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Construction Managers Who Maintain Oversight of a Home Improvement Project Must Now Have a Contractor's License

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A statutory amendment that became effective January 1, 2013, will require construction managers and consultants on home improvement projects to possess a contractor's license, even if not performing any work or submitting a bid to perform any work. Before the amendment section 7026.1 of the Business and Professions Code defined "contractor" (for purposes of the licensing requirement) to include a "consultant to an owner-builder . . . who undertakes, offers to undertake, or submits a bid to construct any building or home improvement project, or part thereof." The amendment to section 7026.1 expands the definition of "consultant" (thereby expanding the definition of "contractor") to include, with respect to a home improvement project, a person who provides or oversees a bid for a construction project or who "[a]rranges for and sets up work schedules for contractors and subcontractors and maintains oversight of a construction project." (Bus. & Prof. Code § 7026.1(b)(2)(A), (B).)

The practical effect of the new law, sponsored by the Contractors State License Board ("CSLB"), is that any person who only oversees bids for construction, arranges for and sets up subcontractor work schedules, and maintains oversight of a construction project, but does not actually submit a bid to undertake construction work, is acting in the capacity of a contractor and must be licensed by the CSLB.

Contractors State License Board Registrar Steve Sands commented on the effect of Senate Bill 2237: "[SB] 2237 is a valuable consumer protection measure and will place project responsibility where it belongs. All too often, people who don't have a state contractor license call themselves construction consultants and encourage property owners to take on a home improvement project as the owner-builder. The so-called consultant collects a fee and many times leaves the homeowner with all of the project responsibility and liability."

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