



Fast Facts

The Contractors State License Board, which operates under the umbrella of the California Department of Consumer Affairs, licenses and regulates California's 285,000 contractors, and is regarded as one of the leading consumer protection agencies in the United States.

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A Guide to Contractor License Bonds: Your Rights as a Consumer

What is a contractor license bond?

To get a California contractor license, contractors must post a \$25,000 surety bond or cashier's check with CSLB. The bond or cashier's check is filed to protect consumers. If the contractor violates laws, causes property damage, or doesn't pay their workers, a bond claim may be filed to seek compensation.

Most contractors carry a bond through a surety company that, under certain circumstances, guarantees to pay for damages if the contractor violates state license laws. Some contractors may choose to submit a cashier's check as an alternative.

There are other bonds that contractors may carry. Contractors who have already faced discipline may need a disciplinary bond for their license to be reinstated. Some individuals involved in a contracting business, like responsible managing employees, are also required to have a \$25,000 bond on file with CSLB.

Who can file a claim against a contractor bond?

- **Homeowners:** If you've hired a contractor for home improvements or building a single-family home and they've violated state license laws, you may file a claim if you are damaged.
- **Victims of Fraud or Violations:** If a contractor deliberately violates license laws or commits fraud during your project, you may be eligible to make a claim.
- **Employees:** If a contractor hasn't paid you wages, you can file a claim against their bond.
- **Unpaid Benefits:** If you're owed fringe benefits as an eligible employee, you may also make a claim.

Steps to filing a bond claim:

- **Identify the Surety Company:** Find out which surety company issued the contractor's bond. Visit CSLB's website to look up the contractor license and find the bond details.

- **Gather Your Records:** Have copies of your contract, payments, messages, and any proof of the contractor's mistakes or violations.
- **Contact the Surety Company:** Reach out directly to the surety company listed for the contractor. Tell them your situation and submit your evidence to start the claim process.
- **Stay Involved:** The surety company will investigate your claim, and they must ask for more information. Cooperate to help move things forward.
- **Wait for the Outcome:** Once they complete their investigation, the surety company will decide if you'll be paid on your claim.

If you're not satisfied with the response from the surety company, you may take the contractor to small claims court for amounts up to \$10,000. Claims above \$10,000 must be filed in a superior court.

Please note that when a contractor uses a cashier's check instead of a bond, you'll need to file a lawsuit against the licensee and CSLB Registrar of Contractors to pursue compensation. CSLB can only make payment from a cashier's check under a court order. Once the lawsuit is filed you must serve CSLB with the summons/complaint.

Can you file against the bond if the license is revoked?

Yes, you can still file a claim! If the issue happened before the license was revoked, you have up to two years from the original expiration date of the license to take action. (Business and Professions Code Section 7071.11)

What should a contractor do if a claim is filed against their bond?

If a contractor receives a notice from its surety company that a claim has been filed against their bond, the contractor should immediately respond, explain in detail their position, and submit all relevant documentation. If a complaint was filed with CSLB, the contractor should immediately respond and fully cooperate in the investigation.

The surety company will investigate any claim filed against the bond, and CSLB will investigate any complaint filed against the license. Many times, the issues involved in the two matters are related. CSLB and the surety company will independently resolve the issues under their respective jurisdictions.