



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.

California License and Contracting Requirements for Online Home Improvement Marketplace Companies

Online marketplaces that provide home improvement product or service information are becoming increasingly popular.

The Contractors State License Board (CSLB) has compiled the following information to help clarify when a California contractor license is required for home improvement jobs and the state laws governing home improvement projects.

California Contractor License Requirements

California Business and Professions Code (BPC) § [7026](#) defines a contractor as a "builder" which includes any person who undertakes, offers to undertake, or purports to have the capacity to undertake, or submits a bid for, construction or demolition of any building, home improvement, or project. The definition includes those who do construction or demolition work themselves or "by or through others."

Therefore, persons engaged in the business of home improvement must be licensed in the appropriate trade before advertising and/or submitting bids for construction and construction-related services.

As outlined in BPC § [7048](#), a CSLB-issued contractor license is not required for minor work if the aggregate contract price, *including* labor, materials and all other items, is less than \$500.

In the state of California, engaging in the business of, or acting in the capacity of a contractor without a CSLB-issued license for jobs that total \$500 or more is a criminal misdemeanor. (BPC § [7028](#) & [7028.7](#)). In addition, a citation and fine may be issued by the Registrar that includes a civil penalty of not less than \$200 nor more than \$15,000 per offense.

Contractor Referral Services and Salesperson Requirements

Contractor referral services are legal in California, but within limits. It's important to remember that a referral service cannot solicit or negotiate contracts on behalf of a contractor, **or offer to undertake to**, or purport to have the capacity to undertake itself or through others a construction project (BPC § [7026](#)).

A referral service may serve as a repository for licensed contractors and provide contractor contact information to prospective customers. However, to avoid allegations of unlicensed activity, the prospective customer should enter into a contract directly with the licensed contractor and make payments directly to that licensed contractor.

In addition, with limited exceptions, pursuant to BPC § [7152](#) and [7154](#), a CSLB-issued home improvement salesperson registration is required for any person who is engaged in the business of soliciting, selling, negotiating, or executing contracts on behalf of a licensee for home improvements.

9821 Business Park Drive
Sacramento
California
95827

•
P.O. Box 26000
Sacramento
California
95826-0026

•
800.321.CSLB (2752)

www.cslb.ca.gov

CheckTheLicenseFirst.com

Advertising Requirements

It is a criminal misdemeanor (BPC § [7027.1](#)) for any person to advertise for construction or work of improvement unless that person holds a valid license in the classification so advertised. There is an exception that allows both “A” General Engineering and “B” General Building contractors to advertise as a general contractor as outlined in BPC § [7057](#).

That law also defines advertising as including, but not limited to, the issuance of any card, sign, or device to any person, the causing, permitting, or allowing of any sign or marking on or in any building or structure, or in any newspaper, magazine, or by airwave or any electronic transmission, or in any directory under a listing for construction or work of improvement covered by this chapter, with or without any limiting qualifications.

BPC § [7030.5](#) requires inclusion of a license number in all forms of advertising for construction requiring a contractor’s license. Advertising includes but is not limited to the following: any card, contract proposal, sign, billboard, lettering on vehicles registered in this or any other state, brochure, pamphlet, circular, newspaper, magazine, airwave or any electronic transmission, and any form of directory under any listing denoting “Contractor” or any word or words of a similar import or meaning requesting any work for which a license is required by the Contractors State License Law. (16 CCR § 861.)

Unlicensed operators are allowed to advertise, but only for jobs valued at less than \$500, and the ad must state that he or she is not licensed (BPC § [7027.2](#)).

Additionally, BPC § [7117.6](#) makes it a violation and cause for discipline for a licensed contractor to advertise and contract for construction work outside of the classification for which they are licensed. For example, a C-29 Masonry contractor who advertises to do electrical work can be disciplined unless he or she also has a C-10 Electrical contractor license.

Violations of laws are punishable by a fine up to \$5,000 per offense for engaging in the business of, or acting in the capacity of, a contractor without being properly licensed. This is in addition to any other civil or criminal penalties imposed for a violation of advertising laws. (BPC § 7028, 7099.)

Home Improvement Contract Requirements

California law also spells out specific requirements for what needs to be in all home improvement contracts. The requirements, in BPC § [7159](#) are for contracts that involve repairing, remodeling, altering, converting or modernizing of, or adding to, residential property and includes, but is not limited to, the construction, erection, replacement, or improvement of driveways, swimming pools, including spas and hot tubs, terraces, patios, awnings, storm windows, landscaping, fences, porches, garages, fallout shelters, basements, and other improvements of the structures or land which is adjacent to a dwelling house. “Home improvement” also includes the installation of home improvement goods or the furnishing of home improvement services. Violations of contract requirement laws may result in a citation and a fine of up to \$5,000.

Electrician Certification Requirements

C-10 electrical contractors are required to make sure that all employees who perform work as electricians are certified through the Department of Industrial Relations-Division of Apprenticeship Standards (DAS).

Subsections within [Labor Code §108 & §108.2](#) states that electrical work for a C-10 contractor must be performed by a certified electrician or an approved apprentice, if the apprentice is supervised by a state-certified electrician.

Under Labor Code § 108, electricians requiring certification are defined as persons who engage in the connection of electrical devices for C-10 contractors.

Additional Information

Learn more about these topics in the CSLB Publication, "[Contracting for Success](#)" or by visiting CSLB's website: www.cslb.ca.gov.