

AMENDED IN ASSEMBLY AUGUST 2, 2010  
AMENDED IN ASSEMBLY JUNE 2, 2010  
AMENDED IN ASSEMBLY FEBRUARY 4, 2010  
AMENDED IN SENATE JANUARY 14, 2010  
AMENDED IN SENATE DECEMBER 15, 2009

**SENATE BILL**

**No. 189**

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**Introduced by Senator Lowenthal**

February 18, 2009

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An act to amend Sections 7034, 7071.5, 7071.10, 7159, 7159.1, 7159.5, 7159.14, 7164, 8513, and 17577.5 of the Business and Professions Code, to amend Sections 1917.166, 1917.615, 3059, 3060, 3319, 3320, and 3321 of, *to amend the heading of Part 8 (commencing with Section 7100) of Division 4 of, to amend and repeal Sections 3084 and 3252 of, to add Section 9560 to, to add Part 6 (commencing with Section 8000) to Division 4 of, to repeal Chapter 8 (commencing with Section 3081.1) of Title 14 of Part 4 of Division 3 of, and to repeal Title 15 (commencing with Section 3082) of Part 4 of Division 3 of, the Civil Code, to amend Sections 86, 410.42, 708.760, 1203.61, 1281.5, and 1800 of the Code of Civil Procedure, to amend Sections 17307.5 and 81133.5 of the Education Code, to amend Sections 7480, 14975, 15820.105, 27287, ~~66499.2, and 66499.7 of, and to repeal Section 27361.9 of, the 27361.9, 66499.2, and 66499.7 of the~~ Government Code, to amend Sections 5463, 16017.5, 19825, and 34218 of the Health and Safety Code, to amend Section 11751.82 of the Insurance Code, to amend Section 218.5 of the Labor Code, to amend Sections 4107.7, 7103, 10222, 10822, 20104, 20134, 20461, 20496, 20682.5, 20688.4, 20813, 20815.3, 20991, 21061, 21071, 21081, 21091, 21101, 21111, 21121, 21131, 21141, 21151, 21161, 21171, 21181, 21196, 21212,*

21231, 21241, 21251, 21261, 21271, 21311, 21321, 21331, 21341, 21351, 21361, 21371, 21381, 21391, 21401, 21411, 21421, 21431, 21441, 21451, 21461, 21491, 21501, 21511, 21521, 21531, 21541, 21572, 21581, 21591, 21601, 21622, and 21631 of, the Public Contract Code, and to amend Section 136.5 of the Streets and Highways Code, relating to mechanics liens.

LEGISLATIVE COUNSEL'S DIGEST

SB 189, as amended, Lowenthal. Mechanics liens.

The California Constitution provides that mechanics, persons furnishing materials, artisans, and laborers of every class have a lien upon the property upon which they have bestowed labor or furnished material for the value of the labor done and material furnished. The California Constitution also requires the Legislature to provide, by law, for the speedy and efficient enforcement of those liens.

Existing statutory law governs works of improvement, including design professionals' liens and mechanics liens. These provisions govern the conditions required to enforce a lien and for a mechanic's lien to be deemed valid, and define the use of the terms "materialman" and "original contractor" for purposes of the mechanics' lien law.

This bill would revise and recast those statutory provisions and make both substantive and technical changes. The bill would also replace the terms "original contractor" and "materialman" with the terms "direct contractor" and "material supplier," respectively. ~~The bill would specifically authorize the submission of notices by means of electronic communication with respect to mechanics liens. The bill would also set forth additional requirements governing the form of security for bonds and would set forth the security required for large projects with a contract price of greater than \$1,000,000 for the owner of a less than fee interest in property or \$5,000,000 for the owner of the fee interest in the property.~~

The bill would enact separate provisions governing private works of improvement and public works of improvement. The bill would revise and recast provisions governing design professionals' liens, mechanics liens, notices of cessation, payment bonds, and retention payments. The bill would make related and conforming changes. ~~Because the bill would expand the class of persons who are required to submit affidavits, the bill would expand the scope of the crime of perjury, thereby imposing a state-mandated local program.~~ The bill would also provide that any

other act, except as specified, enacted during the 2010 calendar year that takes effect on or before January 1, 2011, and that amends, adds, or repeals any section that is amended, added, or repealed by this act, as specified, shall prevail over this act. *The bill would incorporate additional changes made by AB 2216 and AB 2419, contingent upon the enactment of those bills.*

The provisions of the bill would become operative on ~~January~~ July 1, 2012, *except as specified.*

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

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

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

1 SECTION 1. Section 7034 of the Business and Professions  
2 Code is amended to read:

3 7034. (a) No contractor that is required to be licensed under  
4 this chapter shall insert in any contract, or be a party, with a  
5 subcontractor that is licensed under this chapter to any contract  
6 which contains, a provision, clause, covenant, or agreement which  
7 is void or unenforceable under Section 2782 of the Civil Code.

8 (b) No contractor that is required to be licensed under this  
9 chapter shall require a waiver of lien rights from any subcontractor,  
10 employee, or supplier in violation of Section 8122 of the Civil  
11 Code.

12 *SEC. 1.5. Section 7034 of the Business and Professions Code*  
13 *is amended to read:*

14 7034. (a) No contractor ~~who~~ *that* is required to be licensed  
15 under this chapter shall insert in any contract, or be a party, with  
16 a subcontractor ~~who~~ *that* is licensed under this chapter to any  
17 contract ~~which~~ *that* contains, a provision, clause, covenant, or  
18 agreement ~~which~~ *that* is void or unenforceable under Section 2782  
19 of the Civil Code.

20 (b) No contractor ~~who~~ *that* is required to be licensed under this  
21 chapter shall require a waiver of lien rights from any subcontractor,

1 employee, or supplier in violation of Section ~~3262~~ 8122 of the  
2 Civil Code.

3 SEC. 2. Section 7071.5 of the Business and Professions Code  
4 is amended to read:

5 7071.5. The contractor’s bond required by this article shall be  
6 executed by an admitted surety in favor of the State of California,  
7 in a form acceptable to the registrar and filed with the registrar by  
8 the licensee or applicant. The contractor’s bond shall be for the  
9 benefit of the following:

10 (a) A homeowner contracting for home improvement upon the  
11 homeowner’s personal family residence damaged as a result of a  
12 violation of this chapter by the licensee.

13 (b) A property owner contracting for the construction of a  
14 single-family dwelling who is damaged as a result of a violation  
15 of this chapter by the licensee. That property owner shall only  
16 recover under this subdivision if the single-family dwelling is not  
17 intended for sale or offered for sale at the time the damages were  
18 incurred.

19 (c) A person damaged as a result of a willful and deliberate  
20 violation of this chapter by the licensee, or by the fraud of the  
21 licensee in the execution or performance of a construction contract.

22 (d) An employee of the licensee damaged by the licensee’s  
23 failure to pay wages.

24 (e) A person or entity, including a laborer described in  
25 subdivision (b) of Section 8024 of the Civil Code, to which a  
26 portion of the compensation of an employee of a licensee is paid  
27 by agreement with that employee or the collective bargaining agent  
28 of that employee, damaged as the result of the licensee’s failure  
29 to pay fringe benefits for its employees, including, but not limited  
30 to, employer payments described in Section 1773.1 of the Labor  
31 Code and regulations thereunder (without regard to whether the  
32 work was performed on a private or public work). Damage to a  
33 person or entity under this subdivision is limited to actual employer  
34 payments required to be made on behalf of employees of the  
35 licensee, as part of the overall compensation of those employees,  
36 which the licensee fails to pay.

37 SEC. 2.5. Section 7071.5 of the Business and Professions Code  
38 is amended to read:

39 7071.5. The ~~contractor’s~~ contractors bond required by this  
40 article shall be executed by an admitted surety in favor of the State

1 of California, in a form acceptable to the registrar and filed with  
2 the registrar by the licensee or applicant. The ~~contractor's~~  
3 *contractors* bond shall be for the benefit of the following:

4 (a) A homeowner contracting for home improvement upon the  
5 homeowner's personal family residence damaged as a result of a  
6 violation of this chapter by the licensee.

7 (b) A property owner contracting for the construction of a  
8 single-family dwelling who is damaged as a result of a violation  
9 of this chapter by the licensee. That property owner shall only  
10 recover under this subdivision if the single-family dwelling is not  
11 intended for sale or offered for sale at the time the damages were  
12 incurred.

13 (c) A person damaged as a result of a willful and deliberate  
14 violation of this chapter by the licensee, or by the fraud of the  
15 licensee in the execution or performance of a construction contract.

16 (d) An employee of the licensee damaged by the licensee's  
17 failure to pay wages.

18 (e) A person or entity, including ~~an express trust fund~~ *a laborer*  
19 ~~described in Section 3111 subdivision (b) of Section 8024~~ of the  
20 Civil Code, to ~~whom~~ *which* a portion of the compensation of an  
21 employee of a licensee is paid by agreement with that employee  
22 or the collective bargaining agent of that employee, damaged as  
23 the result of the licensee's failure to pay fringe benefits for its  
24 employees, including, but not limited to, employer payments  
25 described in Section 1773.1 of the Labor Code and regulations  
26 thereunder (without regard to whether the work was performed on  
27 a private or public work). ~~Damage to an express trust fund~~ *a person*  
28 *or entity under this subdivision* is limited to actual employer  
29 payments required to be made on behalf of employees of the  
30 licensee, as part of the overall compensation of those employees,  
31 which the licensee fails to pay.

32 SEC. 3. Section 7071.10 of the Business and Professions Code  
33 is amended to read:

34 7071.10. The qualifying individual's bond required by this  
35 article shall be executed by an admitted surety insurer in favor of  
36 the State of California, in a form acceptable to the registrar and  
37 filed with the registrar by the qualifying individual. The qualifying  
38 individual's bond shall not be required in addition to the  
39 contractor's bond when, as set forth under paragraph (1) of  
40 subdivision (b) of Section 7068, the individual proprietor has

1 qualified for the license by his or her personal appearance, or the  
2 qualifier is a general partner as set forth under paragraph (2) of  
3 subdivision (b) of Section 7068. The qualifying individual's bond  
4 shall be for the benefit of the following persons:

5 (a) A homeowner contracting for home improvement upon the  
6 homeowner's personal family residence damaged as a result of a  
7 violation of this chapter by the licensee.

8 (b) A property owner contracting for the construction of a  
9 single-family dwelling who is damaged as a result of a violation  
10 of this chapter by the licensee. That property owner shall only  
11 recover under this subdivision if the single-family dwelling is not  
12 intended for sale or offered for sale at the time the damages were  
13 incurred.

14 (c) A person damaged as a result of a willful and deliberate  
15 violation of this chapter by the licensee, or by the fraud of the  
16 licensee in the execution or performance of a construction contract.

17 (d) An employee of the licensee damaged by the licensee's  
18 failure to pay wages.

19 (e) A person or entity, including a laborer described in  
20 subdivision (b) of Section 8024 of the Civil Code, to which a  
21 portion of the compensation of an employee of a licensee is paid  
22 by agreement with that employee or the collective bargaining agent  
23 of that employee, that is damaged as the result of the licensee's  
24 failure to pay fringe benefits for its employees including, but not  
25 limited to, employer payments described in Section 1773.1 of the  
26 Labor Code and regulations adopted thereunder (without regard  
27 to whether the work was performed on a public or private work).  
28 Damage to a person or entity under this subdivision is limited to  
29 employer payments required to be made on behalf of employees  
30 of the licensee, as part of the overall compensation of those  
31 employees, which the licensee fails to pay.

32 *SEC. 3.5. Section 7071.10 of the Business and Professions*  
33 *Code is amended to read:*

34 7071.10. The qualifying individual's bond required by this  
35 article shall be executed by an admitted surety insurer in favor of  
36 the State of California, in a form acceptable to the registrar and  
37 filed with the registrar by the qualifying individual. The qualifying  
38 individual's bond shall not be required in addition to the  
39 ~~contractor's~~ *contractors* bond when, as set forth under paragraph  
40 (1) of subdivision (b) of Section 7068, the individual proprietor

1 has qualified for the license by his or her personal appearance, or  
2 the qualifier is a general partner as set forth under paragraph (2)  
3 of subdivision (b) of Section 7068. The qualifying individual's  
4 bond shall be for the benefit of the following persons:

5 (a) A homeowner contracting for home improvement upon the  
6 homeowner's personal family residence damaged as a result of a  
7 violation of this chapter by the licensee.

8 (b) A property owner contracting for the construction of a  
9 single-family dwelling who is damaged as a result of a violation  
10 of this chapter by the licensee. That property owner shall only  
11 recover under this subdivision if the single-family dwelling is not  
12 intended for sale or offered for sale at the time the damages were  
13 incurred.

14 (c) A person damaged as a result of a willful and deliberate  
15 violation of this chapter by the licensee, or by the fraud of the  
16 licensee in the execution or performance of a construction contract.

17 (d) An employee of the licensee damaged by the licensee's  
18 failure to pay wages.

19 (e) A person or entity, including ~~an express trust fund~~ *a laborer*  
20 ~~described in Section 3111 subdivision (b) of Section 8024~~ of the  
21 Civil Code, to ~~whom~~ *which* a portion of the compensation of an  
22 employee of a licensee is paid by agreement with that employee  
23 or the collective bargaining agent of that employee, that is damaged  
24 as the result of the licensee's failure to pay fringe benefits for its  
25 employees including, but not limited to, employer payments  
26 described in Section 1773.1 of the Labor Code and regulations  
27 adopted thereunder (without regard to whether the work was  
28 performed on a public or private work). Damage to ~~an express~~  
29 ~~trust fund~~ *a person or entity under this subdivision* is limited to  
30 employer payments required to be made on behalf of employees  
31 of the licensee, as part of the overall compensation of those  
32 employees, which the licensee fails to pay.

33 ~~SEC. 4. Section 7159 of the Business and Professions Code is~~  
34 ~~amended to read:~~

35 ~~7159. (a) (1) This section identifies the projects for which a~~  
36 ~~home improvement contract is required, outlines the contract~~  
37 ~~requirements, and lists the items that shall be included in the~~  
38 ~~contract, or may be provided as an attachment.~~

1     ~~(2) This section does not apply to service and repair contracts~~  
2     ~~that are subject to Section 7159.10, if the contract for the applicable~~  
3     ~~services complies with Sections 7159.10 to 7159.14, inclusive.~~

4     ~~(3) This section does not apply to the sale, installation, and~~  
5     ~~servicing of a fire alarm sold in conjunction with an alarm system,~~  
6     ~~as defined in subdivision (n) of Section 7590.1, if all costs~~  
7     ~~attributable to making the fire alarm system operable, including~~  
8     ~~sale and installation costs, do not exceed five hundred dollars~~  
9     ~~(\$500), and the licensee complies with the requirements set forth~~  
10    ~~in Section 7159.9.~~

11    ~~(4) This section does not apply to any costs associated with~~  
12    ~~monitoring a burglar or fire alarm system.~~

13    ~~(5) Failure by the licensee, his or her agent or salesperson, or~~  
14    ~~by a person subject to be licensed under this chapter, to provide~~  
15    ~~the specified information, notices, and disclosures in the contract,~~  
16    ~~or to otherwise fail to comply with any provision of this section,~~  
17    ~~is cause for discipline.~~

18    ~~(b) For purposes of this section, “home improvement contract”~~  
19    ~~means an agreement, whether oral or written, or contained in one~~  
20    ~~or more documents, between a contractor and an owner or between~~  
21    ~~a contractor and a tenant, regardless of the number of residence~~  
22    ~~or dwelling units contained in the building in which the tenant~~  
23    ~~resides, if the work is to be performed in, to, or upon the residence~~  
24    ~~or dwelling unit of the tenant, for the performance of a home~~  
25    ~~improvement, as defined in Section 7151, and includes all labor,~~  
26    ~~services, and materials to be furnished and performed thereunder,~~  
27    ~~if the aggregate contract price specified in one or more~~  
28    ~~improvement contracts, including all labor, services, and materials~~  
29    ~~to be furnished by the contractor, exceeds five hundred dollars~~  
30    ~~(\$500). “Home improvement contract” also means an agreement,~~  
31    ~~whether oral or written, or contained in one or more documents,~~  
32    ~~between a salesperson, whether or not he or she is a home~~  
33    ~~improvement salesperson, and an owner or a tenant, regardless of~~  
34    ~~the number of residence or dwelling units contained in the building~~  
35    ~~in which the tenant resides, which provides for the sale, installation,~~  
36    ~~or furnishing of home improvement goods or services.~~

37    ~~(c) In addition to the specific requirements listed under this~~  
38    ~~section, every home improvement contract and any person subject~~  
39    ~~to licensure under this chapter or his or her agent or salesperson~~  
40    ~~shall comply with all of the following:~~

- 1 ~~(1) The writing shall be legible.~~
- 2 ~~(2) Any printed form shall be readable. Unless a larger typeface~~
- 3 ~~is specified in this article, text in any printed form shall be in at~~
- 4 ~~least 10-point typeface and the headings shall be in at least 10-point~~
- 5 ~~boldface type.~~
- 6 ~~(3) (A) Before any work is started, the contractor shall give the~~
- 7 ~~buyer a copy of the contract signed and dated by both the contractor~~
- 8 ~~and the buyer. The buyer's receipt of the copy of the contract~~
- 9 ~~initiates the buyer's rights to cancel the contract pursuant to~~
- 10 ~~Sections 1689.5 to 1689.14, inclusive, of the Civil Code.~~
- 11 ~~(B) The contract shall contain on the first page, in a typeface~~
- 12 ~~no smaller than that generally used in the body of the document,~~
- 13 ~~both of the following:~~
- 14 ~~(i) The date the buyer signed the contract.~~
- 15 ~~(ii) The name and address of the contractor to which the~~
- 16 ~~applicable "Notice of Cancellation" is to be mailed, immediately~~
- 17 ~~preceded by a statement advising the buyer that the "Notice of~~
- 18 ~~Cancellation" may be sent to the contractor at the address noted~~
- 19 ~~on the contract.~~
- 20 ~~(4) A statement that, upon satisfactory payment being made for~~
- 21 ~~any portion of the work performed, the contractor, prior to any~~
- 22 ~~further payment being made, shall furnish to the person contracting~~
- 23 ~~for the home improvement or swimming pool work a full and~~
- 24 ~~unconditional release from any claim or mechanic's lien pursuant~~
- 25 ~~to Section 8410 of the Civil Code for that portion of the work for~~
- 26 ~~which payment has been made.~~
- 27 ~~(5) A change-order form for changes or extra work shall be~~
- 28 ~~incorporated into the contract and shall become part of the contract~~
- 29 ~~only if it is in writing and signed by the parties prior to the~~
- 30 ~~commencement of any work covered by a change order.~~
- 31 ~~(6) The contract shall contain, in close proximity to the~~
- 32 ~~signatures of the owner and contractor, a notice stating that the~~
- 33 ~~owner or tenant has the right to require the contractor to have a~~
- 34 ~~performance and payment bond.~~
- 35 ~~(7) If the contract provides for a contractor to furnish joint~~
- 36 ~~control, the contractor shall not have any financial or other interest~~
- 37 ~~in the joint control.~~
- 38 ~~(8) The provisions of this section are not exclusive and do not~~
- 39 ~~relieve the contractor from compliance with any other applicable~~
- 40 ~~provision of law.~~

1 ~~(d) A home improvement contract and any changes to the~~  
2 ~~contract shall be in writing and signed by the parties to the contract~~  
3 ~~prior to the commencement of work covered by the contract or an~~  
4 ~~applicable change order and, except as provided in paragraph (8)~~  
5 ~~of subdivision (a) of Section 7159.5, shall include or comply with~~  
6 ~~all of the following:~~

7 ~~(1) The name, business address, and license number of the~~  
8 ~~contractor.~~

9 ~~(2) If applicable, the name and registration number of the home~~  
10 ~~improvement salesperson that solicited or negotiated the contract.~~

11 ~~(3) The following heading on the contract form that identifies~~  
12 ~~the type of contract in at least 10-point boldface type: “Home~~  
13 ~~Improvement.”~~

14 ~~(4) The following statement in at least 12-point boldface type:~~  
15 ~~“You are entitled to a completely filled in copy of this agreement,~~  
16 ~~signed by both you and the contractor, before any work may be~~  
17 ~~started.”~~

18 ~~(5) The heading: “Contract Price,” followed by the amount of~~  
19 ~~the contract in dollars and cents.~~

20 ~~(6) If a finance charge will be charged, the heading: “Finance~~  
21 ~~Charge,” followed by the amount in dollars and cents. The finance~~  
22 ~~charge is to be set out separately from the contract amount.~~

23 ~~(7) The heading: “Description of the Project and Description~~  
24 ~~of the Significant Materials to be Used and Equipment to be~~  
25 ~~Installed,” followed by a description of the project and a description~~  
26 ~~of the significant materials to be used and equipment to be installed.~~  
27 ~~For swimming pools, the project description required under this~~  
28 ~~paragraph also shall include a plan and scale drawing showing the~~  
29 ~~shape, size, dimensions, and the construction and equipment~~  
30 ~~specifications.~~

31 ~~(8) If a downpayment will be charged, the details of the~~  
32 ~~downpayment shall be expressed in substantially the following~~  
33 ~~form, and shall include the text of the notice as specified in~~  
34 ~~subparagraph (C):~~

35 ~~(A) The heading: “Downpayment.”~~

36 ~~(B) A space where the actual downpayment appears.~~

37 ~~(C) The following statement in at least 12-point boldface type:~~  
38 ~~“THE DOWNPAYMENT MAY NOT EXCEED \$1,000 OR 10~~  
39 ~~PERCENT OF THE CONTRACT PRICE, WHICHEVER IS~~  
40 ~~LESS.”~~

1 (9) If payments, other than the downpayment, are to be made  
2 before the project is completed, the details of these payments,  
3 known as progress payments, shall be expressed in substantially  
4 the following form, and shall include the text of the statement as  
5 specified in subparagraph (C):

6 (A) A schedule of progress payments shall be preceded by the  
7 heading: “Schedule of Progress Payments.”

8 (B) Each progress payment shall be stated in dollars and cents  
9 and specifically reference the amount of work or services to be  
10 performed and materials and equipment to be supplied.

11 (C) The section of the contract reserved for the progress  
12 payments shall include the following statement in at least 12-point  
13 boldface type:

14 “The schedule of progress payments must specifically describe  
15 each phase of work, including the type and amount of work or  
16 services scheduled to be supplied in each phase, along with the  
17 amount of each proposed progress payment. IT IS AGAINST THE  
18 LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR  
19 WORK NOT YET COMPLETED, OR FOR MATERIALS NOT  
20 YET DELIVERED. HOWEVER, A CONTRACTOR MAY  
21 REQUIRE A DOWNPAYMENT.”

22 (10) The contract shall address the commencement of work to  
23 be performed in substantially the following form:

24 (A) A statement that describes what constitutes substantial  
25 commencement of work under the contract.

26 (B) The heading: “Approximate Start Date.”

27 (C) The approximate date on which work will be commenced.

28 (11) The estimated completion date of the work shall be  
29 referenced in the contract in substantially the following form:

30 (A) The heading: “Approximate Completion Date.”

31 (B) The approximate date of completion.

32 (12) If applicable, the heading: “List of Documents to be  
33 Incorporated into the Contract,” followed by the list of documents  
34 incorporated into the contract.

35 (13) The heading: “Note about Extra Work and Change Orders,”  
36 followed by the following statement:

37 “Extra Work and Change Orders become part of the contract  
38 once the order is prepared in writing and signed by the parties prior  
39 to the commencement of work covered by the new change order.  
40 The order must describe the scope of the extra work or change,

1 the cost to be added or subtracted from the contract, and the effect  
2 the order will have on the schedule of progress payments.”

3 (e) ~~Except as provided in paragraph (8) of subdivision (a) of~~  
4 ~~Section 7159.5, all of the following notices shall be provided to~~  
5 ~~the owner as part of the contract form as specified or, if otherwise~~  
6 ~~authorized under this subdivision, may be provided as an~~  
7 ~~attachment to the contract:~~

8 (1) ~~A notice concerning commercial general liability insurance.~~  
9 ~~This notice may be provided as an attachment to the contract if~~  
10 ~~the contract includes the following statement: “A notice concerning~~  
11 ~~commercial general liability insurance is attached to this contract.”~~  
12 ~~The notice shall include the heading “Commercial General Liability~~  
13 ~~Insurance (CGL),” followed by whichever of the following~~  
14 ~~statements is both relevant and correct:~~

15 (A) ~~“(The name on the license or ‘This contractor’) does not~~  
16 ~~carry commercial general liability insurance.”~~

17 (B) ~~“(The name on the license or ‘This contractor’) carries~~  
18 ~~commercial general liability insurance written by (the insurance~~  
19 ~~company). You may call (the insurance company) at \_\_\_\_\_~~  
20 ~~to check the contractor’s insurance coverage.”~~

21 (C) ~~“(The name on the license or ‘This contractor’) is~~  
22 ~~self-insured.”~~

23 (2) ~~A notice concerning workers’ compensation insurance. This~~  
24 ~~notice may be provided as an attachment to the contract if the~~  
25 ~~contract includes the statement: “A notice concerning workers’~~  
26 ~~compensation insurance is attached to this contract.” The notice~~  
27 ~~shall include the heading “Workers’ Compensation Insurance”~~  
28 ~~followed by whichever of the following statements is correct:~~

29 (A) ~~“(The name on the license or ‘This contractor’) has no~~  
30 ~~employees and is exempt from workers’ compensation~~  
31 ~~requirements.”~~

32 (B) ~~“(The name on the license or ‘This contractor’) carries~~  
33 ~~workers’ compensation insurance for all employees.”~~

34 (3) ~~A notice that provides the buyer with the following~~  
35 ~~information about the performance of extra or change-order work:~~

36 (A) ~~A statement that the buyer may not require a contractor to~~  
37 ~~perform extra or change-order work without providing written~~  
38 ~~authorization prior to the commencement of work covered by the~~  
39 ~~new change order.~~

1 ~~(B) A statement informing the buyer that extra work or a change~~  
2 ~~order is not enforceable against a buyer unless the change order~~  
3 ~~also identifies all of the following in writing prior to the~~  
4 ~~commencement of work covered by the new change order:~~

- 5 ~~(i) The scope of work encompassed by the order.~~
- 6 ~~(ii) The amount to be added or subtracted from the contract.~~
- 7 ~~(iii) The effect the order will make in the progress payments or~~  
8 ~~the completion date.~~

9 ~~(C) A statement informing the buyer that the contractor's failure~~  
10 ~~to comply with the requirements of this paragraph does not~~  
11 ~~preclude the recovery of compensation for work performed based~~  
12 ~~upon legal or equitable remedies designed to prevent unjust~~  
13 ~~enrichment.~~

14 ~~(4) A notice with the heading "Mechanics Lien Warning" written~~  
15 ~~as follows:~~

16 ~~"MECHANICS LIEN WARNING:~~

17 ~~Anyone who helps improve your property, but who is not paid,~~  
18 ~~may record what is called a mechanics lien on your property. A~~  
19 ~~mechanics lien is a claim, like a mortgage or home equity loan,~~  
20 ~~made against your property and recorded with the county recorder.~~

21 ~~Even if you pay your contractor in full, unpaid subcontractors,~~  
22 ~~suppliers, and laborers who helped to improve your property may~~  
23 ~~record mechanics liens and sue you in court to foreclose the lien.~~  
24 ~~If a court finds the lien is valid, you could be forced to pay twice~~  
25 ~~or have a court officer sell your home to pay the lien. Liens can~~  
26 ~~also affect your credit.~~

27 ~~To preserve their right to record a lien, each subcontractor and~~  
28 ~~material supplier must provide you with a document called a~~  
29 ~~'Preliminary Notice.' This notice is not a lien. The purpose of the~~  
30 ~~notice is to let you know that the person who sends you the notice~~  
31 ~~has the right to record a lien on your property if he or she is not~~  
32 ~~paid.~~

33 ~~BE CAREFUL. The Preliminary Notice can be sent up to 20~~  
34 ~~days after the subcontractor starts work or the supplier provides~~  
35 ~~material. This can be a big problem if you pay your contractor~~  
36 ~~before you have received the Preliminary Notices.~~

37 ~~You will not get Preliminary Notices from your prime contractor~~  
38 ~~or from laborers who work on your project. The law assumes that~~  
39 ~~you already know they are improving your property.~~

~~1 PROTECT YOURSELF FROM LIENS. You can protect  
2 yourself from liens by getting a list from your contractor of all the  
3 subcontractors and material suppliers that work on your project.  
4 Find out from your contractor when these subcontractors started  
5 work and when these suppliers delivered goods or materials. Then  
6 wait 20 days, paying attention to the Preliminary Notices you  
7 receive.~~

~~8 PAY WITH JOINT CHECKS. One way to protect yourself is  
9 to pay with a joint check. When your contractor tells you it is time  
10 to pay for the work of a subcontractor or supplier who has provided  
11 you with a Preliminary Notice, write a joint check payable to both  
12 the contractor and the subcontractor or material supplier.~~

~~13 For other ways to prevent liens, visit CSLB's Internet Web site  
14 at [www.eslb.ca.gov](http://www.eslb.ca.gov) or call CSLB at 800-321-CSLB (2752).~~

~~15 REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING  
16 A LIEN PLACED ON YOUR HOME. This can mean that you  
17 may have to pay twice, or face the forced sale of your home to pay  
18 what you owe."~~

~~19 (5) The following notice shall be provided in at least 12-point  
20 typeface:~~

~~21 "Information about the Contractors' State License Board (CSLB):  
22 CSLB is the state consumer protection agency that licenses and  
23 regulates construction contractors.~~

~~24 Contact CSLB for information about the licensed contractor you  
25 are considering, including information about disclosable  
26 complaints, disciplinary actions, and civil judgments that are  
27 reported to CSLB.~~

~~28 Use only licensed contractors. If you file a complaint against a  
29 licensed contractor within the legal deadline (usually four years),  
30 CSLB has authority to investigate the complaint. If you use an  
31 unlicensed contractor, CSLB may not be able to help you resolve  
32 your complaint. Your only remedy may be in civil court, and you  
33 may be liable for damages arising out of any injuries to the  
34 unlicensed contractor or the unlicensed contractor's employees.~~

~~35 For more information:~~

~~36 Visit CSLB's Internet Web site at [www.eslb.ca.gov](http://www.eslb.ca.gov)~~

~~37 Call CSLB at 800-321-CSLB (2752)~~

~~38 Write CSLB at P.O. Box 26000, Sacramento, CA 95826."~~

1 ~~(6) (A) The notice set forth in subparagraph (B) and entitled~~  
2 ~~“Three-Day Right to Cancel,” shall be provided to the buyer unless~~  
3 ~~the contract is:~~

4 ~~(i) Negotiated at the contractor’s place of business.~~

5 ~~(ii) Subject to the “Seven-Day Right to Cancel,” as set forth in~~  
6 ~~paragraph (7).~~

7 ~~(iii) Subject to licensure under the Alarm Company Act (Chapter~~  
8 ~~11.6 (commencing with Section 7590)), provided the alarm~~  
9 ~~company licensee complies with Sections 1689.5, 1689.6, and~~  
10 ~~1689.7 of the Civil Code, as applicable.~~

11 ~~(B) “Three-Day Right to Cancel~~

12 ~~You, the buyer, have the right to cancel this contract within three~~  
13 ~~business days. You may cancel by e-mailing, mailing, faxing, or~~  
14 ~~delivering a written notice to the contractor at the contractor’s~~  
15 ~~place of business by midnight of the third business day after you~~  
16 ~~received a signed and dated copy of the contract that includes this~~  
17 ~~notice. Include your name, your address, and the date you received~~  
18 ~~the signed copy of the contract and this notice.~~

19 ~~If you cancel, the contractor must return to you anything you~~  
20 ~~paid within 10 days of receiving the notice of cancellation. For~~  
21 ~~your part, you must make available to the contractor at your~~  
22 ~~residence, in substantially as good condition as you received them,~~  
23 ~~goods delivered to you under this contract or sale. Or, you may,~~  
24 ~~if you wish, comply with the contractor’s instructions on how to~~  
25 ~~return the goods at the contractor’s expense and risk. If you do~~  
26 ~~make the goods available to the contractor and the contractor does~~  
27 ~~not pick them up within 20 days of the date of your notice of~~  
28 ~~cancellation, you may keep them without any further obligation.~~  
29 ~~If you fail to make the goods available to the contractor, or if you~~  
30 ~~agree to return the goods to the contractor and fail to do so, then~~  
31 ~~you remain liable for performance of all obligations under the~~  
32 ~~contract.”~~

33 ~~(C) The “Three-Day Right to Cancel” notice required by this~~  
34 ~~paragraph shall comply with all of the following:~~

35 ~~(i) The text of the notice is at least 12-point boldface type.~~

36 ~~(ii) The notice is in immediate proximity to a space reserved~~  
37 ~~for the owner’s signature.~~

38 ~~(iii) The owner acknowledges receipt of the notice by signing~~  
39 ~~and dating the notice form in the signature space.~~

1 (iv) ~~The notice is written in the same language, e.g., Spanish,~~  
2 ~~as that principally used in any oral sales presentation.~~

3 (v) ~~The notice may be attached to the contract if the contract~~  
4 ~~includes, in at least 12-point boldface type, a checkbox with the~~  
5 ~~following statement: “The law requires that the contractor give~~  
6 ~~you a notice explaining your right to cancel. Initial the checkbox~~  
7 ~~if the contractor has given you a ‘Notice of the Three-Day Right~~  
8 ~~to Cancel.’”~~

9 (vi) ~~The notice shall be accompanied by a completed form in~~  
10 ~~duplicate, captioned “Notice of Cancellation,” which also shall be~~  
11 ~~attached to the agreement or offer to purchase and be easily~~  
12 ~~detachable, and which shall contain the following statement written~~  
13 ~~in the same language, e.g., Spanish, as used in the contract:~~

14  
15 “Notice of Cancellation”

16 /enter date of transaction/

17 \_\_\_\_\_

18 (Date)

19  
20 ~~“You may cancel this transaction, without any penalty or~~  
21 ~~obligation, within three business days from the above date.~~

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

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

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

1 To cancel this transaction, mail or deliver a signed and dated copy of this  
 2 cancellation notice, or any other written notice, or send a telegram  
 3 to \_\_\_\_\_,  
 4 \_\_\_\_\_ /name of seller/  
 5 at \_\_\_\_\_  
 6 \_\_\_\_\_ /address of seller's place of business/  
 7 not later than midnight of \_\_\_\_\_.  
 8 \_\_\_\_\_ (Date)  
 9 I hereby cancel this transaction. \_\_\_\_\_  
 10 \_\_\_\_\_ (Date)  
 11 \_\_\_\_\_  
 12 \_\_\_\_\_ (Buyer's signature)

13  
 14 ~~(7) (A) The following notice entitled "Seven-Day Right to~~  
 15 ~~Cancel" shall be provided to the buyer for any contract that is~~  
 16 ~~written for the repair or restoration of residential premises damaged~~  
 17 ~~by any sudden or catastrophic event for which a state of emergency~~  
 18 ~~has been declared by the President of the United States or the~~  
 19 ~~Governor, or for which a local emergency has been declared by~~  
 20 ~~the executive officer or governing body of any city, county, or city~~  
 21 ~~and county:~~

22 ~~"Seven-Day Right to Cancel~~  
 23 ~~You, the buyer, have the right to cancel this contract within seven~~  
 24 ~~business days. You may cancel by e-mailing, mailing, faxing, or~~  
 25 ~~delivering a written notice to the contractor at the contractor's~~  
 26 ~~place of business by midnight of the seventh business day after~~  
 27 ~~you received a signed and dated copy of the contract that includes~~  
 28 ~~this notice. Include your name, your address, and the date you~~  
 29 ~~received the signed copy of the contract and this notice.~~  
 30 ~~If you cancel, the contractor must return to you anything you~~  
 31 ~~paid within 10 days of receiving the notice of cancellation. For~~  
 32 ~~your part, you must make available to the contractor at your~~  
 33 ~~residence, in substantially as good condition as you received them,~~  
 34 ~~goods delivered to you under this contract or sale. Or, you may,~~  
 35 ~~if you wish, comply with the contractor's instructions on how to~~  
 36 ~~return the goods at the contractor's expense and risk. If you do~~  
 37 ~~make the goods available to the contractor and the contractor does~~  
 38 ~~not pick them up within 20 days of the date of your notice of~~  
 39 ~~cancellation, you may keep them without any further obligation.~~  
 40 ~~If you fail to make the goods available to the contractor, or if you~~

1 agree to return the goods to the contractor and fail to do so, then  
2 you remain liable for performance of all obligations under the  
3 contract.”

4 (B) The “Seven-Day Right to Cancel” notice required by this  
5 subdivision shall comply with all of the following:

6 (i) The text of the notice is at least 12-point boldface type.

7 (ii) The notice is in immediate proximity to a space reserved  
8 for the owner’s signature.

9 (iii) The owner acknowledges receipt of the notice by signing  
10 and dating the notice form in the signature space.

11 (iv) The notice is written in the same language, e.g., Spanish,  
12 as that principally used in any oral sales presentation.

13 (v) The notice may be attached to the contract if the contract  
14 includes, in at least 12-point boldface type, a checkbox with the  
15 following statement: “The law requires that the contractor give  
16 you a notice explaining your right to cancel. Initial the checkbox  
17 if the contractor has given you a ‘Notice of the Seven-Day Right  
18 to Cancel.’”

19 (vi) The notice shall be accompanied by a completed form in  
20 duplicate, captioned “Notice of Cancellation,” which shall also be  
21 attached to the agreement or offer to purchase and be easily  
22 detachable, and which shall contain the following statement written  
23 in the same language, e.g., Spanish, as used in the contract:  
24

25 “Notice of Cancellation”——

26 /enter date of transaction/  
27 \_\_\_\_\_

28 (Date)  
29

30 “You may cancel this transaction, without any penalty or  
31 obligation, within seven business days from the above date.

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

37 If you cancel, you must make available to the seller at your  
38 residence, in substantially as good condition as when received,  
39 any goods delivered to you under this contract or sale, or you may,

1 if you wish, comply with the instructions of the seller regarding  
 2 the return shipment of the goods at the seller's expense and risk.  
 3 If you do make the goods available to the seller and the seller  
 4 does not pick them up within 20 days of the date of your notice of  
 5 cancellation, you may retain or dispose of the goods without any  
 6 further obligation. If you fail to make the goods available to the  
 7 seller, or if you agree to return the goods to the seller and fail to  
 8 do so, then you remain liable for performance of all obligations  
 9 under the contract."

10  
 11 To cancel this transaction, mail or deliver a signed and dated copy of this  
 12 cancellation notice, or any other written notice, or send a telegram  
 13 to \_\_\_\_\_,  
 14 \_\_\_\_\_ /name of seller/  
 15 at \_\_\_\_\_  
 16 \_\_\_\_\_ /address of seller's place of business/  
 17 not later than midnight of \_\_\_\_\_.  
 18 \_\_\_\_\_ (Date)  
 19 I hereby cancel this transaction. \_\_\_\_\_  
 20 \_\_\_\_\_ (Date)  
 21 \_\_\_\_\_  
 22 \_\_\_\_\_ (Buyer's signature)

23  
 24 *SEC. 4. Section 7159 of the Business and Professions Code is*  
 25 *amended to read:*

26 7159. (a) (1) This section identifies the projects for which a  
 27 home improvement contract is required, outlines the contract  
 28 requirements, and lists the items that shall be included in the  
 29 contract, or may be provided as an attachment.

30 (2) This section does not apply to service and repair contracts  
 31 that are subject to Section 7159.10, if the contract for the applicable  
 32 services complies with Sections 7159.10 to 7159.14, inclusive.

33 (3) This section does not apply to the sale, installation, and  
 34 servicing of a fire alarm sold in conjunction with an alarm system,  
 35 as defined in subdivision (n) of Section 7590.1, if all costs  
 36 attributable to making the fire alarm system operable, including  
 37 sale and installation costs, do not exceed five hundred dollars  
 38 (\$500), and the licensee complies with the requirements set forth  
 39 in Section 7159.9.

1 (4) This section does not apply to any costs associated with  
2 monitoring a burglar or fire alarm system.

3 (5) Failure by the licensee, his or her agent or salesperson, or  
4 by a person subject to be licensed under this chapter, to provide  
5 the specified information, notices, and disclosures in the contract,  
6 or to otherwise fail to comply with any provision of this section,  
7 is cause for discipline.

8 (b) For purposes of this section, “home improvement contract”  
9 means an agreement, whether oral or written, or contained in one  
10 or more documents, between a contractor and an owner or between  
11 a contractor and a tenant, regardless of the number of residence  
12 or dwelling units contained in the building in which the tenant  
13 resides, if the work is to be performed in, to, or upon the residence  
14 or dwelling unit of the tenant, for the performance of a home  
15 improvement, as defined in Section 7151, and includes all labor,  
16 services, and materials to be furnished and performed thereunder,  
17 if the aggregate contract price specified in one or more  
18 improvement contracts, including all labor, services, and materials  
19 to be furnished by the contractor, exceeds five hundred dollars  
20 (\$500). “Home improvement contract” also means an agreement,  
21 whether oral or written, or contained in one or more documents,  
22 between a salesperson, whether or not he or she is a home  
23 improvement salesperson, and an owner or a tenant, regardless of  
24 the number of residence or dwelling units contained in the building  
25 in which the tenant resides, which provides for the sale, installation,  
26 or furnishing of home improvement goods or services.

27 (c) In addition to the specific requirements listed under this  
28 section, every home improvement contract and any person subject  
29 to licensure under this chapter or his or her agent or salesperson  
30 shall comply with all of the following:

31 (1) The writing shall be legible.

32 (2) Any printed form shall be readable. Unless a larger typeface  
33 is specified in this article, text in any printed form shall be in at  
34 least 10-point typeface and the headings shall be in at least 10-point  
35 boldface type.

36 (3) (A) Before any work is started, the contractor shall give the  
37 buyer a copy of the contract signed and dated by both the contractor  
38 and the buyer. The buyer’s receipt of the copy of the contract  
39 initiates the buyer’s rights to cancel the contract pursuant to  
40 Sections 1689.5 to 1689.14, inclusive, of the Civil Code.

1 (B) The contract shall contain on the first page, in a typeface  
2 no smaller than that generally used in the body of the document,  
3 both of the following:

4 (i) The date the buyer signed the contract.

5 (ii) The name and address of the contractor to which the  
6 applicable “Notice of Cancellation” is to be mailed, immediately  
7 preceded by a statement advising the buyer that the “Notice of  
8 Cancellation” may be sent to the contractor at the address noted  
9 on the contract.

10 (4) The contract shall include a statement that, upon satisfactory  
11 payment being made for any portion of the work performed, the  
12 contractor, prior to any further payment being made, shall furnish  
13 to the person contracting for the home improvement or swimming  
14 pool work a full and unconditional release from any potential lien  
15 claimant claim or mechanic’s lien authorized pursuant to Section  
16 3440 8410 of the Civil Code for that portion of the work for which  
17 payment has been made.

18 (5) A change-order form for changes or extra work shall be  
19 incorporated into the contract and shall become part of the contract  
20 only if it is in writing and signed by the parties prior to the  
21 commencement of any work covered by a change order.

22 (6) The contract shall contain, in close proximity to the  
23 signatures of the owner and contractor, a notice stating that the  
24 owner or tenant has the right to require the contractor to have a  
25 performance and payment bond.

26 (7) If the contract provides for a contractor to furnish joint  
27 control, the contractor shall not have any financial or other interest  
28 in the joint control.

29 (8) The provisions of this section are not exclusive and do not  
30 relieve the contractor from compliance with any other applicable  
31 provision of law.

32 (d) A home improvement contract and any changes to the  
33 contract shall be in writing and signed by the parties to the contract  
34 prior to the commencement of work covered by the contract or an  
35 applicable change order and, except as provided in paragraph (8)  
36 of subdivision (a) of Section 7159.5, shall include or comply with  
37 all of the following:

38 (1) The name, business address, and license number of the  
39 contractor.

1 (2) If applicable, the name and registration number of the home  
2 improvement salesperson that solicited or negotiated the contract.

3 (3) The following heading on the contract form that identifies  
4 the type of contract in at least 10-point boldface type: “Home  
5 Improvement.”

6 (4) The following statement in at least 12-point boldface type:  
7 “You are entitled to a completely filled in copy of this agreement,  
8 signed by both you and the contractor, before any work may be  
9 started.”

10 (5) The heading: “Contract Price,” followed by the amount of  
11 the contract in dollars and cents.

12 (6) If a finance charge will be charged, the heading: “Finance  
13 Charge,” followed by the amount in dollars and cents. The finance  
14 charge is to be set out separately from the contract amount.

15 (7) The heading: “Description of the Project and Description  
16 of the Significant Materials to be Used and Equipment to be  
17 Installed,” followed by a description of the project and a description  
18 of the significant materials to be used and equipment to be installed.  
19 For swimming pools, the project description required under this  
20 paragraph also shall include a plan and scale drawing showing the  
21 shape, size, dimensions, and the construction and equipment  
22 specifications.

23 (8) If a downpayment will be charged, the details of the  
24 downpayment shall be expressed in substantially the following  
25 form, and shall include the text of the notice as specified in  
26 subparagraph (C):

27 (A) The heading: “Downpayment.”

28 (B) A space where the actual downpayment appears.

29 (C) The following statement in at least 12-point boldface type:

30  
31 **“THE DOWNPAYMENT MAY NOT EXCEED \$1,000 OR 10**  
32 **PERCENT OF THE CONTRACT PRICE, WHICHEVER IS**  
33 **LESS.”**

34  
35 (9) If payments, other than the downpayment, are to be made  
36 before the project is completed, the details of these payments,  
37 known as progress payments, shall be expressed in substantially  
38 the following form, and shall include the text of the statement as  
39 specified in subparagraph (C):

1 (A) A schedule of progress payments shall be preceded by the  
2 heading: “Schedule of Progress Payments.”

3 (B) Each progress payment shall be stated in dollars and cents  
4 and specifically reference the amount of work or services to be  
5 performed and materials and equipment to be supplied.

6 (C) The section of the contract reserved for the progress  
7 payments shall include the following statement in at least 12-point  
8 boldface type:

9

10 “The schedule of progress payments must specifically describe  
11 each phase of work, including the type and amount of work or  
12 services scheduled to be supplied in each phase, along with the  
13 amount of each proposed progress payment. IT IS AGAINST THE  
14 LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR  
15 WORK NOT YET COMPLETED, OR FOR MATERIALS NOT  
16 YET DELIVERED. HOWEVER, A CONTRACTOR MAY  
17 REQUIRE A DOWNPAYMENT.”

18

19 (10) The contract shall address the commencement of work to  
20 be performed in substantially the following form:

21 (A) A statement that describes what constitutes substantial  
22 commencement of work under the contract.

23 (B) The heading: “Approximate Start Date.”

24 (C) The approximate date on which work will be commenced.

25 (11) The estimated completion date of the work shall be  
26 referenced in the contract in substantially the following form:

27 (A) The heading: “Approximate Completion Date.”

28 (B) The approximate date of completion.

29 (12) If applicable, the heading: “List of Documents to be  
30 Incorporated into the Contract,” followed by the list of documents  
31 incorporated into the contract.

32 (13) The heading: “Note about Extra Work and Change Orders,”  
33 followed by the following statement:

34

35 “Extra Work and Change Orders become part of the contract  
36 once the order is prepared in writing and signed by the parties prior  
37 to the commencement of work covered by the new change order.  
38 The order must describe the scope of the extra work or change,  
39 the cost to be added or subtracted from the contract, and the effect  
40 the order will have on the schedule of progress payments.”

1  
2 (e) Except as provided in paragraph (8) of subdivision (a) of  
3 Section 7159.5, all of the following notices shall be provided to  
4 the owner as part of the contract form as specified or, if otherwise  
5 authorized under this subdivision, may be provided as an  
6 attachment to the contract:

7 (1) A notice concerning commercial general liability insurance.  
8 This notice may be provided as an attachment to the contract if  
9 the contract includes the following statement: “A notice concerning  
10 commercial general liability insurance is attached to this contract.”  
11 The notice shall include the heading “Commercial General Liability  
12 Insurance (CGL),” followed by whichever of the following  
13 statements is both relevant and correct:

14 (A) “(The name on the license or ‘This contractor’) does not  
15 carry commercial general liability insurance.”

16 (B) “(The name on the license or ‘This contractor’) carries  
17 commercial general liability insurance written by (the insurance  
18 company). You may call (the insurance company) at \_\_\_\_\_  
19 to check the contractor’s insurance coverage.”

20 (C) “(The name on the license or ‘This contractor’) is  
21 self-insured.”

22 (2) A notice concerning workers’ compensation insurance. This  
23 notice may be provided as an attachment to the contract if the  
24 contract includes the statement: “A notice concerning workers’  
25 compensation insurance is attached to this contract.” The notice  
26 shall include the heading “Workers’ Compensation Insurance”  
27 followed by whichever of the following statements is correct:

28 (A) “(The name on the license or ‘This contractor’) has no  
29 employees and is exempt from workers’ compensation  
30 requirements.”

31 (B) “(The name on the license or ‘This contractor’) carries  
32 workers’ compensation insurance for all employees.”

33 (3) A notice that provides the buyer with the following  
34 information about the performance of extra or change-order work:

35 (A) A statement that the buyer may not require a contractor to  
36 perform extra or change-order work without providing written  
37 authorization prior to the commencement of work covered by the  
38 new change order.

39 (B) A statement informing the buyer that extra work or a change  
40 order is not enforceable against a buyer unless the change order

1 also identifies all of the following in writing prior to the  
2 commencement of work covered by the new change order:

- 3 (i) The scope of work encompassed by the order.
- 4 (ii) The amount to be added or subtracted from the contract.
- 5 (iii) The effect the order will make in the progress payments or  
6 the completion date.

7 (C) A statement informing the buyer that the contractor's failure  
8 to comply with the requirements of this paragraph does not  
9 preclude the recovery of compensation for work performed based  
10 upon legal or equitable remedies designed to prevent unjust  
11 enrichment.

12 (4) A notice with the heading "Mechanics' Lien Warning"  
13 written as follows:

14  
15 "MECHANICS' LIEN WARNING:

16  
17 Anyone who helps improve your property, but who is not paid,  
18 may record what is called a mechanics' lien on your property. A  
19 mechanics' lien is a claim, like a mortgage or home equity loan,  
20 made against your property and recorded with the county recorder.

21 Even if you pay your contractor in full, unpaid subcontractors,  
22 suppliers, and laborers who helped to improve your property may  
23 record mechanics' liens and sue you in court to foreclose the lien.  
24 If a court finds the lien is valid, you could be forced to pay twice  
25 or have a court officer sell your home to pay the lien. Liens can  
26 also affect your credit.

27 To preserve their right to record a lien, each subcontractor and  
28 material supplier must provide you with a document called a  
29 '20-day Preliminary Notice.' This notice is not a lien. The purpose  
30 of the notice is to let you know that the person who sends you the  
31 notice has the right to record a lien on your property if he or she  
32 is not paid.

33 BE CAREFUL. The Preliminary Notice can be sent up to 20  
34 days after the subcontractor starts work or the supplier provides  
35 material. This can be a big problem if you pay your contractor  
36 before you have received the Preliminary Notices.

37 You will not get Preliminary Notices from your prime contractor  
38 or from laborers who work on your project. The law assumes that  
39 you already know they are improving your property.

1 PROTECT YOURSELF FROM LIENS. You can protect  
2 yourself from liens by getting a list from your contractor of all the  
3 subcontractors and material suppliers that work on your project.  
4 Find out from your contractor when these subcontractors started  
5 work and when these suppliers delivered goods or materials. Then  
6 wait 20 days, paying attention to the Preliminary Notices you  
7 receive.

8 PAY WITH JOINT CHECKS. One way to protect yourself is  
9 to pay with a joint check. When your contractor tells you it is time  
10 to pay for the work of a subcontractor or supplier who has provided  
11 you with a Preliminary Notice, write a joint check payable to both  
12 the contractor and the subcontractor or material supplier.

13 For other ways to prevent liens, visit CSLB's Internet Web site  
14 at [www.cslb.ca.gov](http://www.cslb.ca.gov) or call CSLB at 800-321-CSLB (2752).

15 REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING  
16 A LIEN PLACED ON YOUR HOME. This can mean that you  
17 may have to pay twice, or face the forced sale of your home to pay  
18 what you owe.”

19  
20 (5) The following notice shall be provided in at least 12-point  
21 typeface:

22  
23 “Information about the Contractors' State License Board (CSLB):  
24 CSLB is the state consumer protection agency that licenses and  
25 regulates construction contractors.

26 Contact CSLB for information about the licensed contractor you  
27 are considering, including information about disclosable  
28 complaints, disciplinary actions, and civil judgments that are  
29 reported to CSLB.

30 Use only licensed contractors. If you file a complaint against a  
31 licensed contractor within the legal deadline (usually four years),  
32 CSLB has authority to investigate the complaint. If you use an  
33 unlicensed contractor, CSLB may not be able to help you resolve  
34 your complaint. Your only remedy may be in civil court, and you  
35 may be liable for damages arising out of any injuries to the  
36 unlicensed contractor or the unlicensed contractor's employees.

37 For more information:

38 Visit CSLB's Internet Web site at [www.cslb.ca.gov](http://www.cslb.ca.gov)

39 Call CSLB at 800-321-CSLB (2752)

40 Write CSLB at P.O. Box 26000, Sacramento, CA 95826.”

1  
2 (6) (A) The notice set forth in subparagraph (B) and entitled  
3 “Three-Day Right to Cancel,” shall be provided to the buyer unless  
4 the contract is:

- 5 (i) Negotiated at the contractor’s place of business.
- 6 (ii) Subject to the “Seven-Day Right to Cancel,” as set forth in  
7 paragraph (7).
- 8 (iii) Subject to licensure under the Alarm Company Act (Chapter  
9 11.6 (commencing with Section 7590)), provided the alarm  
10 company licensee complies with Sections 1689.5, 1689.6, and  
11 1689.7 of the Civil Code, as applicable.

12 (B) “Three-Day Right to Cancel  
13 You, the buyer, have the right to cancel this contract within three  
14 business days. You may cancel by e-mailing, mailing, faxing, or  
15 delivering a written notice to the contractor at the contractor’s  
16 place of business by midnight of the third business day after you  
17 received a signed and dated copy of the contract that includes this  
18 notice. Include your name, your address, and the date you received  
19 the signed copy of the contract and this notice.

20 If you cancel, the contractor must return to you anything you  
21 paid within 10 days of receiving the notice of cancellation. For  
22 your part, you must make available to the contractor at your  
23 residence, in substantially as good condition as you received them,  
24 goods delivered to you under this contract or sale. Or, you may,  
25 if you wish, comply with the contractor’s instructions on how to  
26 return the goods at the contractor’s expense and risk. If you do  
27 make the goods available to the contractor and the contractor does  
28 not pick them up within 20 days of the date of your notice of  
29 cancellation, you may keep them without any further obligation.  
30 If you fail to make the goods available to the contractor, or if you  
31 agree to return the goods to the contractor and fail to do so, then  
32 you remain liable for performance of all obligations under the  
33 contract.”

34 (C) The “Three-Day Right to Cancel” notice required by this  
35 paragraph shall comply with all of the following:

- 36 (i) The text of the notice is at least 12-point boldface type.
- 37 (ii) The notice is in immediate proximity to a space reserved  
38 for the owner’s signature.
- 39 (iii) The owner acknowledges receipt of the notice by signing  
40 and dating the notice form in the signature space.

1 (iv) The notice is written in the same language, e.g., Spanish,  
2 as that principally used in any oral sales presentation.

3 (v) The notice may be attached to the contract if the contract  
4 includes, in at least 12-point boldface type, a checkbox with the  
5 following statement: “The law requires that the contractor give  
6 you a notice explaining your right to cancel. Initial the checkbox  
7 if the contractor has given you a ‘Notice of the Three-Day Right  
8 to Cancel.’ ”

9 (vi) The notice shall be accompanied by a completed form in  
10 duplicate, captioned “Notice of Cancellation,” which also shall be  
11 attached to the agreement or offer to purchase and be easily  
12 detachable, and which shall contain the following statement written  
13 in the same language, e.g., Spanish, as used in the contract:

14  
15 “Notice of Cancellation”

16 /enter date of transaction/  
17 \_\_\_\_\_

18 (Date)  
19  
20

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

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

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

33 If you do make the goods available to the seller and the seller  
34 does not pick them up within 20 days of the date of your notice of  
35 cancellation, you may retain or dispose of the goods without any  
36 further obligation. If you fail to make the goods available to the  
37 seller, or if you agree to return the goods to the seller and fail to  
38 do so, then you remain liable for performance of all obligations  
39 under the contract.”  
40

1 To cancel this transaction, mail or deliver a signed and dated copy of this  
 2 cancellation notice, or any other written notice, or send a telegram  
 3 to \_\_\_\_\_,  
 4 /name of seller/  
 5 at \_\_\_\_\_  
 6 /address of seller's place of business/  
 7 not later than midnight of \_\_\_\_\_.  
 8 (Date)

9 I hereby cancel this transaction. \_\_\_\_\_  
 10 (Date)  
 11 \_\_\_\_\_  
 12 (Buyer's signature)

13  
 14 (7) (A) The following notice entitled "Seven-Day Right to  
 15 Cancel" shall be provided to the buyer for any contract that is  
 16 written for the repair or restoration of residential premises damaged  
 17 by any sudden or catastrophic event for which a state of emergency  
 18 has been declared by the President of the United States or the  
 19 Governor, or for which a local emergency has been declared by  
 20 the executive officer or governing body of any city, county, or city  
 21 and county:

22 "Seven-Day Right to Cancel  
 23 You, the buyer, have the right to cancel this contract within seven  
 24 business days. You may cancel by e-mailing, mailing, faxing, or  
 25 delivering a written notice to the contractor at the contractor's  
 26 place of business by midnight of the seventh business day after  
 27 you received a signed and dated copy of the contract that includes  
 28 this notice. Include your name, your address, and the date you  
 29 received the signed copy of the contract and this notice.

30 If you cancel, the contractor must return to you anything you  
 31 paid within 10 days of receiving the notice of cancellation. For  
 32 your part, you must make available to the contractor at your  
 33 residence, in substantially as good condition as you received them,  
 34 goods delivered to you under this contract or sale. Or, you may,  
 35 if you wish, comply with the contractor's instructions on how to  
 36 return the goods at the contractor's expense and risk. If you do  
 37 make the goods available to the contractor and the contractor does  
 38 not pick them up within 20 days of the date of your notice of  
 39 cancellation, you may keep them without any further obligation.  
 40 If you fail to make the goods available to the contractor, or if you

1 agree to return the goods to the contractor and fail to do so, then  
2 you remain liable for performance of all obligations under the  
3 contract.”

4 (B) The “Seven-Day Right to Cancel” notice required by this  
5 subdivision shall comply with all of the following:

6 (i) The text of the notice is at least 12-point boldface type.

7 (ii) The notice is in immediate proximity to a space reserved  
8 for the owner’s signature.

9 (iii) The owner acknowledges receipt of the notice by signing  
10 and dating the notice form in the signature space.

11 (iv) The notice is written in the same language, e.g., Spanish,  
12 as that principally used in any oral sales presentation.

13 (v) The notice may be attached to the contract if the contract  
14 includes, in at least 12-point boldface type, a checkbox with the  
15 following statement: “The law requires that the contractor give  
16 you a notice explaining your right to cancel. Initial the checkbox  
17 if the contractor has given you a ‘Notice of the Seven-Day Right  
18 to Cancel.’ ”

19 (vi) The notice shall be accompanied by a completed form in  
20 duplicate, captioned “Notice of Cancellation,” which shall also be  
21 attached to the agreement or offer to purchase and be easily  
22 detachable, and which shall contain the following statement written  
23 in the same language, e.g., Spanish, as used in the contract:  
24

25 “Notice of Cancellation”

26 /enter date of transaction/  
27

28 \_\_\_\_\_  
29 (Date)  
30

31 “You may cancel this transaction, without any penalty or  
32 obligation, within seven business days from the above date.

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

38 If you cancel, you must make available to the seller at your  
39 residence, in substantially as good condition as when received,  
40 any goods delivered to you under this contract or sale, or you may,

1 if you wish, comply with the instructions of the seller regarding  
 2 the return shipment of the goods at the seller’s expense and risk.  
 3 If you do make the goods available to the seller and the seller  
 4 does not pick them up within 20 days of the date of your notice of  
 5 cancellation, you may retain or dispose of the goods without any  
 6 further obligation. If you fail to make the goods available to the  
 7 seller, or if you agree to return the goods to the seller and fail to  
 8 do so, then you remain liable for performance of all obligations  
 9 under the contract.”

10  
11

12 To cancel this transaction, mail or deliver a signed and dated copy of this  
 13 cancellation notice, or any other written notice, or send a telegram  
 14 to \_\_\_\_\_,  
 15 /name of seller/  
 16 at \_\_\_\_\_  
 17 /address of seller’s place of business/  
 18 not later than midnight of \_\_\_\_\_.  
 19 (Date)

20 I hereby cancel this transaction. \_\_\_\_\_  
 21 (Date)  
 22 \_\_\_\_\_  
 23 (Buyer’s signature)

24  
25 *SEC. 4.5. Section 7159 of the Business and Professions Code*  
26 *is amended to read:*

27 7159. (a) (1) This section identifies the projects for which a  
28 home improvement contract is required, outlines the contract  
29 requirements, and lists the items that shall be included in the  
30 contract, or may be provided as an attachment.

31 (2) This section does not apply to service and repair contracts  
32 that are subject to Section 7159.10, if the contract for the applicable  
33 services complies with Sections 7159.10 to 7159.14, inclusive.

34 (3) This section does not apply to the sale, installation, and  
35 servicing of a fire alarm sold in conjunction with an alarm system,  
36 as defined in subdivision (n) of Section 7590.1, if all costs  
37 attributable to making the fire alarm system operable, including  
38 sale and installation costs, do not exceed five hundred dollars  
39 (\$500), and the licensee complies with the requirements set forth  
40 in Section 7159.9.

1 (4) This section does not apply to any costs associated with  
2 monitoring a burglar or fire alarm system.

3 (5) Failure by the licensee, his or her agent or salesperson, or  
4 by a person subject to be licensed under this chapter, to provide  
5 the specified information, notices, and disclosures in the contract,  
6 or to otherwise fail to comply with any provision of this section,  
7 is cause for discipline.

8 (b) For purposes of this section, “home improvement contract”  
9 means an agreement, whether oral or written, or contained in one  
10 or more documents, between a contractor and an owner or between  
11 a contractor and a tenant, regardless of the number of residence  
12 or dwelling units contained in the building in which the tenant  
13 resides, if the work is to be performed in, to, or upon the residence  
14 or dwelling unit of the tenant, for the performance of a home  
15 improvement, as defined in Section 7151, and includes all labor,  
16 services, and materials to be furnished and performed thereunder,  
17 if the aggregate contract price specified in one or more  
18 improvement contracts, including all labor, services, and materials  
19 to be furnished by the contractor, exceeds five hundred dollars  
20 (\$500). “Home improvement contract” also means an agreement,  
21 whether oral or written, or contained in one or more documents,  
22 between a salesperson, whether or not he or she is a home  
23 improvement salesperson, and an owner or a tenant, regardless of  
24 the number of residence or dwelling units contained in the building  
25 in which the tenant resides, which provides for the sale, installation,  
26 or furnishing of home improvement goods or services.

27 (c) In addition to the specific requirements listed under this  
28 section, every home improvement contract and any person subject  
29 to licensure under this chapter or his or her agent or salesperson  
30 shall comply with all of the following:

31 (1) The writing shall be legible.

32 (2) Any printed form shall be readable. Unless a larger typeface  
33 is specified in this article, text in any printed form shall be in at  
34 least 10-point typeface and the headings shall be in at least 10-point  
35 boldface type.

36 (3) (A) Before any work is started, the contractor shall give the  
37 buyer a copy of the contract signed and dated by both the contractor  
38 and the buyer. The buyer’s receipt of the copy of the contract  
39 initiates the buyer’s rights to cancel the contract pursuant to  
40 Sections 1689.5 to 1689.14, inclusive, of the Civil Code.

1 (B) The contract shall contain on the first page, in a typeface  
2 no smaller than that generally used in the body of the document,  
3 both of the following:

4 (i) The date the buyer signed the contract.

5 (ii) The name and address of the contractor to which the  
6 applicable “Notice of Cancellation” is to be mailed, immediately  
7 preceded by a statement advising the buyer that the “Notice of  
8 Cancellation” may be sent to the contractor at the address noted  
9 on the contract.

10 (4) The contract shall include a statement that, upon satisfactory  
11 payment being made for any portion of the work performed, the  
12 contractor, prior to any further payment being made, shall furnish  
13 to the person contracting for the home improvement or swimming  
14 pool work a full and unconditional release from any potential lien  
15 claimant claim or mechanic’s lien authorized pursuant to Section  
16 3440 8410 of the Civil Code for that portion of the work for which  
17 payment has been made.

18 (5) A change-order form for changes or extra work shall be  
19 incorporated into the contract and shall become part of the contract  
20 only if it is in writing and signed by the parties prior to the  
21 commencement of any work covered by a change order.

22 (6) The contract shall contain, in close proximity to the  
23 signatures of the owner and contractor, a notice stating that the  
24 owner or tenant has the right to require the contractor to have a  
25 performance and payment bond.

26 (7) If the contract provides for a contractor to furnish joint  
27 control, the contractor shall not have any financial or other interest  
28 in the joint control.

29 (8) The provisions of this section are not exclusive and do not  
30 relieve the contractor from compliance with any other applicable  
31 provision of law.

32 (d) A home improvement contract and any changes to the  
33 contract shall be in writing and signed by the parties to the contract  
34 prior to the commencement of work covered by the contract or an  
35 applicable change order and, except as provided in paragraph (8)  
36 of subdivision (a) of Section 7159.5, shall include or comply with  
37 all of the following:

38 (1) The name, business address, and license number of the  
39 contractor.

1 (2) If applicable, the name and registration number of the home  
2 improvement salesperson that solicited or negotiated the contract.

3 (3) The following heading on the contract form that identifies  
4 the type of contract in at least 10-point boldface type: “Home  
5 Improvement.”

6 (4) The following statement in at least 12-point boldface type:  
7 “You are entitled to a completely filled in copy of this agreement,  
8 signed by both you and the contractor, before any work may be  
9 started.”

10 (5) The heading: “Contract Price,” followed by the amount of  
11 the contract in dollars and cents.

12 (6) If a finance charge will be charged, the heading: “Finance  
13 Charge,” followed by the amount in dollars and cents. The finance  
14 charge is to be set out separately from the contract amount.

15 (7) The heading: “Description of the Project and Description  
16 of the Significant Materials to be Used and Equipment to be  
17 Installed,” followed by a description of the project and a description  
18 of the significant materials to be used and equipment to be installed.  
19 For swimming pools, the project description required under this  
20 paragraph also shall include a plan and scale drawing showing the  
21 shape, size, dimensions, and the construction and equipment  
22 specifications.

23 (8) If a downpayment will be charged, the details of the  
24 downpayment shall be expressed in substantially the following  
25 form, and shall include the text of the notice as specified in  
26 subparagraph (C):

27 (A) The heading: “Downpayment.”

28 (B) A space where the actual downpayment appears.

29 (C) The following statement in at least 12-point boldface type:

30  
31 **“THE DOWNPAYMENT MAY NOT EXCEED \$1,000 OR 10**  
32 **PERCENT OF THE CONTRACT PRICE, WHICHEVER IS**  
33 **LESS.”**

34  
35 (9) If payments, other than the downpayment, are to be made  
36 before the project is completed, the details of these payments,  
37 known as progress payments, shall be expressed in substantially  
38 the following form, and shall include the text of the statement as  
39 specified in subparagraph (C):

1 (A) A schedule of progress payments shall be preceded by the  
2 heading: “Schedule of Progress Payments.”

3 (B) Each progress payment shall be stated in dollars and cents  
4 and specifically reference the amount of work or services to be  
5 performed and materials and equipment to be supplied.

6 (C) The section of the contract reserved for the progress  
7 payments shall include the following statement in at least 12-point  
8 boldface type:

9

10 “The schedule of progress payments must specifically describe  
11 each phase of work, including the type and amount of work or  
12 services scheduled to be supplied in each phase, along with the  
13 amount of each proposed progress payment. IT IS AGAINST THE  
14 LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR  
15 WORK NOT YET COMPLETED, OR FOR MATERIALS NOT  
16 YET DELIVERED. HOWEVER, A CONTRACTOR MAY  
17 REQUIRE A DOWNPAYMENT.”

18

19 (10) The contract shall address the commencement of work to  
20 be performed in substantially the following form:

21 (A) A statement that describes what constitutes substantial  
22 commencement of work under the contract.

23 (B) The heading: “Approximate Start Date.”

24 (C) The approximate date on which work will be commenced.

25 (11) The estimated completion date of the work shall be  
26 referenced in the contract in substantially the following form:

27 (A) The heading: “Approximate Completion Date.”

28 (B) The approximate date of completion.

29 (12) If applicable, the heading: “List of Documents to be  
30 Incorporated into the Contract,” followed by the list of documents  
31 incorporated into the contract.

32 (13) The heading: “Note about Extra Work and Change Orders,”  
33 followed by the following statement:

34

35 “Extra Work and Change Orders become part of the contract  
36 once the order is prepared in writing and signed by the parties prior  
37 to the commencement of work covered by the new change order.  
38 The order must describe the scope of the extra work or change,  
39 the cost to be added or subtracted from the contract, and the effect  
40 the order will have on the schedule of progress payments.”

1

2 (e) Except as provided in paragraph (8) of subdivision (a) of  
3 Section 7159.5, all of the following notices shall be provided to  
4 the owner as part of the contract form as specified or, if otherwise  
5 authorized under this subdivision, may be provided as an  
6 attachment to the contract:

7 (1) A notice concerning commercial general liability insurance.  
8 This notice may be provided as an attachment to the contract if  
9 the contract includes the following statement: “A notice concerning  
10 commercial general liability insurance is attached to this contract.”  
11 The notice shall include the heading “Commercial General Liability  
12 Insurance (CGL),” followed by whichever of the following  
13 statements is both relevant and correct:

14 (A) “(The name on the license or ‘This contractor’) does not  
15 carry commercial general liability insurance.”

16 (B) “(The name on the license or ‘This contractor’) carries  
17 commercial general liability insurance written by (the insurance  
18 company). You may call (the insurance company) at \_\_\_\_\_  
19 to check the contractor’s insurance coverage.”

20 (C) “(The name on the license or ‘This contractor’) is  
21 self-insured.”

22 (2) A notice concerning workers’ compensation insurance. This  
23 notice may be provided as an attachment to the contract if the  
24 contract includes the statement: “A notice concerning workers’  
25 compensation insurance is attached to this contract.” The notice  
26 shall include the heading “Workers’ Compensation Insurance”  
27 followed by whichever of the following statements is correct:

28 (A) “(The name on the license or ‘This contractor’) has no  
29 employees and is exempt from workers’ compensation  
30 requirements.”

31 (B) “(The name on the license or ‘This contractor’) carries  
32 workers’ compensation insurance for all employees.”

33 (3) A notice that provides the buyer with the following  
34 information about the performance of extra or change-order work:

35 (A) A statement that the buyer may not require a contractor to  
36 perform extra or change-order work without providing written  
37 authorization prior to the commencement of work covered by the  
38 new change order.

39 (B) A statement informing the buyer that extra work or a change  
40 order is not enforceable against a buyer unless the change order

1 also identifies all of the following in writing prior to the  
2 commencement of work covered by the new change order:

- 3 (i) The scope of work encompassed by the order.
- 4 (ii) The amount to be added or subtracted from the contract.
- 5 (iii) The effect the order will make in the progress payments or  
6 the completion date.

7 (C) A statement informing the buyer that the contractor's failure  
8 to comply with the requirements of this paragraph does not  
9 preclude the recovery of compensation for work performed based  
10 upon legal or equitable remedies designed to prevent unjust  
11 enrichment.

12 (4) A notice with the heading "Mechanics' Lien Warning"  
13 written as follows:

14  
15 "MECHANICS' LIEN WARNING:

16  
17 Anyone who helps improve your property, but who is not paid,  
18 may record what is called a mechanics' lien on your property. A  
19 mechanics' lien is a claim, like a mortgage or home equity loan,  
20 made against your property and recorded with the county recorder.

21 Even if you pay your contractor in full, unpaid subcontractors,  
22 suppliers, and laborers who helped to improve your property may  
23 record mechanics' liens and sue you in court to foreclose the lien.  
24 If a court finds the lien is valid, you could be forced to pay twice  
25 or have a court officer sell your home to pay the lien. Liens can  
26 also affect your credit.

27 To preserve their right to record a lien, each subcontractor and  
28 material supplier must provide you with a document called a  
29 '20-day Preliminary Notice.' This notice is not a lien. The purpose  
30 of the notice is to let you know that the person who sends you the  
31 notice has the right to record a lien on your property if he or she  
32 is not paid.

33 **BE CAREFUL.** The Preliminary Notice can be sent up to 20  
34 days after the subcontractor starts work or the supplier provides  
35 material. This can be a big problem if you pay your contractor  
36 before you have received the Preliminary Notices.

37 You will not get Preliminary Notices from your prime contractor  
38 or from laborers who work on your project. The law assumes that  
39 you already know they are improving your property.

1 PROTECT YOURSELF FROM LIENS. You can protect  
 2 yourself from liens by getting a list from your contractor of all the  
 3 subcontractors and material suppliers that work on your project.  
 4 Find out from your contractor when these subcontractors started  
 5 work and when these suppliers delivered goods or materials. Then  
 6 wait 20 days, paying attention to the Preliminary Notices you  
 7 receive.

8 PAY WITH JOINT CHECKS. One way to protect yourself is  
 9 to pay with a joint check. When your contractor tells you it is time  
 10 to pay for the work of a subcontractor or supplier who has provided  
 11 you with a Preliminary Notice, write a joint check payable to both  
 12 the contractor and the subcontractor or material supplier.

13 For other ways to prevent liens, visit CSLB’s Internet Web site  
 14 at [www.cslb.ca.gov](http://www.cslb.ca.gov) or call CSLB at 800-321-CSLB (2752).

15 REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING  
 16 A LIEN PLACED ON YOUR HOME. This can mean that you  
 17 may have to pay twice, or face the forced sale of your home to pay  
 18 what you owe.”

19  
 20 (5) The following notice shall be provided in at least 12-point  
 21 typeface:

22  
 23 “Information about the ~~Contractors’~~ *Contractors* State License  
 24 Board (CSLB): CSLB is the state consumer protection agency that  
 25 licenses and regulates construction contractors.

26 Contact CSLB for information about the licensed contractor you  
 27 are considering, including information about disclosable  
 28 complaints, disciplinary actions, and civil judgments that are  
 29 reported to CSLB.

30 Use only licensed contractors. If you file a complaint against a  
 31 licensed contractor within the legal deadline (usually four years),  
 32 CSLB has authority to investigate the complaint. If you use an  
 33 unlicensed contractor, CSLB may not be able to help you resolve  
 34 your complaint. Your only remedy may be in civil court, and you  
 35 may be liable for damages arising out of any injuries to the  
 36 unlicensed contractor or the unlicensed contractor’s employees.

37 For more information:  
 38 Visit CSLB’s Internet Web site at [www.cslb.ca.gov](http://www.cslb.ca.gov)  
 39 Call CSLB at 800-321-CSLB (2752)  
 40 Write CSLB at P.O. Box 26000, Sacramento, CA 95826.”

1  
2 (6) (A) The notice set forth in subparagraph (B) and entitled  
3 “Three-Day Right to Cancel,” shall be provided to the buyer unless  
4 the contract is:

- 5 (i) Negotiated at the contractor’s place of business.
- 6 (ii) Subject to the “Seven-Day Right to Cancel,” as set forth in  
7 paragraph (7).
- 8 (iii) Subject to licensure under the Alarm Company Act (Chapter  
9 11.6 (commencing with Section 7590)), provided the alarm  
10 company licensee complies with Sections 1689.5, 1689.6, and  
11 1689.7 of the Civil Code, as applicable.

12 (B) “Three-Day Right to Cancel  
13 You, the buyer, have the right to cancel this contract within three  
14 business days. You may cancel by e-mailing, mailing, faxing, or  
15 delivering a written notice to the contractor at the contractor’s  
16 place of business by midnight of the third business day after you  
17 received a signed and dated copy of the contract that includes this  
18 notice. Include your name, your address, and the date you received  
19 the signed copy of the contract and this notice.

20 If you cancel, the contractor must return to you anything you  
21 paid within 10 days of receiving the notice of cancellation. For  
22 your part, you must make available to the contractor at your  
23 residence, in substantially as good condition as you received them,  
24 goods delivered to you under this contract or sale. Or, you may,  
25 if you wish, comply with the contractor’s instructions on how to  
26 return the goods at the contractor’s expense and risk. If you do  
27 make the goods available to the contractor and the contractor does  
28 not pick them up within 20 days of the date of your notice of  
29 cancellation, you may keep them without any further obligation.  
30 If you fail to make the goods available to the contractor, or if you  
31 agree to return the goods to the contractor and fail to do so, then  
32 you remain liable for performance of all obligations under the  
33 contract.”

34 (C) The “Three-Day Right to Cancel” notice required by this  
35 paragraph shall comply with all of the following:

- 36 (i) The text of the notice is at least 12-point boldface type.
- 37 (ii) The notice is in immediate proximity to a space reserved  
38 for the owner’s signature.
- 39 (iii) The owner acknowledges receipt of the notice by signing  
40 and dating the notice form in the signature space.

1 (iv) The notice is written in the same language, e.g., Spanish,  
2 as that principally used in any oral sales presentation.

3 (v) The notice may be attached to the contract if the contract  
4 includes, in at least 12-point boldface type, a checkbox with the  
5 following statement: “The law requires that the contractor give  
6 you a notice explaining your right to cancel. Initial the checkbox  
7 if the contractor has given you a ‘Notice of the Three-Day Right  
8 to Cancel.’ ”

9 (vi) The notice shall be accompanied by a completed form in  
10 duplicate, captioned “Notice of Cancellation,” which also shall be  
11 attached to the agreement or offer to purchase and be easily  
12 detachable, and which shall contain the following statement written  
13 in the same language, e.g., Spanish, as used in the contract:

14  
15 “Notice of Cancellation”

16 /enter date of transaction/  
17 \_\_\_\_\_

18 (Date)  
19  
20

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

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

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

33 If you do make the goods available to the seller and the seller  
34 does not pick them up within 20 days of the date of your notice of  
35 cancellation, you may retain or dispose of the goods without any  
36 further obligation. If you fail to make the goods available to the  
37 seller, or if you agree to return the goods to the seller and fail to  
38 do so, then you remain liable for performance of all obligations  
39 under the contract.”  
40

1 To cancel this transaction, mail or deliver a signed and dated copy of this  
 2 cancellation notice, or any other written notice, or send a telegram  
 3 to \_\_\_\_\_,  
 4 /name of seller/  
 5 at \_\_\_\_\_  
 6 /address of seller's place of business/  
 7 not later than midnight of \_\_\_\_\_.  
 8 (Date)

9 I hereby cancel this transaction. \_\_\_\_\_  
 10 (Date)  
 11 \_\_\_\_\_  
 12 (Buyer's signature)  
 13

14 (7) (A) The following notice entitled "Seven-Day Right to  
 15 Cancel" shall be provided to the buyer for any contract that is  
 16 written for the repair or restoration of residential premises damaged  
 17 by any sudden or catastrophic event for which a state of emergency  
 18 has been declared by the President of the United States or the  
 19 Governor, or for which a local emergency has been declared by  
 20 the executive officer or governing body of any city, county, or city  
 21 and county:

22 "Seven-Day Right to Cancel  
 23 You, the buyer, have the right to cancel this contract within seven  
 24 business days. You may cancel by e-mailing, mailing, faxing, or  
 25 delivering a written notice to the contractor at the contractor's  
 26 place of business by midnight of the seventh business day after  
 27 you received a signed and dated copy of the contract that includes  
 28 this notice. Include your name, your address, and the date you  
 29 received the signed copy of the contract and this notice.  
 30 If you cancel, the contractor must return to you anything you  
 31 paid within 10 days of receiving the notice of cancellation. For  
 32 your part, you must make available to the contractor at your  
 33 residence, in substantially as good condition as you received them,  
 34 goods delivered to you under this contract or sale. Or, you may,  
 35 if you wish, comply with the contractor's instructions on how to  
 36 return the goods at the contractor's expense and risk. If you do  
 37 make the goods available to the contractor and the contractor does  
 38 not pick them up within 20 days of the date of your notice of  
 39 cancellation, you may keep them without any further obligation.  
 40 If you fail to make the goods available to the contractor, or if you

1 agree to return the goods to the contractor and fail to do so, then  
2 you remain liable for performance of all obligations under the  
3 contract.”

4 (B) The “Seven-Day Right to Cancel” notice required by this  
5 subdivision shall comply with all of the following:

6 (i) The text of the notice is at least 12-point boldface type.

7 (ii) The notice is in immediate proximity to a space reserved  
8 for the owner’s signature.

9 (iii) The owner acknowledges receipt of the notice by signing  
10 and dating the notice form in the signature space.

11 (iv) The notice is written in the same language, e.g., Spanish,  
12 as that principally used in any oral sales presentation.

13 (v) The notice may be attached to the contract if the contract  
14 includes, in at least 12-point boldface type, a checkbox with the  
15 following statement: “The law requires that the contractor give  
16 you a notice explaining your right to cancel. Initial the checkbox  
17 if the contractor has given you a ‘Notice of the Seven-Day Right  
18 to Cancel.’ ”

19 (vi) The notice shall be accompanied by a completed form in  
20 duplicate, captioned “Notice of Cancellation,” which shall also be  
21 attached to the agreement or offer to purchase and be easily  
22 detachable, and which shall contain the following statement written  
23 in the same language, e.g., Spanish, as used in the contract:  
24

25 “Notice of Cancellation”

26 /enter date of transaction/  
27 \_\_\_\_\_

28 (Date)  
29  
30

31 “You may cancel this transaction, without any penalty or  
32 obligation, within seven business days from the above date.

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

38 If you cancel, you must make available to the seller at your  
39 residence, in substantially as good condition as when received,  
40 any goods delivered to you under this contract or sale, or you may,

1 if you wish, comply with the instructions of the seller regarding  
 2 the return shipment of the goods at the seller’s expense and risk.  
 3 If you do make the goods available to the seller and the seller  
 4 does not pick them up within 20 days of the date of your notice of  
 5 cancellation, you may retain or dispose of the goods without any  
 6 further obligation. If you fail to make the goods available to the  
 7 seller, or if you agree to return the goods to the seller and fail to  
 8 do so, then you remain liable for performance of all obligations  
 9 under the contract.”

10  
11

12 To cancel this transaction, mail or deliver a signed and dated copy of this  
 13 cancellation notice, or any other written notice, or send a telegram  
 14 to \_\_\_\_\_,  
 15 /name of seller/  
 16 at \_\_\_\_\_  
 17 /address of seller’s place of business/  
 18 not later than midnight of \_\_\_\_\_.  
 19 (Date)

20 I hereby cancel this transaction. \_\_\_\_\_  
 21 (Date)  
 22 \_\_\_\_\_  
 23 (Buyer’s signature)  
 24

25 SEC. 5. Section 7159.1 of the Business and Professions Code  
26 is amended to read:

27 7159.1. (a) In any contract for the sale of home improvement  
28 goods or services offered by door-to-door sale that contains or is  
29 secured by a lien on real property, the contract shall be  
30 accompanied by the following notice in 18-point boldfaced type:

31 **“WARNING TO BUYER: IF YOU SIGN THE CONTRACT**  
 32 **WHICH ACCOMPANIES THIS NOTICE, YOU WILL BE**  
 33 **PUTTING UP YOUR HOME AS SECURITY. THIS MEANS**  
 34 **THAT YOUR HOME COULD BE SOLD WITHOUT YOUR**  
 35 **PERMISSION AND WITHOUT ANY COURT ACTION IF YOU**  
 36 **MISS ANY PAYMENT REQUIRED BY THIS CONTRACT.”**

37 This notice shall be written in the same language as the rest of  
 38 the contract. It shall be on a separate piece of paper from the rest  
 39 of the contract and shall be signed and dated by the buyer. The  
 40 home improvement contractor or home improvement salesperson

1 shall deliver to the buyer at the time of the buyer’s signing and  
2 dating of the notice a legible copy of the signed and dated notice.  
3 A security interest created in any contract described in this section  
4 that does not provide the notice as required by this section shall  
5 be void and unenforceable.

6 (b) This section shall not apply to any of the following:

7 (1) Any contract that is subject to Chapter 1 (commencing with  
8 Section 1801) of Title 2 of Part 4 of Division 3 of the Civil Code.

9 (2) A mechanics lien established pursuant to Chapter 4  
10 (commencing with Section 8400) of Title 2 of Part 6 of Division  
11 4 of the Civil Code.

12 (3) Any contract that is subject to subdivision (a) of Section  
13 7159.2.

14 ~~SEC. 6. Section 7159.5 of the Business and Professions Code~~  
15 ~~is amended to read:~~

16 ~~7159.5. This section applies to all home improvement contracts,~~  
17 ~~as defined in Section 7151.2, between an owner or tenant and a~~  
18 ~~contractor, whether a general contractor or a specialty contractor,~~  
19 ~~that is licensed or subject to be licensed pursuant to this chapter~~  
20 ~~with regard to the transaction.~~

21 ~~(a) Failure by the licensee or a person subject to be licensed~~  
22 ~~under this chapter, or by his or her agent or salesperson, to comply~~  
23 ~~with the following provisions is cause for discipline:~~

24 ~~(1) The contract shall be in writing and shall include the agreed~~  
25 ~~contract amount in dollars and cents. The contract amount shall~~  
26 ~~include the entire cost of the contract, including profit, labor, and~~  
27 ~~materials, but excluding finance charges.~~

28 ~~(2) If there is a separate finance charge between the contractor~~  
29 ~~and the person contracting for home improvement, the finance~~  
30 ~~charge shall be set out separately from the contract amount.~~

31 ~~(3) If a downpayment will be charged, the downpayment may~~  
32 ~~not exceed one thousand dollars (\$1,000) or 10 percent of the~~  
33 ~~contract amount, whichever is less.~~

34 ~~(4) If, in addition to a downpayment, the contract provides for~~  
35 ~~payments to be made prior to completion of the work, the contract~~  
36 ~~shall include a schedule of payments in dollars and cents~~  
37 ~~specifically referencing the amount of work or services to be~~  
38 ~~performed and any materials and equipment to be supplied.~~

1 ~~(5) Except for a downpayment, the contractor may neither~~  
2 ~~request nor accept payment that exceeds the value of the work~~  
3 ~~performed or material delivered.~~

4 ~~(6) Upon any payment by the person contracting for home~~  
5 ~~improvement, and prior to any further payment being made, the~~  
6 ~~contractor shall, if requested, obtain and furnish to the person a~~  
7 ~~full and unconditional release from any potential lien claimant~~  
8 ~~claim or mechanics lien pursuant to Section 8410 of the Civil Code~~  
9 ~~for any portion of the work for which payment has been made.~~  
10 ~~The person contracting for home improvement may withhold all~~  
11 ~~further payments until these releases are furnished.~~

12 ~~(7) If the contract provides for a payment of a salesperson's~~  
13 ~~commission out of the contract price, that payment shall be made~~  
14 ~~on a pro rata basis in proportion to the schedule of payments made~~  
15 ~~to the contractor by the disbursing party in accordance with~~  
16 ~~paragraph (4).~~

17 ~~(8) A contractor furnishing a performance and payment bond,~~  
18 ~~lien and completion bond, or a bond equivalent or joint control~~  
19 ~~approved by the registrar covering full performance and payment~~  
20 ~~is exempt from paragraphs (3), (4), and (5), and need not include,~~  
21 ~~as part of the contract, the statement regarding the downpayment~~  
22 ~~specified in subparagraph (C) of paragraph (8) of subdivision (d)~~  
23 ~~of Section 7159, the details and statement regarding progress~~  
24 ~~payments specified in paragraph (9) of subdivision (d) of Section~~  
25 ~~7159, or the Mechanics Lien Warning specified in paragraph (4)~~  
26 ~~of subdivision (e) of Section 7159. A contractor furnishing these~~  
27 ~~bonds, bond equivalents, or a joint control approved by the registrar~~  
28 ~~may accept payment prior to completion. If the contract provides~~  
29 ~~for a contractor to furnish joint control, the contractor shall not~~  
30 ~~have any financial or other interest in the joint control.~~

31 ~~(b) A violation of paragraph (1), (3), or (5) of subdivision (a)~~  
32 ~~by a licensee or a person subject to be licensed under this chapter,~~  
33 ~~or by his or her agent or salesperson, is a misdemeanor punishable~~  
34 ~~by a fine of not less than one hundred dollars (\$100) nor more than~~  
35 ~~five thousand dollars (\$5,000), or by imprisonment in a county~~  
36 ~~jail not exceeding one year, or by both that fine and imprisonment.~~

37 ~~(1) An indictment or information against a person who is not~~  
38 ~~licensed but who is required to be licensed under this chapter shall~~  
39 ~~be brought, or a criminal complaint filed, for a violation of this~~  
40 ~~section, in accordance with paragraph (4) of subdivision (d) of~~

1 Section 802 of the Penal Code, within four years from the date of  
2 the contract or, if the contract is not reduced to writing, from the  
3 date the buyer makes the first payment to the contractor.

4 ~~(2) An indictment or information against a person who is~~  
5 ~~licensed under this chapter shall be brought, or a criminal complaint~~  
6 ~~filed, for a violation of this section, in accordance with paragraph~~  
7 ~~(2) of subdivision (d) of Section 802 of the Penal Code, within~~  
8 ~~two years from the date of the contract or, if the contract is not~~  
9 ~~reduced to writing, from the date the buyer makes the first payment~~  
10 ~~to the contractor.~~

11 ~~(3) The limitations on actions in this subdivision shall not apply~~  
12 ~~to any administrative action filed against a licensed contractor.~~

13 ~~(e) Any person who violates this section as part of a plan or~~  
14 ~~scheme to defraud an owner or tenant of a residential or~~  
15 ~~nonresidential structure, including a mobilehome or manufactured~~  
16 ~~home, in connection with the offer or performance of repairs to~~  
17 ~~the structure for damage caused by a natural disaster, shall be~~  
18 ~~ordered by the court to make full restitution to the victim based~~  
19 ~~on the person's ability to pay, as defined in subdivision (e) of~~  
20 ~~Section 1203.1b of the Penal Code. In addition to full restitution,~~  
21 ~~and imprisonment authorized by this section, the court may impose~~  
22 ~~a fine of not less than five hundred dollars (\$500) nor more than~~  
23 ~~twenty-five thousand dollars (\$25,000), based upon the defendant's~~  
24 ~~ability to pay. This subdivision applies to natural disasters for~~  
25 ~~which a state of emergency is proclaimed by the Governor pursuant~~  
26 ~~to Section 8625 of the Government Code, or for which an~~  
27 ~~emergency or major disaster is declared by the President of the~~  
28 ~~United States.~~

29 ~~SEC. 7. Section 7159.14 of the Business and Professions Code~~  
30 ~~is amended to read:~~

31 ~~7159.14. (a) This section applies to a service and repair~~  
32 ~~contract as defined in Section 7159.10. A violation of this section~~  
33 ~~by a licensee or a person subject to be licensed under this chapter,~~  
34 ~~or by his or her agent or salesperson, is cause for discipline.~~

35 ~~(1) The contract may not exceed seven hundred fifty dollars~~  
36 ~~(\$750).~~

37 ~~(2) The contract shall be in writing and shall state the agreed~~  
38 ~~contract amount, which may be stated as either a fixed contract~~  
39 ~~amount in dollars and cents or, if a time and materials formula is~~  
40 ~~used, as an estimated contract amount in dollars and cents.~~

1 ~~(3) The contract amount shall include the entire cost of the~~  
2 ~~contract including profit, labor, and materials, but excluding~~  
3 ~~finance charges.~~

4 ~~(4) The actual contract amount of a time and materials contract~~  
5 ~~may not exceed the estimated contract amount without written~~  
6 ~~authorization from the buyer.~~

7 ~~(5) The prospective buyer must have initiated contact with the~~  
8 ~~contractor to request work.~~

9 ~~(6) The contractor may not sell the buyer goods or services~~  
10 ~~beyond those reasonably necessary to take care of the particular~~  
11 ~~problem that caused the buyer to contact the contractor.~~

12 ~~(7) No payment may be due before the project is completed.~~

13 ~~(8) A service and repair contractor may charge only one service~~  
14 ~~charge. For purposes of this chapter, a service charge includes~~  
15 ~~such charges as a service or trip charge, or an inspection fee.~~

16 ~~(9) A service and repair contractor charging a service charge~~  
17 ~~must disclose in all advertisements that there is a service charge~~  
18 ~~and, when the customer initiates the call for service, must disclose~~  
19 ~~the amount of the service charge.~~

20 ~~(10) The service and repair contractor must offer to the customer~~  
21 ~~any parts that were replaced.~~

22 ~~(11) Upon any payment by the buyer, the contractor shall, if~~  
23 ~~requested, obtain and furnish to the buyer a full and unconditional~~  
24 ~~release from any potential lien claimant claim or mechanics lien~~  
25 ~~pursuant to Section 8410 of the Civil Code for any portion of the~~  
26 ~~work for which payment has been made.~~

27 ~~(b) A violation of paragraph (1), (2), (3), (4), (5), (6), or (8) of~~  
28 ~~subdivision (a) by a licensee or a person subject to be licensed~~  
29 ~~under this chapter, or by his or her agent or salesperson, is a~~  
30 ~~misdemeanor punishable by a fine of not less than one hundred~~  
31 ~~dollars (\$100) nor more than five thousand dollars (\$5,000), or by~~  
32 ~~imprisonment in a county jail not exceeding one year, or by both~~  
33 ~~that fine and imprisonment.~~

34 ~~(1) An indictment or information against a person who is not~~  
35 ~~licensed but who is required to be licensed under this chapter shall~~  
36 ~~be brought, or a criminal complaint filed, for a violation of this~~  
37 ~~section, in accordance with paragraph (4) of subdivision (d) of~~  
38 ~~Section 802 of the Penal Code, within four years from the date of~~  
39 ~~the contract or, if the contract is not reduced to writing, from the~~  
40 ~~date the buyer makes the first payment to the contractor.~~

1 ~~(2) An indictment or information against a person who is~~  
2 ~~licensed under this chapter shall be brought, or a criminal complaint~~  
3 ~~filed, for a violation of this section, in accordance with paragraph~~  
4 ~~(2) of subdivision (d) of Section 802 of the Penal Code, within~~  
5 ~~two years from the date of the contract or, if the contract is not~~  
6 ~~reduced to writing, from the date the buyer makes the first payment~~  
7 ~~to the contractor.~~

8 ~~(3) The limitations on actions in this subdivision shall not apply~~  
9 ~~to any administrative action filed against a licensed contractor.~~

10 ~~(e) Any person who violates this section as part of a plan or~~  
11 ~~scheme to defraud an owner or tenant of a residential or~~  
12 ~~nonresidential structure, including a mobilehome or manufactured~~  
13 ~~home, in connection with the offer or performance of repairs to~~  
14 ~~the structure for damage caused by a natural disaster, shall be~~  
15 ~~ordered by the court to make full restitution to the victim based~~  
16 ~~on the person's ability to pay, as defined in subdivision (e) of~~  
17 ~~Section 1203.1b of the Penal Code. In addition to full restitution,~~  
18 ~~and imprisonment authorized by this section, the court may impose~~  
19 ~~a fine of not less than five hundred dollars (\$500) nor more than~~  
20 ~~twenty-five thousand dollars (\$25,000), based upon the defendant's~~  
21 ~~ability to pay. This subdivision applies to natural disasters for~~  
22 ~~which a state of emergency is proclaimed by the Governor pursuant~~  
23 ~~to Section 8625 of the Government Code, or for which an~~  
24 ~~emergency or major disaster is declared by the President of the~~  
25 ~~United States.~~

26 *SEC. 6. Section 7159.5 of the Business and Professions Code*  
27 *is amended to read:*

28 7159.5. This section applies to all home improvement contracts,  
29 as defined in Section 7151.2, between an owner or tenant and a  
30 contractor, whether a general contractor or a specialty contractor,  
31 ~~who~~ *that* is licensed or subject to be licensed pursuant to this  
32 chapter with regard to the transaction.

33 (a) Failure by the licensee or a person subject to be licensed  
34 under this chapter, or by his or her agent or salesperson, to comply  
35 with the following provisions is cause for discipline:

36 (1) The contract shall be in writing and shall include the agreed  
37 contract amount in dollars and cents. The contract amount shall  
38 include the entire cost of the contract, including profit, labor, and  
39 materials, but excluding finance charges.

1 (2) If there is a separate finance charge between the contractor  
2 and the person contracting for home improvement, the finance  
3 charge shall be set out separately from the contract amount.

4 (3) If a downpayment will be charged, the downpayment may  
5 not exceed one thousand dollars (\$1,000) or 10 percent of the  
6 contract amount, whichever is less.

7 (4) If, in addition to a downpayment, the contract provides for  
8 payments to be made prior to completion of the work, the contract  
9 shall include a schedule of payments in dollars and cents  
10 specifically referencing the amount of work or services to be  
11 performed and any materials and equipment to be supplied.

12 (5) Except for a downpayment, the contractor may neither  
13 request nor accept payment that exceeds the value of the work  
14 performed or material delivered.

15 (6) Upon any payment by the person contracting for home  
16 improvement, and prior to any further payment being made, the  
17 contractor shall, if requested, obtain and furnish to the person a  
18 full and unconditional release from any potential lien claimant  
19 claim or ~~mechanic's~~ *mechanics* lien authorized pursuant to Section  
20 ~~3110~~ 8410 of the Civil Code for any portion of the work for which  
21 payment has been made. The person contracting for home  
22 improvement may withhold all further payments until these releases  
23 are furnished.

24 (7) If the contract provides for a payment of a salesperson's  
25 commission out of the contract price, that payment shall be made  
26 on a pro rata basis in proportion to the schedule of payments made  
27 to the contractor by the disbursing party in accordance with  
28 paragraph (4).

29 (8) A contractor furnishing a performance and payment bond,  
30 lien and completion bond, or a bond equivalent or joint control  
31 approved by the registrar covering full performance and payment  
32 is exempt from paragraphs (3), (4), and (5), and need not include,  
33 as part of the contract, the statement regarding the downpayment  
34 specified in subparagraph (C) of paragraph (8) of subdivision (d)  
35 of Section 7159, the details and statement regarding progress  
36 payments specified in paragraph (9) of subdivision (d) of Section  
37 7159, or the ~~Mechanics'~~ *Mechanics* Lien Warning specified in  
38 paragraph (4) of subdivision (e) of Section 7159. A contractor  
39 furnishing these bonds, bond equivalents, or a joint control  
40 approved by the registrar may accept payment prior to completion.

1 If the contract provides for a contractor to furnish joint control,  
2 the contractor shall not have any financial or other interest in the  
3 joint control.

4 (b) A violation of paragraph (1), (3), or (5) of subdivision (a)  
5 by a licensee or a person subject to be licensed under this chapter,  
6 or by his or her agent or salesperson, is a misdemeanor punishable  
7 by a fine of not less than one hundred dollars (\$100) nor more than  
8 five thousand dollars (\$5,000), or by imprisonment in a county  
9 jail not exceeding one year, or by both that fine and imprisonment.

10 (1) An indictment or information against a person who is not  
11 licensed but who is required to be licensed under this chapter shall  
12 be brought, or a criminal complaint filed, for a violation of this  
13 section, in accordance with paragraph (4) of subdivision (d) of  
14 Section 802 of the Penal Code, within four years from the date of  
15 the contract or, if the contract is not reduced to writing, from the  
16 date the buyer makes the first payment to the contractor.

17 (2) An indictment or information against a person who is  
18 licensed under this chapter shall be brought, or a criminal complaint  
19 filed, for a violation of this section, in accordance with paragraph  
20 (2) of subdivision (d) of Section 802 of the Penal Code, within  
21 two years from the date of the contract or, if the contract is not  
22 reduced to writing, from the date the buyer makes the first payment  
23 to the contractor.

24 (3) The limitations on actions in this subdivision shall not apply  
25 to any administrative action filed against a licensed contractor.

26 (c) Any person who violates this section as part of a plan or  
27 scheme to defraud an owner or tenant of a residential or  
28 nonresidential structure, including a mobilehome or manufactured  
29 home, in connection with the offer or performance of repairs to  
30 the structure for damage caused by a natural disaster, shall be  
31 ordered by the court to make full restitution to the victim based  
32 on the person's ability to pay, as defined in subdivision (e) of  
33 Section 1203.1b of the Penal Code. In addition to full restitution,  
34 and imprisonment authorized by this section, the court may impose  
35 a fine of not less than five hundred dollars (\$500) nor more than  
36 twenty-five thousand dollars (\$25,000), based upon the defendant's  
37 ability to pay. This subdivision applies to natural disasters for  
38 which a state of emergency is proclaimed by the Governor pursuant  
39 to Section 8625 of the Government Code, or for which an

1 emergency or major disaster is declared by the President of the  
2 United States.

3 *SEC. 7. Section 7159.14 of the Business and Professions Code*  
4 *is amended to read:*

5 7159.14. (a) This section applies to a service and repair  
6 contract as defined in Section 7159.10. A violation of this section  
7 by a licensee or a person subject to be licensed under this chapter,  
8 or by his or her agent or salesperson, is cause for discipline.

9 (1) The contract may not exceed seven hundred fifty dollars  
10 (\$750).

11 (2) The contract shall be in writing and shall state the agreed  
12 contract amount, which may be stated as either a fixed contract  
13 amount in dollars and cents or, if a time and materials formula is  
14 used, as an estimated contract amount in dollars and cents.

15 (3) The contract amount shall include the entire cost of the  
16 contract including profit, labor, and materials, but excluding  
17 finance charges.

18 (4) The actual contract amount of a time and materials contract  
19 may not exceed the estimated contract amount without written  
20 authorization from the buyer.

21 (5) The prospective buyer must have initiated contact with the  
22 contractor to request work.

23 (6) The contractor may not sell the buyer goods or services  
24 beyond those reasonably necessary to take care of the particular  
25 problem that caused the buyer to contact the contractor.

26 (7) No payment may be due before the project is completed.

27 (8) A service and repair contractor may charge only one service  
28 charge. For purposes of this chapter, a service charge includes  
29 such charges as a service or trip charge, or an inspection fee.

30 (9) A service and repair contractor charging a service charge  
31 must disclose in all advertisements that there is a service charge  
32 and, when the customer initiates the call for service, must disclose  
33 the amount of the service charge.

34 (10) The service and repair contractor must offer to the customer  
35 any parts that were replaced.

36 (11) Upon any payment by the buyer, the contractor shall, if  
37 requested, obtain and furnish to the buyer a full and unconditional  
38 release from any potential lien claimant claim or ~~mechanic's~~  
39 *mechanics* lien authorized pursuant to Section ~~3110~~ 8410 of the

1 Civil Code for any portion of the work for which payment has  
2 been made.

3 (b) A violation of paragraph (1), (2), (3), (4), (5), (6), or (8) of  
4 subdivision (a) by a licensee or a person subject to be licensed  
5 under this chapter, or by his or her agent or salesperson, is a  
6 misdemeanor punishable by a fine of not less than one hundred  
7 dollars (\$100) nor more than five thousand dollars (\$5,000), or by  
8 imprisonment in a county jail not exceeding one year, or by both  
9 that fine and imprisonment.

10 (1) An indictment or information against a person who is not  
11 licensed but who is required to be licensed under this chapter shall  
12 be brought, or a criminal complaint filed, for a violation of this  
13 section, in accordance with paragraph (4) of subdivision (d) of  
14 Section 802 of the Penal Code, within four years from the date of  
15 the contract or, if the contract is not reduced to writing, from the  
16 date the buyer makes the first payment to the contractor.

17 (2) An indictment or information against a person who is  
18 licensed under this chapter shall be brought, or a criminal complaint  
19 filed, for a violation of this section, in accordance with paragraph  
20 (2) of subdivision (d) of Section 802 of the Penal Code, within  
21 two years from the date of the contract or, if the contract is not  
22 reduced to writing, from the date the buyer makes the first payment  
23 to the contractor.

24 (3) The limitations on actions in this subdivision shall not apply  
25 to any administrative action filed against a licensed contractor.

26 (c) Any person who violates this section as part of a plan or  
27 scheme to defraud an owner or tenant of a residential or  
28 nonresidential structure, including a mobilehome or manufactured  
29 home, in connection with the offer or performance of repairs to  
30 the structure for damage caused by a natural disaster, shall be  
31 ordered by the court to make full restitution to the victim based  
32 on the person's ability to pay, as defined in subdivision (e) of  
33 Section 1203.1b of the Penal Code. In addition to full restitution,  
34 and imprisonment authorized by this section, the court may impose  
35 a fine of not less than five hundred dollars (\$500) nor more than  
36 twenty-five thousand dollars (\$25,000), based upon the defendant's  
37 ability to pay. This subdivision applies to natural disasters for  
38 which a state of emergency is proclaimed by the Governor pursuant  
39 to Section 8625 of the Government Code, or for which an

1 emergency or major disaster is declared by the President of the  
2 United States.

3 SEC. 8. Section 7164 of the Business and Professions Code is  
4 amended to read:

5 7164. (a) Notwithstanding Section 7044, every contract and  
6 any changes in a contract, between an owner and a contractor, for  
7 the construction of a single-family dwelling to be retained by the  
8 owner for at least one year shall be evidenced in writing signed  
9 by both parties.

10 (b) The writing shall contain the following:

11 (1) The name, address, and license number of the contractor.

12 (2) The approximate dates when the work will begin and be  
13 substantially completed.

14 (3) A legal description of the location where the work will be  
15 done.

16 (4) A statement with the heading “Mechanics Lien Warning”  
17 as follows:

18 “MECHANICS LIEN WARNING:

19 Anyone who helps improve your property, but who is not paid,  
20 may record what is called a mechanics lien on your property. A  
21 mechanics lien is a claim, like a mortgage or home equity loan,  
22 made against your property and recorded with the county recorder.

23 Even if you pay your contractor in full, unpaid subcontractors,  
24 suppliers, and laborers who helped to improve your property may  
25 record mechanics liens and sue you in court to foreclose the lien.  
26 If a court finds the lien is valid, you could be forced to pay twice  
27 or have a court officer sell your home to pay the lien. Liens can  
28 also affect your credit.

29 To preserve their right to record a lien, each subcontractor and  
30 material supplier must provide you with a document called a  
31 ‘Preliminary Notice.’ This notice is not a lien. The purpose of the  
32 notice is to let you know that the person who sends you the notice  
33 has the right to record a lien on your property if he or she is not  
34 paid.

35 BE CAREFUL. The Preliminary Notice can be sent up to 20  
36 days after the subcontractor starts work or the supplier provides  
37 material. This can be a big problem if you pay your contractor  
38 before you have received the Preliminary Notices.

39 You will not get Preliminary Notices from your prime contractor  
40 or other persons you contract with directly or from laborers who

1 work on your project. The law assumes that you already know  
2 they are improving your property.

3 **PROTECT YOURSELF FROM LIENS.** You can protect  
4 yourself from liens by getting a list from your contractor of all the  
5 subcontractors and material suppliers that work on your project.  
6 Find out from your contractor when these subcontractors started  
7 work and when these suppliers delivered goods or materials. Then  
8 wait 20 days, paying attention to the Preliminary Notices you  
9 receive.

10 **PAY WITH JOINT CHECKS.** One way to protect yourself is  
11 to pay with a joint check. When your contractor tells you it is time  
12 to pay for the work of a subcontractor or supplier who has provided  
13 you with a Preliminary Notice, write a joint check payable to both  
14 the contractor and the subcontractor or material supplier.

15 For other ways to prevent liens, visit CSLB's Web site at  
16 [www.cslb.ca.gov](http://www.cslb.ca.gov) or call CSLB at 800-321-CSLB (2752).

17 **REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING**  
18 **A LIEN PLACED ON YOUR HOME.** This can mean that you  
19 may have to pay twice, or face the forced sale of your home to pay  
20 what you owe.”

21 (5) (A) A statement prepared by the board through regulation  
22 that emphasizes the value of commercial general liability insurance  
23 and encourages the owner to verify the contractor's insurance  
24 coverage and status.

25 (B) A check box indicating whether or not the contractor carries  
26 commercial general liability insurance, and if that is the case, the  
27 name and the telephone number of the insurer.

28 (c) The writing may also contain other matters agreed to by the  
29 parties to the contract. The writing shall be legible and shall clearly  
30 describe any other document which is to be incorporated into the  
31 contract. Prior to commencement of any work, the owner shall be  
32 furnished a copy of the written agreement, signed by the contractor.  
33 The provisions of this section are not exclusive and do not relieve  
34 the contractor from compliance with all other applicable provisions  
35 of law.

36 (d) Every contract subject to the provisions of this section shall  
37 contain, in close proximity to the signatures of the owner and  
38 contractor, a notice in at least 10-point boldface type or in all  
39 capital letters, stating that the owner has the right to require the

1 contractor to have a performance and payment bond and that the  
2 expense of the bond may be borne by the owner.

3 (e) The requirements in paragraph (5) of subdivision (b) shall  
4 become operative three months after the board adopts the  
5 regulations referenced in subparagraph (A) of paragraph (5) of  
6 subdivision (b).

7 (f) This section shall become operative on January 1, 2006.

8 SEC. 9. Section 8513 of the Business and Professions Code is  
9 amended to read:

10 8513. (a) The board shall prescribe a form entitled “Notice to  
11 Owner” that shall describe, in nontechnical language and in a clear  
12 and coherent manner using words with common and everyday  
13 meaning, the pertinent provisions of this state’s mechanics’ lien  
14 laws and the rights and responsibilities of an owner of property  
15 and a registered pest control company thereunder. Each company  
16 registered under this chapter, prior to entering into a contract with  
17 an owner for work for which a company registration is required,  
18 shall give a copy of this “Notice to Owner” to the owner, his or  
19 her agent, or the payer.

20 (b) No company that is required to be registered under this  
21 chapter shall require or request a waiver of lien rights from any  
22 subcontractor, employee, or supplier.

23 (c) Each company registered under this chapter that acts as a  
24 subcontractor for another company registered under this chapter  
25 shall, within 20 days of commencement of any work for which a  
26 company registration is required, give the preliminary notice in  
27 accordance with Chapter 2 (commencing with Section 8200) of  
28 Title 2 of Part 6 of Division 4 of the Civil Code, to the owner, his  
29 or her agent, or the payer.

30 (d) Each company registered under this chapter that acts as a  
31 prime contractor for work for which a company registration is  
32 required shall, prior to accepting payment for the work, furnish to  
33 the owner, his or her agent, or the payer a full and unconditional  
34 release from any claim of mechanics lien by any subcontractor  
35 entitled to enforce a mechanics’ lien pursuant to Section 8172 of  
36 the Civil Code.

37 (e) Each company registered under this chapter that subcontracts  
38 to another company registered under this chapter work for which  
39 a company registration is required shall furnish to the subcontractor  
40 the name of the owner, his or her agent, or the payer.

1 (f) The provisions of this section shall be applicable only to  
2 those registered companies, as defined in Section 8506.1, operating  
3 pursuant to a Branch 1 or Branch 3 registration.

4 (g) A violation of the provisions of this section is a ground for  
5 disciplinary action.

6 SEC. 10. Section 17577.5 of the Business and Professions  
7 Code is amended to read:

8 17577.5. (a) No contract or offer for the sale, lease, or rental  
9 of a home water treatment device and no purchase money loan, as  
10 defined in subdivision (b), shall provide for a lien on real property.  
11 Any lien taken in violation of this section is void and  
12 unenforceable.

13 (b) For the purpose of this section, “purchase money loan”  
14 means a loan or an advance under an open-end credit account if  
15 both of the following occur:

16 (1) The primary purpose of the loan or the primary purpose of  
17 establishing the open-end credit account is to finance all or a  
18 portion of the purchase price or any of the lease or rental payments  
19 for a water treatment device.

20 (2) The creditor knows the primary purpose of the loan or the  
21 primary purpose of establishing the open-end credit account when  
22 the loan is initially made or the open-end credit account is  
23 established.

24 (c) The creditor shall be deemed to know that the primary  
25 purpose of the loan or the primary purpose of establishing the  
26 open-end credit account is the primary purpose described in  
27 paragraph (1) of subdivision (b) if any of the following occur:

28 (1) The consumer’s application for credit or any other document  
29 in the creditor’s possession before the loan is made or the open-end  
30 account is established indicates the primary purpose of the loan  
31 or the open-end credit account.

32 (2) The seller, lessor, or renter arranges or guarantees the loan  
33 or open-end account, or participates in the preparation of the  
34 consumer’s application for credit or other loan documents, or  
35 receives from the creditor a loan commission, brokerage, or referral  
36 fee.

37 (d) For the purpose of this section, “open-end credit” has the  
38 same meaning as used in Section 226.2 of Title 12 of the Code of  
39 Federal Regulations.

1 (e) This section does not apply to mechanics liens established  
2 pursuant to Chapter 4 (commencing with Section 8400) of Title 2  
3 of Part 6 of Division 4 of the Civil Code.

4 SEC. 11. Section 1917.166 of the Civil Code is amended to  
5 read:

6 1917.166. The lien of a shared appreciation loan, including the  
7 principal amount and all interest, whether accrued or to be accrued,  
8 and all amounts of contingent deferred interest, shall attach from  
9 the time of the recordation of the deed of trust securing the loan,  
10 and the lien, including the lien of the interest accrued or to be  
11 accrued and of the contingent deferred interest, shall have priority  
12 over any other lien or encumbrance affecting the property secured  
13 by the shared appreciation instrument, recorded after the time of  
14 recordation of the shared appreciation instrument. However,  
15 nothing in this section or Section 1917.165 shall preclude a junior  
16 lien or encumbrance subordinate to the obligation of the shared  
17 appreciation loan. In no case may a junior lien achieve priority  
18 over the lien securing the obligation of the shared appreciation  
19 loan, provided that nothing in this section shall be construed to  
20 supersede Section 8450.

21 SEC. 12. Section 1917.615 of the Civil Code is amended to  
22 read:

23 1917.615. The lien of a shared appreciation loan for seniors,  
24 including the total loan obligation, shall attach from the time of  
25 the recordation of the deed of trust securing the loan, and the lien,  
26 including the lien of the total loan obligation accrued or to be  
27 accrued, shall have priority over any other lien or encumbrance  
28 affecting the property secured by the shared appreciation instrument  
29 and recorded after the time of recordation of the shared appreciation  
30 instrument. However, nothing in this section or Section 1917.614  
31 shall preclude a junior lien or encumbrance subordinate to the total  
32 loan obligation of the shared appreciation loan for seniors. In no  
33 case may a junior lien achieve priority over the lien securing the  
34 total loan obligation of the shared appreciation loan, provided that  
35 nothing in this section shall be construed to supersede Section  
36 8450.

37 SEC. 13. Section 3059 of the Civil Code is amended to read:

38 3059. The liens of mechanics, for materials and services upon  
39 real property, are regulated by Chapter 4 (commencing with Section  
40 8400) of Title 2 of Part 6 of Division 4.

1 SEC. 14. Section 3060 of the Civil Code is amended to read:  
 2 3060. (a) As used in this section, “mine” means a mining claim  
 3 or real property worked on as a mine.

4 (b) Any person who performs labor in a mine, either in its  
 5 development or in working on it by the subtractive process, or  
 6 furnishes materials to be used or consumed in it, has a lien upon  
 7 the mine and the works owned and used by the owners for milling  
 8 or reducing the ores from the mine, for the value of the work or  
 9 labor done or materials furnished by each, whether done or  
 10 furnished at the instance of the owner of the mine, or the owner’s  
 11 agent, and every contractor, subcontractor, superintendent, or other  
 12 person having charge of any mining or work or labor performed  
 13 in and about the mine, either as lessee or under a working bond or  
 14 contract thereon shall be held to be the agent of the owner for the  
 15 purposes of this section. The liens provided for by this section  
 16 shall be enforced in the same manner as those provided for by Part  
 17 6 (commencing with Section 8000) of Division 4.

18 SEC. 15. Chapter 8 (commencing with Section 3081.1) of Title  
 19 14 of Part 4 of Division 3 of the Civil Code is repealed.

20 SEC. 16. Title 15 (commencing with Section 3082) of Part 4  
 21 of Division 3 of the Civil Code is repealed.

22 *SEC. 16.3. Section 3084 of the Civil Code, as amended by*  
 23 *Section 1 of Chapter 109 of the Statutes of 2009, is amended to*  
 24 *read:*

25 3084. (a) “Claim of lien” or “mechanic’s lien” means a written  
 26 statement, signed and verified by the claimant or by the claimant’s  
 27 agent, containing all of the following:

28 (1) A statement of the claimant’s demand after deducting all  
 29 just credits and offsets.

30 (2) The name of the owner or reputed owner, if known.

31 (3) A general statement of the kind of labor, services, equipment,  
 32 or materials furnished by the claimant.

33 (4) The name of the person by whom the claimant was employed  
 34 or to whom the claimant furnished the labor, services, equipment,  
 35 or materials.

36 (5) A description of the site sufficient for identification.

37 (6) A proof of service affidavit completed and signed by the  
 38 person serving the Notice of Mechanic’s Lien pursuant to  
 39 subdivision (c). A “proof of service affidavit” is an affidavit of the  
 40 person making the service, showing the date, place, and manner

1 of service and facts showing that the service was made in  
2 accordance with this section. The affidavit shall show the name  
3 and address of the person or persons upon whom a copy of the  
4 mechanic's lien and the Notice of Mechanic's Lien was served,  
5 and, if appropriate, the title or capacity in which he or she was  
6 served.

7 (7) The following statement, printed in at least 10-point boldface  
8 type. The letters of the last sentence shall be printed in uppercase  
9 type, excepting the Internet Web site address of the Contractors'  
10 State License Board, which shall be printed in lowercase type:

11  
12 NOTICE OF MECHANIC'S LIEN  
13 ATTENTION!  
14

15 Upon the recording of the enclosed MECHANIC'S LIEN with  
16 the county recorder's office of the county where the property is  
17 located, your property is subject to the filing of a legal action  
18 seeking a court-ordered foreclosure sale of the real property on  
19 which the lien has been recorded. That legal action must be filed  
20 with the court no later than 90 days after the date the mechanic's  
21 lien is recorded.

22 The party identified in the mechanic's lien may have provided  
23 labor or materials for improvements to your property and may not  
24 have been paid for these items. You are receiving this notice  
25 because it is a required step in filing a mechanic's lien foreclosure  
26 action against your property. The foreclosure action will seek a  
27 sale of your property in order to pay for unpaid labor, materials,  
28 or improvements provided to your property. This may affect your  
29 ability to borrow against, refinance, or sell the property until the  
30 mechanic's lien is released.

31 BECAUSE THE LIEN AFFECTS YOUR PROPERTY, YOU  
32 MAY WISH TO SPEAK WITH YOUR CONTRACTOR  
33 IMMEDIATELY, OR CONTACT AN ATTORNEY, OR FOR  
34 MORE INFORMATION ON MECHANIC'S LIENS GO TO THE  
35 CONTRACTORS' *CONTRACTORS* STATE LICENSE BOARD  
36 *INTERNET* WEB SITE AT [www.cslb.ca.gov](http://www.cslb.ca.gov).  
37

38 (b) A mechanic's lien or claim of lien in otherwise proper form,  
39 verified and containing the information required by this section

1 shall be accepted by the recorder for recording and shall be deemed  
2 duly recorded without acknowledgment.

3 (c) (1) The mechanic's lien and the Notice of Mechanic's Lien  
4 described in this section shall be served on the owner or reputed  
5 owner. Service shall be made as follows:

6 (A) For an owner or reputed owner to be notified who resides  
7 in or outside this state, by registered mail, certified mail, or  
8 first-class mail, evidenced by a certificate of mailing, postage  
9 prepaid, addressed to the owner or reputed owner at the owner's  
10 or reputed owner's residence or place of business address or at the  
11 address shown by the building permit on file with the authority  
12 issuing a building permit for the work, or as otherwise provided  
13 in subdivision (j) of Section 3097.

14 (B) If the owner or reputed owner cannot be served by this  
15 method, then the notice may be given by registered mail, certified  
16 mail, or first-class mail, evidenced by a certificate of mailing,  
17 postage prepaid, addressed to the construction lender or to the  
18 original contractor.

19 (2) Service by registered mail, certified mail, or first-class mail,  
20 evidenced by a certificate of mailing, postage prepaid, is complete  
21 at the time of the deposit of that first-class certified or registered  
22 mail.

23 (d) Failure to serve the mechanic's lien, including the Notice  
24 of Mechanic's Lien, as prescribed by this section, shall cause the  
25 mechanic's lien to be unenforceable as a matter of law.

26 (e) *This section shall remain in effect only until July 1, 2012,*  
27 *and as of that date is repealed.*

28 *SEC. 16.5. Section 3252 of the Civil Code is amended to read:*

29 3252. (a) With regard to a contract entered into on or after  
30 January 1, 1995, in order to enforce a claim upon any payment  
31 bond given in connection with a public work, a claimant shall give  
32 the 20-day public works preliminary bond notice as provided in  
33 Section 3098.

34 (b) ~~If~~ *With regard to a project completed on or before December*  
35 *31, 2010, if* the 20-day public work preliminary bond notice was  
36 not given as provided in Section 3098, a claimant may enforce a  
37 claim by giving written notice to the surety and the bond principal  
38 as provided in Section 3227 within 15 days after recordation of a  
39 notice of completion. If no notice of completion has been recorded,  
40 the time for giving written notice to the surety and the bond

1 principal is extended to 75 days after completion of the work of  
2 improvement.

3 (c) *Commencing January 1, 2011, and except as provided in*  
4 *subdivision (b), if the 20-day public works preliminary bond notice*  
5 *was not given as provided in Section 3098, a claimant may enforce*  
6 *a claim by giving written notice to the surety and bond principal,*  
7 *as provided in Section 3227, prior to completion, as defined in*  
8 *Section 3086, of the project, or recordation of notice of completion,*  
9 *whichever is later. Prior to completion or recordation of a notice*  
10 *of completion, every public entity shall provide written notice of*  
11 *pending completion to each subcontractor that has provided a*  
12 *20-day preliminary bond notice as provided in Section 3098.*

13 (d) *This section shall remain in effect only until July 1, 2012,*  
14 *and as of that date is repealed.*

15 SEC. 17. Section 3319 of the Civil Code is amended to read:

16 3319. (a) In each written contract for private works of  
17 improvement entered into on or after January 1, 1996, the  
18 contracting party and the design professional may agree to  
19 contractual provisions that include a late payment penalty, in lieu  
20 of any interest otherwise due. The terms of the late payment penalty  
21 shall be specifically set forth in the written contract.

22 (b) The penalty authorized pursuant to subdivision (a) shall be  
23 separate from, and in addition to, the design professionals liens  
24 provided by Chapter 3 (commencing with Section 8300) of Title  
25 2 of Part 6 of Division 4, mechanics liens provided by Chapter 4  
26 (commencing with Section 8400) of Title 2 of Part 6 of Division  
27 4, and stop payment notices provided by Chapter 5 (commencing  
28 with Section 8500) of Title 2 of Part 6 of Division 4.

29 (c) None of the rights or obligations created or permitted by this  
30 section between design professionals and contracting parties shall  
31 apply to construction loan funds held by a lender pursuant to a  
32 construction loan agreement.

33 (d) For purposes of this section, the following definitions apply:

34 (1) “Contracting party” means any person or entity entering into  
35 a written contract with a design professional for professional design  
36 services for a private work of improvement.

37 (2) “Design professional” means a person licensed as an  
38 architect pursuant to Chapter 3 (commencing with Section 5500)  
39 of Division 3 of the Business and Professions Code, registered as  
40 a professional engineer pursuant to Chapter 7 (commencing with

1 Section 6700) of Division 3 of the Business and Professions Code,  
2 or licensed as a land surveyor pursuant to Chapter 15 (commencing  
3 with Section 8700) of Division 3 of the Business and Professions  
4 Code.

5 SEC. 18. Section 3320 of the Civil Code is amended to read:

6 3320. (a) In each contract for public works of improvement,  
7 entered into on or after January 1, 1996, the public agency shall  
8 pay to the prime design professional any progress payment within  
9 30 days of receipt of a written demand for payment in accordance  
10 with the contract, and the final retention payment within 45 days  
11 of receipt of a written demand for payment in accordance with the  
12 contract. If the public agency disputes in good faith any portion  
13 of the amount due, it may withhold from the payment an amount  
14 not to exceed 150 percent of the disputed amount. The disputed  
15 amount withheld is not subject to any penalty authorized by this  
16 section.

17 (b) If any amount is wrongfully withheld or is not timely paid  
18 in violation of this section, the prime design professional shall be  
19 entitled to a penalty of 1 ½ percent for the improperly withheld  
20 amount, in lieu of any interest otherwise due, per month for every  
21 month that payment is not made. In any action for the collection  
22 of amounts withheld in violation of this section, the prevailing  
23 party is entitled to his or her reasonable attorney's fees and costs.

24 (c) The penalty described in subdivision (b) is separate from,  
25 and in addition to, the design professionals liens provided by  
26 Chapter 3 (commencing with Section 8300) of Title 2 of Part 6 of  
27 Division 4, mechanics liens provided by Chapter 4 (commencing  
28 with Section 8400) of Title 2 of Part 6 of Division 4, and stop  
29 payment notices on public works provided by Chapter 4  
30 (commencing with Section 9350) of Title 3 of Part 6 of Division  
31 4.

32 (d) This section does not apply to state agency contracts subject  
33 to Section 927.6 of the Government Code.

34 (e) None of the rights or obligations created by this section  
35 between prime design professionals and public agencies apply to  
36 construction loan funds held by a lender pursuant to a construction  
37 loan agreement.

38 (f) For purposes of this section:

39 (1) "Public agency" means the state, any county, any city, any  
40 city and county, any district, any public authority, any public

1 agency, any municipal corporation, or other political subdivision  
2 or political corporation of the state.

3 (2) “Design professional” means a person licensed as an  
4 architect pursuant to Chapter 3 (commencing with Section 5500)  
5 of Division 3 of the Business and Professions Code, registered as  
6 a professional engineer pursuant to Chapter 7 (commencing with  
7 Section 6700) of Division 3 of the Business and Professions Code,  
8 or licensed as a land surveyor pursuant to Chapter 15 (commencing  
9 with Section 8700) of Division 3 of the Business and Professions  
10 Code.

11 (3) “Prime design professional” means a design professional  
12 with a written contract directly with the public agency.

13 SEC. 19. Section 3321 of the Civil Code is amended to read:

14 3321. (a) In each contract for public works of improvement,  
15 a prime design professional shall pay to each subconsultant design  
16 professional the amount due him or her from the payment received,  
17 not later than 15 days after receipt of each progress payment or  
18 final retention payment. If the prime design professional disputes  
19 in good faith any portion of the amount due, he or she may  
20 withhold from the payment an amount not to exceed 150 percent  
21 of the disputed amount. The disputed amount withheld shall not  
22 be subject to any penalty authorized by this section.

23 (b) If any amount is wrongfully withheld or is not timely paid  
24 in violation of this section, the subconsultant design professional  
25 shall be entitled to a penalty of 1½ percent of the improperly  
26 withheld amount, in lieu of any interest otherwise due, per month,  
27 for each month that payment is not made. In any action for the  
28 collection of amounts withheld in violation of this section, the  
29 prevailing party shall be entitled to his or her reasonable attorney’s  
30 fees and costs.

31 (c) The penalty described in subdivision (b) shall be separate  
32 from, and in addition to, the design professionals liens provided  
33 by Chapter 3 (commencing with Section 8300) of Title 2 of Part  
34 6 of Division 4, mechanics liens provided by Chapter 4  
35 (commencing with Section 8400) of Title 2 of Part 6 of Division  
36 4, and stop payment notices on public works provided by Chapter  
37 4 (commencing with Section 9350) of Title 3 of Part 6 of Division  
38 4.

39 (d) None of the rights or obligations created by this section  
40 between prime design professionals and subconsultant design

1 professionals shall apply to construction loan funds held by a lender  
2 pursuant to a construction loan agreement.

3 (e) For purposes of this section:

4 (1) “Public agency” means the state, any county, any city, any  
5 city and county, any district, any public authority, any public  
6 agency, any municipal corporation, or other political subdivision  
7 or political corporation of the state.

8 (2) “Design professional” means a person licensed as an  
9 architect pursuant to Chapter 3 (commencing with Section 5500)  
10 of Division 3 of the Business and Professions Code, registered as  
11 a professional engineer pursuant to Chapter 7 (commencing with  
12 Section 6700) of Division 3 of the Business and Professions Code,  
13 or licensed as a land surveyor pursuant to Chapter 15 (commencing  
14 with Section 8700) of Division 3 of the Business and Professions  
15 Code.

16 (3) “Prime design professional” means a design professional  
17 having a written contract directly with the public agency.

18 (4) “Subconsultant design professional” means a design  
19 professional having a written contract with a prime design  
20 professional.

21 SEC. 19.5. The heading of Part 8 (commencing with Section  
22 7100) of Division 4 of the Civil Code is amended to read:

23  
24 PART 5.5. AUTOMATIC CHECKOUT SYSTEM  
25

26 SEC. 20. Part 6 (commencing with Section 8000) is added to  
27 Division 4 of the Civil Code, to read:

28  
29 PART 6. WORKS OF IMPROVEMENT  
30

31 TITLE 1. WORKS OF IMPROVEMENT GENERALLY  
32

33 CHAPTER 1. GENERAL PROVISIONS  
34

35 Article 1. Definitions  
36

37 8000. Unless the provision or context otherwise requires, the  
38 definitions in this article govern the construction of this ~~title~~ *part*.

39 8002. “Admitted surety insurer” has the meaning provided in  
40 Section 995.120 of the Code of Civil Procedure.

1 8004. “Claimant” means a person that has a right under this  
2 part to record a claim of lien, give a stop payment notice, or assert  
3 a claim against a payment bond, or do any combination of the  
4 foregoing.

5 8006. “Construction lender” means either of the following:

6 (a) A mortgagee or beneficiary under a deed of trust lending  
7 funds with which the cost of all or part of a work of improvement  
8 is to be paid, or the assignee or successor in interest of the  
9 mortgagee or beneficiary.

10 (b) An escrow holder or other person holding funds provided  
11 by an owner, lender, or another person as a fund for with which  
12 the cost of all or part of a work of improvement is to be paid.

13 8008. “Contract” means an agreement that provides for all or  
14 part of a work of improvement.

15 8010. “Contract price” means the price agreed to in a direct  
16 contract for a work of improvement.

17 8012. “Contractor” includes a direct contractor, subcontractor,  
18 or both. This section does not apply to Sections 8018 and 8046.

19 8014. “Design professional” means a person licensed as an  
20 architect pursuant to Chapter 3 (commencing with Section 5500)  
21 of Division 3 of the Business and Professions Code, licensed as a  
22 landscape architect pursuant to Chapter 3.5 (commencing with  
23 Section 5615) of Division 3 of the Business and Professions Code,  
24 registered as a professional engineer pursuant to Chapter 7  
25 (commencing with Section 6700) of Division 3 of the Business  
26 and Professions Code, or licensed as a land surveyor pursuant to  
27 Chapter 15 (commencing with Section 8700) of Division 3 of the  
28 Business and Professions Code.

29 8016. “Direct contract” means a contract between an owner  
30 and a direct contractor that provides for all or part of a work of  
31 improvement.

32 8018. “Direct contractor” means a contractor that has a direct  
33 contractual relationship with an owner. A reference in another  
34 statute to a “prime contractor” in connection with the provisions  
35 in this part means a “direct contractor.”

36 8020. For the purposes of Title 3 (commencing with Section  
37 9000), “funds” means warrant, check, money, or bonds (if bonds  
38 are to be issued in payment of the public works contract).

39 8022. “Labor, service, equipment, or material” includes, but  
40 is not limited to, labor, skills, services, material, supplies,

1 equipment, appliances, power, and surveying, provided for a work  
2 of improvement.

3 8024. (a) “Laborer” means a person who, acting as an  
4 employee, performs labor upon, or bestows skill or other necessary  
5 services on, a work of improvement.

6 (b) “Laborer” includes a person or entity to which a portion of  
7 a laborer’s compensation for a work of improvement, including,  
8 but not limited to, employer payments described in Section 1773.1  
9 of the Labor Code and implementing regulations, is paid by  
10 agreement with that laborer or the collective bargaining agent of  
11 that laborer.

12 (c) A person or entity described in subdivision (b) that has  
13 standing under applicable law to maintain a direct legal action, in  
14 its own name or as an assignee, to collect any portion of  
15 compensation owed for a laborer for a work of improvement, shall  
16 have standing to enforce any rights or claims of the laborer under  
17 this part, to the extent of the compensation agreed to be paid to  
18 the person or entity for labor on that improvement. This subdivision  
19 is intended to give effect to the longstanding public policy of this  
20 state to protect the entire compensation of a laborer on a work of  
21 improvement, regardless of the form in which that compensation  
22 is to be paid.

23 8026. “Lien” means a lien under Title 2 (commencing with  
24 Section 8160) and includes a lien of a design professional under  
25 Section 8302, a lien for a work of improvement under Section  
26 8400, and a lien for a site improvement under Section 8402.

27 8028. “Material supplier” means a person that provides material  
28 or supplies to be used or consumed in a work of improvement.

29 8030. (a) For the purposes of Title 2 (commencing with Section  
30 8160), “payment bond” means a bond given under Section 8600.

31 (b) For the purposes of Title 3 (commencing with Section 9000),  
32 “payment bond” means a bond required by Section 9550.

33 8032. “Person” means an individual, corporation, public entity,  
34 business trust, estate, trust, partnership, limited liability company,  
35 association, or other entity.

36 8034. (a) For the purposes of Title 2 (commencing with Section  
37 8160), “preliminary notice” means the notice provided for in  
38 Chapter 2 (commencing with Section 8200) of Title 2.

1 (b) For the purposes of Title 3 (commencing with Section 9000),  
2 “preliminary notice” means the notice provided for in Chapter 3  
3 (commencing with Section 9300) of Title 3.

4 8036. “Public entity” means the state, Regents of the University  
5 of California, a county, city, district, public authority, public  
6 agency, and any other political subdivision or public corporation  
7 in the state.

8 8038. “Public works contract” has the meaning provided in  
9 Section 1101 of the Public Contract Code.

10 8040. “Site” means the real property on which a work of  
11 improvement is situated or planned.

12 8042. “Site improvement” means any of the following work  
13 on real property:

14 (a) Demolition or removal of improvements, trees, or other  
15 vegetation.

16 (b) Drilling test holes.

17 (c) Grading, filling, or otherwise improving the real property  
18 or a street, highway, or sidewalk in front of or adjoining the real  
19 property.

20 (d) Construction or installation of sewers or other public utilities.

21 (e) Construction of areas, vaults, cellars, or rooms under  
22 sidewalks.

23 (f) Any other work or improvements in preparation of the site  
24 for a work of improvement.

25 8044. (a) (1) For the purposes of Title 2 (commencing with  
26 Section 8160), “stop payment notice” means the notice given by  
27 a claimant under Chapter 5 (commencing with Section 8500) of  
28 Title 2.

29 (2) A stop payment notice given under Title 2 (commencing  
30 with Section 8160) may be bonded or unbonded. A “bonded stop  
31 payment notice” is a notice given with a bond under Section 8532.  
32 An “unbonded stop payment notice” is a notice not given with a  
33 bond under Section 8532.

34 (3) Except to the extent Title 2 (commencing with Section 8160)  
35 distinguishes between a bonded and an unbonded stop payment  
36 notice, a reference in that title to a stop payment notice includes  
37 both a bonded and an unbonded notice.

38 (b) For the purposes of Title 3 (commencing with Section 9000),  
39 “stop payment notice” means the notice given by a claimant under  
40 Chapter 4 (commencing with Section 9350) of Title 3.

1 (c) A reference in another statute to a “stop notice” in connection  
 2 with the remedies provided in this part means a stop payment  
 3 notice.

4 8046. “Subcontractor” means a contractor that does not have  
 5 a direct contractual relationship with an owner. The term includes  
 6 a contractor that has a contractual relationship with a direct  
 7 contractor or with another subcontractor.

8 8048. “Work” means labor, service, equipment, or material  
 9 provided to a work of improvement.

10 8050. (a) “Work of improvement” includes, but is not limited  
 11 to:

12 (1) Construction, alteration, repair, demolition, or removal, in  
 13 whole or in part, of, or addition to, a building, wharf, bridge, ditch,  
 14 flume, aqueduct, well, tunnel, fence, machinery, railroad, or road.

15 (2) Seeding, sodding, or planting of real property for landscaping  
 16 purposes.

17 (3) Filling, leveling, or grading of real property.

18 (b) Except as otherwise provided in this part, “work of  
 19 improvement” means the entire structure or scheme of  
 20 improvement as a whole, and includes site improvement.

21  
 22 Article 2. Miscellaneous Provisions

23  
 24 8052. (a) This part is operative on ~~January~~ *July* 1, 2012.

25 (b) Notwithstanding subdivision (a), the effectiveness of a notice  
 26 given or other action taken on a work of improvement before  
 27 ~~January~~ *July* 1, 2012, is governed by the applicable law in effect  
 28 before ~~January~~ *July* 1, 2012, and not by this part.

29 (c) A provision of this part, insofar as it is substantially the same  
 30 as a previously existing provision relating to the same subject  
 31 matter, shall be construed as a restatement and continuation thereof  
 32 and not as a new enactment.

33 8054. (a) This part does not apply to a transaction governed  
 34 by the Oil and Gas Lien Act (Chapter 2.5 (commencing with  
 35 Section 1203.50) of Title 4 of Part 3 of the Code of Civil  
 36 Procedure).

37 (b) This part does not apply to or change improvement security  
 38 under the Subdivision Map Act (Division 2 (commencing with  
 39 Section 66410) of Title 7 of the Government Code).

1 (c) This part does not apply to a transaction governed by  
2 Sections 20457 to 20464, inclusive, of the Public Contract Code.

3 8056. Except as otherwise provided in this part, Part 2  
4 (commencing with Section 307) of the Code of Civil Procedure  
5 provides the rules of practice in proceedings under this part.

6 8058. For purposes of this part, “day” means a calendar day.

7 8060. (a) If this part provides for filing a contract, plan, or  
8 other paper with the county recorder, the provision is satisfied by  
9 filing the paper in the office of the county recorder of the county  
10 in which the work of improvement or part of it is situated.

11 (b) If this part provides for recording a notice, claim of lien,  
12 release of lien, payment bond, or other paper, the provision is  
13 satisfied by filing the paper for record in the office of the county  
14 recorder of the county in which the work of improvement or part  
15 of it is situated.

16 (c) The county recorder shall number, index, and preserve a  
17 contract, plan, or other paper presented for filing under this part,  
18 and shall number, index, and transcribe into the official records,  
19 in the same manner as a conveyance of real property, a notice,  
20 claim of lien, payment bond, or other paper recorded under this  
21 part.

22 (d) The county recorder shall charge and collect the fees  
23 provided in Article 5 (commencing with Section 27360) of Chapter  
24 6 of Part 3 of Division 2 of Title 3 of the Government Code for  
25 performing duties under this section.

26 8062. No act of an owner in good faith and in compliance with  
27 a provision of this part shall be construed to prevent a direct  
28 contractor’s performance of the contract, or exonerate a surety on  
29 a performance or payment bond.

30 8064. An owner may give a notice or execute or file a document  
31 under this part on behalf of a co-owner if the owner acts on the  
32 co-owner’s behalf and includes in the notice or document the name  
33 and address of the co-owner on whose behalf the owner acts.

34 8066. An act that may be done by or to a person under this part  
35 may be done by or to the person’s agent to the extent the act is  
36 within the scope of the agent’s authority.

CHAPTER 2. NOTICE

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8100. Notice under this part shall be in writing. Writing includes printing and typewriting.

8102. (a) Notice under this part shall, in addition to any other information required by statute for that type of notice, include all of the following information to the extent known to the person giving the notice:

- (1) The name and address of the owner or reputed owner.
- (2) The name and address of the direct contractor.
- (3) The name and address of the construction lender, if any.
- (4) A description of the site sufficient for identification, including the street address of the site, if any. If a sufficient legal description of the site is given, the effectiveness of the notice is not affected by the fact that the street address is erroneous or is omitted.
- (5) The name, address, and relationship to the parties of the person giving the notice.
- (6) If the person giving the notice is a claimant:
  - (A) A general statement of the work provided.
  - (B) The name of the person to or for whom the work is provided.
  - (C) A statement or estimate of the claimant’s demand, if any, after deducting all just credits and offsets.

(b) Notice is not invalid by reason of any variance from the requirements of this section if the notice is sufficient to substantially inform the person given notice of the information required by this section and other information required in the notice.

8104. (a) A direct contractor or subcontractor on a work of improvement governed by this part that employs a laborer and fails to pay the full compensation due the laborer, including any employer payments described in Section 1773.1 of the Labor Code and implementing regulations, shall not later than the date the compensation became delinquent, give the laborer, the laborer’s bargaining representative, if any, the construction lender or reputed construction lender, if any, and the owner or reputed owner, notice that includes all of the following information, in addition to the information required by Section 8102:

1 (1) The name and address of the laborer, and of any person or  
2 entity described in subdivision (b) of Section 8024 to which  
3 employer payments are due.

4 (2) The total number of straight time and overtime hours worked  
5 by the laborer on each job.

6 (3) The amount then past due and owing.

7 (b) Failure to give the notice required by subdivision (a)  
8 constitutes grounds for disciplinary action under the Contractors'  
9 State License Law, Chapter 9 (commencing with Section 7000)  
10 of Division 3 of the Business and Professions Code.

11 8106. Except as otherwise provided by statute, notice under  
12 this part shall be given by any of the following means:

13 (a) Personal delivery.

14 (b) Mail in the manner provided in Section 8110.

15 (c) Leaving the notice and mailing a copy in the manner  
16 provided in Section 415.20 of the Code of Civil Procedure for  
17 service of summons and complaint in a civil action.

18 8108. Except as otherwise provided by this part, notice under  
19 this part shall be given to the person to be notified at the person's  
20 residence, the person's place of business, or at any of the following  
21 addresses:

22 (a) If the person to be notified is an owner other than a public  
23 entity, the owner's address shown on the direct contract, the  
24 building permit, or a construction trust deed.

25 (b) If the person to be notified is a public entity, the office of  
26 the public entity or another address specified by the public entity  
27 in the contract or elsewhere for service of notices, papers, and  
28 other documents.

29 (c) If the person to be notified is a construction lender, the  
30 construction lender's address shown on the construction loan  
31 agreement or construction trust deed.

32 (d) If the person to be notified is a direct contractor or a  
33 subcontractor, the contractor's address shown on the building  
34 permit, on the contractor's contract, or on the records of the  
35 Contractors' State License Board.

36 (e) If the person to be notified is a claimant, the claimant's  
37 address shown on the claimant's contract, preliminary notice, claim  
38 of lien, stop payment notice, or claim against a payment bond, or  
39 on the records of the Contractors' State License Board.

1 (f) If the person to be notified is a surety on a bond, the surety's  
2 address shown on the bond for service of notices, papers, and other  
3 documents, or on the records of the Department of Insurance.

4 8110. Except as otherwise provided by this part, notice by mail  
5 under this part shall be given by registered or certified mail, express  
6 mail, or overnight delivery by an express service carrier.

7 8114. A notice required by this part to be posted shall be  
8 displayed in a conspicuous location at the site.

9 8116. Notice under this part is complete and deemed to have  
10 been given at the following times:

11 (a) If given by personal delivery, when delivered.

12 (b) If given by mail, when deposited in the mail or with an  
13 express service carrier in the manner provided in Section 1013 of  
14 the Code of Civil Procedure.

15 (c) If given by leaving the notice and mailing a copy in the  
16 manner provided in Section 415.20 of the Code of Civil Procedure  
17 for service of summons in a civil action, five days after mailing.

18 (d) If given by posting, when displayed.

19 (e) If given by recording, when recorded in the office of the  
20 county recorder.

21 8118. (a) Proof that notice was given to a person in the manner  
22 required by this part shall be made by a proof of notice declaration  
23 that states all of the following:

24 (1) The type or description of the notice given.

25 (2) The date, place, and manner of notice, and facts showing  
26 that notice was given in the manner required by statute.

27 (3) The name and address of the person to which notice was  
28 given, and, if appropriate, the title or capacity in which the person  
29 was given notice.

30 (b) If the notice is given by mail, the declaration shall be  
31 accompanied by one of the following:

32 (1) Documentation provided by the United States Postal Service  
33 showing that payment was made to mail the notice using registered  
34 or certified mail, or express mail.

35 (2) Documentation provided by an express service carrier  
36 showing that payment was made to send the notice using an  
37 overnight delivery service.

38 (3) A return receipt, delivery confirmation, signature  
39 confirmation, tracking record, or other proof of delivery or  
40 attempted delivery provided by the United States Postal Service,

1 or a photocopy of the record of delivery and receipt maintained  
2 by the United States Postal Service, showing the date of delivery  
3 and to whom delivered, or in the event of nondelivery, by the  
4 returned envelope itself.

5 (4) A tracking record or other documentation provided by an  
6 express service carrier showing delivery or attempted delivery of  
7 the notice.

8  
9 CHAPTER 3. WAIVER AND RELEASE

10  
11 8120. The provisions of this chapter apply to a work of  
12 improvement governed by this part.

13 8122. An owner, direct contractor, or subcontractor may not,  
14 by contract or otherwise, waive, affect, or impair any other  
15 claimant's rights under this part, whether with or without notice,  
16 and any term of a contract that purports to do so is void and  
17 unenforceable unless and until the claimant executes and delivers  
18 a waiver and release under this article.

19 8124. A claimant's waiver and release does not release the  
20 owner, construction lender, or surety on a payment bond from a  
21 lien or claim unless both of the following conditions are satisfied:

22 (a) The waiver and release is in substantially the form provided  
23 in this article and is signed by the claimant.

24 (b) If the release is a conditional release, there is evidence of  
25 payment to the claimant. Evidence of payment may be either of  
26 the following:

27 (1) The claimant's endorsement on a single or joint payee check  
28 that has been paid by the financial institution on which it was  
29 drawn.

30 (2) Written acknowledgment of payment by the claimant.

31 8126. An oral or written statement purporting to waive, release,  
32 impair or otherwise adversely affect a lien or claim is void and  
33 unenforceable and does not create an estoppel or impairment of  
34 the lien or claim unless either of the following conditions is  
35 satisfied:

36 (a) The statement is pursuant to a waiver and release under this  
37 article.

38 (b) The claimant has actually received payment in full for the  
39 claim.

1 8128. (a) A claimant may reduce the amount of, or release in  
2 its entirety, a stop payment notice. The reduction or release shall  
3 be in writing and may be given in a form other than a waiver and  
4 release form provided in this article.

5 (b) The writing shall identify whether it is a reduction of the  
6 amount of the stop payment notice, or a release of the notice in its  
7 entirety. If the writing is a reduction, it shall state the amount of  
8 the reduction, and the amount to remain withheld after the  
9 reduction.

10 (c) A claimant’s reduction or release of a stop payment notice  
11 has the following effect:

12 (1) The reduction or release releases the claimant’s right to  
13 enforce payment of the claim stated in the notice to the extent of  
14 the reduction or release.

15 (2) The reduction or release releases the person given the notice  
16 from the obligation to withhold funds pursuant to the notice to the  
17 extent of the reduction or release.

18 (3) The reduction or release does not preclude the claimant from  
19 giving a subsequent stop payment notice that is timely and proper.

20 (4) The reduction or release does not release any right of the  
21 claimant other than the right to enforce payment of the claim stated  
22 in the stop payment notice to the extent of the reduction or release.

23 8130. This article does not affect the enforceability of either  
24 an accord and satisfaction concerning a good faith dispute or an  
25 agreement made in settlement of an action pending in court if the  
26 accord and satisfaction or agreement and settlement make specific  
27 reference to the lien or claim.

28 8132. If a claimant is required to execute a waiver and release  
29 in exchange for, or in order to induce payment of, a progress  
30 payment and the claimant is not, in fact, paid in exchange for the  
31 waiver and release or a single payee check or joint payee check is  
32 given in exchange for the waiver and release, the waiver and release  
33 shall be null, void, and unenforceable unless it is in substantially  
34 the following form:

35  
36 **CONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT**  
37  
38 **NOTICE: THIS DOCUMENT WAIVES THE CLAIMANT’S LIEN, STOP**  
39 **PAYMENT NOTICE, AND PAYMENT BOND RIGHTS EFFECTIVE ON**  
40 **RECEIPT OF PAYMENT. A PERSON SHOULD NOT RELY ON THIS**

1 DOCUMENT UNLESS SATISFIED THAT THE CLAIMANT HAS  
2 RECEIVED PAYMENT.

3

4 ~~Identifying Information~~ **Identifying Information**

5

6 Name of Claimant: \_\_\_\_\_

7 Name of Customer: \_\_\_\_\_

8 Job Location: \_\_\_\_\_

9 Owner: \_\_\_\_\_

10 Through Date: \_\_\_\_\_

11

12 ~~Conditional Waiver and Release~~ **Conditional Waiver and Release**

13

14 This document waives and releases lien, stop payment notice, and payment  
15 bond rights the claimant has for labor and service provided, and equipment  
16 and material delivered, to the customer on this job through the Through Date  
17 of this document. Rights based upon labor or service provided, or equipment  
18 or material delivered, pursuant to a written change order that has been fully  
19 executed by the parties prior to the date that this document is signed by the  
20 claimant, are waived and released by this document, unless listed as an  
21 Exception below. This document is effective only on the claimant's receipt of  
22 payment from the financial institution on which the following check is drawn:

23

24 Maker of Check: \_\_\_\_\_

25 Amount of ~~Check~~ *Check*: \$ \_\_\_\_\_

26 Check Payable to: \_\_\_\_\_

27

28 ~~Exceptions~~ **Exceptions**

29

30 This document does not affect any of the following:

31

(1) Retentions.

32

(2) Extras for which the claimant has not received payment.

33

(3) The following progress payments for which the claimant has previously  
34 given a conditional waiver and release but has not received payment:

35

Date(s) of waiver and release: \_\_\_\_\_

36

Amount(s) of unpaid progress payment(s): \$ \_\_\_\_\_

37

(4) Contract rights, including (A) a right based on rescission, abandonment,  
38 or breach of contract, and (B) the right to recover compensation for work not  
39 compensated by the payment.

40

1 ~~Signature~~*Signature*

2

3 Claimant’s Signature: \_\_\_\_\_

4 Claimant’s Title: \_\_\_\_\_

5 Date of Signature: \_\_\_\_\_

6

7 8134. If the claimant is required to execute a waiver and release  
8 in exchange for, or in order to induce payment of, a progress  
9 payment and the claimant asserts in the waiver that the claimant  
10 has, in fact, been paid the progress payment, the waiver and release  
11 shall be null, void, and unenforceable unless it is in substantially  
12 the following form, with the text of the “Notice to Claimant” in at  
13 least as large a type as the largest type otherwise in the form:

14

15 UNCONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT

16

17 ~~NOTICE TO CLAIMANT: THIS DOCUMENT WAIVES AND RELEASES~~  
18 ~~LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS~~  
19 ~~UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID~~  
20 ~~FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE~~  
21 ~~AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID.~~  
22 ~~IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL WAIVER AND~~  
23 ~~RELEASE FORM. NOTICE TO CLAIMANT: THIS DOCUMENT WAIVES~~  
24 ~~AND RELEASES LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND~~  
25 ~~RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID~~  
26 ~~FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE~~  
27 ~~AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID.~~  
28 ~~IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL WAIVER AND~~  
29 ~~RELEASE FORM.~~

30

31 ~~Identifying Information~~*Identifying Information*

32

33 Name of Claimant: \_\_\_\_\_

34 Name of Customer: \_\_\_\_\_

35 Job Location: \_\_\_\_\_

36 Owner: \_\_\_\_\_

37 Through Date: \_\_\_\_\_

38

39 ~~Unconditional Waiver and Release~~*Unconditional Waiver and Release*

40

1 This document waives and releases lien, stop payment notice, and payment  
 2 bond rights the claimant has for labor and service provided, and equipment  
 3 and material delivered, to the customer on this job through the Through Date  
 4 of this document. Rights based upon labor or service provided, or equipment  
 5 or material delivered, pursuant to a written change order that has been fully  
 6 executed by the parties prior to the date that this document is signed by the  
 7 claimant, are waived and released by this document, unless listed as an  
 8 Exception below. The claimant has received the following progress payment:  
 9 \$ \_\_\_\_\_

10

~~Exceptions~~ **Exceptions**

12

This document does not affect any of the following:

14

(1) Retentions.

15

(2) Extras for which the claimant has not received payment.

16

(3) Contract rights, including (A) a right based on rescission, abandonment,  
 17 or breach of contract, and (B) the right to recover compensation for work not  
 18 compensated by the payment.

19

20

~~Signature~~ **Signature**

21

Claimant's Signature: \_\_\_\_\_

23

Claimant's Title: \_\_\_\_\_

24

Date of Signature: \_\_\_\_\_

25

26

8136. If the claimant is required to execute a waiver and release  
 27 in exchange for, or in order to induce payment of, a final payment  
 28 and the claimant is not, in fact, paid in exchange for the waiver  
 29 and release or a single payee check or joint payee check is given  
 30 in exchange for the waiver and release, the waiver and release shall  
 31 be null, void, and unenforceable unless it is in substantially the  
 32 following form:

33

CONDITIONAL WAIVER AND RELEASE ON FINAL PAYMENT

35

36

NOTICE: THIS DOCUMENT WAIVES THE CLAIMANT'S LIEN, STOP  
 37 PAYMENT NOTICE, AND PAYMENT BOND RIGHTS EFFECTIVE ON  
 38 RECEIPT OF PAYMENT. A PERSON SHOULD NOT RELY ON THIS  
 39 DOCUMENT UNLESS SATISFIED THAT THE CLAIMANT HAS  
 40 RECEIVED PAYMENT.

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~~Identifying Information~~ **Identifying Information**

Name of Claimant: \_\_\_\_\_

Name of Customer: \_\_\_\_\_

Job Location: \_\_\_\_\_

Owner: \_\_\_\_\_

~~Conditional Waiver and Release~~ **Conditional Waiver and Release**

This document waives and releases lien, stop payment notice, and payment bond rights the claimant has for labor and service provided, and equipment and material delivered, to the customer on this job. Rights based upon labor or service provided, or equipment or material delivered, pursuant to a written change order that has been fully executed by the parties prior to the date that this document is signed by the claimant, are waived and released by this document, unless listed as an Exception below. This document is effective only on the claimant’s receipt of payment from the financial institution on which the following check is drawn:

Maker of Check: \_\_\_\_\_

Amount of ~~Check~~: *Check*: \$ \_\_\_\_\_

Check Payable to: \_\_\_\_\_

~~Exceptions~~ **Exceptions**

This document does not affect any of the following:  
Disputed claims for extras in the amount of: \$ \_\_\_\_\_

~~Signature~~ **Signature**

Claimant’s Signature: \_\_\_\_\_

Claimant’s Title: \_\_\_\_\_

Date of Signature: \_\_\_\_\_

8138. If the claimant is required to execute a waiver and release in exchange for, or in order to induce payment of, a final payment and the claimant asserts in the waiver that the claimant has, in fact, been paid the final payment, the waiver and release shall be null, void, and unenforceable unless it is in substantially the following

1 form, with the text of the “Notice to Claimant” in at least as large  
2 a type as the largest type otherwise in the form:

3  
4 UNCONDITIONAL WAIVER AND RELEASE ON FINAL PAYMENT

5  
6 ~~NOTICE TO CLAIMANT: THIS DOCUMENT WAIVES AND RELEASES~~  
7 ~~LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS~~  
8 ~~UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID~~  
9 ~~FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE~~  
10 ~~AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID.~~  
11 ~~IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL WAIVER AND~~  
12 ~~RELEASE FORM. NOTICE TO CLAIMANT: THIS DOCUMENT WAIVES~~  
13 ~~AND RELEASES LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND~~  
14 ~~RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID~~  
15 ~~FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE~~  
16 ~~AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID.~~  
17 ~~IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL WAIVER AND~~  
18 ~~RELEASE FORM.~~

19  
20 ~~Identifying Information~~ *Identifying Information*

21  
22 Name of Claimant: \_\_\_\_\_  
23 Name of Customer: \_\_\_\_\_  
24 Job Location: \_\_\_\_\_  
25 Owner: \_\_\_\_\_

26  
27 ~~Unconditional Waiver and Release~~ *Unconditional Waiver and Release*

28  
29 This document waives and releases lien, stop payment notice, and payment  
30 bond rights the claimant has for all labor and service provided, and equipment  
31 and material delivered, to the customer on this job. Rights based upon labor  
32 or service provided, or equipment or material delivered, pursuant to a written  
33 change order that has been fully executed by the parties prior to the date that  
34 this document is signed by the claimant, are waived and released by this  
35 document, unless listed as an Exception below. The claimant has been paid  
36 in full.

37  
38 ~~Exceptions~~ *Exceptions*

39  
40 This document does not affect the following:

1 Disputed claims for extras in the amount of: \$ \_\_\_\_\_  
 2  
 3 ~~Signature~~*Signature*  
 4  
 5 Claimant's Signature: \_\_\_\_\_  
 6 Claimant's Title: \_\_\_\_\_  
 7 Date of Signature: \_\_\_\_\_  
 8

9 CHAPTER 4. BONDS

10  
 11 8150. The Bond and Undertaking Law (Chapter 2 (commencing  
 12 with Section 995.010) of Title 14 of Part 2 of the Code of Civil  
 13 Procedure) applies to a bond given under this part, except to the  
 14 extent this part prescribes a different rule or is inconsistent.

15 8152. None of the following releases a surety from liability on  
 16 a bond given under this part:

17 (a) A change, alteration, or modification to a contract, plan,  
 18 specification, or agreement for a work of improvement or for work  
 19 provided for a work of improvement.

20 (b) A change or modification to the terms of payment or an  
 21 extension of the time for payment for a work of improvement.

22 (c) A rescission or attempted rescission of a contract, agreement,  
 23 or bond.

24 (d) A condition precedent or subsequent in the bond purporting  
 25 to limit the right of recovery of a claimant otherwise entitled to  
 26 recover pursuant to a contract, agreement, or bond.

27 (e) In the case of a bond given for the benefit of claimants, the  
 28 fraud of a person other than the claimant seeking to recover on the  
 29 bond.

30 8154. (a) A bond given under this part shall be construed most  
 31 strongly against the surety and in favor of all persons for whose  
 32 benefit the bond is given.

33 (b) A surety is not released from liability to those for whose  
 34 benefit the bond has been given by reason of a breach of the direct  
 35 contract or on the part of any obligee named in the bond.

36 (c) Except as otherwise provided by statute, the sole conditions  
 37 of recovery on the bond are that the claimant is a person described  
 38 in Article 1 (commencing with Section 8400) of Chapter 4 of Title  
 39 2, or in Section 9100, and has not been paid the full amount of the  
 40 claim.

1 TITLE 2. PRIVATE WORKS OF IMPROVEMENT

2  
3 CHAPTER 1. GENERAL PROVISIONS

4  
5 Article 1. Application of Title

6  
7 8160. This title applies to a work of improvement that is not  
8 governed by Title 3 (commencing with Section 9000) of this part.

9  
10 Article 2. Construction Documents

11  
12 8170. (a) A written direct contract shall provide a space for  
13 the owner to enter the following information:

14 (1) The owner's name, address, and place of business, if any.

15 (2) The name and address of the construction lender, if any.

16 This paragraph does not apply to a home improvement contract  
17 or swimming pool contract subject to Article 10 (commencing  
18 with Section 7150) of Chapter 9 of Division 3 of the Business and  
19 Professions Code.

20 (b) A written contract entered into between a direct contractor  
21 and subcontractor, or between subcontractors, shall provide a space  
22 for the name and address of the owner, direct contractor, and  
23 construction lender, if any.

24 8172. (a) A public entity that issues building permits shall, in  
25 its application form for a building permit, provide space and a  
26 designation for the applicant to enter the name, branch designation,  
27 if any, and address of the construction lender and shall keep the  
28 information on file open for public inspection during the regular  
29 business hours of the public entity.

30 (b) If there is no known construction lender, the applicant shall  
31 note that fact in the designated space.

32 (c) Failure of the applicant to indicate the name and address of  
33 the construction lender on the application does not relieve a person  
34 required to give the construction lender preliminary notice from  
35 that duty.

36 8174. (a) A mortgage, deed of trust, or other instrument  
37 securing a loan, any of the proceeds of which may be used for a  
38 work of improvement, shall bear the designation "Construction  
39 Trust Deed" prominently on its face and shall state all of the  
40 following:

- 1 (1) The name and address of the construction lender.
- 2 (2) The name and address of the owner of the real property
- 3 described in the instrument.
- 4 (3) A legal description of the real property that secures the loan
- 5 and, if known, the street address of the property.
- 6 (b) Failure to comply with subdivision (a) does not affect the
- 7 validity of the mortgage, deed of trust, or other instrument.
- 8 (c) Failure to comply with subdivision (a) does not relieve a
- 9 person required to give preliminary notice from that duty.
- 10 (d) The county recorder of the county in which the instrument
- 11 is recorded shall indicate in the general index of the official records
- 12 of the county that the instrument secures a construction loan.

13  
14 Article 3. Completion

- 15
- 16 8180. (a) For the purpose of this title, completion of a work
- 17 of improvement occurs upon the occurrence of any of the following
- 18 events:
- 19 (1) Actual completion of the work of improvement.
- 20 (2) Occupation or use by the owner accompanied by cessation
- 21 of labor.
- 22 (3) Cessation of labor for a continuous period of 60 days.
- 23 (4) Recordation of a notice of cessation after cessation of labor
- 24 for a continuous period of 30 days.
- 25 (b) Notwithstanding subdivision (a), if a work of improvement
- 26 is subject to acceptance by a public entity, completion occurs on
- 27 acceptance.
- 28 8182. (a) An owner may record a notice of completion on or
- 29 within 15 days after the date of completion of a work of
- 30 improvement.
- 31 (b) The notice of completion shall be signed and verified by the
- 32 owner.
- 33 (c) The notice shall comply with the requirements of Chapter
- 34 2 (commencing with Section 8100) of Title 1, and shall also include
- 35 all of the following information:
- 36 (1) If the notice is given only of completion of a contract for a
- 37 particular portion of the work of improvement as provided in
- 38 Section 8186, the name of the direct contractor under that contract
- 39 and a general statement of the work provided pursuant to the
- 40 contract.

1 (2) If signed by the owner’s successor in interest, the name and  
2 address of the successor’s transferor.

3 (3) The nature of the interest or estate of the owner.

4 (4) The date of completion. An erroneous statement of the date  
5 of completion does not affect the effectiveness of the notice if the  
6 true date of completion is 15 days or less before the date of  
7 recordation of the notice.

8 (d) A notice of completion that does not comply with the  
9 provisions of this section is not effective.

10 (e) For the purpose of this section, “owner” means the owner  
11 who causes a building, improvement, or structure to be constructed,  
12 altered, or repaired, or that person’s successor in interest at the  
13 date a notice of completion is recorded, whether the interest or  
14 estate of the owner be in fee, as vendee under a contract of  
15 purchase, as lessee, or other interest or estate less than the fee.  
16 Where the interest or estate is held by two or more persons as joint  
17 tenants or tenants in common, any one or more of the cotenants  
18 may be deemed to be the “owner” within the meaning of this  
19 section.

20 8184. A notice of completion in otherwise proper form, verified  
21 and containing the information required by this title, shall be  
22 accepted by the recorder for recording and is deemed duly recorded  
23 without acknowledgment.

24 8186. If a work of improvement is made pursuant to two or  
25 more direct contracts, each covering a portion of the work of  
26 improvement:

27 (a) The owner may record a notice of completion of a direct  
28 contract for a portion of the work of improvement. On recordation  
29 of the notice of completion, for the purpose of Sections 8412 and  
30 8414, a direct contractor is deemed to have completed the contract  
31 for which the notice of completion is recorded and a claimant other  
32 than a direct contractor is deemed to have ceased providing work.

33 (b) If the owner does not record a notice of completion under  
34 this section, the period for recording a claim of lien is that provided  
35 in Sections 8412 and 8414.

36 8188. (a) An owner may record a notice of cessation if there  
37 has been a continuous cessation of labor on a work of improvement  
38 for at least 30 days prior to the recordation that continues through  
39 the date of the recordation.

40 (b) The notice shall be signed and verified by the owner.

1 (c) The notice shall comply with the requirements of Chapter  
2 2 (commencing with Section 8100) of Title 1, and shall also include  
3 all of the following information:

- 4 (1) The date on or about which labor ceased.
- 5 (2) A statement that the cessation has continued until the  
6 recordation of the notice.

7 (d) For the purpose of this section, “owner” means the owner  
8 who causes a building, improvement, or structure to be constructed,  
9 altered, or repaired, or that person’s successor in interest at the  
10 date a notice of cessation is recorded, whether the interest or estate  
11 of the owner be in fee, as vendee under a contract of purchase, as  
12 lessee, or other interest or estate less than the fee. Where the  
13 interest or estate is held by two or more persons as joint tenants  
14 or tenants in common, any one or more of the cotenants may be  
15 deemed to be the “owner” within the meaning of this section.

16 8190. (a) An owner that records a notice of completion or  
17 cessation shall, within 10 days of the date the notice of completion  
18 or cessation is filed for record, give a copy of the notice to all of  
19 the following persons:

- 20 (1) A direct contractor.
- 21 (2) A claimant that has given the owner preliminary notice.

22 (b) The copy of the notice shall be given in compliance with  
23 the requirements of Chapter 2 (commencing with Section 8100)  
24 of Title 1.

25 (c) If the owner fails to give notice to a person as required by  
26 subdivision (a), the notice is ineffective to shorten the time within  
27 which that person may record a claim of lien under Sections 8412  
28 and 8414. The ineffectiveness of the notice is the sole liability of  
29 the owner for failure to give notice to a person under subdivision  
30 (a).

31 (d) For the purpose of this section, “owner” means a person  
32 who has an interest in real property, or the person’s successor in  
33 interest on the date a notice of completion or notice of cessation  
34 is recorded, who causes a building, improvement, or structure, to  
35 be constructed, altered, or repaired on the property. If the property  
36 is owned by two or more persons as joint tenants or tenants in  
37 common, any one or more of the cotenants may be deemed to be  
38 the “owner” within the meaning of this section. However, this  
39 section does not apply to any of the following owners:

- 1 (1) A person that occupies the real property as a personal
- 2 residence, if the dwelling contains four or fewer residential units.
- 3 (2) A person that has a security interest in the property.
- 4 (3) A person that obtains an interest in the property pursuant to
- 5 a transfer described in subdivision (b), (c), or (d) of Section 1102.2.

6  
7 CHAPTER 2. PRELIMINARY NOTICE

8  
9 8200. (a) Except as otherwise provided by statute, before  
10 recording a lien claim, giving a stop payment notice, or asserting  
11 a claim against a payment bond, a claimant shall give preliminary  
12 notice to the following persons:

- 13 (1) The owner or reputed owner.
- 14 (2) The direct contractor or reputed direct contractor to which
- 15 the claimant provides work, either directly or through one or more
- 16 subcontractors.
- 17 (3) The construction lender or reputed construction lender, if
- 18 any.
- 19 (b) The notice shall comply with the requirements of Chapter
- 20 2 (commencing with Section 8100) of Title 1.
- 21 (c) Compliance with this section is a necessary prerequisite to
- 22 the validity of a lien claim or stop payment notice under this title.
- 23 (d) Compliance with this section or with Section 8612 is a
- 24 necessary prerequisite to the validity of a claim against a payment
- 25 bond under this title.

- 26 (e) Notwithstanding the foregoing subdivisions:
- 27 (1) A laborer is not required to give preliminary notice.
- 28 (2) A claimant with a direct contractual relationship with an
- 29 owner or reputed owner is required to give preliminary notice only
- 30 to the construction lender or reputed construction lender, if any.

31 8202. (a) The preliminary notice shall comply with the  
32 requirements of Section 8102, and shall also include:

- 33 (1) A general description of the work to be provided.
- 34 (2) An estimate of the total price of the work provided and to
- 35 be provided.
- 36 (3) The following statement in boldface type:

37  
38 NOTICE TO PROPERTY OWNER  
39

1 EVEN THOUGH YOU HAVE PAID YOUR CONTRACTOR IN FULL,  
 2 if the person or firm that has given you this notice is not paid in full for labor,  
 3 service, equipment, or material provided or to be provided to your construction  
 4 project, a lien may be placed on your property. Foreclosure of the lien may  
 5 lead to loss of all or part of your property. You may wish to protect yourself  
 6 against this by (1) requiring your contractor to provide a signed release by the  
 7 person or firm that has given you this notice before making payment to your  
 8 contractor, or (2) any other method that is appropriate under the circumstances.

9 This notice is required by law to be served by the undersigned as a statement  
 10 of your legal rights. This notice is not intended to reflect upon the financial  
 11 condition of the contractor or the person employed by you on the construction  
 12 project.

13 If you record a notice of cessation or completion of your construction project,  
 14 you must within 10 days after recording, send a copy of the notice of  
 15 completion to your contractor and the person or firm that has given you this  
 16 notice. The notice must be sent by registered or certified mail. Failure to send  
 17 the notice will extend the deadline to record a claim of lien. You are not  
 18 required to send the notice if you are a residential homeowner of a dwelling  
 19 containing four or fewer units.

20  
 21 (b) If preliminary notice is given by a subcontractor that has  
 22 not paid all compensation due to a laborer, the notice shall include  
 23 the name and address of the laborer and any person or entity  
 24 described in subdivision (b) of Section 8024 to which payments  
 25 are due.

26 (c) If an invoice for material or certified payroll contains the  
 27 information required by this section and Section 8102, a copy of  
 28 the invoice or payroll, given in compliance with the requirements  
 29 of Chapter 2 (commencing with Section 8100) of Title 1, is  
 30 sufficient.

31 8204. (a) A preliminary notice shall be given not later than 20  
 32 days after the claimant has first furnished work on the work of  
 33 improvement. If work has been provided by a claimant who did  
 34 not give a preliminary notice, that claimant shall not be precluded  
 35 from giving a preliminary notice at any time thereafter. The  
 36 claimant shall, however, be entitled to record a lien, give a stop  
 37 payment notice, and assert a claim against a payment bond only  
 38 for work performed within 20 days prior to the service of the  
 39 preliminary notice, and at any time thereafter.

1 (b) ~~A licensed architect, licensed landscape architect, registered~~  
2 ~~engineer, or licensed land surveyor~~ *design professional* who has  
3 furnished services for the design of the work of improvement and  
4 who gives a preliminary notice not later than 20 days after the  
5 work of improvement has commenced shall be deemed to have  
6 complied with Section 8200 with respect to the design services  
7 furnished, or to be furnished.

8 8206. (a) Except as provided in subdivision (b), a claimant  
9 need give only one preliminary notice to each person to which  
10 notice must be given under this chapter with respect to all work  
11 provided by the claimant for a work of improvement.

12 (b) If a claimant provides work pursuant to contracts with more  
13 than one subcontractor, the claimant shall give a separate  
14 preliminary notice with respect to work provided pursuant to each  
15 contract.

16 (c) A preliminary notice that contains a general description of  
17 work provided by the claimant through the date of the notice also  
18 covers work provided by the claimant after the date of the notice  
19 whether or not they are within the scope of the general description  
20 contained in the notice.

21 8208. A direct contractor shall make available to any person  
22 seeking to give preliminary notice the following information:

23 (a) The name and address of the owner.

24 (b) The name and address of the construction lender, if any.

25 8210. If one or more construction loans are obtained after  
26 commencement of a work of improvement, the owner shall give  
27 notice of the name and address of the construction lender or lenders  
28 to each person that has given the owner preliminary notice.

29 8212. An agreement made or entered into by an owner whereby  
30 the owner agrees to waive the rights conferred on the owner by  
31 this chapter is void and unenforceable.

32 8214. (a) Each person who has served a preliminary notice  
33 may file the preliminary notice with the county recorder. A  
34 preliminary notice filed pursuant to this section shall comply with  
35 the requirements of Section 8102.

36 (b) Upon the acceptance for recording of a notice of completion  
37 or notice of cessation the county recorder shall mail to those  
38 persons who have filed a preliminary notice, notification that a  
39 notice of completion or notice of cessation has been recorded on  
40 the property, and shall affix the date that the notice of completion

1 or notice of cessation was recorded with the county recorder. The  
2 notification given by the county recorder under this section is not  
3 governed by the requirements of Chapter 2 (commencing with  
4 Section 8100) of Title 1.

5 (c) The failure of the county recorder to mail the notification to  
6 the person who filed a preliminary notice, or the failure of those  
7 persons to receive the notification or to receive complete  
8 notification, shall not affect the period within which a claim of  
9 lien is required to be recorded. However, the county recorder shall  
10 make a good faith effort to mail notification to those persons who  
11 have filed the preliminary notice under this section and to do so  
12 within five days after the recording of a notice of completion or  
13 notice of cessation.

14 (d) The county recorder may cause to be destroyed all documents  
15 filed pursuant to this section, two years after the date of filing.

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

31 8216. If the contract of any subcontractor on a particular work  
32 of improvement provides for payment to the subcontractor of more  
33 than four hundred dollars (\$400), the failure of that subcontractor,  
34 licensed under the Contractors' State License Law (Chapter 9  
35 (commencing with Section 7000) of Division 3 of the Business  
36 and Professions Code), to give the notice provided for in this  
37 chapter, constitutes grounds for disciplinary action under the  
38 Contractors' State License Law.

CHAPTER 3. DESIGN PROFESSIONALS LIEN

8300. For purposes of this chapter, a “design professional” is a person described in Section 8014 who provides services pursuant to a written contract with a landowner for the design, engineering, or planning of a work of improvement.

(a) A design professional has, from the date of recordation of a claim of lien under this chapter, a lien on the site notwithstanding the absence of commencement of the planned work of improvement, if the landowner who contracted for the design professional’s services is also the owner of the site at the time of recordation of the claim of lien.

(b) The lien of the design professional is for the amount of the design professional’s fee for services provided under the contract or the reasonable value of those services, whichever is less. The amount of the lien is reduced by the amount of any deposit or prior payment under the contract.

(c) A design professional may not record a claim of lien, and a lien may not be created, under this chapter unless a building permit or other governmental approval in furtherance of the work of improvement has been obtained in connection with or utilizing the services provided by the design professional.

8304. A design professional is not entitled to a lien under this chapter unless all of the following conditions are satisfied:

(a) The work of improvement for which the design professional provided services has not commenced.

(b) The landowner defaults in a payment required under the contract or refuses to pay the demand of the design professional made under the contract.

(c) Not less than 10 days before recording a claim of lien, the design professional gives the landowner notice making a demand for payment, and stating that a default has occurred under the contract and the amount of the default.

(d) The design professional records a claim of lien. The claim of lien shall include all of the following information:

- (1) The name of the design professional.
- (2) The amount of the claim.
- (3) The current owner of record of the site.
- (4) A legal description of the site.

1 (5) Identification of the building permit or other governmental  
2 approval for the work of improvement.

3 8306. (a) On recordation of the claim of lien, a lien is created  
4 in favor of the named design professional.

5 (b) The lien automatically expires and is null and void and of  
6 no further force or effect on the occurrence of either of the  
7 following events:

8 (1) The commencement of the work of improvement for which  
9 the design professional provided services.

10 (2) The expiration of 90 days after recording the claim of lien,  
11 unless the design professional commences an action to enforce the  
12 lien within that time.

13 (c) If the landowner partially or fully satisfies the lien, the design  
14 professional shall execute and record a document that evidences  
15 a partial or full satisfaction and release of the lien, as applicable.

16 8308. (a) Except as provided in subdivision (b), no provision  
17 of this part applies to a lien created under this chapter.

18 (b) The following provisions of this part apply to a lien created  
19 under this chapter:

20 (1) This chapter.

21 (2) Article 1 (commencing with Section 8000) of Chapter 1 of  
22 Title 1.

23 (3) Section 8424.

24 (4) Article 6 (commencing with Section 8460) of Chapter 4.

25 (5) Article 7 (commencing with Section 8480) of Chapter 4.

26 (6) Article 8 (commencing with Section 8490) of Chapter 4.

27 8310. This chapter does not affect the ability of a design  
28 professional to obtain a lien for a work of improvement under  
29 Section 8400.

30 8312. A design professional shall record a claim of lien under  
31 this chapter no later than 90 days after the design professional  
32 knows or has reason to know that the work of improvement will  
33 not be commenced.

34 8314. The creation of a lien under this chapter does not affect  
35 the ability of the design professional to pursue other remedies.

36 8316. (a) No lien created under this chapter affects or takes  
37 priority over the interest of record of a purchaser, lessee, or  
38 encumbrancer, if the interest of the purchaser, lessee, or  
39 encumbrancer in the real property was duly recorded before  
40 recordation of the claim of lien.

1 (b) No lien created under this chapter affects or takes priority  
2 over an encumbrance of a construction lender that funds the loan  
3 for the work of improvement for which the design professional  
4 provided services.

5 8318. A design professional may not obtain a lien under this  
6 chapter for services provided for a work of improvement relating  
7 to a single-family, owner-occupied residence for which the  
8 expected construction cost is less than one hundred thousand  
9 dollars (\$100,000).

10  
11 CHAPTER 4. MECHANICS LIEN

12  
13 Article 1. Who is Entitled to Lien

14  
15 8400. A person that provides work authorized for a work of  
16 improvement, including, but not limited to, the following persons,  
17 has a lien right under this chapter:

- 18 (a) Direct contractor.
- 19 (b) Subcontractor.
- 20 (c) Material supplier.
- 21 (d) Equipment lessor.
- 22 (e) Laborer.
- 23 (f) Design professional.

24 8402. A person that provides work authorized for a site  
25 improvement has a lien right under this chapter.

26 8404. Work is authorized for a work of improvement or for a  
27 site improvement in any of the following circumstances:

- 28 (a) It is provided at the request of or agreed to by the owner.
- 29 (b) It is provided or authorized by a direct contractor,  
30 subcontractor, architect, project manager, or other person having  
31 charge of all or part of the work of improvement or site  
32 improvement.

33  
34 Article 2. Conditions to Enforcing a Lien

35  
36 8410. A claimant may enforce a lien only if the claimant has  
37 given preliminary notice to the extent required by Chapter 2  
38 (commencing with Section 8200) and made proof of notice.

1 8412. A direct contractor may not enforce a lien unless the  
2 contractor records a claim of lien after the contractor completes  
3 the direct contract, and before the earlier of the following times:

- 4 (a) Ninety days after completion of the work of improvement.
- 5 (b) Sixty days after the owner records a notice of completion  
6 or cessation.

7 8414. A claimant other than a direct contractor may not enforce  
8 a lien unless the claimant records a claim of lien within the  
9 following times:

- 10 (a) After the claimant ceases to provide work.
- 11 (b) Before the earlier of the following times:
  - 12 (1) Ninety days after completion of the work of improvement.
  - 13 (2) Thirty days after the owner records a notice of completion  
14 or cessation.

15 8416. (a) A claim of mechanics lien shall be a written  
16 statement, signed and verified by the claimant, containing all of  
17 the following:

- 18 (1) A statement of the claimant’s demand after deducting all  
19 just credits and offsets.
- 20 (2) The name of the owner or reputed owner, if known.
- 21 (3) A general statement of the kind of work furnished by the  
22 claimant.
- 23 (4) The name of the person by whom the claimant was employed  
24 or to whom the claimant furnished work.
- 25 (5) A description of the site sufficient for identification.
- 26 (6) The claimant’s address.
- 27 (7) A proof of service affidavit completed and signed by the  
28 person serving a copy of the claim of mechanics lien pursuant to  
29 subdivision (c). The affidavit shall show the date, place, and  
30 manner of service, and facts showing that the service was made  
31 in accordance with this section. The affidavit shall show the name  
32 and address of the person or persons upon whom the copy of the  
33 claim of mechanics lien was served, and, if appropriate, the title  
34 or capacity in which he or she was served.
- 35 (8) The following statement, printed in at least 10-point boldface  
36 type. The letters of the last sentence shall be printed in uppercase  
37 type, excepting the Internet Web site address of the Contractors’  
38 State License Board, which shall be printed in lowercase type:

39  
40 “NOTICE OF MECHANICS LIEN

ATTENTION!

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3 Upon the recording of the enclosed MECHANICS LIEN with the county  
4 recorder’s office of the county where the property is located, your property is  
5 subject to the filing of a legal action seeking a court-ordered foreclosure sale  
6 of the real property on which the lien has been recorded. That legal action  
7 must be filed with the court no later than 90 days after the date the mechanics  
8 lien is recorded.

9 The party identified in the enclosed mechanics lien may have provided labor  
10 or materials for improvements to your property and may not have been paid  
11 for these items. You are receiving this notice because it is a required step in  
12 filing a mechanics lien foreclosure action against your property. The foreclosure  
13 action will seek a sale of your property in order to pay for unpaid labor,  
14 materials, or improvements provided to your property. This may affect your  
15 ability to borrow against, refinance, or sell the property until the mechanics  
16 lien is released.

17 BECAUSE THE LIEN AFFECTS YOUR PROPERTY, YOU MAY WISH  
18 TO SPEAK WITH YOUR CONTRACTOR IMMEDIATELY, OR CONTACT  
19 AN ATTORNEY, OR FOR MORE INFORMATION ON MECHANICS  
20 LIENS GO TO THE CONTRACTORS’ STATE LICENSE BOARD WEB  
21 SITE AT [www.cslb.ca.gov](http://www.cslb.ca.gov).”

22  
23 (b) A claim of mechanics lien in otherwise proper form, verified  
24 and containing the information required in subdivision (a), shall  
25 be accepted by the recorder for recording and shall be deemed  
26 duly recorded without acknowledgment.

27 (c) A copy of the claim of mechanics lien, which includes the  
28 Notice of Mechanics Lien required by paragraph (8) of subdivision  
29 (a), shall be served on the owner or reputed owner. Service shall  
30 be made as follows:

31 (1) For an owner or reputed owner to be notified who resides  
32 in or outside this state, by registered mail, certified mail, or  
33 first-class mail, evidenced by a certificate of mailing, postage  
34 prepaid, addressed to the owner or reputed owner at the owner’s  
35 or reputed owner’s residence or place of business address or at the  
36 address shown by the building permit on file with the authority  
37 issuing a building permit for the work, or as otherwise provided  
38 in Section 8174.

39 (2) If the owner or reputed owner cannot be served by this  
40 method, then the copy of the claim of mechanics lien may be given

1 by registered mail, certified mail, or first-class mail, evidenced by  
2 a certificate of mailing, postage prepaid, addressed to the  
3 construction lender or to the original contractor.

4 (d) Service of the copy of the claim of mechanics lien by  
5 registered mail, certified mail, or first-class mail, evidenced by a  
6 certificate of mailing, postage prepaid, is complete at the time of  
7 the deposit of that first-class, certified, or registered mail.

8 (e) Failure to serve the copy of the claim of mechanics lien as  
9 prescribed by this section, including the Notice of Mechanics Lien  
10 required by paragraph (8) of subdivision (a), shall cause the claim  
11 of mechanics lien to be unenforceable as a matter of law.

12 8422. (a) Except as provided in subdivision (b), erroneous  
13 information contained in a claim of lien relating to the claimant's  
14 demand, credits and offsets deducted, the work provided, or the  
15 description of the site, does not invalidate the claim of lien.

16 (b) Erroneous information contained in a claim of lien relating  
17 to the claimant's demand, credits and offsets deducted, or the work  
18 provided, invalidates the claim of lien if the court determines either  
19 of the following:

20 (1) The claim of lien was made with intent to slander title or  
21 defraud.

22 (2) An innocent third party, without notice, actual or  
23 constructive, became the bona fide owner of the property after  
24 recordation of the claim of lien, and the claim of lien was so  
25 deficient that it did not put the party on further inquiry in any  
26 manner.

27 8424. (a) An owner of real property or an owner of any interest  
28 in real property subject to a recorded claim of lien, or a direct  
29 contractor or subcontractor affected by the claim of lien, that  
30 disputes the correctness or validity of the claim may obtain release  
31 of the real property from the claim of lien by recording a lien  
32 release bond. The principal on the bond may be the owner of the  
33 property, the direct contractor, or the subcontractor.

34 (b) The bond shall be conditioned on payment of any judgment  
35 and costs the claimant recovers on the lien. The bond shall be in  
36 an amount equal to 125 percent of the amount of the claim of lien  
37 or 125 percent of the amount allocated in the claim of lien to the  
38 real property to be released. The bond shall be executed by an  
39 admitted surety insurer.

1 (c) The bond may be recorded either before or after  
2 commencement of an action to enforce the lien. On recordation of  
3 the bond, the real property is released from the claim of lien and  
4 from any action to enforce the lien.

5 (d) A person that obtains and records a lien release bond shall  
6 give notice to the claimant. The notice shall comply with the  
7 requirements of Chapter 2 (commencing with Section 8100) of  
8 Title 1 and shall include a copy of the bond. Failure to give the  
9 notice required by this section does not affect the validity of the  
10 bond, but the statute of limitations for an action on the bond is  
11 tolled until notice is given. The claimant shall commence an action  
12 on the bond within six months after notice is given.

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14 Article 3. Amount of Lien

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16 8430. (a) The lien is a direct lien for the lesser of the following  
17 amounts:

18 (1) The reasonable value of the work provided by the claimant.

19 (2) The price agreed to by the claimant and the person that  
20 contracted for the work.

21 (b) The lien is not limited in amount by the contract price for  
22 the work of improvement except as provided in Section 8600.

23 (c) This section does not preclude the claimant from including  
24 in a claim of lien work performed based on a written modification  
25 of the contract, or as a result of rescission, abandonment, or breach  
26 of the contract. If there is a rescission, abandonment, or breach of  
27 the contract, the amount of the lien may not exceed the reasonable  
28 value of the work provided by the claimant.

29 8432. (a) A lien does not extend to work, whether or not the  
30 work is authorized by a direct contractor or subcontractor, if the  
31 work is not included in a direct contract *or a modification of that*  
32 *contract*, and the claimant had actual knowledge or constructive  
33 notice of the provisions of that contract *or modification* before  
34 providing the work.

35 (b) The filing of a contract *or modification of that contract* with  
36 the county recorder, before the commencement of a work of  
37 improvement, is constructive notice of the provisions of the  
38 contract *or modification* to a person providing work on that work  
39 of improvement.

1 8434. A direct contractor or a subcontractor may enforce a lien  
2 only for the amount due pursuant to that contractor’s contract after  
3 deducting all lien claims of other claimants for work provided and  
4 embraced within that contract.

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Article 4. Property Subject to Lien

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8 8440. Subject to Section 8442, a lien attaches to the work of  
9 improvement and to the real property on which the work of  
10 improvement is situated, including as much space about the work  
11 of improvement as is required for the convenient use and  
12 occupation of the work of improvement.

13 8442. The following interests in real property to which a lien  
14 attaches are subject to the lien:

15 (a) The interest of a person that contracted for the work of  
16 improvement.

17 (b) The interest of a person that did not contract for the work  
18 of improvement, if work for which the lien is claimed was provided  
19 with the knowledge of that person, unless that person gives notice  
20 of nonresponsibility under Section 8444.

21 8444. (a) An owner of real property or a person claiming an  
22 interest in real property on which a work of improvement is situated  
23 that did not contract for the work of improvement may give notice  
24 of nonresponsibility.

25 (b) A notice of nonresponsibility shall be signed and verified  
26 by the owner.

27 (c) The notice shall comply with the requirements of Chapter  
28 2 (commencing with Section 8100) of Title 1.

29 (d) The notice shall also include all of the following information:

30 (1) The nature of the owner’s title or interest.

31 (2) The name of a purchaser under contract, if any, or lessee, if  
32 known.

33 (3) A statement that the person giving the notice is not  
34 responsible for claims arising from the work of improvement.

35 (e) A notice of nonresponsibility is not effective unless, within  
36 10 days after the person giving notice has knowledge of the work  
37 of improvement, the person both posts and records the notice.

38 8446. A claimant may record one claim of lien on two or more  
39 works of improvement, subject to the following conditions:

1 (a) The works of improvement have or are reputed to have the  
2 same owner, or the work was contracted for by the same person  
3 for the works of improvement whether or not they have the same  
4 owner.

5 (b) The claimant in the claim of lien designates the amount due  
6 for each work of improvement. If the claimant contracted for a  
7 lump sum payment for work provided for the works of  
8 improvement and the contract does not segregate the amount due  
9 for each work of improvement separately, the claimant may  
10 estimate an equitable distribution of the amount due for each work  
11 of improvement based on the proportionate amount of work  
12 provided for each. If the claimant does not designate the amount  
13 due for each work of improvement, the lien is subordinate to other  
14 liens.

15 (c) If there is a single structure on real property of different  
16 owners, the claimant need not segregate the proportion of work  
17 provided for the portion of the structure situated on real property  
18 of each owner. In the lien enforcement action the court may, if it  
19 determines it equitable to do so, designate an equitable distribution  
20 of the lien among the real property of the owners.

21 (d) The lien does not extend beyond the amount designated as  
22 against other creditors having liens, by judgment, mortgage, or  
23 otherwise, on either the works of improvement or the real property  
24 on which the works of improvement are situated.

25 8448. (a) As used in this section, “separate residential unit”  
26 means one residential structure, including a residential structure  
27 containing multiple condominium units, together with any common  
28 area, garage, or other appurtenant improvements.

29 (b) If a work of improvement consists of the construction of  
30 two or more separate residential units:

31 (1) Each unit is deemed a separate work of improvement, and  
32 completion of each unit is determined separately for purposes of  
33 the time for recording a claim of lien on that unit. This paragraph  
34 does not affect any lien right under Section 8402 or 8446.

35 (2) Material provided for the work of improvement is deemed  
36 to be provided for use or consumption in each separate residential  
37 unit in which the material is actually used or consumed; but if the  
38 claimant is unable to segregate the amounts used or consumed in  
39 separate residential units, the claimant has the right to all the  
40 benefits of Section 8446.

Article 5. Priorities

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8450. (a) A lien under this chapter, other than a lien provided for in Section 8402, has priority over a lien, mortgage, deed of trust, or other encumbrance on the work of improvement or the real property on which the work of improvement is situated, that (1) attaches after commencement of the work of improvement or (2) was unrecorded at the commencement of the work of improvement and of which the claimant had no notice.

(b) Subdivision (a) is subject to the exception provided for in Section 8452.

8452. A mortgage or deed of trust, otherwise subordinate to a lien under Section 8450, has priority over a lien for work provided after recordation of a payment bond that satisfies all of the following requirements:

- (a) The bond refers to the mortgage or deed of trust.
- (b) The bond is in an amount not less than 75 percent of the principal amount of the mortgage or deed of trust.

8454. If a site improvement is provided for in a direct contract separate from the direct contract for the remainder of the work of improvement, the site improvement is deemed a separate work of improvement and commencement of the site improvement is not commencement of the remainder of the work of improvement.

8456. (a) This section applies to a construction loan secured by a mortgage or deed of trust that has priority over a lien under this chapter.

(b) An optional advance of funds by the construction lender that is used for construction costs has the same priority as a mandatory advance of funds by the construction lender, provided that the total of all advances does not exceed the amount of the original construction loan.

8458. (a) Except as provided in subdivision (b), a lien provided for in Section 8402 has priority over:

- (1) A mortgage, deed of trust, or other encumbrance that attaches after commencement of the site improvement.
- (2) A mortgage, deed of trust, or other encumbrance that was unrecorded at the commencement of the site improvement and of which the claimant had no notice.
- (3) A mortgage, deed of trust, or other encumbrance that was recorded before commencement of the site improvement, if given

1 for the sole or primary purpose of financing the site improvement.  
2 This subdivision does not apply if the loan proceeds are, in good  
3 faith, placed in the control of the lender pursuant to a binding  
4 agreement with the borrower to the effect that (A) the proceeds  
5 are to be applied to the payment of claimants and (B) no portion  
6 of the proceeds will be paid to the borrower in the absence of  
7 satisfactory evidence that all claims have been paid or that the time  
8 for recording a claim of lien has expired and no claim of lien has  
9 been recorded.

10 (b) A mortgage or deed of trust, otherwise subordinate under  
11 subdivision (a), has priority over a lien provided for in Section  
12 8402 if a payment bond in an amount not less than 50 percent of  
13 the principal amount of the mortgage or deed of trust is recorded  
14 before completion of the work of improvement.

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16 Article 6. Enforcement of Lien

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18 8460. (a) The claimant shall commence an action to enforce  
19 a lien within 90 days after recordation of the claim of lien. If the  
20 claimant does not commence an action to enforce the lien within  
21 that time, the claim of lien expires and is unenforceable.

22 (b) Subdivision (a) does not apply if the claimant and owner  
23 agree to extend credit, and notice of the fact and terms of the  
24 extension of credit is recorded (1) within 90 days after recordation  
25 of the claim of lien or (2) more than 90 days after recordation of  
26 the claim of lien but before a purchaser or encumbrancer for value  
27 and in good faith acquires rights in the property. In that event the  
28 claimant shall commence an action to enforce the lien within 90  
29 days after the expiration of the credit, but in no case later than one  
30 year after completion of the work of improvement. If the claimant  
31 does not commence an action to enforce the lien within that time,  
32 the claim of lien expires and is unenforceable.

33 8461. After commencement of an action to enforce a lien, the  
34 plaintiff shall record in the office of the county recorder of the  
35 county, or of the several counties in which the property is situated,  
36 a notice of the pendency of the action, as provided in Title 4.5  
37 (commencing with Section 405) of Part 2 of the Code of Civil  
38 Procedure, on or before 20 days after the commencement of the  
39 action. Only from the time of recording that notice shall a purchaser  
40 or encumbrancer of the property affected thereby be deemed to

1 have constructive notice of the pendency of the action, and in that  
2 event only of its pendency against parties designated by their real  
3 names.

4 8462. Notwithstanding Section 583.420 of the Code of Civil  
5 Procedure, if an action to enforce a lien is not brought to trial within  
6 two years after commencement of the action, the court may, in its  
7 discretion, dismiss the action for want of prosecution.

8 8464. In addition to any other costs allowed by law, the court  
9 in an action to enforce a lien shall allow as costs to each claimant  
10 whose lien is established the amount paid to verify and record the  
11 claim of lien, whether the claimant is a plaintiff or defendant.

12 8466. If there is a deficiency of proceeds from the sale of  
13 property on a judgment for enforcement of a lien, a deficiency  
14 judgment may be entered against a party personally liable for the  
15 deficiency in the same manner and with the same effect as in an  
16 action to foreclose a mortgage.

17 8468. (a) This chapter does not affect any of the following  
18 rights of a claimant:

19 (1) The right to maintain a personal action to recover a debt  
20 against the person liable, either in a separate action or in an action  
21 to enforce a lien.

22 (2) The right to a writ of attachment. In an application for a writ  
23 of attachment, the claimant shall refer to this section. The  
24 claimant's recording of a claim of lien does not affect the right to  
25 a writ of attachment.

26 (3) The right to enforce a judgment.

27 (b) A judgment obtained by the claimant in a personal action  
28 described in subdivision (a) does not impair or merge the claim of  
29 lien, but any amount collected on the judgment shall be credited  
30 on the amount of the lien.

31 8470. In an action to enforce a lien for work provided to a  
32 contractor:

33 (a) The contractor shall defend the action at the contractor's  
34 own expense. During the pendency of the action the owner may  
35 withhold from the direct contractor the amount of the lien claim.

36 (b) If the judgment in the action is against the owner or the  
37 owner's property, the owner may deduct the amount of the  
38 judgment and costs from any amount owed to the direct contractor.  
39 If the amount of the judgment and costs exceeds the amount owed  
40 to the direct contractor, or if the owner has settled with the direct

1 contractor in full, the owner may recover from the direct contractor,  
2 or the sureties on a bond given by the direct contractor for faithful  
3 performance of the direct contract, the amount of the judgment  
4 and costs that exceed the contract price and for which the direct  
5 contractor was originally liable.

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7 Article 7. Release Order  
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9 8480. (a) The owner of property or the owner of any interest  
10 in property subject to a claim of lien may petition the court for an  
11 order to release the property from the claim of lien if the claimant  
12 has not commenced an action to enforce the lien within the time  
13 provided in Section 8460.

14 (b) This article does not bar any other cause of action or claim  
15 for relief by the owner of the property. A release order does not  
16 bar any other cause of action or claim for relief by the claimant,  
17 other than an action to enforce the claim of lien that is the subject  
18 of the release order.

19 (c) A petition for a release order under this article may be joined  
20 with a pending action to enforce the claim of lien that is the subject  
21 of the petition. No other action or claim for relief may be joined  
22 with a petition under this article.

23 (d) Notwithstanding Section 8056, Chapter 2.5 (commencing  
24 with Section 1141.10) of Title 3 of Part 3 of the Code of Civil  
25 Procedure does not apply to a proceeding under this article.

26 8482. An owner of property may not petition the court for a  
27 release order under this article unless at least 10 days before filing  
28 the petition the owner gives the claimant notice demanding that  
29 the claimant execute and record a release of the claim of lien. The  
30 notice shall comply with the requirements of Chapter 2  
31 (commencing with Section 8100) of Title 1, and shall state the  
32 grounds for the demand.

33 8484. A petition for a release order shall be verified and shall  
34 allege all of the following:

35 (a) The date of recordation of the claim of lien. A certified copy  
36 of the claim of lien shall be attached to the petition.

37 (b) The county in which the claim of lien is recorded.

38 (c) The book and page or series number of the place in the  
39 official records where the claim of lien is recorded.

- 1 (d) The legal description of the property subject to the claim of
- 2 lien.
- 3 (e) Whether an extension of credit has been granted under
- 4 Section 8460, if so to what date, and that the time for
- 5 commencement of an action to enforce the lien has expired.
- 6 (f) That the owner has given the claimant notice under Section
- 7 8482 demanding that the claimant execute and record a release of
- 8 the lien and that the claimant is unable or unwilling to do so or
- 9 cannot with reasonable diligence be found.
- 10 (g) Whether an action to enforce the lien is pending.
- 11 (h) Whether the owner of the property or interest in the property
- 12 has filed for relief in bankruptcy or there is another restraint that
- 13 prevents the claimant from commencing an action to enforce the
- 14 lien.
- 15 8486. (a) On the filing of a petition for a release order, the
- 16 clerk shall set a hearing date. The date shall be not more than 30
- 17 days after the filing of the petition. The court may continue the
- 18 hearing only on a showing of good cause, but in any event the
- 19 court shall rule and make any necessary orders on the petition not
- 20 later than 60 days after the filing of the petition.
- 21 (b) The petitioner shall serve a copy of the petition and a notice
- 22 of hearing on the claimant at least 15 days before the hearing.
- 23 Service shall be made in the same manner as service of summons,
- 24 or by certified or registered mail, postage prepaid, return receipt
- 25 requested, addressed to the claimant as provided in Section 8108.
- 26 (c) Notwithstanding Section 8116, when service is made by
- 27 mail, service is complete on the fifth day following deposit of the
- 28 petition and notice in the mail.
- 29 8488. (a) At the hearing both (1) the petition and (2) the issue
- 30 of compliance with the service and date for hearing requirements
- 31 of this article are deemed controverted by the claimant. The
- 32 petitioner has the initial burden of producing evidence on those
- 33 matters. The petitioner has the burden of proof as to the issue of
- 34 compliance with the service and date for hearing requirements of
- 35 this article. The claimant has the burden of proof as to the validity
- 36 of the lien.
- 37 (b) If judgment is in favor of the petitioner, the court shall order
- 38 the property released from the claim of lien.
- 39 (c) The prevailing party is entitled to reasonable attorney’s fees.

1 Article 8. Removal of Claim of Lien from Record

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3 8490. (a) A court order dismissing a cause of action to enforce  
4 a lien or releasing property from a claim of lien, or a judgment  
5 that no lien exists, shall include all of the following information:

6 (1) The date of recordation of the claim of lien.

7 (2) The county in which the claim of lien is recorded.

8 (3) The book and page or series number of the place in the  
9 official records where the claim of lien is recorded.

10 (4) The legal description of the property.

11 (b) A court order or judgment under this section is equivalent  
12 to cancellation of the claim of lien and its removal from the record.

13 (c) A court order or judgment under this section is a recordable  
14 instrument. On recordation of a certified copy of the court order  
15 or judgment, the property described in the order or judgment is  
16 released from the claim of lien.

17 (d) This section does not apply to a court order dismissing an  
18 action to enforce a lien that is expressly stated to be without  
19 prejudice.

20 8494. If a claim of lien expires and is unenforceable under  
21 Section 8460, or if a court order or judgment is recorded under  
22 Section 8490, the claim of lien does not constitute actual or  
23 constructive notice of any of the matters contained, claimed,  
24 alleged, or contended in the claim of lien, or create a duty of  
25 inquiry in any person thereafter dealing with the affected property.

26  
27 CHAPTER 5. STOP PAYMENT NOTICE

28  
29 Article 1. General Provisions

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31 8500. The rights of all persons furnishing work for any work  
32 of improvement, with respect to any fund for payment of  
33 construction costs, are governed exclusively by this chapter, and  
34 no person may assert any legal or equitable right with respect to  
35 the fund, other than a right created by a written contract between  
36 that person and the person holding the fund, except pursuant to  
37 the provisions of this chapter.

38 8502. (a) A stop payment notice shall comply with the  
39 requirements of Chapter 2 (commencing with Section 8100) of  
40 Title 1, and shall be signed and verified by the claimant.

1 (b) The notice shall include a general description of work to be  
2 provided, and an estimate of the total amount in value of the work  
3 to be provided.

4 (c) The amount claimed in the notice may include only the  
5 amount due the claimant for work provided through the date of  
6 the notice.

7 8504. A claimant that willfully gives a false stop payment  
8 notice or that willfully includes in the notice a demand to withhold  
9 for work that has not been provided forfeits all right to participate  
10 in the distribution of the funds withheld and all right to a lien under  
11 Chapter 4 (commencing with Section 8400).

12 8506. (a) A stop payment notice to an owner shall be given  
13 to the owner or to the owner's architect, if any.

14 (b) A stop payment notice to a construction lender holding  
15 construction funds shall not be effective unless given to the  
16 manager or other responsible officer or person at the office or  
17 branch of the lender administering or holding the construction  
18 funds.

19 (c) A stop payment notice shall comply with the requirements  
20 of Chapter 2 (commencing with Section 8100) of Title 1.

21 8508. A stop payment notice is not valid unless both of the  
22 following conditions are satisfied:

23 (a) The claimant gave preliminary notice to the extent required  
24 by Chapter 2 (commencing with Section 8200).

25 (b) The claimant gave the stop payment notice before expiration  
26 of the time within which a claim of lien must be recorded under  
27 Chapter 4 (commencing with Section 8400).

28 8510. (a) A person may obtain release of funds withheld  
29 pursuant to a stop payment notice by giving the person withholding  
30 the funds a release bond.

31 (b) A release bond shall be given by an admitted surety insurer  
32 and shall be conditioned for payment of any amount not exceeding  
33 the penal obligation of the bond that the claimant recovers on the  
34 claim, together with costs of suit awarded in the action. The bond  
35 shall be in an amount equal to 125 percent of the amount claimed  
36 in the stop payment notice.

37 (c) On receipt of a release bond, the person withholding funds  
38 pursuant to the stop payment notice shall release them.

1 Article 2. Stop Payment Notice to Owner

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3 8520. (a) A person that has a lien right under Chapter 4  
4 (commencing with Section 8400), other than a direct contractor,  
5 may give the owner a stop payment notice.

6 (b) The owner may give notice, in compliance with the  
7 requirements of Chapter 2 (commencing with Section 8100) of  
8 Title 1, demanding that a person that has a lien right under Chapter  
9 4 (commencing with Section 8400) give the owner a stop payment  
10 notice. If the person fails to give the owner a bonded or unbonded  
11 stop payment notice, the person forfeits the right to a lien under  
12 Chapter 4 (commencing with Section 8400).

13 8522. (a) Except as provided in subdivision (b), on receipt of  
14 a stop payment notice an owner shall withhold from the direct  
15 contractor or from any person acting under authority of a direct  
16 contractor a sufficient amount due or to become due to the direct  
17 contractor to pay the claim stated in the notice.

18 (b) The owner may, but is not required to, withhold funds if the  
19 owner has previously recorded a payment bond under Section  
20 8600. If the owner does not withhold funds, the owner shall, within  
21 30 days after receipt of the stop payment notice, give notice to the  
22 claimant that a payment bond has been recorded and provide the  
23 claimant a copy of the bond. The notice shall comply with the  
24 requirements of Chapter 2 (commencing with Section 8100) of  
25 Title 1.

26  
27 Article 3. Stop Payment Notice to Construction Lender

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29 8530. A person that has a lien right under Chapter 4  
30 (commencing with Section 8400) may give a construction lender  
31 a stop payment notice.

32 8532. A claimant may give a construction lender a stop  
33 payment notice accompanied by a bond in an amount equal to 125  
34 percent of the amount of the claim. The bond shall be conditioned  
35 that if the defendant recovers judgment in an action to enforce  
36 payment of the claim stated in the stop payment notice or to enforce  
37 a claim of lien recorded by the claimant, the claimant will pay all  
38 costs that are awarded the owner, direct contractor, or construction  
39 lender, and all damages to the owner, direct contractor, or  
40 construction lender that result from the stop payment notice or

1 recordation of the claim of lien, not exceeding the amount of the  
2 bond.

3 8534. (a) A construction lender that objects to the sufficiency  
4 of sureties on the bond given with a bonded stop payment notice  
5 shall give notice to the claimant of the objection, within 20 days  
6 after the bonded stop payment notice is given. The notice shall  
7 comply with the requirements of Chapter 2 (commencing with  
8 Section 8100) of Title 1.

9 (b) The claimant may within 10 days after notice of the objection  
10 is given substitute for the initial bond a bond executed by an  
11 admitted surety insurer. If the claimant does not substitute a bond  
12 executed by an admitted surety insurer, the construction lender  
13 may disregard the bonded stop payment notice and release all funds  
14 withheld in response to that notice.

15 8536. (a) Except as provided in subdivision (b), on receipt of  
16 a stop payment notice a construction lender shall withhold from  
17 the borrower or other person to whom the lender or the owner is  
18 obligated to make payments or advancement out of the construction  
19 fund sufficient funds to pay the claim stated in the notice.

20 (b) The construction lender may, at its option, elect not to  
21 withhold funds in any of the following circumstances:

22 (1) The stop payment notice is unbonded.

23 (2) The stop payment notice is given by a claimant other than  
24 a direct contractor, and a payment bond is recorded before the  
25 lender is given any stop payment notice.

26 8538. (a) The claimant may make a written request for notice  
27 of an election by the construction lender under Section 8536 not  
28 to withhold funds. The request shall be made at the time the  
29 claimant gives the construction lender the stop payment notice and  
30 shall be accompanied by a preaddressed, stamped envelope.

31 (b) If the construction lender elects not to withhold funds under  
32 Section 8536, the lender shall, within 30 days after making the  
33 election, give notice of that fact to a claimant who has requested  
34 notice of the election under subdivision (a). The notice shall  
35 comply with the requirements of Chapter 2 (commencing with  
36 Section 8100) of Title 1. If the basis of the election is the  
37 recordation of a payment bond under Section 8600, the construction  
38 lender shall include a copy of the bond with the notice.

1 (c) A construction lender is not liable for failure to include a  
2 copy of the bond with the notice under this section if all of the  
3 following conditions are satisfied:

4 (1) The failure was not intentional and resulted from a bona fide  
5 error.

6 (2) The lender maintains reasonable procedures to avoid an  
7 error of that type.

8 (3) The lender corrected the error not later than 20 days after  
9 the date the lender discovered the violation.

10

11

Article 4. Priorities

12

13 8540. (a) Funds withheld pursuant to a stop payment notice  
14 shall be distributed in the following order of priority:

15 (1) First, to pay claims of persons that have given a bonded stop  
16 payment notice. If funds are insufficient to pay the claims of those  
17 persons in full, the funds shall be distributed pro rata among the  
18 claimants in the ratio that the claim of each bears to the aggregate  
19 of all claims for which a bonded stop payment notice is given.

20 (2) Second, to pay claims of persons that have given an  
21 unbonded stop payment notice. If funds are insufficient to pay the  
22 claims of those persons in full, the funds shall be distributed among  
23 the claimants in the ratio that the claim of each bears to the  
24 aggregate of all claims for which an unbonded stop payment notice  
25 is given.

26 (b) Pro rata distribution under this section shall be made among  
27 the persons entitled to share in the distribution without regard to  
28 the order in which the person has given a stop payment notice or  
29 commenced an enforcement action.

30 8542. Notwithstanding Section 8540:

31 (a) If funds are withheld pursuant to a stop payment notice given  
32 to a construction lender by a direct contractor or subcontractor,  
33 the direct contractor or subcontractor may recover only the net  
34 amount due the direct contractor or subcontractor after deducting  
35 any funds that are withheld by the construction lender pursuant to  
36 the claims of subcontractors and material suppliers that have given  
37 a stop payment notice for work done on behalf of the direct  
38 contractor or subcontractor.

39 (b) In no event is the construction lender required to withhold,  
40 pursuant to a stop payment notice, more than the net amount

1 provided in subdivision (a). Notwithstanding any other provision  
2 of this chapter, a construction lender is not liable for failure to  
3 withhold more than that net amount on receipt of a stop payment  
4 notice.

5 8544. The rights of a claimant who gives a construction lender  
6 a stop payment notice are not affected by an assignment of  
7 construction loan funds made by the owner or direct contractor,  
8 and the stop payment notice has priority over the assignment,  
9 whether the assignment is made before or after the stop payment  
10 notice is given.

11  
12 Article 5. Enforcement of Claim Stated in Stop Payment Notice  
13

14 8550. (a) A claimant shall commence an action to enforce  
15 payment of the claim stated in a stop payment notice at any time  
16 after 10 days from the date the claimant gives the stop payment  
17 notice.

18 (b) A claimant shall commence an action to enforce payment  
19 of the claim stated in a stop payment notice not later than 90 days  
20 after expiration of the time within which a stop payment notice  
21 must be given.

22 (c) An action under this section may not be brought to trial or  
23 judgment entered before expiration of the time provided in  
24 subdivision (b).

25 (d) If a claimant does not commence an action to enforce  
26 payment of the claim stated in a stop payment notice within the  
27 time prescribed in subdivision (b), the notice ceases to be effective  
28 and the person withholding funds pursuant to the notice shall  
29 release them.

30 (e) Within five days after commencement of an action to enforce  
31 payment of the claim stated in a stop payment notice, the claimant  
32 shall give notice of commencement of the action to the persons to  
33 whom the stop payment notice was given. The notice shall comply  
34 with the requirements of Chapter 2 (commencing with Section  
35 8100) of Title 1.

36 8552. If more than one claimant has given a stop payment  
37 notice:

38 (a) Any number of claimants may join in the same enforcement  
39 action.

1 (b) If claimants commence separate actions, the court first  
2 acquiring jurisdiction may order the actions consolidated.

3 (c) On motion of the owner or construction lender the court  
4 shall require all claimants to be impleaded in one action, to the  
5 end that the rights of all parties may be adjudicated in the action.

6 8554. Notwithstanding Section 583.420 of the Code of Civil  
7 Procedure, if an action to enforce payment of the claim stated in  
8 a stop payment notice is not brought to trial within two years after  
9 commencement of the action, the court may in its discretion dismiss  
10 the action for want of prosecution.

11 8556. A stop payment notice ceases to be effective, and a  
12 person withholding funds pursuant to the notice shall release them,  
13 in either of the following circumstances:

14 (a) An action to enforce payment of the claim stated in the stop  
15 payment notice is dismissed, unless expressly stated to be without  
16 prejudice.

17 (b) Judgment in an action to enforce payment of the claim stated  
18 in the stop payment notice is against the claimant.

19 8558. (a) In an action to enforce payment of the claim stated  
20 in a bonded stop payment notice, the prevailing party is entitled  
21 to a reasonable attorney's fee in addition to costs and damages.

22 (b) The court, on notice and motion by a party, shall determine  
23 who is the prevailing party or that there is no prevailing party for  
24 the purpose of this section, regardless of whether the action  
25 proceeds to final judgment. The prevailing party is the party that  
26 recovers greater relief in the action, subject to the following  
27 limitations:

28 (1) If the action is voluntarily dismissed or dismissed pursuant  
29 to a settlement, there is no prevailing party.

30 (2) If the defendant tenders to the claimant the full amount to  
31 which the claimant is entitled, and deposits in court for the claimant  
32 the amount so tendered, and alleges those facts in the answer and  
33 the allegation is determined to be true, the defendant is deemed to  
34 be the prevailing party.

35 8560. If the claimant is the prevailing party in an action to  
36 enforce payment of the claim stated in a bonded stop payment  
37 notice, any amount awarded on the claim shall include interest at  
38 the legal rate calculated from the date the stop payment notice is  
39 given.

CHAPTER 6. PAYMENT BOND

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8600. (a) This section applies if, before the commencement of work, the owner in good faith files a direct contract with the county recorder, and records a payment bond of the direct contractor in an amount not less than 50 percent of the price stated in the direct contract.

(b) If the conditions of subdivision (a) are satisfied, the court shall, where equitable to do so, restrict lien enforcement under this title to the aggregate amount due from the owner to the direct contractor and shall enter judgment against the direct contractor and surety on the bond for any deficiency that remains between the amount due to the direct contractor and the whole amount due to claimants.

8602. Section 8600 does not preclude an owner from requiring a performance bond, payment bond, or other security as protection against a direct contractor’s failure to perform the direct contract or to make full payment for all work provided pursuant to the contract.

8604. (a) If a lending institution requires that a payment bond be given as a condition of lending money to finance a work of improvement, and accepts in writing as sufficient a bond given in fulfillment of the requirement, the lending institution may not thereafter object to the borrower as to the validity of the bond or refuse to make the loan based on an objection to the bond if the bond is given by an admitted surety insurer.

(b) For purposes of this section, a “lending institution” includes a commercial bank, savings and loan institution, credit union, or other organization or person engaged in the business of financing loans.

8606. (a) A payment bond under this title shall be conditioned for the payment in full of the claims of all claimants and shall by its terms inure to the benefit of all claimants so as to give a claimant a right of action to enforce the liability on the bond. The bond shall be given by an admitted surety insurer.

(b) An owner, direct contractor, or subcontractor may be the principal on the bond.

(c) A claimant may enforce the liability on the bond in an action to enforce a lien under this part or in a separate action on the bond.

1 8608. (a) This title does not give a claimant a right to recover  
2 on a direct contractor's payment bond given under this chapter  
3 unless the claimant provided work to the direct contractor either  
4 directly or through one or more subcontractors, pursuant to a direct  
5 contract.

6 (b) Nothing in this section affects the stop payment notice right  
7 of, and relative priorities among, design professionals and holders  
8 of secured interests in the real property.

9 8609. Any provision in a payment bond attempting by contract  
10 to shorten the period prescribed in Section 337 of the Code of Civil  
11 Procedure for the commencement of an action on the bond shall  
12 not be valid under either of the following circumstances:

13 (a) If the provision attempts to limit the time for commencement  
14 of an action on the bond to a shorter period than six months from  
15 the completion of any work of improvement.

16 (b) As applied to any action brought by a claimant, unless the  
17 bond is recorded before the work of improvement is commenced.

18 8610. Notwithstanding Section 8609, if a payment bond under  
19 this title is recorded before completion of a work of improvement,  
20 an action to enforce the liability on the bond may not be  
21 commenced later than six months after completion of the work of  
22 improvement.

23 8612. (a) In order to enforce a claim against a payment bond  
24 under this title, a claimant shall give the preliminary notice  
25 provided in Chapter 2 (commencing with Section 8200).

26 (b) If preliminary notice was not given as provided in Chapter  
27 2 (commencing with Section 8200), a claimant may enforce a  
28 claim by giving written notice to the surety and the bond principal  
29 within 15 days after recordation of a notice of completion. If no  
30 notice of completion has been recorded, the time for giving written  
31 notice to the surety and the bond principal is extended to 75 days  
32 after completion of the work of improvement.

33 8614. Notice to the principal and surety under Section 8612  
34 shall comply with the requirements of Chapter 2 (commencing  
35 with Section 8100) of Title 1.

CHAPTER 7. SECURITY FOR LARGE PROJECT

Article 1. Application of Chapter

8700. (a) This chapter applies if any of the following conditions is satisfied:

(1) The owner of the fee interest in property contracts for a work of improvement on the property with a contract price greater than five million dollars (\$5,000,000).

(2) The owner of a less than fee interest in property, including a leasehold interest, contracts for a work of improvement on the property with a contract price greater than one million dollars (\$1,000,000).

(b) For the purpose of this section:

(1) The owner of the fee interest in property is not deemed to be the owner of a less than fee interest by reason of a mortgage, deed of trust, ground lease, or other lien or encumbrance or right of occupancy that encumbers the fee interest.

(2) A lessee of real property is deemed to be the owner of a fee interest in the real property if all of the following conditions are satisfied:

(A) The initial term of the lease is at least 35 years.

(B) The lease covers one or more lawful parcels under the Subdivision Map Act, Division 2 (commencing with Section 66410) of Title 7 of the Government Code, and any applicable local ordinance adopted under that act, in their entirety, including, but not limited to, a parcel approved pursuant to a certificate of compliance proceeding.

8702. This chapter does not apply to any of the following works of improvement:

(a) A single-family residence, including a single-family residence located within a subdivision, and any associated fixed work that requires the services of a general engineering contractor as defined in Section 7056 of the Business and Professions Code. As used in this subdivision, "single-family residence" means a real property improvement used or intended to be used as a dwelling unit for one family.

(b) A housing development eligible for a density bonus under Section 65915 of the Government Code.

1 8704. This chapter does not apply to any of the following  
2 owners:

3 (a) A qualified publicly traded company or a wholly owned  
4 subsidiary of a qualified publicly traded company, if the obligations  
5 of the subsidiary pursuant to the contract for the work of  
6 improvement are guaranteed by the parent. As used in this  
7 subdivision, “qualified publicly traded company” means a company  
8 having a class of equity securities listed for trading on the New  
9 York Stock Exchange, the American Stock Exchange, or the  
10 NASDAQ stock market, and the nonsubordinated debt securities  
11 of which are rated as “investment grade” by either Fitch ICBA,  
12 Inc., Moody’s Investor Services, Inc., Standard & Poor’s Ratings  
13 Services, or a similar statistical rating organization that is nationally  
14 recognized for rating the creditworthiness of a publicly traded  
15 company. If at any time before final payment of all amounts due  
16 pursuant to the contract the nonsubordinated debt securities of the  
17 qualified publicly traded company are downgraded to below  
18 “investment grade” by any of those rating organizations, the owner  
19 is no longer exempt from this chapter.

20 (b) A qualified private company or a wholly owned subsidiary  
21 of a qualified private company, if the obligations of the subsidiary  
22 pursuant to the contract for the work of improvement are  
23 guaranteed by the parent. As used in this subdivision, “qualified  
24 private company” means a company that has no equity securities  
25 listed for trading on the New York Stock Exchange, the American  
26 Stock Exchange, or the NASDAQ stock market, and that has a net  
27 worth determined in accordance with generally accepted accounting  
28 principles in excess of fifty million dollars (\$50,000,000). If at  
29 any time before final payment of all amounts due pursuant to the  
30 contract the net worth of the qualified private company is reduced  
31 below that level, the owner is no longer exempt from this chapter.

32

### 33 Article 2. Security Requirement

34

35 8710. An owner described in subdivision (a) of Section 8700  
36 shall provide the direct contractor all of the following:

37 (a) Security for the owner’s payment obligation pursuant to the  
38 contract. The security shall be used only if the owner defaults on  
39 the payment obligation to the direct contractor. This subdivision

1 does not apply to an owner that is the majority owner of the direct  
 2 contractor.

3 (b) A copy, certified by the county recorder, of any recorded  
 4 mortgage or deed of trust that secures the construction loan of a  
 5 lending institution for the work of improvement, disclosing the  
 6 amount of the loan.

7 8712. If an owner fails to provide or maintain the security  
 8 required by this chapter, the direct contractor may give the owner  
 9 notice demanding security. The notice shall comply with the  
 10 requirements of Chapter 2 (commencing with Section 8100) of  
 11 Title 1. If the owner does not provide or maintain the security  
 12 within 10 days after notice demanding security is given, the direct  
 13 contractor may suspend work until the owner provides or maintains  
 14 the security.

15 8714. It is against public policy to waive the provisions of this  
 16 chapter by contract.

17 8716. This chapter does not affect any statute providing for  
 18 mechanics liens, stop payment notices, bond remedies, or prompt  
 19 payment rights of a subcontractor, including the direct contractor’s  
 20 payment responsibilities under Section 7108.5 of the Business and  
 21 Professions Code.

22  
 23 Article 3. Form of Security  
 24

25 8720. An owner shall provide security by any of the following  
 26 means:

- 27 (a) A bond that satisfies Section 8722.
- 28 (b) An irrevocable letter of credit that satisfies Section 8724.
- 29 (c) An escrow account that satisfies Section 8726.

30 8722. A bond under this chapter shall satisfy all of the  
 31 following requirements:

32 (a) The bond shall be executed by an admitted surety insurer  
 33 that is either listed in the Department of the Treasury’s Listing of  
 34 Approved Sureties (Department Circular 570) or that has an A.M.  
 35 Best rating of A or better and has an underwriting limitation, under  
 36 Section 12090 of the Insurance Code, greater than the amount of  
 37 the bond.

38 (b) The bond shall be in an amount not less than 15 percent of  
 39 the contract price for the work of improvement or, if the work of  
 40 improvement is to be substantially completed within six months

1 after the commencement of work, not less than 25 percent of the  
2 contract price.

3 (c) The bond shall be conditioned for payment on default by  
4 the owner of any undisputed amount pursuant to the contract that  
5 is due and payable for more than 30 days.

6 8724. An irrevocable letter of credit under this chapter shall  
7 satisfy all of the following requirements:

8 (a) The letter of credit shall be issued by a financial institution,  
9 as defined in Section 5107 of the Financial Code, inuring to the  
10 benefit of the direct contractor.

11 (b) The letter of credit shall be in an amount not less than 15  
12 percent of the contract price for the work of improvement or, if  
13 the work of improvement is to be substantially completed within  
14 six months after the commencement of work, not less than 25  
15 percent of the contract price.

16 (c) The maturity date and other terms of the letter of credit shall  
17 be determined by agreement between the owner, the direct  
18 contractor, and the financial institution, except that the owner shall  
19 maintain the letter of credit in effect until the owner has satisfied  
20 its payment obligation to the direct contractor.

21 8726. An escrow account under this chapter shall satisfy all of  
22 the following requirements:

23 (a) The account shall be designated as a “construction security  
24 escrow account.”

25 (b) The account shall be located in this state and maintained  
26 with an escrow agent licensed under the Escrow Law, Division 6  
27 (commencing with Section 17000) of the Financial Code, or with  
28 any person exempt from the Escrow Law under paragraph (1) or  
29 (3) of subdivision (a) of Section 17006 of the Financial Code.

30 (c) The owner shall deposit funds in the account in the amount  
31 provided in Section 8728. This chapter does not require a  
32 construction lender to agree to deposit proceeds of a construction  
33 loan in the account.

34 (d) The owner shall grant the direct contractor a perfected, first  
35 priority security interest in the account and in all funds deposited  
36 by the owner in the account and in their proceeds, established to  
37 the reasonable satisfaction of the direct contractor, which may be  
38 by a written opinion of legal counsel for the owner.

39 (e) The funds on deposit in the account shall be the sole property  
40 of the owner, subject to the security interest of the direct contractor.

1 The owner and the direct contractor shall instruct the escrow holder  
2 to hold the funds on deposit in the account for the purpose of  
3 perfecting the direct contractor's security interest in the account  
4 and to disburse those funds only on joint authorization of the owner  
5 and the direct contractor, or pursuant to a court order that is binding  
6 on both of them.

7 8728. The following provisions govern a deposit to or  
8 disbursement from a construction security escrow account under  
9 this chapter:

10 (a) Before the commencement of work the owner shall make  
11 an initial deposit to the account in an amount not less than 15  
12 percent of the contract price for the work of improvement or, if  
13 the work of improvement is to be substantially completed within  
14 six months after the commencement of work, not less than 25  
15 percent of the contract price.

16 (b) If the contract provides for a retention to be withheld from  
17 a periodic payment to the direct contractor, the owner shall deposit  
18 to the account the amount withheld as retention at the time the  
19 owner makes the corresponding payment to the direct contractor  
20 from which the retention is withheld.

21 (c) The amount required to be maintained on deposit shall not  
22 exceed the total amount remaining to be paid to the direct  
23 contractor pursuant to the contract or as adjusted by agreement  
24 between the owner and the direct contractor. If the amount on  
25 deposit equals or exceeds the total amount remaining to be paid  
26 to the direct contractor, the owner and the direct contractor shall  
27 authorize disbursement to the direct contractor for progress  
28 payments then due the direct contractor, but a party is not obligated  
29 to authorize disbursement that would cause the amount remaining  
30 on deposit following the disbursement to be less than the total  
31 amount remaining to be paid to the direct contractor.

32 (d) The owner and the direct contractor shall authorize the  
33 disbursement to the owner of any funds remaining on deposit after  
34 the direct contractor has been paid all amounts due pursuant to the  
35 contract. The owner and the direct contractor shall authorize the  
36 disbursement of funds on deposit pursuant to a court order that is  
37 binding on both of them. The owner and the direct contractor may  
38 agree in the contract to additional conditions for the disbursement  
39 of funds on deposit, except that the conditions may not cause the

1 amount remaining on deposit to be less than the amount required  
2 under this section.

3 8730. If the contract price for a work of improvement is not a  
4 fixed price, the amount of security provided under this chapter  
5 shall be the guaranteed maximum price or, if there is no guaranteed  
6 maximum price, the owner's and direct contractor's good faith  
7 estimate of the reasonable value of the work to be provided  
8 pursuant to the contract.

9  
10 CHAPTER 8. PROMPT PAYMENT

11  
12 Article 1. Progress Payment

13  
14 8800. (a) Except as otherwise agreed in writing by the owner  
15 and direct contractor, the owner shall pay the direct contractor,  
16 within 30 days after notice demanding payment pursuant to the  
17 contract is given, any progress payment due as to which there is  
18 no good faith dispute between them. The notice given shall comply  
19 with the requirements of Chapter 2 (commencing with Section  
20 8100) of Title 1.

21 (b) If there is a good faith dispute between the owner and direct  
22 contractor as to a progress payment due, the owner may withhold  
23 from the progress payment an amount not in excess of 150 percent  
24 of the disputed amount.

25 (c) An owner that violates this section is liable to the direct  
26 contractor for a penalty of 2 percent per month on the amount  
27 wrongfully withheld, in place of any interest otherwise due. In an  
28 action for collection of the amount wrongfully withheld, the  
29 prevailing party is entitled to costs and a reasonable attorney's fee.

30 (d) This section does not supersede any requirement of Article  
31 2 (commencing with Section 8810) relating to the withholding of  
32 a retention.

33 8802. (a) This section applies to a contract between a public  
34 utility and a direct contractor for all or part of a work of  
35 improvement.

36 (b) Unless the direct contractor and a subcontractor otherwise  
37 agree in writing, within 21 days after receipt of a progress payment  
38 from the public utility the direct contractor shall pay the  
39 subcontractor the amount allowed the direct contractor on account  
40 of the work performed by the subcontractor to the extent of the

1 subcontractor’s interest in the work. If there is a good faith dispute  
2 over all or part of the amount due on a progress payment from the  
3 direct contractor to a subcontractor, the direct contractor may  
4 withhold an amount not in excess of 150 percent of the disputed  
5 amount.

6 (c) A direct contractor that violates this section is liable to the  
7 subcontractor for a penalty of 2 percent of the disputed amount  
8 due per month for every month that payment is not made. In an  
9 action for collection of the amount wrongfully withheld, the  
10 prevailing party is entitled to costs and a reasonable attorney’s fee.

11 (d) This section does not limit or impair a contractual,  
12 administrative, or judicial remedy otherwise available to a  
13 contractor or subcontractor in a dispute involving late payment or  
14 nonpayment by the contractor or deficient performance or  
15 nonperformance by the subcontractor.

16  
17 Article 2. Retention Payment  
18

19 8810. This article governs a retention payment withheld by an  
20 owner from a direct contractor or by a direct contractor from a  
21 subcontractor.

22 8812. (a) If an owner withholds a retention from a direct  
23 contractor, the owner shall, within 45 days after completion of the  
24 work of improvement, pay the retention to the contractor.

25 (b) If part of a work of improvement ultimately will become  
26 the property of a public entity, the owner may condition payment  
27 of a retention allocable to that part on acceptance of the part by  
28 the public entity.

29 (c) If there is a good faith dispute between the owner and direct  
30 contractor as to a retention payment due, the owner may withhold  
31 from final payment an amount not in excess of 150 percent of the  
32 disputed amount.

33 8814. (a) If a direct contractor has withheld a retention from  
34 one or more subcontractors, the direct contractor shall, within 10  
35 days after receiving all or part of a retention payment, pay to each  
36 subcontractor from whom retention has been withheld that  
37 subcontractor’s share of the payment.

38 (b) If a retention received by the direct contractor is specifically  
39 designated for a particular subcontractor, the direct contractor shall

1 pay the retention payment to the designated subcontractor, if  
2 consistent with the terms of the subcontract.

3 (c) If a good faith dispute exists between the direct contractor  
4 and a subcontractor, the direct contractor may withhold from the  
5 retention to the subcontractor an amount not in excess of 150  
6 percent of the estimated value of the disputed amount.

7 8816. (a) If the direct contractor gives the owner, or a  
8 subcontractor gives the direct contractor, notice that work in dispute  
9 has been completed in accordance with the contract, the owner or  
10 direct contractor shall within 10 days give notice advising the  
11 notifying party of the acceptance or rejection of the disputed work.  
12 Both notices shall comply with the requirements of Chapter 2  
13 (commencing with Section 8100) of Title 1.

14 (b) Within 10 days after acceptance of disputed work, the owner  
15 or direct contractor shall pay the portion of the retention relating  
16 to the disputed work.

17 8818. If an owner or direct contractor does not make a retention  
18 payment within the time required by this article:

19 (a) The owner or direct contractor is liable to the person to which  
20 payment is owed for a penalty of 2 percent per month on the  
21 amount wrongfully withheld, in place of any interest otherwise  
22 due.

23 (b) In an action for collection of the amount wrongfully  
24 withheld, the prevailing party is entitled to costs and reasonable  
25 attorney's fees.

26 8820. It is against public policy to waive the provisions of this  
27 article by contract.

28 8822. This article does not apply to a retention payment  
29 withheld by a lender pursuant to a construction loan agreement.

30

31

### Article 3. Stop Work Notice

32

33 8830. "Stop work notice" means notice given under this article  
34 by a direct contractor to an owner that the contractor will stop  
35 work if the amount owed the contractor is not paid within 10 days  
36 after notice is given.

37 8832. If a direct contractor is not paid the amount due pursuant  
38 to a written contract within 35 days after the date payment is due  
39 under the contract, and there is no dispute as to the satisfactory  
40 performance of the contractor, the contractor may give the owner

1 a stop work notice. The notice shall comply with the requirements  
2 of Chapter 2 (commencing with Section 8100) of Title 1.

3 8834. A direct contractor that gives an owner a stop work notice  
4 shall give the following additional notice:

5 (a) At least five days before giving the stop work notice, the  
6 contractor shall post notice of intent to give a stop work notice.  
7 The notice shall comply with the requirements of Chapter 2  
8 (commencing with Section 8100) of Title 1. In addition to posting  
9 the notice pursuant to Section 8114, the notice shall also be posted  
10 at the main office of the site, if one exists.

11 (b) At the same time the contractor gives the stop work notice,  
12 the contractor shall give a copy of the stop work notice to all  
13 subcontractors with whom the contractor has a direct contractual  
14 relationship on the work of improvement.

15 8836. Within five days after receipt of a stop work notice from  
16 a direct contractor, the owner shall give a copy of the notice to the  
17 construction lender, if any. The copy of the notice shall be given  
18 in compliance with the requirements of Chapter 2 (commencing  
19 with Section 8100) of Title 1.

20 8838. (a) The direct contractor or the direct contractor's surety,  
21 or a subcontractor or a subcontractor's surety, is not liable for  
22 delay or damage that the owner or a contractor of a subcontractor  
23 may suffer as a result of the direct contractor giving a stop work  
24 notice and subsequently stopping work for nonpayment, if the  
25 notice and posting requirements of this article are satisfied.

26 (b) A direct contractor's or original subcontractor's liability to  
27 a subcontractor or material supplier after the direct contractor stops  
28 work under this article is limited to the amount the subcontractor  
29 or material supplier could otherwise recover under this title for  
30 work provided up to the date the subcontractor or material supplier  
31 ceases work, subject to the following exceptions:

32 (1) The direct contractor's or original subcontractor's liability  
33 continues for work provided up to and including the 10-day notice  
34 period and not beyond.

35 (2) This subdivision does not limit liability for custom work,  
36 including materials that have been fabricated, manufactured, or  
37 ordered to specifications that are unique to the job.

38 8840. On resolution of the claim in the stop work notice or the  
39 direct contractor's cancellation of the stop work notice, the  
40 contractor shall post, and give subcontractors with whom the

1 contractor has a direct contractual relationship on the work of  
2 improvement, notice of the resolution or cancellation. The notice  
3 shall comply with the requirements of Chapter 2 (commencing  
4 with Section 8100) of Title 1. In addition to posting the notice  
5 pursuant to Section 8114, the notice shall also be posted at the  
6 main office of the site, if one exists.

7 8842. A direct contractor's right to stop work under this article  
8 is in addition to other rights the direct contractor may have under  
9 the law.

10 8844. (a) If payment of the amount claimed is not made within  
11 10 days after a stop work notice is given, the direct contractor, the  
12 direct contractor's surety, or an owner may in an expedited  
13 proceeding in the superior court in the county in which the private  
14 work of improvement is located, seek a judicial determination of  
15 liability for the amount due.

16 (b) The expedited proceeding shall be set for hearing or trial at  
17 the earliest possible date in order that it shall be quickly heard and  
18 determined, and shall take precedence over all other cases except  
19 older matter of the same character and other matters to which  
20 special precedence has been given.

21 8846. It is against public policy to waive the provisions of this  
22 article by contract.

23 8848. (a) This article applies to a contract entered into on or  
24 after January 1, 1999.

25 (b) This article does not apply to a retention withheld by a lender  
26 pursuant to a construction loan agreement.

27  
28 TITLE 3. PUBLIC WORK OF IMPROVEMENT

29  
30 CHAPTER 1. GENERAL PROVISIONS

31  
32 Article 1. Application of Title

33  
34 9000. This title applies to a work of improvement contracted  
35 for by a public entity.

36  
37 Article 2. Claimants

38  
39 9100. (a) Except as provided in subdivision (b), any of the  
40 following persons that have not been paid in full may give a stop

1 payment notice to the public entity or assert a claim against a  
2 payment bond:

3 (1) A person that provides work for a public works contract, if  
4 the work is authorized by a direct contractor, subcontractor,  
5 architect, project manager, or other person having charge of all or  
6 part of the public works contract.

7 (2) A laborer.

8 (3) A person described in Section 4107.7 of the Public Contract  
9 Code.

10 (b) A direct contractor may not give a stop payment notice or  
11 assert a claim against a payment bond under this title.

12  
13 CHAPTER 2. COMPLETION

14  
15 9200. For the purpose of this title, completion of a work of  
16 improvement occurs at the earliest of the following times:

17 (a) Acceptance of the work of improvement by the public entity.

18 (b) Cessation of labor on the work of improvement for a  
19 continuous period of 60 days. This subdivision does not apply to  
20 a contract awarded under the State Contract Act, Part 2  
21 (commencing with Section 10100) of Division 2 of the Public  
22 Contract Code.

23 9202. (a) A public entity may record a notice of cessation if  
24 there has been a continuous cessation of labor for at least 30 days  
25 prior to the recordation that continues through the date of the  
26 recordation.

27 (b) The notice shall be signed and verified by the public entity  
28 or its agent.

29 (c) The notice shall comply with the requirements of Chapter  
30 2 (commencing with Section 8100) of Title 1, and shall also include  
31 all of the following information:

32 (1) The date on or about which the labor ceased.

33 (2) A statement that the cessation has continued until the  
34 recordation of the notice.

35 9204. (a) A public entity may record a notice of completion  
36 on or within 15 days after the date of completion of a work of  
37 improvement.

38 (b) The notice shall be signed and verified by the public entity  
39 or its agent.

1 (c) The notice shall comply with the requirements of Chapter  
2 2 (commencing with Section 8100) of Title 1, and shall also include  
3 the date of completion. An erroneous statement of the date of  
4 completion does not affect the effectiveness of the notice if the  
5 true date of completion is 15 days or less before the date of  
6 recordation of the notice.

7 9208. A notice of completion in otherwise proper form, verified  
8 and containing the information required by this title shall be  
9 accepted by the recorder for recording and is deemed duly recorded  
10 without acknowledgment.

11  
12 CHAPTER 3. PRELIMINARY NOTICE  
13

14 9300. (a) Except as otherwise provided by statute, before  
15 giving a stop payment notice or asserting a claim against a payment  
16 bond, a claimant shall give preliminary notice to the following  
17 persons:

18 (1) The public entity.

19 (2) The direct contractor to which the claimant provides work.

20 (b) Notwithstanding subdivision (a):

21 (1) A laborer is not required to give preliminary notice.

22 (2) A claimant that has a direct contractual relationship with a  
23 direct contractor is not required to give preliminary notice.

24 (c) Compliance with this section is a necessary prerequisite to  
25 the validity of a stop payment notice under this title.

26 (d) Compliance with this section or with Section 9562 is a  
27 necessary prerequisite to the validity of a claim against a payment  
28 bond under this title.

29 9302. (a) Except as provided in subdivision (b), preliminary  
30 notice shall be given in compliance with the requirements of  
31 Chapter 2 (commencing with Section 8100) of Title 1.

32 (b) If the public works contract is for work constructed by the  
33 Department of Public Works or the Department of General Services  
34 of the state, preliminary notice to the public entity shall be given  
35 to the disbursing officer of the department constructing the work.

36 9303. The preliminary notice shall comply with the  
37 requirements of Section 8102, and shall also include:

38 (a) A general description of the work to be provided.

39 (b) An estimate of the total price of the work provided and to  
40 be provided.

1 9304. A claimant may give a stop payment notice or assert a  
 2 claim against a payment bond only for work provided within 20  
 3 days before giving preliminary notice and at any time thereafter.  
 4 9306. If the contract of any subcontractor on a particular work  
 5 of improvement provides for payment to the subcontractor of more  
 6 than four hundred dollars (\$400), the failure of that subcontractor,  
 7 licensed under the Contractors’ State License Law (Chapter 9  
 8 (commencing with Section 7000) of Division 3 of the Business  
 9 and Professions Code), to give the notice provided for in this  
 10 chapter, constitutes grounds for disciplinary action under the  
 11 Contractors’ State License Law.

12  
13 CHAPTER 4. STOP PAYMENT NOTICE

14  
15 Article 1. General Provisions

16  
17 9350. The rights of all persons furnishing work pursuant to a  
 18 public works contract, with respect to any fund for payment of  
 19 construction costs, are governed exclusively by this chapter, and  
 20 no person may assert any legal or equitable right with respect to  
 21 that fund, other than a right created by direct written contract  
 22 between the person and the person holding the fund, except  
 23 pursuant to the provisions of this chapter.

24 9352. (a) A stop payment notice shall comply with the  
 25 requirements of Chapter 2 (commencing with Section 8100) of  
 26 Title 1, and shall be signed and verified by the claimant.

27 (b) The notice shall include a general description of work to be  
 28 provided, and an estimate of the total amount in value of the work  
 29 to be provided.

30 (c) The amount claimed in the notice may include only the  
 31 amount due the claimant for work provided through the date of  
 32 the notice.

33 9354. (a) Except as provided in subdivision (b), a stop payment  
 34 notice shall be given in compliance with the requirements of  
 35 Chapter 2 (commencing with Section 8100) of Title 1.

36 (b) A stop payment notice shall be given to the public entity by  
 37 giving the notice to the following person:

38 (1) In the case of a public works contract of the state, the director  
 39 of the department that awarded the contract.

1 (2) In the case of a public works contract of a public entity other  
2 than the state, the office of the controller, auditor, or other public  
3 disbursing officer whose duty it is to make payment pursuant to  
4 the contract, or the commissioners, managers, trustees, officers,  
5 board of supervisors, board of trustees, common council, or other  
6 body by which the contract was awarded.

7 9356. A stop payment notice is not effective unless given before  
8 the expiration of whichever of the following time periods is  
9 applicable:

10 (a) If a notice of completion, acceptance, or cessation is  
11 recorded, 30 days after that recordation.

12 (b) If a notice of completion, acceptance, or cessation is not  
13 recorded, 90 days after cessation or completion.

14 9358. (a) The public entity shall, on receipt of a stop payment  
15 notice, withhold from the direct contractor sufficient funds due or  
16 to become due to the direct contractor to pay the claim stated in  
17 the stop payment notice and to provide for the public entity's  
18 reasonable cost of any litigation pursuant to the stop payment  
19 notice.

20 (b) The public entity may satisfy its duty under this section by  
21 refusing to release funds held in escrow under Section 10263 or  
22 22300 of the Public Contract Code.

23 9360. (a) This chapter does not prohibit payment of funds to  
24 a direct contractor or a direct contractor's assignee if a stop  
25 payment notice is not received before the disbursing officer actually  
26 surrenders possession of the funds.

27 (b) This chapter does not prohibit payment of any amount due  
28 to a direct contractor or a direct contractor's assignee in excess of  
29 the amount necessary to pay the total amount of all claims stated  
30 in stop payment notices received by the public entity at the time  
31 of payment plus any interest and court costs that might reasonably  
32 be anticipated in connection with the claims.

33 9362. (a) Not later than 10 days after each of the following  
34 events, the public entity shall give notice to a claimant that has  
35 given a stop payment notice of the time within which an action to  
36 enforce payment of the claim stated in the stop payment notice  
37 must be commenced:

38 (1) Completion of a public works contract, whether by  
39 acceptance or cessation.

40 (2) Recordation of a notice of cessation or completion.

1 (b) The notice shall comply with the requirements of Chapter  
2 2 (commencing with Section 8100) of Title 1.

3 (c) A public entity need not give notice under this section unless  
4 the claimant has paid the public entity ten dollars (\$10) at the time  
5 of giving the stop payment notice.

6 9364. (a) A public entity may, in its discretion, permit the  
7 direct contractor to give the public entity a release bond. The bond  
8 shall be executed by an admitted surety insurer, in an amount equal  
9 to 125 percent of the claim stated in the stop payment notice,  
10 conditioned for the payment of any amount the claimant recovers  
11 in an action on the claim, together with court costs if the claimant  
12 prevails.

13 (b) On receipt of a release bond, the public entity shall not  
14 withhold funds from the direct contractor pursuant to the stop  
15 payment notice.

16 (c) The surety on a release bond is jointly and severally liable  
17 to the claimant with the sureties on any payment bond given under  
18 Chapter 5 (commencing with Section 9550).

19

20 Article 2. Summary Proceeding for Release of Funds

21

22 9400. A direct contractor may obtain release of funds withheld  
23 pursuant to a stop payment notice under the summary proceeding  
24 provided in this article on any of the following grounds:

25 (a) The claim on which the notice is based is not a type for  
26 which a stop payment notice is authorized under this chapter.

27 (b) The claimant is not a person authorized under Section 9100  
28 to give a stop payment notice.

29 (c) The amount of the claim stated in the stop payment notice  
30 is excessive.

31 (d) There is no basis for the claim stated in the stop payment  
32 notice.

33 9402. The direct contractor shall serve on the public entity an  
34 affidavit, together with a copy of the affidavit, in compliance with  
35 the requirements of Chapter 2 (commencing with Section 8100)  
36 of Title 1, that includes all of the following information:

37 (a) An allegation of the grounds for release of the funds and a  
38 statement of the facts supporting the allegation.

1 (b) A demand for the release of all or the portion of the funds  
2 that are alleged to be withheld improperly or in an excessive  
3 amount.

4 (c) A statement of the address of the contractor within the state  
5 for the purpose of permitting service by mail on the contractor of  
6 any notice or document.

7 9404. The public entity shall serve on the claimant a copy of  
8 the direct contractor's affidavit, together with a notice stating that  
9 the public entity will release the funds withheld, or the portion of  
10 the funds demanded, unless the claimant serves on the public entity  
11 a counteraffidavit on or before the time stated in the notice. The  
12 time stated in the notice shall be not less than 10 days nor more  
13 than 20 days after service on the claimant of the copy of the  
14 affidavit. The notice shall comply with the requirements of Chapter  
15 2 (commencing with Section 8100) of Title 1.

16 9406. (a) A claimant that contests the direct contractor's  
17 affidavit shall serve on the public entity a counteraffidavit alleging  
18 the details of the claim and describing the specific basis on which  
19 the claimant contests or rebuts the allegations of the contractor's  
20 affidavit. The counteraffidavit shall be served within the time stated  
21 in the public entity's notice, together with proof of service of a  
22 copy of the counteraffidavit on the direct contractor. The service  
23 of the counteraffidavit on the public entity and the copy of the  
24 affidavit on the direct contractor shall comply with the  
25 requirements of Chapter 2 (commencing with Section 8100) of  
26 Title 1.

27 (b) If no counteraffidavit with proof of service is served on the  
28 public entity within the time stated in the public entity's notice,  
29 the public entity shall immediately release the funds, or the portion  
30 of the funds demanded by the affidavit, without further notice to  
31 the claimant, and the public entity is not liable in any manner for  
32 their release.

33 (c) The public entity is not responsible for the validity of an  
34 affidavit or counteraffidavit under this article.

35 9408. (a) If a counteraffidavit, together with proof of service,  
36 is served under Section 9406, either the direct contractor or the  
37 claimant may commence an action for a declaration of the rights  
38 of the parties.

39 (b) After commencement of the action, either the direct  
40 contractor or the claimant may move the court for a determination

1 of rights under the affidavit and counteraffidavit. The party making  
2 the motion shall give not less than five days' notice of the hearing  
3 to the public entity and to the other party.

4 (c) The notice of hearing shall comply with the requirements  
5 of Chapter 2 (commencing with Section 8100) of Title 1.  
6 Notwithstanding Section 8116, when notice of the hearing is made  
7 by mail, the notice is complete on the fifth day following deposit  
8 of the notice in the mail.

9 (d) The court shall hear the motion within 15 days after the date  
10 of the motion, unless the court continues the hearing for good  
11 cause.

12 9410. (a) The affidavit and counteraffidavit shall be filed with  
13 the court by the public entity and shall constitute the pleadings,  
14 subject to the power of the court to permit an amendment in the  
15 interest of justice. The affidavit of the direct contractor shall be  
16 deemed controverted by the counteraffidavit of the claimant, and  
17 both shall be received in evidence.

18 (b) At the hearing, the direct contractor has the burden of proof.

19 9412. (a) No findings are required in a summary proceeding  
20 under this article.

21 (b) If at the hearing no evidence other than the affidavit and  
22 counteraffidavit is offered, the court may, if satisfied that sufficient  
23 facts are shown, make a determination on the basis of the affidavit  
24 and counteraffidavit. If the court is not satisfied that sufficient  
25 facts are shown, the court shall order the hearing continued for  
26 production of other evidence, oral or documentary, or the filing  
27 of other affidavits and counteraffidavits.

28 (c) At the conclusion of the hearing, the court shall make an  
29 order determining whether the demand for release is allowed. The  
30 court's order is determinative of the right of the claimant to have  
31 funds further withheld by the public entity.

32 (d) The direct contractor shall serve a copy of the court's order  
33 on the public entity in compliance with the requirements of Chapter  
34 2 (commencing with Section 8100) of Title 1.

35 9414. A determination in a summary proceeding under this  
36 article is not res judicata with respect to a right of action by the  
37 claimant against either the principal or surety on a payment bond  
38 or with respect to a right of action against a party personally liable  
39 to the claimant.

1 Article 3. Distribution of Funds Withheld

2  
3 9450. If funds withheld pursuant to a stop payment notice are  
4 insufficient to pay in full the claims of all persons who have given  
5 a stop payment notice, the funds shall be distributed among the  
6 claimants in the ratio that the claim of each bears to the aggregate  
7 of all claims for which a stop payment notice is given, without  
8 regard to the order in which the notices were given or enforcement  
9 actions were commenced.

10 9452. Nothing in this chapter impairs the right of a claimant  
11 to recover from the direct contractor or the contractor's sureties  
12 in an action on a payment bond under Chapter 5 (commencing  
13 with Section 9550) any deficit that remains unpaid after the  
14 distribution under Section 9450.

15 9454. A person that willfully gives a false stop payment notice  
16 to the public entity or that willfully includes in the notice work  
17 not provided for the public works contract for which the stop  
18 payment notice is given forfeits all right to participate in the  
19 distribution under Section 9450.

20 9456. (a) A stop payment notice takes priority over an  
21 assignment by a direct contractor of any amount due or to become  
22 due pursuant to a public works contract, including contract changes,  
23 whether made before or after the giving of a stop payment notice,  
24 and the assignment has no effect on the rights of the claimant.

25 (b) Any garnishment of an amount due or to become due  
26 pursuant to a public works contract by a creditor of a direct  
27 contractor under Article 8 (commencing with Section 708.710) of  
28 Chapter 6 of Division 2 of Title 9 of Part 2 of the Code of Civil  
29 Procedure and any statutory lien on that amount is subordinate to  
30 the rights of a claimant.

31  
32 Article 4. Enforcement of Payment of Claim Stated in Stop  
33 Payment Notice

34  
35 9500. (a) A claimant may not enforce payment of the claim  
36 stated in a stop payment notice unless the claimant has complied  
37 with all of the following conditions:

38 (1) The claimant has given preliminary notice to the extent  
39 required by Chapter 3 (commencing with Section 9300).

1 (2) The claimant has given the stop payment notice within the  
2 time provided in Section 9356.

3 (b) The claim filing procedures of Part 3 (commencing with  
4 Section 900) of Division 3.6 of Title 1 of the Government Code  
5 do not apply to an action under this article.

6 9502. (a) The claimant shall commence an action against the  
7 public entity and the direct contractor to enforce payment of the  
8 claim stated in a stop payment notice at any time after 10 days  
9 from the date the claimant gives the stop payment notice.

10 (b) The claimant shall commence an action against the public  
11 entity and the direct contractor to enforce payment of the claim  
12 stated in a stop payment notice not later than 90 days after  
13 expiration of the time within which a stop payment notice must  
14 be given.

15 (c) An action under this section may not be brought to trial or  
16 judgment entered before expiration of the time provided in  
17 subdivision (b).

18 (d) If a claimant does not commence an action to enforce  
19 payment of the claim stated in a stop payment notice within the  
20 time provided in subdivision (b), the notice ceases to be effective  
21 and the public entity shall release funds withheld pursuant to the  
22 notice.

23 9504. Within five days after commencement of an action to  
24 enforce payment of the claim stated in a stop payment notice, the  
25 claimant shall give notice of commencement of the action to the  
26 public entity in the same manner that a stop payment notice is  
27 given.

28 9506. If more than one claimant has given a stop payment  
29 notice:

30 (a) Any number of claimants may join in the same enforcement  
31 action.

32 (b) If claimants commence separate actions, the court that first  
33 acquires jurisdiction may order the actions consolidated.

34 (c) On request of the public entity, the court shall require that  
35 all claimants be impleaded in one action and shall adjudicate the  
36 rights of all parties in the action.

37 9508. Notwithstanding Section 583.420 of the Code of Civil  
38 Procedure, if an action to enforce payment of the claim stated in  
39 a stop payment notice is not brought to trial within two years after

1 commencement of the action, the court may in its discretion dismiss  
2 the action for want of prosecution.

3 9510. A stop payment notice ceases to be effective, and the  
4 public entity shall release funds withheld, in either of the following  
5 circumstances:

6 (a) An action to enforce payment of the claim stated in the stop  
7 payment notice is dismissed, unless expressly stated to be without  
8 prejudice.

9 (b) Judgment in an action to enforce payment of the claim stated  
10 in the stop payment notice is against the claimant.

11

12 CHAPTER 5. PAYMENT BOND

13

14 9550. (a) A direct contractor that is awarded a public works  
15 contract involving an expenditure in excess of twenty-five thousand  
16 dollars (\$25,000) shall, before commencement of work, give a  
17 payment bond to and approved by the officer or public entity by  
18 whom the contract was awarded.

19 (b) A public entity shall state in its call for bids that a payment  
20 bond is required for a public works contract involving an  
21 expenditure in excess of twenty-five thousand dollars (\$25,000).

22 (c) A payment bond given and approved under this section will  
23 permit performance of and provide coverage for work pursuant to  
24 a public works contract that supplements the contract for which  
25 the bond is given, if the requirement of a new bond is waived by  
26 the public entity.

27 (d) For the purpose of this section, a design professional is not  
28 deemed a direct contractor and is not required to give a payment  
29 bond.

30 (e) This section does not apply to a public works contract with  
31 a “state entity” as defined in subdivision (d) of Section 7103 of  
32 the Public Contract Code.

33 9552. If a payment bond is not given and approved as required  
34 by Section 9550:

35 (a) Neither the public entity awarding the public works contract  
36 nor any officer of the public entity shall audit, allow, or pay a claim  
37 of the direct contractor pursuant to the contract.

38 (b) A claimant shall receive payment of a claim pursuant to a  
39 stop payment notice in the manner provided by Chapter 4  
40 (commencing with Section 9350).

1 9554. (a) A payment bond shall be in an amount not less than  
2 100 percent of the total amount payable pursuant to the public  
3 works contract. The bond shall be in the form of a bond and not a  
4 deposit in lieu of a bond. The bond shall be executed by an  
5 admitted surety insurer.

6 (b) The payment bond shall provide that if the direct contractor  
7 or a subcontractor fails to pay any of the following, the surety will  
8 pay the obligation and, if an action is brought to enforce the  
9 liability on the bond, a reasonable attorney's fee, to be fixed by  
10 the court:

11 (1) A person authorized under Section 9100 to assert a claim  
12 against a payment bond.

13 (2) Amounts due under the Unemployment Insurance Code with  
14 respect to work or labor performed pursuant to the public works  
15 contract.

16 (3) Amounts required to be deducted, withheld, and paid over  
17 to the Employment Development Department from the wages of  
18 employees of the contractor and subcontractors under Section  
19 13020 of the Unemployment Insurance Code with respect to the  
20 work and labor.

21 (c) The payment bond shall *be conditioned for the payment in*  
22 *full of the claims of all claimants and* by its terms inure to the  
23 benefit of any person authorized under Section 9100 to assert a  
24 claim against a payment bond so as to give a right of action to that  
25 person or that person's assigns in an action to enforce the liability  
26 on the bond.

27 (d) The direct contractor may require that a subcontractor give  
28 a bond to indemnify the direct contractor for any loss sustained  
29 by the direct contractor because of any default of the subcontractor  
30 under this section.

31 9558. A claimant may commence an action to enforce the  
32 liability on the bond at any time after the claimant ceases to provide  
33 work, but not later than six months after the period in which a stop  
34 payment notice may be given under Section 9356.

35 ~~9560. (a) In order to enforce a claim against a payment bond,~~  
36 ~~a claimant shall give the preliminary notice provided in Chapter~~  
37 ~~3 (commencing with Section 9300).~~

38 ~~(b) If preliminary notice was not given as provided in Chapter~~  
39 ~~3 (commencing with Section 9300), a claimant may enforce a~~  
40 ~~claim by giving written notice to the surety and the bond principal~~

1 ~~within 15 days after recordation of a notice of completion. If no~~  
2 ~~notice of completion has been recorded, the time for giving written~~  
3 ~~notice to the surety and the bond principal is extended to 75 days~~  
4 ~~after completion of the work of improvement.~~

5 9562. Notice to the principal and surety under Section 9560  
6 shall comply with the requirements of Chapter 2 (commencing  
7 with Section 8100) of Title 1.

8 9564. (a) A claimant may maintain an action to enforce the  
9 liability of a surety on a payment bond whether or not the claimant  
10 has given the public entity a stop payment notice.

11 (b) A claimant may maintain an action to enforce the liability  
12 on the bond separately from and without commencement of an  
13 action against the public entity by whom the contract was awarded  
14 or against any officer of the public entity.

15 (c) In an action to enforce the liability on the bond, the court  
16 shall award the prevailing party a reasonable attorney's fee.

17 9566. (a) A claimant does not have a right to recover on a  
18 payment bond unless the claimant provided work to the direct  
19 contractor either directly or through one or more subcontractors  
20 pursuant to a public works contract.

21 (b) Nothing in this section affects the stop payment notice rights  
22 of, and relative priorities among, design professionals.

23 *SEC. 20.1. Section 9560 is added to the Civil Code, to read:*

24 9560. (a) *In order to enforce a claim against a payment bond,*  
25 *a claimant shall give the preliminary notice provided in Chapter*  
26 *3 (commencing with Section 9300).*

27 (b) *If preliminary notice was not given as provided in Chapter*  
28 *3 (commencing with Section 9300), a claimant may enforce a claim*  
29 *by giving written notice to the surety and bond principal within*  
30 *15 days after recordation of a notice of completion. If no notice*  
31 *of completion has been recorded, the time for giving written notice*  
32 *to the surety and the bond principal is extended to 75 days after*  
33 *completion of the work of improvement.*

34 *SEC. 20.2. Section 9560 is added to the Civil Code, to read:*

35 9560. (a) *In order to enforce a claim against a payment bond,*  
36 *a claimant shall give the preliminary notice provided in Chapter*  
37 *3 (commencing with Section 9300).*

38 (b) *If preliminary notice was not given as provided in Chapter*  
39 *3 (commencing with Section 9300), a claimant may enforce a claim*  
40 *by giving written notice to the surety and the bond principal prior*

1 *to completion of the work of improvement, or recordation of notice*  
2 *of completion, whichever is later.*

3 *(c) Prior to completion of a work of improvement or recordation*  
4 *of a notice of completion, a public entity shall give notice of*  
5 *pending completion to each subcontractor that has given*  
6 *preliminary notice as provided in Chapter 3 (commencing with*  
7 *Section 9300). The notice of pending completion shall comply with*  
8 *the requirements of Chapter 2 (commencing with Section 8100)*  
9 *of Title 1.*

10 SEC. 21. Section 86 of the Code of Civil Procedure is amended  
11 to read:

12 86. (a) The following civil cases and proceedings are limited  
13 civil cases:

14 (1) A case at law in which the demand, exclusive of interest, or  
15 the value of the property in controversy amounts to twenty-five  
16 thousand dollars (\$25,000) or less. This paragraph does not apply  
17 to a case that involves the legality of any tax, impost, assessment,  
18 toll, or municipal fine, except an action to enforce payment of  
19 delinquent unsecured personal property taxes if the legality of the  
20 tax is not contested by the defendant.

21 (2) An action for dissolution of partnership where the total assets  
22 of the partnership do not exceed twenty-five thousand dollars  
23 (\$25,000); an action of interpleader where the amount of money  
24 or the value of the property involved does not exceed twenty-five  
25 thousand dollars (\$25,000).

26 (3) An action to cancel or rescind a contract when the relief is  
27 sought in connection with an action to recover money not  
28 exceeding twenty-five thousand dollars (\$25,000) or property of  
29 a value not exceeding twenty-five thousand dollars (\$25,000), paid  
30 or delivered under, or in consideration of, the contract; an action  
31 to revise a contract where the relief is sought in an action upon the  
32 contract if the action otherwise is a limited civil case.

33 (4) A proceeding in forcible entry or forcible or unlawful  
34 detainer where the whole amount of damages claimed is  
35 twenty-five thousand dollars (\$25,000) or less.

36 (5) An action to enforce and foreclose a lien on personal  
37 property where the amount of the lien is twenty-five thousand  
38 dollars (\$25,000) or less.

39 (6) An action to enforce and foreclose, or a petition to release,  
40 a lien arising under the provisions of Chapter 4 (commencing with

1 Section 8400) of Title 2 of Part 6 of Division 4 of the Civil Code,  
2 or to enforce and foreclose an assessment lien on a common interest  
3 development as defined in Section 1351 of the Civil Code, where  
4 the amount of the liens is twenty-five thousand dollars (\$25,000)  
5 or less. However, if an action to enforce the lien affects property  
6 that is also affected by a similar pending action that is not a limited  
7 civil case, or if the total amount of liens sought to be foreclosed  
8 against the same property aggregates an amount in excess of  
9 twenty-five thousand dollars (\$25,000), the action is not a limited  
10 civil case.

11 (7) An action for declaratory relief when brought pursuant to  
12 either of the following:

13 (A) By way of cross-complaint as to a right of indemnity with  
14 respect to the relief demanded in the complaint or a cross-complaint  
15 in an action or proceeding that is otherwise a limited civil case.

16 (B) To conduct a trial after a nonbinding fee arbitration between  
17 an attorney and client, pursuant to Article 13 (commencing with  
18 Section 6200) of Chapter 4 of Division 3 of the Business and  
19 Professions Code, where the amount in controversy is twenty-five  
20 thousand dollars (\$25,000) or less.

21 (8) An action to issue a temporary restraining order or  
22 preliminary injunction; to take an account, where necessary to  
23 preserve the property or rights of any party to a limited civil case;  
24 to make any order or perform any act, pursuant to Title 9  
25 (commencing with Section 680.010) of Part 2 (enforcement of  
26 judgments) in a limited civil case; to appoint a receiver pursuant  
27 to Section 564 in a limited civil case; to determine title to personal  
28 property seized in a limited civil case.

29 (9) An action under Article 3 (commencing with Section  
30 708.210) of Chapter 6 of Division 2 of Title 9 of Part 2 for the  
31 recovery of an interest in personal property or to enforce the  
32 liability of the debtor of a judgment debtor where the interest  
33 claimed adversely is of a value not exceeding twenty-five thousand  
34 dollars (\$25,000) or the debt denied does not exceed twenty-five  
35 thousand dollars (\$25,000).

36 (10) An arbitration-related petition filed pursuant to either of  
37 the following:

38 (A) Article 2 (commencing with Section 1292) of Chapter 5 of  
39 Title 9 of Part 3, except for uninsured motorist arbitration  
40 proceedings in accordance with Section 11580.2 of the Insurance

1 Code, if the petition is filed before the arbitration award becomes  
 2 final and the matter to be resolved by arbitration is a limited civil  
 3 case under paragraphs (1) to (9), inclusive, of subdivision (a) or  
 4 if the petition is filed after the arbitration award becomes final and  
 5 the amount of the award and all other rulings, pronouncements,  
 6 and decisions made in the award are within paragraphs (1) to (9),  
 7 inclusive, of subdivision (a).

8 (B) To confirm, correct, or vacate a fee arbitration award  
 9 between an attorney and client that is binding or has become  
 10 binding, pursuant to Article 13 (commencing with Section 6200)  
 11 of Chapter 4 of Division 3 of the Business and Professions Code,  
 12 where the arbitration award is twenty-five thousand dollars  
 13 (\$25,000) or less.

14 (b) The following cases in equity are limited civil cases:

15 (1) A case to try title to personal property when the amount  
 16 involved is not more than twenty-five thousand dollars (\$25,000).

17 (2) A case when equity is pleaded as a defensive matter in any  
 18 case that is otherwise a limited civil case.

19 (3) A case to vacate a judgment or order of the court obtained  
 20 in a limited civil case through extrinsic fraud, mistake,  
 21 inadvertence, or excusable neglect.

22 SEC. 22. Section 410.42 of the Code of Civil Procedure is  
 23 amended to read:

24 410.42. (a) The following provisions of a contract between  
 25 the contractor and a subcontractor with principal offices in this  
 26 state, for the construction of a public or private work of  
 27 improvement in this state, shall be void and unenforceable:

28 (1) A provision which purports to require any dispute between  
 29 the parties to be litigated, arbitrated, or otherwise determined  
 30 outside this state.

31 (2) A provision which purports to preclude a party from  
 32 commencing such a proceeding or obtaining a judgment or other  
 33 resolution in this state or the courts of this state.

34 (b) For purposes of this section, "construction" means any work  
 35 or services performed on, or materials provided for, a work of  
 36 improvement, as defined in Section 8050 of the Civil Code, and  
 37 for which a lien may be claimed pursuant to Section 8400 of the  
 38 Civil Code (whether or not a lien is in fact claimed) or for which  
 39 such a lien could be claimed but for Section 8160 of the Civil  
 40 Code.

1 SEC. 23. Section 708.760 of the Code of Civil Procedure is  
2 amended to read:

3 708.760. (a) If the judgment debtor named in the abstract or  
4 certified copy of the judgment filed pursuant to this article is a  
5 contractor upon a public work, the cost of which is to be paid out  
6 of public moneys voted, appropriated, or otherwise set apart for  
7 such purpose, only so much of the contract price shall be deemed  
8 owing and unpaid within the meaning of Section 708.740 or  
9 708.750 as may remain payable under the terms of the contractor's  
10 contract, upon the completion thereof, after deducting sums due  
11 and to become due to persons described in Section 9100 of the  
12 Civil Code. In ascertaining the sums due or to become due to such  
13 persons, only claims which are filed against the moneys due or to  
14 become due to the judgment debtor in accordance with Chapter 4  
15 (commencing with Section 9350) of Title 3 of Part 6 of Division  
16 4 of the Civil Code shall be considered.

17 (b) The Controller, auditor, or other public disbursing officer  
18 whose duty it is to make payments under the provisions of the  
19 contract may not deposit an amount with the court pursuant to this  
20 article until the contract is completed, but may deposit an amount  
21 with the court to satisfy the claim of the judgment debtor before  
22 the payments specified in subdivision (a) are made so long as a  
23 sufficient amount is retained for the satisfaction of the claims of  
24 persons described in Section 9100 of the Civil Code.

25 SEC. 24. Section 1203.61 of the Code of Civil Procedure is  
26 amended to read:

27 1203.61. (a) Any lien provided for by this chapter shall be  
28 enforced in the same manner as provided in Chapter 4  
29 (commencing with Section 8400) of Title 2 of Part 6 of Division  
30 4 of the Civil Code. The action shall be filed within 180 days from  
31 the time of the recording of the lien. If a credit is given and notice  
32 of the fact and terms of the credit is filed in the office of the county  
33 recorder subsequent to the filing of the lien and prior to the  
34 expiration of the 180-day period, then the lien continues in force  
35 until 180 days after the expiration of the credit, but no lien  
36 continues in force by reason of any agreement to give credit for a  
37 longer time than one year from the time the work is completed. If  
38 the proceedings to enforce the lien are not prosecuted to trial within  
39 two years after commencement, the court may in its discretion  
40 dismiss the action for want of prosecution, and in all cases the

1 dismissal of the action (unless it is expressly stated that it is without  
2 prejudice) or a judgment in the action that no lien exists is  
3 equivalent to the cancellation and removal from the record of the  
4 lien.

5 (b) As against any purchaser or encumbrancer for value and in  
6 good faith whose rights are acquired subsequent to the expiration  
7 of the 180-day period following the filing of the lien, no giving of  
8 credit or extension of the lien or time to enforce the lien shall be  
9 effective unless evidenced by a notice or agreement filed for record  
10 in the office of the county recorder prior to the acquisition of the  
11 rights of the purchaser or encumbrancer.

12 SEC. 25. Section 1281.5 of the Code of Civil Procedure is  
13 amended to read:

14 1281.5. (a) Any person who proceeds to record and enforce a  
15 claim of lien by commencement of an action pursuant to Chapter  
16 4 (commencing with Section 8400) of Title 2 of Part 6 of Division  
17 4 of the Civil Code, does not thereby waive any right of arbitration  
18 the person may have pursuant to a written agreement to arbitrate,  
19 if, in filing an action to enforce the claim of lien, the claimant does  
20 either of the following:

21 (1) Includes an allegation in the complaint that the claimant  
22 does not intend to waive any right of arbitration, and intends to  
23 move the court, within 30 days after service of the summons and  
24 complaint, for an order to stay further proceedings in the action.

25 (2) At the same time that the complaint is filed, the claimant  
26 files an application that the action be stayed pending the arbitration  
27 of any issue, question, or dispute that is claimed to be arbitrable  
28 under the agreement and that is relevant to the action to enforce  
29 the claim of lien.

30 (b) Within 30 days after service of the summons and complaint,  
31 the claimant shall file and serve a motion and notice of motion  
32 pursuant to Section 1281.4 to stay the action pending the arbitration  
33 of any issue, question, or dispute that is claimed to be arbitrable  
34 under the agreement and that is relevant to the action to enforce  
35 the claim of lien. The failure of a claimant to comply with this  
36 subdivision is a waiver of the claimant's right to compel arbitration.

37 (c) The failure of a defendant to file a petition pursuant to  
38 Section 1281.2 at or before the time the defendant answers the  
39 complaint filed pursuant to subdivision (a) is a waiver of the  
40 defendant's right to compel arbitration.

1 SEC. 26. Section 1800 of the Code of Civil Procedure is  
2 amended to read:

3 1800. (a) As used in this section, the following terms have the  
4 following meanings:

5 (1) “Insolvent” means:

6 (A) With reference to a person other than a partnership, a  
7 financial condition such that the sum of the person’s debts is greater  
8 than all of the person’s property, at a fair valuation, exclusive of  
9 both of the following:

10 (i) Property transferred, concealed, or removed with intent to  
11 hinder, delay, or defraud the person’s creditors.

12 (ii) Property that is exempt from property of the estate pursuant  
13 to the election of the person made pursuant to Section 1801.

14 (B) With reference to a partnership, financial condition such  
15 that the sum of the partnership’s debts are greater than the  
16 aggregate of, at a fair valuation, both of the following:

17 (i) All of the partnership’s property, exclusive of property of  
18 the kind specified in clause (i) of subparagraph (A).

19 (ii) The sum of the excess of the value of each general partner’s  
20 separate property, exclusive of property of the kind specified in  
21 clause (ii) of subparagraph (A), over the partner’s separate debts.

22 (2) “Inventory” means personal property leased or furnished,  
23 held for sale or lease, or to be furnished under a contract for service,  
24 raw materials, work in process, or materials used or consumed in  
25 a business, including farm products such as crops or livestock,  
26 held for sale or lease.

27 (3) “Insider” means:

28 (A) If the assignor is an individual, any of the following:

29 (i) A relative of the assignor or of a general partner of the  
30 assignor.

31 (ii) A partnership in which the assignor is a general partner.

32 (iii) A general partner of the assignor.

33 (iv) A corporation of which the assignor is a director, officer,  
34 or person in control.

35 (B) If the assignor is a corporation, any of the following:

36 (i) A director of the assignor.

37 (ii) An officer of the assignor.

38 (iii) A person in control of the assignor.

39 (iv) A partnership in which the assignor is a general partner.

40 (v) A general partner of the assignor.

- 1 (vi) A relative of a general partner, director, officer, or person  
2 in control of the assignor.
- 3 (C) If the assignor is a partnership, any of the following:
- 4 (i) A general partner in the assignor.
- 5 (ii) A relative of a general partner in, general partner of, or  
6 person in control of the assignor.
- 7 (iii) A partnership in which the assignor is a general partner.
- 8 (iv) A general partner of the assignor.
- 9 (v) A person in control of the assignor.
- 10 (D) An affiliate of the assignor or an insider of an affiliate as if  
11 the affiliate were the assignor.
- 12 (E) A managing agent of the assignor.
- 13 As used in this paragraph, the following terms have the following  
14 meanings:
- 15 “Relative” means an individual related by affinity or  
16 consanguinity within the third degree as determined by the common  
17 law, or an individual in a step or adoptive relationship within the  
18 third degree.
- 19 An “affiliate” means a person that directly or indirectly owns,  
20 controls, or holds, with power to vote, 20 percent or more of the  
21 outstanding voting securities of the assignor, or 20 percent or more  
22 of whose outstanding voting securities are directly or indirectly  
23 owned, controlled, or held with power to vote by the assignor,  
24 excluding securities held in a fiduciary or agency capacity without  
25 sole discretionary power to vote, or held solely to secure a debt if  
26 the holder has not in fact exercised the power to vote, or a person  
27 who operates the business of the assignor under a lease or operating  
28 agreement or whose business is operated by the assignor under a  
29 lease or operating agreement.
- 30 (4) “Judicial lien” means a lien obtained by judgment, levy,  
31 sequestration, or other legal or equitable process or proceeding.
- 32 (5) “New value” means money or money’s worth in goods,  
33 services, or new credit, or release by a transferee of property  
34 previously transferred to the transferee in a transaction that is  
35 neither void nor voidable by the assignor or the assignee under  
36 any applicable law, but does not include an obligation substituted  
37 for an existing obligation.
- 38 (6) “Receivable” means a right to payment, whether or not the  
39 right has been earned by performance.

1 (7) “Security agreement” means an agreement that creates or  
2 provides for a security interest.

3 (8) “Security interest” means a lien created by an agreement.

4 (9) “Statutory lien” means a lien arising solely by force of a  
5 statute on specified circumstances or conditions, or lien of distress  
6 for rent, whether or not statutory, but does not include a security  
7 interest or judicial lien, whether or not the interest or lien is  
8 provided by or is dependent on a statute and whether or not the  
9 interest or lien is made fully effective by statute.

10 (10) “Transfer” means every mode, direct or indirect, absolute  
11 or conditional, voluntary or involuntary, or disposing of or parting  
12 with property or with an interest in property, including retention  
13 of title as a security interest.

14 (b) Except as provided in subdivision (c), the assignee of any  
15 general assignment for the benefit of creditors, as defined in  
16 Section 493.010, may recover any transfer of property of the  
17 assignor that is all of the following:

18 (1) To or for the benefit of a creditor.

19 (2) For or on account of an antecedent debt owed by the assignor  
20 before the transfer was made.

21 (3) Made while the assignor was insolvent.

22 (4) Made on or within 90 days before the date of the making of  
23 the assignment or made between 90 days and one year before the  
24 date of making the assignment if the creditor, at the time of the  
25 transfer, was an insider and had reasonable cause to believe the  
26 debtor was insolvent at the time of the transfer.

27 (5) Enables the creditor to receive more than another creditor  
28 of the same class.

29 (c) The assignee may not recover under this section a transfer  
30 as follows:

31 (1) To the extent that the transfer was both of the following:

32 (A) Intended by the assignor and the creditor to or for whose  
33 benefit the transfer was made to be a contemporaneous exchange  
34 for new value given to the assignor.

35 (B) In fact a substantially contemporaneous exchange.

36 (2) To the extent that the transfer was all of the following:

37 (A) In payment of a debt incurred in the ordinary course of  
38 business or financial affairs of the assignor and the transferee.

39 (B) Made in the ordinary course of business or financial affairs  
40 of the assignor and the transferee.

- 1 (C) Made according to ordinary business terms.  
2 (3) Of a security interest in property acquired by the assignor  
3 that meets both of the following:  
4 (A) To the extent the security interest secures new value that  
5 was all of the following:  
6 (i) Given at or after the signing of a security agreement that  
7 contains a description of the property as collateral.  
8 (ii) Given by or on behalf of the secured party under the  
9 agreement.  
10 (iii) Given to enable the assignor to acquire the property.  
11 (iv) In fact used by the assignor to acquire the property.  
12 (B) That is perfected within 20 days after the security interest  
13 attaches.  
14 (4) To or for the benefit of a creditor, to the extent that, after  
15 the transfer, the creditor gave new value to or for the benefit of  
16 the assignor that meets both of the following:  
17 (A) Not secured by an otherwise unavoidable security interest.  
18 (B) On account of which new value the assignor did not make  
19 an otherwise unavoidable transfer to or for the benefit of the  
20 creditor.  
21 (5) Of a perfected security interest in inventory or a receivable  
22 or the proceeds of either, except to the extent that the aggregate  
23 of all the transfers to the transferee caused a reduction, as of the  
24 date of the making of the assignment and to the prejudice of other  
25 creditors holding unsecured claims, of any amount by which the  
26 debt secured by the security interest exceeded the value of all  
27 security interest for the debt on the later of the following:  
28 (A) Ninety days before the date of the making of the assignment.  
29 (B) The date on which new value was first given under the  
30 security agreement creating the security interest.  
31 (6) That is the fixing of a statutory lien.  
32 (7) That is payment to a claimant, as defined in Section 8004  
33 of the Civil Code, in exchange for the claimant's waiver or release  
34 of any potential or asserted claim of lien, stop payment notice, or  
35 right to recover on a payment bond, or any combination thereof.  
36 (8) To the extent that the transfer was a bona fide payment of  
37 a debt to a spouse, former spouse, or child of the debtor, for  
38 alimony to, maintenance for, or support of, the spouse or child, in  
39 connection with a separation agreement, divorce decree, or other  
40 order of a court of record, or a determination made in accordance

1 with state or territorial law by a governmental unit, or property  
2 settlement agreement; but not to the extent that either of the  
3 following occurs:

4 (A) The debt is assigned to another entity voluntarily, by  
5 operation of law or otherwise, in which case the assignee may not  
6 recover that portion of the transfer that is assigned to the state or  
7 any political subdivision of the state pursuant to Part D of Title  
8 IV of the Social Security Act (42 U.S.C. Sec. 601 et seq.) and  
9 passed on to the spouse, former spouse, or child of the debtor.

10 (B) The debt includes a liability designated as alimony,  
11 maintenance, or support, unless the liability is actually in the nature  
12 of alimony, maintenance, or support.

13 (d) An assignee of any general assignment for the benefit of  
14 creditors, as defined in Section 493.010, may avoid a transfer of  
15 property of the assignor transferred to secure reimbursement of a  
16 surety that furnished a bond or other obligation to dissolve a  
17 judicial lien that would have been avoidable by the assignee under  
18 subdivision (b). The liability of the surety under the bond or  
19 obligation shall be discharged to the extent of the value of the  
20 property recovered by the assignee or the amount paid to the  
21 assignee.

22 (e) (1) For the purposes of this section:

23 (A) A transfer of real property other than fixtures, but including  
24 the interest of a seller or purchaser under a contract for the sale of  
25 real property, is perfected when a bona fide purchaser of the  
26 property from the debtor, against whom applicable law permits  
27 the transfer to be perfected, cannot acquire an interest that is  
28 superior to the interest of the transferee.

29 (B) A transfer of a fixture or property other than real property  
30 is perfected when a creditor on a simple contract cannot acquire  
31 a judicial lien that is superior to the interest of the transferee.

32 (2) For the purposes of this section, except as provided in  
33 paragraph (3), a transfer is made at any of the following times:

34 (A) At the time the transfer takes effect between the transferor  
35 and the transferee, if the transfer is perfected at, or within 10 days  
36 after, the time, except as provided in subparagraph (B) of paragraph  
37 (3) of subdivision (c).

38 (B) At the time the transfer is perfected, if the transfer is  
39 perfected after the 10 days.

1 (C) Immediately before the date of making the assignment if  
2 the transfer is not perfected at the later of:

3 (i) The making of the assignment.

4 (ii) Ten days after the transfer takes effect between the transferor  
5 and the transferee.

6 (3) For the purposes of this section, a transfer is not made until  
7 the assignor has acquired rights in the property transferred.

8 (f) For the purposes of this section, the assignor is presumed to  
9 have been insolvent on and during the 90 days immediately  
10 preceding the date of making the assignment.

11 (g) An action by an assignee under this section must be  
12 commenced within one year after making the assignment.

13 SEC. 27. Section 17307.5 of the Education Code is amended  
14 to read:

15 17307.5. (a) Notwithstanding any provision of law to the  
16 contrary, including, but not limited to, Title 3 (commencing with  
17 Section 9000) of Part 6 of Division 4 of the Civil Code, the  
18 Department of General Services may issue a stop work order when  
19 construction work on a public school is not being performed in  
20 accordance with existing law and would compromise the structural  
21 integrity of the building, thereby endangering the public safety.  
22 The Department of General Services shall allow construction of  
23 incidental and minor nonstructural additions or nonstructural  
24 alterations without invoking its stop work authority.

25 (b) A school district, county superintendent of schools, county  
26 board of education, or other public board, body, or officer whose  
27 construction work on a public school is subject to a stop work  
28 order issued pursuant to subdivision (a) shall not be held liable in  
29 any action filed against the public board, body, or officer for  
30 stopping work as required by the stop work order, or for any delays  
31 caused by compliance with the stop work order, except to the extent  
32 that an error or omission by the public board, body, or officer is  
33 the basis for the issuance of the stop work order.

34 SEC. 28. Section 81133.5 of the Education Code is amended  
35 to read:

36 81133.5. (a) Notwithstanding any provision of law to the  
37 contrary, including, but not limited to, Title 3 (commencing with  
38 Section 9000) of Part 6 of Division 4 of the Civil Code, the  
39 Department of General Services may issue a stop work order when  
40 construction work on a community college is not being performed

1 in accordance with existing law and would compromise the  
2 structural integrity of the building, thereby endangering the public  
3 safety. The Department of General Services shall allow  
4 construction of incidental and minor nonstructural additions or  
5 nonstructural alterations without invoking its stop work authority.

6 (b) A community college district or other public board, body,  
7 or officer whose construction work on a community college is  
8 subject to a stop work order issued pursuant to subdivision (a)  
9 shall not be held liable in any action filed against the public board,  
10 body, or officer for stopping work as required by the stop work  
11 order, or for any delays caused by compliance with the stop work  
12 order, except to the extent that an error or omission by the public  
13 board, body, or officer is that basis for the issuance of the stop  
14 work order.

15 SEC. 29. Section 7480 of the Government Code, as amended  
16 by Section 1 of Chapter 234 of the Statutes of 2008, is amended  
17 to read:

18 7480. Nothing in this chapter shall prohibit any of the  
19 following:

20 (a) The dissemination of any financial information that is not  
21 identified with, or identifiable as being derived from, the financial  
22 records of a particular customer.

23 (b) When any police or sheriff's department or district attorney  
24 in this state certifies to a bank, credit union, or savings association  
25 in writing that a crime report has been filed that involves the  
26 alleged fraudulent use of drafts, checks, access cards, or other  
27 orders drawn upon any bank, credit union, or savings association  
28 in this state, the police or sheriff's department or district attorney,  
29 a county adult protective services office when investigating the  
30 financial abuse of an elder or dependent adult, or a long-term care  
31 ombudsman when investigating the financial abuse of an elder or  
32 dependent adult, may request a bank, credit union, or savings  
33 association to furnish, and a bank, credit union, or savings  
34 association shall furnish, a statement setting forth the following  
35 information with respect to a customer account specified by the  
36 requesting party for a period 30 days prior to, and up to 30 days  
37 following, the date of occurrence of the alleged illegal act involving  
38 the account:

- 39 (1) The number of items dishonored.  
40 (2) The number of items paid that created overdrafts.

1 (3) The dollar volume of the dishonored items and items paid  
2 which created overdrafts and a statement explaining any credit  
3 arrangement between the bank, credit union, or savings association  
4 and customer to pay overdrafts.

5 (4) The dates and amounts of deposits and debits and the account  
6 balance on these dates.

7 (5) A copy of the signature card, including the signature and  
8 any addresses appearing on a customer's signature card.

9 (6) The date the account opened and, if applicable, the date the  
10 account closed.

11 (7) Surveillance photographs and video recordings of persons  
12 accessing the crime victim's financial account via an automated  
13 teller machine (ATM) or from within the financial institution for  
14 dates on which illegal acts involving the account were alleged to  
15 have occurred. Nothing in this paragraph does any of the following:

16 (A) Requires a financial institution to produce a photograph or  
17 video recording if it does not possess the photograph or video  
18 recording.

19 (B) Affects any existing civil immunities as provided in Section  
20 47 of the Civil Code or any other provision of law.

21 (8) A bank, credit union, or savings association that provides  
22 the requesting party with copies of one or more complete account  
23 statements prepared in the regular course of business shall be  
24 deemed to be in compliance with paragraphs (1), (2), (3), and (4).

25 (c) When any police or sheriff's department or district attorney  
26 in this state certifies to a bank, credit union, or savings association  
27 in writing that a crime report has been filed that involves the  
28 alleged fraudulent use of drafts, checks, access cards, or other  
29 orders drawn upon any bank, credit union, or savings association  
30 doing business in this state, the police or sheriff's department or  
31 district attorney, a county adult protective services office when  
32 investigating the financial abuse of an elder or dependent adult,  
33 or a long-term care ombudsman when investigating the financial  
34 abuse of an elder or dependent adult, may request, with the consent  
35 of the accountholder, the bank, credit union, or savings association  
36 to furnish, and the bank, credit union, or savings association shall  
37 furnish, a statement setting forth the following information with  
38 respect to a customer account specified by the requesting party for  
39 a period 30 days prior to, and up to 30 days following, the date of  
40 occurrence of the alleged illegal act involving the account:

- 1 (1) The number of items dishonored.
- 2 (2) The number of items paid that created overdrafts.
- 3 (3) The dollar volume of the dishonored items and items paid  
4 which created overdrafts and a statement explaining any credit  
5 arrangement between the bank, credit union, or savings association  
6 and customer to pay overdrafts.
- 7 (4) The dates and amounts of deposits and debits and the account  
8 balance on these dates.
- 9 (5) A copy of the signature card, including the signature and  
10 any addresses appearing on a customer's signature card.
- 11 (6) The date the account opened and, if applicable, the date the  
12 account closed.
- 13 (7) Surveillance photographs and video recordings of persons  
14 accessing the crime victim's financial account via an automated  
15 teller machine (ATM) or from within the financial institution for  
16 dates on which illegal acts involving this account were alleged to  
17 have occurred. Nothing in this paragraph does any of the following:  
18 (A) Requires a financial institution to produce a photograph or  
19 video recording if it does not possess the photograph or video  
20 recording.  
21 (B) Affects any existing civil immunities as provided in Section  
22 47 of the Civil Code or any other provision of law.
- 23 (8) A bank, credit union, or savings association doing business  
24 in this state that provides the requesting party with copies of one  
25 or more complete account statements prepared in the regular course  
26 of business shall be deemed to be in compliance with paragraphs  
27 (1), (2), (3), and (4).
- 28 (d) For purposes of subdivision (c), consent of the accountholder  
29 shall be satisfied if an accountholder provides to the financial  
30 institution and the person or entity seeking disclosure, a signed  
31 and dated statement containing all of the following:  
32 (1) Authorization of the disclosure for the period specified in  
33 subdivision (c).  
34 (2) The name of the agency or department to which disclosure  
35 is authorized and, if applicable, the statutory purpose for which  
36 the information is to be obtained.  
37 (3) A description of the financial records that are authorized to  
38 be disclosed.
- 39 (e) (1) The Attorney General, a supervisory agency, the  
40 Franchise Tax Board, the State Board of Equalization, the

1 Employment Development Department, the Controller or an  
2 inheritance tax referee when administering the Prohibition of Gift  
3 and Death Taxes (Part 8 (commencing with Section 13301) of  
4 Division 2 of the Revenue and Taxation Code), a police or sheriff's  
5 department or district attorney, a county adult protective services  
6 office when investigating the financial abuse of an elder or  
7 dependent adult, a long-term care ombudsman when investigating  
8 the financial abuse of an elder or dependent adult, a county welfare  
9 department when investigating welfare fraud, a county  
10 auditor-controller or director of finance when investigating fraud  
11 against the county, or the Department of Corporations when  
12 conducting investigations in connection with the enforcement of  
13 laws administered by the Commissioner of Corporations, from  
14 requesting of an office or branch of a financial institution, and the  
15 office or branch from responding to a request, as to whether a  
16 person has an account or accounts at that office or branch and, if  
17 so, any identifying numbers of the account or accounts.

18 (2) No additional information beyond that specified in this  
19 section shall be released to a county welfare department without  
20 either the accountholder's written consent or a judicial writ, search  
21 warrant, subpoena, or other judicial order.

22 (3) A county auditor-controller or director of finance who  
23 unlawfully discloses information he or she is authorized to request  
24 under this subdivision is guilty of the unlawful disclosure of  
25 confidential data, a misdemeanor, which shall be punishable as  
26 set forth in Section 7485.

27 (f) The examination by, or disclosure to, any supervisory agency  
28 of financial records that relate solely to the exercise of its  
29 supervisory function. The scope of an agency's supervisory  
30 function shall be determined by reference to statutes that grant  
31 authority to examine, audit, or require reports of financial records  
32 or financial institutions as follows:

33 (1) With respect to the Commissioner of Financial Institutions  
34 by reference to Division 1 (commencing with Section 99), Division  
35 1.5 (commencing with Section 4800), Division 2 (commencing  
36 with Section 5000), Division 5 (commencing with Section 14000),  
37 Division 7 (commencing with Section 18000), Division 15  
38 (commencing with Section 31000), and Division 16 (commencing  
39 with Section 33000), of the Financial Code.

1 (2) With respect to the Controller by reference to Title 10  
2 (commencing with Section 1300) of Part 3 of the Code of Civil  
3 Procedure.

4 (3) With respect to the Administrator of Local Agency Security  
5 by reference to Article 2 (commencing with Section 53630) of  
6 Chapter 4 of Part 1 of Division 2 of Title 5 of the Government  
7 Code.

8 (g) The disclosure to the Franchise Tax Board of (1) the amount  
9 of any security interest that a financial institution has in a specified  
10 asset of a customer or (2) financial records in connection with the  
11 filing or audit of a tax return or tax information return that are  
12 required to be filed by the financial institution pursuant to Part 10  
13 (commencing with Section 17001), Part 11 (commencing with  
14 Section 23001), or Part 18 (commencing with Section 38001), of  
15 the Revenue and Taxation Code.

16 (h) The disclosure to the State Board of Equalization of any of  
17 the following:

18 (1) The information required by Sections 6702, 6703, 8954,  
19 8957, 30313, 30315, 32383, 32387, 38502, 38503, 40153, 40155,  
20 41122, 41123.5, 43443, 43444.2, 44144, 45603, 45605, 46404,  
21 46406, 50134, 50136, 55203, 55205, 60404, and 60407 of the  
22 Revenue and Taxation Code.

23 (2) The financial records in connection with the filing or audit  
24 of a tax return required to be filed by the financial institution  
25 pursuant to Part 1 (commencing with Section 6001), Part 2  
26 (commencing with Section 7301), Part 3 (commencing with Section  
27 8601), Part 13 (commencing with Section 30001), Part 14  
28 (commencing with Section 32001), and Part 17 (commencing with  
29 Section 37001), of Division 2 of the Revenue and Taxation Code.

30 (3) The amount of any security interest a financial institution  
31 has in a specified asset of a customer, if the inquiry is directed to  
32 the branch or office where the interest is held.

33 (i) The disclosure to the Controller of the information required  
34 by Section 7853 of the Revenue and Taxation Code.

35 (j) The disclosure to the Employment Development Department  
36 of the amount of any security interest a financial institution has in  
37 a specified asset of a customer, if the inquiry is directed to the  
38 branch or office where the interest is held.

39 (k) The disclosure by a construction lender, as defined in Section  
40 8006 of the Civil Code, to the Registrar of Contractors, of

1 information concerning the making of progress payments to a  
2 prime contractor requested by the registrar in connection with an  
3 investigation under Section 7108.5 of the Business and Professions  
4 Code.

5 (l) Upon receipt of a written request from a local child support  
6 agency referring to a support order pursuant to Section 17400 of  
7 the Family Code, a financial institution shall disclose the following  
8 information concerning the account or the person named in the  
9 request, whom the local child support agency shall identify,  
10 whenever possible, by social security number:

11 (1) If the request states the identifying number of an account at  
12 a financial institution, the name of each owner of the account.

13 (2) Each account maintained by the person at the branch to  
14 which the request is delivered, and, if the branch is able to make  
15 a computerized search, each account maintained by the person at  
16 any other branch of the financial institution located in this state.

17 (3) For each account disclosed pursuant to paragraphs (1) and  
18 (2), the account number, current balance, street address of the  
19 branch where the account is maintained, and, to the extent available  
20 through the branch's computerized search, the name and address  
21 of any other person listed as an owner.

22 (4) Whenever the request prohibits the disclosure, a financial  
23 institution shall not disclose either the request or its response, to  
24 an owner of the account or to any other person, except the officers  
25 and employees of the financial institution who are involved in  
26 responding to the request and to attorneys, employees of the local  
27 child support agencies, auditors, and regulatory authorities who  
28 have a need to know in order to perform their duties, and except  
29 as disclosure may be required by legal process.

30 (5) No financial institution, or any officer, employee, or agent  
31 thereof, shall be liable to any person for (A) disclosing information  
32 in response to a request pursuant to this subdivision, (B) failing to  
33 notify the owner of an account, or complying with a request under  
34 this paragraph not to disclose to the owner, the request or disclosure  
35 under this subdivision, or (C) failing to discover any account owned  
36 by the person named in the request pursuant to a computerized  
37 search of the records of the financial institution.

38 (6) The local child support agency may request information  
39 pursuant to this subdivision only when the local child support

1 agency has received at least one of the following types of physical  
2 evidence:

3 (A) Any of the following, dated within the last three years:

4 (i) Form 599.

5 (ii) Form 1099.

6 (iii) A bank statement.

7 (iv) A check.

8 (v) A bank passbook.

9 (vi) A deposit slip.

10 (vii) A copy of a federal or state income tax return.

11 (viii) A debit or credit advice.

12 (ix) Correspondence that identifies the child support obligor by  
13 name, the bank, and the account number.

14 (x) Correspondence that identifies the child support obligor by  
15 name, the bank, and the banking services related to the account of  
16 the obligor.

17 (xi) An asset identification report from a federal agency.

18 (B) A sworn declaration of the custodial parent during the 12  
19 months immediately preceding the request that the person named  
20 in the request has had or may have had an account at an office or  
21 branch of the financial institution to which the request is made.

22 (7) Information obtained by a local child support agency  
23 pursuant to this subdivision shall be used only for purposes that  
24 are directly connected with the administration of the duties of the  
25 local child support agency pursuant to Section 17400 of the Family  
26 Code.

27 (m) (1) As provided in paragraph (1) of subdivision (c) of  
28 Section 666 of Title 42 of the United States Code, upon receipt of  
29 an administrative subpoena on the current federally approved  
30 interstate child support enforcement form, as approved by the  
31 federal Office of Management and Budget, a financial institution  
32 shall provide the information or documents requested by the  
33 administrative subpoena.

34 (2) The administrative subpoena shall refer to the current federal  
35 Office of Management and Budget control number and be signed  
36 by a person who states that he or she is an authorized agent of a  
37 state or county agency responsible for implementing the child  
38 support enforcement program set forth in Part D (commencing  
39 with Section 651) of Subchapter IV of Chapter 7 of Title 42 of the  
40 United States Code. A financial institution may rely on the

1 statements made in the subpoena and has no duty to inquire into  
2 the truth of any statement in the subpoena.

3 (3) If the person who signs the administrative subpoena directs  
4 a financial institution in writing not to disclose either the subpoena  
5 or its response to any owner of an account covered by the subpoena,  
6 the financial institution shall not disclose the subpoena or its  
7 response to the owner.

8 (4) No financial institution, or any officer, employee, or agent  
9 thereof, shall be liable to any person for (A) disclosing information  
10 or providing documents in response to a subpoena pursuant to this  
11 subdivision, (B) failing to notify any owner of an account covered  
12 by the subpoena or complying with a request not to disclose to the  
13 owner, the subpoena or disclosure under this subdivision, or (C)  
14 failing to discover any account owned by the person named in the  
15 subpoena pursuant to a computerized search of the records of the  
16 financial institution.

17 (n) The dissemination of financial information and records  
18 pursuant to any of the following:

19 (1) Compliance by a financial institution with the requirements  
20 of Section 2892 of the Probate Code.

21 (2) Compliance by a financial institution with the requirements  
22 of Section 2893 of the Probate Code.

23 (3) An order by a judge upon a written ex parte application by  
24 a peace officer showing specific and articulable facts that there  
25 are reasonable grounds to believe that the records or information  
26 sought are relevant and material to an ongoing investigation of a  
27 felony violation of Section 186.10 or of any felony subject to the  
28 enhancement set forth in Section 186.11.

29 (A) The ex parte application shall specify with particularity the  
30 records to be produced, which shall be only those of the individual  
31 or individuals who are the subject of the criminal investigation.

32 (B) The ex parte application and any subsequent judicial order  
33 shall be open to the public as a judicial record unless ordered sealed  
34 by the court, for a period of 60 days. The sealing of these records  
35 may be extended for 60-day periods upon a showing to the court  
36 that it is necessary for the continuance of the investigation.  
37 Sixty-day extensions may continue for up to one year or until  
38 termination of the investigation of the individual or individuals,  
39 whichever is sooner.

1 (C) The records ordered to be produced shall be returned to the  
2 peace officer applicant or his or her designee within a reasonable  
3 time period after service of the order upon the financial institution.

4 (D) Nothing in this subdivision shall preclude the financial  
5 institution from notifying a customer of the receipt of the order  
6 for production of records unless a court orders the financial  
7 institution to withhold notification to the customer upon a finding  
8 that the notice would impede the investigation.

9 (E) Where a court has made an order pursuant to this paragraph  
10 to withhold notification to the customer under this paragraph, the  
11 peace officer or law enforcement agency who obtained the financial  
12 information shall notify the customer by delivering a copy of the  
13 ex parte order to the customer within 10 days of the termination  
14 of the investigation.

15 (4) No financial institution, or any officer, employee, or agent  
16 thereof, shall be liable to any person for any of the following:

17 (A) Disclosing information to a probate court pursuant to  
18 Sections 2892 and 2893.

19 (B) Disclosing information in response to a court order pursuant  
20 to paragraph (3).

21 (C) Complying with a court order under this subdivision not to  
22 disclose to the customer, the order, or the dissemination of  
23 information pursuant to the court order.

24 (o) Disclosure by a financial institution to a peace officer, as  
25 defined in Section 830.1 of the Penal Code, pursuant to the  
26 following:

27 (1) Paragraph (1) of subdivision (a) of Section 1748.95 of the  
28 Civil Code, provided that the financial institution has first complied  
29 with the requirements of paragraph (2) of subdivision (a) and  
30 subdivision (b) of Section 1748.95 of the Civil Code.

31 (2) Paragraph (1) of subdivision (a) of Section 4002 of the  
32 Financial Code, provided that the financial institution has first  
33 complied with the requirements of paragraph (2) of subdivision  
34 (a) and subdivision (b) of Section 4002 of the Financial Code.

35 (3) Paragraph (1) of subdivision (a) of Section 22470 of the  
36 Financial Code, provided that any financial institution that is a  
37 finance lender has first complied with the requirements of  
38 paragraph (2) of subdivision (a) and subdivision (b) of Section  
39 22470 of the Financial Code.

1 (p) When the governing board of the Public Employees’  
2 Retirement System or the State Teachers’ Retirement System  
3 certifies in writing to a financial institution that a benefit recipient  
4 has died and that transfers to the benefit recipient’s account at the  
5 financial institution from the retirement system occurred after the  
6 benefit recipient’s date of death, the financial institution shall  
7 furnish the retirement system with the name and address of any  
8 coowner, cosigner, or any other person who had access to the funds  
9 in the account following the date of the benefit recipient’s death,  
10 or if the account has been closed, the name and address of the  
11 person who closed the account.

12 (q) When the retirement board of a retirement system established  
13 under the County Employees Retirement Law of 1937 certifies in  
14 writing to a financial institution that a retired member or the  
15 beneficiary of a retired member has died and that transfers to the  
16 account of the retired member or beneficiary of a retired member  
17 at the financial institution from the retirement system occurred  
18 after the date of death of the retired member or beneficiary of a  
19 retired member, the financial institution shall furnish the retirement  
20 system with the name and address of any coowner, cosigner, or  
21 any other person who had access to the funds in the account  
22 following the date of death of the retired member or beneficiary  
23 of a retired member, or if the account has been closed, the name  
24 and address of the person who closed the account.

25 (r) When the Franchise Tax Board certifies in writing to a  
26 financial institution that (1) a taxpayer filed a tax return that  
27 authorized a direct deposit refund with an incorrect financial  
28 institution account or routing number that resulted in all or a  
29 portion of the refund not being received, directly or indirectly, by  
30 the taxpayer; (2) the direct deposit refund was not returned to the  
31 Franchise Tax Board; and (3) the refund was deposited directly  
32 on a specified date into the account of an accountholder of the  
33 financial institution who was not entitled to receive the refund,  
34 then the financial institution shall furnish to the Franchise Tax  
35 Board the name and address of any coowner, cosigner, or any other  
36 person who had access to the funds in the account following the  
37 date of direct deposit refund, or if the account has been closed, the  
38 name and address of the person who closed the account.

1 SEC. 30. Section 7480 of the Government Code, as amended  
2 by Section 2 of Chapter 234 of the Statutes of 2008, is amended  
3 to read:

4 7480. Nothing in this chapter shall prohibit any of the  
5 following:

6 (a) The dissemination of any financial information that is not  
7 identified with, or identifiable as being derived from, the financial  
8 records of a particular customer.

9 (b) When any police or sheriff's department or district attorney  
10 in this state certifies to a bank, credit union, or savings association  
11 in writing that a crime report has been filed that involves the  
12 alleged fraudulent use of drafts, checks, access cards, or other  
13 orders drawn upon any bank, credit union, or savings association  
14 in this state, the police or sheriff's department or district attorney,  
15 a county adult protective services office when investigating the  
16 financial abuse of an elder or dependent adult, or a long-term care  
17 ombudsman when investigating the financial abuse of an elder or  
18 dependent adult, may request a bank, credit union, or savings  
19 association to furnish, and a bank, credit union, or savings  
20 association shall furnish, a statement setting forth the following  
21 information with respect to a customer account specified by the  
22 requesting party for a period 30 days prior to, and up to 30 days  
23 following, the date of occurrence of the alleged illegal act involving  
24 the account:

- 25 (1) The number of items dishonored.  
26 (2) The number of items paid that created overdrafts.  
27 (3) The dollar volume of the dishonored items and items paid  
28 which created overdrafts and a statement explaining any credit  
29 arrangement between the bank, credit union, or savings association  
30 and customer to pay overdrafts.  
31 (4) The dates and amounts of deposits and debits and the account  
32 balance on these dates.  
33 (5) A copy of the signature card, including the signature and  
34 any addresses appearing on a customer's signature card.  
35 (6) The date the account opened and, if applicable, the date the  
36 account closed.  
37 (7) Surveillance photographs and video recordings of persons  
38 accessing the crime victim's financial account via an automated  
39 teller machine (ATM) or from within the financial institution for

1 dates on which illegal acts involving the account were alleged to  
2 have occurred. Nothing in this paragraph does any of the following:

3 (A) Requires a financial institution to produce a photograph or  
4 video recording if it does not possess the photograph or video  
5 recording.

6 (B) Affects any existing civil immunities as provided in Section  
7 47 of the Civil Code or any other provision of law.

8 (8) A bank, credit union, or savings association that provides  
9 the requesting party with copies of one or more complete account  
10 statements prepared in the regular course of business shall be  
11 deemed to be in compliance with paragraphs (1), (2), (3), and (4).

12 (c) When any police or sheriff's department or district attorney  
13 in this state certifies to a bank, credit union, or savings association  
14 in writing that a crime report has been filed that involves the  
15 alleged fraudulent use of drafts, checks, access cards, or other  
16 orders drawn upon any bank, credit union, or savings association  
17 doing business in this state, the police or sheriff's department or  
18 district attorney, a county adult protective services office when  
19 investigating the financial abuse of an elder or dependent adult,  
20 or a long-term care ombudsman when investigating the financial  
21 abuse of an elder or dependent adult, may request, with the consent  
22 of the account holder, the bank, credit union, or savings association  
23 to furnish, and the bank, credit union, or savings association shall  
24 furnish, a statement setting forth the following information with  
25 respect to a customer account specified by the requesting party for  
26 a period 30 days prior to, and up to 30 days following, the date of  
27 occurrence of the alleged illegal act involving the account:

28 (1) The number of items dishonored.

29 (2) The number of items paid that created overdrafts.

30 (3) The dollar volume of the dishonored items and items paid  
31 which created overdrafts and a statement explaining any credit  
32 arrangement between the bank, credit union, or savings association  
33 and customer to pay overdrafts.

34 (4) The dates and amounts of deposits and debits and the account  
35 balance on these dates.

36 (5) A copy of the signature card, including the signature and  
37 any addresses appearing on a customer's signature card.

38 (6) The date the account opened and, if applicable, the date the  
39 account closed.

1 (7) Surveillance photographs and video recordings of persons  
2 accessing the crime victim’s financial account via an automated  
3 teller machine (ATM) or from within the financial institution for  
4 dates on which illegal acts involving this account were alleged to  
5 have occurred. Nothing in this paragraph does any of the following:

6 (A) Requires a financial institution to produce a photograph or  
7 video recording if it does not possess the photograph or video  
8 recording.

9 (B) Affects any existing civil immunities as provided in Section  
10 47 of the Civil Code or any other provision of law.

11 (8) A bank, credit union, or savings association doing business  
12 in this state that provides the requesting party with copies of one  
13 or more complete account statements prepared in the regular course  
14 of business shall be deemed to be in compliance with paragraphs  
15 (1), (2), (3), and (4).

16 (d) For purposes of subdivision (c), consent of the accountholder  
17 shall be satisfied if an accountholder provides to the financial  
18 institution and the person or entity seeking disclosure, a signed  
19 and dated statement containing all of the following:

20 (1) Authorization of the disclosure for the period specified in  
21 subdivision (c).

22 (2) The name of the agency or department to which disclosure  
23 is authorized and, if applicable, the statutory purpose for which  
24 the information is to be obtained.

25 (3) A description of the financial records that are authorized to  
26 be disclosed.

27 (e) (1) The Attorney General, a supervisory agency, the  
28 Franchise Tax Board, the State Board of Equalization, the  
29 Employment Development Department, the Controller or an  
30 inheritance tax referee when administering the Prohibition of Gift  
31 and Death Taxes (Part 8 (commencing with Section 13301) of  
32 Division 2 of the Revenue and Taxation Code), a police or sheriff’s  
33 department or district attorney, a county adult protective services  
34 office when investigating the financial abuse of an elder or  
35 dependent adult, a long-term care ombudsman when investigating  
36 the financial abuse of an elder or dependent adult, a county welfare  
37 department when investigating welfare fraud, a county  
38 auditor-controller or director of finance when investigating fraud  
39 against the county, or the Department of Corporations when  
40 conducting investigations in connection with the enforcement of

1 laws administered by the Commissioner of Corporations, from  
2 requesting of an office or branch of a financial institution, and the  
3 office or branch from responding to a request, as to whether a  
4 person has an account or accounts at that office or branch and, if  
5 so, any identifying numbers of the account or accounts.

6 (2) No additional information beyond that specified in this  
7 section shall be released to a county welfare department without  
8 either the accountholder's written consent or a judicial writ, search  
9 warrant, subpoena, or other judicial order.

10 (3) A county auditor-controller or director of finance who  
11 unlawfully discloses information he or she is authorized to request  
12 under this subdivision is guilty of the unlawful disclosure of  
13 confidential data, a misdemeanor, which shall be punishable as  
14 set forth in Section 7485.

15 (f) The examination by, or disclosure to, any supervisory agency  
16 of financial records that relate solely to the exercise of its  
17 supervisory function. The scope of an agency's supervisory  
18 function shall be determined by reference to statutes that grant  
19 authority to examine, audit, or require reports of financial records  
20 or financial institutions as follows:

21 (1) With respect to the Commissioner of Financial Institutions  
22 by reference to Division 1 (commencing with Section 99), Division  
23 1.5 (commencing with Section 4800), Division 2 (commencing  
24 with Section 5000), Division 5 (commencing with Section 14000),  
25 Division 7 (commencing with Section 18000), Division 15  
26 (commencing with Section 31000), and Division 16 (commencing  
27 with Section 33000), of the Financial Code.

28 (2) With respect to the Controller by reference to Title 10  
29 (commencing with Section 1300) of Part 3 of the Code of Civil  
30 Procedure.

31 (3) With respect to the Administrator of Local Agency Security  
32 by reference to Article 2 (commencing with Section 53630) of  
33 Chapter 4 of Part 1 of Division 2 of Title 5 of the Government  
34 Code.

35 (g) The disclosure to the Franchise Tax Board of (1) the amount  
36 of any security interest that a financial institution has in a specified  
37 asset of a customer or (2) financial records in connection with the  
38 filing or audit of a tax return or tax information return that are  
39 required to be filed by the financial institution pursuant to Part 10  
40 (commencing with Section 17001), Part 11 (commencing with

1 Section 23001), or Part 18 (commencing with Section 38001), of  
2 the Revenue and Taxation Code.

3 (h) The disclosure to the State Board of Equalization of any of  
4 the following:

5 (1) The information required by Sections 6702, 6703, 8954,  
6 8957, 30313, 30315, 32383, 32387, 38502, 38503, 40153, 40155,  
7 41122, 41123.5, 43443, 43444.2, 44144, 45603, 45605, 46404,  
8 46406, 50134, 50136, 55203, 55205, 60404, and 60407 of the  
9 Revenue and Taxation Code.

10 (2) The financial records in connection with the filing or audit  
11 of a tax return required to be filed by the financial institution  
12 pursuant to Part 1 (commencing with Section 6001), Part 2  
13 (commencing with Section 7301), Part 3 (commencing with Section  
14 8601), Part 13 (commencing with Section 30001), Part 14  
15 (commencing with Section 32001), and Part 17 (commencing with  
16 Section 37001), of Division 2 of the Revenue and Taxation Code.

17 (3) The amount of any security interest a financial institution  
18 has in a specified asset of a customer, if the inquiry is directed to  
19 the branch or office where the interest is held.

20 (i) The disclosure to the Controller of the information required  
21 by Section 7853 of the Revenue and Taxation Code.

22 (j) The disclosure to the Employment Development Department  
23 of the amount of any security interest a financial institution has in  
24 a specified asset of a customer, if the inquiry is directed to the  
25 branch or office where the interest is held.

26 (k) The disclosure by a construction lender, as defined in Section  
27 8006 of the Civil Code, to the Registrar of Contractors, of  
28 information concerning the making of progress payments to a  
29 prime contractor requested by the registrar in connection with an  
30 investigation under Section 7108.5 of the Business and Professions  
31 Code.

32 (l) Upon receipt of a written request from a local child support  
33 agency referring to a support order pursuant to Section 17400 of  
34 the Family Code, a financial institution shall disclose the following  
35 information concerning the account or the person named in the  
36 request, whom the local child support agency shall identify,  
37 whenever possible, by social security number:

38 (1) If the request states the identifying number of an account at  
39 a financial institution, the name of each owner of the account.

1 (2) Each account maintained by the person at the branch to  
2 which the request is delivered, and, if the branch is able to make  
3 a computerized search, each account maintained by the person at  
4 any other branch of the financial institution located in this state.

5 (3) For each account disclosed pursuant to paragraphs (1) and  
6 (2), the account number, current balance, street address of the  
7 branch where the account is maintained, and, to the extent available  
8 through the branch's computerized search, the name and address  
9 of any other person listed as an owner.

10 (4) Whenever the request prohibits the disclosure, a financial  
11 institution shall not disclose either the request or its response, to  
12 an owner of the account or to any other person, except the officers  
13 and employees of the financial institution who are involved in  
14 responding to the request and to attorneys, employees of the local  
15 child support agencies, auditors, and regulatory authorities who  
16 have a need to know in order to perform their duties, and except  
17 as disclosure may be required by legal process.

18 (5) No financial institution, or any officer, employee, or agent  
19 thereof, shall be liable to any person for (A) disclosing information  
20 in response to a request pursuant to this subdivision, (B) failing to  
21 notify the owner of an account, or complying with a request under  
22 this paragraph not to disclose to the owner, the request or disclosure  
23 under this subdivision, or (C) failing to discover any account owned  
24 by the person named in the request pursuant to a computerized  
25 search of the records of the financial institution.

26 (6) The local child support agency may request information  
27 pursuant to this subdivision only when the local child support  
28 agency has received at least one of the following types of physical  
29 evidence:

30 (A) Any of the following, dated within the last three years:

31 (i) Form 599.

32 (ii) Form 1099.

33 (iii) A bank statement.

34 (iv) A check.

35 (v) A bank passbook.

36 (vi) A deposit slip.

37 (vii) A copy of a federal or state income tax return.

38 (viii) A debit or credit advice.

39 (ix) Correspondence that identifies the child support obligor by  
40 name, the bank, and the account number.

1 (x) Correspondence that identifies the child support obligor by  
2 name, the bank, and the banking services related to the account of  
3 the obligor.

4 (xi) An asset identification report from a federal agency.

5 (B) A sworn declaration of the custodial parent during the 12  
6 months immediately preceding the request that the person named  
7 in the request has had or may have had an account at an office or  
8 branch of the financial institution to which the request is made.

9 (7) Information obtained by a local child support agency  
10 pursuant to this subdivision shall be used only for purposes that  
11 are directly connected with the administration of the duties of the  
12 local child support agency pursuant to Section 17400 of the Family  
13 Code.

14 (m) (1) As provided in paragraph (1) of subdivision (c) of  
15 Section 666 of Title 42 of the United States Code, upon receipt of  
16 an administrative subpoena on the current federally approved  
17 interstate child support enforcement form, as approved by the  
18 federal Office of Management and Budget, a financial institution  
19 shall provide the information or documents requested by the  
20 administrative subpoena.

21 (2) The administrative subpoena shall refer to the current federal  
22 Office of Management and Budget control number and be signed  
23 by a person who states that he or she is an authorized agent of a  
24 state or county agency responsible for implementing the child  
25 support enforcement program set forth in Part D (commencing  
26 with Section 651) of Subchapter IV of Chapter 7 of Title 42 of the  
27 United States Code. A financial institution may rely on the  
28 statements made in the subpoena and has no duty to inquire into  
29 the truth of any statement in the subpoena.

30 (3) If the person who signs the administrative subpoena directs  
31 a financial institution in writing not to disclose either the subpoena  
32 or its response to any owner of an account covered by the subpoena,  
33 the financial institution shall not disclose the subpoena or its  
34 response to the owner.

35 (4) No financial institution, or any officer, employee, or agent  
36 thereof, shall be liable to any person for (A) disclosing information  
37 or providing documents in response to a subpoena pursuant to this  
38 subdivision, (B) failing to notify any owner of an account covered  
39 by the subpoena or complying with a request not to disclose to the  
40 owner, the subpoena or disclosure under this subdivision, or (C)

1 failing to discover any account owned by the person named in the  
2 subpoena pursuant to a computerized search of the records of the  
3 financial institution.

4 (n) The dissemination of financial information and records  
5 pursuant to any of the following:

6 (1) Compliance by a financial institution with the requirements  
7 of Section 2892 of the Probate Code.

8 (2) Compliance by a financial institution with the requirements  
9 of Section 2893 of the Probate Code.

10 (3) An order by a judge upon a written ex parte application by  
11 a peace officer showing specific and articulable facts that there  
12 are reasonable grounds to believe that the records or information  
13 sought are relevant and material to an ongoing investigation of a  
14 felony violation of Section 186.10 or of any felony subject to the  
15 enhancement set forth in Section 186.11.

16 (A) The ex parte application shall specify with particularity the  
17 records to be produced, which shall be only those of the individual  
18 or individuals who are the subject of the criminal investigation.

19 (B) The ex parte application and any subsequent judicial order  
20 shall be open to the public as a judicial record unless ordered sealed  
21 by the court, for a period of 60 days. The sealing of these records  
22 may be extended for 60-day periods upon a showing to the court  
23 that it is necessary for the continuance of the investigation.  
24 Sixty-day extensions may continue for up to one year or until  
25 termination of the investigation of the individual or individuals,  
26 whichever is sooner.

27 (C) The records ordered to be produced shall be returned to the  
28 peace officer applicant or his or her designee within a reasonable  
29 time period after service of the order upon the financial institution.

30 (D) Nothing in this subdivision shall preclude the financial  
31 institution from notifying a customer of the receipt of the order  
32 for production of records unless a court orders the financial  
33 institution to withhold notification to the customer upon a finding  
34 that the notice would impede the investigation.

35 (E) Where a court has made an order pursuant to this paragraph  
36 to withhold notification to the customer under this paragraph, the  
37 peace officer or law enforcement agency who obtained the financial  
38 information shall notify the customer by delivering a copy of the  
39 ex parte order to the customer within 10 days of the termination  
40 of the investigation.

1 (4) No financial institution, or any officer, employee, or agent  
2 thereof, shall be liable to any person for any of the following:

3 (A) Disclosing information to a probate court pursuant to  
4 Sections 2892 and 2893.

5 (B) Disclosing information in response to a court order pursuant  
6 to paragraph (3).

7 (C) Complying with a court order under this subdivision not to  
8 disclose to the customer, the order, or the dissemination of  
9 information pursuant to the court order.

10 (o) Disclosure by a financial institution to a peace officer, as  
11 defined in Section 830.1 of the Penal Code, pursuant to the  
12 following:

13 (1) Paragraph (1) of subdivision (a) of Section 1748.95 of the  
14 Civil Code, provided that the financial institution has first complied  
15 with the requirements of paragraph (2) of subdivision (a) and  
16 subdivision (b) of Section 1748.95 of the Civil Code.

17 (2) Paragraph (1) of subdivision (a) of Section 4002 of the  
18 Financial Code, provided that the financial institution has first  
19 complied with the requirements of paragraph (2) of subdivision  
20 (a) and subdivision (b) of Section 4002 of the Financial Code.

21 (3) Paragraph (1) of subdivision (a) of Section 22470 of the  
22 Financial Code, provided that any financial institution that is a  
23 finance lender has first complied with the requirements of  
24 paragraph (2) of subdivision (a) and subdivision (b) of Section  
25 22470 of the Financial Code.

26 (p) When the governing board of the Public Employees'  
27 Retirement System or the State Teachers' Retirement System  
28 certifies in writing to a financial institution that a benefit recipient  
29 has died and that transfers to the benefit recipient's account at the  
30 financial institution from the retirement system occurred after the  
31 benefit recipient's date of death, the financial institution shall  
32 furnish the retirement system with the name and address of any  
33 coowner, cosigner, or any other person who had access to the funds  
34 in the account following the date of the benefit recipient's death,  
35 or if the account has been closed, the name and address of the  
36 person who closed the account.

37 (q) When the retirement board of a retirement system established  
38 under the County Employees Retirement Law of 1937 certifies in  
39 writing to a financial institution that a retired member or the  
40 beneficiary of a retired member has died and that transfers to the

1 account of the retired member or beneficiary of a retired member  
2 at the financial institution from the retirement system occurred  
3 after the date of death of the retired member or beneficiary of a  
4 retired member, the financial institution shall furnish the retirement  
5 system with the name and address of any coowner, cosigner, or  
6 any other person who had access to the funds in the account  
7 following the date of death of the retired member or beneficiary  
8 of a retired member, or if the account has been closed, the name  
9 and address of the person who closed the account.

10 (r) When the Franchise Tax Board certifies in writing to a  
11 financial institution that (1) a taxpayer filed a tax return that  
12 authorized a direct deposit refund with an incorrect financial  
13 institution account or routing number that resulted in all or a  
14 portion of the refund not being received, directly or indirectly, by  
15 the taxpayer; (2) the direct deposit refund was not returned to the  
16 Franchise Tax Board; and (3) the refund was deposited directly  
17 on a specified date into the account of an accountholder of the  
18 financial institution who was not entitled to receive the refund,  
19 then the financial institution shall furnish to the Franchise Tax  
20 Board the name and address of any coowner, cosigner, or any other  
21 person who had access to the funds in the account following the  
22 date of direct deposit refund, or if the account has been closed, the  
23 name and address of the person who closed the account.

24 SEC. 31. Section 14975 of the Government Code is amended  
25 to read:

26 14975. Notwithstanding the provisions of Section 9550 of the  
27 Civil Code, the contractor under any contract made under this  
28 chapter need not provide a payment bond before the  
29 commencement of the work but must provide a payment bond as  
30 otherwise required by law prior to payment under the contract.

31 SEC. 32. Section 15820.105 of the Government Code is  
32 amended to read:

33 15820.105. (a) Plans and specifications for the project shall  
34 comply with applicable building codes.

35 (b) The project is hereby deemed to be governed by Title 3  
36 (commencing with Section 9000) of Part 6 of Division 4 of the  
37 Civil Code.

38 (c) The provisions of Chapter 1 (commencing with Section  
39 1720) of Part 7 of Division 2 of the Labor Code shall apply to all  
40 public works contracts entered into for the project.

1 (d) Other than as provided in this section and Sections  
2 15820.101 to 15820.104, inclusive, private sector methods may  
3 be used to deliver the project. Specifically, the procurement and  
4 contracting for the delivery of the project is not subject to the State  
5 Contract Act (Part 2 (commencing with Section 10100) of Division  
6 2 of the Public Contract Code) or any other provision of California  
7 law governing public procurement or public works projects.

8 SEC. 33. Section 27287 of the Government Code is amended  
9 to read:

10 27287. Unless it belongs to the class provided for in either  
11 Sections 27282 to 27286, inclusive, or Section 1202 or 1203, of  
12 the Civil Code, or is a fictitious mortgage or deed of trust as  
13 provided in Section 2952 or 2963 of the Civil Code, or is a  
14 fictitious oil and gas lease as provided in Section 1219 of the Civil  
15 Code, or is a claim of lien under Section 8416 of the Civil Code  
16 or a notice of completion under Section 8182 or 9204 of the Civil  
17 Code, before an instrument can be recorded its execution shall be  
18 acknowledged by the person executing it, or if executed by a  
19 corporation, by its president or secretary or other person executing  
20 it on behalf of the corporation, or, except for any quitclaim deed  
21 or grant deed other than a trustee's deed or a deed of reconveyance,  
22 mortgage, deed of trust, or security agreement, proved by  
23 subscribing witness or as provided in Sections 1198 and 1199 of  
24 the Civil Code, and the acknowledgment or proof certified as  
25 prescribed by law.

26 ~~SEC. 34. Section 27361.9 of the Government Code is repealed.~~

27 SEC. 34. Section 27361.9 of the Government Code is amended  
28 to read:

29 27361.9. The board of supervisors of any county may provide  
30 for an additional fee for filing every preliminary ~~20-day~~ notice  
31 pursuant to ~~paragraph (1) of subdivision (o) of Section 3097~~  
32 *subdivision (a) of Section 8214* of the Civil Code for the exclusive  
33 purpose of defraying the cost of implementing and maintaining a  
34 system to facilitate compliance with ~~paragraph (2) of subdivision~~  
35 ~~(o) of Section 3097~~ *subdivision (b) of Section 8214* of the Civil  
36 Code.

37 SEC. 35. Section 66499.2 of the Government Code is amended  
38 to read:

1 66499.2. A bond or bonds by one or more duly authorized  
2 corporate sureties for the security of laborers and material suppliers  
3 shall be in substantially the following form:

4 Whereas, The Board of Supervisors of the County of \_\_\_\_ (or  
5 City Council of the City of \_\_\_\_), State of California, and \_\_\_\_  
6 (hereinafter designated as “the principal”) have entered into an  
7 agreement whereby the principal agrees to install and complete  
8 certain designated public improvements, which agreement, dated  
9 \_\_\_\_, 20\_\_, and identified as project \_\_\_\_, is hereby referred to and  
10 made a part hereof; and

11 Whereas, Under the terms of the agreement, the principal is  
12 required before entering upon the performance of the work, to file  
13 a good and sufficient payment bond with the County of \_\_\_\_ (or  
14 the City of \_\_\_\_) to secure the claims to which reference is made  
15 in Title 3 (commencing with Section 9000) of Part 6 of Division  
16 4 of the Civil Code.

17 Now, therefore, the principal and the undersigned as corporate  
18 surety, are held firmly bound unto the County of \_\_\_\_ (or the City  
19 of \_\_\_\_) and all contractors, subcontractors, laborers, material  
20 suppliers, and other persons employed in the performance of the  
21 agreement and referred to in Title 3 (commencing with Section  
22 9000) of Part 6 of Division 4 of the Civil Code in the sum of \_\_\_\_  
23 dollars (\$\_\_\_\_), for materials furnished or labor thereon of any  
24 kind, or for amounts due under the Unemployment Insurance Act  
25 with respect to this work or labor, that the surety will pay the same  
26 in an amount not exceeding the amount hereinabove set forth, and  
27 also in case suit is brought upon this bond, will pay, in addition to  
28 the face amount thereof, costs and reasonable expenses and fees,  
29 including reasonable attorney’s fees, incurred by county (or city)  
30 in successfully enforcing this obligation, to be awarded and fixed  
31 by the court, and to be taxed as costs and to be included in the  
32 judgment therein rendered.

33 It is hereby expressly stipulated and agreed that this bond shall  
34 inure to the benefit of any and all persons, companies, and  
35 corporations entitled to file claims under Title 3 (commencing  
36 with Section 9000) of Part 6 of Division 4 of the Civil Code, so  
37 as to give a right of action to them or their assigns in any suit  
38 brought upon this bond.

1     Should the condition of this bond be fully performed, then this  
2 obligation shall become null and void, otherwise it shall be and  
3 remain in full force and effect.

4     The surety hereby stipulates and agrees that no change, extension  
5 of time, alteration, or addition to the terms of the agreement or the  
6 specifications accompanying the same shall in any manner affect  
7 its obligations on this bond, and it does hereby waive notice of  
8 any such change, extension, alteration, or addition.

9     In witness whereof, this instrument has been duly executed by  
10 the principal and surety above named, on \_\_\_\_\_, 20\_\_.

11     SEC. 36. Section 66499.7 of the Government Code is amended  
12 to read:

13     66499.7. The security furnished by the subdivider shall be  
14 released in whole or in part in the following manner:

15     (a) Security given for faithful performance of any act or  
16 agreement shall be released upon the performance of the act or  
17 final completion and acceptance of the required work. The  
18 legislative body may provide for the partial release of the security  
19 upon the partial performance of the act or the acceptance of the  
20 work as it progresses, consistent with the provisions of this section.  
21 The security may be a surety bond, a cash deposit, a letter of credit,  
22 escrow account, or other form of performance guarantee required  
23 as security by the legislative body that meets the requirements as  
24 acceptable security pursuant to law. If the security furnished by  
25 the subdivider is a documentary evidence of security such as a  
26 surety bond or a letter of credit, the legislative body shall release  
27 the documentary evidence and return the original to the issuer upon  
28 performance of the act or final completion and acceptance of the  
29 required work. In the event that the legislative body is unable to  
30 return the original documentary evidence to the issuer, the security  
31 shall be released by written notice sent by certified mail to the  
32 subdivider and issuer of the documentary evidence within 30 days  
33 of the acceptance of the work. The written notice shall contain a  
34 statement that the work for which the security was furnished has  
35 been performed or completed and accepted by the legislative body,  
36 a description of the project subject to the documentary evidence  
37 and the notarized signature of the authorized representative of the  
38 legislative body.

39     (b) At the time that the subdivider believes that the obligation  
40 to perform the work for which security was required is complete,

1 the subdivider may notify the local agency in writing of the  
2 completed work, including a list of work completed. Upon receipt  
3 of the written notice, the local agency shall have 45 days to review  
4 and comment or approve the completion of the required work. If  
5 the local agency does not agree that all work has been completed  
6 in accordance with the plans and specifications for the  
7 improvements, it shall supply a list of all remaining work to be  
8 completed.

9 (c) Within 45 days of receipt of the list of remaining work from  
10 the local agency, the subdivider may then provide cost estimates  
11 for all remaining work for review and approval by the local agency.  
12 Upon receipt of the cost estimates, the local agency shall then have  
13 45 days to review, comment, and approve, modify, or disapprove  
14 those cost estimates. No local agency shall be required to engage  
15 in this process of partial release more than once between the start  
16 of work and completion and acceptance of all work; however,  
17 nothing in this section prohibits a local agency from allowing for  
18 a partial release as it otherwise deems appropriate.

19 (d) If the local agency approves the cost estimate, the local  
20 agency shall release all performance security except for security  
21 in an amount up to 200 percent of the cost estimate of the  
22 remaining work. The process allowing for a partial release of  
23 performance security shall occur when the cost estimate of the  
24 remaining work does not exceed 20 percent of the total original  
25 performance security unless the local agency allows for a release  
26 at an earlier time. Substitute bonds or other security may be used  
27 as a replacement for the performance security, subject to the  
28 approval of the local agency. If substitute bonds or other security  
29 is used as a replacement for the performance security released, the  
30 release shall not be effective unless and until the local agency  
31 receives and approves that form of replacement security. A  
32 reduction in the performance security, authorized under this section,  
33 is not, and shall not be deemed to be, an acceptance by the local  
34 agency of the completed improvements, and the risk of loss or  
35 damage to the improvements and the obligation to maintain the  
36 improvements shall remain the sole responsibility of the subdivider  
37 until all required public improvements have been accepted by the  
38 local agency and all other required improvements have been fully  
39 completed in accordance with the plans and specifications for the  
40 improvements.

1 (e) The subdivider shall complete the works of improvement  
2 until all remaining items are accepted by the local agency.

3 (f) Upon the completion of the improvements, the subdivider,  
4 or his or her assigns, shall be notified in writing by the local agency  
5 within 45 days.

6 (g) Within 45 days of the issuance of the notification by the  
7 local agency, the release of any remaining performance security  
8 shall be placed upon the agenda of the legislative body of the local  
9 agency for approval of the release of any remaining performance  
10 security. If the local agency delegates authority for the release of  
11 performance security to a public official or other employee, any  
12 remaining performance security shall be released within 60 days  
13 of the issuance of the written statement of completion.

14 (h) Security securing the payment to the contractor, his or her  
15 subcontractors and to persons furnishing labor, materials or  
16 equipment shall, after passage of the time within which claims of  
17 lien are required to be recorded pursuant to Article 2 (commencing  
18 with Section 8410) of Chapter 4 of Title 2 of Part 6 of Division 4  
19 of the Civil Code and after acceptance of the work, be reduced to  
20 an amount equal to the total claimed by all claimants for whom  
21 claims of lien have been recorded and notice thereof given in  
22 writing to the legislative body, and if no claims have been recorded,  
23 the security shall be released in full.

24 (i) The release shall not apply to any required guarantee and  
25 warranty period required by Section 66499.9 for the guarantee or  
26 warranty nor to the amount of the security deemed necessary by  
27 the local agency for the guarantee and warranty period nor to costs  
28 and reasonable expenses and fees, including reasonable attorneys'  
29 fees.

30 (j) The legislative body may authorize any of its public officers  
31 or employees to authorize release or reduction of the security in  
32 accordance with the conditions hereinabove set forth and in  
33 accordance with any rules that it may prescribe.

34 (k) This section shall remain in effect only until January 1, 2011,  
35 and as of that date is repealed, unless a later enacted statute, that  
36 is enacted before January 1, 2011, deletes or extends that date.

37 SEC. 37. Section 5463 of the Health and Safety Code is  
38 amended to read:

39 5463. Any health officer or governing board of any city, county,  
40 sanitary district, or other district having the power to operate and

1 maintain a sewerage system, having served written notice upon  
2 the owner or reputed owner of land upon which there is a dwelling  
3 house, and the owner or reputed owner, after 30 days, having  
4 refused, neglected, or failed to connect the dwelling house, together  
5 with all toilets, sinks, and other plumbing therein, properly vented,  
6 and in a sanitary manner, with the adjoining street sewer, may  
7 construct the same at a reasonable cost, and the person doing that  
8 work at the request of the health officer or governing board has a  
9 lien upon that real estate for his or her work done and materials  
10 furnished, and the work done and materials furnished shall be held  
11 to have been done and furnished at the instance of the owner or  
12 reputed owner, or person claiming or having any interest therein.  
13 The governing board may pay all or any part of the cost or price  
14 of such connection to the person or persons who furnished labor,  
15 materials, or equipment for the same, and, to the extent the  
16 governing board pays the cost or price of the connection, it shall  
17 succeed to and have all the rights, including the lien provided for  
18 above, of the person or persons against the real estate and against  
19 the owner or reputed owner thereof.

20 As an alternative power to the enforcement of the lien provided  
21 for in this section, the governing body of the public agency  
22 performing the work of connection to the public sewer may, by  
23 order entered upon its minutes, declare that the amount of the costs  
24 of the work and the administrative expenses incurred by the  
25 governing body incident to the proceedings, together with other  
26 charges uniformly applicable within the jurisdiction of the  
27 governing body for the connection of the premises to the public  
28 sewer, shall be transmitted to the assessor and tax collector of the  
29 public agency, whereupon it shall be the duty of those officers to  
30 add the amount of the assessment to the next regular bill for taxes  
31 levied against the lot or parcel of land.

32 The liens provided for by this section shall be enforced in the  
33 same manner as those provided for by Part 6 (commencing with  
34 Section 8000) of Division 4, of the Civil Code.

35 The governing board may also use the procedures in Section  
36 5474 for levying the costs incurred for the construction of the  
37 improvements for the connection of the premises to the public  
38 sewer.

39 SEC. 38. Section 16017.5 of the Health and Safety Code is  
40 amended to read:

1 16017.5. (a) Notwithstanding any provision of law to the  
 2 contrary, including, but not limited to, Part 6 (commencing with  
 3 Section 8000) of Division 4 of the Civil Code, the Department of  
 4 General Services may issue a stop work order when construction  
 5 work on an essential services facility is not being performed in  
 6 accordance with existing law and would compromise the structural  
 7 integrity of the building, thereby endangering the public safety.  
 8 The Department of General Services shall allow construction of  
 9 incidental and minor nonstructural additions or nonstructural  
 10 alterations without invoking its stop work authority.

11 (b) A public board, body, or officer whose construction work  
 12 on an essential services facility is subject to a stop work order  
 13 issued pursuant to subdivision (a) shall not be held liable in any  
 14 action filed against the public board, body, or officer for stopping  
 15 work as required by the stop work order, or for any delays caused  
 16 by compliance with the stop work order, except to the extent that  
 17 an error or omission by the public board, body, or officer is the  
 18 basis for the issuance of the stop work order.

19 SEC. 39. Section 19825 of the Health and Safety Code is  
 20 amended to read:

21 19825. (a) Every city, county, or city and county, whether  
 22 general law or chartered, that requires the issuance of a permit as  
 23 a condition precedent to the construction, alteration, improvement,  
 24 demolition, or repair of any building or structure, shall require the  
 25 execution of a permit application, in substantially the same form  
 26 set forth under this subdivision, and require any individual who  
 27 executes the Owner-Builder Declaration to present documentation  
 28 sufficient to identify the property owner and, as necessary, verify  
 29 the signature of the property owner. A city, county, or city and  
 30 county may require additional information on the permit  
 31 application.

32  
 33 PERMIT APPLICATION

34 BUILDING PROJECT IDENTIFICATION

35 Applicant’s Mailing Address \_\_\_\_\_  
 36 \_\_\_\_\_  
 37 \_\_\_\_\_  
 38 Property Location or Address \_\_\_\_\_  
 39 \_\_\_\_\_  
 40 Property Owner’s Name \_\_\_\_\_

1 Property Owner’s Telephone No. \_\_\_\_\_  
 2 Licensed Design Professional (Architect or  
 3 Engineer) in charge of the project \_\_\_\_\_  
 4 Mailing Address of Licensed Design \_\_\_\_\_  
 5 Professional \_\_\_\_\_  
 6 \_\_\_\_\_  
 7 License No. \_\_\_\_\_  
 8

9 LICENSED CONTRACTOR’S DECLARATION

10 I hereby affirm under penalty of perjury that I am licensed under provisions  
11 of Chapter 9 (commencing with Section 7000) of Division 3 of the Business  
12 and Professions Code, and my license is in full force and effect.

13 License Class \_\_\_\_\_ License No. \_\_\_\_\_  
14 Date \_\_\_\_\_ Contractor Signature \_\_\_\_\_  
15

16 OWNER-BUILDER DECLARATION

17 I hereby affirm under penalty of perjury that I am exempt from the  
18 Contractors’ State License Law for the reason(s) indicated below by the  
19 checkmark(s) I have placed next to the applicable item(s) (Section 7031.5,  
20 Business and Professions Code: Any city or county that requires a permit to  
21 construct, alter, improve, demolish, or repair any structure, prior to its issuance,  
22 also requires the applicant for the permit to file a signed statement that he or  
23 she is licensed pursuant to the provisions of the Contractors’ State License  
24 Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business  
25 and Professions Code) or that he or she is exempt from licensure and the basis  
26 for the alleged exemption. Any violation of Section 7031.5 by any applicant  
27 for a permit subjects the applicant to a civil penalty of not more than five  
28 hundred dollars (\$500).):

29  I, as owner of the property, or my employees with wages as their sole  
30 compensation, will do  all of or  portions of the work, and the structure  
31 is not intended or offered for sale (Section 7044, Business and Professions  
32 Code: The Contractors’ State License Law does not apply to an owner of  
33 property who, through employees’ or personal effort, builds or improves the  
34 property, provided that the improvements are not intended or offered for sale.  
35 If, however, the building or improvement is sold within one year of completion,  
36 the Owner-Builder will have the burden of proving that it was not built or  
37 improved for the purpose of sale.).

38  
39  I, as owner of the property, am exclusively contracting with licensed  
40 Contractors to construct the project (Section 7044, Business and Professions

1 Code: The Contractors' State License Law does not apply to an owner of  
2 property who builds or improves thereon, and who contracts for the projects  
3 with a licensed Contractor pursuant to the Contractors' State License Law.).

4  
5 ( ) I am exempt from licensure under the Contractors' State License Law for  
6 the following reason:

7 \_\_\_\_\_  
8

9 By my signature below I acknowledge that, except for my personal residence  
10 in which I must have resided for at least one year prior to completion of the  
11 improvements covered by this permit, I cannot legally sell a structure that I  
12 have built as an owner-builder if it has not been constructed in its entirety by  
13 licensed contractors. I understand that a copy of the applicable law, Section  
14 7044 of the Business and Professions Code, is available upon request when  
15 this application is submitted or at the following Web site:

16 <http://www.leginfo.ca.gov/calaw.html>.

17 Date \_\_\_\_\_  
18

19 Signature of Property Owner or Authorized Agent  
20  
21 \_\_\_\_\_  
22

23 **WORKERS' COMPENSATION DECLARATION**

24 **WARNING: FAILURE TO SECURE WORKERS' COMPENSATION**  
25 **COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER**  
26 **TO CRIMINAL PENALTIES AND CIVIL FINES UP TO ONE HUNDRED**  
27 **THOUSAND DOLLARS (\$100,000), IN ADDITION TO THE COST OF**  
28 **COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706**  
29 **OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES.**  
30

31 I hereby affirm under penalty of perjury one of the following declarations:

32 \_\_\_\_ I have and will maintain a certificate of consent to self-insure for workers'  
33 compensation, issued by the Director of Industrial Relations as provided for  
34 by Section 3700 of the Labor Code, for the performance of the work for which  
35 this permit is issued.

36 Policy No. \_\_\_\_\_  
37

38 \_\_\_\_ I have and will maintain workers' compensation insurance, as required  
39 by Section 3700 of the Labor Code, for the performance of the work for which

1 this permit is issued. My workers' compensation insurance carrier and policy  
2 number are:

3  
4 Carrier \_\_\_\_\_ Policy Number \_\_\_\_\_ Expiration Date \_\_\_\_\_  
5 Name of Agent \_\_\_\_\_ Phone # \_\_\_\_\_  
6

7 \_\_\_\_ I certify that, in the performance of the work for which this permit is  
8 issued, I shall not employ any person in any manner so as to become subject  
9 to the workers' compensation laws of California, and agree that, if I should  
10 become subject to the workers' compensation provisions of Section 3700 of  
11 the Labor Code, I shall forthwith comply with those provisions.

12 \_\_\_\_\_  
13 Signature of Applicant \_\_\_\_\_ Date \_\_\_\_\_  
14

15 DECLARATION REGARDING CONSTRUCTION LENDING AGENCY  
16

17 I hereby affirm under penalty of perjury that there is a construction lending  
18 agency for the performance of the work for which this permit is issued (Section  
19 8172, Civil Code).

20 Lender's Name \_\_\_\_\_  
21

22 Branch Designation \_\_\_\_\_  
23

24 Lender's Address \_\_\_\_\_  
25

26 By my signature below, I certify to each of the following:  
27 I am the property owner or authorized to act on the property owner's behalf.  
28 I have read this application and the information I have provided is correct.  
29 I agree to comply with all applicable city and county ordinances and state laws  
30 relating to building construction.  
31 I authorize representatives of this city or county to enter the above-identified  
32 property for inspection purposes.  
33 Signature of Property Owner or Authorized Agent \_\_\_\_\_  
34 Date \_\_\_\_\_  
35

36 (b) When the Permit Application and the Owner-Builder  
37 Declaration have been executed by a person other than the property  
38 owner, prior to issuing the permit, the following shall be completed

1 by the property owner and returned to the agency responsible for  
2 issuing the permit:

3

4 AUTHORIZATION OF AGENT TO ACT ON PROPERTY OWNER'S  
5 BEHALF  
6

7 Excluding the Notice to Property Owner, the execution of which I understand  
8 is my personal responsibility, I hereby authorize the following person(s) to act  
9 as my agent(s) to apply for, sign, and file the documents necessary to obtain  
10 an Owner-Builder Permit for my project.

11

12 Scope of Construction Project (or Description of Work):

13 \_\_\_\_\_

14 Project Location or Address: \_\_\_\_\_

15

15 Name of Authorized

16 Agent: \_\_\_\_\_

17

18 Address of Authorized

19 Agent: \_\_\_\_\_

20

21 Phone Number of Authorized

22 Agent: \_\_\_\_\_

23

24 I declare under penalty of perjury that I am the property owner for the address  
25 listed above and I personally filled out the above information and certify its  
26 accuracy.

27 Property Owner's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

28

29 Note: A copy of the owner's driver's license, form notarization, or other  
30 verification acceptable to the agency is required to be presented when the  
31 permit is issued to verify the property owner's signature.

32

33 (c) When the Owner-Builder Declaration required under  
34 subdivision (a) is executed, a Notice to Property Owner also shall  
35 be executed by the property owner in substantially the same form  
36 set forth under this section. The Notice to Property Owner shall  
37 appear on the official letterhead of the issuer and shall be provided  
38 to the applicant by one of the following methods chosen by the  
39 permitting authority: regular mail, electronic format, or given  
40 directly to the applicant at the time the application for the permit

1 is made. Except as otherwise provided, the Notice to Property  
 2 Owner pursuant to this section shall be completed and signed by  
 3 the property owner and returned prior to issuance of the permit.  
 4 An agent of the owner shall not execute this notice unless the  
 5 property owner obtains the prior approval of the permitting  
 6 authority. A permit shall not be issued unless the property owner  
 7 complies with this section.

8

9

NOTICE TO PROPERTY OWNER

10 Dear Property Owner:

11 An application for a building permit has been submitted in your name listing  
 12 yourself as the builder of the property improvements specified at

13

\_\_\_\_\_.

14

We are providing you with an Owner-Builder Acknowledgment and  
 15 Information Verification Form to make you aware of your responsibilities and  
 16 possible risk you may incur by having this permit issued in your name as the  
 17 Owner-Builder.

18

We will not issue a building permit until you have read, initialed your  
 19 understanding of each provision, signed, and returned this form to us at our  
 20 official address indicated. An agent of the owner cannot execute this notice  
 21 unless you, the property owner, obtain the prior approval of the permitting  
 22 authority.

23

24

OWNER’S ACKNOWLEDGMENT AND VERIFICATION OF  
 INFORMATION

25

26

27

DIRECTIONS: Read and initial each statement below to signify you understand  
 28 or verify this information.

29

30

\_\_\_\_1. I understand a frequent practice of unlicensed persons is to have the  
 31 property owner obtain an “Owner-Builder” building permit that erroneously  
 32 implies that the property owner is providing his or her own labor and material  
 33 personally. I, as an Owner-Builder, may be held liable and subject to serious  
 34 financial risk for any injuries sustained by an unlicensed person and his or her  
 35 employees while working on my property. My homeowner’s insurance may  
 36 not provide coverage for those injuries. I am willfully acting as an  
 37 Owner-Builder and am aware of the limits of my insurance coverage for injuries  
 38 to workers on my property.

39

1 \_\_\_\_2. I understand building permits are not required to be signed by property  
2 owners unless they are ~~responsible~~ *responsible* for the construction and are not  
3 hiring a licensed Contractor to assume this responsibility.

4  
5 \_\_\_\_3. I understand as an “Owner-Builder” I am the responsible party of record  
6 on the permit. I understand that I may protect myself from potential financial  
7 risk by hiring a licensed Contractor and having the permit filed in his or her  
8 name instead of my own.

9  
10 \_\_\_\_4. I understand Contractors are required by law to be licensed and bonded  
11 in California and to list their license numbers on permits and contracts.

12  
13 \_\_\_\_5. I understand if I employ or otherwise engage any persons, other than  
14 California licensed Contractors, and the total value of my construction is at  
15 least five hundred dollars (\$500), including labor and materials, I may be  
16 considered an “employer” under state and federal law.

17  
18 \_\_\_\_6. I understand if I am considered an “employer” under state and federal  
19 law, I must register with the state and federal government, withhold payroll  
20 taxes, provide workers’ compensation disability insurance, and contribute to  
21 unemployment compensation for each “employee.” I also understand my failure  
22 to abide by these laws may subject me to serious financial risk.

23  
24 \_\_\_\_7. I understand under California Contractors’ State License Law, an  
25 Owner-Builder who builds single-family residential structures cannot legally  
26 build them with the intent to offer them for sale, unless ~~at~~ *all* work is performed  
27 by licensed subcontractors and the number of structures does not exceed four  
28 within any calendar year, or all of the work is performed under contract with  
29 a licensed general building Contractor.

30  
31 \_\_\_\_8. I understand as an Owner-Builder if I sell the property for which this  
32 permit is issued, I may be held liable for any financial or personal injuries  
33 sustained by any subsequent owner(s) that result from any latent construction  
34 defects in the workmanship or materials.

35  
36 \_\_\_\_9. I understand I may obtain more information regarding my obligations  
37 as an “employer” from the Internal Revenue Service, the United States Small  
38 Business Administration, the California Department of Benefit Payments, and  
39 the California Division of Industrial Accidents. I also understand I may contact

1 the California Contractors’ State License Board (CSLB) at 1-800-321-CSLB  
2 (2752) or www.cslb.ca.gov for more information about licensed contractors.

3  
4 \_\_\_\_ 10. I am aware of and consent to an Owner-Builder building permit applied  
5 for in my name, and understand that I am the party legally and financially  
6 responsible for proposed construction activity at the following address:

7 \_\_\_\_\_  
8

9 \_\_\_\_ 11. I agree that, as the party legally and financially responsible for this  
10 proposed construction activity, I will abide by all applicable laws and  
11 requirements that govern Owner-Builders as well as employers.

12  
13 \_\_\_\_ 12. I agree to notify the issuer of this form immediately of any additions,  
14 deletions, or changes to any of the information I have provided on this form.

15  
16 Licensed contractors are regulated by laws designed to protect the public. If  
17 you contract with someone who does not have a license, the Contractors’ State  
18 License Board may be unable to assist you with any financial loss you may  
19 sustain as a result of a complaint. Your only remedy against unlicensed  
20 Contractors may be in civil court. It is also important for you to understand  
21 that if an unlicensed Contractor or employee of that individual or firm is injured  
22 while working on your property, you may be held liable for damages. If you  
23 obtain a permit as Owner-Builder and wish to hire Contractors, you will be  
24 responsible for verifying whether or not those Contractors are properly licensed  
25 and the status of their workers’ compensation insurance coverage.

26  
27 Before a building permit can be issued, this form must be completed and signed  
28 by the property owner and returned to the agency responsible for issuing the  
29 permit.

30 Note: A copy of the property owner’s driver’s license, form notarization, or  
31 other verification acceptable to the agency is required to be presented when  
32 the permit is issued to verify the property owner’s signature.

33  
34 Signature of Property Owner \_\_\_\_\_ Date: \_\_\_\_\_

35  
36 *SEC. 39.5. Section 19825 of the Health and Safety Code is*  
37 *amended to read:*

38 19825. (a) Every city, county, or city and county, whether  
39 general law or chartered, that requires the issuance of a permit as  
40 a condition precedent to the construction, alteration, improvement,

1 demolition, or repair of any building or structure, shall require the  
 2 execution of a permit application, in substantially the same form  
 3 set forth under this subdivision, and require any individual who  
 4 executes the Owner-Builder Declaration to present documentation  
 5 sufficient to identify the property owner and, as necessary, verify  
 6 the signature of the property owner. A city, county, or city and  
 7 county may require additional information on the permit  
 8 application.

10 PERMIT APPLICATION

11 BUILDING PROJECT IDENTIFICATION

12 Applicant's Mailing Address \_\_\_\_\_  
 13 - \_\_\_\_\_  
 14 - \_\_\_\_\_  
 15 Property Location or Address \_\_\_\_\_  
 16 \_\_\_\_\_  
 17 Property Owner's Name \_\_\_\_\_  
 18 Property Owner's Telephone No. \_\_\_\_\_  
 19 Licensed Design Professional (Architect or  
 20 Engineer) in charge of the project \_\_\_\_\_  
 21 Mailing Address of Licensed Design \_\_\_\_\_  
 22 Professional \_\_\_\_\_  
 23 - \_\_\_\_\_  
 24 - License No. \_\_\_\_\_

26 LICENSED CONTRACTOR'S DECLARATION

27 I hereby affirm under penalty of perjury that I am licensed under provisions  
 28 of Chapter 9 (commencing with Section 7000) of Division 3 of the Business  
 29 and Professions Code, and my license is in full force and effect.  
 30 License Class \_\_\_\_\_ License No. \_\_\_\_\_  
 31 Date \_\_\_\_\_ Contractor Signature \_\_\_\_\_

33 OWNER-BUILDER DECLARATION

34 I hereby affirm under penalty of perjury that I am exempt from the  
 35 Contractors' State License Law for the reason(s) indicated below by the  
 36 checkmark(s) I have placed next to the applicable item(s) (Section 7031.5,  
 37 Business and Professions Code: Any city or county that requires a permit to  
 38 construct, alter, improve, demolish, or repair any structure, prior to its issuance,  
 39 also requires the applicant for the permit to file a signed statement that he or  
 40 she is licensed pursuant to the provisions of the Contractors' State License

1 Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business  
2 and Professions Code) or that he or she is exempt from licensure and the basis  
3 for the alleged exemption. Any violation of Section 7031.5 by any applicant  
4 for a permit subjects the applicant to a civil penalty of not more than five  
5 hundred dollars (\$500).):

6 ~~—( ) I, as owner of the property, or my employees with wages as their sole  
7 compensation, will do ( ) all of or ( ) portions of the work, and the structure  
8 is not intended or offered for sale (Section 7044, Business and Professions  
9 Code: The Contractors’ State License Law does not apply to an owner of  
10 property who, through employees’ or personal effort, builds or improves the  
11 property, provided that the improvements are not intended or offered for sale.  
12 If, however, the building or improvement is sold within one year of completion,  
13 the Owner-Builder will have the burden of proving that it was not built or  
14 improved for the purpose of sale.):~~

15  
16 ~~( ) I, as owner of the property, am exclusively contracting with licensed  
17 Contractors to construct the project (Section 7044, Business and Professions  
18 Code: The Contractors’ State License Law does not apply to an owner of  
19 property who builds or improves thereon, and who contracts for the projects  
20 with a licensed Contractor pursuant to the Contractors’ State License Law.):~~

21  
22 ~~( ) I am exempt from licensure under the Contractors’ State License Law for  
23 the following reason:~~

24 \_\_\_\_\_  
25 \_\_\_\_\_

26 By my signature below I acknowledge that, except for my personal residence  
27 in which I must have resided for at least one year prior to completion of the  
28 improvements covered by this permit, I cannot legally sell a structure that I  
29 have built as an owner-builder if it has not been constructed in its entirety by  
30 licensed contractors. I understand that a copy of the applicable law, Section  
31 7044 of the Business and Professions Code, is available upon request when  
32 this application is submitted or at the following Web site:

33 <http://www.leginfo.ca.gov/calaw.html>.

34 Date \_\_\_\_\_

35  
36 Signature of Property Owner or Authorized Agent

37 \_\_\_\_\_  
38 \_\_\_\_\_

39  
40 WORKERS’ COMPENSATION DECLARATION

1 ~~WARNING: FAILURE TO SECURE WORKERS' COMPENSATION~~  
 2 ~~COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER~~  
 3 ~~TO CRIMINAL PENALTIES AND CIVIL FINES UP TO ONE HUNDRED~~  
 4 ~~THOUSAND DOLLARS (\$100,000), IN ADDITION TO THE COST OF~~  
 5 ~~COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706~~  
 6 ~~OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES.~~

7  
 8 Hereby affirm under penalty of perjury one of the following declarations:

9 ~~\_\_\_\_\_ I have and will maintain a certificate of consent to self-insure for workers'~~  
 10 ~~compensation, issued by the Director of Industrial Relations as provided for~~  
 11 ~~by Section 3700 of the Labor Code, for the performance of the work for which~~  
 12 ~~this permit is issued.~~

13 ~~Policy No. \_\_\_\_\_~~

14  
 15 ~~\_\_\_\_\_ I have and will maintain workers' compensation insurance, as required~~  
 16 ~~by Section 3700 of the Labor Code, for the performance of the work for which~~  
 17 ~~this permit is issued. My workers' compensation insurance carrier and policy~~  
 18 ~~number are:~~

19  
 20 ~~Carrier \_\_\_\_\_ Policy Number \_\_\_\_\_ Expiration Date \_\_\_\_\_~~

21 ~~Name of Agent \_\_\_\_\_ Phone # \_\_\_\_\_~~

22  
 23 ~~\_\_\_\_\_ I certify that, in the performance of the work for which this permit is~~  
 24 ~~issued, I shall not employ any person in any manner so as to become subject~~  
 25 ~~to the workers' compensation laws of California, and agree that, if I should~~  
 26 ~~become subject to the workers' compensation provisions of Section 3700 of~~  
 27 ~~the Labor Code, I shall forthwith comply with those provisions.~~

28 ~~\_\_\_\_\_ - \_\_\_\_\_ -~~

29 ~~Signature of Applicant \_\_\_\_\_ Date \_\_\_\_\_~~

30  
 31 ~~DECLARATION REGARDING CONSTRUCTION LENDING AGENCY~~

32  
 33 Hereby affirm under penalty of perjury that there is a construction lending  
 34 agency for the performance of the work for which this permit is issued (Section  
 35 3097, Civil Code):

36 ~~\_\_\_\_\_ Lender's Name \_\_\_\_\_~~

37  
 38 ~~\_\_\_\_\_ Lender's Address \_\_\_\_\_~~

1 By my signature below, I certify to each of the following:  
 2 I am the property owner or authorized to act on the property owner's behalf.  
 3 I have read this application and the information I have provided is correct.  
 4 I agree to comply with all applicable city and county ordinances and state laws  
 5 relating to building construction.  
 6 I authorize representatives of this city or county to enter the above-identified  
 7 property for inspection purposes.  
 8 Signature of Property Owner or Authorized Agent \_\_\_\_\_  
 9 Date \_\_\_\_\_

10  
 11 *PERMIT APPLICATION*  
 12 *BUILDING PROJECT IDENTIFICATION*

13 *Applicant's Mailing Address* \_\_\_\_\_  
 14 \_\_\_\_\_  
 15 \_\_\_\_\_  
 16 *Property Location or Address* \_\_\_\_\_  
 17 \_\_\_\_\_  
 18 *Property Owner's Name* \_\_\_\_\_  
 19 *Property Owner's Telephone No.* \_\_\_\_\_  
 20 *Licensed Design Professional (Architect or*  
 21 *Engineer) in charge of the project* \_\_\_\_\_  
 22 *Mailing Address of Licensed Design* \_\_\_\_\_  
 23 *Professional* \_\_\_\_\_  
 24 \_\_\_\_\_  
 25 *License No.* \_\_\_\_\_

26  
 27 *LICENSED CONTRACTOR'S DECLARATION*

28 *I hereby affirm under penalty of perjury that I am licensed under provisions*  
 29 *of Chapter 9 (commencing with Section 7000) of Division 3 of the Business*  
 30 *and Professions Code, and my license is in full force and effect.*  
 31 *License Class* \_\_\_\_\_ *License No.* \_\_\_\_\_  
 32 *Date* \_\_\_\_\_ *Contractor Signature* \_\_\_\_\_

33  
 34 *OWNER-BUILDER DECLARATION*

35 *I hereby affirm under penalty of perjury that I am exempt from the*  
 36 *Contractors State License Law for the reason(s) indicated below by the*  
 37 *checkmark(s) I have placed next to the applicable item(s) (Section 7031.5,*  
 38 *Business and Professions Code: Any city or county that requires a permit to*  
 39 *construct, alter, improve, demolish, or repair any structure, prior to its*  
 40 *issuance, also requires the applicant for the permit to file a signed statement*

1 that he or she is licensed pursuant to the provisions of the Contractors State  
2 License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the  
3 Business and Professions Code) or that he or she is exempt from licensure and  
4 the basis for the alleged exemption. Any violation of Section 7031.5 by any  
5 applicant for a permit subjects the applicant to a civil penalty of not more than  
6 five hundred dollars (\$500.):

7 ( ) I, as owner of the property, or my employees with wages as their sole  
8 compensation, will do ( ) all of or ( ) portions of the work, and the structure  
9 is not intended or offered for sale (Section 7044, Business and Professions  
10 Code: The Contractors State License Law does not apply to an owner of  
11 property who, through employees' or personal effort, builds or improves the  
12 property, provided that the improvements are not intended or offered for sale.  
13 If, however, the building or improvement is sold within one year of completion,  
14 the Owner-Builder will have the burden of proving that it was not built or  
15 improved for the purpose of sale.).

16  
17 ( ) I, as owner of the property, am exclusively contracting with licensed  
18 Contractors to construct the project (Section 7044, Business and Professions  
19 Code: The Contractors State License Law does not apply to an owner of  
20 property who builds or improves thereon, and who contracts for the projects  
21 with a licensed Contractor pursuant to the Contractors State License Law.).

22  
23 ( ) I am exempt from licensure under the Contractors State License Law for  
24 the following reason:

25 \_\_\_\_\_

26  
27 By my signature below I acknowledge that, except for my personal residence  
28 in which I must have resided for at least one year prior to completion of the  
29 improvements covered by this permit, I cannot legally sell a structure that I  
30 have built as an owner-builder if it has not been constructed in its entirety by  
31 licensed contractors. I understand that a copy of the applicable law, Section  
32 7044 of the Business and Professions Code, is available upon request when  
33 this application is submitted or at the following Web site:

34 <http://www.leginfo.ca.gov/calaw.html>.

35 Date \_\_\_\_\_

36  
37 Signature of Property Owner or Authorized Agent

38  
39 \_\_\_\_\_

40

WORKERS' COMPENSATION DECLARATION

WARNING: FAILURE TO SECURE WORKERS' COMPENSATION COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER TO CRIMINAL PENALTIES AND CIVIL FINES UP TO ONE HUNDRED THOUSAND DOLLARS (\$100,000), IN ADDITION TO THE COST OF COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706 OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES.

I hereby affirm under penalty of perjury one of the following declarations:

I have and will maintain a certificate of consent to self-insure for workers' compensation, issued by the Director of Industrial Relations as provided for by Section 3700 of the Labor Code, for the performance of the work for which this permit is issued.

Policy No. \_\_\_\_\_

I have and will maintain workers' compensation insurance, as required by Section 3700 of the Labor Code, for the performance of the work for which this permit is issued. My workers' compensation insurance carrier and policy number are:

Carrier \_\_\_\_\_ Policy Number \_\_\_\_\_ Expiration Date \_\_\_\_\_
Name of Agent \_\_\_\_\_ Phone # \_\_\_\_\_

I certify that, in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California, and agree that, if I should become subject to the workers' compensation provisions of Section 3700 of the Labor Code, I shall forthwith comply with those provisions.

Signature of Applicant \_\_\_\_\_ Date \_\_\_\_\_

DECLARATION REGARDING CONSTRUCTION LENDING AGENCY

I hereby affirm under penalty of perjury that there is a construction lending agency for the performance of the work for which this permit is issued (Section 3097, Civil Code).

Lender's Name \_\_\_\_\_

Lender's Address \_\_\_\_\_

1  
 2 *By my signature below, I certify to each of the following:*  
 3 *I am the property owner or authorized to act on the property owner's behalf.*  
 4 *I have read this application and the information I have provided is correct.*  
 5 *I agree to comply with all applicable city and county ordinances and state*  
 6 *laws relating to building construction.*  
 7 *I authorize representatives of this city or county to enter the above-identified*  
 8 *property for inspection purposes.*  
 9 *Signature of Property Owner or Authorized Agent* \_\_\_\_\_  
 10 *Date* \_\_\_\_\_

11  
 12 (b) When the Permit Application and the Owner-Builder  
 13 Declaration have been executed by a person other than the property  
 14 owner, prior to issuing the permit, the following shall be completed  
 15 by the property owner and returned to the agency responsible for  
 16 issuing the permit:

17  
 18 AUTHORIZATION OF AGENT TO ACT ON PROPERTY OWNER'S  
 19 BEHALF

20  
 21 Excluding the Notice to Property Owner, the execution of which I understand  
 22 is my personal responsibility, I hereby authorize the following person(s) to act  
 23 as my agent(s) to apply for, sign, and file the documents necessary to obtain  
 24 an Owner-Builder Permit for my project.

25  
 26 Scope of Construction Project (or Description of Work):  
 27 \_\_\_\_\_  
 28 Project Location or Address: \_\_\_\_\_  
 29 Name of Authorized  
 30 Agent: \_\_\_\_\_  
 31  
 32 Address of Authorized  
 33 Agent: \_\_\_\_\_  
 34  
 35 Phone Number of Authorized  
 36 Agent: \_\_\_\_\_

37  
 38 I declare under penalty of perjury that I am the property owner for the address  
 39 listed above and I personally filled out the above information and certify its  
 40 accuracy.

1 Property Owner’s Signature: \_\_\_\_\_ Date: \_\_\_\_\_

2

3 Note: A copy of the owner’s driver’s license, form notarization, or other  
4 verification acceptable to the agency is required to be presented when the  
5 permit is issued to verify the property owner’s signature.

6

7 (c) When the Owner-Builder Declaration required under  
8 subdivision (a) is executed, a Notice to Property Owner also shall  
9 be executed by the property owner in substantially the same form  
10 set forth under this section. The Notice to Property Owner shall  
11 appear on the official letterhead of the issuer and shall be provided  
12 to the applicant by one of the following methods chosen by the  
13 permitting authority: regular mail, electronic format, or given  
14 directly to the applicant at the time the application for the permit  
15 is made. Except as otherwise provided, the Notice to Property  
16 Owner pursuant to this section shall be completed and signed by  
17 the property owner and returned prior to issuance of the permit.  
18 An agent of the owner shall not execute this notice unless the  
19 property owner obtains the prior approval of the permitting  
20 authority. A permit shall not be issued unless the property owner  
21 complies with this section.

22

23 NOTICE TO PROPERTY OWNER

24

Dear Property Owner:

25

An application for a building permit has been submitted in your name listing  
26 yourself as the builder of the property improvements specified at

27

\_\_\_\_\_.

28

We are providing you with an Owner-Builder Acknowledgment and  
29 Information Verification Form to make you aware of your responsibilities and  
30 possible risk you may incur by having this permit issued in your name as the  
31 Owner-Builder.

32

We will not issue a building permit until you have read, initialed your  
33 understanding of each provision, signed, and returned this form to us at our  
34 official address indicated. An agent of the owner cannot execute this notice  
35 unless you, the property owner, obtain the prior approval of the permitting  
36 authority.

37

38 OWNER’S ACKNOWLEDGMENT AND VERIFICATION OF  
39 INFORMATION

40

1 DIRECTIONS: Read and initial each statement below to signify you understand  
2 or verify this information.

3  
4 \_\_\_ 1. I understand a frequent practice of unlicensed persons is to have the  
5 property owner obtain an “Owner-Builder” building permit that erroneously  
6 implies that the property owner is providing his or her own labor and material  
7 personally. I, as an Owner-Builder, may be held liable and subject to serious  
8 financial risk for any injuries sustained by an unlicensed person and his or her  
9 employees while working on my property. My homeowner’s insurance may  
10 not provide coverage for those injuries. I am willfully acting as an  
11 Owner-Builder and am aware of the limits of my insurance coverage for injuries  
12 to workers on my property.

13  
14 \_\_\_ 2. I understand building permits are not required to be signed by property  
15 owners unless they ~~are responsible for~~ *are responsible for* the construction and  
16 are not hiring a licensed Contractor to assume this responsibility.

17  
18 \_\_\_ 3. I understand as an “Owner-Builder” I am the responsible party of record  
19 on the permit. I understand that I may protect myself from potential financial  
20 risk by hiring a licensed Contractor and having the permit filed in his or her  
21 name instead of my own.

22  
23 \_\_\_ 4. I understand Contractors are required by law to be licensed and bonded  
24 in California and to list their license numbers on permits and contracts.

25  
26 \_\_\_ 5. I understand if I employ or otherwise engage any persons, other than  
27 California licensed Contractors, and the total value of my construction is at  
28 least five hundred dollars (\$500), including labor and materials, I may be  
29 considered an “employer” under state and federal law.

30  
31 \_\_\_ 6. I understand if I am considered an “employer” under state and federal  
32 law, I must register with the state and federal government, withhold payroll  
33 taxes, provide workers’ compensation disability insurance, and contribute to  
34 unemployment compensation for each “employee.” I also understand my failure  
35 to abide by these laws may subject me to serious financial risk.

36  
37 \_\_\_ 7. I understand under California ~~Contractors’~~ *Contractors* State License  
38 Law, an Owner-Builder who builds single-family residential structures cannot  
39 legally build them with the intent to offer them for sale, ~~unless all work~~ *unless*  
40 *all work* is performed by licensed subcontractors and the number of structures

1 does not exceed four within any calendar year, or all of the work is performed  
2 under contract with a licensed general building Contractor.

3  
4 \_\_\_8. I understand as an Owner-Builder if I sell the property for which this  
5 permit is issued, I may be held liable for any financial or personal injuries  
6 sustained by any subsequent owner(s) that result from any latent construction  
7 defects in the workmanship or materials.

8  
9 \_\_\_9. I understand I may obtain more information regarding my obligations  
10 as an “employer” from the Internal Revenue Service, the United States Small  
11 Business Administration, the California Department of Benefit Payments, and  
12 the California Division of Industrial Accidents. I also understand I may contact  
13 the California ~~Contractors’~~ Contractors State License Board (CSLB) at  
14 1-800-321-CSLB (2752) or www.cslb.ca.gov for more information about  
15 licensed contractors.

16  
17 \_\_\_10. I am aware of and consent to an Owner-Builder building permit applied  
18 for in my name, and understand that I am the party legally and financially  
19 responsible for proposed construction activity at the following address:  
20 \_\_\_\_\_  
21

22 \_\_\_11. I agree that, as the party legally and financially responsible for this  
23 proposed construction activity, I will abide by all applicable laws and  
24 requirements that govern Owner-Builders as well as employers.

25  
26 \_\_\_12. I agree to notify the issuer of this form immediately of any additions,  
27 deletions, or changes to any of the information I have provided on this form.

28  
29 Licensed contractors are regulated by laws designed to protect the public. If  
30 you contract with someone who does not have a license, the ~~Contractors’~~  
31 Contractors State License Board may be unable to assist you with any financial  
32 loss you may sustain as a result of a complaint. Your only remedy against  
33 unlicensed Contractors may be in civil court. It is also important for you to  
34 understand that if an unlicensed Contractor or employee of that individual or  
35 firm is injured while working on your property, you may be held liable for  
36 damages. If you obtain a permit as Owner-Builder and wish to hire Contractors,  
37 you will be responsible for verifying whether or not those Contractors are  
38 properly licensed and the status of their workers’ compensation insurance  
39 coverage.  
40

1 Before a building permit can be issued, this form must be completed and signed  
2 by the property owner and returned to the agency responsible for issuing the  
3 permit.

4 Note: A copy of the property owner’s driver’s license, form notarization, or  
5 other verification acceptable to the agency is required to be presented when  
6 the permit is issued to verify the property owner’s signature.

7  
8 Signature of ~~property owner~~ *Property Owner* \_\_\_\_\_ Date: \_\_\_\_\_  
9

10 SEC. 40. Section 34218 of the Health and Safety Code is  
11 amended to read:

12 34218. Chapter 5 (commencing with Section 9550) of Title 3  
13 of Part 6 of Division 4 of the Civil Code applies to any housing  
14 project constructed under this chapter. Notwithstanding the  
15 provisions of this section, a housing authority may require a 20  
16 percent cash escrow or a 25 percent irrevocable letter of credit or  
17 the payment bond required by this section if the contract is for  
18 work undertaken pursuant to the Comprehensive Improvement  
19 Assistance Program established by Section 14 of the United States  
20 Housing Act of 1937, as amended (42 U.S.C.A. Secs. 1437d and  
21 1437l), or the Public Housing Modernization Act established by  
22 Section 5(c)(3)(C) of the United States Housing Act of 1937, as  
23 amended (42 U.S.C.A. Secs. 1437d and 1437l).

24 SEC. 41. Section 11751.82 of the Insurance Code is amended  
25 to read:

26 11751.82. (a) An insurer under a wrap-up insurance policy  
27 shall report workers’ compensation losses and payroll information  
28 for each contractor and subcontractor to its rating organization on  
29 a timely basis and in accordance with the uniform statistical plan.  
30 Within 10 days, upon request, the insurer shall provide to each  
31 contractor and subcontractor copies of the report covering workers’  
32 compensation losses and payroll information for that contractor  
33 or subcontractor.

34 (b) For the purposes of this section, a “wrap-up insurance  
35 policy” is an insurance policy, or series of policies, written to cover  
36 risks associated with a work of improvement, as defined in Section  
37 8050 of the Civil Code, and covering two or more of the contractors  
38 or subcontractors that work on that work of improvement.

39 SEC. 42. Section 218.5 of the Labor Code is amended to read:

1 218.5. In any action brought for the nonpayment of wages,  
2 fringe benefits, or health and welfare or pension fund contributions,  
3 the court shall award reasonable attorney's fees and costs to the  
4 prevailing party if any party to the action requests attorney's fees  
5 and costs upon the initiation of the action. This section shall not  
6 apply to an action brought by the Labor Commissioner. This  
7 section shall not apply to a surety issuing a bond pursuant to  
8 Chapter 9 (commencing with Section 7000) of Division 3 of the  
9 Business and Professions Code or to an action to enforce a  
10 mechanics lien brought under Chapter 4 (commencing with Section  
11 8400) of Title 2 of Part 6 of Division 2 of the Civil Code.

12 This section does not apply to any action for which attorney's  
13 fees are recoverable under Section 1194.

14 SEC. 43. Section 4107.7 of the Public Contract Code is  
15 amended to read:

16 4107.7. If a contractor who enters into a contract with a public  
17 entity for investigation, removal or remedial action, or disposal  
18 relative to the release or presence of a hazardous material or  
19 hazardous waste fails to pay a subcontractor registered as a  
20 hazardous waste hauler pursuant to Section 25163 of the Health  
21 and Safety Code within 10 days after the investigation, removal  
22 or remedial action, or disposal is completed, the subcontractor may  
23 serve a stop notice upon the public entity in accordance with  
24 Chapter 4 (commencing with Section 9350) of Title 3 of Part 6 of  
25 Division 4 of the Civil Code.

26 ~~SEC. 44. Section 7103 of the Public Contract Code is amended~~  
27 ~~to read:~~

28 ~~7103.—(a) (1) Every original contractor that is awarded a~~  
29 ~~contract by a state entity, as defined in subdivision (d), involving~~  
30 ~~an expenditure in excess of twenty-five thousand dollars (\$25,000)~~  
31 ~~for any public work shall, before entering upon the performance~~  
32 ~~of the work, file a payment bond with and approved by the officer~~  
33 ~~or state entity that awarded the contract. The bond shall be in a~~  
34 ~~sum not less than 100 percent of the total amount payable by the~~  
35 ~~terms of the contract.~~

36 ~~(2) The state entity shall state in its call for bids for any contract~~  
37 ~~that a payment bond is required in the case of such an expenditure.~~

38 ~~(b) A payment bond filed and approved in accordance with this~~  
39 ~~section shall be sufficient to enter upon the performance of work~~  
40 ~~under a duly authorized contract that supplements the contract for~~

1 ~~which the payment bond was filed if the requirement of a new~~  
2 ~~bond is waived by the state entity.~~

3 ~~(e) For purposes of this section, providers of architectural,~~  
4 ~~engineering, and land surveying services pursuant to a contract~~  
5 ~~with a state entity for a public work shall not be deemed an original~~  
6 ~~contractor and shall not be required to post or file the payment~~  
7 ~~bond required in subdivisions (a) and (b).~~

8 ~~(d) For purposes of this section, “state entity” means every state~~  
9 ~~office department, division, bureau, board, or commission, but~~  
10 ~~does not include the Legislature, the courts, any agency in the~~  
11 ~~judicial branch of government, or the University of California. All~~  
12 ~~other public entities shall be governed by Section 9550 of the Civil~~  
13 ~~Code.~~

14 ~~(e) For purposes of this section, “public work” includes the~~  
15 ~~erection, construction, alteration, repair, or improvement of any~~  
16 ~~state structure, building, road, or other state improvement of any~~  
17 ~~kind.~~

18 *SEC. 44. Section 7103 of the Public Contract Code is amended*  
19 *to read:*

20 7103. (a) (1) Every original contractor ~~to who~~ *that* is awarded  
21 a contract by a state entity, as defined in subdivision (d), involving  
22 an expenditure in excess of twenty-five thousand dollars (\$25,000)  
23 for any public work shall, before entering upon the performance  
24 of the work, file a payment bond with and approved by the officer  
25 or state entity ~~by who~~ *that awarded* the contract ~~was awarded~~. The  
26 bond shall be in a sum not less than 100 percent of the total amount  
27 payable by the terms of the contract.

28 (2) The state entity shall state in its call for bids for any contract  
29 that a payment bond is required in the case of such an expenditure.

30 (b) A payment bond filed and approved in accordance with this  
31 section shall be sufficient to enter upon the performance of work  
32 under a duly authorized contract that supplements the contract for  
33 which the payment bond was filed if the requirement of a new  
34 bond is waived by the state entity.

35 (c) For purposes of this section, providers of architectural,  
36 engineering, and land surveying services pursuant to a contract  
37 with a state entity for a public work shall not be deemed an original  
38 contractor and shall not be required to post or file the payment  
39 bond required in subdivisions (a) and (b).

1 (d) For purposes of this section, “state entity” means every state  
2 office, department, division, bureau, board, or commission, but  
3 does not include the Legislature, the courts, any agency in the  
4 judicial branch of government, or the University of California. All  
5 other public entities shall be governed by Section ~~3247~~ 9550 of  
6 the Civil Code.

7 (e) For purposes of this section, “public work” includes the  
8 erection, construction, alteration, repair, or improvement of any  
9 state structure, building, road, or other state improvement of any  
10 kind.

11 SEC. 45. Section 10222 of the Public Contract Code is amended  
12 to read:

13 10222. (a) Each bond shall equal at least one-half of the  
14 contract price, except as otherwise provided in Section 9554 of  
15 the Civil Code, in the California Toll Bridge Authority Act  
16 (Chapter 1 (commencing with Section 30000) of Division 7 of the  
17 Streets and Highways Code), or in subdivision (b).

18 (b) Notwithstanding subdivision (a), for projects with a contract  
19 price greater than two hundred fifty million dollars (\$250,000,000),  
20 the Department of Transportation shall have the discretion to  
21 specify that the payment bond shall equal not less than one-half  
22 of the contract price or five hundred million dollars (\$500,000,000),  
23 whichever is less.

24 SEC. 46. Section 10822 of the Public Contract Code is amended  
25 to read:

26 10822. Each bond shall be in a sum equal to at least one-half  
27 of the contract price, except as otherwise provided in Section 9554  
28 of the Civil Code.

29 SEC. 47. Section 20104 of the Public Contract Code is amended  
30 to read:

31 20104. (a) (1) This article applies to all public works claims  
32 of three hundred seventy-five thousand dollars (\$375,000) or less  
33 which arise between a contractor and a local agency.

34 (2) This article shall not apply to any claims resulting from a  
35 contract between a contractor and a public agency when the public  
36 agency has elected to resolve any disputes pursuant to Article 7.1  
37 (commencing with Section 10240) of Chapter 1 of Part 2.

38 (b) (1) “Public work” means “public works contract” as defined  
39 in Section 1101 but does not include any work or improvement

1 contracted for by the state or the Regents of the University of  
2 California.

3 (2) “Claim” means a separate demand by the contractor for (A)  
4 a time extension, (B) payment of money or damages arising from  
5 work done by, or on behalf of, the contractor pursuant to the  
6 contract for a public work and payment of which is not otherwise  
7 expressly provided for or the claimant is not otherwise entitled to,  
8 or (C) an amount the payment of which is disputed by the local  
9 agency.

10 (c) The provisions of this article or a summary thereof shall be  
11 set forth in the plans or specifications for any work which may  
12 give rise to a claim under this article.

13 (d) This article applies only to contracts entered into on or after  
14 January 1, 1991.

15 SEC. 48. Section 20134 of the Public Contract Code is amended  
16 to read:

17 20134. (a) In cases of emergency, when repair or replacements  
18 are necessary to permit the continued conduct of county operations  
19 or services, the board of supervisors, by majority consent, may  
20 proceed at once to replace or repair any and all structures without  
21 adopting the plans, specifications, strain sheets, or working details  
22 or, subject to Chapter 2.5 (commencing with Section 22050), giving  
23 notice for bids to let contracts. If notice for bids to let contracts  
24 will not be given, the board shall comply with Chapter 2.5  
25 (commencing with Section 22050). The work may be done by day  
26 labor under the direction of the board, by contract, or by a  
27 combination of the two. If the work is done wholly or in part by  
28 contract, the contractor shall be paid the actual cost of the use of  
29 machinery and tools and of material, and labor and of workers’  
30 compensation insurance expended by him or her in doing the work,  
31 plus not more than 15 percent to cover all profits and  
32 administration. No more than the lowest current market prices  
33 shall be paid for materials whenever possible.

34 (b) In a county of the first, second, third, or fourth class, which  
35 is under court order to relieve jail overcrowding or in which the  
36 sheriff certifies that the inmate capacity of the county jail system  
37 is exceeded by more than 20 percent and that the overpopulation  
38 is likely to continue and poses a threat to public safety, health, and  
39 welfare, the board of supervisors may contract for the construction  
40 or expansion of jail facilities without the formality of obtaining

1 bids, adopting plans and specifications, or complying with other  
2 requirements of this article, except as required by this subdivision.  
3 The person to whom the contract is awarded shall execute a bond  
4 for faithful performance in accordance with Section 20129. Any  
5 plans and specifications adopted by the board may only be altered  
6 or changed in accordance with Section 20135 and all contracts  
7 awarded pursuant to this subdivision may only be altered or  
8 changed in accordance with Sections 20136, 20137, and 20138.  
9 The award of the contract shall be made after a public hearing on  
10 the basis of a request for proposals advertised in accordance with  
11 Section 6062 or 6062a of the Government Code. The contract may  
12 be awarded only to a contractor who has responded to the request  
13 for proposals and who is licensed to do the work in accordance  
14 with Chapter 9 (commencing with Section 7000) of Division 3 of  
15 the Business and Professions Code. The contract shall be upon  
16 terms which the board determines are necessary for the expeditious  
17 completion of the work. A contract shall not be entered into unless  
18 at least three proposals to do the work have been evaluated by a  
19 competitive process established by the board. If the board does  
20 not select the lowest bid, it shall make a finding stating the reasons  
21 that the lowest bid was not selected.

22 (c) In any county that has agreed to permit the transfer of  
23 prisoners or parole violators under Section 2910 or 2910.5 of the  
24 Penal Code or of wards under Section 1753.3 of the Welfare and  
25 Institutions Code, the board of supervisors may contract for the  
26 construction or expansion of the facilities to be used for that  
27 purpose without the formality of obtaining bids, adopting plans  
28 and specifications, or complying with other requirements of this  
29 article, except as required by this subdivision. The person to whom  
30 the contract is awarded shall execute a bond for faithful  
31 performance in accordance with Section 20129. Any plans and  
32 specifications adopted by the board may only be altered or changed  
33 in accordance with Section 20135 and all contracts awarded  
34 pursuant to this subdivision may only be altered or changed in  
35 accordance with Sections 20136, 20137, and 20138. The award  
36 of the contract shall be made after a public hearing on the basis of  
37 a request for proposals advertised in accordance with Section 6062  
38 or 6062a of the Government Code. The contract may be awarded  
39 only to a contractor who has responded to the request for proposals  
40 and who is licensed to do the work in accordance with Chapter 9

1 (commencing with Section 7000) of Division 3 of the Business  
2 and Professions Code. The contract shall be upon terms which the  
3 board determines are necessary for the expeditious completion of  
4 the work. A contract shall not be entered into unless at least three  
5 proposals to do the work have been evaluated by a competitive  
6 process established by the board and the lowest bid is selected.

7 (d) Proposed construction or expansion of jail or  
8 return-to-custody facilities as authorized under subdivision (b) or  
9 (c) shall not commence in a county of the third class without the  
10 affirmative vote of a majority of the city council of the incorporated  
11 city within which the construction or expansion is proposed.

12 (e) The board of supervisors may waive the requirements of  
13 Title 3 (commencing with Section 9000) of Part 6 of Division 4  
14 of the Civil Code for work performed pursuant to subdivision (b)  
15 or (c).

16 (f) If any county that is under court order to relieve  
17 overcrowding in a county juvenile facility, as defined by  
18 subdivision (c) of Section 4481 of the Penal Code or in which the  
19 chief probation officer certifies that the juvenile detention capacity  
20 of the county juvenile facilities is exceeded by more than 20  
21 percent and that the overpopulation is likely to continue and poses  
22 a threat to public safety, health, and welfare, the board of  
23 supervisors may contract for the construction or expansion of  
24 county juvenile facilities without the formality of obtaining bids,  
25 adopting plans and specifications, or complying with other  
26 requirements of this article, except as required by this subdivision.  
27 The person to whom the contract is awarded shall execute a bond  
28 for faithful performance in accordance with Section 20129. Any  
29 plans and specifications adopted by the board may only be altered  
30 or changed in accordance with Section 20135 and all contracts  
31 awarded pursuant to this subdivision may only be altered or  
32 changed in accordance with Sections 20136, 20137, and 20138.  
33 The award of the contract shall be made after a public hearing on  
34 the basis of a request for proposals advertised in accordance with  
35 Section 6062 or 6062a of the Government Code. The contract may  
36 be awarded only to a contractor who has responded to the request  
37 for proposals and who is licensed to do the work in accordance  
38 with Chapter 9 (commencing with Section 7000) of Division 3 of  
39 the Business and Professions Code. The contract shall be upon  
40 terms which the board determines are necessary for the expeditious

1 completion of the work. A contract shall not be entered into unless  
2 at least three proposals to do the work have been evaluated by a  
3 competitive process established by the board. If the board does  
4 not select the lowest bidder, it shall make a finding stating the  
5 reasons that the lowest bidder was not selected.

6 (g) In a county of the third class in which there are no available  
7 courtrooms to accommodate all authorized judicial positions or in  
8 which the board of supervisors certifies that there is a significant  
9 need to expeditiously construct new court and court support  
10 facilities, the board of supervisors may contract for the construction  
11 or expansion of court and court support facilities without the  
12 formality of obtaining bids, adopting plans and specifications, or  
13 complying with other requirements of this article, except as  
14 required by this subdivision. The person to whom the contract is  
15 awarded shall execute a bond for faithful performance in  
16 accordance with Section 20129. Any plans and specifications  
17 adopted by the board may only be altered or changed in accordance  
18 with Section 20135 and all contracts awarded pursuant to this  
19 subdivision may only be altered or changed in accordance with  
20 Sections 20136, 20137, and 20138. The award of the contract shall  
21 be made after a public hearing on the basis of a request for  
22 proposals advertised in accordance with Section 6062 or 6062a of  
23 the Government Code. The contract may be awarded only to a  
24 contractor who has responded to the request for proposals and who  
25 is licensed to do the work in accordance with Chapter 9  
26 (commencing with Section 7000) of Division 3 of the Business  
27 and Professions Code. The contract shall be upon terms which the  
28 board determines are necessary for the expeditious completion of  
29 the work. A contract shall not be entered into unless at least three  
30 proposals to do the work have been evaluated by a competitive  
31 process established by the board and the lowest bid is selected.  
32 This subdivision shall remain in effect until December 31, 1994.

33 SEC. 49. Section 20461 of the Public Contract Code is amended  
34 to read:

35 20461. No assignment by the contractor of the whole or any  
36 part of the money, assessment, partial assessment, any reassessment  
37 and any bonds which may be issued to represent any assessment  
38 or reassessment, due or to be due under the contract, or for “extras”  
39 in connection therewith, whether made before or after a verified  
40 claim is filed pursuant to this chapter, shall take priority over the

1 claims, and the assignment shall have no binding force insofar as  
2 the rights of the claimants, or their assigns, are concerned. None  
3 of the provisions of Title 3 (commencing with Section 9000) of  
4 Part 6 of Division 4 of the Civil Code shall be applicable to any  
5 assessment, partial assessment, reassessment, bonds, moneys or  
6 funds payable to the contractor or assignee under this division or  
7 to any matter contained in this chapter.

8 SEC. 50. Section 20496 of the Public Contract Code is amended  
9 to read:

10 20496. The provisions of Title 3 (commencing with Section  
11 9000) of Part 6 of Division 4 of the Civil Code are hereby expressly  
12 made applicable to the construction of works and improvements  
13 under this article.

14 SEC. 51. Section 20682.5 of the Public Contract Code is  
15 amended to read:

16 20682.5. (a) A district may construct or complete any building,  
17 structure, or improvement with its own forces or by contract  
18 without bidding when the cost does not exceed twenty-five  
19 thousand dollars (\$25,000).

20 (b) All contracts for the construction or completion of any  
21 building, structure, or improvement, when the cost exceeds  
22 twenty-five thousand dollars (\$25,000), shall be contracted for and  
23 let to the lowest responsible bidder after notice. If two or more  
24 bids are the same and the lowest, the district board may accept the  
25 one it chooses.

26 (c) The district shall publish a notice inviting bids for any  
27 contract for which competitive bidding is required at least one time  
28 in a newspaper of general circulation in the district at least 10 days  
29 before the time specified for receiving bids. The notice inviting  
30 bids shall set a date for opening the bids and distinctly state the  
31 work to be done.

32 (d) If the general manager recommends and the board of  
33 directors determines that the publication of advertisements of the  
34 notice in trade journals and papers in lieu of publication pursuant  
35 to subdivision (c) will increase the number of business enterprises  
36 receiving that notice, the board of directors may by resolution  
37 declare that those notices shall be published in trade journals and  
38 papers at least 10 days prior to the time specified for receiving  
39 bids.

1 (e) If plans and specifications are prepared describing the work,  
 2 all bidders shall be afforded an opportunity to examine the plans  
 3 and specifications, and the plans and specifications shall be  
 4 attached to and become part of the contract, if one is awarded.

5 (f) At its discretion, the board of directors may reject any bids  
 6 presented and readvertise.

7 (g) In the case of an emergency, the board of directors may act  
 8 pursuant to Chapter 2.5 (commencing with Section 22050).

9 (h) The board of directors may, subject to Chapter 5  
 10 (commencing with Section 9550) of Title 3 of Part 6 of Division  
 11 4 of the Civil Code, require the posting of those bonds it deems  
 12 desirable as a condition to the filing of a bid or the letting of a  
 13 contract.

14 (i) The district shall keep cost records of the work in the manner  
 15 provided in Chapter 1 (commencing with Section 4000) of Division  
 16 5 of Title 1 of the Government Code.

17 (j) As an alternate to the procedures required by this section, a  
 18 district may rely on the Uniform Public Construction Cost  
 19 Accounting Act, Chapter 2 (commencing with Section 22000) of  
 20 Part 3 of Division 2.

21 SEC. 52. Section 20688.4 of the Public Contract Code is  
 22 amended to read:

23 20688.4. An agency shall require each successful bidder to file  
 24 with it good and sufficient bonds, to be approved by it. The bonds  
 25 shall be conditioned upon the faithful performance of the contract  
 26 and upon the payment of all claims for labor and material in  
 27 connection with the contract. The bonds shall contain the terms  
 28 and conditions set forth in Chapter 5 (commencing with Section  
 29 9550) of Title 3 of Part 6 of Division 4 of the Civil Code and are  
 30 subject to the provisions of that chapter.

31 SEC. 53. Section 20813 of the Public Contract Code is amended  
 32 to read:

33 20813. (a) All contracts for the construction or completion of  
 34 any building, structure, or improvement, when the expenditure  
 35 required for the work exceeds ten thousand dollars (\$10,000), shall  
 36 be contracted for and let to the lowest responsible bidder after  
 37 notice. If two or more bids are the same and the lowest, the district  
 38 board may accept the one it chooses.

39 (b) The notice inviting bids shall set a date for the opening of  
 40 bids. The first publication or posting of the notice shall be at least

1 10 days before the date of opening the bids. Notice shall be  
2 published at least twice, not less than five days apart, in a  
3 newspaper of general circulation in the district, or if there is none,  
4 it shall be posted in at least three public places in the district. The  
5 notice shall distinctly state the work to be done.

6 (c) In its discretion, the district board may reject any bids  
7 presented and readvertise.

8 (d) In the case of an emergency, the district board may act  
9 pursuant to Chapter 2.5 (commencing with Section 22050).

10 (e) The district board may, subject to the provisions of Chapter  
11 5 (commencing with Section 9550) of Title 3 of Part 6 of Division  
12 4 of the Civil Code, require the posting of those bonds it deems  
13 desirable as a condition to the filing of a bid or the letting of a  
14 contract.

15 (f) Cost records of the work shall be kept in the manner provided  
16 in Chapter 1 (commencing with Section 4000) of Division 5 of  
17 Title 1 of the Government Code.

18 SEC. 54. Section 20815.3 of the Public Contract Code is  
19 amended to read:

20 20815.3. (a) A district shall publish notice inviting bids for  
21 any contract for which competitive bidding is required at least one  
22 time in a newspaper of general circulation in the district at least  
23 one week before the time specified for receiving bids. The notice  
24 shall distinctly state the work to be done.

25 (b) In its discretion, the board of directors may do any of the  
26 following:

27 (1) Reject all bids and readvertise.

28 (2) By a four-fifths vote, elect to purchase the materials or  
29 supplies in the open market.

30 (3) By a four-fifths vote, elect to construct the building,  
31 structure, or improvement by force account.

32 (c) In the case of an emergency, the board of directors may act  
33 pursuant to Chapter 2.5 (commencing with Section 22050).

34 (d) The board of directors may, subject to the provisions of  
35 Chapter 5 (commencing with Section 9550) of Title 3 of Part 6 of  
36 Division 4 of the Civil Code, require the posting of those bonds it  
37 deems as a condition to the filing of a bid or the letting of a  
38 contract.

1 (e) The district shall keep cost records of the work pursuant to  
2 Chapter 1 (commencing with Section 4000) of Division 5 of Title  
3 1 of the Government Code.

4 SEC. 55. Section 20991 of the Public Contract Code is amended  
5 to read:

6 20991. All contracts for any improvement or unit of work,  
7 except as provided in this article, estimated to cost in excess of  
8 twenty-five thousand dollars (\$25,000), shall be let to the lowest  
9 responsible bidder in the manner provided in this article. The board  
10 of supervisors of the district shall advertise by five or more  
11 insertions in a daily newspaper of general circulation, or by two  
12 or more insertions in a weekly newspaper of general circulation,  
13 printed and published in the district, inviting sealed proposals for  
14 the construction of the improvement or work. The board shall  
15 require the successful bidder or bidders to file with the board good  
16 and sufficient bonds, to be approved by the board, conditioned  
17 upon the faithful performance of the contract and upon the payment  
18 of all claims for labor and material. The bonds shall contain the  
19 terms and conditions set forth in Chapter 5 (commencing with  
20 Section 9550) of Title 3 of Part 6 of Division 4 of the Civil Code  
21 and shall be subject to the provisions of that chapter. The board  
22 shall have the right to reject any bid not suitable to the best interests  
23 of the district. In the event all proposals are rejected or no proposals  
24 are received pursuant to advertisement, or the estimated cost of  
25 the work does not exceed ten thousand dollars (\$10,000), or the  
26 work consists of channel protection, dam protection, temporary  
27 work, maintenance work, or emergency work, the board of  
28 supervisors may, without advertising for bids, have the work done  
29 by force account. Emergency work may also be done by negotiated  
30 contract without advertising for bids. In case of an emergency, if  
31 notice for bids to let contracts will not be given, the board shall  
32 comply with Chapter 2.5 (commencing with Section 22050).

33 SEC. 56. Section 21061 of the Public Contract Code is amended  
34 to read:

35 21061. (a) All contracts for any improvement or unit of work,  
36 except as provided in this article, estimated to cost in excess of  
37 twenty-five thousand dollars (\$25,000), shall be let to the lowest  
38 responsible bidder in the manner provided in this article.

39 (b) The board of supervisors of the district shall advertise by  
40 five or more insertions in a daily newspaper of general circulation,

1 or by two or more insertions in a weekly newspaper of general  
2 circulation, printed and published in the district, inviting sealed  
3 proposals for the construction of the improvement or work. The  
4 board shall require the successful bidder or bidders to file with the  
5 board good and sufficient bonds, to be approved by the board,  
6 conditioned upon the faithful performance of the contract and upon  
7 the payment of all claims for labor and material, the bonds to  
8 contain the terms and conditions set forth in Chapter 5  
9 (commencing with Section 9550) of Title 3 of Part 6 of Division  
10 4 of the Civil Code and to be subject to that chapter.

11 (c) The board may also reject any bid not suitable to the best  
12 interests of the district. If all proposals are rejected or no proposals  
13 are received pursuant to advertisement therefor, or the work  
14 consists of channel protection, dam protection, temporary work,  
15 maintenance work, or of emergency work, the board of supervisors  
16 may, without advertising for bids, have the work done by force  
17 account. Emergency work may also be done by negotiated contract  
18 without advertising for bids or requiring bonds. In case of an  
19 emergency, if notice for bids to let contracts will not be given, the  
20 board shall comply with Chapter 2.5 (commencing with Section  
21 22050).

22 (d) The board of supervisors, acting as the board of the district,  
23 may, by ordinance, resolution, or board order, authorize the flood  
24 control engineer or other county officer to order changes or  
25 additions in work being performed under a construction contract.  
26 When so authorized, any change or addition in the work shall be  
27 ordered in writing by the flood control engineer, or other designated  
28 officer, and the extra cost for any change or addition to the work  
29 so ordered shall not exceed five thousand dollars (\$5,000) when  
30 the total amount of the original contract does not exceed fifty  
31 thousand dollars (\$50,000), nor 10 percent of the amount of any  
32 original contract that exceeds fifty thousand dollars (\$50,000), but  
33 does not exceed two hundred fifty thousand dollars (\$250,000).  
34 For contracts whose original cost exceeds two hundred fifty  
35 thousand dollars (\$250,000), the extra cost for any change or  
36 addition to the work so ordered shall not exceed twenty-five  
37 thousand dollars (\$25,000), plus 5 percent of the amount of the  
38 original contract costs in excess of two hundred fifty thousand  
39 dollars (\$250,000). In no event shall any such change or alteration  
40 exceed one hundred fifty thousand dollars (\$150,000).

1 SEC. 57. Section 21071 of the Public Contract Code is amended  
2 to read:

3 21071. (a) All contracts for any improvement or unit of work  
4 except as provided in this article estimated to cost in excess of ten  
5 thousand dollars (\$10,000) shall be let to the lowest responsible  
6 bidder in the manner provided in this article. The board of  
7 supervisors of the district shall advertise by three insertions in a  
8 daily newspaper of general circulation or two insertions in a weekly  
9 newspaper of general circulation printed and published in the  
10 district inviting sealed proposals for the construction of, the  
11 improvement or work before any contract shall be made for the  
12 improvement or work, and may let by contract separately any part  
13 of the work or improvement. The board shall require the successful  
14 bidder to file with the board good and sufficient bonds to be  
15 approved by the board conditioned upon the faithful performance  
16 of the contract and upon the payment of their claims for labor and  
17 material in connection with the contract. The bonds shall contain  
18 the terms and conditions set forth in Chapter 5 (commencing with  
19 Section 9550) of Title 3 of Part 6 of Division 4 of the Civil Code  
20 and be subject to the provisions of that chapter. The board shall  
21 also have the right to reject any and all bids. If all proposals are  
22 rejected or no proposals are received pursuant to the advertisement,  
23 the estimated cost of the work does not exceed the sum of ten  
24 thousand dollars (\$10,000), or the work consists of channel  
25 protection, maintenance work, or emergency work when necessary  
26 in order to protect life and property from impending flood damage,  
27 the board of supervisors may, without advertising for bids, have  
28 the work done by force account or negotiated contract.

29 (b) The district shall have the power to purchase in the open  
30 market without advertising for bids, materials, supplies, equipment,  
31 and other personal property for use in any work either under  
32 contract or by force account if the costs do not exceed ten thousand  
33 dollars (\$10,000). It shall be the duty of the purchasing agent of  
34 Ventura County, as the ex officio purchasing agent of the Ventura  
35 County Watershed Protection District, unless otherwise ordered  
36 by the board of supervisors, to purchase for the district all  
37 materials, supplies, equipment, and other personal property  
38 necessary to carry out the purposes of this article, and to engage  
39 independent contractors to perform sundry services for the district,  
40 if the aggregate cost of such work, exclusive of materials to be

1 furnished by the district, does not exceed ten thousand dollars  
2 (\$10,000).

3 (c) The purchasing agent shall make all purchases and contracts  
4 upon proper requisition, signed by the engineer-manager of the  
5 district, or his or her authorized representative.

6 (d) If the work consists of the maintenance or alteration of  
7 existing facilities, including electrical, painting, and roofing if the  
8 cost of labor and materials for the work according to the engineer's  
9 estimate will exceed five thousand dollars (\$5,000), and if the  
10 work is not of the type of work referred to in this section, the  
11 maintenance and alteration work shall be performed under a  
12 contract or contracts that shall be let to the lowest responsible  
13 bidder or bidders in the manner described in this section.

14 SEC. 58. Section 21081 of the Public Contract Code is amended  
15 to read:

16 21081. All contracts for any improvement or unit of work,  
17 when the cost, according to the estimate of the engineer, will  
18 exceed five thousand dollars (\$5,000), shall be let to the lowest  
19 responsible bidder or bidders in the manner provided in this article.  
20 The board shall first determine whether the contract shall be let as  
21 a single unit for the whole of the work, or shall be divided into  
22 severable parts, or both, according to the best interests of the  
23 district. The board shall call for bids and advertise the call by three  
24 insertions in a daily newspaper of general circulation or by two  
25 insertions in a weekly newspaper of general circulation printed  
26 and published in the district inviting sealed proposals for the  
27 construction or performance of the improvement or work before  
28 any contract is made. The call for bids shall state whether the work  
29 is to be performed as a unit or divided into severable specific parts,  
30 or both, as stated in the call. The board may let the work by single  
31 contract for the whole or it may divide such work into severable  
32 parts by separate contracts, as stated in such call, according to the  
33 best interests of the district. The board shall require the successful  
34 bidder or bidders to file with the board good and sufficient bonds  
35 to be approved by the board conditioned upon the faithful  
36 performance of the contract and upon the payment of their claims  
37 for labor and material, the bonds to contain the terms and  
38 conditions set forth in Title 3 (commencing with Section 9000) of  
39 Part 6 of Division 4 of the Civil Code and to be subject to the  
40 provisions of that title. The board shall also have the right to reject

1 any bid. In the event all proposals are rejected or no proposals are  
2 received pursuant to advertisement, or the estimated cost of such  
3 work does not exceed five thousand dollars (\$5,000), or the work  
4 consists of channel protection, maintenance work, or emergency  
5 work, the board of supervisors may, without advertising for bids,  
6 have the work done by force account. The district may purchase  
7 in the open market, without advertising for bids, materials and  
8 supplies for use in any work either under contract or by force  
9 account.

10 SEC. 59. Section 21091 of the Public Contract Code is amended  
11 to read:

12 21091. All contracts for any improvement or unit of work,  
13 except as otherwise provided in this act, estimated to cost in excess  
14 of fifteen thousand dollars (\$15,000) shall be let to the lowest  
15 responsible bidder in the manner provided in this article. The board  
16 of supervisors of the district shall advertise by three insertions in  
17 a daily newspaper of general circulation or two insertions in a  
18 weekly newspaper of general circulation printed and published in  
19 the district inviting sealed proposals for the construction of the  
20 improvement or work before any contract is made, and may let by  
21 contract separately any part of the work or improvement. The board  
22 shall require the successful bidder to file with the board good and  
23 sufficient bonds to be approved by the board conditioned upon the  
24 faithful performance of the contract and upon the payment of their  
25 claims for labor and material. The bonds shall contain the terms  
26 and conditions set forth in Sections 10223 and 10224, and Section  
27 9554 of the Civil Code and be subject to those sections. The board  
28 shall also have the right to reject any bid. If all proposals are  
29 rejected or no proposals are received pursuant to advertisement,  
30 or where the estimated cost of the work does not exceed fifteen  
31 thousand dollars (\$15,000), or the work consists of channel  
32 protection, maintenance work, or emergency work, the board of  
33 supervisors may, without advertising for bids, have the work done  
34 by force account. In case of an emergency, if notice for bids to let  
35 contracts will not be given, the board shall comply with Chapter  
36 2.5 (commencing with Section 22050). The district may purchase  
37 in the open market, without advertising for bids, materials and  
38 supplies for use in any improvement or unit of work either under  
39 contract or by force account.

1 SEC. 60. Section 21101 of the Public Contract Code is amended  
2 to read:

3 21101. All contracts for any improvement or unit of work,  
4 when the cost, according to the estimate of the engineer, will  
5 exceed five thousand dollars (\$5,000), shall be let to the lowest  
6 responsible bidder or bidders in the manner provided in this article.  
7 The board shall first determine whether the contract shall be let as  
8 a single unit for the whole of the work, or shall be divided into  
9 parts, or both, according to the best interests of the district. The  
10 board shall call for bids and advertise the call by three insertions  
11 in a daily newspaper of general circulation or two insertions in a  
12 weekly newspaper of general circulation printed and published in  
13 the district inviting sealed proposals for the construction or  
14 performance of the improvement or work before any contract shall  
15 be made. The call for bids shall state whether the work is to be  
16 performed as a unit or is to be divided into severable specific parts,  
17 or both, as stated in the call. The board may let the work by single  
18 contract for the whole as a unit or it may divide the work into  
19 severable parts by separate contracts, as stated in the call, according  
20 to the best interests of the district. The board shall require the  
21 successful bidder or bidders to file with the board good and  
22 sufficient bonds to be approved by the board conditioned upon the  
23 faithful performance of the contract and upon the payment of their  
24 claims for labor and material, the bonds to contain the terms and  
25 conditions set forth in Title 3 (commencing with Section 9000) of  
26 Part 6 of Division 4 of the Civil Code and to be subject to the  
27 provisions of that title. The board shall also have the right to reject  
28 any bid. In the event all proposals are rejected or no proposals are  
29 received pursuant to advertisement, or the estimated cost of the  
30 work does not exceed five thousand dollars (\$5,000), or the work  
31 consists of channel protection, maintenance work, or emergency  
32 work, the board of supervisors may, without advertising for bids,  
33 have the work done by force account. In case of an emergency, if  
34 notice for bids to let contracts will not be given, the board shall  
35 comply with Chapter 2.5 (commencing with Section 22050). The  
36 district shall have the power to purchase in the open market without  
37 advertising for bids, materials and supplies for use in any work  
38 either under contract or by force account.

39 SEC. 61. Section 21111 of the Public Contract Code is amended  
40 to read:

1 21111. (a) All contracts for the construction of any unit of  
2 work, except as provided in this article, estimated to cost in excess  
3 of ten thousand dollars (\$10,000) shall be let to the lowest  
4 responsible bidder in the manner provided in this article. The board  
5 of directors of the agency shall advertise by three insertions in a  
6 daily newspaper of general circulation or two insertions in a weekly  
7 newspaper of general circulation published in the agency's  
8 jurisdiction inviting sealed proposals for the construction of the  
9 work before any contract shall be made, and may let by contract  
10 separately any part of the work. The board shall require the  
11 successful bidder to file with the board good and sufficient bonds  
12 to be approved by the board conditioned upon the faithful  
13 performance of the contract and upon the payment of the claims  
14 for labor and material. The faithful performance bond shall contain  
15 terms and conditions as the board may specify, and the payment  
16 bond shall be subject to the provisions of, and shall contain the  
17 terms and conditions set forth in Title 3 (commencing with Section  
18 9000) of Part 6 of Division 4 of the Civil Code, as applicable. The  
19 board shall also have the right to reject any bid, in which case the  
20 board may advertise for new bids. In the event no proposals are  
21 received pursuant to advertisement, or where the estimated cost  
22 of the work does not exceed ten thousand dollars (\$10,000), or the  
23 work consists of emergency work, the board of directors by  
24 unanimous vote of all members present may, without advertising  
25 for bids, have the work done by force account. In case of an  
26 emergency, if notice for bids to let contracts will not be given, the  
27 board shall comply with Chapter 2.5 (commencing with Section  
28 22050). The agency may purchase in the open market, and may  
29 authorize the Purchasing Agent of the County of Santa Barbara to  
30 purchase, without advertisement for bids, materials and supplies  
31 for use in any work either under contract or by force account.

32 (b) If the work to be performed by or on behalf of the agency  
33 does not involve an expenditure of ten thousand dollars (\$10,000)  
34 or more, or if the work consists of emergency work, the agency  
35 may require a faithful performance bond. The agency may require  
36 a payment bond on work performed on behalf of the agency which  
37 does not involve an expenditure of more than ten thousand dollars  
38 (\$10,000).

39 SEC. 62. Section 21121 of the Public Contract Code is amended  
40 to read:

1 21121. (a) All contracts for any improvement or unit of work,  
2 if the cost according to the estimate of the engineer, exceeds five  
3 thousand dollars (\$5,000), shall be let to the lowest responsible  
4 bidder or bidders.

5 (b) The board shall first determine whether the contract shall  
6 be let as a single unit for the whole of the work, or shall be divided  
7 into severable parts, or both, according to the best interests of the  
8 agency.

9 (c) The board shall call for bids and advertise the call by three  
10 insertions in a daily newspaper of general circulation or by two  
11 insertions in a weekly newspaper of general circulation printed  
12 and published in the territory of the agency inviting sealed  
13 proposals for the construction or performance of the improvement  
14 or work before any contract is entered into. The call for bids shall  
15 state whether the work is to be performed as a unit or shall be  
16 divided into severable specific parts, or both, as stated in the call.  
17 The board may let the work by single contract or it may divide the  
18 work into severable parts by separate contracts, as stated in the  
19 call, according to the best interests of the agency.

20 (d) The board shall require the successful bidder or bidders to  
21 file with the board good and sufficient bonds to be approved by  
22 the board conditioned upon the faithful performance of the contract  
23 and upon the payment of their claims for labor and material in  
24 connection with the contract. The bonds shall contain the terms  
25 and conditions set forth in Title 3 (commencing with Section 9000)  
26 of Part 6 of Division 4 of the Civil Code and are subject to the  
27 provisions of that title.

28 (e) The board may reject any bid. The board of supervisors may,  
29 without advertising for bids, have the work done by force account  
30 if any of the following requirements are met:

31 (1) All the projects are rejected.

32 (2) No proposals are received in response to the advertisement.

33 (3) The estimated cost of the work does not exceed five thousand  
34 dollars (\$5,000).

35 (4) The work consists of channel protection, maintenance work,  
36 or emergency work. In case of an emergency, if notice for bids to  
37 let contracts will not be given, the board shall comply with Chapter  
38 2.5 (commencing with Section 22050).

1 (f) The agency may purchase in the open market, without  
2 advertising for bids, materials and supplies for use in any work  
3 either under contract or by force account.

4 (g) The Monterey County Board of Supervisors may grant to  
5 the board of directors, appointed pursuant to Section 49 of the  
6 Monterey County Water Resources Agency Act (Chapter 1159 of  
7 the Statutes of 1990), any of the powers or duties granted to the  
8 Monterey County Board of Supervisors by this section.

9 SEC. 63. Section 21131 of the Public Contract Code is amended  
10 to read:

11 21131. (a) All contracts for the construction of any unit of  
12 work, except as provided in this article, estimated to cost in excess  
13 of two thousand five hundred dollars (\$2,500) shall be let to the  
14 lowest responsible bidder in the manner provided in this article.  
15 The board shall advertise by three placements in a daily newspaper  
16 of general circulation or two insertions in a weekly newspaper of  
17 general circulation published in the district inviting sealed  
18 proposals for the construction of the work before any contract is  
19 made, and may let by contract separately any part of the work. The  
20 board shall require the successful bidder to file with the board  
21 good and sufficient bonds to be approved by the board conditioned  
22 upon the faithful performance of the contract and upon the payment  
23 of the claims for labor and material in connection therewith, the  
24 bonds to contain the terms and conditions set forth in Title 3  
25 (commencing with Section 9000) of Part 6 of Division 4 of the  
26 Civil Code, and to be subject to the provisions of that title. The  
27 board may reject any bid, in which case the board may advertise  
28 for new bids.

29 (b) In the event no proposals are received pursuant to  
30 advertisement therefor, or where the work consists of emergency  
31 work, the board of directors, by unanimous vote of all members  
32 present, may, without advertising for bids, have the work done by  
33 force account. In case of an emergency, if notice for bids to let  
34 contracts will not be given, the board shall comply with Chapter  
35 2.5 (commencing with Section 22050).

36 (c) The district may purchase in the open market without  
37 advertisement for bids, materials and supplies for use in any work  
38 either under contract or by force account; provided, however, that  
39 materials and supplies for use in any new construction work or  
40 improvement, except work authorized and required under

1 circumstances referred to in subdivision (b), may not be purchased  
2 if the cost exceeds two thousand five hundred dollars (\$2,500),  
3 without advertising for bids and awarding the contract to the lowest  
4 responsible bidder.

5 (d) This section does not apply to a contract entered into with  
6 the United States or the State of California or other governmental  
7 agency under the authority of Section 3 of Chapter 2126 of the  
8 Statutes of 1959, or to a contract authorized by a vote of the  
9 electorate of the district.

10 (e) The district may rent or otherwise contract for equipment  
11 with or without an operator and use it on works of the district, if  
12 the contract is approved by the board.

13 SEC. 64. Section 21141 of the Public Contract Code is amended  
14 to read:

15 21141. (a) All contracts for the construction of any unit of  
16 work, except as provided in this article, estimated to cost in excess  
17 of two thousand dollars (\$2,000) shall be let to the lowest  
18 responsible bidder in the manner provided in this article. The board  
19 shall advertise by three insertions in a daily newspaper of general  
20 circulation or two insertions in a weekly newspaper of general  
21 circulation published in the district inviting sealed proposals for  
22 the construction of the work before any contract shall be made,  
23 and may let by contract separately any part of the work. The board  
24 shall require the successful bidder to file with the board good and  
25 sufficient bonds to be approved by the board conditioned upon the  
26 faithful performance of the contract and upon the payment of the  
27 claims for labor and material, the bonds to contain the terms and  
28 conditions set forth in Title 3 (commencing with Section 9000) of  
29 Part 6 of Division 4 of the Civil Code, and to be subject to the  
30 provisions of that title. The board shall also have the right to reject  
31 any bid, in which case the board may advertise for new bids.

32 (b) In the event no proposals are received pursuant to  
33 advertisement, where the estimated cost of the work does not  
34 exceed the sum of two thousand dollars (\$2,000), or where the  
35 work consists of emergency work, the board of directors, by  
36 unanimous vote of all members present, may, without advertising  
37 for bids, have the work done by force account. In case of an  
38 emergency, if notice for bids to let contracts will not be given, the  
39 board shall comply with Chapter 2.5 (commencing with Section  
40 22050).

1 (c) The district may purchase in the open market, without  
2 advertisement for bids, materials and supplies for use in any work  
3 either under contract or by force account; provided, however, that  
4 materials and supplies for use in any new construction work or  
5 improvement, except work referred to in subdivision (b), may not  
6 be purchased if the cost exceeds two thousand five hundred dollars  
7 (\$2,500), without advertising for bids and awarding the contract  
8 therefor to the lowest responsible bidder.

9 (d) The provisions of this section have no application to a  
10 contract entered into with the United States under the authority of  
11 Section 3, or to a contract authorized by a vote of the electorate  
12 of the district.

13 SEC. 65. Section 21151 of the Public Contract Code is amended  
14 to read:

15 21151. All contracts for any improvement or unit of work when  
16 the cost according to the estimate of the engineer will exceed  
17 twenty-five thousand dollars (\$25,000), with or without the  
18 furnishing of materials or supplies, shall be let to the lowest  
19 responsible bidder or bidders in the manner provided in this article.  
20 Construction of improvements or works shall not be staged to  
21 avoid the bidding process. The board shall first determine whether  
22 the contract shall be let as a single unit for the whole of the work,  
23 or shall be divided into severable parts, or both, according to the  
24 best interests of the district. The board shall call for bids and  
25 advertise the call by inviting sealed proposals for the construction  
26 or performance of the improvement or work before any contract  
27 is made. The board shall invite the bids by publishing a notice of  
28 the call for bids pursuant to Section 6062 or 6066 of the  
29 Government Code in a newspaper of general circulation in the  
30 county. The call for bids shall state whether the work is to be  
31 performed as a unit or shall be divided into severable specific parts,  
32 or both, as stated in the call. The board may let the work by single  
33 contract or it may divide the work into severable parts by separate  
34 contracts, as stated in the call, according to the best interests of  
35 the district. The board shall require the successful bidder or bidders  
36 to file with the board good and sufficient bonds to be approved by  
37 the board conditioned upon the faithful performance of the contract  
38 and upon the payment of their claims for labor and material, the  
39 bonds to contain the terms and conditions set forth in Title 3  
40 (commencing with Section 9000) of Part 6 of Division 4 of the

1 Civil Code and to be subject to the provisions of that title. The  
2 board shall also have the right to reject any bid. In the event the  
3 engineer's estimate is twenty-five thousand dollars (\$25,000) or  
4 less, or in the event no proposals are received pursuant to  
5 advertisement therefor, or in the event the work consists of channel  
6 protection or maintenance work, or emergency work, the board of  
7 supervisors may, without advertising for bids, have the work done  
8 by day labor under the direction of the board, by contract, or by a  
9 combination of the two. In case of an emergency, if notice for bids  
10 to let contracts will not be given, the board shall comply with  
11 Chapter 2.5 (commencing with Section 22050). The district may  
12 acquire in the open market without advertising for bids, materials,  
13 equipment, and supplies for use in any work or for any other  
14 purpose.

15 SEC. 66. Section 21161 of the Public Contract Code is amended  
16 to read:

17 21161. (a) Any improvement or unit of work not performed  
18 by district personnel and estimated by the engineer to cost in excess  
19 of twenty-five thousand dollars (\$25,000) shall be done by contract.  
20 All contracts shall be let to the lowest responsible bidder or bidders  
21 in the manner provided in this article. The board shall first  
22 determine whether the contract shall be let as a single unit for the  
23 whole of the work, or shall be divided into severable parts, or both,  
24 according to the best interests of the district. The board shall call  
25 for bids and advertise the call by three insertions in a daily  
26 newspaper of general circulation or by two insertions in a weekly  
27 newspaper of general circulation printed and published in the  
28 district inviting sealed proposals for the construction or  
29 performance of the improvement or work before any contract is  
30 made. The call for bids shall state whether the work is to be  
31 performed as a unit for the whole thereof or shall be divided into  
32 severable specific parts, or both, as stated in the call. The board  
33 may let the work by single contract or it may divide the work into  
34 severable parts by separate contracts, as stated in the call, according  
35 to the best interests of the district. The board shall require the  
36 successful bidder or bidders to file with the board good and  
37 sufficient bonds to be approved by the board conditioned upon the  
38 faithful performance of the contract and upon the payment of their  
39 claims for labor and material, the bonds to contain the terms and  
40 conditions set forth in Title 3 (commencing with Section 9000) of

1 Part 6 of Division 4 of the Civil Code and to be subject to the  
2 provisions of that title. The board shall also have the right to reject  
3 any bid. In the event all proposals are rejected or no proposals are  
4 received pursuant to advertisement, or the estimated cost of the  
5 work does not exceed five thousand dollars (\$5,000), or the work  
6 consists of channel protection, maintenance work, or emergency  
7 work, the board may, without advertising for bids, have the work  
8 done by force account. In case of an emergency, if notice for bids  
9 to let contracts will not be given, the board shall comply with  
10 Chapter 2.5 (commencing with Section 22050). The district may  
11 purchase in the open market, without advertising for bids, materials  
12 and supplies for use in any work either under contract or by force  
13 account.

14 (b) The provisions of this section requiring competitive bidding  
15 and the award of contracts to the lowest responsible bidder are  
16 inapplicable to the extent the improvement or unit of work is to  
17 be performed on its own facilities by a public utility subject to the  
18 jurisdiction of the California Public Utilities Commission.

19 SEC. 67. Section 21171 of the Public Contract Code is amended  
20 to read:

21 21171. (a) All contracts for any improvement or unit of work  
22 when the cost, according to the estimate of the engineer, will  
23 exceed two thousand dollars (\$2,000), shall be let to the lowest  
24 responsible bidder or bidders in the manner provided in this article.  
25 The board shall first determine whether the contract shall be let as  
26 a single unit for the whole of the work, or shall be divided into  
27 severable parts, or both, according to the best interests of the  
28 district. The board shall call for bids and advertise the call by three  
29 insertions in a daily newspaper of general circulation or by two  
30 insertions in a weekly newspaper of general circulation printed  
31 and published in the district inviting sealed proposals for the  
32 construction or performance of the improvement or work before  
33 any contract is made. The call for bids shall state whether the work  
34 is to be performed as a unit for the whole thereof or shall be divided  
35 into severable specific parts, or both, as stated in the call. The  
36 board may let the work by single contract as a unit or it may divide  
37 the work into severable parts by separate contracts, as stated in the  
38 call, according to the best interests of the district. The board shall  
39 require the successful bidder or bidders to file with the board good  
40 and sufficient bonds to be approved by the board conditioned upon

1 the faithful performance of the contract and upon the payment of  
2 their claims for labor and material, the bonds to contain the terms  
3 and conditions set forth in Title 3 (commencing with Section 9000)  
4 of Part 6 of Division 4 of the Civil Code and to be subject to the  
5 provisions of that title. The board shall also have the right to reject  
6 any bid.

7 (b) In the event all proposals are rejected or no proposals are  
8 received pursuant to advertisement, or the estimated cost of the  
9 work does not exceed two thousand dollars (\$2,000), or the work  
10 consists of channel protection, maintenance work, or emergency  
11 work, the board of supervisors may, without advertising for bids,  
12 have the work done by force account. In case of an emergency, if  
13 notice for bids to let contracts will not be given, the board shall  
14 comply with Chapter 2.5 (commencing with Section 22050).

15 (c) The district may purchase in the open market, without  
16 advertising for bids, materials and supplies for use in any work  
17 either under contract or by force account; provided, however, that  
18 materials and supplies for use in any new construction work or  
19 improvements, except work referred to in subdivision (b), may not  
20 be purchased if the cost exceeds two thousand five hundred dollars  
21 (\$2,500), without advertising for bids and awarding the contract  
22 to the lowest responsible bidder.

23 SEC. 68. Section 21181 of the Public Contract Code is amended  
24 to read:

25 21181. (a) All contracts for any improvement or unit of work  
26 when the cost according to the estimate of the engineer, will exceed  
27 four thousand dollars (\$4,000), shall be let to the lowest responsible  
28 bidder or bidders in the manner provided in this article. The board  
29 shall first determine whether the contract shall be let as a single  
30 unit or shall be divided into severable parts, or both, according to  
31 the best interests of the district. The board shall call for bids and  
32 advertise the call in the district pursuant to Section 6066 of the  
33 Government Code inviting sealed proposals for the construction  
34 or performance of the improvement or before any contract is made.  
35 The call for bids shall state whether the work is to be performed  
36 as a unit or shall be divided into severable specific parts, or both,  
37 as stated in the call. The board may let the work by single contract  
38 or it may divide the work into severable parts by separate contracts,  
39 as stated in the call, according to the best interests of the district.  
40 The board shall require the successful bidder or bidders to file with

1 the board good and sufficient bonds to be approved by the board  
2 conditioned upon the faithful performance of the contract and upon  
3 the payment of their claims for labor and material, the bonds to  
4 contain the terms and conditions set forth in Title 3 (commencing  
5 with Section 9000) of Part 6 of Division 4 of the Civil Code and  
6 to be subject to the provisions of that title. The board shall also  
7 have the right to reject any bid.

8 (b) In the event no proposals are received pursuant to  
9 advertisement or the estimated cost of the work does not exceed  
10 four thousand dollars (\$4,000), or the work consists of channel  
11 protection, maintenance work, or emergency work, the board of  
12 supervisors may, without advertising for bids, have the work done  
13 by day labor, under the direction of the board, by contract, or by  
14 the combination of the two. In case of an emergency, if notice for  
15 bids to let contracts will not be given, the board shall comply with  
16 Chapter 2.5 (commencing with Section 22050).

17 (c) The district may acquire in the open market, without  
18 advertising for bids, materials, equipment, and supplies for use in  
19 any work or for any other purpose; provided, however, that  
20 materials and supplies for use in any new construction work or  
21 improvement, except work referred to in subdivision (b), may not  
22 be purchased if the cost exceeds two thousand five hundred dollars  
23 (\$2,500), without advertising for bids and awarding the contract  
24 to the lowest responsible bidder.

25 SEC. 69. Section 21196 of the Public Contract Code is amended  
26 to read:

27 21196. (a) All contracts for the construction of any unit of  
28 work, except as provided in this article, estimated to cost in excess  
29 of two thousand five hundred dollars (\$2,500) shall be let to the  
30 lowest responsible bidder in the manner provided in this article.  
31 The board of directors of the district shall call for bids and advertise  
32 the call by three insertions in a daily newspaper of general  
33 circulation or two insertions in a weekly newspaper of general  
34 circulation published in the district inviting sealed proposals for  
35 the construction of the work before any contract is made, and may  
36 let by contract separately any part of the work. The board shall  
37 require the successful bidder to file with the board good and  
38 sufficient bonds to be approved by the board conditioned upon the  
39 faithful performance of the contract and upon the payment of the  
40 claims for labor and material, the bonds to contain the terms and

1 conditions set forth in Title 3 (commencing with Section 9000) of  
2 Part 6 of Division 4 of the Civil Code and to be subject to the  
3 provisions of that title. The board shall also have the right to reject  
4 any bid, in which case the board may advertise for new bids.

5 (b) In the event no proposals are received pursuant to  
6 advertisement, or where the estimated cost of the work does not  
7 exceed two thousand five hundred dollars (\$2,500), or the work  
8 consists of emergency work, the board of directors by unanimous  
9 vote of all members present, may, without advertising for bids,  
10 have the work done by force account. In case of an emergency, if  
11 notice for bids to let contracts will not be given, the board shall  
12 comply with Chapter 2.5 (commencing with Section 22050). The  
13 district may purchase in the open market, without advertisement  
14 for bids, materials and supplies for use in any work either under  
15 contract or by force account.

16 (c) The provisions of this section have no application to a  
17 contract entered into with the United States under the authority of  
18 the Solano County Flood Control and Water Conservation District  
19 Act, or to a contract authorized by a vote of the electorate of the  
20 district.

21 SEC. 70. Section 21212 of the Public Contract Code is amended  
22 to read:

23 21212. (a) All contracts for the construction of any unit of  
24 work, except as provided in this article, estimated to cost in excess  
25 of three thousand dollars (\$3,000), shall be let to the lowest  
26 responsible bidder in the manner provided in this article. The board  
27 of directors of the agency shall advertise pursuant to Section 6066  
28 of the Government Code in a newspaper of general circulation  
29 published in the agency's jurisdiction inviting sealed proposals  
30 for the construction of the work before any contract is made, and  
31 may let by contract separately any part of the work. The board  
32 shall require the successful bidder to file with the board good and  
33 sufficient bonds to be approved by the board conditioned upon the  
34 faithful performance of the contract and upon the payment of any  
35 claims for labor and material and containing the terms and  
36 conditions set forth in Title 3 (commencing with Section 9000) of  
37 Part 6 of Division 4 of the Civil Code and to be subject to the  
38 provisions of that title. The board shall also have the right to reject  
39 any bid, in which case the board may advertise for new bids.

1 (b) In the event no proposals are received pursuant to  
2 advertisement, or where the estimated cost of the work does not  
3 exceed three thousand dollars (\$3,000), or the work consists of  
4 emergency work, the board of directors, by unanimous vote of all  
5 members present, may, without advertising for bids, have the work  
6 done by force account. In case of an emergency, if notice for bids  
7 to let contracts will not be given, the board shall comply with  
8 Chapter 2.5 (commencing with Section 22050).

9 (c) The agency may purchase in the open market without  
10 advertisement for bids, materials and supplies for use in any work  
11 either under contract or by force account.

12 (d) The provisions of this section have no application to a  
13 contract entered into with the United States under the authority of  
14 Section 6 of Chapter 10 of the Statutes of the 1952 First  
15 Extraordinary Session, or to a contract authorized by a vote of the  
16 electorate of the agency.

17 SEC. 71. Section 21231 of the Public Contract Code is amended  
18 to read:

19 21231. Any improvement or unit of work when the cost,  
20 according to the estimate of the engineer, will exceed five thousand  
21 dollars (\$5,000), shall be done by contract let to the lowest  
22 responsible bidder or bidders in the manner provided in this article.  
23 The board shall first determine whether the contract will be let as  
24 a single unit, or will be divided into severable parts, or both,  
25 according to the best interests of the district. The board shall call  
26 for bids and advertise the call pursuant to Section 6066 of the  
27 Government Code in the district, inviting sealed proposals for the  
28 construction or performance of the improvement or before any  
29 contract is made. The call for bids shall state whether the work is  
30 to be performed as a unit or shall be divided into separate specific  
31 parts, or both, as stated in the call. The board may let the work by  
32 single contract or it may divide the work into severable parts by  
33 separate contracts, as stated in the call, according to the best  
34 interests of the district. The board shall require the successful  
35 bidder or bidders to file with the board good and sufficient bonds  
36 to be approved by the board conditioned upon the faithful  
37 performance of the contract and upon the payment of their claims  
38 for labor and material, the bonds to contain the terms and  
39 conditions set forth in Title 3 (commencing with Section 9000) of  
40 Part 6 of Division 4 of the Civil Code and to be subject to the

1 provisions of that title. The board shall also have the right to reject  
2 any bid. In the event no proposals are received pursuant to  
3 advertisement, or the estimated cost of the work does not exceed  
4 five thousand dollars (\$5,000), or the work consists of channel  
5 protection, maintenance work, or emergency work, the board of  
6 supervisors may, without advertising for bids, have the work done  
7 by day labor, under the direction of the board, by contract, or by  
8 a combination of the two. In case of an emergency, if notice for  
9 bids to let contracts will not be given, the board shall comply with  
10 Chapter 2.5 (commencing with Section 22050). The district may  
11 acquire in the open market without advertising for bids, materials,  
12 equipment, and supplies for use in any work or for any other  
13 purpose; provided, however, that materials and supplies for use in  
14 any new construction work or improvement, except work referred  
15 to in the preceding sentence, may not be purchased if the cost  
16 exceeds five thousand dollars (\$5,000), without advertising for  
17 bids and awarding the contract to the lowest responsible bidder.

18 SEC. 72. Section 21241 of the Public Contract Code is amended  
19 to read:

20 21241. All contracts for any improvement or unit of work when  
21 the cost, according to the estimate of the engineer, will exceed two  
22 thousand dollars (\$2,000), shall be let to the lowest responsible  
23 bidder or bidders in the manner provided in this article. The board  
24 shall first determine whether the contract shall be let as a single  
25 unit or shall be divided into severable parts, or both, according to  
26 the best interests of the zone. The board shall call for bids and  
27 advertise the call pursuant to Section 6066 of the Government  
28 Code in the district inviting sealed proposals for the construction  
29 or performance of the improvement or work before any contract  
30 is made. The call for bids shall state whether the work is to be  
31 performed as a unit or shall be divided into severable specific parts,  
32 or both, as stated in the call. The board may let the work by single  
33 contract or it may divide the work into severable parts by separate  
34 contracts, as stated in the call, according to the best interests of  
35 the district. The board shall require the successful bidder or bidders  
36 to file with the board good and sufficient bonds to be approved by  
37 the board conditioned upon the faithful performance of the contract  
38 and upon the payment of their claims for labor and material, the  
39 bonds to contain the terms and conditions set forth in Title 3  
40 (commencing with Section 9000) of Part 6 of Division 4 of the

1 Civil Code and to be subject to the provisions of that title. The  
2 board shall also have the right to reject any bid. In the event no  
3 proposals are received pursuant to advertisement, or the estimated  
4 cost of the work does not exceed two thousand dollars (\$2,000),  
5 or the work consists of emergency work, the board of supervisors  
6 may, without advertising for bids, have the work done by day  
7 labor, under the direction of the board, by contract, or by a  
8 combination of the two. In case of an emergency, if notice for bids  
9 to let contracts will not be given, the board shall comply with  
10 Chapter 2.5 (commencing with Section 22050). The board may  
11 acquire in the open market, without advertising for bids, materials,  
12 equipment, and supplies for use in any work or for any other  
13 purpose; provided, however, that materials and supplies for use in  
14 any new construction work or improvement, except work referred  
15 to in the preceding sentence, may not be purchased if the cost  
16 exceeds two thousand five hundred dollars (\$2,500), without  
17 advertising for bids and awarding the contract to the lowest  
18 responsible bidder.

19 SEC. 73. Section 21251 of the Public Contract Code is amended  
20 to read:

21 21251. (a) (1) All contracts for any improvement or unit of  
22 work, if the cost according to the estimate of the engineer will  
23 exceed thirty thousand dollars (\$30,000), shall be let to the lowest  
24 responsible bidder or bidders as provided in this article. The board  
25 shall first determine whether the contract shall be let as a single  
26 unit or divided into severable parts, or both.

27 (2) All contracts for any improvement or unit of work, if the  
28 cost according to the estimate of the engineer is thirty thousand  
29 dollars (\$30,000) or less, may be let without advertising for bids  
30 in accordance with procedures adopted by the board.

31 (b) The board shall call for bids and advertise the call pursuant  
32 to Section 6063 of the Government Code in the district, inviting  
33 sealed proposals for the construction or performance of the  
34 improvement or work before any contract is made. The call for  
35 bids shall state whether the work is to be performed as one unit or  
36 divided into severable specific parts.

37 (c) The work may be let under a single contract or several  
38 contracts, or both, as stated in the call. The board shall require the  
39 successful bidder or bidders to file with the board good and  
40 sufficient bonds to be approved by the board conditioned upon the

1 faithful performance of the contract and upon the payment of their  
2 claims for labor and material. The bonds shall comply with Title  
3 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
4 Civil Code. The board may reject any bid.

5 (d) If all proposals are rejected or no proposals are received, or  
6 the estimated cost of the work does not exceed five thousand  
7 dollars (\$5,000), or the work consists of channel protection,  
8 maintenance work, or emergency work, the board may have the  
9 work done by force account without advertising for bids. In case  
10 of an emergency, if notice for bids to let contracts will not be given,  
11 the board shall comply with Chapter 2.5 (commencing with Section  
12 22050).

13 (e) The district may purchase in the open market, without  
14 advertising for bids, materials and supplies for use in any work  
15 either under contract or by force account.

16 SEC. 74. Section 21261 of the Public Contract Code is amended  
17 to read:

18 21261. All contracts for any improvement or unit of work when  
19 the cost, according to the estimate of the engineer, will exceed two  
20 thousand dollars (\$2,000), shall be let to the lowest responsible  
21 bidder or bidders in the manner provided in this article. The board  
22 shall first determine whether the contract shall be let as a single  
23 unit for the work, or shall be divided into severable parts, or both,  
24 according to the best interests of the district. The board shall call  
25 for bids and advertise the call pursuant to Section 6066 of the  
26 Government Code in the district inviting sealed proposals for the  
27 construction or performance of the improvement or work before  
28 any contract is made. The call for bids shall state whether the work  
29 is to be performed as a unit or shall be divided into severable  
30 specific parts, or both, as stated in the call. The board may let the  
31 work by single contract or it may divide the work into severable  
32 parts by separate contracts, as stated in the call, according to the  
33 best interests of the district. The board shall require the successful  
34 bidder or bidders to file with the board good and sufficient bonds  
35 to be approved by the board conditioned upon the faithful  
36 performance of the contract and upon the payment of their claims  
37 for labor and material, the bonds to contain the terms and  
38 conditions set forth in Title 3 (commencing with Section 9000) of  
39 Part 6 of Division 4 of the Civil Code and to be subject to the  
40 provisions of that title. The board shall also have the right to reject

1 any bid. In the event all proposals are rejected or no proposals are  
2 received pursuant to advertisement, or the estimated cost of the  
3 work does not exceed two thousand dollars (\$2,000), or the work  
4 consists of channel protection, maintenance work, or emergency  
5 work, the board of supervisors may, without advertising for bids,  
6 have the work done by force account. In case of an emergency, if  
7 notice for bids to let contracts will not be given, the board shall  
8 comply with Chapter 2.5 (commencing with Section 22050). The  
9 district may purchase in the open market, without advertising for  
10 bids, materials and supplies for use in any work either under  
11 contract or by force account.

12 SEC. 75. Section 21271 of the Public Contract Code is amended  
13 to read:

14 21271. All improvement and units of work to be performed by  
15 or for the district shall be performed in accordance with the  
16 following procedures and requirements:

17 (a) If the work consists of the protection or maintenance of  
18 channels, storm drains, dams or other flood control works, or  
19 emergency work, the board of directors may, without advertising  
20 for bids therefor, have the work done by day labor under the  
21 direction of the board, by contract, or by a combination of the two.  
22 In case of an emergency, if notice for bids to let contracts will not  
23 be given, the board shall comply with Chapter 2.5 (commencing  
24 with Section 22050).

25 (b) If the work consists of the construction of new flood control  
26 channels, storm drains, dams, or other unit or units of work, and  
27 if the cost of the work, according to the estimate of the engineer,  
28 will exceed ten thousand dollars (\$10,000), and if the work is not  
29 the type of work referred to in subdivision (a) or (c) of this section,  
30 the new construction shall be performed under a contract or  
31 contracts which shall be let to the lowest responsible bidder or  
32 bidders in the manner provided in subdivision (d) of this section.

33 (c) If the work consists of the maintenance or alteration of  
34 existing facilities, including electrical, painting, and roofing work,  
35 and if the cost of labor and materials for the work according to the  
36 engineer's estimate, will exceed three thousand five hundred dollars  
37 (\$3,500), and if the work is not the type of work referred to in  
38 subdivision (a) or (b) of this section, the maintenance and alteration  
39 work shall be performed under a contract or contracts which shall

1 be let to the lowest responsible bidder or bidders in the manner  
2 provided in subdivision (d) of this section.

3 (d) The board shall first determine whether the work shall be  
4 let as a single unit or shall be divided into severable parts, or both,  
5 according to the best interests of the district. The board shall call  
6 for bids and advertise the call pursuant to Section 6066 of the  
7 Government Code in the district inviting sealed proposals for the  
8 construction or performance of the work before any contract is  
9 made. The call for bids shall state whether the work is to be  
10 performed as a unit or shall be divided into severable, specific  
11 parts, or both, as stated in the call. The board may let the work by  
12 single contract or it may divide the work into severable parts by  
13 separate contracts, as stated in the call, according to the best  
14 interests of the district. The board shall require the successful  
15 bidder or bidders to file with the board good and sufficient bond  
16 to be approved by the board conditioned upon the faithful  
17 performance of the contract and upon the payment of the claims  
18 for labor and material. The faithful performance bond shall contain  
19 the terms and conditions as the board may specify, and the payment  
20 bond shall contain the terms and conditions set forth in, and shall  
21 be subject to, the provisions of Title 3 (commencing with Section  
22 9000) of Part 6 of Division 4 of the Civil Code. If the work to be  
23 performed on behalf of the district does not involve an expenditure  
24 of fifteen thousand dollars (\$15,000) or more, the district may  
25 require a faithful performance bond or a payment bond. The board  
26 shall also have the right to reject any bid.

27 (e) If no proposals are received pursuant to advertisement, or  
28 if the estimated cost of work of the type referred to in subdivision  
29 (b) of this section does not exceed ten thousand dollars (\$10,000),  
30 or if the estimated cost of work of the type referred to in  
31 subdivision (c) of this section does not exceed three thousand five  
32 hundred dollars (\$3,500), the board of directors may, without  
33 advertising for bids, have the work done by day labor, under the  
34 direction of the board, by contract, or by combination of the two.  
35 If any change or alteration in a contract awarded under the  
36 provisions of this section for work of the type referred to in  
37 subdivision (b) or (c) is deemed necessary and the cost does not  
38 exceed 10 percent of the original contract price, the board may  
39 authorize the contractor to proceed with the change or alteration  
40 without the formality of obtaining bids.

1 (f) Notwithstanding the foregoing provisions, the district shall  
2 have the power to acquire in the open market, and may authorize  
3 the Purchasing Agents of the County of Santa Barbara to acquire  
4 in the open market, without advertising for bids, materials,  
5 equipment, and supplies for use in any work or for any other  
6 purpose; provided, however, that materials and supplies for use in  
7 any new construction work or improvement, except work referred  
8 to in subdivision (a) of this section, may not be purchased without  
9 advertising for bids and awarding the contract to the lowest  
10 responsible bidder if the cost exceeds two thousand five hundred  
11 dollars (\$2,500), unless the purchase is made by the county  
12 purchasing agent at the request of the district, in which case the  
13 cost shall not exceed six thousand five hundred dollars (\$6,500).

14 SEC. 76. Section 21311 of the Public Contract Code is amended  
15 to read:

16 21311. (a) All contracts for any improvement or unit of work  
17 when the cost, according to the estimate of the engineer, will  
18 exceed two thousand dollars (\$2,000), shall be let to the lowest  
19 responsible bidder or bidders in the manner provided in this article.  
20 The board shall first determine whether the contract shall be let as  
21 a single unit, or shall be divided into severable parts, or both,  
22 according to the best interests of the district. The board shall call  
23 for bids and advertise the call by three insertions in a daily  
24 newspaper of general circulation or by two insertions in a weekly  
25 newspaper of general circulation printed and published in the  
26 district inviting sealed proposals for the construction or  
27 performance of the improvement or work before any contract is  
28 made. The call for bids shall state whether the work is to be  
29 performed as a unit or shall be divided into severable specific parts,  
30 or both, as stated in the call. The board may let the work by single  
31 contract for the whole as a unit or it may divide the work into  
32 severable parts by separate contracts, as stated in the call, according  
33 to the best interests of the district. The board shall require the  
34 successful bidder or bidders to file with the board good and  
35 sufficient bonds to be approved by the board conditioned upon the  
36 faithful performance of the contract and upon the payment of their  
37 claims for labor and material, the bonds to contain the terms and  
38 conditions set forth in Title 3 (commencing with Section 9000) of  
39 Part 6 of Division 4 of the Civil Code and to be subject to the

1 provisions of that title. The board shall also have the right to reject  
2 any bid.

3 (b) In the event no proposals are received pursuant to  
4 advertisement, or the estimated cost of the work does not exceed  
5 two thousand dollars (\$2,000), or the work consists of channel  
6 protection, maintenance work, or emergency work, the board of  
7 supervisors may, without advertising for bids, have the work done  
8 by day labor, under the direction of the board, by contract, or by  
9 a combination of the two. In case of an emergency, if notice for  
10 bids to let contracts will not be given, the board shall comply with  
11 Chapter 2.5 (commencing with Section 22050).

12 (c) The district may acquire in the open market, without  
13 advertising for bids, materials, equipment, and supplies for use in  
14 any work or for any other purpose; provided, however, that  
15 materials and supplies for use in any new construction work or  
16 improvement, except work referred to in subdivision (b), shall not  
17 be purchased if the cost exceeds two thousand five hundred dollars  
18 (\$2,500), without advertising for bids and awarding the contract  
19 to the lowest responsible bidder.

20 SEC. 77. Section 21321 of the Public Contract Code is amended  
21 to read:

22 21321. (a) All contracts for any improvement or unit of work,  
23 when the cost according to the estimate of the engineer will exceed  
24 thirty thousand dollars (\$30,000), shall be let to the lowest  
25 responsible bidder or bidders as provided in this article. The board  
26 shall first determine whether the contract shall be let as a single  
27 unit, or divided into severable parts. The board shall advertise for  
28 bids by three insertions in a daily newspaper of general circulation  
29 or by two insertions in a weekly newspaper of general circulation  
30 printed and published in the agency's jurisdiction, inviting sealed  
31 proposals for the construction or performance of the improvement  
32 or work. The call for bids shall state whether the work shall be  
33 performed in one unit or divided into parts. The work may be let  
34 under a single contract or several contracts, as stated in the call.

35 The board shall require the successful bidders to file with the  
36 board good and sufficient bonds to be approved by the board  
37 conditioned upon the faithful performance of the contract and upon  
38 the payment of their claims for labor and material. The bonds shall  
39 comply with Title 3 (commencing with Section 9000) of Part 6 of  
40 Division 4 of the Civil Code.

1 (b) The board may reject any bid. In the event all proposals are  
 2 rejected or no proposals are received, or the estimated cost of the  
 3 work does not exceed five thousand dollars (\$5,000), or the work  
 4 consists of channel protection, maintenance, or emergency work,  
 5 the board may have the work done by force account without  
 6 advertising for bids. In case of an emergency, if notice for bids to  
 7 let contracts will not be given, the board shall comply with Chapter  
 8 2.5 (commencing with Section 22050). In the event that no  
 9 proposals are received, or if only one responsive proposal is  
 10 received, the board may negotiate a contract for construction or  
 11 performance of the work or improvement or substantially similar  
 12 work or improvement. However, if only one responsive proposal  
 13 is received, the contract must be negotiated with the bidder.

14 (c) The agency may purchase in the open market without  
 15 advertising for bids, materials and supplies for use in any work,  
 16 either under contract or by force account.

17 (d) Sections 4300 to 4305, inclusive, of the Government Code  
 18 do not apply to the agency’s Middle Fork American River Project.

19 (e) This section applies to all proposals or contracts whether or  
 20 not received or entered into prior to the effective date of the  
 21 amendment of this provision made at the 1963 Regular Session of  
 22 the Legislature.

23 SEC. 78. Section 21331 of the Public Contract Code is amended  
 24 to read:

25 21331. (a) All contracts for the construction of any unit of  
 26 work, except as provided in this article, estimated to cost in excess  
 27 of three thousand five hundred dollars (\$3,500) shall be let to the  
 28 lowest responsible bidder in the manner provided in this article.  
 29 The board shall advertise by three insertions in a daily newspaper  
 30 of general circulation or two insertions in a weekly newspaper of  
 31 general circulation published in the district inviting sealed  
 32 proposals for the construction of the work before any contract shall  
 33 be made, and may let by contract separately any part of the work.  
 34 The board shall require the successful bidder to file with the board  
 35 good and sufficient bonds to be approved by the board conditioned  
 36 upon the faithful performance of the contract and upon the payment  
 37 of all claims for labor and material, the bonds to contain the terms  
 38 and conditions set forth in Title 3 (commencing with Section 9000)  
 39 of Part 6 of Division 4 of the Civil Code, and to be subject to the

1 provisions of that title. The board shall also have the right to reject  
2 any bid, in which case the board may advertise for new bids.

3 (b) In the event no proposals are received pursuant to  
4 advertisement, where the estimated cost of the work does not  
5 exceed five thousand dollars (\$5,000), or where the work consists  
6 of emergency work, the board of directors, by unanimous vote of  
7 all members present, may, without advertising for bids, have the  
8 work done by force account. In case of an emergency, if notice  
9 for bids to let contracts will not be given, the board shall comply  
10 with Chapter 2.5 (commencing with Section 22050).

11 (c) The district may purchase in the open market, without  
12 advertisement for bids, materials and supplies for use in any work  
13 either under contract or by force account; provided, however, that  
14 materials and supplies for use in any new construction work or  
15 improvement, except work referred to in subdivision (b), may not  
16 be purchased if the cost exceeds five thousand dollars (\$5,000),  
17 without advertising for bids and awarding the contract to the lowest  
18 responsible bidder.

19 (d) The provisions of this section have no application to a  
20 contract entered into with the United States under the authority of  
21 Section 3 of Chapter 1280 of the Statutes of 1957, or to a contract  
22 authorized by a vote of the electorate of the district.

23 SEC. 79. Section 21341 of the Public Contract Code is amended  
24 to read:

25 21341. (a) All contracts for the construction of any unit of  
26 work, except as provided in this article, estimated to cost in excess  
27 of five thousand dollars (\$5,000) shall be let to the lowest  
28 responsible bidder. The board shall advertise by three insertions  
29 in a daily newspaper of general circulation or two insertions in a  
30 weekly newspaper of general circulation published by the agency  
31 inviting sealed proposals for the construction of the work before  
32 any contract is made, and may let by contract separately any part  
33 of the work. The board shall require the successful bidder to file  
34 with the board good and sufficient bonds to be approved by the  
35 board conditioned upon the faithful performance of the contract  
36 and upon the payment of the claims for labor and material, the  
37 bonds to contain the terms and conditions set forth in Title 3  
38 (commencing with Section 9000) of Part 6 of Division 4 of the  
39 Civil Code, and to be subject to the provisions of that title. The  
40 board shall also have the right to reject any bid, in which case the

1 board may advertise for new bids. In the event no proposals are  
2 received pursuant to advertisement or where the estimated cost of  
3 the work does not exceed five thousand dollars (\$5,000), or where  
4 the work consists of emergency work, the board, by unanimous  
5 vote of all members present, may, without advertising for bids,  
6 have the work done by force account. In case of an emergency, if  
7 notice for bids to let contracts will not be given, the board shall  
8 comply with Chapter 2.5 (commencing with Section 22050). The  
9 agency may purchase in the open market, without advertisement  
10 for bids, materials and supplies for use in any work either under  
11 contract or by force account.

12 (b) The provisions of this section have no application to a  
13 contract entered into with the United States under the authority of  
14 Section 59 of Chapter 1512 of the Statutes of 1957, or to a contract  
15 authorized by a vote of the electorate of the agency.

16 SEC. 80. Section 21351 of the Public Contract Code is amended  
17 to read:

18 21351. All contracts for any improvement or unit of work,  
19 when the cost according to the estimate of the engineer will exceed  
20 five thousand dollars (\$5,000), shall be let to the lowest responsible  
21 bidder or bidders as provided in this article. The board shall first  
22 determine whether the contract shall be let as a single unit, or  
23 divided into severable parts. The board shall advertise for bids by  
24 three insertions in a daily newspaper of general circulation or by  
25 two insertions in a weekly newspaper of general circulation printed  
26 and published by the agency, inviting sealed proposals for the  
27 construction or performance of the improvement or work. The call  
28 for bids shall state whether the work shall be performed in one  
29 unit or divided into parts. The work may be let under a single  
30 contract or several contracts, as stated in the call. The board shall  
31 require the successful bidders to file with the board good and  
32 sufficient bonds to be approved by the board conditioned upon the  
33 faithful performance of the contract and upon the payment of their  
34 claims for labor and material. The bonds shall comply with Title  
35 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
36 Civil Code. The board may reject any bid. In the event all proposals  
37 are rejected or no proposals are received, or the estimated cost of  
38 the work does not exceed five thousand dollars (\$5,000), or the  
39 work consists of channel protection, maintenance work, or  
40 emergency work, the board may have the work done by force

1 account without advertising for bids. In case of an emergency, if  
2 notice for bids to let contracts will not be given, the board shall  
3 comply with Chapter 2.5 (commencing with Section 22050). The  
4 board may purchase in the open market without advertising for  
5 bids, materials and supplies for use in any work, either under  
6 contract or by force account. In awarding any contract or  
7 authorizing any work, the board shall comply with the provisions  
8 of Article 2 (commencing with Section 1770) of Chapter 1 of Part  
9 7 of Division 2 of the Labor Code.

10 SEC. 81. Section 21361 of the Public Contract Code is amended  
11 to read:

12 21361. All contracts for any improvement or unit of work,  
13 when the cost according to the estimate of the engineer will exceed  
14 five thousand dollars (\$5,000), shall be let to the lowest responsible  
15 bidder or bidders as provided in this article. The board shall first  
16 determine whether the contract shall be let as a single unit, or  
17 divided into severable parts. The board shall advertise for bids by  
18 three insertions in a daily newspaper of general circulation or by  
19 two insertions in a weekly newspaper of general circulation printed  
20 and published in the agency's jurisdiction, inviting sealed proposals  
21 for the construction or performance of the improvement or work.  
22 The call for bids shall state whether the work shall be performed  
23 in one unit or divided into parts. The work may be let under a  
24 single contract or several contracts, as stated in the call. The board  
25 shall require the successful bidders to file with the board good and  
26 sufficient bonds to be approved by the board conditioned upon the  
27 faithful performance of the contract and upon the payment of their  
28 claims for labor and material. The bonds shall comply with Title  
29 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
30 Civil Code. The board may reject any bid. In the event all proposals  
31 are rejected or no proposals are received, or the estimated cost of  
32 the work does not exceed five thousand dollars (\$5,000), or the  
33 work consists of channel protection, maintenance work, or  
34 emergency work, the board of supervisors may have the work done  
35 by force account without advertising for bids. In case of an  
36 emergency, if notice for bids to let contracts will not be given, the  
37 board shall comply with Chapter 2.5 (commencing with Section  
38 22050). The district may purchase in the open market without  
39 advertising for bids, materials and supplies for use in any work,  
40 either under contract or by force account.

1 SEC. 82. Section 21371 of the Public Contract Code is amended  
2 to read:

3 21371. All contracts for any improvement or unit of work,  
4 when the cost according to the estimate of the engineer will exceed  
5 five thousand dollars (\$5,000), shall be let to the lowest responsible  
6 bidder or bidders as provided in this article. The board shall first  
7 determine whether the contract shall be let as a single unit, or  
8 divided into severable parts. The board shall advertise for bids by  
9 three insertions in a daily newspaper of general circulation or by  
10 two insertions in a weekly newspaper of general circulation printed  
11 and published in the agency's jurisdiction, inviting sealed proposals  
12 for the construction or performance of the improvement or work.  
13 The call for bids shall state whether the work shall be performed  
14 in one unit or divided into parts. The work may be let under a  
15 single contract or several contracts, as stated in the call. The board  
16 shall require the successful bidders to file with the board good and  
17 sufficient bonds to be approved by the board conditioned upon the  
18 faithful performance of the contract and upon the payment of their  
19 claims for labor and material. The bonds shall comply with Title  
20 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
21 Civil Code. The board may reject any bid. In the event all proposals  
22 are rejected or no proposals are received, or the estimated cost of  
23 the work does not exceed five thousand dollars (\$5,000), or the  
24 work consists of emergency work, the board may have the work  
25 done by force account without advertising for bids. In case of an  
26 emergency, if notice for bids to let contracts will not be given, the  
27 board shall comply with Chapter 2.5 (commencing with Section  
28 22050). The district may purchase in the open market without  
29 advertising for bids, materials and supplies for use in any work,  
30 either under contract or by force account.

31 SEC. 83. Section 21381 of the Public Contract Code is amended  
32 to read:

33 21381. All contracts for any improvement or unit of work,  
34 except as provided in this article, estimated to cost in excess of  
35 five thousand dollars (\$5,000) shall be let to the lowest responsible  
36 bidder in the manner provided in this article. The board of  
37 supervisors of the district shall advertise by three insertions in a  
38 daily newspaper of general circulation or two insertions in a weekly  
39 newspaper of general circulation printed and published in the  
40 district inviting sealed proposals for the construction of the

1 improvement or work before any contract shall be made, and may  
2 let by contract separately any part of said work or improvement.  
3 The board shall require the successful bidder to file with the board  
4 good and sufficient bonds to be approved by the board conditioned  
5 upon the faithful performance of the contract and upon the payment  
6 of their claims for labor and material, the bonds to contain the  
7 terms and conditions set forth in Title 3 (commencing with Section  
8 9000) of Part 6 of Division 4 of the Civil Code and to be subject  
9 to the provisions of that part. The board shall also have the right  
10 to reject any bid. In the event all proposals are rejected or no  
11 proposals are received pursuant to advertisement, or where the  
12 estimated cost of the work does not exceed five thousand dollars  
13 (\$5,000), or the work consists of channel protection, maintenance  
14 work, or emergency work, the board of supervisors may, without  
15 advertising for bids, have the work done by force account. In case  
16 of an emergency, if notice for bids to let contracts will not be given,  
17 the board shall comply with Chapter 2.5 (commencing with Section  
18 22050). The district may purchase in the open market without  
19 advertising for bids, materials and supplies for use in any work  
20 either under contract or by force account.

21 SEC. 84. Section 21391 of the Public Contract Code is amended  
22 to read:

23 21391. (a) All contracts for the construction of any unit of  
24 work, except as provided in this article, estimated to cost in excess  
25 of two thousand dollars (\$2,000) shall be let to the lowest  
26 responsible bidder in the manner provided in this article. The board  
27 shall advertise by three insertions in a daily newspaper of general  
28 circulation or two insertions in a weekly newspaper of general  
29 circulation published in the district, inviting sealed proposals for  
30 the construction of the work before any contract shall be made,  
31 and may let by contract separately any part of the work. The board  
32 shall require the successful bidder to file with the board good and  
33 sufficient bonds to be approved by the board conditioned upon the  
34 faithful performance of the contract and upon the payment of all  
35 claims for labor and material, the bonds to contain the terms and  
36 conditions set forth in Title 3 (commencing with Section 9000) of  
37 Part 6 of Division 4 of the Civil Code, and to be subject to the  
38 provisions of that title. The board shall also have the right to reject  
39 any and all bids, in which case the board may advertise for new  
40 bids.

1 (b) In the event no proposals are received pursuant to  
 2 advertisement therefor, where the estimated cost of the work does  
 3 not exceed two thousand dollars (\$2,000), or where the work  
 4 consists of emergency work necessary in order to protect life and  
 5 property, the board of directors, by unanimous vote of all members  
 6 present, may, without advertising for bids, have the work done by  
 7 force account. In case of an emergency, if notice for bids to let  
 8 contracts will not be given, the board shall comply with Chapter  
 9 2.5 (commencing with Section 22050).

10 (c) The district may purchase in the open market without  
 11 advertisement for bids, materials and supplies for use in any work  
 12 either under contract or by force account; provided, however, that  
 13 materials and supplies for use in any new construction work or  
 14 improvement, except work referred to in subdivision (b), may not  
 15 be purchased if the cost exceeds two thousand five hundred dollars  
 16 (\$2,500), without advertising for bids and awarding the contract  
 17 to the lowest responsible bidder.

18 (d) The provisions of this section have no application to a  
 19 contract entered into with the United States under the authority of  
 20 Section 3 of Chapter 2114 of the Statutes of 1959, or to a contract  
 21 authorized by a vote of the electorate of the district.

22 SEC. 85. Section 21401 of the Public Contract Code is amended  
 23 to read:

24 21401. (a) All contracts for the construction of any unit of  
 25 work, except as provided in this article, estimated to cost in excess  
 26 of two thousand dollars (\$2,000) shall be let to the lowest  
 27 responsible bidder in the manner provided in this article. The board  
 28 shall advertise by three insertions in a daily newspaper of general  
 29 circulation or two insertions in a weekly newspaper of general  
 30 circulation published in the district inviting sealed proposals for  
 31 the construction of the work before any contract shall be made,  
 32 and may let by contract separately any part of the work. The board  
 33 shall require the successful bidder to file with the board good and  
 34 sufficient bonds to be approved by the board conditioned upon the  
 35 faithful performance of the contract and upon the payment of all  
 36 claims for labor and material, the bonds to contain the terms and  
 37 conditions set forth in Title 3 (commencing with Section 9000) of  
 38 Part 6 of Division 4 of the Civil Code, and to be subject to the  
 39 provisions of that title. The board shall also have the right to reject  
 40 any bids, in which case the board may advertise for new bids.

1 (b) In the event no proposals are received pursuant to  
2 advertisement, where the estimated cost of the work does not  
3 exceed two thousand dollars (\$2,000), or where work consists of  
4 emergency work, the board of directors, by unanimous vote of all  
5 members present, may, without advertising for bids, have the work  
6 done by force account. In case of an emergency, if notice for bids  
7 to let contracts will not be given, the board shall comply with  
8 Chapter 2.5 (commencing with Section 22050).

9 (c) The district may purchase in the open market without  
10 advertisement for bids, materials and supplies for use in any work  
11 either under contract or by force account; provided, however, that  
12 materials and supplies for use in any new construction work or  
13 improvement, except work referred to in subdivision (b), may not  
14 be purchased if the cost exceeds two thousand five hundred dollars  
15 (\$2,500), without advertising for bids and awarding the contract  
16 to the lowest responsible bidder.

17 (d) The provisions of this section have no application to a  
18 contract entered into with the United States under the authority of  
19 Section 3 of Chapter 2121 of the Statutes of 1959, or to a contract  
20 authorized by a vote of the electorate of the district.

21 SEC. 86. Section 21411 of the Public Contract Code is amended  
22 to read:

23 21411. All contracts for any improvement or unit of work,  
24 when the cost according to the estimate of the engineer will exceed  
25 five thousand dollars (\$5,000) shall be let to the lowest responsible  
26 bidder or bidders as provided in this article. The board shall first  
27 determine whether the contract shall be let as a single unit, or  
28 divided into severable parts. The board shall advertise for bids by  
29 three insertions in a daily newspaper of general circulation or by  
30 two insertions in a weekly newspaper of general circulation printed  
31 and published in the agency's jurisdiction, inviting sealed proposals  
32 for the construction or performance of the improvement or work.  
33 The call for bids shall state whether the work shall be performed  
34 in one unit or divided into parts. The work may be let under a  
35 single contract or several contracts, as stated in the call. The board  
36 shall require the successful bidders to file with the board good and  
37 sufficient bonds to be approved by the board conditioned upon the  
38 faithful performance of the contract and upon the payment of their  
39 claims for labor and material. The bonds shall comply with Title  
40 3 (commencing with Section 9000) of Part 6 of Division 4 of the

1 Civil Code. The board may reject any bid. In the event all proposals  
2 are rejected or no proposals are received, or the estimated cost of  
3 the work does not exceed five thousand dollars (\$5,000), or the  
4 work consists of channel protection, maintenance work, or  
5 emergency work, the board may have the work done by force  
6 account without advertising for bids. In case of an emergency, if  
7 notice for bids to let contracts will not be given, the board shall  
8 comply with Chapter 2.5 (commencing with Section 22050). In  
9 that event a majority vote of all board members shall be required.  
10 The board may purchase in the open market, without advertising  
11 for bids, materials and supplies for use in any work, either under  
12 contract or by force account.

13 SEC. 87. Section 21421 of the Public Contract Code is amended  
14 to read:

15 21421. (a) All contracts for the construction of any unit of  
16 work, except as provided in this article, estimated to cost in excess  
17 of two thousand dollars (\$2,000), shall be let to the lowest  
18 responsible bidder in the manner provided in this article. The board  
19 shall advertise by three insertions in a daily newspaper of general  
20 circulation or two insertions in a weekly newspaper of general  
21 circulation published in the district inviting sealed proposals for  
22 the construction of the work before any contract shall be made,  
23 and may let by contract separately any part of the work. The board  
24 shall require the successful bidder to file with the board good and  
25 sufficient bonds to be approved by the board conditioned upon the  
26 faithful performance of the contract and upon the payment of all  
27 claims for labor and material, the bonds to contain the terms and  
28 conditions set forth in Title 3 (commencing with Section 9000) of  
29 Part 6 of Division 4 of the Civil Code, and to be subject to the  
30 provisions of that title. The board shall also have the right to reject  
31 any bid, in which case the board may advertise for new bids.

32 (b) In the event no proposals are received pursuant to  
33 advertisement, where the estimated cost of the work does not  
34 exceed two thousand dollars (\$2,000), or where the work consists  
35 of emergency work, the board of directors, by unanimous vote of  
36 all members present, may, without advertising for bids, have the  
37 work done by force account. In case of an emergency, if notice  
38 for bids to let contracts will not be given, the board shall comply  
39 with Chapter 2.5 (commencing with Section 22050).

1 (c) The district may purchase in the open market without  
2 advertisement for bids, materials and supplies for use in any work  
3 either under contract or by force account; provided, however, that  
4 materials and supplies for use in any new construction work or  
5 improvement, except work referred to in subdivision (b), may not  
6 be purchased if the cost exceeds two thousand five hundred dollars  
7 (\$2,500), without advertising for bids and awarding the contract  
8 to the lowest responsible bidder.

9 (d) The provisions of this section have no application to a  
10 contract entered into with the United States under the authority of  
11 Section 3 of Chapter 2123 of the Statutes of 1959, or to a contract  
12 authorized by a vote of the electorate of the district.

13 SEC. 88. Section 21431 of the Public Contract Code is amended  
14 to read:

15 21431. (a) All contracts for the construction of any unit of  
16 work, except as provided in this article, estimated to cost in excess  
17 of two thousand dollars (\$2,000), shall be let to the lowest  
18 responsible bidder in the manner provided in this article. The board  
19 shall advertise by three insertions in a daily newspaper of general  
20 circulation or two insertions in a weekly newspaper of general  
21 circulation published in the district inviting sealed proposals for  
22 the construction of the work before any contract shall be made,  
23 and may let by contract separately any part of the work. The board  
24 shall require the successful bidder to file with the board good and  
25 sufficient bonds to be approved by the board conditioned upon the  
26 faithful performance of the contract and upon the payment of all  
27 claims for labor and material, the bonds to contain the terms and  
28 conditions set forth in Title 3 (commencing with Section 9000) of  
29 Part 6 of Division 4 of the Civil Code, and to be subject to the  
30 provisions of that title. The board shall also have the right to reject  
31 any bid, in which case the board may advertise for new bids.

32 (b) In the event no proposals are received pursuant to  
33 advertisement, where the estimated cost of the work does not  
34 exceed two thousand dollars (\$2,000), the board of directors, by  
35 unanimous vote of all members present, may without advertising  
36 for bids, have the work done by force account. In case of an  
37 emergency, if notice for bids to let contracts will not be given, the  
38 board shall comply with Chapter 2.5 (commencing with Section  
39 22050).

1 (c) The district may purchase in the open market without  
2 advertisement for bids, materials and supplies for use in any work  
3 either under contract or by force account; provided, however, that  
4 materials and supplies for use in any new construction work or  
5 improvement, except work referred to in subdivision (b), may not  
6 be purchased if the cost exceeds two thousand five hundred dollars  
7 (\$2,500), without advertising for bids and awarding the contract  
8 to the lowest responsible bidder.

9 (d) The provisions of this section have no application to a  
10 contract entered into with the United States under the authority of  
11 Section 3 of Chapter 2127 of the Statutes of 1959, or to a contract  
12 authorized by a vote of the electorate of the district.

13 SEC. 89. Section 21441 of the Public Contract Code is amended  
14 to read:

15 21441. (a) All contracts for any improvement or unit of work,  
16 when the cost according to the estimate of the engineer will exceed  
17 five thousand dollars (\$5,000) shall be let to the lowest responsible  
18 bidder or bidders as provided in this article. The board shall first  
19 determine whether the contract shall be let as a single unit, or  
20 divided into severable parts. The board shall advertise for bids by  
21 three insertions in a daily newspaper of general circulation or by  
22 two insertions in a weekly newspaper of general circulation printed  
23 and published in the authority, inviting sealed proposals for the  
24 construction or performance of the improvement work. The call  
25 for bids shall state whether the work shall be performed in one  
26 unit or divided into parts. The work may be let under a single  
27 contract or several contracts, as stated in the call. The board shall  
28 require the successful bidders to file with the board good and  
29 sufficient bonds to be approved by the board conditioned upon the  
30 faithful performance of the contract and upon the payment of their  
31 claims for labor and material. The bonds shall comply with Title  
32 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
33 Civil Code. The board may reject any bid. In the event all proposals  
34 are rejected or no proposals are received, or the estimated cost of  
35 the work does not exceed five thousand dollars (\$5,000), or the  
36 work consists of channel protection, maintenance work, or  
37 emergency work, the board may have the work done by force  
38 account without advertising for bids.

39 (b) In case of an emergency, if notice for bids to let contracts  
40 will not be given, the board shall comply with Chapter 2.5

1 (commencing with Section 22050). The authority may purchase  
2 in the open market without advertising for bids, materials, and  
3 supplies for use in any work, either under contract or by force  
4 account.

5 SEC. 90. Section 21451 of the Public Contract Code is amended  
6 to read:

7 21451. All contracts for any improvement or unit of work,  
8 when the cost according to the estimate of the engineer will exceed  
9 twelve thousand five hundred dollars (\$12,500), shall be let to the  
10 lowest responsible bidder or bidders as provided in this article.  
11 The board shall first determine whether the contract shall be let as  
12 a single unit or divided into severable parts. The board shall  
13 advertise for bids by three insertions in a daily newspaper of  
14 general circulation or by two insertions in a weekly newspaper of  
15 general circulation printed and published in the agency, inviting  
16 sealed proposals for the construction or performance of the  
17 improvement or work. The call for bids shall state whether the  
18 work shall be performed in one unit or divided into parts. The work  
19 may be let under a single contract or several contracts, as stated  
20 in the call. The board shall require the successful bidders to file  
21 with the board good and sufficient bonds to be approved by the  
22 board conditioned upon the faithful performance of the contract  
23 and upon the payment of their claims for labor and material. The  
24 payment bonds shall comply with Chapter 5 (commencing with  
25 Section 9550) of Title 3 of Part 6 of Division 4 of the Civil Code.  
26 The board may reject any bid. If all proposals are rejected or no  
27 proposals are received, or the estimated cost of the work does not  
28 exceed twelve thousand five hundred dollars (\$12,500), or the  
29 work consists of channel protection, maintenance work, or  
30 emergency work, the board may have the work done by force  
31 account without advertising for bids. In case of an emergency, if  
32 notice for bids to let contracts will not be given, the board shall  
33 comply with Chapter 2.5 (commencing with Section 22050). The  
34 agency may purchase in the open market without advertising for  
35 bids, materials and supplies for use in any work, either under  
36 contract or by force account.

37 SEC. 91. Section 21461 of the Public Contract Code is amended  
38 to read:

39 21461. All contracts for any improvement or unit of work,  
40 when the cost according to the estimate of the engineer will exceed

1 five thousand dollars (\$5,000), shall be let to the lowest responsible  
2 bidder or bidders as provided in this article. The board shall first  
3 determine whether the contract shall be let as a single unit, or  
4 divided into severable parts. The board shall advertise for bids by  
5 three insertions in a daily newspaper of general circulation or by  
6 two insertions in a weekly newspaper of general circulation printed  
7 and published in the agency, inviting sealed proposals for the  
8 construction or performance of the improvement or work. The call  
9 for bids shall state whether the work shall be performed in one  
10 unit or divided into parts. The work may be let under a single  
11 contract or several contracts, as stated in such call. The board shall  
12 require the successful bidders to file with the board good and  
13 sufficient bonds to be approved by the board conditioned upon the  
14 faithful performance of the contract and upon payment of their  
15 claims for labor and material. The bonds shall comply with Title  
16 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
17 Civil Code. The board may reject any and all bids. In the event all  
18 proposals are rejected or no proposals are received, or the estimated  
19 cost of the work does not exceed five thousand dollars (\$5,000),  
20 or the work consists of channel protection, maintenance work, or  
21 emergency work, the board of supervisors may have the work done  
22 by force account without advertising for bids. In case of an  
23 emergency, if notice for bids to let contracts will not be given, the  
24 board shall comply with Chapter 2.5 (commencing with Section  
25 22050). The district may purchase in the open market without  
26 advertising for bids, materials and supplies for use in any work,  
27 either under contract or by force account.

28 SEC. 92. Section 21491 of the Public Contract Code is amended  
29 to read:

30 21491. (a) All contracts for any improvement or unit of work,  
31 when the cost according to the estimate of the engineer will exceed  
32 ten thousand dollars (\$10,000), shall be let to the lowest responsible  
33 bidder or bidders as provided in this article. The board shall first  
34 determine whether the contract shall be let as a single unit, or  
35 divided into severable parts. The board shall advertise for bids by  
36 three insertions in a daily newspaper of general circulation or by  
37 two insertions in a weekly newspaper of general circulation printed  
38 and published in the agency, inviting sealed proposals for the  
39 construction or performance of the improvement or work. The call  
40 for bids shall state whether the work shall be performed in one

1 unit or divided into parts. The work may be let under a single  
2 contract or several contracts, as stated in such call. The board shall  
3 require the successful bidders to file with the board good and  
4 sufficient bonds to be approved by the board conditioned upon the  
5 faithful performance of the contract and upon the payment of their  
6 claims for labor and material. The bonds shall comply with Title  
7 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
8 Civil Code. The board may reject any bid.

9 (b) In the event all proposals are rejected or no proposals are  
10 received, or the estimated cost of the work does not exceed ten  
11 thousand dollars (\$10,000), or the work consists of channel  
12 protection, maintenance work, or emergency work, the board may  
13 have the work done by force account without advertising for bids.  
14 In case of an emergency, if notice for bids to let contracts will not  
15 be given, the board shall comply with Chapter 2.5 (commencing  
16 with Section 22050).

17 (c) The agency may purchase in the open market without  
18 advertising for bids, materials and supplies for use in any work,  
19 either under contract or by force account; provided, however, that  
20 materials and supplies for use in any new construction work or  
21 improvement, except work referred to in subdivision (b), may not  
22 be purchased if the cost exceeds ten thousand dollars (\$10,000),  
23 without advertising for bids and awarding the contract to the lowest  
24 responsible bidder.

25 SEC. 93. Section 21501 of the Public Contract Code is amended  
26 to read:

27 21501. (a) All contracts for any improvement or unit of work,  
28 when the cost according to the estimate of the engineer will exceed  
29 fifteen thousand dollars (\$15,000), shall be let to the lowest  
30 responsible bidder or bidders as provided in this article. The board  
31 shall first determine whether the contract shall be let as a single  
32 unit, or divided into severable parts. The board shall advertise for  
33 bids by three insertions in a daily newspaper of general circulation  
34 or by two insertions in a weekly newspaper of general circulation  
35 printed and published in the agency, inviting sealed proposals for  
36 the construction or performance of the improvement or work. The  
37 call for bids shall state whether the work shall be performed in one  
38 unit or divided into parts. The work may be let under a single  
39 contract or several contracts, as stated in such call. The board shall  
40 require the successful bidders to file with the board good and

1 sufficient bonds to be approved by the board conditioned upon the  
2 faithful performance of the contract and upon the payment of their  
3 claims for labor and material. The bonds shall comply with Chapter  
4 5 (commencing with Section 9550) of Title 3 of Part 6 of Division  
5 4 of the Civil Code. The board may reject any and all bids.

6 (b) The board may have work done by force account without  
7 advertising for bids or by informal bidding procedures in any of  
8 the following situations:

9 (1) All proposals are rejected.

10 (2) No proposals are received.

11 (3) The estimated cost of the work does not exceed fifteen  
12 thousand dollars (\$15,000) until January 1, 1989. After January  
13 1, 1989, the estimated cost of the work shall not exceed ten  
14 thousand dollars (\$10,000).

15 (4) The work consists of channel protection.

16 (5) The work consists of maintenance work, except that informal  
17 bidding procedures may be used only where the estimated cost  
18 does not exceed twenty-five thousand dollars (\$25,000).

19 (6) The work consists of emergency work. In case of an  
20 emergency, if notice for bids to let contracts will not be given, the  
21 board shall comply with Chapter 2.5 (commencing with Section  
22 22050).

23 (c) The agency may purchase in the open market without  
24 advertising for bids, materials and supplies for use in any work,  
25 either under contract or by force account, except that, materials  
26 and supplies for use in any new construction work or improvement,  
27 except work referred to in subdivision (b), may not be purchased,  
28 if the cost exceeds fifteen thousand dollars (\$15,000), without  
29 advertising for bids and awarding the contract to the lowest  
30 responsible bidder.

31 (d) As used in this section, "informal bidding procedures" means  
32 that the board shall, at a minimum, award a contract to the lowest  
33 responsible bidder after publishing a notice which generally  
34 describes the work to be performed and invites written bids in a  
35 newspaper of general circulation in the agency once a week for  
36 two successive weeks. The board shall obtain a minimum of three  
37 written bids.

38 SEC. 94. Section 21511 of the Public Contract Code is amended  
39 to read:

1 21511. (a) All contracts for any improvement or unit of work,  
2 when the cost according to the estimate of the engineer will exceed  
3 fifty thousand dollars (\$50,000), shall be let to the lowest  
4 responsible bidder or bidders as provided in this article. The board  
5 shall first determine whether the contract shall be let as a single  
6 unit or divided into severable parts. The board shall advertise for  
7 bids by three insertions in a daily newspaper of general circulation  
8 or by two insertions in a weekly newspaper of general circulation  
9 printed and published in the agency, inviting sealed proposals for  
10 the construction or performance of the improvement or work. The  
11 call for bids shall state whether the work shall be performed in one  
12 unit or divided into parts. The work may be let under a single  
13 contract or several contracts, as stated in the call. The board shall  
14 require the successful bidders to file with the board good and  
15 sufficient bonds to be approved by the board conditioned upon the  
16 faithful performance of the contract and upon the payment of their  
17 claims for labor and material. The bonds shall comply with Title  
18 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
19 Civil Code. The board may reject any and all bids.

20 (b) In the event all proposals are rejected or no proposals are  
21 received, or the estimated cost of the work does not exceed ten  
22 thousand dollars (\$10,000), or the work consists of channel  
23 protection, maintenance work, or emergency work, the board may  
24 have the work done by force account without advertising for bids.  
25 In case of an emergency, if notice for bids to let contracts will not  
26 be given, the board shall comply with Chapter 2.5 (commencing  
27 with Section 22050).

28 (c) The agency may purchase in the open market without  
29 advertising for bids, materials and supplies for use in any work,  
30 either under contract or by force account. However, materials and  
31 supplies for use in any new construction work or improvement,  
32 except work referred to in subdivision (b), may not be purchased,  
33 if the cost exceeds fifty thousand dollars (\$50,000), without  
34 advertising for bids and awarding the contract to the lowest  
35 responsible bidder.

36 SEC. 95. Section 21521 of the Public Contract Code is amended  
37 to read:

38 21521. All contracts for any improvement or unit of work,  
39 when the cost according to the estimate of the engineer will exceed  
40 five thousand dollars (\$5,000) shall be let to the lowest responsible

1 bidder or bidders as provided in this article. The board shall first  
2 determine whether the contract shall be let as a single unit, or  
3 divided into severable parts. The board shall advertise for bids by  
4 three insertions in a daily newspaper of general circulation or by  
5 two insertions in a weekly newspaper of general circulation printed  
6 and published in the agency, inviting sealed proposals for the  
7 construction or performance of the improvement or work. The call  
8 for bids shall state whether the work shall be performed in one  
9 unit or divided into parts. The work may be let under a single  
10 contract or several contracts, as stated in the call. The board shall  
11 require the successful bidders to file with the board good and  
12 sufficient bonds to be approved by the board conditioned upon the  
13 faithful performance of the contract and upon the payment of their  
14 claims for labor and material. The bonds shall comply with Title  
15 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
16 Civil Code. The board may reject any bid. In the event all proposals  
17 are rejected or no proposals are received, or the estimated cost of  
18 the work does not exceed five thousand dollars (\$5,000), or the  
19 work consists of channel protection, maintenance work, or  
20 emergency work, the board may have the work done by force  
21 account without advertising for bids. In case of an emergency, if  
22 notice for bids to let contracts will not be given, the board shall  
23 comply with Chapter 2.5 (commencing with Section 22050). In  
24 that event a majority vote of all board members shall be required.  
25 The board may purchase in the open market without advertising  
26 for bids, materials and supplies for use in any work, either under  
27 contract or by force account.

28 SEC. 96. Section 21531 of the Public Contract Code is amended  
29 to read:

30 21531. (a) The Castaic Lake Water Agency shall have power  
31 to prescribe methods for the construction of works and for the  
32 letting of contracts for the construction of works, structures, or  
33 equipment, or the performance or furnishing of labor, materials,  
34 or supplies, necessary or convenient for carrying out any of the  
35 purposes of this act or for the acquisition or disposal of any real  
36 or personal property; provided, that all contracts for any  
37 improvement or unit of work, when the cost according to the  
38 estimate of the engineer will exceed five thousand dollars (\$5,000),  
39 shall be let to the lowest responsible bidder or bidders as provided  
40 in this article. The board shall first determine whether the contract

1 shall be let as a single unit or divided into severable parts. The  
2 board shall advertise for bids by three insertions in a daily  
3 newspaper of general circulation published in the agency or by  
4 two insertions in a nondaily newspaper of general circulation  
5 published in the agency or, if no newspaper is published in the  
6 agency, in any newspaper of general circulation distributed in the  
7 agency, inviting sealed proposals for the construction or  
8 performance of the improvement or work. The call for bids shall  
9 state whether the work shall be performed in one unit or divided  
10 into parts. The work may be let under a single contract or several  
11 contracts, as stated in the call. The board shall require the  
12 successful bidders to file with the board good and sufficient bonds  
13 to be approved by the board conditioned upon the faithful  
14 performance of the contract and upon the payment of their claims  
15 for labor and material. The bonds shall comply with Title 3  
16 (commencing with Section 9000) of Part 6 of Division 4 of the  
17 Civil Code. The board may reject any bid.

18 (b) In the event all proposals are rejected or no proposals are  
19 received, or the estimated cost of the work does not exceed five  
20 thousand dollars (\$5,000), or the work consists of channel  
21 protection, maintenance work, or emergency work, the board may  
22 have the work done by force account without advertising for bids.  
23 In case of an emergency, if notice for bids to let contracts will not  
24 be given, the board shall comply with Chapter 2.5 (commencing  
25 with Section 22050).

26 (c) The agency may purchase in the open market without  
27 advertising for bids, materials and supplies for use in any work,  
28 either under contract or by force account; provided, however, that  
29 materials and supplies for use in any new construction work or  
30 improvement, except work referred to in subdivision (b), may not  
31 be purchased if the cost exceeds five thousand dollars (\$5,000),  
32 without advertising for bids and awarding the contract to the lowest  
33 responsible bidder.

34 SEC. 97. Section 21541 of the Public Contract Code is amended  
35 to read:

36 21541. (a) The Crestline-Lake Arrowhead Water Agency shall  
37 have power to prescribe methods for the construction of works  
38 and for the letting of contracts for the construction of works,  
39 structures, or equipment, or the performance or furnishing of labor,  
40 materials, or supplies, necessary or convenient for carrying out

1 any of the purposes of this act or for the acquisition or disposal of  
2 any real or personal property. However, all contracts for the  
3 construction of any improvement or unit of work, when the cost,  
4 according to the estimate of the engineer, will exceed twenty-five  
5 thousand dollars (\$25,000), shall be let to the lowest responsible  
6 bidder or bidders as provided in this article. The board shall first  
7 determine whether the contract shall be let as a single unit or  
8 divided into severable parts. The board shall advertise for bids by  
9 three insertions in a daily newspaper of general circulation or by  
10 two insertions in a weekly newspaper of general circulation printed  
11 and published in the agency, inviting sealed proposals for the  
12 construction or performance of the improvement or work. The call  
13 for bids shall state whether the work shall be performed in one  
14 unit or divided into parts. The work may be let under a single  
15 contract or several contracts, as stated in the call.

16 The board shall require the successful bidders to file with the  
17 board good and sufficient bonds to be approved by the board  
18 conditioned upon the faithful performance of the contract and upon  
19 the payment of their claims for labor and material. The bonds shall  
20 comply with Title 3 (commencing with Section 9000) of Part 6 of  
21 Division 4 of the Civil Code. The board may reject any bid.

22 (b) In the event all proposals are rejected or no proposals are  
23 received, or the estimated cost of the work does not exceed five  
24 thousand dollars (\$5,000), or the work consists of channel  
25 protection, maintenance work, or emergency work, the board may  
26 have the work done by force account without advertising for bids.  
27 In case of an emergency, if notice for bids to let contracts will not  
28 be given, the board shall comply with Chapter 2.5 (commencing  
29 with Section 22050).

30 (c) The agency may purchase in the open market without  
31 advertising for bids, materials and supplies for use in any work,  
32 either under contract or by force account. However, materials and  
33 supplies for use in any new construction work or improvement,  
34 except work referred to in subdivision (b), may not be purchased  
35 if the cost exceeds twenty-five thousand dollars (\$25,000), without  
36 advertising for bids and awarding the contract to the lowest  
37 responsible bidder.

38 SEC. 98. Section 21572 of the Public Contract Code is amended  
39 to read:

1 21572. Any improvement or unit of work, except as provided  
2 in this article, estimated to cost in excess of five thousand dollars  
3 (\$5,000), shall be done by contract and let to the lowest responsible  
4 bidder in the manner provided in this article. The board of directors  
5 of the agency shall advertise by three insertions in a daily  
6 newspaper of general circulation or two insertions in a weekly  
7 newspaper of general circulation published in the agency, inviting  
8 sealed proposals for the construction of the work before any  
9 contract shall be made, and may let by contract separately any part  
10 of the work. The board shall require the successful bidder to file  
11 with the board good and sufficient bonds to be approved by the  
12 board, conditioned upon the faithful performance of the contract,  
13 and upon the payment of the claims for labor and material, the  
14 bonds to contain the terms and conditions set forth in Title 3  
15 (commencing with Section 9000) of Part 6 of Division 4 of the  
16 Civil Code, and to be subject to the provisions of that title. The  
17 board shall also have the right to reject any and all bids, and  
18 readvertise for new bids, or by a two-thirds vote may elect to  
19 undertake the work by force account. In the event no proposals  
20 are received pursuant to advertisement, or where the estimated  
21 cost of such work does not exceed five thousand dollars (\$5,000),  
22 the board of directors by unanimous vote of all members present  
23 may without advertising for bids have the work done by force  
24 account. In case of an emergency, if notice for bids to let contracts  
25 will not be given, the board shall comply with Chapter 2.5  
26 (commencing with Section 22050). The agency may purchase in  
27 the open market without advertisement for bids, materials and  
28 supplies for use in any work either under contract or by force  
29 account.

30 SEC. 99. Section 21581 of the Public Contract Code is amended  
31 to read:

32 21581. (a) Any improvement or unit of work when the cost  
33 according to the estimate of the engineer will exceed five thousand  
34 dollars (\$5,000), shall be done by contract and shall be let to the  
35 lowest responsible bidder or bidders in the manner provided in  
36 this article. The board shall first determine whether the contract  
37 shall be let as a single unit or shall be divided into severable parts,  
38 or both, according to the best interests of the district. The board  
39 shall call for bids and advertise the call by three insertions in a  
40 daily newspaper of general circulation or by two insertions in a

1 weekly newspaper of general circulation printed in the district  
2 inviting sealed proposals for the construction or performance of  
3 the improvement or work before any contract is made. The call  
4 for bids shall state whether the work is to be performed as a unit  
5 or shall be divided into severable specific parts, or both, as stated  
6 in the call. The board may let the work by single contract for the  
7 whole or it may divide the work into severable parts by separate  
8 contracts, as stated in the call, according to the best interests of  
9 the district. The board shall require the successful bidder or bidders  
10 to file with the board a good and sufficient bond to be approved  
11 by the board conditioned upon the payment of their claims for  
12 labor and material, the bond to contain the terms and conditions  
13 set forth in Title 3 (commencing with Section 9000) of Part 6 of  
14 Division 4 of the Civil Code and to be subject to the provisions of  
15 that title. The board shall also have the right to reject any and all  
16 bids and readvertise for new bids, or by a two-thirds vote may  
17 elect to undertake the work by force account.

18 (b) In the event no proposals are received pursuant to  
19 advertisement, or the estimated cost of the work does not exceed  
20 five thousand dollars (\$5,000), or the work consists of channel  
21 protection, maintenance work, or emergency work, the board of  
22 supervisors may, without advertising for bids, have the work done  
23 by employees of the district, by day labor, under the direction of  
24 the board, by contract, or by any combination of those methods.  
25 In case of an emergency, if notice for bids to let contracts will not  
26 be given, the board shall comply with Chapter 2.5 (commencing  
27 with Section 22050).

28 (c) The district may acquire in the open market without  
29 advertising for bids, materials, equipment, and supplies for use in  
30 any work or for any other purpose; provided, however, that  
31 materials and supplies for use in any new construction work or  
32 improvement, except work referred to in subdivision (b), may not  
33 be purchased if the cost exceeds five thousand dollars (\$5,000),  
34 without advertising for bids and awarding the contract to the lowest  
35 responsible bidder.

36 SEC. 100. Section 21591 of the Public Contract Code is  
37 amended to read:

38 21591. (a) Any improvement or unit of work, when the cost,  
39 according to the estimate of the engineer, will exceed twenty-five  
40 thousand dollars (\$25,000), shall be done by contract and shall be

1 let to the lowest responsible bidder or bidders as provided in this  
2 article. The board shall first determine whether the contract shall  
3 be let as a single unit or divided into severable parts. The board  
4 shall advertise for bids by three insertions in a daily newspaper of  
5 general circulation or by two insertions in a weekly newspaper of  
6 general circulation printed and published in the agency, if there is  
7 a newspaper printed and published in the agency, inviting sealed  
8 proposals for the construction or performance of the improvement  
9 or work. The call for bids shall state whether the work shall be  
10 performed in one unit or divided into parts. The work may be let  
11 under a single contract or several contracts, as stated in the call.  
12 The board shall require the successful bidders to file with the board  
13 good and sufficient bonds to be approved by the board conditioned  
14 upon the faithful performance of the contract and upon the payment  
15 of their claims for labor and material. The bonds shall comply with  
16 Title 3 (commencing with Section 9000) of Part 6 of Division 4  
17 of the Civil Code. The board may reject any and all bids and  
18 readvertise, or by a two-thirds vote may elect to undertake work  
19 by force account.

20 (b) If no proposals are received, or the estimated cost of the  
21 work does not exceed twenty-five thousand dollars (\$25,000), or  
22 the work consists of channel protection, maintenance work, or  
23 emergency work, the board may have the work done by force  
24 account without advertising for bids. In case of an emergency, if  
25 notice for bids to let contracts will not be given, the board shall  
26 comply with Chapter 2.5 (commencing with Section 22050).

27 (c) The agency may purchase in the open market without  
28 advertising for bids, materials and supplies for use in any work,  
29 either under contract or by force account; provided, however, that  
30 materials and supplies for use in any new construction work or  
31 improvement, except work referred to in subdivision (b), may not  
32 be purchased if the cost exceeds twenty-five thousand dollars  
33 (\$25,000), without advertising for bids and awarding the contract  
34 to the lowest responsible bidder.

35 SEC. 101. Section 21601 of the Public Contract Code is  
36 amended to read:

37 21601. Any improvement or unit of work, when the cost,  
38 according to the estimate of the engineer, will exceed five thousand  
39 dollars (\$5,000), shall be done by contract and let to the lowest  
40 responsible bidder or bidders as provided in this article. The board

1 shall first determine whether the contract shall be let as a single  
2 unit or divided into severable parts. The board shall advertise for  
3 bids by three insertions in a daily newspaper of general circulation,  
4 or by two insertions in a weekly newspaper of general circulation,  
5 printed and published in the agency, inviting sealed proposals for  
6 the construction or performance of the improvement or work. The  
7 call for bids shall state whether the work shall be performed in one  
8 unit or divided into parts. The work may be let under a single  
9 contract or several contracts, as stated in the call. The board shall  
10 require the successful bidders to file with the board good and  
11 sufficient bonds to be approved by the board conditioned upon the  
12 faithful performance of the contract and upon payment of their  
13 claims for labor and material. The bonds shall comply with Title  
14 3 (commencing with Section 9000) of Part 6 of Division 4 of the  
15 Civil Code. The board may reject any and all bids and readvertise,  
16 or, by a two-thirds vote, may elect to undertake the work by force  
17 account. If no proposals are received, the estimated cost of the  
18 work does not exceed five thousand dollars (\$5,000), or the work  
19 consists of channel protection, maintenance work, or emergency  
20 work, the board of supervisors may have the work done by force  
21 account without advertising for bids. In case of an emergency, if  
22 notice for bids to let contracts will not be given, the board shall  
23 comply with Chapter 2.5 (commencing with Section 22050). The  
24 district may purchase in the open market without advertising for  
25 bids, materials, and supplies for use in any work, either under  
26 contract or by force account.

27 SEC. 102. Section 21622 of the Public Contract Code is  
28 amended to read:

29 21622. The board shall require the successful bidder or bidders  
30 to file with the board, good and sufficient bonds, to be approved  
31 by the board conditioned upon the faithful performance of the  
32 contract and upon the payment of their claims for labor and  
33 material in connection therewith. Such contracts shall be subject  
34 to the provisions of Title 3 (commencing with Section 9000) of  
35 Part 6 of Division 4 of the Civil Code.

36 SEC. 103. Section 21631 of the Public Contract Code is  
37 amended to read:

38 21631. (a) Any improvement or unit of work when the cost,  
39 according to the estimate of the engineer, will exceed six thousand  
40 five hundred dollars (\$6,500), shall be done by contract and shall

1 be let to the lowest responsible bidder or bidders in the manner  
2 provided in this article. The board shall first determine whether  
3 the contract shall be let as a single unit, or shall be divided into  
4 severable parts, or both, according to the best interests of the  
5 district. The board shall call for bids and advertise the call by three  
6 insertions in a daily newspaper of general circulation or by two  
7 insertions in a weekly newspaper of general circulation printed in  
8 the district inviting sealed proposals for the construction or  
9 performance of the improvement or work before any contract is  
10 made. The call for bids shall state whether the work is to be  
11 performed as a unit or shall be divided into severable parts, or  
12 both, as stated in the call. The board may let the work by single  
13 contract or it may divide the work into severable parts by separate  
14 contracts, as stated in the call, according to the best interests of  
15 the district. The board shall require the successful bidder or bidders  
16 to file with the board a good and sufficient bond, to be approved  
17 by the board, conditioned upon the payment of their claims for  
18 labor and material. The bond shall contain the terms and conditions  
19 set forth in Title 3 (commencing with Section 9000) of Part 6 of  
20 Division 4 of the Civil Code and be subject to the provisions of  
21 that title. The board may reject any and all bids and readvertise  
22 for new bids, or by a two-thirds vote may elect to undertake the  
23 work by force account.

24 (b) If no proposals are received pursuant to advertisement or  
25 the estimated cost of the work does not exceed six thousand five  
26 hundred dollars (\$6,500), or the work consists of channel  
27 protection, maintenance work, or emergency work, the board of  
28 supervisors may, without advertising for bids, have the work done  
29 by employees of the district, by day labor, under the direction of  
30 the board, by contract, or by a combination of those methods. In  
31 case of an emergency, if notice for bids to let contracts will not be  
32 given, the board shall comply with Chapter 2.5 (commencing with  
33 Section 22050).

34 (c) The district may acquire in the open market, without  
35 advertising for bids, materials, equipment, and supplies for use in  
36 any work or for any other purpose; provided, however, that  
37 materials and supplies for use in any new construction work or  
38 improvement, except that work referred to in subdivision (b), may  
39 not be purchased if the cost exceeds six thousand five hundred

1 dollars (\$6,500), without advertising for bids and awarding the  
2 contract to the lowest responsible bidder.

3 SEC. 104. Section 136.5 of the Streets and Highways Code is  
4 amended to read:

5 136.5. (a) The contracts referred to in Sections 135, 136, and  
6 136.1 are not subject to the State Contract Act (Part 2 (commencing  
7 with Section 10100) of Division 2 of the Public Contract Code).  
8 Except for emergency work of the type described in subdivision  
9 (b), whenever the estimated amount of a contract exceeds two  
10 thousand five hundred dollars (\$2,500), it shall be awarded to the  
11 lowest responsible bidder, after competitive bidding on any  
12 reasonable notice that the department may prescribe. Posting of  
13 notice for five days in a public place in the district office within  
14 which the work is to be done, or the equipment used, is sufficient.  
15 Those contracts shall be subject to the applicable payment bond  
16 provisions of Chapter 5 (commencing with Section 9550) of Title  
17 3 of Part 6 of Division 4 of the Civil Code. The department may  
18 require faithful performance bonds when considered necessary.  
19 The advertisement for each contract shall state whether or not a  
20 bond shall be required.

21 (b) In cases of emergency work necessitated by the imminence  
22 or occurrence of a landslide, flood, storm damage, accident, or  
23 other casualty, tools or equipment may be rented for a period of  
24 not to exceed 60 days without competitive bidding, and the  
25 department may waive the requirements of Chapter 5 (commencing  
26 with Section 9550) of Title 3 of Part 6 of Division 2 of the Civil  
27 Code to the extent that a contractor may commence performance  
28 of the work under the contract for the rental of tools or equipment  
29 prior to filing a payment bond with the department. In that case,  
30 no payment shall be made to the contractor until a payment bond  
31 covering all work of the contract is filed with the department.

32 SEC. 105. (a) ~~This act is~~ (1) *Except as otherwise provided in*  
33 *paragraphs (2) and (3), Sections 1 to 16, inclusive, Sections 17 to*  
34 *20, inclusive, and Sections 21 to 104, inclusive, of this act are*  
35 *operative on January July 1, 2012.*

36 (2) *As provided in Section 108:*

37 (A) *Section 16.5 of this act shall become operative on January*  
38 *1, 2011.*

39 (B) *Sections 20.1 and 20.2 of this act shall become operative*  
40 *on July 1, 2012.*

1 (3) As provided in Section 109:

2 (A) Section 16.3 shall become operative on January 1, 2011.

3 (B) Sections 1.5, 2.5, 3.5, 4.5, and 39.5 of this act shall become  
4 operative on July 1, 2012.

5 ~~(b) Except as otherwise provided in this section, this act applies~~  
6 ~~to a contract for a work of improvement executed before, on, or~~  
7 ~~after the operative date.~~

8 ~~(e) The~~

9 (b) Notwithstanding subdivision (a), the effectiveness of a notice  
10 given, or other action taken, before the operative date July 1, 2012,  
11 is governed by the applicable law in effect before the operative  
12 date July 1, 2012, and not by this act.

13 SEC. 106. Any section of any act, except ~~SB Assembly Bill~~  
14 ~~2216, Assembly Bill 2419, or Senate Bill 1330~~, enacted by the  
15 Legislature during the 2010 calendar year that takes effect on or  
16 before January 1, 2011, and that amends, amends and renumbers,  
17 amends and repeals, adds, repeals and adds, or repeals a section  
18 that is amended, amended and renumbered, amended and repealed,  
19 added, repealed and added, or repealed by this act, shall prevail  
20 over this act, whether that act is chaptered before or after this act.

21 ~~SEC. 107. No reimbursement is required by this act pursuant~~  
22 ~~to Section 6 of Article XIII B of the California Constitution because~~  
23 ~~the only costs that may be incurred by a local agency or school~~  
24 ~~district will be incurred because this act creates a new crime or~~  
25 ~~infraction, eliminates a crime or infraction, or changes the penalty~~  
26 ~~for a crime or infraction, within the meaning of Section 17556 of~~  
27 ~~the Government Code, or changes the definition of a crime within~~  
28 ~~the meaning of Section 6 of Article XIII B of the California~~  
29 ~~Constitution.~~

30 ~~SEC. 108.~~

31 SEC. 107. (a) Except as provided in subdivisions (b) and (c):

32 (1) This act is intended to be nonsubstantive in effect.

33 (2) Nothing in this act is intended to affect a court decision  
34 construing or relating to a provision of former Chapter 8  
35 (commencing with Section 3081.1) of Title 14 of Part 4 of Division  
36 3 of the Civil Code, or former Title 15 (commencing with Section  
37 3082) of Part 4 of Division 3 of the Civil Code. A court decision  
38 construing or relating to a provision of one of those former laws  
39 also applies to a provision of this act that restates and continues  
40 the former provision. However, in enacting this act, the Legislature

1 has not evaluated the correctness of those court decisions. This act  
2 is not intended to, and does not, reflect any legislative assessment  
3 of those court decisions.

4 (b) The following provisions of the Civil Code, which are  
5 enacted by this act, are either substantively new or are substantively  
6 different from former law:

7 (1) Section 8014.

8 (2) Section 8064.

9 (3) Chapter 2 (commencing with Section 8100) of Title 1 of  
10 Part 6 of Division 4.

11 (4) Section 8122.

12 (5) Section 8128.

13 (6) Section 8132.

14 (7) Section 8182.

15 (8) Section 8186.

16 (9) Section 8190.

17 (10) Section 8200.

18 (11) Section 8424.

19 (12) Section 8460.

20 (13) Section 8482.

21 (14) Section 8486.

22 (15) Section 8488.

23 (16) Section 8510.

24 (17) Section 8604.

25 (18) Section 8606.

26 (19) Section 8610.

27 (20) Section 8800.

28 (21) Section 8834.

29 (22) Section 8844.

30 (23) Section 9200.

31 (24) Section 9204.

32 (25) Section 9362.

33 (26) Section 9408.

34 (27) Section 9550.

35 (28) Section 9558.

36 (c) The following provisions of former Title 15 (commencing  
37 with Section 3082) of Part 4 of Division 3 of the Civil Code are  
38 not continued by this act:

39 (1) Subdivision (b) of Section 3086.

40 (2) Section 3105.

- 1 (3) Subdivision (c) of Section 3123.
- 2 (4) The second paragraph of Section 3131.
- 3 (5) Section 3149.
- 4 (6) Section 3204.
- 5 (7) Paragraph (1) of subdivision (c) of Section 3260.
- 6 (8) Paragraph (2) of subdivision (c) of Section 3260.

7 *SEC. 108. Sections 16.5 of this bill incorporates amendments*  
8 *to Section 3252 of the Civil Code, as proposed by Assembly Bill*  
9 *2216, and Section 20.2 adds Section 9560 to the Civil Code, with*  
10 *additional changes as proposed by Assembly Bill 2216. Sections*  
11 *16.5 and 20.2 of this bill shall only become operative if (1) this*  
12 *bill and Assembly Bill 2216 are enacted and become effective on*  
13 *or before January 1, 2011, (2) Assembly Bill 2216 amends Section*  
14 *3252 of the Civil Code, and this bill repeals Title 15 (commencing*  
15 *with Section 3082) of Part 4 of Division 3 of the Civil Code, and*  
16 *(3) this bill is enacted after Assembly Bill 2216, in which case*  
17 *Section 20.1 of this bill shall not become operative.*

18 *SEC. 109. (a) Sections 1.5, 2.5, 3.5, 4.5, and 39.5 of this bill*  
19 *incorporate amendments to Sections 7034, 7071.5, 7071.10, and*  
20 *7159 of the Business and Professions Code, and to Section 19825*  
21 *of the Health and Safety Code, respectively, proposed by this bill*  
22 *and Assembly Bill 2419. These provisions shall only become*  
23 *operative if (1) both bills are enacted and become effective on or*  
24 *before January 1, 2011, (2) each bill amends Sections 7034,*  
25 *7071.5, 7071.10, and 7159 of the Business and Professions Code,*  
26 *and Section 19825 of the Health and Safety Code, and (3) this bill*  
27 *is enacted after Assembly Bill 2419, in which case Sections 7034,*  
28 *7071.5, 7071.10, and 7159 of the Business and Professions Code,*  
29 *Section 3084 of the Civil Code, and Section 19825 of the Health*  
30 *and Safety Code, as amended by AB 2419, shall remain operative*  
31 *only until the operative date of this bill, at which time Section 1.5,*  
32 *2.5, 3.5, 4.5, and 39.5 of this bill shall become operative, and*  
33 *Sections 1, 2, 3, 4, and 39 of this bill shall not become operative.*

34 *(b) Section 16.3 of this bill incorporates amendments to Section*  
35 *3084 of the Civil Code, proposed by Assembly Bill 2419. Section*  
36 *16.3 of this bill shall only become operative if (1) this bill and*  
37 *Assembly Bill 2419 are enacted and become effective on or before*  
38 *January 1, 2011, (2) Assembly Bill 2419 amends Section 3084 of*  
39 *the Civil Code, and this bill repeals Title 15 (commencing with*

- 1 *Section 3082) of Part 4 of Division 3 of the Civil Code, and (3)*
- 2 *this bill is enacted after Assembly Bill 2419.*

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