff, William John	5301 Tattershall Ave., Westminster	5-29-80	7098
Lawn Sprinkler Systems, Inc.	4946 Watt Ave., #A-5	4-23-80	7112, 7098, 7121
Levy, David Construction Co.	11973 Wicks Street, Sun Valley	6-13-80	7109, 7110, 7113, 7115 (7159) 7121
Lewis & Sons Grading & Paving	8556 Weyand Ave., Sacramento	5-7-80	7098, 7122
Lewis & Sons Grading & Paving, Inc.	P.O. Box 579, Elk Grove	5-7-80	7098, 7122
Love Mobile Homes, Inc.	3959 East Main St., Ventura	4-27-80	7107, 7109, 7113
MA-JR General Building (Arye Ovetz dba)	20000 Ventura Blvd., #1, Woodland Hills	5-17-80	7109, 7110, 7113, 7115 (7159)
Mancillas, Daniel Ray	8778 San Filipe Circle, Buena Park	5-7-80	7109, 7113, 7115 (7030, 7030.5, 7059, 7159), 7117
Martin's Drywall Co.	2019 West Orangthrope Ave., Fullerton	5-1-80	7110
McCowan, James D.	1300 S. Mooney Blvd., #6, Visalia	5-23-80	7122.5, 7098
Mission Drywall Co.	9746 Airport Vista Rd., Santee	4-25-80	7110
Monahan Companies	5335 Magnolia Ave., Atascadero	5-23-80	7107, 7108, 7109, 7111, 7113, 7115 (7030, 7030.5, 7159, 7018, 7019), 7116, 7119, 7120
PCC (Prospal Construction Co. dba)	14775 El Monte Blvd., Lakeside	5-23-80	7107, 7113, 7116, 7123, 7115 (7159)
Pettibone, Charles	2185 N. Marvel St., Simi Valley	4-27-80	7122.5
Pierce Roofing	459 Pearson Road, Paradise	6-29-80	7108, 7113, 7120, 7115 (7083)
Precision Gunite	436 West Foothill Blvd., Rialto	4-23-80	7107, 7113
Production Paving & Grading, Inc.	12900 Garden Grove Blvd., #15, Garden Grove	5-29-80	7107, 7111, 7113, 7115 (7083) 7120
R & T Concrete, Inc.	7616 Lindley Ave., Reseda	6-23-80	7098
Ray, Ivor Esmond	694 Calle Pensamiento, Thousand Oaks	4-2-80	7109, 7110, 7111, 7113, 7115 (7159)
Rickey's Nailing & Sheathing Company	3339 North Park Way, San Diego	4-24-80	7121, 7122.5
Richey's Nailing Inc.	3339 North Park Way, San Diego	4-24-80	7110
Ronstad & Son's Masonry	4424 61st St., Sacramento	4-10-80	7107, 7109, 7110, 7113, 7115 (7071.11)
S and R Const.	P.O. Box 244, Santa Ynez	4-4-80	7107, 7109, 7113
Sechler, Charles I.	226 Mountain View (P.O. Box 1645), Big Bear City	5-31-80	7107, 7109, 7110, 7113, 7116
Smith, Parley Concrete Co.	P.O. Box 9565, Bakersfield	5-31-80	7071.11
Snow, Larry Rock Landscaping & Bonded Rock	10851 Delicious Lane, Cherry Valley	5-29-80	7107, 7109, 7113, 7115 (7030, 7030.5, 7159) 7121
Stapp, Ronald Lee	6415 N. Rosemead, Apt. 38, San Gabriel	5-4-80	7107, 7108, 7111, 7113, 7115 (7159)
Stockton, Michael A.	P.O. Box 187, Sonoma	5-31-80	7109, 7110, 7113
Traylor, B. J. Construction	P.O. Box 612, Fairfield	6-29-80	7107, 7109, 7113, 7116
Traylor Bros. Const. General Building Contractor	P.O. Box 612, Fairfield	6-29-80	7121
Vista Construction	1065 Willow Road, Nipomo	5-16-80	7109, 7113

Vlasak, John	1667 North Chumash, Orange	4-25-80	7107, 7113, 7115 (7030, 7159), 7117(a)
Wallace Company	1073 N. Ventura Ave., Ventura	6-13-80	7107, 7109, 7113, 7119, 7121
Walside Lumber & Truss Co.	2959 S. Elm Ave., Fresno	4-23-80	7107, 7109, 7110, 7111, 7113, 7115 (7019, 7028, 7030, 7030.5, 7159), 7119, 7120
Wilson, Carl Construction	523 South Cleveland, Oceanside	6-6-80	7110

SUSPENDED 4th QUARTER 1979-80

Namestyle	Address	Date	Sections Violated
A D Builders Inc.	522 S. Garfield Ave., Monterey Park	5-1-80	7109, 7113, 7121
A Day Drywall	7693 Lovendes Circle, Buena Park	5-14-80	7110
ABC Hardware Floor Company	8935 Rocketridge Road, Lakeside	4-23-80	7110, 7112, 7121
Adamick Construction Company	P.O. Box 1008, Placerville	5-16-80	7108, 7109, 7110, 7111, 7113
Adamick, P. C.	P.O. Box 100, Placerville	5-16-80	7097
Albelda, Ruperto	2418 West Avenue 33, Los Angeles	6-4-80	7115 (7028, 7159)
Allied Builders System Remodeling Design, Inc. (dba)	297 S. Waterman Ave., San Bernardino	5-23-80	7109, 7113, 7121
Alpine Sierra Development Corp.	P.O. Box 2331, Truckee	4-28-80	7112
Arco Builders of Southern California	6022 W. Pico, Suite 7, Los Angeles	4-2-80	7109, 7097, 7098
Arco Builders of Southern California, Inc.	2650 S. La Cienga Ave., Los Angeles	4-2-80	7109
Blue Fountain Pools, Inc.	1228 W. Collins, Orange	4-1-80	7107, 7113, 7116, 7120, 7121
Bodine, Ivan B.	7340 Caminito Carlotta, San Diego	4-23-80	7121, 7122.5
Buchanan, Russell Lowell	7207 Melva St., Citrus Heights	6-23-80	7110
C and B Electric	1424 Howard Road, Madera	5-29-80	7097
Carroll, Page General Contract	971 Borden Rd., Sp #2, San Marcus	6-23-80	7107, 7113, 7115 (7028, 7159)
Circle J. Concrete	9601 Sandage Ave., Elk Grove	4-2-80	7112
Engle, George	P.O. Box 545, South Lake Tahoe	4-7-80	7109, 7113, 7116
Golden West Insulation Company	14906 Sobeys Road, Saratoga	3-7-80	7121, 7122.5
Grant, M. A.	2259 West Victoria, San Bernardino	5-23-80	7122.5
Hartman Houze & Staudt Services, Inc.	747 E. Locust St., Pasadena	4-2-80	7109, 7097, 7098
Krueger, C Construction Inc.	Route 7, Box 284 C, Bakersfield	6-22-80	7097, 7121
Leaman Engineering	1128 E 6th Street #1, Corona	6-22-80	7110
Miner, Winfred Ray	P.O. Box 985, Lemon Grove	4-10-80	7121, 7122.5
Muse, James	869 Estancia, San Rafael	5-7-80	7107, 7109, 7110
Nelson Builders Incorporated	210 Vallejo Street, Petaluma	5-1-80	7097
Nelson, Newman B.	210 Vallejo St., Suite E, Petaluma	5-1-80	7109, 7113
Perez, Adolfo F.	1868 Whitehurst Dr., Monterey Park	5-1-80	7122.5
Puckett, Darrell	143 Atlantic Avenue, Grover City	5-7-80	7109, 7113, 7115 (7018, 7030), 7118
Solartec Corporation	8250 Vickers St., Space D, San Diego	4-10-80	7109, 7113, 7115 (7068.1), 7116, 7121
Sunnyside Roofing	2654 E. Warner, Fresno	6-23-80	7109, 7113, 7115 (7018, 7019, 7030, 7159)
Tri-K Drilling	1408 Forest View Dr., P.O. Box 3938, Santa Rosa	5-1-80	7109, 7113
Wilkinson, John A.	Route 1, Box 234H, Paso Robles	5-7-80	7109, 7110, 7113

SWIMMING POOL LAW ADDED TO B & P CODE

Legislation introduced by Assemblyman Bruce Young (AB 1309) which became effective January 1, 1980 repealed provisions of the Civil Code regulating the contents of contracts for swimming pools and added those provisions, with revisions, to the Business and Professions Code. Those provisions which were further revised by Lockyer's AB 1242 now encompass Sections 7167-7173 of Chapter 9, Division 3 of the B & P Code also known as the Contractors License Law.

The law as amended states that the provisions of Section 7167, which outline requirements for the content of a swimming pool contract, do not apply to the construction of pools built for the use of multi-family units or those which are part of the original building plan by the same contractor building a single family residence.

Any contract for a swimming pool which does fall under the requirements of Section 7167 but does not comply with its provisions, is void and unenforceable by the contractor. Moreover, a violation of the provisions of the section by a licensee, his agent or salesman, is a misdemeanor and is punishable by a fine of not less than \$100 nor more than \$5,000 or by imprisonment in the county jail not to exceed

one year, or by both the allowable fine and imprisonment.

One of the major changes in requirements for swimming pool contracts is that the schedule of payments included in the contract must show the amount of each payment as a sum in dollars and cents, and if the payment schedule provides for a downpayment it cannot exceed \$200 or 2% of the contract price excluding finance charges, whichever is less.

Previous law stated that upon satisfactory payment for work performed the contractor prior to any further payment being made must provide full and unconditional lien releases for the portion of work paid for. The contractor is now exempted from that requirement when he furnishes a performance and payment bond, lien and completion bond, or bond equivalent approved by the Registrar, which covers full completion and performance of the contract. The only other exemption would be if full payment was to be made or a schedule of payments commenced upon completion of the job.

The swimming pool contract must now contain a notice in at least 10 point type, in close proximity to the space provided for the owners signature, that states the owner has

the right to require the contractor to have a performance and payment bond. The new "Notice To Owner" regarding the state's lien laws as provided for in Section 7018.5 of the Business and Professions Code must also be given to the owner.

For your information the complete text of Section 7167 as it now exists in the Contractors License Law follows:

7167. Every contract the primary purpose of which is the construction of a swimming pool shall be subject to the provisions of this section. Every contract and any changes in the contract subject to the provision of this section shall be in writing and shall be signed by all parties to the contract. The writing shall contain the following:

(a) The name, address, and license number of the contractor, and the name and registration number of any salesman who solicited or negotiated the contract.

(b) The approximate date when the work will begin and the date certain on which all construction is to be completed.

(c) A plan and scale drawing showing the shape, size, dimensions, and construction and equipment specifications, of the pool, as approved by the person contracting for construction, and a description of all work to

(continued on page 8)

Swimming Pool Law

(Continued from Page 7)

be done, the materials and equipment to be used, and the agreed consideration for the work.

(d) If the payment schedule contained in the contract provides for a downpayment to be paid to the contractor by the owner before the commencement of work, such downpayment shall not exceed two hundred dollars (\$200) or 2 percent of the contract price, excluding finance charges, whichever is the lesser.

(e) A schedule of payments showing the amount of each payment as a sum in dollars and cents. In no event shall the payment schedule provide for the contractor to receive, or shall the contractor actually receive, payments in excess of 100 percent of the value of the work performed on the project at any time, excluding finance charges, except that the contractor may receive an initial downpayment authorized by subdivision (d) and final payment at the completion of the final plastering phase of construction provided that any installation or construction of equipment, decking, or fencing required by the contract is also completed. The schedule of payments shall be stated in dollars and cents, and shall be specifically referenced to the amount of work to be performed and to any materials and equipment to be supplied. With respect to a contract which provides for a schedule of monthly payments to be made by the owner and for a schedule of payments

to be disbursed to the contractor by a person or entity to whom the contractor intends to assign the right to receive the owner's monthly payments, the payments referred to in this subdivision mean the payments to be disbursed by the assignee and not those payments to be made by the owner.

(f) The contract shall state that upon satisfactory payment being made for any portion of the work performed, the contractor shall, prior to any further payment being made, furnish to the person contracting for the swimming pool a full and unconditional release from any claim of mechanic's lien by the contractor, or by a person entitled to enforce a mechanic's lien pursuant to Section 3114 of the Civil Code, for that portion of the work for which payment has been made. With respect to a contract which provides for a schedule of monthly payments to be made by the owner and for a schedule of payments to be disbursed to the contractor by a person or entity to whom the contractor intends to assign the right to receive the owner's monthly payments, the payments referred to in this subdivision mean the payments to be disbursed by the assignee and not those payments to be made by the owner.

(g) The requirements of subdivision (d), (e), and (f) shall not apply when the contract provides for the contractor to furnish a performance and payment bond, lien and

completion bond, or a bond equivalent approved by the Registrar of Contractors covering full performance and completion of the contract and such bonds are furnished by the contractor, or when the parties agree for full payment to be made upon or for a schedule of payments to commence after satisfactory completion of the project. The contract shall contain in close proximity to the signature of the owner a notice in at least 10-point type stating that such owner has the right to require the contractor to have a performance and payment bond.

(h) No additional work shall be performed without prior written authorization of the person contracting for the construction of the swimming pool. Any such authorization shall be on a contract change-order form showing the agreed terms and reasons for such changes, and shall be approved by both parties in writing. Any such change-order forms shall be incorporated in, and become a part of, the contract.

The writing may also contain other matters agreed to by the parties to the contract.

The writing shall be legible and shall be in such form as to clearly describe any other document which is to be incorporated into the contract, and before any work is done, the owner shall be furnished a copy of the written agreement, signed by the contractor.

(i) The language of the notice required pursuant to Section 7018.5.



CONTRACTORS' STATE LICENSE BOARD
1020 N Street
SACRAMENTO, CA 95814