
Glenn M. Gottlieb

BUSINESS & CORPORATE LAW

Serving the Security and Fire Protection Industry
Representing the Southern California Security Association
Since 1993

ACO ALERT

NEW CONTRACTOR DISCLOSURE LAW MEANS NEW, LONGER CONTRACTS!

If you hold a contractors license and work on any residential property, whether with the homeowner, building owner or a tenant, extensive new disclosures became **mandatory** under California law on **January 1, 2006**.

These new requirements apply **right now** if the project involves more than \$500, and you work on:

- Fire systems under a C-10 license
- Low voltage C-7 (non-ACO) installations, such as cameras, CCTV, access or gate control, home entertainment or intercom systems
- Fire sprinkler or other systems (other than electrical alarms) under a C-16 license

Remember: even if you install only **one smoke detector** in a home or apartment, you are installing a "fire system" and must have a C-10 license in addition to your ACO.

If you fit in any of these categories (or any other contractor classification), then **you need to have your contracts completely redone *immediately* in order to be in compliance with the new law.**

For example, it was formerly possible, with a little creative drafting, to use the same contract form for both residential and commercial/industrial customers. That isn't feasible under the new law. Among the new disclosures is a requirement that the heading, "Home Improvement," be included prominently on the contract. Obviously you are not going to use the same form for your commercial or industrial clients.

Other mandatory requirements involving type size (10-point type is now a minimum, with headings in 10-point bold type; some disclosures must be in larger, 12-point bold type), will almost certainly mean most contracts will no longer fit on the front and back

of one page, even if you formerly used the longer 14-inch paper.

Along with the disclosure requirements for the contract itself, the former "Notice to Owner" form has been replaced by a new "Mechanics Lien Warning" which must be delivered to the client, along with the Notice of Cancellation (three-day right of rescission notice), a commercial general liability insurance disclosure, workers' compensation insurance disclosure and information regarding the Contractors State License Board (CSLB). Some of these may either be included on the contract form itself or in a separate attachment.



There are also significant changes that have become mandatory for service tickets or work orders on any residential property for work involving less than \$750.00.

Obviously, the new disclosure requirements are complicated. You will need to consult with a qualified

attorney, and print all new contract forms, to remain in legal compliance.

I would be pleased to speak with you about my **LOW FIXED RATES** (no open-ended commitments; no unlimited hourly fees).

CALL NOW for a **FREE**, no obligation consultation!

Mr. Gottlieb is a legal specialist in the security and fire protection industry. He provides contracts and other legal forms, and advises on legal compliance matters.

COME TO THE MEETING OF THE
SO. CAL. SECURITY ASSOCIATION (SCSA)
ON **FEBRUARY 7, 2006** AT
THE CASTAWAYS RESTAURANT
(1250 E. HARVARD DRIVE, BURBANK, CA)
TO LEARN MORE ABOUT THESE
NEW REQUIREMENTS!