

BUYING/SELLING COMPANIES W/ CONTRACTORS LICENSES



CABB CONFERENCE 2023



Friday September 29, 2023

Presented by:
Jamie Cohen, Owner/CEO
Contractors License Experts LLC

Breakdown of a Contractors License

Home  **CONTRACTORS STATE LICENSE BOARD** 

Contractor's License Detail for License # 1234567

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

- CSLB complaint disclosure is restricted by law (B&P 7124.6) if this entity is subject to public complaint disclosure click on link that will appear below for more information. Click [here](#) for a definition of disclosable actions.
- Only construction related civil judgments reported to CSLB are disclosed (B&P 707.17).
- Arbitrations are not listed unless the contractor fails to comply with the terms.
- Due to workload, there may be relevant information that has not yet been entered into the board's license database.

Business Information

JOHN DOE CONSTRUCTION INC
123 STREET
CITY, CA 91234
Business Phone Number: (123) 456-7890

Entity Corporation
Issue Date 03/02/2023
Expire Date 03/31/2025

License Status

This license is current and active.

All information below should be reviewed.

Classifications

B - GENERAL BUILDING

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with [AMERICAN CONTRACTORS INDEMNITY COMPANY](#).

Bond Number: 234567
Bond Amount: \$25,000
Effective Date: 02/10/2023

Bond of Qualifying Individual

The qualifying individual JOHN JOSEPH DOE certified that he/she owns 10 percent or more of the voting stock/membership interest of this company, therefore, the Bond of Qualifying Individual is not required.

Effective Date: 03/02/2023

3 QUESTIONS WE MUST ANSWER

1. Is it a stock sale or asset sale?

This will determine if the buyer keeps the seller's license number or if they have to apply for a new one.

2. Who will be the qualifying individual?

If the current qualifier (usually the seller/owner) is leaving right after close of escrow and they're not replaced with a new qualifier, the license will be suspended 90 days after the qualifier's disassociation.

3. Will there be an SBA lender involved?

Different lenders have different requirements, e.g. seller can't stay on in any capacity / seller can only stay on as qualifier for 1 year / buyer has to take over the license before close of escrow.

NEXT STEPS...

We can then determine the applications that will need to be submitted to the Board and processing times

- If it's a stock sale, then the only application is adding the buyer as a new officer on the license and if there will be a change of qualifying individual.
- If it's an asset sale, then we have to submit an application for a new license. If the buyer is using the current qualifier for the seller's company, we have to remove them from that license so they can qualify the new license for the buyer.

APPLICATION PROCESS

1. The application forms are signed and mailed to the CSLB. It will sit in queue for a few weeks.
2. A technician will be assigned to the app who will review it for completion.
3. The Board will then mail fingerprint forms back to the applicant. Any other requirements as needed will also be requested on this step (bond, workers comp, etc.).
4. Once fingerprints have cleared and any other requirements have been submitted, application is done.

COMMON CHALLENGES

How does a deal get broken?

What kind of problems can arise?

- Not determining who the qualifying individual will be for the buyer.
- If a corporation goes through F-Reorg / dissolved / moved to a different state / converted / merged out, the applicant will have to apply for a new license number. The existing license is cancelled by the CSLB.
- Asset sale after close of escrow and buyer has no license to operate with - Asset sales require waiting for the application to be completed and license issued before buyer can start operating as a contractor.
- Not factoring in any officers/members/managers who live outside CA for fingerprinting can cause significant delays with the application.





Nearly 50% of all applications submitted to the CSLB are inaccurate or incomplete!

THESE APPLICATIONS MUST BE RETURNED TO THE APPLICANT FOR CORRECTIONS, CAUSING SIGNIFICANT DELAYS IN PROCESSING THE LICENSE.

WHY CONTACT CONTRACTORS LICENSE EXPERTS?

**Over 16 years of
experience**

**Licensing success
rate > 98%**

**Fast,
comprehensive,
and transparent
service**

Contact us at the very start! We can review a seller's license and inform them of their options for qualifying individuals so they can choose a buyer that will fit their transaction.

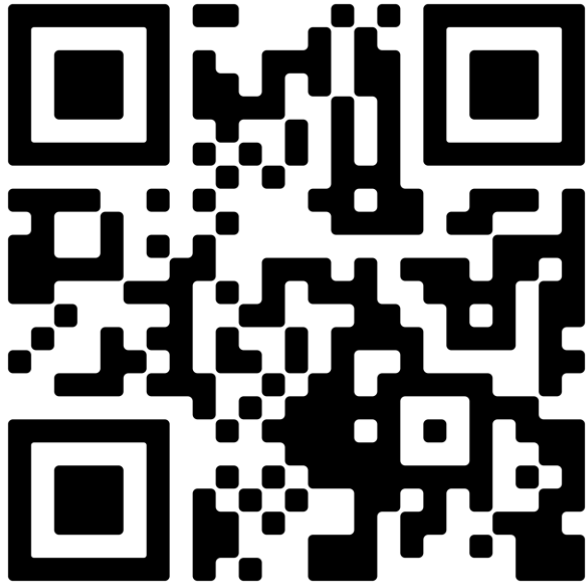


Q&A



Thank you!

WE ARE READY TO HELP YOU TODAY!



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Come see us at our booth!

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(800) 580-8129