

**State of California
Office of Administrative Law**

In re:
Contractors State License Board

Regulatory Action:

Title 16, California Code of Regulations

Amend section: 858.2

**NOTICE OF APPROVAL OF CHANGES
WITHOUT REGULATORY EFFECT**

**California Code of Regulations, Title 1,
Section 100**

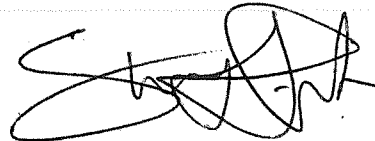
OAL Matter Number: 2022-0801-01

OAL Matter Type: Nonsubstantive (N)

As changes without regulatory effect, the Contractors State License Board (the "Board") is (1) updating the Application for Approval of Blanket Performance and Payment Bond (the "Application") version date referenced in Section 858.2, (2) replacing instances of "which" with "that", (3) replacing instances of "he or she" with "they" and its accompanying verb ("is" to "are"), (4) replacing instances of "my" and "I" with third-person descriptors, and (5) changing several semi-colons to commas.

OAL approves this change without regulatory effect as meeting the requirements of California Code of Regulations, title 1, section 100.

Date: September 6, 2022



**Steven J. Escobar
Senior Attorney**

**Original: David R. Fogt, Registrar
Copy: Mike Jamnetski**

**For: Kenneth J. Pogue
Director**

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 10/2019)

NONSUBSTANTIVE

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-	REGULATORY ACTION NUMBER 2022-0801-01	EMERGENCY NUMBER N
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For use by Office of Administrative Law (OAL) only

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

SEP 06 2022
2:10 PM

OFFICE OF ADMIN. LAW
2022 AUG 1 PM4:47

NOTICE	REGULATIONS
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AGENCY WITH RULEMAKING AUTHORITY
Contractors State License Board (CSLB)

AGENCY FILE NUMBER (If any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE		TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE	
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON		TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		ACTION ON PROPOSED NOTICE		NOTICE REGISTER NUMBER	PUBLICATION DATE

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Blanket Performance and Payment Bond Application	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
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2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)	
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)	ADOPT
	AMEND
	858.2
TITLE(S)	REPEAL
16	

3. TYPE OF FILING

<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input checked="" type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))		<input type="checkbox"/> Other (Specify)	

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)

Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) Effective on filing with Secretary of State \$100 Changes Without Regulatory Effect Effective other (Specify)

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

Department of Finance (Form STD. 399) (SAM §6660) Fair Political Practices Commission State Fire Marshal

Other (Specify)

7. CONTACT PERSON Michael Jamnetski	TELEPHONE NUMBER (916) 255-3369	FAX NUMBER (Optional)	E-MAIL ADDRESS (Optional) michael.jamnetski@cslb.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

SEP 06 2022

Office of Administrative Law

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>David Fogt</i> <small>(Handwritten Aug 1, 2022 1:41 PM)</small>	DATE August 1, 2022
TYPED NAME AND TITLE OF SIGNATORY David R. Fogt, Registrar	

CONTRACTORS STATE LICENSE BOARD

ADOPTED LANGUAGE

California Code of Regulations Title 1, Section 100 Changes

Title 16, Division 8

Article 6. Bonds

Amend Section 858.2 as follows:

§858.2. Application for Approval of Blanket Performance and Payment Bond.

(a) A licensee seeking approval of a blanket bond shall meet the applicable conditions specified under this Article and submit to the Board an Application for Approval of Blanket Performance and Payment Bond, form 13B-35 (rev. 11/2011~~9/2022~~), that includes the following information:

(1) The name and address of the licensee as listed on the license record and the license number.

(2) The name of every person listed on the license record of the applicant who, as specified under Section 7068 of the Code, is acting as a qualifier for the license.

(3) The reviewed year-end financial statements and a report prepared by a certified public accountant (CPA) duly licensed by the California Board of Accountancy or licensed by another state board of accountancy. The reviewed financial statements shall include supplemental information related to the liquidity ratios of the licensee's business and shall particularly include the current ratio and the quick ratio, the calculations for which are specified under subparagraphs (A) and (B) below. The review report, or a separate supplementary report, shall include an explanation that the information has been subject to the review of the CPA. The review report shall cover the two fiscal years immediately preceding application for approval of the blanket bond and should be prepared in accordance with the current Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accounts.

(A) Current ratio calculation: current assets; divided by current liabilities.

(B) Quick ratio calculation: current assets minus inventory; divided by current liabilities.

(4) A certification statement, signed under penalty of perjury by the qualifier for the license, ~~which~~that shall conform to the following language:

QUALIFIER'S CERTIFICATION STATEMENT

(Unless otherwise noted, all section references are to the California Business and Professions Code.)

The undersigned declares that, in accordance with Sections 7068 and 7068.1 of the Code, ~~he or she is~~ they are a qualifier for the licensee identified below (hereafter referred to as "licensee") and ~~is~~ are responsible for exercising the direct supervision and control of the licensee's operations as is necessary to secure full compliance with the laws and regulations that are under the jurisdiction of the Contractors State License Board. As a qualifier of the licensee, the undersigned has reviewed sufficient financial information to execute this certification as it pertains to the licensee's home improvement sales and services that are subject to the home improvement contract requirements specified under Section 7159 of the Code. As of close of business on _____, the blanket performance and payment bond (bond) number _____,

(Date)

_____ issued by _____ as Surety is,
(Bond Number) (Name of Surety Company)

according to ~~my~~ the qualifier's comprehension of the data derived from the licensee, in an aggregate amount that is sufficient to comply with the "100% rule" as specified in the provisions of Section 858.1 of Title 16, Division 8 of the California Code of Regulations.

The undersigned also certifies that ~~he or she~~ they will monitor the relevant business activity of the licensee; ~~exercise~~ exercise due diligence to secure ongoing compliance with the 100% rule; ~~and~~ and notify the Registrar within 30 days of the licensee's refusal, failure, or inability to comply with the 100% rule.

The undersigned also certifies that, upon approval of the blanket bond by the Registrar, the contract forms that will be used by the licensee for all transactions ~~which that~~ are subject to Section 7159 of the Code will contain a notice ~~which that~~ informs the property owner that a blanket performance and payment bond is on file with the Registrar of Contractors, or in lieu thereof, a notice that clearly identifies the name and address of the Surety that has issued the blanket performance and payment bond.

As a qualifying individual for the licensee, ~~I~~ the undersigned declares under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on _____ at _____

(Date)

_____, _____
(City and State)

(Name of Licensee as it Appears on the License)

(License Number)

(Printed Name of Qualifier)

(Signature of Qualifier)

(b) A licensee shall be licensed in this state in an active status for not less than two years prior to submitting the application provided for by this section.

(c) Except as otherwise provided under this subsection, an application for approval of a blanket bond shall not be accepted for consideration if any member of the personnel of record of the licensee, or any home improvement salespersons registered to the licensee, was found to have been responsible for, participated in, or otherwise culpable relative to any legal action that is subject to disclosure under Section 7124.6(e)(2) or 7124.6(e)(3) of the Code, or is named on a license that is suspended pursuant to Section 7071.17 of the Code.

(1) Any person who, after the effective date of the most recent disciplinary order applicable to that individual, is listed on an active license for three consecutive years with no violations resulting in disciplinary action may make application as provided under this Article.

(d) The application shall be signed by the person qualifying on behalf of the licensee who has executed the qualifier's certification statement required under this section. In the case of a responsible managing employee qualifier, the application shall also be signed by the owner, partner, or current corporate officer.

(e) The application shall be accompanied by a blanket bond that complies with the provisions of Section 858.1 of this Article and is underwritten by a surety that has been admitted in the State of California.

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Sections 7068, 7068.1, 7071.17, 7124.6, 7159 and 7159.5, Business and Professions Code.