

## How the CSLB Works (Again)

This column discusses issues with the Contractor's State License Board (CSLB) with some frequency. But then it is surprising the number of times the CSLB pops up in our practices.

A contractor's relationship with the Board is complicated. Most perceive it is a less than friendly – a traffic cop always looking to set up a speed-trap. This is true enough – the CSLB is part of the California Department of Consumer Affairs. (Emphasis ours.)

**Basic Facts.** There are about 289,710 active licenses on the CSLB rolls, of which 102,413 are general contracting licenses. The CSLB has about 400 employees. It received 18,690 complaints in 2016 and referred 12,472 to investigation.

The CSLB is to a certain extent self-funded. My understanding is it gets part of its budget from the penalties it metes out.

This current article focuses on a recent matter – when does the contractor know that the Board is looking into a consumer complaint? And why is this important?

A consumer complaint (of which there are thousands per year) is frequently used as a “free shot” by the consumer to leverage his/her claim against the contractor. The complaint form itself is on the CSLB website and is reasonably straightforward. So Mr. Contractor – what do you know and when did you know it? When do you find out?

Consumer complaints are initially received and reviewed by the CSLB's intake and mediation center. Should it find some merit to the claim, an initial contact letter is sent to the homeowner complainant and contractor. These letters request response within seven business days. If the homeowner is unresponsive, the complaint will be closed. (And a letter sent notifying the parties.)

If a complaint is not settled, it will then move forward to the CSLB investigative center. Another letter is sent informing the parties of this change in status.

If during the investigation it is found there is not sufficient proof to support a violation, the Board will close the complaint. A closing letter will be sent. The homeowner can still file a civil lawsuit on the same claim even if the CSLB closes the complaint.

If there is sufficient proof to support a violation, the Board will send the matter to its enforcement group.

**What To Do?** What can the contractor do to protect itself?

First, have a written contract that is compliant with the many California statutory notices and disclaimers. (AIA contracts need work.) This is a real leg up, for such compliance shows to the Board early on that the contractor is attentive to statutory requirements.

Second, always read what you get from the Board. This is not as silly advice as it sounds. We have had a number of my contractor clients who wind up in a full-blown investigation simply because they were not reading and responding to what the Board sends them.

Third, always cooperate. Again, this would seem obviously intuitive. However, we have seen contractors who do not cooperate because they feel the consumer complaint is without merit. Bad idea. Showing the CSLB that you take the matter seriously and making a good faith effort to engage in a resolution process can go a long way.

Cooperation includes responding in a timely fashion when requested.

If you get that first letter, confer with an attorney who is familiar with the CSLB and administrative law. While we will not go so far as say there are shortcuts and tricks, there certainly are ways to engage in early mitigation/early resolution.

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