



CONTRACTORS STATE LICENSE BOARD

# CALIFORNIA LICENSED CONTRACTOR

Fall 2012

Stephen P. Sands, Registrar

Edmund G. Brown Jr., Governor

## License Revocations



**Paul Schifino**

### Message From the Board Chair

After two years as a Board member, I am honored to begin my term as the new Board Chair, and look forward to drawing upon my unique perspective as a 15-year licensee (C-51 Structural Steel) to identify opportunities to strengthen or improve contractor and consumer services.

I believe one of the biggest questions still challenging contractors is "How do I stay in business?" Many of you have looked for ways to reinvent yourselves by adding new classifications, venturing into the renewable energy fields, or modifying your business operations during California's economic downturn. One of our primary goals is to facilitate a fast and efficient licensing process to help you explore these new construction fields.

For example, contractor payment options, which are made at the headquarters office, have expanded to include credit cards; limited liability companies now can be licensed once they are registered with the Secretary of State's office; and, to reduce delays in acquiring a contractor license, a new video tutorial was produced by our Public Affairs Office and is available on CSLB's [website](#) (YouTube page) to assist applicants by detailing the correct way to fill out a contractor license application.

As I am sure most of you are aware, CSLB is working within incredibly tight budget constraints. Staff reductions have taken their toll. However, rest assured that you have a uniquely dedicated and resourceful staff. Despite the fact that the staffing shortages have led to longer telephone wait times, license application and renewal turnaround times have remained consistent. Also, CSLB's Enforcement staff has strengthened partnerships with other state agencies through memoranda of understanding and collaborative working relationships with local district attorney offices that help us enforce state contracting laws, and battle the underground economy that creates unfair business competition for you.

During the year I hope to identify ways to simplify the language of contractor laws and regulations that will help you better understand your legal obligations as a contractor, and how best to meet them. This is a daunting task given the complicated state statutes we are required to understand. Through a simpler system, I hope to limit technical and accidental exposure to licensing law violations.

We need your help to continue to improve our services. Public Affairs recently announced a brief online contractor survey about what tools and services would be most helpful to current licensees. The survey still is available for participation at <http://www.surveymonkey.com/s/FBQHSPW>, so I encourage you to submit your thoughts. We are ready and willing to improve our services, within budget constraints, but we need your input!

Finally, I encourage the industry to become more active with the Board. Consider attending a quarterly Board meeting, tell us what we are doing that is working or not working, or watch a live stream of a meeting online. Take some time to explore the [CSLB website](#) and the wealth of information available—everything from [educational materials](#) and [reports](#), to [forms](#), [Industry Bulletins](#), [how to report unlicensed activity](#), and the [2012-13 Strategic Plan](#).

Respectfully,  
*Paul Schifino*

### Regulations that May Affect You

A variety of regulations impacting contractors, or segments of the construction industry, are recently effective or are making their way through the public process.

The [California Air Resources Board](#) issued a regulatory advisory regarding [labeling requirements](#) for off-road diesel-fueled construction vehicles that goes into effect January 1, 2013.

The [Occupational Safety and Health Standards Board](#) introduced regulations pertaining to [safety orders](#) (see page 706) for forklifts, excavators, and woodworking equipment and machines, but will not proceed with those related to [ladderway openings](#) (see page 758).

CalRecycle's [Paint Stewardship Program](#) is now in effect. These regulations outline the steps for recycling unused architectural paint.

Please note: This article may not include all regulations that apply to your business. Checking the [Office of Administrative Law's Notice Register](#) is one way to stay on top of actions state agencies are taking. Contractor organizations often post this information on their websites, as well.





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*A CSLB SWIFT investigator cites two unlicensed individuals at a sting house in San Jose.*

## Contractors State License Board Turns Up Heat on Illegal and Deceptive Internet Advertisements

### New warning after second wave of multi-state enforcement operations

For the second time in three months, the California Contractors State License Board (CSLB) teamed up with contracting boards from around the country, as well as the National Association of State Contractors Licensing Agencies (NASCLA), to draw attention to illegal and deceptive ads on popular Internet bulletin boards like craigslist.

Contractor agencies are warning consumers who are looking for a contractor and who use craigslist or other similar websites about the extreme risk of hiring someone whose only goal is to rip them off.

"While craigslist serves as a valuable free tool for legitimately licensed and insured contractors, the number of illegal and deceptive ads is growing like wildfire," said CSLB Registrar Steve Sands. "As a result, it's difficult, if not impossible, for consumers to figure out who's legitimate and who isn't."

In mid-September, contractor boards in seven states (Arizona, California, Nevada, Oregon, Rhode Island, South Carolina, and Utah) conducted simultaneous enforcement operations, targeting illegal craigslist and other online bulletin board ads. California's three undercover sting operations took place in San Jose, Hanford, and Mission Hills where investigators posed as homeowners looking for roofing, landscaping, painting, and fencing contractors.

Thirty-six individuals were arrested and now face misdemeanor charges of contracting without a license (Business and Professions Code section 7028). Two of those arrested are registered sex offenders; another is a convicted felon for statutory rape. One individual was caught in a CSLB sting in 2010 for unlicensed activity and now faces a mandatory 90-day jail sentence if convicted a second time.

Thirty of the individuals also will be charged with illegal advertising (Business and Professions Code section 7027.1). A number of others will be charged with requesting an excessive down payment (Business and Professions Code section 7159.5) for seeking more than 10 percent of the contract price or \$1,000, whichever is less. The misdemeanor charges carry a maximum penalty of six months in jail and/or up to a \$5,000 fine.

Eight of the phony contractors also were issued Stop Orders (Business and Professions Code section 7127). CSLB investigators can halt job site activity when any person with or without a contractor license does not have workers' compensation insurance coverage for employees. Failure to comply with a Stop Order can result in misdemeanor charges and penalties, including 60 days in jail and/or up to \$10,000 in fines.

The issue of illegal online advertising isn't new. CSLB addressed the problem with craigslist in 2006 and 2007. As a result, craigslist has a link to contractor license information at the top of its "Skilled Trade Services" page, and to the California Department of Consumer Affairs website.

The company added an additional step to the advertisement posting process that requires the user to indicate whether he or she is licensed. Regrettably, unlicensed operators quickly found a way around the requirement and now the process is virtually useless. CSLB has tried, unsuccessfully, to have craigslist address these concerns. In addition, unlicensed operators also are advertising in different sections of the website; a number of targets from last week's sting had ads in the "Household Services" section.

CSLB will continue to join its national contractor agency partners to identify phony operators who use Internet bulletin boards, and educate consumers about the importance of hiring state-licensed contractors.



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## License Examination Time Increased

CSLB's Testing division recently implemented a new policy regarding the amount of time applicants are allowed for their examinations. Formerly, applicants were given two-and-one-half hours for each examination, and applicants who needed additional time could request another hour. The new policy gives all applicants three-and-one-half hours for each examination. The new policy is consistent with standard testing guidelines, is fair to all applicants, and will streamline operations in the testing centers by not having to schedule special sessions.

Applicants using translators currently are allowed three-and-one-half hours for completion; this time allotment has not changed.

## Testing Center Status

CSLB maintains eight testing centers:

- Sacramento
- Oakland (scheduled to relocate to Berkeley early in 2013)
- San Jose
- Fresno
- Oxnard
- Norwalk
- San Bernardino
- San Diego



## Protect Your Lien Rights, Stay on Top of Revised Mechanics Lien Laws

To preserve your rights to file a mechanics lien, make sure you are using the most up-to-date and correct wording on the notices to property owners, construction lenders, and on lien release forms.

The 20-Day Preliminary Notice is now simply called a Preliminary Notice. In addition, the wording of the **Notice to Property Owner** statement, required as part of the Preliminary Notice, has changed. Subcontractors and suppliers should use the newly worded Notice for private home improvement projects. The Preliminary Notice should be delivered to the homeowner in person or by certified, registered, or express mail, or overnight delivery, with a receipt of the mailing as proof.

The wording contained in the **Notice of Mechanics Lien** also was changed by **Senate Bill 189**, which took effect July 1, 2012. Failure to send the properly worded Notice with the lien claim could result in the lien being unenforceable.

The conditional and unconditional lien release forms also have changed. Make sure subcontractors and suppliers sign the new conditional forms as **progress payments** are owed, and when they are given their **final payment** and work is completed. Have them sign the new unconditional release forms after they receive **progress payments** and their **final payment**.

The new law gives homeowners 15 days instead of 10 to file a Notice of Completion with the County Recorder. Also, instead of the previous 90-day window to record a lien, a prime contractor must record a claim of lien within 90 days after completion of the work of improvement or 60 days after the owner records a notice of completion or cessation, whichever is earlier. Subcontractors must record a claim of lien within 90 days after completion of the work of improvement or 30 days after the owner records a notice of completion or cessation, whichever is earlier.

## Stay Up-To-Date on Green Building Requirements

Mandatory provisions for the state's Green Building Code (**CAL Green**) became effective July 1, 2012.

The provisions include aspects of plan and design, and weather and materials efficiency and conservation in non-residential buildings. The requirements are highlighted in an **update** on the **Building Standards Commission** website.

**Updated energy efficiency provisions** for the 2013 building standards are going through the rule making process with the **California Energy Commission**, as well.





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## Governor Signs CSLB-Sponsored Bill(s) Update on 2011-12 legislative session activity

The Governor has signed into law CSLB-sponsored legislation to allow all CSLB enforcement representatives to issue Notices to Appear in court. **Assembly Bill (AB) 2554** will take effect January 1, 2013.

This year's other CSLB-sponsored bill, **AB 2237 (Monning)**, more clearly defines a "contractor" for home improvement contracts, to include an individual who provides or oversees a bid, or arranges for and sets up work schedules and maintains oversight of the project.

CSLB is following other legislation that pertains to home improvement contracting and the construction industry. These bills have been approved by the Legislature and are awaiting action by the Governor. This is not an exhaustive list, and those interested in keeping tabs on bills as they are introduced should consult Legislative Counsel's **Official California Legislative Information page**.

### Other pending legislation that impacts contractors:



#### Workers' Compensation Insurance

- **AB 1794** authorizes the Employment Development Department (EDD) to provide new employee information filed by employers with members of the Joint Enforcement Strike Force (which includes CSLB) to aid in prosecuting violations of tax and cash-pay reporting laws.
- **AB 2219** indefinitely extends the requirement that all C-39 Roofing contractors obtain workers' compensation coverage, even if they certify that they have no employees. The bill also indefinitely extends the requirement that insurers conduct annual audits, and requires that these audits be conducted in person to verify the accuracy of the reported number of employees.
- **SB 691** would add CSLB to the list of agencies approved to receive workers' compensation insurance information from EDD.
- **SB 863** makes numerous significant reforms to workers' compensation insurance. It is intended to reduce costs to businesses and workers' compensation insurance rates, and provide improved care for injured workers more quickly. The new law is designed to create a system that is more predictable, with less need for litigation. The law will make changes to medical provider networks, independent medical review, independent bill review, liens, fee schedules, medical care, interpreters, and permanent disability benefits.



#### Regulations / Permits

- **AB 2114** would enact new construction permit requirements for swimming pools, spas, or public wading pools.
- **SB 1099** changes the effective date of regulations to four times annually, versus the current 30 days following Office of Administrative Law (OAL) approval, and requires OAL to provide a link on its website to all regulations filed with the Secretary of State.
- **SB 1520** makes minor changes to the state's regulatory adoption processes.



#### Public Works Contracting

- **AB 2440** would make changes impacting those contracting for public works projects with the Los Angeles County Metropolitan Transportation Authority.
- **SB 1370** requires the Department of Industrial Relations to post on its website prevailing wage requirements on public works projects.
- **SB 1549** would change public works contract bidding in the San Diego region.

## CSLB Sponsored Bills (continued)



### Boards and Licensees

- **AB 1588** would waive fees or continuing education requirements for a licensee whose license expires while on active duty in the Armed Forces or California National Guard.
- **AB 1904** would allow for the issuance of temporary professional licenses (including those issued by CSLB) to spouses of those serving in the military.
- **AB 2570** would prohibit a licensee from including provisions in settlements of a civil dispute that prohibit the consumer from contacting, filing a complaint, or withdrawing a complaint with CSLB (or any other consumer protection program overseen by the Department of Consumer Affairs).
- **SB 1576** would enable CSLB to take administrative action if a licensee files a false complaint against another licensee.



### Other Proposals Related to Construction

- **AB 1750** would specify that a C-27 Landscape contractor can enter into a prime contract for a rainwater capture project.
- **AB 2339** would require state regulators and those involved in the heat pump and geothermal heating and cooling industries to evaluate policies and develop infrastructure for wider use of these technologies.
- **SB 1092** would require brokers of construction trucking services to demonstrate evidence annually of a valid surety bond.



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## Remember Contractor Advertising Laws

Any time you advertise your contracting business, you are required to include your **state-issued contractor license number** somewhere in the ad or within the document.

Your CSLB number must be included in newspapers, radio, television, and online ads; on business cards, lettering or placards on your commercial vehicle(s), telephone or other print or online directories; promotional materials and yard signs; and in business contracts. It is important to follow California contractor advertising laws (Business and Professions Code sections 7027, 7029.5, and 7030.5, and California Code of Regulations section 861) to avoid fines or disciplinary action by CSLB.

### Also, remember:

- **Advertise Within Your Classification**

Licensed contractors are not allowed to advertise for construction work outside of the trade(s) for which they are licensed.

- **Don't Advertise about Bonding**

Contractors are forbidden by law to advertise the fact that they are bonded. It could lead the public to believe there is a higher level of protection than might actually be the case.

- **Avoid False Advertising**

It is a misdemeanor to use false, misleading or deceptive advertisements to sell clients home improvements and other services. It also is illegal to make misleading claims or advertise prices that you do not intend to honor. And remember, you cannot advertise using a company name different than what's on your official CSLB license.

- **Be Aware of Fines or Penalties**

The civil penalty for licensees who violate advertising laws can range from \$100 to \$5,000, with multiple penalties for multiple violations.

- **Unlicensed Operators Can Advertise**

Unlicensed operators can legally advertise for construction work or improvements if the cost of the work (combined labor and materials) is under \$500. However, they must state in the ad that they are "unlicensed." Unlicensed operators face fines or criminal prosecution if they advertise as a contractor in a telephone directory or any other advertising forum.

View CSLB's [Advertising Guidelines](#) brochure for more information.



## Guide for Solar Installers Released

The **California Energy Commission**, the **Governor's Office of Planning and Research**, and others involved in the solar industry have compiled a free **California Solar Permitting Guidebook** as a blueprint to more efficiently navigate the solar construction permitting process. This publication aims to help contractors, building owners, and local governments improve permitting for small photovoltaic systems, and promote solar energy use in their communities. The three main sections address California laws and regulations, the process for project approvals, and recommendations for improving permit processes for solar installations.





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## CSLB and Partners Enforce Workers' Compensation Requirements

Stop Orders are proving to be an extremely effective tool to enforce workers' compensation laws. State law was enacted on January 1, 2011, giving CSLB legal authority (Business and Professions Code section 7127) to issue them. Stop Orders halt work at active job sites when unlicensed individuals and licensed contractors are found not to be carrying workers' compensation (WC) insurance or have claimed to be exempt from the insurance requirement when, in fact, they have workers.

CSLB Enforcement staff and district attorney investigators work in teams and visit construction sites to verify WC compliance. A CSLB investigator will issue an administrative citation to an uninsured licensee for filing a false exemption from required WC insurance as well as a Stop Order that precludes the licensee from having employees perform any additional work until a valid WC policy has been obtained. The DA investigator will issue the licensee a Notice to Appear (NTA) in Superior Court to answer to criminal charges for failing to secure WC.

If the contractor is unlicensed, he/she will be issued an NTA for contracting without a license in addition to the WC violation. Failure to comply with a Stop Order is a misdemeanor, punishable by imprisonment in county jail or by a fine, or both. In addition, employees are entitled to 10 days' wages for work lost due to the Stop Order.

All licensees are required to provide CSLB with a copy of their WC insurance policy or file an exemption from WC that is signed **under penalty of perjury** that they have no employees. If CSLB determines an exemption from WC either was filed falsely or is no longer valid because a licensee has employees, the license is suspended in 30 days unless the licensee obtains a valid WC policy or provides confirmation that he/she no longer employs workers.

If you are a licensee who has previously filed an exemption from WC but now has a WC policy, do not rely on the insurance company to notify the board. Please check your license history on CSLB's website at **Instant License Check**, and if board records still indicate an exemption from WC, please fax a copy of your WC certificate to 916.255.4023. For more information, contact CSLB's Workers' Compensation Unit at 916.255.1104.





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## License Information Reminder:

When prospective customers check your license detail page on CSLB's website, you'll want to be sure it contains correct, complete, and up-to-date information. Put your best foot forward and also avoid possible citation or fine by promptly submitting changes to CSLB about your contact and license information, using the "Changing Business Name and/or Address or Certified Wall and/or Pocket Certificate" form, located in the Forms and Applications section of the CSLB website. Forms for changes to license personnel also are available in the same section.

## Connect with CSLB



Receive updates on news, events, and other important information for licensees. Follow and join the discussion on **Facebook** and **Twitter**.



Keep CSLB's website right at your fingertips. Access CSLB Mobile by using your smartphone to scan this

QR (Quick Response) code to check a license, sign up for email alerts, report unlicensed activity, and more.

## Hundreds of Cheating Contractors Identified in LETF Sweeps



Unlicensed contractors at a sting house in Merced

Sweeps performed by the Labor Enforcement Task Force (LETF) in 2012 resulted in 474 inspections so far, and have identified 210 CSLB-related violations. The most common violations were failure to carry workers' compensation insurance and contracting without a license.

Formerly known as the Economic and Employment Enforcement Coalition, LETF was launched January 1, 2012, and is comprised of investigators from CSLB, the **Department of Industrial Relations**, and **Employment Development Department**, in collaboration with the **Insurance Commissioner** and **Attorney General's Office**. Investigative teams identify contractors operating in the underground economy and perform targeted

inspections at active construction sites. The targeted inspections (instead of random sweeps) provide more efficient sweep operations and a stronger basis for legal action against those who contract illegally.

CSLB enforcement staff also participates in the LETF Advisory Committee that meets several times during the year to exchange information with industry representatives about construction industry trends and ideas on how to curb the underground economy.

## Resources for Energy Trades

If you're building or reinventing your contracting business into any of the energy-efficiency trades, remember that Energy Upgrade California™ provides opportunities to expand your skills.

The program offers several benefits for building professionals, including training in the latest home performance standards, listing in an online contractor directory, connection to clients looking for services, and marketing support and outreach materials.

Energy Upgrade California™ is an alliance of California counties, cities, non-profit organizations, the state's investor-owned utilities (Pacific Gas and Electric Company, Southern California Edison, Southern California Gas Company, and San Diego Gas & Electric Company), and publicly owned utilities. Funding for this effort comes from the American Recovery and Reinvestment Act, California utility ratepayers, and private contributions. Energy upgrade rebates are administered by participating utilities.

For more information visit [www.energyupgradeca.com](http://www.energyupgradeca.com) and click "I'm a contractor or rater." Learn about similar programs at:

- <http://energycenter.org/index.php/incentive-programs>
- <http://www.gosolarcalifornia.org/about/nshp.php>
- <http://www.cccutilitypartnership.com/>



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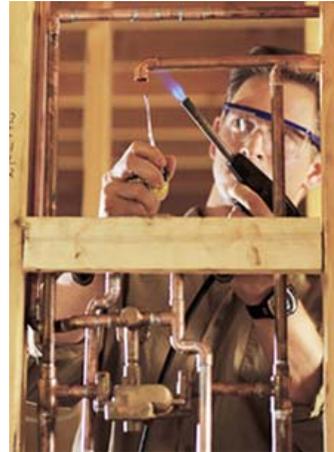
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## Remember Health Standards when Installing, Replacing Copper Water Pipes

The Bay Area Pollution Prevention Group is reminding contractors that incorrectly installed copper water pipes can increase the copper concentration in drinking water above national water quality standards. The group comprises several San Francisco Bay Area counties and agencies that monitor wastewater delivery systems that eventually enter the bay.

When not constructed or repaired with care, copper from pipes used in residential and commercial construction can cause gastrointestinal upset and other health problems, while metal shavings left in the pipe can impact water taste and odor. The pollution prevention group encourages contractors to take steps to reduce the amount of copper that leaches into a building's or home's drinking water by using the correct soldering flux, and thoroughly flushing newly soldered pipe.



### The group recommends:

- Minimizing pipe direction and size changes (This helps reduce turbulence and reduce corrosion over the life of the pipe.)
- Carefully cleaning and reaming the cut pipe to eliminate small burrs created from pipe cutting (This cleaning prevents metal shavings from causing taste/odor issues and reduces turbulence and corrosion.)
- Removing all oxides, debris, and surface soil from tube ends
- Using the correct flux, and avoiding excess (Only select flux that complies with the "ASTM B813" standard—check the label; avoid petroleum-based flux as it cannot be effectively flushed out of the pipe; avoid ammonia-based flux as it attracts bacteria, which may impact taste and odor; avoid zinc-based flux due to water quality impact; and avoid using excess flux—residue can increase pipe corrosion.)
- Immediately flushing the system to remove excess flux that would attack the pipe over time; removing all sink aerator and strainer screens; and flushing the system at a robust velocity for at least 30 minutes
- Minimizing the building's hot water temperature (A system temperature of 125 F is recommended.)

For more tips and resources, visit [www.baywise.org/businesses/plumbing-resources](http://www.baywise.org/businesses/plumbing-resources).



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*CSLB Enforcement staff post warning signs to unlicensed contractors in Ponderosa.*

## CSLB Serves as Post-Disaster Responder

Did you know that CSLB has an important role at post-disaster locations? When structures are destroyed from wildfires, floods, earthquakes or any other California natural disaster, CSLB is one of the first agencies to respond during the recovery process.

Take, for example, the 27,000-acre Ponderosa Fire in Tehama and Shasta counties in August that was sparked by lightning. More than 1,000 fire personnel and dozens of engines and other equipment battled the incident for 13 days. Once the smoke had cleared, 52 residences and 81 outbuildings were destroyed; and one residence and five outbuildings were damaged.

As a member of the California Emergency Management Agency's disaster recovery team that provides a Local Assistance Center (LAC) for affected communities, CSLB staff is on site once evacuation orders and road closures are lifted and the LAC is set up. CSLB staff provide educational information and resources for property owners who will be looking for contractors to rebuild their homes and other structures. Many homeowners are not aware of disaster-specific state contracting regulations that have been established for their protection.

CSLB enforcement representatives also sweep the disaster areas and post yard signs to remind consumers about the need to only hire state-licensed contractors. Posted information also reminds those who want to contract in a state- or federally declared disaster area that they could be charged with a felony violation if they are not licensed by CSLB.