

CALIFORNIA LICENSED CONTRACTOR NEWSLETTER

Quarterly Newsletter from the Contractors State License Board



A Message from Board Chair, Michael Mark

Dear Contractors and Industry Stakeholders,

The Contractors State License Board's

mission is to protect consumers and uphold the integrity of California's construction industry. As CSLB continues to evolve and address the changing needs of both contractors and the public, I want to remind everyone about the critical importance of following laws regarding progress payments and down payments.

CSLB continues to receive complaints that include improper progress payments and down payments on

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is an official publication of the Contractors State License Board.



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contracts for residential accessory dwelling units (ADUs), solar systems, and other home improvement projects.

Whether you're a seasoned professional or new to the industry, understanding and following statutory payment restrictions is critical for protecting your business and maintaining the trust of your clients.

The law is clear: for home improvement projects, down payments cannot exceed \$1,000 or 10 percent of the total contract price, whichever is less. Additionally, progress payments cannot exceed the value of the actual work completed or materials purchased. These rules are not just about compliance—they are essential for ensuring consumer protection and fairness in all business transactions.

CSLB has seen firsthand the serious consequences of disregarding these rules through various investigations. Recently, consumers have paid tens of thousands of dollars for ADUs upfront ahead of any work being completed. In these cases, contractors are requesting subsequent payments related to plans and permits before the work begins. Homeowners can contact their local building department to determine permit costs to ensure the costs align and they are not being overcharged.

In past cases involving excessive down payments, those involved have been convicted of felony charges including grand theft and elder abuse, in addition to license revocation.

Compliance with progress payment and down payment regulations is not only a legal obligation but also a matter of protecting your clients and your professional reputation.

CSLB is committed to providing resources and education to help contractors stay informed and compliant. I encourage you to explore the information available on our website at cslb.ca.gov or reach out to CSLB staff with any questions or concerns. This includes a prominent reminder under our Alerts box on the homepage reminding everyone—contractors and consumers—of the rules regarding down payments and progress payments.

As we continue to move forward, this edition of our newsletter brings you valuable insights on several key topics that are shaping our industry. You'll also find highlights from our September board meeting, which included discussion of the implementation of the 2025-27 Strategic Plan that was approved back in June. There



are also legislative updates on Assembly Bill 2622, which raises the \$500 license exemption to \$1,000, and Senate Bill 1455, which extends the board's sunset date and authorizes CSLB to license federally recognized tribes and provides direction to awarding agencies on selecting the appropriate contractor, among other items.

We're also pleased to highlight CSLB's involvement in the high school Design Build Contest, celebrating its 39^{th} year, where we foster the next generation of talent in the industry.

For those seeking to enhance their skills and knowledge, Energy Code Ace, a program overseen by the California Public Utilities Commission, continues to offer no-cost tools and training resources for contractors, which can help as you work to comply with the state's building code requirements, trade standards, and Building Energy Efficiency Standards.

As always, we remain committed to addressing unlicensed contracting, and you'll find the latest SWIFT (Statewide Investigative Fraud Team) statistics from our ongoing enforcement efforts.

Thank you for your continued dedication to our profession.

Sincerely,

Michael Mark

MW m

Board Chair, Contractors State License Board

Accessible Parking Toolkit Now Available for Contractors

ontractors should be aware of a new toolkit available to help ensure parking lots are accessible and meet the minimum requirements in state law.

CSLB worked with the California Commission on Disability Access (CCDA) and construction industry experts to develop "A Guide to Accessible Parking for the Construction Industry," which promotes compliance with accessibility requirements in the construction of parking lots for public businesses.

Assembly Bill 2917 in 2022 mandated CCDA to create a

toolkit to educate businesses on accessible parking and exterior paths of travel. Non-compliant parking spaces and exterior paths of travel are among CCDA's top 10 alleged construction-related accessibility violations.

The toolkit is intended to help contractors avoid these issues. It draws from the accessibility requirements in the California Building Code. The scoping and technical requirements for accessibility in the code must be considered in the design, construction, and alteration of parking facilities.

While the accessibility standards are based on minimum guidelines, contractors who provide designs for improvements may opt to adopt best practices to exceed those requirements. Doing this will reduce the risk of civil liability for failure to comply.

A contractor's awareness of accessibility requirements and ability to construct a design properly will help ensure access to public accommodations for all.



Targeting Unlicensed Contractors and Elevating Industry Standards

CSLB's Statewide Investigative
Fraud Team (SWIFT) continues
to demonstrate dedication and
effectiveness in combating
unlicensed contracting across
California through a combination
of weekly sweeps of jobsites
and regular undercover sting
operations.

WEEKLY SWEEPS

From January 1 to July 31, 2024, SWIFT conducted 217 sweeps across 43 counties and 174 cities. These efforts resulted in the opening of 969 complaints, with 70 citations issued to non-licensees and 52 citations to licensed contractors.



The operations also led to 447 advisory notices and 106 stop orders, demonstrating SWIFT's proactive approach to enforcement. Perhaps most notably, 39 cases were referred to district attorneys for criminal prosecution.

By regularly canvassing a broad geographic area, SWIFT has made significant strides in curbing unlicensed activity and promoting a fair marketplace for licensed professionals in California.

UNDERCOVER STING OPERATIONS

SWIFT's undercover sting operations are another powerful tool in their fight against unlicensed contracting. These stings take weeks to plan and require careful coordination with district attorneys, law enforcement, and other state departments. SWIFT receives tips on alleged unlicensed contractors from consumers, licensed contractors, or from ads on platforms such as Yelp, Facebook, or Craigslist.

SWIFT's undercover sting operations typically take place over two days, often in single-family homes that require home improvement updates. Based off their advertisements, alleged unlicensed contractors are invited to place bids on different home improvement projects around the property. SWIFT investigators receive a range of bids; sometimes reaching tens of thousands of dollars for the work, well above the legal threshold for which a contractor's license is required.

During these stings, alleged unlicensed contractors may face serious consequences. They often receive a notice to appear (NTA) in court, where they could face charges for false advertising, contracting without a license, charging excessively large down payments, or failing to have the proper workers' compensation insurance (among others).



From January to July, SWIFT carried out 26 days of stings with 14 separate operations. During these stings, 60 NTAs were issued to non-licensees, along with 13 advisory notices, 11 citations, and 15 stop orders. Through the end of July, 80 cases have been referred to district attorneys for further action in addition to NTAs.

If someone is caught contracting illegally during one of these stings, SWIFT also offers a path to compliance. Alleged unlicensed contractors are given a license application and resources to help them meet California's legal requirements.

Undercover sting operations get a lot of attention in the media and on social media, helping to spread the word about why hiring a licensed contractor is so important.

A UNIFIED APPROACH TO ENFORCEMENT

Together, sweeps and sting operations represent a comprehensive enforcement strategy that addresses both widespread and specific threats to consumers and the industry.

CSLB encourages all licensed contractors to remain vigilant, report suspicious activities, and continue to support SWIFT in their mission to ensure a fair and safe marketplace for everyone.

If you would like to provide your home or business for a future sting operation, please contact SWIFT in your region.

NORTHERN CA: Northern SWIFT,

(916) 255-2924, SWIFTNorth@cslb.ca.gov

CENTRAL CA: Central SWIFT,

(559) 490-0580, SWIFTCentral@cslb.ca.gov

SOUTHERN CA: Southern SWIFT,

(562) 345-7600, SWIFTSouth@cslb.ca.gov





Workers' Compensation Classification Codes Now Required on CSLB License Renewals

CSLB is sharing additional details about a new law that changes how contractors with workers' compensation insurance renew their licenses.

As of July 1, 2024, **Business and Professions Code section 7125.6** requires any contractor who has a certificate of workers' compensation insurance on file with CSLB to include on their license renewal form the three classification codes for the highest estimated payroll reported on their workers' compensation insurance policy.

RENEWAL INSTRUCTIONS

The following are some important instructions for contractors affected by this requirement.

Classification codes can be displayed in different ways on workers' compensation insurance policies.

If your policy has fewer than three classification codes, provide every classification code reported on the policy.

If you are unsure of your codes or are having difficulty with CSLB's online renewal portal, there are a few options, including:

- Double-check your policy to see if there is a suffix with the four-digit class code that needs to be provided.
- Contact your insurance broker for their classification codes.

 Check out the Classification Search feature on the Workers' Compensation Insurance Rating Bureau (WCIRB) website (visit <u>www.wcirb.com</u>, click on the "products and services" tab, then select "classification search") to see if your classification description is listed and there is a suffix for the code.

If the codes entered match those of WCIRB, the codes and classification descriptions will be listed on the website.

If your codes do not match WCIRB class codes, please enter the numbers provided by the insurance company or broker. CSLB's system will allow for between 4 to 6 digits. If the class code is not WCIRB class code, CSLB will disclose the insurance company for the public to contact for the class code description.

Licenses will not be renewed without at least one 4- to 6-digit code. The statute allows for retroactive renewal if the licensee provides the codes within 30 days after receiving notice the board is unable to process the renewal for lack of class code(s).

ADDITIONAL QUESTIONS?

- For questions about completing your CSLB renewal, call (916) 255-4644, visit the CSLB website at www.cslb.ca.gov or email renewals@cslb.ca.gov.
- For questions about workers' compensation classification codes, reach out to the WCIRB by visiting its <u>Contact Us</u> page or by calling 888-CA-WCIRB (888-229-2472) or emailing <u>customerservice@wcirb.com</u>.



In Case You Missed It!

Here are the highlights from the September Quarterly Board Meeting.

n September 19, CSLB held its quarterly meeting at its Headquarters in Sacramento, California. During the meeting, board members and senior staff shared updates from CSLB, including the following:

- The Board discussed the 2025-2027 Strategic Plan, previously approved in June. The Board reviewed the implementation plan for each objective, detailing the timelines and responsibilities necessary to achieve strategic goals. The 2025-2027 Strategic Plan is available on CSLB's website to view and download (visit www.cslb.ca.gov, choose the "Resources" tab, then "CSLB Reports," then scroll to "2025-2027 Strategic Plan").
- A prominent theme among the objectives is education, whether that is of licensees, consumers, and other stakeholders, and includes informing consumers about the need to hire licensed contractors for any home improvement projects.
- Enforcement provided updates on fraud investigations and proactive enforcement efforts.
 Highlights include the resolution of significant consumer disputes, leading to substantial refunds and lien removals, as well as successful sting operations targeting unlicensed contractors.
 The division also focused on reducing staffing vacancies and enhancing the effectiveness of mediation and investigative efforts.



- Licensing reported stable processing times, with quick turnaround for renewals and address changes. Efficiency improvements have led to a steady increase in licenses issued, reducing the backlog and keeping applications on track.
- Public Affairs provided an update on outreach initiatives, including the production of new educational videos, the success of Senior Scam Stopper[™] seminars, and recent media campaigns aimed at increasing consumer awareness and contractor licensing requirements. In addition, the California Commission on Disability Access provided a presentation on "A Guide to Accessible Parking for the Construction Industry," which was created in collaboration with CSLB.



HOT TOPICS

Legislative Corner

elow is recently signed legislation that may affect your business. You can review the full list and status of legislative bills that the board has acted on or reviewed in the **September 19, 2024 Board Packet**. The full September Board Packet is available on CSLB's website to view and download (visit **www.cslb.ca.gov**, choose the "Public Meetings" tab, and then scroll to "September 19, Board Packet").

The following bills take effect January 1, 2025.

Assembly Bill 2622 (Carrillo, 2024) increases the license exemption for construction work in existing law to \$1,000. However, the exemption does not apply for any work requiring a building permit or if the person employs anyone. The exemption was last raised in 1998.

Senate Bill 1455 (Ashby, 2024) extends the Board's "Sunset" date from 2025 to 2029 and makes other changes to the law as proposed by the Business and

Professions Committee of the Legislature as well as by the Board in the "New Issues" section of its **2023 Sunset Review Report**. The full Sunset Review Report is available on CSLB's website to view and download (visit **www.cslb.ca.gov**, choose the "Resources" tab, then "CSLB Reports," and then scroll to "2023 CSLB Sunset Report").

Among other items, the sunset bill requires awarding authorities to determine the appropriate license classification to bid and perform a public works project per CSLB license classifications, requires licensees who are subject to a workmanship complaint that results in a letter of admonishment or citation to pay for industry expert costs, and authorizes CSLB to license federally recognized tribes. It also delays the full implementation of the workers' compensation requirement for all licensees from 2026 to 2028.

"Unhappy with Your Contractor" Guide Helps Consumers Address Contractor Disputes

CSLB has released a new publication to help homeowners when issues arise with their contractors. The Unhappy with Your Contractor guide and sample letter are available to download on CSLB website's at www.cslb.ca.gov/complaint. There you will find clear steps for resolving disputes while promoting clear communication and fair resolutions. It's a valuable resource for both homeowners and contractors, helping to maintain professionalism and protect industry integrity.





CSLB HOT TOPICS

All Licensed Contractors Must Follow Advertising Requirements

dvertisements include, but are not limited to, online sales postings and websites, commercial vehicles, business cards, newspaper, radio, and television ads. (Please see Business and Professions Code (BPC) sections 7027.1 and 7027.4.)

To help you avoid making potential advertising mistakes, please use the following information as a guideline.

- You need to include your license number in all solicitations for work, whether that is over the phone, online (such as Craigslist or social media), or other methods, as noted in BPC section 7027.1.
- Your business name and contractor license number should be clearly visible on your commercially registered vehicle in print type of at least 72-point font, or three-quarters of an inch in height and width, as noted in BPC section 7029.6.

- License numbers must be included on all business documents, including business cards, contracts, and promotional materials, as noted in BPC section 7030.5.
- Don't advertise about license bonding.
 Contractors, by law, are not allowed to advertise that they are bonded. It could lead the public to believe there is a higher level of protection than might actually be the case, as noted in BPC section 7071.13.
- Advertise within your classification. Licensed contractors are not allowed to advertise for construction work outside of the trade(s) for which they are licensed, as noted in BPC section 7117.6.

Be aware of possible fines or penalties. The civil penalty for licensees who violate contractor advertising laws can range from \$100 to \$8,000, which are noted in the California Code of Regulations, Title 16, Section 884.





CSLB Hot Topics (continued)

No-cost tools, training, and resources for contractors from Energy Code Ace



ustomers expect the work you do complies with California's Building Energy Efficiency Standards (Title 24, Part 6 of the Energy Code). Knowing when the work you do triggers Energy Code compliance requirements is a critical part of a contractor's responsibilities and Energy Code Ace* can be a resource for contractors.

Does the work I do trigger Energy Code requirements? Where can I find specific details about nonresidential projects? What changes from the last code cycle should I be aware of? Energy Code Ace offers no-cost training, tools, and resources, plus access to Energy Code experts, which can help answer any questions you may encounter while working on a project.

Here are some of Energy Code Ace's more popular resources:



Fact Sheet: Single-family Buildings: What's New in 2022



Fact Sheet: Multifamily Buildings: What's New in 2022



Fact Sheet: Nonresidential Buildings: What's New in 2022



CSLB Hot Topics (continued)

A TOOL FOR VISUAL LEARNERS

What does a correct installation look like?

<u>Image Ace</u> shares a photo of a correct installation or a key step in the installation process. You can put in the search bar the scope of work to see if there is an image you can use to compare to the work you've done.

CHECK COMPLIANCE BEFORE INSPECTION

The Virtual Compliance Assistant tool helps complete forms and verify compliance. The Virtual Compliance Assistant creates Certificates of Compliance and Certificates of Installation for nonresidential, hotel/motel, high-rise multifamily (NRCC, NRCI) and low-rise multifamily (LMCC, LMCI) projects. Use it to check compliance and make corrections (if needed) before applying for a permit.

SCHOOL IS BACK IN SESSION

Energy Code Ace also offers online self-studies specifically catered to contractors and the work they do.

<u>View Online Self-study Courses</u> (solar energy systems, HVAC, and residential pool pumps).

For HVAC contractors, Energy Ace has live, instructorled courses. These two courses cover both singlefamily and nonresidential requirements.



2022 Title 24, Part 6 Essentials —
Single-family Standards for HVAC
Contractor Installers



2022 Title 24, Part 6 Essentials —

Nonresidential Standards for

Small Commercial HVAC Contractors

INDUSTRY EXPERTS "AT THE READY"

Energy Code Ace's "<u>Submit a Question</u>" feature allows contractors to send specific questions that will be reviewed by one of its experts within a couple business days.

*This program is funded by California utility customers and administered by Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E®), and Southern California Edison Company (SCE) under the auspices of the California Public Utilities Commission.





CSLB Hot Topics (continued)

High School Design Build Competition Celebrates Its 39th Year



he Construction Industry
Education Foundation hosted
its 39th annual Design Build
Competition at Consumnes River
College in Sacramento earlier
this year with support from the
Sacramento Regional Builders
Exchange. Forty-two high schools
from across California participated,
with students asked to design
purposeful structures and build
them from the ground up.

This competition offers young people the opportunity to engage in hands-on building and provide input from project inception to completion. This competition provides them with a chance to

explore career opportunities in the construction industry, igniting their interest in the field.

Students and their instructors are required to commit to an end user for the structures prior to competing. Many competitors opt to keep the structures for their school programs, i.e. storage, ticket booth, chicken coop—depending on their design.

Competing schools also built playhouses that were donated to a charity serving children and families. This year, one of the schools donated their playhouse to the family of their principal who passed away.

Additionally, the competition had four non-profit charities that received structures: United Cerebral Palsy of Sacramento, Wildlife Care Association in Sacramento, and the River City Theatre Company, along with the Better Way Homeless Shelter.

Preparations will begin in the coming months for next spring's Design Build competitions in Northern and Southern California, Texas, and Oregon.

Thanks to licensees and other industry sponsors, there is no cost for high schools to participate in this competition.



A Look Ahead

UPCOMING OUTREACH EVENTS

October 29, 2024

Senior Scam Stopper[™] Assemblyman Greg Wallis Desert Hot Springs **November 12, 2024**

Senior Scam Stopper[™] Assemblyman Evan Low San Jose December 2, 2024

Senior Round TableFlorence Douglas Center
Vallejo

For more information on upcoming outreach events, please email outreach@cslb.ca.gov.

UPCOMING MEETINGS AND WORKSHOPS

BOARD & COMMITTEE MEETINGS

CSLB Quarterly Board Meeting (Livermore, CA)

December 12 | 9:00 a.m. — 12:00 p.m.



LICENSING WORKSHOPS (VIRTUAL)

November 1 | 10:00 a.m. – 12:00 p.m. Get Licensed to Build Workshop

Noviembre 15 | 10:00 a.m. – 12:00 p.m. Workshop Para Que Obtenga Licencia Para Construir

December 5 | **10:00 a.m. – 12:00 p.m.** Get Licensed to Build Workshop

Diciembre 15 | 10:00 a.m. – 12:00 p.m. Workshop Para Que Obtenga Licencia Para Construir

Workshops take place every first Friday of the month in English, and every third Friday of the month in Spanish. To register, visit www.cslb.ca.gov and click the banner at the top of the page.

Las talleres tienen lugar el primer viernes de cada mes en inglés y el tercer viernes de cada mes en español. Visita <u>www.cslb.ca.gov</u> y haz clic en la bandera en la parte superior de la página para registrarte.



Contractors State License Board's Leadership

Board officer terms run from July 1 of one year through June 30 of the following year.



MICHAEL MARK Board Chair Governor Appointee Labor Organization Member



MIGUEL GALARZA
Board Vice Chair
Governor Appointee
"B" General Contractor Member



ALAN GUY
Board Secretary
Governor Appointee
"B" Contractor Member



JOËL BARTON Senate Appointee Public Member



RODNEY M. COBOS Assembly Appointee Public Member



AMANDA GALLO Governor Appointee Public Member



JACOB LOPEZ
Senate Appointee
Public Member



DIANA LOVE
Governor Appointee
Senior Citizen Organization Member



HENRY NUTT III
Governor Appointee
"C" Specialty Contractor Member



STEVEN PANELLI Senate Appointee Public Member



JAMES RUANE
Governor Appointee
"C" Specialty Contractor Member



THOMAS J. RUIZ Assembly Appointee Public Member



MARY TEICHERT
Governor Appointee
"A" General Engineering
Contractor Member



DAVID R. FOGTRegistrar of Contractors



Former Board Member Joe Tavaglione passes away at 101

he Contractors State
License Board is fondly
remembering former board
member Joe Tavaglione who
passed away August 1, 2024, at
the age of 101.

Tavaglione was appointed to the Board in 1997 as the General Building contractor member and served until 2005. Tavaglione served two years as Board Chair in 1999 and 2000. He also served as President of the National Association of State Contractors' Licensing Agencies (NASCLA) in 2002.



Tavaglione was a California Transportation Commissioner for 22 years, being first appointed

to the California Transportation Commission in 2002. He also served as Chair of the Commission.

Tavaglione first became involved in the construction business in 1947 after serving in the U.S. Air Force as a flight engineer from December 1943 to April 1946. In 1960, Tavaglione and his brother founded Tavaglione Construction and Development Inc. Among the firm's accomplishments were constructing many of the In-N-Out restaurants around California.

Following his death, the Legislature voted to approve a concurrent resolution that will designate the Joseph Tavaglione Memorial Interchange in Riverside County where State Highway Routes 60 and 91 meet Interstate 215.

Board Member Updates

In June, the Board said goodbye to two longserving Board members and also welcomed its newest member.

Susan Granzella and David De La Torre completed the second of their two terms in June. Granzella was first appointed in October 2014 and served nine years on the Board, including as Board Chair in 2021-2022, while De La Torre was appointed in September 2016 and served nearly eight years on the Board, including as Board Chair in 2020-2021.

On June 2, 2024, Thomas J. Ruiz, of Riverside, was appointed by Assembly Speaker Robert Rivas behind De La Torre.

Ruiz is Recording Secretary for Laborers Union Local 783, representing over 2,000 members in San Bernardino, Inyo, and Mono counties.

Ruiz is a long-time labor leader serving the Laborers International Union since 2007. He started his career as an organizer with the Laborers International Organizing Department. In 2019, Ruiz was appointed as Recording Secretary and Business Agent for Laborers Local 783. In 2021 and 2024, he was duly elected to the same position. In 2024, Ruiz was appointed by the San Bernardino County Board of Supervisors to serve on the county's Workforce Development Board.

Ruiz's term continues through June 1, 2028.



Contact CSLB

HEADQUARTERS OFFICE

CONTACT INFORMATION

Location:

9821 Business Park Drive Sacramento, CA 95827

Mailing Address:

P.O. Box 26000 Sacramento, CA 95826

24-Hour Licensing and Consumer Information:

(800) 321-CSLB (2752)

Public inquiries:

cslbinfo@cslb.ca.gov

Licensing inquiries:

licensing@cslb.ca.gov

CSLB Public Affairs Office

Report Unlicensed Activity:

Statewide Investigative Fraud Team

Hours of Operation:

Monday through Friday 8:00 a.m. to 5:00 p.m. Pacific Time (closed holidays)

Additional Contact Information

ADDITIONAL REMINDERS

- Industry Expert Program
- Report Unlicensed Activity
- Revoked Licenses List



