



# THE CALIFORNIA LICENSED CONTRACTOR

RONALD REAGAN, Governor

SUMMER 1974

PATRICIA A. GAYMAN, Director

## NOTICE OF RIGHT TO CANCEL

Contractors who are not aware of the "Notice of Cancellation" rights afforded the purchasers in home solicitation contracts should become acquainted with Sections 1689.5, 1689.6, 1689.7, 1689.10, 1689.11, 1689.12 and 1689.13 of the Civil Code. Until the contractor has complied with the provisions of these Civil Code sections, the buyer may cancel the home solicitation contract or offer. If all provisions of these sections are complied with, the buyer only has until midnight of the third business day after the day on which the buyer signs an agreement with the contractor to cancel the home solicitation contract.

The Civil Code sections cited make it mandatory that a contractor in all home solicitation contracts write the agreement or offer in the language as principally used in the oral sales presentation. The contract must contain in an area near the space reserved for the signature of the buyer the following statement in a size equal to at least 10-point bold type:

"You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right."

The agreement must contain on the first page, in type of the size generally used in the body of the document, the name and address of the seller where the notice is to be mailed and the date the buyer signed the agreement. The agreement shall be accompanied by the following "Notice of Cancellation" in duplicate written in type of at least 10-point and shall

(Continued on page 3)

## 1974 LEGISLATION

Some additional bills of interest to contractors have been introduced by the legislature since publication of the Spring issue of this bulletin.

**Assembly Bill 3493** by Harvey Johnson would amend Section 7026.4 of the Contractors' License Law to include within the definition of contractor any person who is engaged as an independent contractor to maintain, install, plant or remove landscaping on commercial or industrial property. The bill excludes people who maintain landscaping on residences and people who contract to perform service for a fee of less than \$100.00 per month.

**Assembly Bill 3612** by Ingalls would raise from \$2,500 to \$5,000 the Contractor's Bond required to be filed by all licensed contractors.

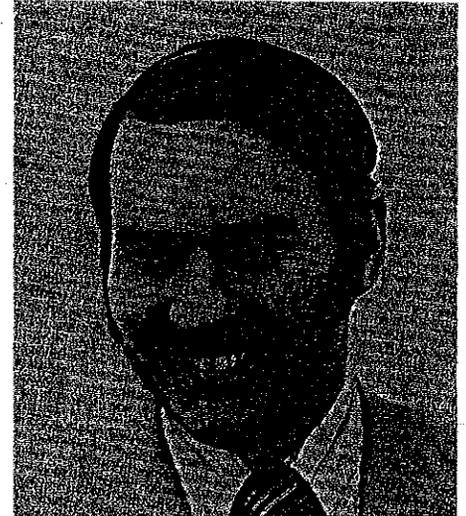
**Senate Bill 1739** by Song would change the make-up of the Contractors' State License Board by substituting a representative from a building trades labor organization for one of the current, three public members.

**Senate Bill 1817** by Cusanovich seeks to add one section and amend two sections of the Contractors' License Law. Section 7068.3 which would be added provides for termination of a partnership license because of any change in the partnership. It does not affect the provisions for carrying on the partnership business by the remaining partner or partners for a limited period if certain conditions are met. Section 7110 is amended to add violations of the Right to Cancel law and the Swimming Pool Contract Law as causes for disciplinary action. Section 7144 would be amended to clarify procedure for the reinstatement of a revoked license.

**Senate Bill 1818** by Cusanovich would amend Sections 7053 and 7071.8 of the Contractors' License Law and would make only technical changes.

**Senate Bill 1819** by Cusanovich would amend Section 7067.5 of the Contractors' License Law to eliminate

(Continued on page 3)



CLAY M. JOHNSTON

Before assuming the position of Managing Director of the California Lathing & Plastering Contractors Association, which he has held for over 7 years, Clay M. Johnston served a full four years plasterer's apprenticeship and spent 11 years as a plastering contractor.

Services that CLPCA performs for its contractor members and the industry, which Johnston is responsible for, include: Industry Codes and Specifications, Labor Relations, Legislation, Research and Development (testing), Industry news, manufacturer and supplier liaison and public relations and government agency liaison (including the Contractors State License Board).

Clay Johnston is active in the following organizations: Vice-Chairman of the Construction Industry Legislative Council; Chairman of the CILC Safety Committee; Member of CILC Lien Law, Housing and Community Development and License Law and Consumer Affairs Committees; Chairman of American Concrete Institute Committee 524 (Performance of Portland Cement Plastering); Member of American Society for Testing and Materials Committee C-11 on Ceilings and Walls; Member of the Board

(Continued on page 2)



**RIGHT TO CANCEL**

(From page 1, col. 1)

be written in the same language as used in the contract.

**NOTICE OF RIGHT TO CANCEL  
"NOTICE OF CANCELLATION"**

/ enter date of transaction /

(Date)

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to

/ name of seller /

at / address of seller's place of business /

not later than midnight of \_\_\_\_\_

(Date)

I hereby cancel this transaction

(Date)

(Buyer's Signature)

The contractor must provide the buyer with a copy of the contract and the notice of cancellation and shall inform the buyer orally of his right to cancel at the time the home solicitation contract is negotiated.

This Civil Code provides for the return of any payments made by the

buyer within 10 days and the return of any goods delivered to the buyer in substantially as good condition as when received by the buyer.

If the contractor has performed any services pursuant to a home solicitation contract prior to its cancellation, the contractor is entitled to no compensation. If the services result in the alteration of the buyer's property, the contractor must restore the property to substantially as good condition as it was prior to the services being rendered.

Any waiver or confessions of judgment of the provisions of these Civil Code sections shall be void and unenforceable.

A home solicitation contract is any contract made other than at the premises the contractor normally carries on a business, or where goods are normally offered or exposed for sale in the course of a business carried on at those premises in an amount of \$25.00 or more including any interest or service charge.

The provisions of these Civil Code sections shall not apply to a contract in which the buyer has initiated the contract and which is executed in connection with the making of emergency repairs or services provided the buyer furnishes the contractor with a separate dated and signed personal statement describing the situation requiring the immediate remedy and expressly acknowledging and waiving the right to cancel the sale within three business days.

This explanation of the Notice of Right to Cancel is made to inform the contractor of his obligation under the Civil Code and is not meant to be a complete coverage of all conditions and requirements. The contractor should consult his legal counsel for a full explanation and for assistance in complying with the legal requirements.

**LEGISLATION**

(From page 1, col. 2)

the requirement of an applicant for contractor's license to obtain an opinion, report or certificate from a Certified Public Accountant or a Public Accountant to accompany the applicant's financial statement. The financial statement would still be required but would be signed by the applicant under penalty of perjury as being true and correct.

Senate Bill 1836 by Zenovich adds to the Swimming Pool Contract law requirements relative to payment schedules. It would limit any down

APRIL 4

**BOARD MEETING**

**HIGHLIGHTS**

One of the duties of the Contractors' State License Board is to set the fee structure for the following fiscal year's activity. The Board accomplished this by adopting a Board Motion covering the various fees for all applications. All fees for the period from July 1, 1974 through June 30, 1974 will remain the same with the exception of the Application For Supplemental Classification and the Application To Replace Responsible Managing Employee Or Officer fees which will be raised from \$20 to \$30. As part of this motion, the Board raised the renewal fee for the 1975-1977 renewal period to \$70. This is an increase of \$10 for the two-year period.

The Board granted the petition by the International Fence Industry Association, Inc. to establish a new classification for Fencing Contractors. This new classification became effective 30 days after it was filed with the Secretary of State. The effective date of the new Board Rule 754.15 was May 16, 1974.

Petitions by the Registrar for public hearings to amend Board Rules 708, Signing and Verification of Application; 714, Requirement of Foreign Corporations; and 724, Experience Requirement of Applicant were also granted by the Board. Public hearings on these matters will be held at the next regular Board Meeting on July 12, 1974.

The suggested changes in Board Rules 708 and 714 are purely technical and would result, if adopted, in the Rules reflecting current procedures in application requirements. Board Rule 724 if adopted by the Board would add the completion of an approved apprenticeship program as a substitute for three of the four years required experience as a journeyman, foreman, supervising employee or contractor.

The study to establish a separate classification for Home Remodel and

(Continued on page 8)

payments to \$50.00 or 1% of the cost of the swimming pool and would add other limiting payment requirements. The furnishing of full performance and completion bonds would eliminate the payment schedule requirements. This bill also provides for criminal and administrative actions.

# BUSINESS MANAGEMENT FOR CONTRACTORS

Continued

Because of the importance of good business practices in conducting a successful contracting business, this agency is making available to all licensed contractors in serial form in this publication an elementary treatise on Business Management for Contractors. The material presented is not intended to be a complete text on the subjects mentioned. With reference to

payroll taxes and insurance, the State and Federal agencies concerned should be contacted. They will furnish complete printed instructions covering their requirements. The comments upon business management and finances cover those areas in which education appears to be most urgently needed for the average contractor. If

he will master and apply the principles which will be discussed, he should develop a sound and profitable business. A compilation of all the material which will be contained in this series of articles should make an excellent source of reference. This series of articles started in the September, 1973 issue of this publication.

FIGURE 2

A B C Company  
INCOME AND EXPENSE STATEMENT  
For the year ending December 31, 19.....

SALES .....	\$200,000	100.0%
<b>COST OF SALES</b>		
Direct Labor .....	56,000	28.0
Director Labor Burden .....	5,000	2.5
Material Used .....	92,000	46.0
Other Direct Costs .....	2,000	1.0
Total Cost of Sales .....	\$155,000	77.5%
<b>GROSS PROFIT</b> .....	45,000	22.5%
<b>EXPENSES</b>		
Salaries .....	12,000	
Advertising .....	400	
Auto-Truck-Gas and Oil .....	3,600	
Auto-Truck-Repairs and Maintenance .....	700	
Contributions .....	120	
Depreciation .....	2,000	
Dues and Subscriptions .....	120	
Insurance—General .....	750	
Interest .....	410	
Legal and Accounting .....	300	
Miscellaneous .....	300	
Office Expense .....	240	
* Payroll Taxes and Insurance .....	720	
Repairs and Maintenance—Other .....	120	
Sales Taxes .....	1,370	
Small Tools and Supplies .....	600	
Taxes and Licenses—General .....	550	
Telephone and Telegraph .....	600	
Travel and Entertainment .....	720	
Utilities .....	600	
Total Expenses .....	\$26,220	13.11%
<b>NET PROFIT (Before Taxes)</b> .....	18,780	9.39%

\* Other than direct labor payroll.

## INCOME AND EXPENSE STATEMENT

The income and expense statement is a statement of the *profit or loss* of an individual or enterprise *for a given period*. This statement indicates the amounts and nature of incomes and expenses. The difference shown on this statement between income (sales) and expenses (cost of sales and expenses) is the net profit or loss for the period. (Sales less cost of sales and expenses = net profit.) The income and expense statement shows the *results of operations for a period of time*, whereas the balance sheet shows the *financial condition at a given date*.

It is important to the management

of a contracting organization that the income and expense statement be prepared in a form which will represent a *contracting business*. This caution is expressed due to the fact that too often the income and expense statements for contractors have been prepared in a form generally used by retail organizations. The retail form *does not* properly segregate direct costs and overhead expenses in a manner which enables a contractor to readily analyze the results of his operations for the period covered.

The form presented in Figure 2 is considered to be designed in a manner which will furnish management with the necessary information to closely

watch and control his operations. In this form, all direct costs of performing work are listed under cost of sales and all other costs of doing business, which cannot normally be charged accurately to individual jobs, are listed under expenses. The list of expenses also clearly shows management the amount and percentage (in relation to sales) of his overhead.

**How to Use an Income and Expense Statement:** If management looks at principally one figure on his income and expense statement; namely, net profit before taxes, he is failing almost completely to gain the benefit which this statement can afford him. It is possible for an organization to have a good net profit and still be experiencing unfavorable trends of conditions in direct costs or overhead expenses. Each item listed on the income and expense statement should be carefully studied from the standpoint of amount and percentage. These amounts and percentages should also be compared with the previous month, the year-to-date summary and the same month last year in order to show management the complete story. A careful analysis of this type will indicate danger signals where costs are commencing to get out of line and where remedial action should be taken before it is too late.

The most important items listed on the income and expense statement will be explained following so as to improve the reader's understanding and to assist him in analyzing his statement.

**Sales:** If the contractor is on a cash basis of accounting, the sales figure represents the total amount of income actually *received* as a result of doing business during the period covered by the statement. If he is on an accrual basis of accounting, sales represents the total amount earned as a result of doing business during the

period covered by the statement, whether or not it has all been received.

It will be noted that all percentages shown on Figure 2 are computed from sales. Percentages are helpful in evaluating statements inasmuch as they will indicate variances more readily than will dollar amounts.

The volume of sales is, of course, important to any business organization and this figure should be closely watched. It is necessary that the sales volume be forecasted for a period in advance, because all phases of the operation revolve around that figure. This is, in effect, establishing a goal and making every effort possible to assure that this goal is reached. There is not a successful business in operation which does not do this in one way or another.

The income and expense statement is important in establishing the price at which a job may be sold, especially in connection with the amount which must be added to the prime cost of the job for overhead. Figure 2 indicates that 13.11% of the total sales dollar, at an annual volume of \$200,000, is overhead expense. If the contractor were not aware of the amount of his overhead, and too often such is the case, he would very likely not add enough to his bid to cover it. The result would be either that he would not realize his intended profit, or would sustain a loss on the job. (A method by which the proper sales price may be computed, including the proper markup for overhead and profit, will be covered later in this chapter.)

**Cost of Sales:** Cost of sales are known as *direct costs* in contracting. This section on the income and expense statement groups all items which are directly chargeable to jobs. As shown in Figure 2, these items include labor, labor burden, material and other direct costs.

**Direct Labor:** The direct labor figure comprises the actual cost for labor payroll for all jobs during the period covered by the statement. Supervision which cannot be accurately charged to individual jobs should *not* be included in direct labor, but should be charged to *overhead expense*. The percentage and amount of direct labor should be watched very closely by management, as it is the main variable which can make or lose money for the organization. The labor percentage is also a direct measurement of the performance of supervision.

**Direct Labor Burden:** The direct labor burden item shown on Figure 2

includes all payroll taxes, insurance and employee's benefits which are assessed against the labor payroll. Inasmuch as the labor payroll is a direct cost and the amount of labor burden varies in direct proportion to the payroll, labor burden is also considered to be a direct cost. These items are very often found listed under overhead expense, which confuses the true overhead amount.

The direct labor burden for non-union contractors will include the following items:

- Social Security—F.I.C.A. Taxes
- Federal Unemployment Taxes—F.U.T.A. Taxes
- State Unemployment Compensation
- Workmen's Compensation Insurance

The union contractors' direct labor burden will include those items listed above plus union benefit assessments and, in some cases, association fees.

The direct labor burden items are in *addition* to the gross labor payroll. It is, therefore, important to be sure to add this additional cost for labor when building.

**Material Used:** This item is the cost of all material used on the job. This is usually the largest figure in amount on the income and expense statement for most contractors. It can usually be estimated fairly accurately in advance and there is not the amount of variance which will be experienced in the labor figure. Due to the amount of this figure, however, it should also be watched very closely and every effort possible made to assure that purchasing is done most efficiently, all material used is properly recorded and waste is reduced to a minimum.

**Other Direct Costs:** Other direct costs include all items, other than those listed above, which are directly chargeable to individual jobs. For example: permits, bonds, insurance, equipment rental, et cetera.

**Gross Profit:** Gross profit is the amount remaining after all direct costs or cost of sales have been subtracted from sales. All other expenses (overhead) must be subtracted before arriving at net profit.

**Expenses:** This section of the income and expense statement covers all items of expense *other* than those which are chargeable directly to individual jobs. Some of them will vary somewhat in accordance with the volume of business being conducted. Most of them will either remain fixed, or

vary to only a small extreme with the volume of business. The total of all expenses must be subtracted from gross profit in order to arrive at net profit (before income taxes).

The items covered in this list of expenses will differ to a certain extent with different organizations, depending upon expenditures. However, the income and expense statement should list individual items of expense in sufficient detail to give management a good picture of where the money is being spent. In other words, if too many items are grouped together, it is impossible for management to analyze his expenses properly or to exercise proper control in managing the business.

#### OVERHEAD AND PROFIT

The total amount of expenses in Figure 2 comprises the *overhead* for the business. A proper amount must be added to each job to cover this expense of doing business. Otherwise, the contractor will not obtain the profit he had figured for the job, or, if the profit margin is too thin, he will have done the work at a loss. The importance to the contractor of knowing his overhead should be obvious.

The logical source from which to obtain the amount and percentage of overhead is the income and expense statement. Therefore, if a contractor has not had an accurate income and expense statement prepared at the end of a period and established his true overhead to apply during the next period, he is bidding completely in the dark. If he is not applying enough to cover his overhead on each job during the period, the error will be multiplied by the number of jobs installed and the statement at the end of the next period will most likely show a net loss. Also, if this contractor does not have an income and expense statement prepared more often than once a year, he may (and many have) find himself in serious financial trouble, or bankrupt, at the end of the year. This should make clear the importance of *preparing and using* financial statements *monthly*, if possible, or certainly at least quarterly.

The number of contractors who are actually not aware of their true overhead is amazing. Numerous small and medium-sized contractors feel their *overhead percentage* is smaller than that of larger firms, due to operating from their homes, because they often handle their own records, et cetera. *The opposite is true. Small contrac-*  
(Continued on page 8)

## SUSPENDED 1ST QUARTER 1973-1974

Namestyle	Address	Date	Sections violated and suspension time
AAA Plumbing & Heating Co.	13271 Fletcher St., 3, Garden Grove	8-30-73	7097, 7098, 7122.5—Indefinitely
Alameda Painting Co.	985 Gumview Rd., Windsor	9-14-73	7097, 7107, 7109, 7110, 7122.5—Indefinitely
American Pib. Co.	5279 Camden Ave., Apt. 236, San Jose	8-30-73	7071.11—Indefinitely
Anscot Construction	1768 Pelican St., Ventura	8-23-73	7122.5—Indefinitely
Applied Urbanology Incorporated	1208 Market St., San Francisco	9-28-73	7114, 7115, 7117, 7118, 7119—30 days
Associated Mechanical	1065 Via Escondida, Novato	8-31-73	7071.11, 7120—Indefinitely
Bay Area Plumbing	2160 American Ave., Hayward	9-14-73	7097, 7122.5—30 days
BCW Contractors, Inc.	2518 Lee Ave., S. El Monte	9-7-73	7107, 7113, 7114, 7115—Indefinitely
Blue Sky Electric, Inc.	P.O. Box 346, Covina	9-12-73	7121—Indefinitely
Brown & Sons Roofing Contractors	9457 Sandusky Ave., Arleta	9-14-73	7109, 7113, 7116, 7122.5—60 days
Budget Carpet Stores of Ventura Co.	2644 E. Main St., Ventura	10-24-73	7113.5—One day
Cader, Dave Ganos dba Hiada Hide Homes	P.O. Box 960, Kelseyville	7-2-73	7114—15 days
Carrillo, John I. dba Custom Constr. Co.	14419 1/2 Van Nuys Blvd., Arleta	8-31-73	7121—Indefinitely
Clowett, A. R. Plumbing	3374 Princeton Ct., Santa Clara	7-31-73	7115, 7120—Three years
Construction Engineering Co.	11825 S. New Hampshire Ave., Los Angeles	8-31-73	7109, 7114, 7117—30 days
Cosper, Oliver	14544 Tiburon, San Leandro	9-4-73	7113.5—Indefinitely
Crawford Construction Co.	2518 Lee St., S. El Monte	9-7-73	7122.5—Indefinitely
Curran, Thomas M.	P.O. Box 1051, Menlo Park	10-18-73	7113.5—30 days
D J & N Inc.	P.O. Box 4105, Hayward	9-14-73	7112—Indefinitely
DBF Construction Co.	1019 W. San Carlos St., San Jose	9-19-73	7122—Indefinitely
De Luca, John T.	3456 Monticello, Santa Susana	8-31-73	7109, 7110, 7113, 7115, 7159—Indefinitely
Draco Construction & Engineering	10835 Magnolia Blvd., N. Hollywood	8-14-73	7108, 7109, 7111, 7113, 7114, 7115, 7116, 7117(a, b), 7120, 7159—Indefinitely
Felice Construction Co.	1019 W. San Carlos St., San Jose	9-19-73	7071.11, 7108, 7110, 7112, 7120—Indefinitely
Frank, Walter F., dba West Bay Landscaping	3600 Tripp Rd., Woodside	7-31-73	7122.5—15 days
Galaxy Enterprises Inc.	P.O. Box 1744, Fremont	9-4-73	7107, 7109, 7113, 7117, 7121, 7115, 7159(b)—120 days
Guarantee Hardwood Floor Co.	4736 Engle Rd., Carmichael	9-12-73	7113.5—30 days
Gutsch, Peter J.	10935 Tuxford St., Sun Valley	8-31-73	7122.5—Indefinitely
Hall, Clifford M.	5345 Craner Ave., N. Hollywood	9-20-73	7109, 7113, 7115, 7159—30 days
Hogg Company	Box 1326, Mammoth Lakes	7-17-73	7110, 7120—Indefinitely
Henderson and Henderson	805 Windsor St., Santa Cruz	9-18-73	7113.5—90 days
Hoffman Plumbing & Heating dba Hoffman Plumbing & Heating, Franchised Dealer	93 5th Ave., Redwood City	7-20-73	7122.5—6 months
House "Doc" Enterprises	12800 Filmore Ave., Pacoima	8-21-73	7115, 7116, 7159—Indefinitely
J H & L Contractors, Inc.	1770 46th Ave., San Francisco	8-31-73	7071.11, 7110—Indefinitely
Jeffries, J C & Sons	4651 Heyer Ave., Castro Valley	9-14-73	7097, 7109, 7111, 7113, 7114, 7115, 7117, 7118, 7122.5—Indefinitely
Johnson, Charles F.	P.O. Box 1478, Ventura	8-23-73	7113.5, 7120—Indefinitely
Kelly, F. R., General Building Contractor	7949 Mariposa, Citrus Heights	9-12-73	7107, 7109, 7113, 7119—Indefinitely
Lakener Enterprises Inc., dba Trans-United Enterprises	11200 Golf Links Rd., Oakland	9-7-73	7112—Indefinitely
Le Deit, Pat Glass Co.	762 Willow St., San Jose	8-30-73	7113.5—Indefinitely
Lindsay, Robert S.	5047 Algiers Ave., Santa Rosa	7-6-73	7109, 7110, 7113, 7116—180 days
Lockheed Shipbuilding and Construction Company	2929 16th Ave., Seattle, Wash.	9-28-73	7109.5, 7121—90 days
Lyles Linoleum and Tile	993 W. Napa St., Sonoma	9-28-73	7115—60 days
M P S Construction Co.	General Delivery, Farnsville	8-30-73	7113.5—30 days
MacFarlane Landscaping	2231 Braeburn Ave., Fullerton	9-5-73	7111, 7120—Indefinitely
Magnana, P. T.	618 East Mill St., Santa Maria	7-17-73	7097, 7122.5—Indefinitely
Magnana Painting Co.	1403 Forreast Ave., San Jose	7-17-73	7107, 7109, 7113—Indefinitely
McIntosh Roofing, Inc.	517 S. Broadway, Redondo Beach	9-14-73	7109, 7113, 7116—60 days
Mid-Valley Builders Co., Inc.	720 Laurelwood Rd., Santa Clara	8-30-73	7121—Indefinitely
Moen, Cleon O.	785 Rose Ave., Sp. 5, Pleasanton	8-27-73	7109, 7114, 7115, 7117—30 days
Monarch Homes, Inc.	2335 Whitmore Ave., Ceres	9-5-73	7109, 7113, 7120—120 days
Nottingham, M. C. Co. of L.A.	10935 Tuxford St., Sun Valley	8-31-73	7107, 7113, 7115—Indefinitely
Parr Plumbing Co.	21642 Redwood Rd., Castro Valley	9-14-73	7097, 7107, 7109, 7110, 7113, 7122.5—30 days
R & S Construction Co. Inc.	4258 Elton St. Baldwin Park	9-12-73	7120—Indefinitely
Reich, Ruben	7840 E. Parkway, Sacramento	8-28-73	7112, 7113.5—270 days
Rieth, R. J. Enterprises	2330 Alden Ave., Anaheim	9-12-73	7113, 7113.5, 7114, 7117(a, b)—90 days
Roberts, W. R., Excavating and Paving	491 Bailey Rd., Pittsburg	9-7-73	7071.11—Indefinitely
Roi Builders and Gen. Contr.	5504 W. Pico Blvd., Los Angeles	9-5-73	7107, 7113, 7119—Indefinitely
Ruthern Company, The	4th and Harrison St., Berkeley	8-31-73	7071.11—Indefinitely
Shannon, James W.	P.O. Box 645, Lotus Rd., Lotus	9-12-73	7109, 7113, 7115—Indefinitely
Sleath, Earnest C.	P.O. Box 8568, Sta. B, San Jose	8-30-73	7071.11, 7110, 7115—Indefinitely
Smith & Sons, Cement Contractors	1237 Tuckaway Ln., Duarte	8-21-73	7097, 7115, 7120—Indefinitely
Smith, L. R. Const. Co.	3830 Twin Oaks Way, Oakland	9-7-73	7097, 7122.5—Indefinitely
Smith, William A.	1421 Grand View, Ceres	9-5-73	7122.5—120 days
Stidham, F. L.	621 W. Line, Bishop	9-6-73	7114, 7122.5—90 days
Strong, D. S.	4923 Corbin Dr., San Jose	9-14-73	7097, 7111, 7122.5—Indefinitely
Tag Construction Company	10935 Tuxford St., Sun Valley	8-31-73	7097, 7121—Indefinitely
Tavener & Sons	157 Humboldt, San Rafael	9-11-73	7122.5—30 days
Thomas, Lloyd A., Sr.	319 Palo Verde Blvd., Redondo Beach	8-27-73	7097, 7122.5—45 days
Ullrich, D. G. Paving Company	25140 Calaroga Ave., Hayward	9-25-73	7071.11, 7113, 7113.5, 7115—Indefinitely
Watts Construction	757 E. 43 St., Los Angeles	8-14-73	7071.13, 7109, 7113—Indefinitely
West Bay Landscaping, Inc.	3600 Tripp Rd., Woodside	7-31-73	7109, 7113, 7115—15 days
Wilco	24326 Logdell Ave., Newhall	9-12-73	7122.5—9 months
Woolley, William G.	2516 Via Tejon, Rm. 307, Palos Verdes Est.	9-4-73	7107, 7113, 7120—60 days
Young, Howard N.	219 Vista Del Mar Dr., Santa Barbara	9-11-73	7113.5—Indefinitely

## REVOKED 1ST QUARTER 1973-1974

Namestyle	Address	Date	Sections violated
Artlett, R. A.	2420 52nd St., San Diego	8-31-73	7059, 7107, 7109, 7110, 7113, 7115, 7119
Beardsley, Jud	3823 W. 58th Pl., Los Angeles	8-31-73	7122.5
Beardsley Plumbing and Heating	109 E. Tamarack St., Inglewood	8-31-73	7120
Beyers Landscape and Gardening Service	7292 Cromwell Way, Sacramento	7-26-73	7110, 7113.5
Big T Plumbing and Heating	10017 Venice Blvd., Los Angeles	8-25-73	7121
Braam, Abraham	11222 Sherman Ave., Garden Grove	9-28-73	7107, 7109, 7113, 7114, 7117, 7120
Cal Coast Builders, Inc.	823 W. 23rd St., National City	9-22-73	7110, 7113.5, 7115, 7121
Cal Coast Painting and Drywall	390 Manhattan St., Grover City	9-28-73	7109, 7113
Clark, Clifford E.	2309 Langdale Ave., Los Angeles	9- 5-73	7107, 7109, 7115, 7117, 7120
Classic Awning Company	2045 S. Haster St., G-4, Anaheim	8-25-73	7107, 7113, 7116
Concrete Structures Co.	13440 Gladstone Ave., Sylmar	9- 7-73	7122.5
Contes Electric	1320 Palm Ave., Fresno	8-30-73	7110
Co/Vel Construction Corp.	P.O. Box 577, Sacaton, Az.	9- 6-73	7115
Crown Pools, Inc.	114 Hamilton Dr., Ignacio	9-11-73	7107, 7108, 7113, 7114, 7116, 7118, 7119, 7120
D.L.W. Construction Co., Inc. dba Werner Construction Co.	11015 E. 39th St., Independence, Mo.	7- 3-73	7107, 7113, 7113.5, 7115, 7120
Darton, Lloyd T.	1054 Hancock, San Bernardino	8-15-73	7107, 7113, 7114, 7115
Douglas, Robert E. Construction Company	16246 Minnesota, Paramount	9-27-73	7110, 7115, 7117, 7120
Dukes Plumbing Co.	11550 Anabel, Garden Grove	8-31-73	7113.5, 7114, 7117(b)
Econ Electric	1046 W. Cambridge, Fresno	8-30-73	7098
Ferguson, Alec, Electrical Contractor	P.O. Box 130, Rialto	7- 6-73	7107, 7113
Financial Research Corporation	2141 Tuolumne, Suite N, Fresno	8-27-73	7109, 7113, 7116.2(c), 7120
Giangregorio, Frank Anthony	809 S. Astell, W. Covina	8-31-73	7113.5, 7114, 7117(a)
Giordano, Peter F. and Sons, Inc.	525 W. Alma Ave., San Jose	7-31-73	7113.5
Greco, George, Inc.	13839 Foothill Blvd., Sylmar	9- 7-73	7107, 7110, 7113, 7115, 7120
Hodges, Groman B.	744 Santa Ana Dr., Santa Rosa	9- 4-73	7122.5
Hoggat, Floyd Elmer	1950 Sanford, Oxnard	7-31-73	7113.5
James, Edward David	310 S. Anza, Apt. 8, Cajon	8-28-73	7107, 7113, 7113.5, 7116, 7120
Jammaek Painting	P.O. Box 461, Temple City	9- 6-73	7109, 7113
Kennedy, William Ralph	8603 California Ave., Whittier	7-24-73	7098, 7121, 7122.5
Larry's Carpet Mart	4356 Cochran, Simi Valley	9-25-73	7112
Lewis, Ernest D.	5919 Reseda Blvd., Tarzana	8- 8-73	7107, 7109, 7113, 7115, 7117, 7120, 7159
Little, Francis C.	5109 S. 6th Ave., Los Angeles	8-29-73	7107, 7113, 7114, 7119
Marshall, Kenneth H., Construction Co.	175 Jordan St., Vallejo	8-22-73	7108, 7109, 7111, 7113, 7120
Mayfield, Kenneth L.	5022 N. Willow St., Covina	9-28-73	7113.5
Miracle Water	P.O. Box 1208, Santa Rosa	8-22-73	7071.11, 7108, 7120
Mugg, Dave Drywall	757 Latisha Pl., El Cajon	8-29-73	7112
Nor, Wes	3665 Wasatch Ave., Mar Vista	7-18-73	7107, 7110, 7113, 7115, 7119, 7120
Company	4423 Vine St., Santa Rosa	9- 4-73	7071.13, 7083, 7109, 7113, 7115, 7116.2
Shanm & Sons, Builders	4367 Carpinteria Ave., Carpinteria	9-22-73	7107, 7113, 7117.5
Robin Construction Co.	1835 Egret Ln., Hayward	9-28-73	7107, 7109, 7110, 7112, 7113, 7114, 7115, 7116.2, 7119, 7159
Rothbart, L. & Company	567 Armsley Square, Ontario	7-18-73	7109, 7113, 7115
Segors, Walter Weldon	823 W. 23rd St., National City	9-22-73	7122.5
Swartz, Morris	20901 Bulgar Circle, Huntington Beach	7-31-73	7107, 7113, 7120
Swerton, Barry dba Silverwood Estates	3630 Wilshire Blvd., Los Angeles	8- 8-73	7110
Sturtz, Raymond	240 E. 51st St., Long Beach	9- 4-73	7107, 7113, 7115, 7159
Triangle Plumbing and Heating Co.	2405 Corning St., Los Angeles	8-25-73	7107, 7113, 7115, 7116
Tropicana Custom Pools	6634 Valjean Ave., Van Nuys	9-26-73	7109, 7113, 7115, 7159
Union City Engineering & Construction Inc.	29889 Union City Blvd., Union City	9-28-73	7109, 7113, 7115, 7116
United Paving Company dba Union Asphalt Paving, Inc.	2840 W. First St., Santa Ana	7-24-73	7115, 7120
Wes Mar Construction Company, Inc.	3665 Wasatch, Los Angeles	7-18-73	7112
Wilco Electric, Inc.	24779 Valley St., Newhall	9-12-73	7113.5
Woodhouse, Donald L.	19250 Prairie St., Northridge	8-29-73	7113.5
Zodiac Pools	4323 Eve Rd., Santa Susana	9-28-73	7107, 7108, 7111, 7113, 7114, 7117(a, b), 7120, 7159

## DENIED 1ST QUARTER 1973-1974

Namestyle	Address	Date	Sections violated
Associates Development Co.	4151 Tamilyn Ct., San Diego	8-28-73	7069, 7073, 7112, 7113.5, 7115
Baez Construction Co.	133 Duncan St., San Francisco	9- 4-73	7069(a), 7071.11
Cloud, Elmer Dan	13202 Hoover St., Westminster	9-28-73	7069, 7069(a), 7073
Custom Const. Co.	14419 1/2 Van Nuys Blvd., Arleta	10-31-73	7030, 7069, 7069(a), 7112
Gillespie, J. I.	150 W. Slauson Ave., Los Angeles	9-28-73	7102, 7113.5
J. J. Construction Company	451 Sellers, Glendora	9- 7-73	7069, 7069(a), 7073

### 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.
7097	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.				Conviction of a Felony in connection with construction activities.
7107	Abandonment of a project without legal excuse.	7113.5	Avoiding or settling for less than lawful obligations as a contractor through the various bankruptcy proceedings.	7123	A plea of nolo contendere is considered a conviction.
7108	Diverted funds or property received for a specific job to other purposes.	7114	Aiding and abetting an unlicensed person.	7124	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.	7115	Failure to comply with the Contractors Law.	7124	Participation in violation by a home improvement salesman.
		7116	Committing a willful or fraudulent act as a contractor.	7154	Model Home, kickback prohibition.
		7117	Acting as a contractor out of namestyle.	7159	Failure to comply with contract requirements.
7105	Violation of Safety Laws resulting in death or serious injury.	7117.5	Contracting with inactive licensee.	7155	False advertising.
		7118	Contracting with unlicensed person.		
7110	Willful disregard and violation of building laws.	7119	Failure to prosecute a job with diligence.		
7110.1	Violation of Section 206.5 of the Labor Code.	7120	Failure to pay for materials or services.		
7111	Failure to keep records and to make them available to a representative of the registrar.	7121	Prohibition against associating with suspended or revoked licensees.		

BULK RATE  
U.S. POSTAGE PAID  
SACRAMENTO, CALIF.  
PERMIT No. 685

**HIGHLIGHTS**

(From page 3, col. 3)

Repair (Fix-it) Contractor has been abandoned by the Board. The reaction to this study was almost 100% in opposition to the "Fix-it" classification. It was resolved by the Board to make a special effort to solve the "Fix-it" problem through increased enforcement with cooperation from Industry and Labor.

The Board decided to dismiss for the present any further effort to study the feasibility of licensing Construction Managers.

In closing the meeting, the Board scheduled the next regular meeting to be held in Oakland on July 12, 1974 at 9:00 a.m. The place of the meeting is the Holiday Inn, Hegenberger Road, Oakland, California.

**MANAGEMENT**

(From page 5, col. 3)

*tors usually have a higher percentage of overhead than the larger contractors. This is due to the fact that as sales volume increases, overhead percentage decreases.*

The most accurate method for determining an overhead percentage is to arrive at this percentage in terms of the *selling price*. The following illustration demonstrates how to arrive at the correct overhead percentage:

Assume a contractor's income and expense statement for the year showed sales to have been \$10,000 and overhead expenses as \$2,500. The overhead percentage of sales for that year is computed by dividing the dollar amount of overhead (\$2,500) by the dollar amount of sales (\$10,000). In this case overhead would be 25% of sales ( $\$2,500 \div \$10,000 = 25\%$ ).

The following steps would be followed to arrive at the correct selling price for a job, once the overhead percentage has been established:

1. This contractor wants to bid on a job on which he has estimated his total direct costs (prime

costs) to be \$1,000. He knows his overhead percentage is 25% (from above) and he wants to make 5% net profit on this job. First, add the overhead and profit percentages:

Overhead -----	25%
Profit -----	5%
Total -----	30%

2. Next, subtract this total (30%) from 100%, which represents the selling price. The remainder of 70% is the percentage which the total direct costs (prime costs) for the job is of the selling price.
3. Then, divide the total direct costs (\$1,000) by .70 (70%) and the correct selling price will be \$1,428.57 ( $\$1,000 \div .70 = \$1,428.57$ ).

This may be proven as follows:

Total Direct Costs -----	\$1,000.00
Overhead Expense (25% of selling price) -----	357.14
	1,357.14
Profit (5% of selling price) -----	71.43
Selling Price -----	\$1,428.57

To Be Continued