

IGNORE JUDGMENTS AT YOUR OWN RISK!

(Or “A Judgment’s a Judgment, No Matter How Small!”)

A minor dispute with a homeowner winds up as an annoying day spent down at Small Claims court. Worse luck; the homeowner prevails and obtains a Judgment against you (maybe the Judge does not like contractors?) Now what? If you lose, you have 30 days after the entry of the original judgment against you to do something - either file an appeal or pay up.

What you cannot do is ignore this judgment! No matter how small (and unfair) the ruling, an unpaid judgment is a ground for suspension of your license by the Contractors State License Board should they be notified of it. And any homeowner savvy enough to skunk you in Small Claims Court just might be savvy enough to report it.

According to Business and Professions Code § 7071.17, the Board can suspend your license for an “unsatisfied final judgment that is substantially related to the construction activities of the licensee...”

Usually the easiest way to resolve the problem is to pay up in exchange for a signed *Acknowledgment of Satisfaction of Judgment* form. This form needs to be filed with the court **and** sent to the Contractors State License Board to prove you have paid. Don’t assume the homeowner will do you any favors.

You can also appeal and get a *trial de novo* – a new trial. But that will be the subject of another article.

Will you be sent an initial notice from the Board re: your judgment – to pay up or be suspended? Don't assume that the Board will provide you with notice prior to any license suspension. In theory, a written notice is mailed to the contractor at his or her business address. But stranger things have happened than notice not being received and the license being simply suspended. In fact, one of my clients recently had his license suspended with what he claims was no notice whatsoever. It took a lot of prompt and fancy work to get the suspension lifted.

The Domino Effect. Also, continuing to work when a suspension is in place opens you up to even more liability because you are then in violation of Business and Professions Code § 7031. (See my NARI article of December 2007, "Is Your Business in Good Standing? If Not, It Can Get Dire.") Non-receipt of the notice of suspension from the Board will probably not provide you with a very strong defense against an unlicensed contractor claim and all the attendant horror.

Small and smallish problems can snowball. Don't let imprecise business practices (like trying to keep track of dates in your head or losing track of your mail) create a crisis. And don't ignore judgments, no matter how small!

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