

AMENDED IN ASSEMBLY JULY 30, 1998
AMENDED IN ASSEMBLY JUNE 23, 1998
AMENDED IN SENATE JANUARY 21, 1998
AMENDED IN SENATE JANUARY 5, 1998
AMENDED IN SENATE APRIL 15, 1997
AMENDED IN SENATE APRIL 3, 1997

SENATE BILL

No. 704

Introduced by Senator Polanco

February 25, 1997

~~An act to amend Section 7160 of the Business and Professions Code, to amend Sections 3097 and 3260.1 of the Civil Code, and to amend Section 4110 of the Public Contract Code, relating to contracting.~~
An act to amend Section 3260.1 of the Civil Code, relating to contracting.

LEGISLATIVE COUNSEL'S DIGEST

SB 704, as amended, Polanco. Contracting.

The Contractors' State License Law provides for the licensing and regulation of contractors by the Contractors' State License Board.

This bill would require the board to hold a public hearing and to recommend ways to enhance consumers' financial protection when contracting for residential construction services, and to present a detailed report to the Legislature and Governor by April 1, 1999.

This bill would also make a technical cross-reference change to a provision of the Civil Code.

~~(1) Existing law provides that any person who is induced to contract for a work of improvement in reliance on false or fraudulent representations may sue and recover a penalty of \$500 in addition to attorney's fees and the value of damages sustained as a result of those misrepresentations.~~

~~This bill would allow a penalty of \$500 or 3 times the total contract price, whichever is greater, in addition to attorney's fees and damages, and would provide that penalties and attorney's fees are not recoverable against contractors' bonds.~~

~~(2) Existing law generally requires a 20-day written preliminary notice to be given by a claimant to various parties, including the construction lender or reputed construction lender, prior to recording a mechanic's lien, filing a stop notice, or asserting a claim against a performance bond on a private work of improvement, except by the contractor or by various other parties.~~

~~This bill would modify these provisions by providing that an original contractor under direct contract with the owner is exempt from the requirement to give preliminary notice to the lender or reputed lender.~~

~~(3) Existing law, contained in the Subletting and Subcontracting Fair Practices Act, authorizes an awarding authority to cancel the contract with a prime contractor or assess a penalty if the prime contractor violates certain provisions relating to subletting and subcontractors.~~

~~This bill would, under certain conditions, authorize the next low bidder, any of its listed subcontractors, or any union representing employees of the next low bidder to bring a civil action in its name and in the name of the awarding authority, as specified, for the penalty applicable for violation of these provisions and for reasonable attorney's fees, expert witness fees, and investigation expenses. The bill would enact other related provisions.~~

~~(4) This bill would also require the Contractors' State License Board to conduct an in-depth investigation in conjunction with other agencies and in consultation with other parties on the availability of contractor general liability insurance and on options available to require contractors to~~



~~carry that insurance. The board would be required to submit a report to the Senate Committee on Business and Professions by November 1, 1999.~~

~~(5) The bill would make a technical cross-reference change, as specified.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 7160 of the Business and~~
2 ~~Professions Code is amended to read:~~

3 ~~7160. Any person who is induced to contract for a~~
4 ~~work of improvement, including, but not limited to, a~~
5 ~~home improvement, in reliance on false or fraudulent~~
6 ~~representations or false statements knowingly made, may~~
7 ~~sue and recover from the contractor or solicitor a penalty~~
8 ~~of five hundred dollars (\$500) or three times the total~~
9 ~~contract price, whichever is greater, plus reasonable~~
10 ~~attorney's fees, in addition to any damages sustained by~~
11 ~~him or her by reason of those statements or~~
12 ~~representations made by the contractor or solicitor.~~
13 ~~Section 7099.7 is applicable to any order or judgment for~~
14 ~~the payment of a penalty or attorney's fees pursuant to~~
15 ~~this section.~~

16 ~~SEC. 2. Section 3097 of the Civil Code is amended to~~
17 ~~read:~~

18 ~~3097. "Preliminary 20-day notice (private work)"~~
19 ~~means a written notice from a claimant that is given prior~~
20 ~~to the recording of a mechanic's lien, prior to the filing of~~
21 ~~a stop notice, and prior to asserting a claim against a~~
22 ~~payment bond, and is required to be given under the~~
23 ~~following circumstances:~~

24 ~~(a) Except one under direct contract with the owner~~
25 ~~or one performing actual labor for wages, or an express~~
26 ~~trust fund described in Section 3111, every person who~~
27 ~~furnishes labor, service, equipment, or material for which~~
28 ~~a lien or payment bond otherwise can be claimed under~~
29 ~~this title, or for which a notice to withhold can otherwise~~
30 ~~be given under this title, shall, as a necessary prerequisite~~



1 to the validity of any claim of lien, payment bond, and of
2 a notice to withhold, cause to be given to the owner or
3 reputed owner, to the original contractor, or reputed
4 contractor, and to the construction lender, if any, or to the
5 reputed construction lender, if any, a written preliminary
6 notice as prescribed by this section.

7 (b) Except for an original contractor under direct
8 contract with the owner, or one performing actual labor
9 for wages, or an express trust fund described in Section
10 3111, all other persons who furnish labor, service,
11 equipment, or material for which a lien or payment bond
12 otherwise can be claimed under this title, or for which a
13 notice to withhold can otherwise be given under this title,
14 shall, as a necessary prerequisite to the validity of any
15 claim of lien, claim on a payment bond, and of a notice to
16 withhold, cause to be given to the construction lender, if
17 any, or to the reputed construction lender, if any, a
18 written preliminary notice as prescribed by this section.

19 (c) The preliminary notice referred to in subdivisions
20 (a) and (b) shall contain the following information:

21 (1) A general description of the labor, service,
22 equipment, or materials furnished, or to be furnished, and
23 an estimate of the total price thereof.

24 (2) The name and address of the person furnishing
25 that labor, service, equipment, or materials.

26 (3) The name of the person who contracted for
27 purchase of that labor, service, equipment, or materials.

28 (4) A description of the jobsite sufficient for
29 identification.

30 (5) The following statement in boldface type:

31
32 **NOTICE TO PROPERTY OWNER**

33
34 If bills are not paid in full for the labor, services,
35 equipment, or materials furnished or to be furnished, a
36 mechanic's lien leading to the loss, through court
37 foreclosure proceedings, of all or part of your property
38 being so improved may be placed against the property
39 even though you have paid your contractor in full. You
40 may wish to protect yourself against this consequence by



1 ~~(1) requiring your contractor to furnish a signed release~~
2 ~~by the person or firm giving you this notice before making~~
3 ~~payment to your contractor or (2) any other method or~~
4 ~~device that is appropriate under the circumstances.~~

5
6 ~~(6) If the notice is given by a subcontractor who is~~
7 ~~required pursuant to a collective bargaining agreement~~
8 ~~to pay supplemental fringe benefits into an express trust~~
9 ~~fund described in Section 3111, the notice shall also~~
10 ~~contain the identity and address of the trust fund or funds.~~

11 ~~If an invoice for materials contains the information~~
12 ~~required by this section, a copy of the invoice, transmitted~~
13 ~~in the manner prescribed by this section shall be~~
14 ~~sufficient notice.~~

15 ~~A certificated architect, registered engineer, or~~
16 ~~licensed land surveyor who has furnished services for the~~
17 ~~design of the work of improvement and who gives a~~
18 ~~preliminary notice as provided in this section not later~~
19 ~~than 20 days after the work of improvement has~~
20 ~~commenced shall be deemed to have complied with~~
21 ~~subdivisions (a) and (b) with respect to architectural,~~
22 ~~engineering, or surveying services furnished, or to be~~
23 ~~furnished.~~

24 ~~(d) The preliminary notice referred to in subdivisions~~
25 ~~(a) and (b) shall be given not later than 20 days after the~~
26 ~~claimant has first furnished labor, service, equipment, or~~
27 ~~materials to the jobsite. If labor, service, equipment, or~~
28 ~~materials have been furnished to a jobsite by a claimant~~
29 ~~who did not give a preliminary notice, that claimant shall~~
30 ~~not be precluded from giving a preliminary notice at any~~
31 ~~time thereafter. The claimant shall, however, be entitled~~
32 ~~to record a lien, file a stop notice, and assert a claim~~
33 ~~against a payment bond only for labor, service,~~
34 ~~equipment, or material furnished within 20 days prior to~~
35 ~~the service of the preliminary notice, and at any time~~
36 ~~thereafter.~~

37 ~~(e) Any agreement made or entered into by an owner,~~
38 ~~whereby the owner agrees to waive the rights or~~
39 ~~privileges conferred upon the owner by this section shall~~
40 ~~be void and of no effect.~~



1 ~~(f) The notice required under this section may be~~
2 ~~served as follows:~~

3 ~~(1) If the person to be notified resides in this state, by~~
4 ~~delivering the notice personally, or by leaving it at his or~~
5 ~~her address of residence or place of business with some~~
6 ~~person in charge, or by first-class registered or certified~~
7 ~~mail, postage prepaid, addressed to the person to whom~~
8 ~~notice is to be given at his or her residence or place of~~
9 ~~business address or at the address shown by the building~~
10 ~~permit on file with the authority issuing a building permit~~
11 ~~for the work, or at an address recorded pursuant to~~
12 ~~subdivision (j).~~

13 ~~(2) If the person to be notified does not reside in this~~
14 ~~state, by any method enumerated in paragraph (1) of this~~
15 ~~subdivision. If the person cannot be served by any of these~~
16 ~~methods, then notice may be given by first-class certified~~
17 ~~or registered mail, addressed to the construction lender~~
18 ~~or to the original contractor.~~

19 ~~(3) When service is made by first-class certified or~~
20 ~~registered mail, service is complete at the time of the~~
21 ~~deposit of that registered or certified mail.~~

22 ~~(g) A person required by this section to give notice to~~
23 ~~the owner, to an original contractor, and to a person to~~
24 ~~whom a notice to withhold may be given, need give only~~
25 ~~one notice to the owner, to the original contractor, and to~~
26 ~~the person to whom a notice to withhold may be given~~
27 ~~with respect to all materials, service, labor, or equipment~~
28 ~~he or she furnishes for a work of improvement, that~~
29 ~~means the entire structure or scheme of improvements~~
30 ~~as a whole, unless the same is furnished under contracts~~
31 ~~with more than one subcontractor, in which event, the~~
32 ~~notice requirements shall be met with respect to~~
33 ~~materials, services, labor, or equipment furnished to each~~
34 ~~contractor.~~

35 ~~If a notice contains a general description required by~~
36 ~~subdivision (a) or (b) of the materials, services, labor, or~~
37 ~~equipment furnished to the date of notice, it is not~~
38 ~~defective because, after that date, the person giving~~
39 ~~notice furnishes materials, services, labor, or equipment~~
40 ~~not within the scope of this general description.~~



1 ~~(h) Where the contract price to be paid to any~~
2 ~~subcontractor on a particular work of improvement~~
3 ~~exceeds four hundred dollars (\$400), the failure of that~~
4 ~~contractor, licensed under Chapter 9 (commencing with~~
5 ~~Section 7000) of Division 3 of the Business and Professions~~
6 ~~Code, to give the notice provided for in this section,~~
7 ~~constitutes grounds for disciplinary action by the~~
8 ~~Registrar of Contractors.~~

9 ~~Where the notice is required to contain the information~~
10 ~~set forth in paragraph (6) of subdivision (c), a failure to~~
11 ~~give the notice, including that information, that results in~~
12 ~~the filing of a lien, claim on a payment bond, or the~~
13 ~~delivery of a stop notice by the express trust fund to which~~
14 ~~the obligation is owing constitutes grounds for~~
15 ~~disciplinary action by the Registrar of Contractors against~~
16 ~~the subcontractor if the amount due the trust fund is not~~
17 ~~paid.~~

18 ~~(i) Every city, county, city and county, or other~~
19 ~~governmental authority issuing building permits shall, in~~
20 ~~its application form for a building permit, provide space~~
21 ~~and a designation for the applicant to enter the name,~~
22 ~~branch, designation, if any, and address of the~~
23 ~~construction lender and shall keep the information on file~~
24 ~~open for public inspection during the regular business~~
25 ~~hours of the authority.~~

26 ~~If there is no known construction lender, that fact shall~~
27 ~~be noted in the designated space. Any failure to indicate~~
28 ~~the name and address of the construction lender on the~~
29 ~~application, however, shall not relieve any person from~~
30 ~~the obligation to give to the construction lender the~~
31 ~~notice required by this section.~~

32 ~~(j) A mortgage, deed of trust, or other instrument~~
33 ~~securing a loan, any of the proceeds of which may be used~~
34 ~~for the purpose of constructing improvements on real~~
35 ~~property, shall bear the designation "Construction Trust~~
36 ~~Deed" prominently on its face and shall state all of the~~
37 ~~following: (1) the name and address of the lender, and the~~
38 ~~name and address of the owner of the real property~~
39 ~~described in the instrument, and (2) a legal description~~
40 ~~of the real property which secures the loan and, if known,~~



1 ~~the street address of the property. The failure to be so~~
2 ~~designated or to state any of the information required by~~
3 ~~this subdivision shall not affect the validity of the~~
4 ~~mortgage, deed of trust, or other instrument.~~

5 ~~Failure to provide this information on this instrument~~
6 ~~when recorded shall not relieve persons required to give~~
7 ~~preliminary notice under this section from that duty.~~

8 ~~The county recorder of the county in which the~~
9 ~~instrument is recorded shall indicate in the general index~~
10 ~~of the official records of the county that the instrument~~
11 ~~secures a construction loan.~~

12 ~~(k) Every contractor and subcontractor who is~~
13 ~~required pursuant to a collective bargaining agreement~~
14 ~~to pay supplementary fringe benefits into an express trust~~
15 ~~fund described in Section 3111, and who has failed to do~~
16 ~~so shall cause to be given to the trust fund and to the~~
17 ~~construction lender, if any, or to the reputed construction~~
18 ~~lender, if any, not later than the date the payment due to~~
19 ~~the trust fund became delinquent, a written notice~~
20 ~~containing all of the following:~~

21 ~~(1) The name of the owner and the contractor.~~

22 ~~(2) A description of the jobsite sufficient for~~
23 ~~identification.~~

24 ~~(3) The identity and address of the express trust fund.~~

25 ~~(4) The total number of straight time and overtime~~
26 ~~hours on each job, payment for which the contractor or~~
27 ~~subcontractor is delinquent to the express trust.~~

28 ~~(5) The amount then past due and owing.~~

29 ~~Failure to give this notice shall constitute grounds for~~
30 ~~disciplinary action by the Registrar of Contractors.~~

31 ~~(l) Every written contract entered into between a~~
32 ~~property owner and an original contractor shall provide~~
33 ~~space for the owner to enter his or her name and address~~
34 ~~of residence; and place of business if any. The original~~
35 ~~contractor shall make available the name and address of~~
36 ~~residence of the owner to any person seeking to serve the~~
37 ~~notice specified in subdivision (e).~~

38 ~~(m) Every written contract entered into between a~~
39 ~~property owner and an original contractor, except home~~
40 ~~improvement contracts and swimming pool contracts~~



1 ~~subject to Article 10 (commencing with Section 7150) of~~
2 ~~Chapter 9 of Division 3 of the Business and Professions~~
3 ~~Code, shall provide space for the owner to enter the name~~
4 ~~and address of the construction lender or lenders. The~~
5 ~~original contractor shall make available the name and~~
6 ~~address of the construction lender or lenders to any~~
7 ~~person seeking to serve the notice specified in subdivision~~
8 ~~(e). Every contract entered into between an original~~
9 ~~contractor and subcontractor, and between~~
10 ~~subcontractors, shall provide a space for the name and~~
11 ~~address of the owner, original contractor, and any~~
12 ~~construction lender.~~

13 ~~(n) Where one or more construction loans are~~
14 ~~obtained after commencement of construction, the~~
15 ~~property owner shall provide the name and address of the~~
16 ~~construction lender or lenders to each person who has~~
17 ~~given the property owner the notice specified in~~
18 ~~subdivision (e).~~

19 ~~(o) (1) Each person who has served a preliminary~~
20 ~~20-day notice pursuant to subdivision (f) may file the~~
21 ~~preliminary 20-day notice with the county recorder in the~~
22 ~~county in which any portion of the property is located. A~~
23 ~~preliminary 20-day notice filed pursuant to this section~~
24 ~~shall contain all of the following:~~

25 ~~(A) The name and address of the person furnishing the~~
26 ~~labor, service, equipment, or materials.~~

27 ~~(B) The name of the person who contracted for~~
28 ~~purchase of the labor, service, equipment, or materials.~~

29 ~~(C) The common street address of the jobsite.~~

30 ~~(2) Upon the acceptance for recording of a notice of~~
31 ~~completion or notice of cessation the county recorder~~
32 ~~shall mail to those persons who have filed a preliminary~~
33 ~~20-day notice, notification that a notice of completion or~~
34 ~~notice of cessation has been recorded on the property,~~
35 ~~and shall affix the date that the notice of completion or~~
36 ~~notice of cessation was recorded with the county~~
37 ~~recorder.~~

38 ~~(3) The failure of the county recorder to mail the~~
39 ~~notification to the person who filed a preliminary 20-day~~
40 ~~notice, or the failure of those persons to receive the~~



1 notification or to receive complete notification, shall not
2 affect the period within which a claim of lien is required
3 to be recorded. However, the county recorder shall make
4 a good faith effort to mail notification to those persons
5 who have filed the preliminary 20-day notice under this
6 section and to do so within five days after the recording
7 of a notice of completion or notice of cessation.

8 (4) This new function of the county recorder shall not
9 become operative until July 1, 1988. The county recorder
10 may cause to be destroyed all documents filed pursuant
11 to this section, two years after the date of filing.

12 (5) The preliminary 20-day notice which a person may
13 file pursuant to this subdivision is for the limited purpose
14 of facilitating the mailing of notice by the county recorder
15 of recorded notices of completion and notices of
16 cessation. The notice which is filed is not a recordable
17 document and shall not be entered into those official
18 records of the county which by law impart constructive
19 notice. Notwithstanding any other provision of law, the
20 index maintained by the recorder of filed preliminary
21 20-day notices shall be separate and distinct from those
22 indexes maintained by the county recorder of those
23 official records of the county which by law impart
24 constructive notice. The filing of a preliminary 20-day
25 notice with the county recorder does not give rise to any
26 actual or constructive notice with respect to any party of
27 the existence or contents of a filed preliminary 20-day
28 notice nor to any duty of inquiry on the part of any party
29 as to the existence or contents of that notice.

30 (p) The change made to the statement described in
31 subdivision (c) by Chapter 974 of the Statutes of 1994 shall
32 have no effect upon the validity of any notice that
33 otherwise meets the requirements of this section. The
34 failure to provide, pursuant to Chapter 974 of the Statutes
35 of 1994, a written preliminary notice to a subcontractor
36 with whom the claimant has contracted shall not affect
37 the validity of any preliminary notice provided pursuant
38 to this section.

39 SEC. 3.—



1 SECTION 1. Section 3260.1 of the Civil Code is
2 amended to read:

3 3260.1. (a) This section is applicable with respect to
4 all contracts entered into on or after January 1, 1992,
5 relating to the construction of any private work of
6 improvement.

7 (b) Except as otherwise agreed in writing, the owner
8 shall pay to the contractor, within 30 days following
9 receipt of a demand for payment in accordance with the
10 contract, any progress payment due thereunder as to
11 which there is no good faith dispute between the parties.
12 In the event of a dispute between the owner and the
13 contractor, the owner may withhold from the progress
14 payment an amount not to exceed 150 percent of the
15 disputed amount. If any amount is wrongfully withheld in
16 violation of this subdivision, the contractor shall be
17 entitled to the penalty specified in subdivision (g) of
18 Section 3260.

19 (c) Nothing in this section shall be deemed to
20 supersede any requirement of Section 3260 respecting
21 the withholding of retention proceeds.

22 ~~SEC. 4. Section 4110 of the Public Contract Code is~~
23 ~~amended to read:~~

24 ~~4110. (a) Violation of any of the provisions of this~~
25 ~~chapter by a prime contractor is a breach of contract and~~
26 ~~the awarding authority may exercise the option, in its own~~
27 ~~discretion, of (1) canceling the contract or (2) assessing~~
28 ~~a penalty in an amount of not more than 10 percent of the~~
29 ~~amount of the subcontract involved, and this penalty shall~~
30 ~~be deposited in the fund out of which the prime contract~~
31 ~~is awarded. In any proceedings under this section the~~
32 ~~prime contractor shall be entitled to a public hearing and~~
33 ~~to five days' notice of the time and place thereof.~~

34 ~~(b) (1) The next low bidder, any of its listed~~
35 ~~subcontractors, or any union whose members would have~~
36 ~~been performing work on the project if the next low~~
37 ~~bidder had been awarded the contract may bring a civil~~
38 ~~action, in its name and the name of the awarding~~
39 ~~authority, for the monetary penalty for violation of this~~
40 ~~chapter and for reasonable attorney's fees, expert witness~~



1 fees, and investigation expenses. The bidder,
2 subcontractor or union shall be referred to as the qui tam
3 plaintiff. Only one action may be brought under this
4 section for each violation of this chapter.

5 (2) On the day that the complaint is filed, the qui tam
6 plaintiff shall serve upon the awarding authority, by
7 first-class mail, return receipt requested, a copy of the
8 complaint and a written disclosure of substantially all
9 material evidence and information that the qui tam
10 plaintiff has about the violation of this chapter.

11 (3) Within 60 days after receiving the complaint, the
12 awarding authority may notify the court that it elects to
13 intervene and proceed with the action, in which case the
14 action will be conducted thereafter by the awarding
15 authority. The qui tam plaintiff shall have the right to
16 continue as a full party to the action. The action can only
17 be dismissed by the court on motion and for good cause.
18 The awarding authority may also settle the action;
19 however, if the qui tam plaintiff does not consent to the
20 settlement, the awarding authority must move the court
21 to approve the settlement as fair, adequate, and
22 reasonable under all of the circumstances. The court shall
23 provide the qui tam plaintiff with an opportunity to
24 oppose any motion to dismiss or to approve a settlement.

25 (4) If the awarding authority notifies the court that it
26 declines to proceed with the action, the qui tam plaintiff
27 shall have the right to proceed.

28 (5) If the awarding authority fails to communicate to
29 the court its interest in proceeding with the action within
30 90 days after the complaint is filed, then, upon proof that
31 the complaint was timely served upon the awarding
32 authority by first-class mail, return receipt requested, the
33 qui tam plaintiff shall have the right to proceed.

34 (6) If the awarding authority elects to proceed with
35 the action, any penalty recovered shall be deposited in
36 the fund out of which the prime contract is awarded.

37 (7) If the awarding authority fails or declines to
38 proceed with the action, the qui tam plaintiff shall receive
39 50 percent of any penalty recovered and the balance shall



1 ~~be deposited in the fund out of which the prime contract~~
2 ~~is awarded.~~

3 (8) ~~If the defendant prevails in the action, and if the~~
4 ~~court finds that the claim was clearly frivolous, clearly~~
5 ~~vexatious, or brought solely for purposes of harassment,~~
6 ~~then the court may award to the defendant its reasonable~~
7 ~~costs and attorney's fees against the plaintiff who~~
8 ~~proceeded with the action.~~

9 ~~SEC. 5. (a) The Legislature finds and declares that~~
10 ~~between 40 and 60 percent of all licensed contractors do~~
11 ~~not carry minimum liability insurance, and that there is~~
12 ~~growing concern that the consumer is the victim when a~~
13 ~~contractor does not carry general liability insurance to~~
14 ~~indemnify himself, herself, or itself from accidents,~~
15 ~~injuries, or damages that occur on a construction site. An~~
16 ~~investigation is needed to identify the magnitude of the~~
17 ~~problem and its causes, and possible solutions to resolve~~
18 ~~the problem.~~

19 ~~(b) The Contractors' State License Board, in~~
20 ~~conjunction with the Department of Insurance and the~~
21 ~~Department of Consumer Affairs, and in consultation~~
22 ~~with representatives of the construction industry, the~~
23 ~~insurance industry, labor, the legal profession, and~~
24 ~~consumer groups shall conduct an in-depth investigation,~~
25 ~~which shall include public hearings, to determine the~~
26 ~~availability of contractor general liability insurance and~~
27 ~~the options available to ensure that all contractors carry~~
28 ~~a minimum level of general liability insurance in order to~~
29 ~~remain licensed in this state. A detailed report shall be~~
30 ~~presented by the board to the Senate Committee on~~
31 ~~Business and Professions by November 1, 1999, which~~
32 ~~report shall include the findings and recommendations of~~
33 ~~the investigation.~~

34 *SEC. 2. (a) The Legislature finds and declares that*
35 *buying a house and remodeling a home are the largest*
36 *expenditures that consumers typically make in their*
37 *lifetimes, and that current law leaves Californians*
38 *financially exposed in various ways with respect to*
39 *contractors of residential construction services, including*



1 *job abandonment, malfeasance, and injuries or accidents*
2 *that occur on consumers' property.*
3 *(b) In order to better protect consumers of residential*
4 *construction services, the Contractors' State License*
5 *Board shall hold a public hearing and shall recommend*
6 *ways to enhance consumers' financial protections when*
7 *contracting for residential construction services. A*
8 *detailed report shall be presented by the board to the*
9 *Legislature and the Governor by April 1, 1999.*

