

REQUIREMENTS FOR HOME IMPROVEMENT SALESPERSONS

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As many of you know, salespersons are required to be registered with the Contractors' State License Board. If you are a contractor that uses salespersons to assist in obtaining customers, your salespersons must be registered with the CSLB. Failure to register puts the salesperson in the position of being charged with a misdemeanor. It also puts the contractor in a position of being in violation of the Licensing Law, which could subject the contractor to Citation and perhaps even Accusation.

Until recently, the law was such that any salesperson that sells for any company, must register themselves each time that they act as a salesperson for each separate company. This became problematic, particularly with the fact that it could sometimes take weeks if not months for a salesperson to be properly registered to act as a salesperson for any given construction company.

Business and Professions Code section 7153 currently states in part that anyone who solicits, sells, negotiates, executes home improvement contracts for a licensed contractor, outside of the contractor's normal place of business must be registered with the CSLB as a Home Improvement Salesperson (HIS).

Governor Brown recently signed SB 561 (Monning) into law, which simplifies the process. The new law, which takes effect January 1, 2016, eliminates the requirements that a salesperson register with each particular contractor that he/she is acting as a salesperson for. The salesperson will register once (every two years) and the contractor can then electronically notify the CSLB the salesperson is working for it.

The new law is a terrific win for contractors and salespersons. Effective January 1, 2016, all that is required is a single registration. In addition to the single registration provision, SB 561 will:

1. The CSLB will require the HIS to have a current and valid registration filed with the CSLB before making sales calls on behalf of contractors;
2. Require a contractor to notify the CSLB when they hire a registered HIS and also when that employment ceases;
3. The CSLB will accept applications electronically (including signatures) from the HIS applicant;
4. Registration will be valid for two years from the month of issue.

As mentioned, the passage of SB 561 is good for not only sales representatives, but the contractors themselves.



Kenneth Grossbart is recognized as one of the foremost authorities in California construction law. Over the past 35 years, Ken has become a respected speaker on Mechanic's Liens and other construction related issues. Abdulaziz, Grossbart & Rudman provides this information as a service to its friends & clients and it does not establish an attorney-client relationship with the reader. This document is of a general nature and is not a substitute for legal advice. Since laws change frequently, contact an attorney before using this information. Ken Grossbart can be reached at Abdulaziz, Grossbart & Rudman: (818) 760-2000 or by E-Mail at ksg@agrlaw.com, or at www.agrlaw.com
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