



THE CALIFORNIA LICENSED CONTRACTOR

EDMUND G. BROWN JR., Governor

FALL 1975

TAKETSUGU TAKEI, Director

ADVERTISING

The Telephone Directory Advertising item in the Spring 1975 issue of this bulletin raised a couple of questions among our readers. The article encompassed only the advertising requirements of Section 7030.5 which gives the Registrar of Contractors the authority to prescribe under what conditions of advertising the licensed contractor must include his contractor's license number.

Nothing was said in the article regarding the requirement of plumbing contractors and water well drilling contractors to display their names, addresses and license number on the sides of their drill rigs and/or commercial vehicles. These requirements are still in effect. The display of a well drilling contractor's or a plumbing contractor's name, address and license number on the side of drill rigs and/or commercial vehicles used in the contracting business as provided for in Sections 7029.5 and 7029.6 is for purpose of identification and not necessarily because of the advertising aspect. Although the display of a contractor's name on the side of his commercial vehicle is considered to be advertising, the Registrar of Contractors has not yet made this form of advertising a requirement that the contractor's license number be included.

Another question raised by the article "Telephone Directory Advertising" related to the so-called free listing in the Yellow Pages. There are some that have claimed that the small line listing in the Yellow Pages is included in the monthly rate of the telephone subscription. Also, that the telephone company will give no credit if the listing is not included in the Yellow Pages so therefore it really is a free listing. The argument is that since the small line listing is free, there should be no requirement to include the contractor's license number.

We had hoped that the advertising article covered this subject adequately. When it was stated that . . . "All advertising appearing in Telephone Directory Yellow Pages, under heading which include the word Con-

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LEGISLATION

Much of the legislation reported in the last two issues of this publication has been advancing through the Legislature, some to the point of being signed into law by the Governor. Some bills have failed and some have had little or no action since introduction. In this report we will not repeat the description of the various bills unless substantial changes have been made. Reference can be made to the Legislative Report in the Summer 1975 issue. Only an identifying statement will be used with a comment as to the status of the bill. Any bill not previously reported will be analyzed as well as showing its status.

ASSEMBLY BILL 246 by Chappie required an owner-builder who is required to obtain an employer's identification number to include that number on the building permit obtained for the structure. This bill FAILED in the Senate Finance Committee.

ASSEMBLY BILL 370 by Bill Greene required licensure of journeyman plumbers. This bill was amended to require the Department of Consumer Affairs to register the journeymen in place of licensing by the Contractors' State License Board. There has been NO ACTION on this bill since introduction.

ASSEMBLY BILL 390 by Bannai amends provisions of the lien law. This bill was PASSED and will become law on January 1, 1976.

ASSEMBLY BILL 583 by Ingalls adds to the lien law to require an owner to serve copy of Notice of Completion to potential claimants. There has been NO ACTION on this bill since it was introduced.

ASSEMBLY BILL 726 by Vincent Thomas amends the Home Improvement Contract Form act. It was PASSED and will become law on January 1, 1976. This bill is recited in its entirety in the article entitled "Home Improvement Contract".

ASSEMBLY BILL 727 by Vincent Thomas amends Section 484b of the Penal Code relative to diversion of funds. This bill was PASSED and will become law on January 1, 1976. This bill appears elsewhere under the title "Diversion Law Amended".

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HOME IMPROVEMENT CONTRACTS

New requirements will be added to the "Home Improvement Contract Form" on January 1, 1976 as a result of the passage of Assembly Bill 726 by Vincent Thomas. Changes are made relative to the conditions which require a written home improvement contract but the important change is the requirement of a conditional payment schedule to be included unless the project is fully bonded.

The Home Improvement Contract Form which will be effective on January 1, 1976 follows:

7159. This section shall apply only to home improvement contracts, as defined in Section 7151.2, between a contractor, whether a general contractor or a specialty contractor who is licensed or subject to be licensed pursuant to this chapter with regard to such transaction and who contracts with an owner or tenant for work upon a building or structure for proposed repairing, remodeling, altering, converting, or modernizing such building or structure and where the aggregate contract price specified in one or more improvement contracts, including all labor, services, and materials to be furnished by the contractor, exceeds five hundred dollars (\$500).

Every home improvement contract and any changes in the contract subject to the provisions of this section shall be evidenced by a writing and shall be signed by all the parties to the contract thereto. The writing shall contain the following:

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

(b) The approximate dates when the work will begin and be substantially completed.

(c) A description of the work to be done and description of the materials to be used and the agreed consideration for the work.

(d) A schedule of payments show-

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LICENSED CONTRACTOR**

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Board*

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Department of Consumer Affairs.

STATE OF CALIFORNIA

EDMUND G. BROWN JR., Governor
TAKETSUGU TAKEI, Director

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JULY 25, 1975

**BOARD MEETING
HIGHLIGHTS**

The meeting of the Contractors' State License Board on July 25, 1975 at Santa Maria was a short one.

Election of officers was held with the results as follows:

Mr. Ralph Viola was elected Chairman and Mr. Roads Veale was elected Vice-Chairman for the 1975-1976 fiscal year.

Mr. Viola is one of the three general building contractor members and resides in Oxnard.

Mr. Veale is one of the three public members and resides in Aetna, California.

The next regular meeting of the Board was scheduled for October 3, 1975, at Sacramento, California.

Advertising

(Continued from page 1, col. 1)

tractor or any other heading which indicates ability of the person advertising to act in the capacity of a Contractor" . . . , we felt it would be understood that all listings required the license number to be included. The only exception indicated was when there was a partial page or full page advertisement which included the license number. In this instance the license number was required to be included in only the one area under the particular heading.

To be specific, whenever a listing or advertisement appears in the Yellow Pages under a heading which includes the word contractor, or whenever a listing or advertisement appears in the Yellow Pages under a heading which indicates ability of the person or firm listed to act in the capacity of a contractor, regardless of the size of the type or any other condition regarding the listing, the license number must appear with the listing or in the advertisement.

Most contractors are concerned

**SOUTHERN CALIFORNIA
REGULATORY AREA**

SOUTHERN REGION

28 Civic Center Plaza
Room 351, Santa Ana
GORDON E. EATON, Regional Deputy
JAMES PROCTOR
Assistant Regional Deputy

District Offices

El Monte, 11001 East Valley Boulevard
DEAN HOYT, Supervising Deputy
Santa Ana, 28 Civic Center Plaza
Room 690
DAVID R. PHILLIPS, Supervising Deputy
San Bernardino, 303 West Third Street
JACK GLASS, Supervising Deputy
San Diego, Room 1009, 233 A Street
E. P. HOYT, Supervising Deputy

The Registrar's Corner

One of the most successful renewal operations of this agency that I can remember has just been accomplished through the combined efforts of all those involved. I like to think that our having stressed the importance of a proper renewal in the Spring 1975 edition of this bulletin has something to do with this achievement.

More renewal applications were mailed out during this renewal period than any other period in the history of this Board. At the time the renewal applications were mailed this agency had on record 103,182 active and inactive licensees. The greatest number of licensees on record prior to this time was June 30, 1965 when our records indicated a total of 102,136 licensees. On June 30, 1975 this agency had on records 104,749 licensees.

If present growth continues this agency should have close to 110,000 licensees by June 30, 1977.



LEO B. HOSCHLER
Registrar of Contractors

about the non-licensee problem and are anxious to do whatever they can to eliminate the non-licensee activity as nearly as possible. This listing of contractor's license numbers by contractors in Telephone Directory Yellow Pages is one method to combat the problem of those unlicensed persons who allow their names to be included under headings along with the legitimately licensed contractor. If all licensed contractors listed their contractor's license number in the Yellow Pages, it would be a much simpler task to reach the illegally advertising non-licensee.

We urge all licensed contractors to comply with these advertisement requirement as soon as possible.

**SOUTHERN CALIFORNIA
REGULATORY AREA**

CENTRAL REGION

State Office Building, Room 8110
107 South Broadway, Los Angeles
SAM BENDER, Regional Deputy
DAVID ACKERMAN
Assistant Regional Deputy

District Offices

West Los Angeles, 2034 Armacost
Avenue, Los Angeles
LEO MCCLUSKY, Supervising Deputy
Van Nuys, 14411 Van Owen Street
MEL COOPER, Supervising Deputy
Long Beach, Room 411, 320 Pine Avenue
ROBERT HALLORAN, Supervising Deputy
Ventura, Room 102, 2590 East Main Street
MARVIN LEFLER, Supervising Deputy
South Central, 10925 So. Central Avenue
Los Angeles
HERMAN FAULK, Supervising Deputy

DISCIPLINARY PROCEDURES

A contractor's license is a privilege which, once granted, cannot be suspended or revoked without due process of law. The public in general and many contractors have little knowledge of the procedures involved in disciplining a licensee. Many people believe that the agency can arbitrarily suspend or revoke a license. Such is not the case. Any disciplinary action against a licensee or applicant for a license must be conducted under the provisions of the Administrative Procedure Act. The purpose of this article is to acquaint our readers with these procedures.

The agency receives many complaints, the majority of which require investigation. Statistics indicate during the last fiscal year, complaints numbered 31,998 of which 30,359 were referred to investigation. Somewhat near 25% of all investigations received and investigated by the agency is against non-licensees. Most complaints involving the performance of licensees are settled in the field. Approximately 2½% of the cases closed result in disciplinary action.

Investigations may be relatively simple or extremely complex, and may require weeks or even several months to complete. The majority of cases resulting in disciplinary action involve extensive interviewing of witnesses, consultation with experts, and compilation of documentary evidence. When the deputy registrar and his supervisor are of the opinion the facts indicate disciplinary action should be initiated, a rough draft of the charges is prepared and submitted to the regional deputy together with a full report of all interviews and copies of supporting documents. The regional deputy reviews the file and examines the evidence and, if he agrees with the findings, the matter is submitted to the Attorney General for further review and a determination whether the facts presented are legally sufficient to support an accusation or statement of issues.

The Attorney General prepares the accusation which is a written statement of charges setting forth, in ordinary and concise language, the acts or omissions with which the licensee is charged. In the case of an applicant for a license, the Attorney General prepares a statement of issues rather than an accusation which shall specify the statutes and rules with which the applicant must show compliance by producing proof at the hearing and, in addition, any particular matters which have come to the attention of the agency which would authorize a denial of the license.

The accusation or statement of is-

suues is mailed by certified mail to the licensee's or applicant's address on record in the official files of the Contractors' State License Board. Also enclosed are forms entitled "Statement to Respondent" and "Notice of Defense."

The statement to respondent informs the licensee or applicant of his right to a hearing, the manner and time during which a hearing may be requested and notice that failure to file a notice of defense may result in the registrar proceeding to take action without a hearing.

Within 15 days following service of the accusation or statement of issues, the licensee or applicant may request a hearing; object to the accusation on the ground that it does not state facts upon which the agency may proceed; object to the accusation on the ground that it is indefinite or uncertain and he is unable to identify the transaction or prepare his defense; admit the accusation in whole or in part or present new matter by way of defense. If no answer is received within 15 days of service, the party is in default and the agency may proceed without further notice. If the documents are returned by the post office an attempt is made to personally serve them in an effort to reduce the possibility of error. This often involves checking prior addresses, former associates, credit sources and others in tracing the party.

If the notice of defense is filed, the matter is scheduled for hearing. A tentative date is secured from the Office of Administrative Hearings. An available place of hearing, on the date scheduled, is procured and the notice of hearing is mailed to all parties. The date of hearing is governed by several factors, primarily the calendar of the hearing officer, and the prior commitments of the Deputy Attorney General who will represent the registrar. Generally, hearings are set two to three months after receipt of the notice of defense. Continuances requested by either party may further delay the proceedings. Before the hearing has commenced, the agency issues subpoenas and subpoenas duces tecum for the production of documents at the request of either party. After the hearing has commenced, subpoenas are issued by the hearing officer.

Presiding at the hearing will be a hearing officer of the Office of Administrative Hearings, which conducts hearings for all state agencies covered by the Administrative Procedure Act. At the hearing all testimony is given under oath or affirmation and is recorded by a reporter. Each party has the right to call and examine wit-

nesses, to introduce exhibits, to cross-examine opposing witnesses on any matter relevant to the issues, to impeach any witness regardless of which party called him to testify, and to rebut any evidence against him. If the licensee or applicant does not testify in his own behalf he may be called and examined as if under cross-examination. The hearing need not be conducted according to technical rules relating to evidence and witnesses, any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons rely in the conduct of serious affairs. Affidavits are admissible as evidence upon proper notice. In reaching a decision, official notice may be taken of any generally accepted technical or scientific matter within the agency's special field, and of any fact which may be judicially noticed by the courts.

After hearing all the evidence, the hearing officer prepares a proposed decision which sets forth the findings of fact, the determination of issues, and the proposed order. The registrar may adopt the proposed decision in its entirety; may reduce the penalty and adopt the balance of the proposed decision; or may reject the proposed decision. If the proposed decision is not adopted, the registrar may decide the case upon the record, including the transcript, with or without taking additional evidence; or he may refer the case to the same or another hearing officer for further hearing. When adopted, the decision is mailed by certified mail to all parties and will be effective on the date ordered by the registrar. Generally the effective date is set approximately 30 days after the date of adoption.

A reconsideration may be granted prior to the effective date or prior to the termination of a stay of execution, not to exceed an additional 30 days, which the registrar may grant for the purpose of filing a petition for reconsideration. If no action is taken on the petition for reconsideration within the time allowed, the petition shall be deemed denied.

Judicial review may be had by filing a petition in the superior court for a writ of mandate in accordance with the provisions of the Code of Civil Procedure. This petition must be filed within 30 days after the last day on which reconsideration can be ordered. The right to petition shall not be effected by failure to seek reconsideration. If a petition is filed, a transcript and copies of all documents are prepared and submitted to the superior court. The petition may allege that the agency exceeded its ju-

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CONTRACTORS LICENSE LAW AMENDED

Senate Bill 296 by Cusanovich which was introduced upon request of the Registrar will become law on January 1, 1976. The bill adds Section 7076.1 and amends Sections 7114, 7118, and 7141.5 of the Contractors License Law.

Section 7076.1 clarifies authority which the Registrar has under present law. The word "knowingly" is removed from Section 7114 as it relates to combining or conspiring with an unlicensed person. Also the word "knowingly" is removed from Section 7118 which provides grounds for disciplinary action for contracting with unlicensed contractors. Finally Section 7141.5 is amended to limit the period of time an expired license can be renewed retroactively.

Senate Bill 297 by Cusanovich also introduced upon request of the Registrar will also become law on January 1, 1976. This bill was introduced when the California Supreme Court declared that Section 7113.5 was unconstitutional since it conflicted with the federal bankruptcy laws. Since the decision of the Court became final bankruptcies by contractors have not been grounds for disciplinary action. Section 7113.5 was amended simply to conform to the federal statutes. Section 7102 was amended to eliminate any future problems which might arise due to the Court decision.

The sections which have been added or amended follows:

7076.1. Upon the voluntary surrender of a license by a licensee, the registrar shall order the license cancelled. Cancellation will be effected upon receipt of the request by the registrar. No refund will be made of any fee which a licensee may have paid prior to the surrender of the license.

To reinstate a cancelled license the licensee must pay all of the fees and meet all of the qualifications and requirements set forth in this chapter for obtaining an original license.

7114. Aiding or abetting an unlicensed person to evade the provisions of this chapter or combining or conspiring with an unlicensed person, or allowing one's license to be used by an unlicensed person, or acting as agent or partner, or associate, or otherwise of an unlicensed person with the intent to evade the provisions of this chapter, constitutes a cause for disciplinary action.

7118. Entering into a contract with a contractor while such contractor is not licensed as provided in this chapter, constitutes a cause for disciplinary action.

7141.5. The registrar may renew

the license of a contractor who failed to renew the same by the due date retroactively to the first day of the renewal period within which the contractor files an application for renewal. This section shall only apply for a period not to exceed six months from the due date and only upon a showing by the contractor in a petition to the registrar that such failure to renew was due to mistake, inadvertence, surprise, or excusable neglect. Failure or refusal by the registrar to either grant or deny the contractor's petition shall be deemed an action under Section 7013.

7102. After suspension of the license upon any of the grounds set forth in this article, the registrar may reinstate the license upon proof of compliance by the contractor with all provisions of the decision as to reinstatement or, in the absence of such decision or any provisions therein as to reinstatement, in the sound discretion of the registrar.

After revocation of a license upon any of the grounds set forth in this article, the license shall not be reinstated or reissued within a period of one year after the final decision of revocation and then only on proper showing that all loss caused by the act or omission for which the license was revoked has been fully satisfied and that all conditions imposed by the decision of revocation have been complied with. When such loss has been reduced to a monetary obligation or debt, however, the satisfaction of such monetary obligation or debt as a prerequisite for the issuance, reissuance, or reinstatement of a license, shall not be required where such monetary obligation or debt has been adjudicated in a bankruptcy proceeding.

7113.5. The avoidance or settlement by a licensee for less than their full amount of the lawful obligations of such licensee incurred as a contractor, whether by (a) composition, arrangement, or reorganization with creditors under state law, (b) composition, arrangement, or reorganization with creditors under any agreement or understanding, (c) receivership as provided in Chapter 5 (commencing at Section 564) of Title 7 of Part 2 of the Code of Civil Procedure, (d) the making of an assignment for the benefit of creditors as provided in Title 3 (commencing at Section 3449) of Part 2 of Division 4 of the Civil Code, (e) common law assignment for the benefit of creditors, (f) trusteeship, or (g) dissolution constitutes a cause for disciplinary action.

This section shall not apply to an individual settlement of the obligation of a licensee by such licensee with a

creditor which is not a part of or in connection with a settlement with other creditors of such licensee.

No disciplinary action shall be commenced against a licensee for avoiding or settling in bankruptcy, or by composition, arrangement or reorganization with creditors under federal law, the licensee's lawful obligation incurred as a contractor for less than the full amount of such obligations.

DIVERSION LAW AMENDED

On and after January 1, 1976 any contractor who receives payment for the purpose of obtaining or paying for services, labor, materials or equipment and willfully fails to apply the money received for such purposes by either willfully failing to pay for such services, labor, materials or equipment and wrongfully diverts an amount in excess of \$1,000 of the money received to a use other than that for which the money was received shall be guilty of a felony. Diversion of a sum under \$1,000 of the funds received is punishable as a misdemeanor.

Assembly Bill 727 by Vincent Thomas was passed and will become law on January 1, 1976. The bill amends 484b of the Penal Code to read:

484b. Any person who receives money for the purpose of obtaining or paying for services, labor, materials or equipment and willfully fails to apply such money for such purpose by either willfully failing to complete the improvements for which funds were provided or willfully failing to pay for services, labor, materials or equipment provided incident to such construction, and wrongfully diverts the funds to a use other than that for which the funds were received shall be guilty of a public offense and shall be punishable by a fine not exceeding five thousand dollars (\$5,000), or by imprisonment in the state prison not exceeding two years, or in the county jail not exceeding one year, or by both such fine and such imprisonment if the amount diverted is in excess of one thousand dollars (\$1,000). If the amount diverted is less than one thousand dollars (\$1,000), the person shall be guilty of a misdemeanor.

The division between a felony and a misdemeanor was originally \$10,000 when Section 484b was first enacted into law. In 1974 Assembly Bill 2833 by Joe A. Gonsalves reduced the division from \$10,000 to \$5,000. This bill further reduces the division to \$1,000.

NONLICENSEE INVESTIGATIONS

During the fiscal year ending June 30, 1975 a total of 30,359 cases were referred for investigation to the field personnel of this Board. Approximately one-quarter or 7,507 of these investigations involve nonlicensees. After investigation sufficient evidence of a violation of Section 7028 of the Contractors License Law was obtained to refer 2,174 cases to the prosecuting attorney. Upon reviewing the cases the prosecuting attorney refused to issue a complaint on 482 of the cases, so no court action was involved. In 1,692 cases, complaints were issued which resulted in 859 defendants being found guilty in court, 120 not guilty and 713 warrants issued for unapprehended violators.

The Deputy Registrars of Contractors who comprise the field personnel of the Board are not peace officers and cannot make an arrest. Their sole function is to gather all available evidence of a violation of Section 7028, contracting without a license, and refer this to the prosecuting attorney. The deputy registrar is usually expected to testify to the nonlicensee status of the defendant and is provided with a verified certificate which is supplied by the Files and Records Section in the Sacramento Headquarters Office of the Board. The verified certificate is admissible in court as prima facie evidence of the fact that the defendant was not licensed at the time the offense was committed.

It is not always possible to obtain sufficient evidence to warrant a referral to the prosecuting attorney. For example a homeowner may refuse to divulge any information concerning an alleged contract. In other cases it may be impossible to reconstruct the terms of an oral agreement to establish the necessary elements of a contract. There are also instances where the identity of the alleged violator cannot be determined with sufficient accuracy to file a complaint with the court. However in all cases every effort is made in the attempt to locate the nonlicensee and to inform him of the provisions of the Contractors License Law.

Not all complaints filed or information received by the Board about nonlicensees result in the determination of a violation. Many investigations which are conducted after receipt of a complaint or information reveal no violation as having been committed by the nonlicensee. In these cases it is determined that either the nonlicensee is performing operations which do not come within the definition of a contractor, he is exempt under one of the

thirteen exemptions provided by law or he turns out to have a license under a fictitious name.

Contracting without a license, the term commonly used for acting in the capacity of a contractor without a license, is a misdemeanor and conviction establishes a criminal record. Not all violators have criminal intent and knowingly violate the law. The prosecuting attorney, in deciding whether cause for prosecution exists considers not only the evidence but whether the ends of justice and the public interest would best be served by prosecution. In many instances the prosecutor may feel that a citation with a warning is sufficient.

The deputy registrars, when the evidence is clear that a violation can be established, exert their best efforts to obtain prosecution of the offender. That they are not always successful depends upon many factors such as the policy of the local authorities, the pending case loads of the lower courts, the nature of the violation, and the extent of the injury caused by the violation.

The penalty for those found guilty of contracting without a license lies within the discretion of the court and may vary from a suspended sentence to a maximum of \$500 fine and/or six months in jail. For those persons who have previously been convicted the court shall impose a fine of not less than \$100 nor more than \$2,000 or imprisonment in the county jail for not less than 10 days nor more than six months, or both such fine or imprisonment.

Home Improvement

(Continued from page 1, col. 3)

ing the amount of each payment as a sum in dollars and cents.

(e) If the payment schedule contained in the contract provides for a downpayment to be paid to the contractor by the owner or the tenant before the commencement of work, such downpayment shall not exceed one hundred dollars (\$100) or 1 percent of the contract price, whichever is the greater.

(f) In no event shall the payment schedule provide for the contractor to receive payment in excess of 100 percent of the value of the work performed on the project at any time, except that the contractor may receive an initial downpayment authorized by subdivision (e).

(g) The requirements of subdivisions (d), (e) and (f) pertaining to the payment schedule shall not apply when the contract provides for the contractor to furnish performance and payment bond, lien and comple-

tion bond, or a bond equivalent approved by the Registrar of Contractors covering 100 percent of the contract and such bonds are furnished by the contractor, or when the parties agree for full payment to be made upon satisfactory completion of the project.

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

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

The provisions of this section are not exclusive and do not relieve the contractor or any contract subject to it from compliance with all other applicable provisions of law.

A violation of this section by a licensee under this chapter, his agent or salesman is a misdemeanor punishable by a fine of not less than one hundred dollars (\$100) nor more than five thousand dollars (\$5,000) or by imprisonment in the county jail not exceeding one year, or by both such fine and imprisonment.

Legislation

(Continued from page 1, col. 2)

ASSEMBLY BILL 816 by Vicencia, Z'berg, Gualco, Perino and Thurman provided for minimum painting standards. This bill FAILED in the Senate Finance Committee.

ASSEMBLY BILL 1004 by Thurman (not previously reported) would have amended the Subletting and subcontracting Fair Practices Act to specifically include streets, highways and bridges as the type of construction project which would be affected by bid peddling, etc. It would have repealed Section 4100.5 of the Government Code which exempted streets, highways and bridges from the act. The bill also provided that notification to the awarding authority must be made within ten days of any work to be done by a subcontractor. This bill was PASSED by the Legislature but was VETOED by the Governor.

ASSEMBLY BILL 1081 by Knox would require any person who manages or supervises a project for an owner-builder to be licensed as a contractor. There has been NO ACTION on this bill since introduction.

ASSEMBLY BILL 1643 by Hart requires a contractor to post his name and license number and all known subcontractor's names and license

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REVOKED 2ND QUARTER 1974-1975

Namestyle	Address	Date	Sections violated
Bird Heating & Air Conditioning	11400 Loma Rica Road, Marysville	12- 6-74	7109, 7113, 7159
Bowmont Construction	1109 E. Whitmore, Monterey Park	12-13-74	7107, 7109, 7113, 7119
California Exteriors	18174 Euclid St., Fountain Valley	12-20-74	7107, 7108, 7113, 7115, 7117(a), 7120
Certi-Tex Incorporated	6514 San Fernando Road, Glendale	11-25-74	7097, 7098
Certi-Tex Incorporated dba Certified Air Conditioning and Heating Co.	6514 San Fernando Road, Glendale	11-25-74	7109, 7113, 7115, (7030a), 7116, 7161(b)
D B R Electric Inc.	1659 San Pablo Avenue, Berkeley	12- 4-74	7071.11
Diablo Plumbing	Post Office Box 335, Concord	12- 5-74	7107, 7109, 7113
F M Masonry and Home Improvement Contractor	2224 Brunswick Street, Concord	12- 6-74	7109, 7110, 7113
Gormalante & Stone Inc.	12138 Cedar, Hawthorne	11- 7-74	7110, 7117(a)
Griffis, Clarence Construction Co.	1685 Dudley St., #B, Anaheim	11-25-74	7107, 7113, 7120
Interior Wall Systems Inc.	4612 Orchard Avenue, San Diego	11- 7-74	7071.11, 7110
M K & A Regional Corp. dba D W International Precision Built Pools	17009 Chatsworth Street, Granada Hills	10-16-74	7107, 7108, 7113, 7119, 7120, 7159
May, Chuck Patios	3510 Harris Street, Lemon Grove	11- 7-74	7107, 7113, 7115, 7116
Modular Building Industries Inc. dba Modular Builders	5718 Tampa Avenue, Tarzana	11-29-74	7107, 7109, 7113, 7117(b), 7119, 7120
Pioneer Improvement and Roofing Co.	5620 Central Avenue, Richmond	11-27-74	7071.11
Princess Pool Construction Co.	19424 Cypress Point Dr., Northridge	11- 6-74	7107, 7109, 7113, 7159
S E D Inc.	888 Reed Street, Santa Clara	11-29-74	7108, 7116, 7120, 7121
SCO Homes Inc.	650 Blossom Hill Road, San Jose	12- 4-74	7107, 7108, 7111, 7112, 7113, 7115, 7116
Sinacori, Paul J.	Post Office Box 15, Thousand Oaks	11-29-74	7108, 7111, 7112, 7113, 7116, 7120, 7159
Southern Pools	18918 Persimmon Fountain Valley	12-13-74	7107, 7113, 7120
Starlite Interiors	536 N. California, Burbank	12-10-74	7107, 7113
Systems Engineering Development	Rt. 1, Box 180, Paso Robles	11-29-74	7108, 7111
United Remodeling of Anaheim	5370 University Avenue, San Diego	12-10-74	7098, 7107, 7109, 7119, 7120
United Remodeling of El Monte	11513 East Washington Blvd., Whittier	12-10-74	7098, 7107, 7109, 7119, 7120
United Remodeling Systems	5370 University Avenue, San Diego	12-10-74	7098, 7107, 7109, 7119, 7120
United Remodeling Systems of San Fernando Valley	5370 University Avenue, San Diego	12-10-74	7098, 7107, 7109, 7119, 7120
United Remodeling Systems-Orange	5370 University Avenue, San Diego	12-10-74	7098, 7107, 7109, 7119, 7120
United Remodeling Systems Sacramento	5370 University Avenue, San Diego	12-10-74	7098, 7107, 7109, 7119, 7120
United Remodeling Systems San Jose	5370 University Avenue, San Diego	12-10-74	7098, 7107, 7109, 7119, 7120
United Remodeling Systems South Bay	5370 University, San Diego	12-10-74	7098, 7107, 7109, 7119, 7120
Vista-Del-Sol Contractors	14647 Los Robles, Hacienda Heights	11-18-74	7107, 7109, 7113, 7120, 7159

SUSPENDED 2ND QUARTER 1974-1975

Namestyle	Address	Date	Section violated and suspension time
A & M Contractors	4315 Heather Road, Long Beach	12-17-74	7107, 7113, 7119, 7120 Indef.
Bay City Home Builders Inc.	3932 Wilshire Blvd. #100, Los Angeles	10-16-74	7109, 7159 10 days
Blasingame, John Lawrence III	8400 Denise Ln., Canoga Park	10-16-74	7122.5 30 days
Brams Concrete Inc.	P.O. Box 575, Campbell	11- 8-74	7071.11 90 days
Cement Tile Masons	1000 N. Blinn Ave., Wilmington	12-20-74	7109, 7115, 7117a, 7159 15 days
Cocita Const. Co.	10835 Crebs Ave., Northridge	12-17-74	7107, 7108, 7111, 7113, 7159 Indef.
Edwards Floor Co.	120 S. Maryland, Glendale	12-20-74	7110, 7159 5 days
French, E. M.	Box 3, Yreka	10-16-74	7109, 7113, 7119 470 days
Hansen, William A.	1815 Stone Ave., San Jose	11-29-74	7097, 7098, 7122.5 10 days
Houston, Clifford J.	1845 Island Ave., San Diego	12-13-74	7107, 7109, 7110, 7113, 7115, 7120 Indef.
I. I. S.	17566 Raymer St., Northridge	11- 6-74	7121, 7122.5 15 days
Kaplan, Jerold S.	3932 Wilshire Blvd. #100, Los Angeles	10-16-74	7097, 7098, 7121, 7122.5 10 days
Kool Metal of Central Calif.	201 W. Mill St., Apt. C, Santa Maria	11- 8-74	7109, 7113, 7114, 7115 Indef.
McDermott Construction Co. Inc.	P.O. Box 1632, Laguna Beach	12-17-74	7112 Indef.
Taylor, George S. Construction	1830 Greenfield Drive, El Cajon	12-20-74	7109, 7113 60 days
Walker, Edgar Ronald	4012 Penn Mar St., El Monte	11-29-74	7108, 7111, 7120 60 days

DENIED 2ND QUARTER 1974-1975

Namestyle	Address	Date	Sections violated
San Diego Land Construction Company	6151 Fairmount Extension, San Diego	11-29-74	7069, 7073
Stone, Harold	1730-A Locust Ave., Long Beach	11- 6-74	7069, 7102
Teakell, David L.	P.O. Box 651, Glendora	12-13-74	7069, 7109, 7115

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.				
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	Conviction of a Felony in connection with construction activities.
7108	Diverted funds or property received for a specific job to other purposes.	7114	Aiding and abetting an unlicensed person.	7124	A plea of nolo contendere is considered a conviction.
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.	7154	Employment of unregistered home improvement salesman.
		7116	Committing a willful or fraudulent act as a contractor.		
		7117	Acting as a contractor out of namestyle.	7155	Participation in violation by a home improvement salesman.
7109.5	Violation of Safety Laws resulting in death or serious injury.	7117.5	Contracting with inactive licensee.		
		7118	Contracting with unlicensed person.	7157	Model Home, kickback prohibition.
7110	Willful disregard and violation of building laws.	7119	Failure to prosecute a job with diligence.	7159	Failure to comply with contract requirements.
7110.1	Violation of Section 206.5 of the Labor Code.	7120	Failure to pay for materials or services.	7161	False advertising.
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.		

Legislation

(Continued from page 5, col. 3)

numbers on all projects within three days after start of the project. This bill was PASSED by the Legislature but was VETOED by the Governor.

SENATE BILL 214 by Alquist provided for residential attic energy insulation standards to be adopted and inspections to be made by licensed contractors as determined by the Board. This bill FAILED on the floor of the Senate.

SENATE BILL 287 by Song increases the membership of the Contractors' State License Board to 13 members by adding one public member and one member from a labor organization representing the construction industry. The bill has been PASSED and will become law on January 1, 1976.

SENATE BILL 296 by Cusanovich adds to and amends various sections of the Contractors License Law. This bill was PASSED and will become law on January 1, 1976. The sections which are changed appear in the article entitled "Contractors License Law Amended".

SENATE BILL 297 by Cusanovich amends both Section 7102 and 7113.5 to conform with the decision of the California Supreme Court relative to the federal bankruptcy laws. This bill has been PASSED by the Legislature and will become law on January 1, 1976. The amended Sections appear in the article entitled "Contractors License Law Amended".

SENATE BILL 354 by Zenovich would require every contractor to include his name and license number on each side of every commercial vehicle used exclusively in his business. This bill has been PASSED by the Legislature but was VETOED by the Governor.

SENATE BILL 662 by Song (not previously reported). Under existing provisions of Section 37101.7 of the Government Code a city can impose a license for revenue and fix a license tax upon persons who transact contracting businesses within a city. Present law also prohibits a city to impose a greater tax on persons who have no fixed place of business within the city as is imposed upon persons who have a fixed place of business. Under this bill, a contractor whose sole business activity within a city is limited to a contract for work upon a freeway when the duration of the work will not exceed 10 working days is not considered to be transacting business. The contractor must notify the city in writing of the date on which he will commence work within the city. This

bill has been PASSED by the Legislature but was VETOED by the Governor.

SENATE BILL 993 by Robbins exempts from mandatory suspension or revocation those persons failing to take out a building permit who replaces existing mechanical equipment or who does repair and maintenance on mechanical equipment wherein the value of the repair and maintenance is valued at less than \$500. This bill has been PASSED by the Legislature and will become law on January 1, 1976.

Two bills which may be of interest to readers have been introduced since the last issue, one before the Assembly on June 27, 1975 and one before the Senate on September 4, 1975.

ASSEMBLY BILL 2444 by Knox would add Section 7058.2 to the Contractors License Law. Under this bill the term "specialty contractor" would include any person who constructs swimming pools. The construction of a swimming pool is included in the definition of a contractor in Section 7026 of the Contractors License Law in a general manner. This bill specifically provides that the specialty contractor includes a person who constructs swimming pools. The bill also provides for the Board to require an applicant to submit proof of experience in all phases of swimming pool construction. The manner of the amount of proof required would be as determined by the Board. This bill has not yet met the test of an appearance before an assembly committee.

SENATE BILL 1320 by Zenovich would amend Section 7032 of the Contractors License Law. Under present law a city or county is prohibited from regulating the qualifications necessary to engage in contracting. This bill would authorize a city or county to enact ordinances requiring persons who are exempt from the licensing requirements to obtain a local license or certificate. This bill seems to be aimed at allowing cities and counties to qualify through regulations, journeyman electricians and plumbers, etc. There has been NO ACTION on this bill.

UNLICENSED CONTRACTOR

An unlicensed contractor in the Southern California area has been found guilty of Grand Theft in connection with construction projects, violation of probation, and contracting without a license. The sentence imposed by the superior court judge, to be served in a state prison, was one to ten years on the felony Grand

Disciplinary

(Continued from page 3, col. 3)

jurisdiction, that there was a prejudicial abuse of discretion and that the findings are not supported by the weight of the evidence. The court, upon petition, may stay execution of the registrar's order pending review.

The judgment of the court may uphold the registrar's decision or set it aside in whole or in part. In some situations, the judgment may remand the case to the registrar for further hearing or reconsideration of the penalty.

The judgment of the superior court may be appealed to the district court of appeal by either party. After decision in that court a petition may be filed requesting hearing in the Supreme Court.

During the past fiscal year 302 disciplinary actions involving 508 entities were concluded. Of these 90 were dismissed, 179 licenses were suspended, and 145 were revoked. After a hearing 13 applications were denied while 4 were granted. Judicial review was requested in less than 5 percent of the cases with an adverse decision.

At present approximately 37 disciplinary actions are filed each month, many of the cases involving more than one entity. With no decrease anticipated we are faced with the continuing problem of a backlog in pending cases. With the cooperation of the office of the Attorney General and the Office of Administrative Procedure every effort is being made to ensure that all disciplinary actions are concluded as expeditiously as possible.

Theft charge, one to ten years on the violation of probation and six months on the charge of contracting without a license. The sentences are to run concurrently.

The defendant in this case had been charged with two counts of felony Grand Theft, 487 Penal Code; two counts of misdemeanor Grand Theft, 487 Penal Code, one count of contracting without a license, 7028 Business & Professions Code; six counts of selling real estate without a license, 10130 Business & Professions Code; six counts of execution of conveyance without interest, 531a Penal Code; and two counts of making untrue and misleading statements, 17500 Business & Professions Code.

A five year probation had been handed down to the defendant as a result of a conviction of two counts of Grand Theft in 1969.

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RENEWAL IS A SUCCESS

The processing of renewal applications for the 1975-1977 renewal period went exceedingly well due to preliminary planning which commenced at least 14 months prior to the start of the renewal period. This planning included designing of the form, electronic data center scheduling, obtaining proper space requirements and last but not least the obtaining of sufficient temporary help to see the job done. There were a few "bugs" which developed, but these are to be expected in an operation as large as this. All in all the renewal progressed smoothly as planned.

As of June 30, 1975 there were on file in the records of the Contractors' State License Board a total of 104,749 licensees, both active and inactive. This is a record for the Board. The largest total of licensees on record prior to this time was on June 30, 1965 when this Board had on file 102,136 active and inactive licensees. On June 30, 1967 the Board had on record 98,382 active and inactive licensees. The drop in total licensees for the 1965-1967 renewal period was due in a large measure to the passage of

legislation which required originally a \$1,000 licensee bond and later the \$2,500 Contractor's Bond.

Over the years the number of licenses picked up a thousand or two each renewal period which resulted in the record number of licenses for the 1973-1975 renewal period.

In May this Board mailed 103,182 renewal applications. By June 30, 104,749 renewal applications had been mailed. Of this number, 86,329 were active renewals and 18,420 were inactive renewals. The return on these renewal applications mailed was about 83%. That is, 87,432 renewal applications were received timely. Of this number, there were 70,621 active renewals and 16,811 inactive renewals. The total received is 10,376 more than was received timely in the 1973-1975 renewal period.

Notwithstanding the return of many more renewal applications over the previous renewal period, the Board was able to start mailing 1975-1977 pocket license certificates a few days prior to the deadline, June 30th, and what is even more remarkable, all renewal certificates on timely received renewal applications were mailed by August 18, 1975.

ATTENTION PLUMBING CONTRACTORS

Governor Brown's veto of Senate Bill 354 by Zenovich as pointed out in the item on "Legislation" may have created some confusion for the plumbing contractor. Senate Bill 354 was an attempt by Senator Zenovich to amend Section 7029.6 to expand the requirement of the name, address and license number of plumbing contractors on the sides of their commercial vehicles to all contractors. Veto of the bill simply means the requirement of the present Section 7029.6 will continue.

This requirement has remained unchanged since its inception on July 1, 1973. The requirement is:

EVERY LICENSED PLUMBING CONTRACTOR MUST DISPLAY ON EACH SIDE OF EACH COMMERCIAL VEHICLE USED IN HIS BUSINESS, HIS NAME, PERMANENT BUSINESS ADDRESS AND HIS CONTRACTOR'S LICENSE NUMBER IN LETTERS NOT LESS THAN ONE AND ONE-HALF INCHES HIGH.

Plumbing contractors are urged to comply with this requirement.

Unlicensed Contractor

(Continued from page 7, col. 3)

After several court appearances in which the defendant pled not guilty to all charges, he entered a plea of guilty on count one of the felony charge and contracting without a license. All other charges were dropped

in the interest of justice in view of the disposition in count one.

The defendant operating in a mountain resort area of Southern California sold pieces of property wherein a certain amount of improvement was to be accomplished under contract. In at least six instances the defendant had no interest in the property which

he sold as his own property.

The deputy investigating the contracting without a license aspect of this series of cases cooperated in every respect with the consumer fraud division of the District Attorney's Office. Through this combined effort one more nonlicensee will be eliminated for at least one to ten years.

△ 88493-225 10-75 100M

STATE OF CALIFORNIA
DEPARTMENT OF
**Consumer
Affairs**
CONTRACTORS' STATE LICENSE BOARD
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SACRAMENTO, CA 95814

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