

PLANT ACCOUNTING: STOP NOTICES,
ASSIGNMENTS, AND TAX LIENS

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UNIVERSITY OF CALIFORNIA
(letter)

May 25, 1988

ACCOUNTING OFFICERS

Subject: Stop Notices

Until further notice, all Stop Notices should be honored regardless of the receipt of a required timely filed preliminary 20-Day Notice.

The description of a "Preliminary 20-Day Notice" (Public Work) by Civil Code section 3098 is as follows:

"In any case in which the law of this state affords a right to a person furnishing labor or materials for a public work who has not paid therefor to file a stop notice with the public agency, and thereby cause the withholding of payment from the contractor for the public work, any such person having no direct contractual relationship with the contractor, other than a person who performed actual labor for wages or an express trust fund described in section 3111, may file such a notice, but no payment shall be withhold from any such contractor pursuant to any such notice, unless the person has caused written notice to be given to such contractor, and the public agency concerned, not later than 20 days after the claimant has first furnished labor, services, equipment or materials to the job site, stating with substantial accuracy a general description of the labor, service, equipment or materials furnished or to be furnished in the name of the party to whom the same was furnished . . ."

Notwithstanding the unambiguous wording quoted there is a conflict in the cases with have interpreted the preliminary notice requirement. Specifically, San Joaquin Blocklite, Inc. v. Willden (1986) 184 Cal.App.3d 361, strictly construed the notice requirement of section 3098. Conversely, Industrial Asphalt Inc. v. Garret Corp. (1986) 180 Cal.App.3d 1001, interpreted a counterpart notice requirement of section 3097 as being substantially complied with when a mechanics' lien claimant served the owner in a private contract setting but not the bankrupt original contractor as required by section 3097. The rationale of Industrial was that the notice was adequately given because the party that needed notice received it. By analogy, it could be argued that service of a preliminary notice upon the contractor but not upon the public agency was adequate. Because of this inconsistency in the case law, a commentator has advised:

Accounting Officers

May 25, 1988

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"Until this issue is finally resolved in the Legislature or the courts . . . disbursing officers should be cautious and not attempt to decide what the facts or the law might be in a given situation. Such disputes can be resolved through the summary declaration of rights procedures . . ."
(California Mechanics' Liens and Other Remedies (Cont.Ed.Bar 1987) p. 107.)

We will contact you once we hear this is resolved.

If you have any questions, please call University Counsel Morrell.

Donald L. Alter

cc: Vice President Brady
Associate Vice President Pastrone
University Counsel Morrell
Quint Doroquez

PLANT ACCOUNTING: STOP NOTICES,
ASSIGNMENTS, AND TAX LIENSI. DEFINITIONS

A. STOP NOTICE

On a public construction project, a subcontractor, supplier, laborer, or laborer's trust fund that is not paid may file a document called a "stop notice" with the public entity on whose behalf the project is being constructed. The stop notice requires the public entity to withhold, from funds payable to the general contractor for the project, the amount specified in the stop notice. Thereafter, a lawsuit may be filed against the public entity and the general contractor seeking an order directing the public entity to pay the withheld funds to the subcontractor, supplier, laborer, or laborer's trust fund. If a claimant files a stop notice against the subcontractor instead of the general contractor, funds still must be withheld from the general contractor.

B. PRELIMINARY 20-DAY NOTICE

A preliminary 20-day notice is a document which sometimes must be filed before the filing of a stop notice. If a preliminary 20-day notice is required to be filed and is not timely filed, a subsequently filed stop notice is invalid and cannot require a public entity to withhold funds from the general contractor.

C. PREVAILING WAGE CLAIM

Under prevailing wage laws, laborers on public construction projects must be paid not less than a statutorily prescribed wage. A prevailing wage claim is a claim filed by the Division of Labor Standards Enforcement which seeks to require a public entity to withhold, from funds payable to a general contractor: (1) amounts which are not paid to laborers in violation of prevailing wage laws and (2) statutory penalties for violation of prevailing wage laws.

Editor's note: The title of this chapter does not encompass all subject matters treated in the chapter; prevailing wage claims are also included.

I. DEFINITIONS (Cont.)

D. MECHANIC'S LIEN

A mechanic's lien is a lien against private property for the value of labor and materials furnished to that property by a contractor, subcontractor or supplier.

E. ASSIGNMENT

An assignment is the transfer of a contractual right from a party to a contract to a third party. For example, a general contractor may assign its right to be paid by the University, for work on a construction project, to a subcontractor, surety, or other third party.

F. TAX LIEN

A tax lien is a claim against a taxpayer's property for the payment of delinquent taxes. For example, a tax lien may be made against a contractor's right to be paid by the University for the contractor's work on a construction project.

II. GENERAL RULE

Should any questions arise about the correct procedure to follow, the general rule is to withhold sufficient money from the contractor to satisfy any asserted claim, assignment, lien, etc. Thereafter, questions should be referred to General Counsel.

III. STOP NOTICE PROCEDURES

A. ELEMENTS OF A VALID PRELIMINARY 20-DAY NOTICE

All potential stop notice claimants who have not contracted directly with the general contractor (except laborers or express trust funds established pursuant to a collective bargaining agreement) must file a preliminary notice as a prerequisite for enforcement of a stop notice. Unless the second or third tier subcontractor or supplier files a timely preliminary notice stating, with substantial accuracy, the labor, materials, services, or equipment furnished or to be furnished with the name of the party to whom these items were or will be furnished, the University cannot honor his stop notice.

A written preliminary notice must be filed with the University and with the contractor on or before the twentieth (20th) day after the claimant first furnished labor, services, equipment, or materials to the job

site. If the claimant fails to file a preliminary notice, or if the claimant files the preliminary notice late, any stop notice filed by the claimant is invalid.

It is possible that a single document could meet the statutory requirements of both Civil Code Section 3098 (Preliminary Notice) and Civil Code Section 3103 (Stop Notice). This would be the case, for example, if the document were divided into two parts. Such a document should be referred to counsel if there is a question about its effectiveness.

A preliminary notice may be served on the University in person, or by first class, registered, or certified mail. When service is by registered or certified mail, service is complete at the time of deposit in the mail.

When served in person or by first class mail, service is complete when received by the University. The claimant also must send a copy of the preliminary notice to the contractor.

If the last day on which a preliminary notice may be filed falls on a Saturday, Sunday, or holiday, the preliminary notice is effective even though not received until the first working day after the Saturday, Sunday, or holiday.

Exhibit A is a sample of a California Preliminary Notice.

B. ELEMENTS OF A VALID STOP NOTICE

In order to be legally effective, a stop notice must:

- 1) If required, be preceded by a timely filed preliminary notice (see page 4, III.A.).
- 2) State in general terms the kind of labor, services, equipment, or materials furnished or agreed to be furnished.
- 3) Name the person to whom or for whom the labor, services, equipment, or materials were furnished.
- 4) State the value of the labor, services, equipment, or materials already furnished and the value of the total amount of such items agreed to be furnished.
- 5) Be timely filed. A stop notice must be filed within one of the following time limits, whichever occurs first:

III. STOP NOTICE PROCEDURES (Cont.)

B. ELEMENTS OF A VALID STOP NOTICE (Cont.)

5.(Cont.)

- a) If a notice of completion is recorded, on or before the thirtieth (30th) day after the recording of the notice of completion.
- b) If a notice of cessation is recorded, on or before the thirtieth (30th) day after the recording of the notice of cessation.
- c) If a notice of completion and a notice of cessation are not filed, on or before the ninetieth (90th) day after completion of the project. For the purpose of determining the timeliness of the filing of a stop notice, completion is defined as the earliest of the following:
 - 1) The date the University accepts the project (not the date the project is physically completed).
 - 2) The date after which a cessation of labor has existed for a continuous period of thirty (30) days.

If a notice of completion is filed prematurely (before all the work called for by the original contract is completed to the satisfaction of the architect), or is filed too late (more than 10 days after the date of actual completion), a claimant has 90 days from the date of acceptance of the project in which to file his stop notice.

A stop notice is effective when received by the University, regardless of whether it is personally delivered, or sent by first-class, registered or certified mail. Unlike the preliminary notice, a stop notice sent by registered or certified mail is not effective until actually received.

If the last day on which a stop notice may be filed falls on a Saturday, Sunday, or holiday, the stop notice is effective even though not received until the first working day after the Saturday, Sunday, or holiday.

Exhibit B is a sample of a stop notice.

C. WHEN TO FILE A NOTICE OF COMPLETION

A notice of completion should be filed (by the campus construction office) when a project is complete because it shortens the time for filing stop notices, thereby (1) reducing the University's exposure to stop notice lawsuits; and (2) allowing the project account to be closed out at an earlier date.

A notice of completion is a written notice, signed and verified by the University's agent or employee, which contains the following:

- 1) The date of completion.
- 2) Name and address of The Regents of the University of California. If The Regents is co-owner, the notice of completion should recite the name and address of all co-owners.
- 3) Description of the job site sufficient for identification, containing the street address of the site, if any.
- 4) Name of the general contractor.

The notice of completion must be recorded within ten (10) days after completion in the Office of the County Recorder of the county in which the project site is located.

Exhibit C is a sample of a notice of completion.

D. WHEN TO FILE A NOTICE OF CESSATION OF LABOR

On or after the day after work on a construction project has been stopped for thirty (30) days or more, the campus construction office should record a "notice of cessation" because it shortens the time for filing stop notices, thereby (1) reducing the University's exposure to stop notice lawsuits; and (2) allowing the project account to be closed out at an earlier date.

A notice of cessation is a written notice, signed and verified by the University's agent or employee, which contains the following:

- 1) The name of the project.
- 2) The name of the contractor.
- 3) The name and address of The Regents of the University of California.

III. STOP NOTICE PROCEDURES (Cont.)

D. WHEN TO FILE A NOTICE OF CESSATION OF LABOR (Cont.)

- 4) The nature of the owner's interest, e.g., fee simple, leasehold, or other.
- 5) The location of the project.
- 6) The date on which cessation of labor began and a statement that the cessation has continued until the recording of the notice.

Exhibit D is a sample of a notice of cessation that can be recorded in the Office of the County Recorder.

E. AMOUNT TO BE WITHHELD UPON RECEIPT OF A VALID STOP NOTICE

If a stop notice (preceded by a preliminary notice, if required) is received, the accounting officer must withhold from amounts presently due and payable or which later become due and payable, an amount equal to 125 percent of the amount of the claim. The 125 percent is not to be withheld from:

- 1) Retention (unless retention is due and payable under the terms of the contract) or
- 2) The unpaid contract balance unless that balance is due and payable under the terms of the contract.

For example, assume hypothetically that a contract is awarded to a contractor under which he agrees to construct a project for the University for \$100,000. On June 1, the fifth progress payment is made. As of June 15, the project account is as follows:

\$45,000 total amount paid to date to contractor.

\$ 4,500 retention withheld.

\$50,500 unpaid contract balance.

On June 20, a stop notice for \$5,000 is received. As of June 20, no money is due the contractor and none can be withheld as a result of the stop notice.

On July 1, an approved certificate for payment for the sixth progress payment is received by the accounting office. The certificate approves payment of \$4,500. All of the \$4,500 is withheld from the contractor.

On August 1, an approved certificate for payment for the seventh progress payment is received by the

accounting office. It approves payment of \$4,500. Of the \$4,500 approved for payment, \$2,750 is paid and \$1,750 is withheld.

F. NOTIFYING THE CONTRACTOR OF RECEIPT OF STOP NOTICE

Upon receipt of a valid stop notice, the accounting officer should notify the general contractor that the stop notice has been received and that 125 percent of the amount claimed will be withheld from future payments, if any, to the contractor. Exhibit E is a form to be used to notify the general contractor of receipt of a stop notice.

G. NOTIFYING STOP NOTICE CLAIMANT OF EXPIRATION OF STOP NOTICE PERIOD

If a stop notice claimant pays the University \$2.00 at the time of filing its stop notice, the accounting officer must notify the claimant in writing of the potential expiration of the stop notice period. The notice is to be given on or before the tenth (10th) day of the earliest of the following events:

- 1) The filing of a notice of completion; or
- 2) The filing of a notice of cessation of labor.

If (1) a project is accepted by the University and (2) the University does not intend to file a notice of completion, the contractor should be given notice on or before the tenth (10th) day after the date the University accepts the project (not the date the project is physically completed).

If (1) a project is not accepted by the University and (2) the University does not intend to file a notice of cessation of labor, the contractor should be given notice on or before the tenth (10th) day after the date after which a cessation of labor has existed for a continuous period of thirty (30) days.

When service is by registered or certified mail, service is complete at the time of deposit of the registered or certified mail in the United States post office addressed to the claimant at the address shown upon its stop notice claim.

Failure to give notice where required may subject the University to liability for the amount of the claimant's claim.

III. STOP NOTICE PROCEDURES (Cont.)

G. NOTIFYING STOP NOTICE CLAIMANT OF EXPIRATION OF STOP NOTICE PERIOD (Cont.)

Exhibit F is a form to be used to notify a stop notice claimant of the potential expiration of the stop notice period.

H. WHEN THE UNIVERSITY'S OBLIGATION TO WITHHOLD FUNDS PURSUANT TO A STOP NOTICE CEASES

* Except for the University's legal costs and fees associated with stop notice litigation, stop notices may be released upon the occurrence of any one of the following:

- 1) The claimant unconditionally withdraws or releases its stop notice (see p. 10, III.I.).
- 2) An acceptable release bond is filed with The Regents (see p. 10, III.J.).
- 3) The general contractor files an affidavit (sworn statement) contesting the validity of the stop notice, and the claimant fails to file a counter-affidavit in timely fashion (see p. 11, III.K.).
- 4) Both of the following conditions exist:
 - a) Ninety-five (95) days have passed from the last date on which a stop notice could be filed (see p. 5, III.B.5.); and
 - b) The University has not received written notice that the stop notice claimant filed suit to perfect its claims.

- 5) On receipt of disposition instructions from General Counsel's Office.

** 6) Accounting officer must confer with OGC to determine the amount to be retained for the University's legal costs and fees, if any.

I. WITHDRAWAL OF STOP NOTICE

If a stop notice claimant files a written release of stop notice in the form prescribed by California Civil Code section 3262, the accounting officer may disburse the unencumbered funds to the contractor, unless other claims are made against the same funds. Under an

amendment to Civil Code section 3262, an unconditional release of stop notice is valid only if it is in the form prescribed by statute. The accounting officer should not accept an unconditional release of stop notice unless it follows verbatim the wording of the form presented as Exhibit G-1.

Note that the following notice on the release must be in at least as large a type as the largest type otherwise appearing on the release:

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID. IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM.

Civil Code section 3262 also provides a method for accounting officers to accept a conditional release of stop notice without advice of counsel. Accordingly, accounting officers are authorized to accept a conditional release, without advice of counsel only if (1) the prime contractor authorizes, in writing, the issuance of a joint check to the prime contractor and the stop notice claimant; (2) the stop notice claimant executes a conditional release in writing which follows verbatim the wording of the form presented as Exhibit G-2; and (3) the accounting office issues a check jointly payable to the prime contractor and the stop notice claimant.

** Civil Code Section 3262 also provides a third method for accounting officers to accept a release. The stop notice claimant must execute a release in writing which follows the wording of either of the forms presented as Exhibits G-3 (full release) or G-4 (partial release).

J. RELEASE BOND

A release bond is an undertaking to indemnify The Regents from any liability which The Regents might incur by disbursing funds subject to stop notice. If the University accepts a release bond, it may disburse the funds withheld pursuant to the stop notice for which the bond was filed unless the funds are subject to other liens. Note that only the general contractor is an acceptable principal of a release bond.

III. STOP NOTICE PROCEDURES (Cont.)

J. RELEASE BOND (Cont.)

The Regents have the option to accept or refuse a release bond. When such option is under consideration, the accounting officer should check with the campus architect to see if he has any objection to accommodating the general contractor in this manner. Refer to section III.E. for procedures to be followed when the amount claimed by a stop notice exceeds the amount which could be withheld.

A release bond is acceptable as to form if (1) the undertaking (the portion of the bond beginning with the words "NOW, THEREFORE") states that the general contractor (the principal) and the bonding company (the surety) will fully protect and defend The Regents (the obligee) from any loss arising out of the acceptance of the bond; (2) the penal sum of the bond is equal to

125% of the stop notice claim; (3) the release bond has been signed by both the contractor and the surety;¹ and (4) the recitals of the bond about the claim and the project are accurate. Exhibit H is a pro forma example of an acceptable release bond.

Note: A release bond must not be accepted unless issued by a surety other than the one that executed the payment bond. A release bond from the same surety that executed the payment bond is not a statutory bond, does not fully protect the University, and might result in liability by the University and accounting officer for the amount of the bond.

**

Upon determination that a release bond is acceptable, the accounting officer must confer with OGC to determine if litigation was initiated by the stop notice claimant prior to executing a release bond, and if any legal fees or costs have been incurred to date for such litigation. These incurred funds will not be released to the contractor but will be deducted for payment to OGC.

¹Signatures for the principal and the surety should be notarized (see p. 26). In addition, the written power of attorney for the surety's agent should be attached to the release bond.

After a release bond has been accepted by the University and the appropriate funds have been released to the contractor, the University must claim indemnity from the bonding company if the stop notice claimant thereafter commences litigation to perfect his claim. Thus, the wording of the release bond is of critical importance. Any release bond that does not conform to the above specifications must be referred to General Counsel for approval as to legal form before the bond is accepted by the University and funds released to the general contractor in reliance on the bond.

K. CONTRACTOR'S AFFIDAVIT

If the general contractor files an affidavit (original and one copy) disputing the validity of a stop notice, the copy of the affidavit, a "Notice to Claimant of Contractor's Affidavit," and a "Declaration of Service by Mail" should be sent to the claimant by registered mail. Form notices are attached (Exhibits I and J). Unless the claimant files a counter affidavit within 20 days of its receipt of the notice, the funds withheld because of the stop notice must be released pending a determination by OGC that no legal fees or costs have been incurred to date. However, the campus should wait an additional five calendar days after the 20th day before releasing the funds, since the claimant can postmark a valid counter affidavit on the 20th day. If a counter affidavit is filed by the claimant, the withheld funds cannot be disbursed.

**

L. SETTLEMENT OF STOP NOTICE CLAIMS

A University representative contacted by a general contractor and a stop notice claimant who propose to have the University participate in a settlement of the stop notice claim, should advise the general contractor and the stop notice claimant that if they wish to enter into a settlement agreement involving the University, the University prefers (subject to approval of General Counsel of The Regents) that the settlement be accomplished by delivery to the University of:

- 1) Written release of stop notice in the form prescribed by California Civil Code section 3262; and
- 2) Written direction from the general contractor authorizing the University to issue a check made jointly payable to the general contractor and the stop notice claimant.

III. STOP NOTICE PROCEDURES (Cont.)

L. SETTLEMENT OF STOP NOTICE CLAIMS (Cont.)

Any settlement of a stop notice claim should be referred to the General Counsel's Office with a completed Accounting Officer's Report (Exhibit K).

** The accounting officer should verify with OGC whether any legal fees or costs have been incurred and should deduct those amounts for payment to OGC from the funds withheld.

IV. PREVAILING WAGE CLAIM PROCEDURES

According to policy, with limited exceptions, workers on construction contracts awarded by the University are to be paid not less than the prevailing wage rate established by the Division of Labor Standards Enforcement of the State of California (DLSE).

If DLSE determines that a worker on a University construction contract has been paid less than the prevailing wage rate established for the worker, DLSE will notify the University in writing and request the University to withhold, from the prime contractor, penalties (\$50.00 per day per underpaid worker) and an amount equal to the prevailing wage underpayment (see Exhibits L and M). The prevailing wage underpayment may include amounts not paid to the apprenticeship training fund.

Upon receipt of written notification of a prevailing wage claim from DLSE, the accounting officer should determine if prevailing wages are required by the contract and, if so, should withhold, from the prime contractor, amounts claimed as (i) penalties; (ii) unpaid wages; and (iii) apprenticeship training fund underpayments. Release bonds may not be accepted for any part of a prevailing wage claim. The Labor Code provides that, at the expiration of 90 days after completion of a construction contract and formal acceptance of the project (e.g., by filing a Notice of Completion), the public entity that awarded the contract shall transfer all amounts withheld on prevailing wage claims to the State Labor Commissioner--unless within the 90-day period, suit to recover the amounts withheld is brought against the public entity by the prime contractor or its assignee, and formal notice of the suit, either by service of summons or by registered mail, is received by the public entity. The Labor Code further provides that if the contractor files such suit and gives timely notice thereof, the amounts withheld are to be retained by the public entity pending the outcome of the suit and are to be forwarded to

the State Labor Commissioner only in the event of a final court judgment against the contractor or its assignee; otherwise, the penalties are subject to any final judgment which is obtained by the contractor or its assignee.

Under University policy, if at the expiration of 90 days following a Notice of Completion all stop notices and prevailing wage claims are fully funded, and the University has not received timely formal notice of suit to recover the amounts withheld, then amounts withheld on prevailing wage claims should be paid to the State Labor Commissioner. However, if all stop notices and prevailing wage claims are not fully funded at the expiration of the 90-day period, then the University should retain all funds until expiration of the deadline for receiving notice of lawsuits to perfect stop notices. At the expiration of this deadline, if all perfected stop notices and prevailing wage claims are fully funded (assuming the University has not received timely notice of suit by the prime contractor or its assignee to recover the withheld amounts), then the University should pay the amounts withheld to the State Labor Commissioner. If at the expiration of the deadline all claims are not fully funded, then the accounting officer should continue to retain the funds and contact General Counsel for direction.

V. ASSIGNMENT PROCEDURES

A general contractor or an architect may assign his right to receive payment from the University to a third party, only with the consent of the University. Upon receipt of a proposed assignment, the University must withhold the amount stipulated in the assignment from the contractor or architect. However, the amount withheld should not be paid out until receipt of advice from General Counsel. All assignments shall be referred to General Counsel with a completed Accounting Officer's Report (Exhibit K). (See also Accounting Manual chapter [A-773-82](#), Assignments by Vendors and Construction Contractors.)

VI. TAX LIEN PROCEDURES

A. GENERAL PROCEDURES

As tax liens may be filed by various state and Federal governmental agencies pursuant to different statutory authorities, the requirements of a valid tax lien differ according to the type of tax for which the lien is filed. Each tax lien received shall be referred to General Counsel with a completed Accounting Officer's Report (Exhibit K).

VI. TAX LIEN PROCEDURES (Cont.)

B. AMOUNT TO BE WITHHELD UPON RECEIPT OF A TAX LIEN

If a tax lien is received, the accounting officer must withhold an amount equal to the face amount of the lien.

If an accounting officer fails or refuses to honor a valid tax lien, The Regents may be held liable for the amount of the lien.

C. WHEN THE UNIVERSITY'S OBLIGATION TO WITHHOLD FUNDS PURSUANT TO A TAX LIEN CEASES

The funds withheld pursuant to a valid tax lien cannot be disbursed until one of the following events occurs:

- 1) The governmental agency unconditionally, in writing, withdraws or releases the tax lien.
- 2) Disposition instructions are received from the General Counsel's Office.

VII. MECHANIC'S LIEN PROCEDURES

Improvements constructed for public agencies, such as the University, are not subject to mechanic's liens under the principle of sovereign immunity. This is because the enforcement of a mechanic's lien would interfere with the public's use of the property.

Should the University receive a mechanic's lien, it should advise the person filing such lien that the lien is improper under the principle of sovereign immunity, and demand should be made for the immediate removal of the lien.

VIII. ADMINISTRATIVE AND ACCOUNTING PROCEDURES

A. ADMINISTRATIVE

Because of the critical timing involved in receiving preliminary notices, stop notices, and tax liens, it is important that the campus accounting office time date each document upon receipt and retain for quick reference the mailing envelope, which would contain the registered or certified mail number.

If for any reason a notice of commencement of action (or, for that matter, a preliminary notice or stop notice) is sent to and received by Financial

*

* Management, Office of the President, Financial Management will immediately send the notice to the accounting office of the campus concerned to ensure that the University complies with statutory mandates concerning such a notice.

A control procedure must be maintained for valid preliminary notices and stop notices. A control sheet should be prepared for each project listing the contractors and related preliminary notices and stop notices received.

The stop notice checklist (Exhibit N) can be used as a control sheet.

B. ACCOUNTING PROCEDURES

Campuses should record amounts withheld pursuant to a stop notice in the following way:

Dr. Plant Expenditures	X-9X0000-XXXXX-X
Cr. Accounts Payable	X-100199-01400

STIP income is earned on the credit balance in fund 01400 and will be credited to X-101400-01400. The plant reserve fund is to be charged for any accrued interest due in the settlement payment. If interest is due for a partial period, before the STIP income rate of return is known, the prior quarter's distribution rate should be used.

The University is liable for interest earned on money withheld from contractors pursuant to the stop notice procedures. Therefore, any interest earned by the University on such money belongs to the contractor. The interest earned can be used either to satisfy stop notice claims or, after the release of the underlying stop notice, can be remitted to the contractor. Interest not due to the claimant should be returned to the fund that would normally have earned the income.

IX. RESPONSIBILITY

It is the responsibility of the accounting officer concerned to assure that stop notices, prevailing wage claims, assignments, and tax liens presented to the University are processed and complied with in accordance with the procedures outlined in this chapter.

X. REFERENCES

Assistant Counsel David A. Dorinson, Memorandum to Acting Vice President John H. Stanford concerning Stop Notices on Construction Contracts, February 17, 1971.

Assistant Counsel George L. Marchand, Memorandum to Principal Accountant Frank H. Wick on Stop Notices, March 5, 1973.

Assistant Counsel George L. Marchand, Memorandum to Principal Accountant Frank H. Wick on Tax Liens, Assignments, etc., September 14, 1973.

Associate Counsel George L. Marchand, Memorandum to Principal Accountant Frank H. Wick on Release Bond, March 12, 1976.

University Counsel Stephen P. Morrell, Memorandum to Accounting Officers on Unconditional and Conditional Releases of Stop Notices, December 3, 1985.

Director Donald L. Alter, Letter to Accounting Officers on Stop Notices, May 25, 1988.

Director Donald L. Alter, Letter to Assistant Vice Chancellors/Accounting Officers on Change in Prevailing Wage Claim Procedures, June 10, 1993.

Assistant Vice President Michael J. Bocchicchio, Memorandum to Vice Chancellors--Administration on Guidelines for Payment of Prevailing Wage Rates, December 9, 1993.

University Counsel Stephen P. Morrell, Letter to Principal Accountant Ken G. Strangfeld on Interest on Money Withheld Pursuant to Stop Notices, August 13, 1997.

** University Counsel Holly E. Ackley, Letter to Capital Asset Supervisor Helena Leung on Revisions to Civil Code Section 3186 (1986) Regarding Withholding Legal Fees Arising from Stop Notice Litigation and Civil Code Section 3262 (2006) Stop Notice Release Language, May 10, 2006.

Historical note: Original Accounting Manual chapter, S-756, "Stop Notices," was first published 6/2/69; revisions 5/3/71, 2/1/72, 3/1/73, 11/1/73, 9/1/78, 6/15/83, 12/1/85, 11/1/87, 12/30/93, 3/31/94, 12/30/94, 12/30/97, and 6/30/06; analyst--Helena Leung.

EXHIBIT A: CALIFORNIA PRELIMINARY 20-DAY NOTICE

CALIFORNIA PRELIMINARY 20-DAY NOTICE

PUBLIC AND PRIVATE WORK
 IN ACCORDANCE WITH SECTION 3097 AND 3098, CALIFORNIA CIVIL CODE

YOU ARE HEREBY NOTIFIED THAT...

CONSTRUCTION LENDER or
 Reputed Construction Lender, if any

(Name and address of lender or lender)

 has furnished or will furnish labor, services, equipment or materials of
 the following general description:

General description of the labor, services, equipment or materials furnished or to be furnished

 for the building, structure or other work or improvement located at

Address or description of the site referred to in this notice

 The name of the person or firm who contracted for the purchase of such
 labor, services, equipment or materials.

NOTICE TO PROPERTY OWNER

If bills are not paid in full for the labor, services, equipment or
 materials furnished or to be furnished, a mechanic's lien leading to the
 loss, through court foreclosure proceedings, of all or part of your prop-
 erty being so improved may be placed against the property even though
 you have paid your contractor in full. You may wish to protect yourself
 against this consequence by (1) requiring your contractor to furnish a
 signed release by the person or firm giving you this notice before
 making payment to your contractor or (2) any other method or device
 which is appropriate under the circumstances.

The person or firm giving this notice is required, pursuant to a collec-
 tive bargaining agreement, to pay supplemental fringe benefits into an
 express trust fund (described in Civil Code §3111), said fund is iden-
 tified as follows (state if inapplicable):

Name

Address

Name

Address

Mailed this date: _____

Signature

An estimate of the total price of the labor, services, equipment or
 materials furnished or to be furnished is

\$ _____

Owner or PUBLIC AGENCY
 or Reputed Owner (on public work)
 (on private work)

ORIGINAL CONTRACTOR or
 Reputed Contractor

DECLARATION OF SERVICE OF CALIFORNIA PRELIMINARY 20-DAY NOTICE
 In Accordance With §3097.1(c) and 3098, California Civil Code

I, _____, declare

On the _____ day of _____, 19____, at _____ m., Declarant
 served the CALIFORNIA PRELIMINARY 20-DAY NOTICE on the interested parties as follows: (Check applicable box.)

By placing a true copy thereof enclosed in a sealed envelope with first-class registered or certified postage prepaid in the United States
 mail at _____, addressed as follows

By delivering a true copy thereof to the parties listed below

By leaving a true copy thereof at the address or place of business with some person in charge, of the parties whose names and addresses
 delivered are listed below (not to be used on public works)

I declare under penalty of perjury that the foregoing is true and correct. Executed on _____, 19____

at _____

EXHIBIT B: STOP NOTICE

STOP NOTICE
NOTICE TO WITHHOLD TO HOLDER OF FUNDS

TO: _____
(Name of owner, construction lender or public officer)

(Address of owner or construction lender) HOLDER OF FUNDS.

YOU ARE HEREBY NOTIFIED THAT the undersigned claimant,

(Name and address)

has furnished or has agreed to furnish _____
(labor, services, equipment, materials)

of the following kind _____
(general description of labor, services, equipment or materials)

to or for _____ for the work improvement, located at, or known as:
(Name of person to or for whom furnished)

(Address, legal description, description of site or project identification)

The amount in value of the whole agreed to be done or furnished by claimant is \$ _____

The amount in value of that already done or furnished by claimant is \$ _____

Claimant has been paid the sum of \$ _____ and there remains due and unpaid the sum of \$ _____

plus interest thereon at the rate of _____ per cent per annum from _____ 19 _____

YOU ARE HEREBY NOTIFIED TO WITHHOLD SUFFICIENT FUNDS TO SATISFY THIS CLAIM WITH INTEREST.

Dated: _____

Name of Claimant

Address of Claimant

STATE OF CALIFORNIA }
COUNTY OF _____ } ss.

_____ being duly sworn, deposes and says: That _____ he is the person(s) who signed the foregoing Stop Notice; that _____ he has read the same and knows the contents thereof to be true of _____ own knowledge, except as to any matters or things that may therein be stated on _____ information and belief and as to those matters and things _____ he believes them to be true.

Subscribed and sworn to before me
This _____ day of _____ 19 _____

Notary Public and in and for said State

EXHIBIT C

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that on the _____ day of _____, 20____, the work on the _____ project was completed. The name of the owner is THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, hereinafter referred to as "The Regents". The address of The Regents is 1111 Franklin Street, Oakland, California 94607-5200. The Regents is the owner in fee simple of the real property known as _____ and of all improvements and buildings thereon including the above-named project. The name of the original contractor is _____

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By _____

I, _____, say that I am the _____ of the _____ campus of the University of California, and as such make this verification on behalf of The Regents of the University of California, a corporation; that I have read the above notice of completion and know the contents thereof and that the facts stated therein are true. I declare under penalty of perjury that the foregoing is true and correct. Executed on _____, 20____, at _____

STATE OF CALIFORNIA)

:

COUNTY OF _____)

On this _____ day of _____, in the year _____, before me, a Notary Public, personally appeared _____, known to me to be the _____ of the _____ campus of the University of California, who executed the above instrument on behalf of The Regents of the University of California and acknowledged to me that such corporation executed the same. IN WITNESS WHEREOF, I have set my hand and affixed my official seal the day and year written by me above.

Notary Public in and for the said County and State

My Commission expires:

EXHIBIT D

NOTICE OF CESSATION
(Cal. Civ. Code § 3092)

PROJECT NAME:

ORIGINAL CONTRACTOR:

* OWNER: The Regents of the University of
California, 1111 Franklin Street,
Oakland, California 94607-5200

OWNER'S INTEREST: _____

PROJECT LOCATION: University of California

(Campus)

DATE OF CESSATION OF LABOR: On or about _____.

Such cessation of labor has continued until the recording of this notice.

The Regents of the
University of California

By _____

State of California
County of _____

_____ being duly sworn, says that he is the _____ for the Regents of the University of California, the corporation executing the foregoing Notice of Cessation; that he makes this verification on behalf of said corporation; that he has read said Notice and knows the contents thereof, and that the facts stated therein are true.

Subscribed and sworn to before me _____
this ____ day of ____ (Month & Date)

NOTARY PUBLIC in and for said
County and State.

EXHIBIT E: NOTICE TO GENERAL CONTRACTOR OF RECEIPT OF STOP
NOTICEContractor X
(address)

Date

Dear Sir:

Re: Project X, Campus

You are hereby notified that a Stop Notice has been received by The Regents of the University of California from X in connection with the above-referenced project. This is to advise you that the University intends to withhold, from any payments which may become due to you under your contract with the University, the sum of \$_____, representing 125% of the amount claimed in the Stop Notice. Moreover, should litigation be commenced to enforce this Stop Notice, then, should you fail to accept the University's tender or otherwise resolve the claim, the University will deduct its legal fees and costs incurred in defending such litigation from this withheld amount, and, if required, from the contract balance, pursuant to Civil Code § 3186 and your contractual defense and indemnity obligations in the Contract Documents.

If a release bond is to be issued, University policy states: "A release bond should be accepted only if issued by a surety other than the one that executed the payment bond."

Also, the following paragraph must become a part of the release bond format:

"NOW, THEREFORE, if the above named Principal shall fully protect and defend the Obligee (the Regents of the University of California) against any loss by reason of or arising out of the acceptance of this bond, or the release of said moneys, or the payment thereof to said Principal and shall pay any sum which said claimant may recover on said claim, together with the costs of suit in said action, not exceeding the penal sum of this bond, then this obligation shall be void; otherwise to remain in full force and effect."

Sincerely,

Accounting Officer

cc: Claimant
Bonding Company
Executive Architect
Local Architects and Engineers

EXHIBIT F: NOTICE TO STOP NOTICE CLAIMANT OF POTENTIAL
EXPIRATION OF STOP NOTICE

Re: Project X, Campus

Dear Sir:

This is to advise you that on (date), the following event occurred:

[Note: Include only one of the following sentences in the letter]

A Notice of Completion was filed for the above-referenced project.

[or]

A Notice of Cessation of Labor was filed for the above-referenced project.

[or]

The University accepted the project.

[or]

A Cessation of Labor has existed for a continuous period of thirty (30) days.

This notice is given pursuant to California Civil Code §§ 3185, 3184, 3210 and 3086 which are incorporated herein by reference.

Sincerely,

Accounting Officer

cc: Bonding Company
Executive Architect
Local Architects and Engineers

* EXHIBIT G-1

UNCONDITIONAL WAIVER AND
RELEASE UPON
FINAL PAYMENT

The undersigned has been paid in full for all labor, services, equipment or material furnished to _____ (your customer) on the job of The Regents of the University of California (owner) located at _____ (job location) and does hereby waive and release any right to a mechanic's lien, stop notice, or any right against a labor and material bond on the job, except for disputed claims for extra work in the amount of \$_____.

DATED: _____

(Company Name)

By: _____
(Title)

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID. IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM.

**EXHIBIT G-2

CONDITIONAL WAIVER AND RELEASE

UPON FINAL PAYMENT

Upon receipt by the undersigned of a check from _____(maker of check) in the sum of \$ _____(amount of check) payable to _____(payee or payees of check) and when the check has been properly endorsed and has been paid by the bank upon which it is drawn, this document shall become effective to release any mechanic's lien, stop notice or bond right the undersigned has on the job of _____(owner) located at _____(job location). This release covers the final payment to the undersigned for all labor, services, equipment or material furnished on the job, except for disputed claims for additional work in the amount of \$ _____. Before any recipient of this document relies on it, said party should verify evidence of payment to the undersigned.

Dated: _____

(Company Name)

By: _____
(Title)

****Exhibit G-3**

RELEASE OF STOP NOTICE
CIVIL CODE § 3262

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID. SEEK LEGAL ADVICE PRIOR TO SIGNING THIS DOCUMENT.

TO: THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

The Stop Notice claimed by _____ on
(Enter Claimant - Name of Person
or Firm Claiming Stop Notice)
that project known as _____
it Appears on Stop Notice) (Enter Name of Project as

_____ against The Regents of the University of California dated _____ is hereby

(Date)
fully released in the amount of \$ _____.
Released) (Enter Total Amt to Be

Dated: _____ Firm Name: _____

(Enter Name as it Appears on Stop Notice)

By: _____

(Owner or Agent of Stop Notice Claimant Must

Verify Below)

Sign Here and

NOTE: This release: (1) shall not preclude the service of a subsequent stop notice that is timely and proper; (2) shall release the owner from any obligation to withhold money on account of the stop notice, to the extent of the release; (3) shall be effective to release the claimant's right to enforce the stop notice, to the extent of the release; and (4) shall not operate as a release of any right that the claimant may have, other than the claimant's right to enforce the stop notice, to the extent of the release.

VERIFICATION

I, the undersigned, say: I am
the _____ (president/manager/owner/etc.) of the Claimant of
the above-referenced Stop Notice: I have read this Release of Stop
Notice and know the contents thereof; the same is true of my own
knowledge. I declare under penalty of perjury under the laws of the
State of California that the foregoing is true and correct.
Executed on _____, 200__, at _____,
California.

(Personal signature of
individual who is swearing that contents of this release are true.)

****Exhibit G-4**

PARTIAL RELEASE OF STOP NOTICE
CIVIL CODE § 3262

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID. SEEK LEGAL ADVICE PRIOR TO SIGNING THIS DOCUMENT.

TO: THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

The Stop Notice claimed by _____ on
(Enter Claimant - Name of Person
or Firm Claiming Stop Notice)
that project known as _____
(Enter Name of Project as
it Appears on Stop Notice)

against The Regents of the University of California dated _____ is
hereby

(Date)
partially reduced in the amount of \$ _____. The remaining
(Enter Total Amt
to Be Released)
balance of the stop notice is \$ _____.
(Enter Total Balance
Remaining If Any)

Dated: _____ Firm Name: _____
(Enter Name as it Appears on Stop Notice)
By: _____

(Owner or Agent of Stop Notice Claimant Must Sign Here and
Verify Below)

NOTE: This reduction: (1) shall not preclude the service of a subsequent stop notice that is timely and proper; (2) shall release the owner from any obligation to withhold money on account of the stop notice, to the extent of the reduction; (3) shall be effective to release the claimant's right to enforce the stop notice, to the extent of the reduction; and (4) shall not operate as a release of any right that the claimant may have, other than the claimant's right to enforce the stop notice, to the extent of the reduction.

VERIFICATION

I, the undersigned, say: I am
the _____ (president/manager/owner/etc.) of the Claimant of
the above-referenced Stop Notice: I have read this Reduction of Stop
Notice and know the contents thereof; the same is true of my own
knowledge. I declare under penalty of perjury under the laws of the
State of California that the foregoing is true and correct.
Executed on _____, 200__, at _____,
California.

(Personal signature of
individual who is swearing that contents of this release are true.)

* EXHIBIT H: SAMPLE OF RELEASE BOND²

XYZ INSURANCE COMPANY

BOND No. 123456
 Premium: \$110.00 per annum

BOND TO RELEASE MONEY WITHHELD ON CLAIM

KNOW ALL MEN BY THESE PRESENTS:

That We, JONES & SMITH, as Principal, and XYZ INSURANCE COMPANY, a corporation organized and existing under and by virtue of the laws of the State of California, as Surety, are held and firmly bound unto the Regents of the University of California, as Obligee, in the penal sum of FIVE THOUSAND NINE HUNDRED FIVE AND 88/100THS. DOLLARS (\$5,905.88), lawful money of the United States of America, for the payment of which well and truly to be made, we and each of us bind ourselves, our and each of our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT

WHEREAS, JONES & SMITH entered into a contract with the Regents of the University of California to construct agricultural hall.

WHEREAS, ACE CO., INC. has heretofore filed a claim and withhold notice in the sum of FOUR THOUSAND SEVEN HUNDRED TWENTY FOUR AND 70/100THS. DOLLARS (\$4,724.70), with said Obligee against JONES & SMITH in connection with said contract, and said Principal disputes the correctness and validity of said claim so filed and has requested said Obligee to permit said Principal to deliver to said Obligee a bond in the penal sum of FIVE THOUSAND NINE HUNDRED FIVE AND 88/100THS. DOLLARS (\$5,905.88), and upon delivery of said bond to said Obligee, that the moneys, warrants or assessments withheld on account of said claim may be released to said Principal, and said Obligee has consented to permit said Principal to file said bond and thereupon to release the moneys, warrants or assessments so withheld on account of said claim.

NOW, THEREFORE, if the above named Principal shall fully protect and defend the Obligee against any loss by reason of or arising out of the acceptance of this bond, or the release of said moneys, or the payment thereof to said Principal and shall pay any sum which said claimant may recover on said claim, together with the costs of suit in said action, not exceeding the penal sum of this bond, then this obligation shall be void; otherwise to remain in full force and effect.

This Bond is given and accepted under and in accordance with the provisions of Section 3196 of the Civil Code of California. Surety upon the bond is jointly and severally liable to the claimant with the surety upon the contractor's bond given in accordance with Chapter 7, Title 15, Part 4 of the Civil Code (commencing with Section 3247).

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 11th. day of August, 1987.

JONES & SMITH, Principal

By: *Tim Jones*

Tim Jones, Managing Partner

XYZ INSURANCE COMPANY, Surety

By: *Jane Mills*

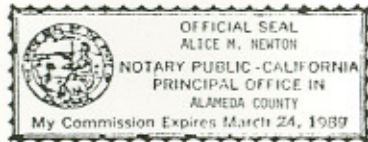
Jane Mills, Attorney-in-fact

(over)

²Same as footnote 1.

EXHIBIT H: SAMPLE OF RELEASE BOND (Cont.)

Be it known that on the 11th day of August 1987, before me
Alice M. Newton, a Notary Public for the State of
California, County of Alameda, duly commissioned and
sworn, personally appeared Tim Jones, to me well known, and known to be the
person he represents himself to be, Managing Partner of Jones & Smith, did make the
attached affidavit by him subscribed. In testimony whereof, I have hereunto set my
hand and affixed my seal of office the day and year first above written.

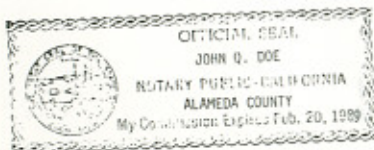


SUBSCRIBED AND SWORN TO BEFORE ME
THIS 11th DAY OF Aug. 1987
Alice M. Newton
NOTARY PUBLIC - CALIFORNIA

ATTORNEY-IN-FACT ACKNOWLEDGMENT

STATE OF CALIFORNIA }
County of Alameda } ss.

On this 11th day of Aug., in the year 1987,
before me, a Notary Public in and for said Alameda County, State of
California, residing therein, duly commissioned and sworn, personally appeared
JANE MILLS personally known to me, proved to me on the basis
of satisfactory evidence to be the person whose name is subscribed to this
instrument as the attorney-in-fact of XYZ INSURANCE COMPANY and acknowledged
to me that he she subscribed the name of XYZ INSURANCE COMPANY
thereto as surety, and his her own name as attorney-in-fact.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the
day and year stated in this certificate above.



John D. Doe
Notary Public

EXHIBIT I

NOTICE TO CLAIMANT OF CONTRACTOR'S AFFIDAVIT--

(Project Name)

University of California, (Campus)

TO: (Stop Notice Claimant)
(Address)

Please take notice that (name of general contractor), the general contractor for (project name), University of California--(campus), the work of improvement for which you have previously filed a notice to withhold with The Regents of the University of California, has on the (date on which affidavit received) filed with The Regents of the University of California the affidavit, a copy of which is mailed herewith, disputing your claim in the particulars set forth in the affidavit and demanding the release of funds.

Unless you file with:

Accounting Officer (name and address)

University of California (campus)

Within twenty days from the date of receipt of this notice, a counter affidavit, together with proof of service of a copy of such counter affidavit upon the general contractor, The Regents of the University of California will release the funds in accordance with the demand of said contractor.

Dated: _____

(Signature)

Accounting Officer (Name)

EXHIBIT J

DECLARATION OF SERVICE BY MAIL

I, the undersigned, say: I am a citizen of the United States, over 18 years of age, employed in _____ County, California, in which county the within-mentioned mailing occurred. My business address is _____
_____. I served the attached Notice to Claimant of Contractor's Affidavit by placing a copy thereof in a separate envelope for each addressee named hereafter, addressed to each such addressee respectively as follows:

(name)

(address)

Each envelope was then sealed and with the postage thereon fully prepaid deposited in the United States mail by me at _____, California, on _____, 19__.

There is a delivery service by United States mail at each place so addressed or regular communication by United States mail between the place of mailing and each place so addressed.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on _____, 19__.

(Signature)

EXHIBIT K

ACCOUNTING OFFICER'S REPORT
 STOP NOTICE CLAIMS, PREVAILING WAGE CLAIMS,
 ASSIGNMENTS, TAX LIENS OR OTHER CLAIMS

1. Name, title and phone number of person preparing report: _____.
2. Date of report: _____.
3. Prime contractor's name and address: _____.
4. Project name and number: _____.
5. Contract execution date: _____.
6. Anticipated completion date: _____.
7. Actual completion date: _____.
8. Acceptance date: _____.
9. Notice of completion filing date: _____.
10. Notice of cessation of labor filing date: _____.
11. If neither notice of completion nor notice of cessation of labor was filed and the project was accepted by the University, date on which project was accepted: _____.
12. If neither notice of completion nor notice of cessation of labor was filed and the project was not accepted by the University, date on which labor ceased: _____.
13. Payment bond no.: _____.
14. Name of payment bond surety: _____.
15. Address of payment bond surety: _____.
16. Performance bond no.: _____.
17. Name of performance bond surety: _____.
18. Address of performance bond surety: _____.
19. Adjusted contract price: _____.
20. Liquidated damages assessed to date: _____.
21. Does the adjusted contract price include deductions for liquidated damages assessed to date? _____.
22. Amounts withheld ("backcharges") from contractor for deficiencies in work or other damages to the University: _____.
23. Does the adjusted contract price include amounts withheld ("backcharges") from contractor for deficiencies in work or other damages to the University? _____.
24. Total amount paid to contractor to date: _____.
25. Amount currently owed to contractor but not paid because of receipt of stop notices, associated legal fees and costs, prevailing wage claims, assignments, tax liens, or other claims: _____.
26. Have any stop notices, prevailing wage claims, assignments, tax liens or other claims been received by the accounting office? If so, how many: _____. For each claim, complete and attach Accounting Officer's Report--Supplemental Sheet.
27. If you are requesting legal advice, please state request: _____.

SUBEXHIBIT K

ACCOUNTING OFFICER'S REPORT
SUPPLEMENTAL SHEET

1. Claimant's name: _____.
2. Claimant's address: _____.
3. Type of claim (stop notice, prevailing wage, assignment, tax lien, or other): _____.
4. Is claimant a subcontractor, sub-subcontractor, or material supplier to a subcontractor? _____.
5. If claimant is a sub-subcontractor or material supplier to a subcontractor, was a preliminary notice received? _____.
If so, when was it received? _____.
Please attach a copy of the preliminary notice.
6. Date of receipt of stop notice, prevailing wage claim, tax lien, assignment or other claim: _____.
Please attach copy of stop notice, prevailing wage claim, assignment, tax lien or other claim.
7. Amount claimed in stop notice, prevailing wage claim, assignment, tax lien, or other claim: _____.
8. Amount withheld because of stop notice, prevailing wage claim, assignment, tax lien, or other claim: _____.
9. Has a release bond been filed on the claim? _____.
If so, when was it accepted? _____.
How much money was released? _____.
Please attach a copy of the release bond.
10. Has the campus been notified, in writing, of any litigation in connection with the stop notice, prevailing wage claim, assignment, tax lien, or other claim? _____. If so, please attach a copy of the notification.

EXHIBIT L: COPY OF PREVAILING WAGE CLAIM LETTER

STATE OF CALIFORNIA

GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF INDUSTRIAL RELATIONS

DIVISION OF LABOR STANDARDS ENFORCEMENT

1111 JACKSON STREET, ROOM 3023
OAKLAND, CALIFORNIA 94607



Case No. 31-2372
Project Name: Intra Mural
Sports Facility
Flooring
Contract #910800
Prime Contractor: ABC Floor

The Regents of University of California
2199 Addison Street
Berkeley, CA 94720

Attention: Zandra LeDuff

Dear Ms. LeDuff:

After a review of the time and payroll records submitted to our office on the above referenced project and contract we have determined the following:

1. That the records submitted do not support the payment of the prevailing wage as required by Labor Code Section 1774.
2. Violations of Labor Code Sections 1774 and 1814 as follows:

No. of Violations	<u>95</u>
Penalties @ \$25 per violation	<u>\$2375.00</u>
Prevailing wages due employees	<u>5327.00</u>
Amounts due Training fund	<u>249.00</u>
Total Due	<u>\$7951.00</u>

We respectfully request that you withhold the above amount from any final payment due the referenced contractor in accordance with California Labor Code Section 1727.

Sincerely,

Barbara J. Burns
Deputy Labor Commissioner

cc: File
Contractor
State Contractor License Board
Bonding Company

COPY

EXHIBIT M: COPY OF PREVAILING WAGE CLAIM STOP NOTICE

STATE OF CALIFORNIA
AGRICULTURE AND SERVICES AGENCY

DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF LABOR STANDARDS ENFORCEMENT

VERIFIED CLAIM AND STOP NOTICE

to The Regents of University of California, Berkeley 910800 Intra Mural Sports Facility
(OWNER OF PROPERTY AND/OR AWARDDING BODY) CONTRACT NUMBER
2199 Addison Street
ADDRESS
Berkeley, California 94720

PLEASE TAKE NOTICE THAT THE PERSONS NAMED BELOW HAVE PERFORMED LABOR FOR
-- FOR ABC Hardwood Floor Company
(SUB-CONTRACTOR) (GENERAL CONTRACTOR)
OR OTHER PERSON ACTING BY YOUR AUTHORITY ON THE WORK OF IMPROVEMENT IN PROGRESS OR BEING COMPLETED AT
OUR PROPERTY AT University of California, Berkeley, CALIFORNIA.

NAME AND CLASSIFICATION OF LABOR PERFORMED	Payroll DATES	HOURS WORKED ST	OT	RATES PAID ST	OT	TOTAL WAGES PAID	PREVAILING WAGE RATE ST	OT	TOTAL WAGES DUE	AMOUNT OWING AND UNPAID
Dan Richards	4-22-84								9430.00	
Hardwood Floorlayer to	8-12-84	399.5	44	12.00	18.00	5891.00			3539.00	3539.00
Michael Clough		163.5	18	11.00	16.50	2364.00			1788.00	1788.00
Hardwood Floorlayer to	8-12-84									

THE TOTAL VALUE OF SAID LABOR SO PERFORMED IS THE SUM OF \$ Wages \$5327.00 (DOLLARS)

IF NO PAYMENTS HAVE BEEN MADE FOR THE FOREGOING LABOR EXCEPT AS FOLLOWS.
As specified above Labor Code Section 1775 & 1813

IF THERE NOW REMAINS DUE, OWING AND UNPAID \$5327.00 wages \$2375.00 In penalty amounts \$249.00 to apprenticeship Total due \$7951.00 (DOLLARS) AFTER DEDUCTING

ALL JUST CREDITS AND OFFSETS. SAID LABOR WAS PERFORMED FOR AND FURNISHED TO ABC Hardwood Floor Co., P.O. Box 2508, El Cajun, California 92020 UPON THE WORK OF IMPROVED (GENERAL CONTRACTOR)

THIS NOTICE IS GIVEN PURSUANT TO THE PROVISIONS OF THE LAWS OF THE STATE OF CALIFORNIA AND PARTICULARLY SECTIONS 3103 AND SECTIONS 3181 THROUGH 3187 OF THE CIVIL CODE, AND SECTION 1727 OF THE LABOR CODE. YOU ARE HEREBY REQUIRED, PURSUANT TO SAID LAWS, TO WITHHOLD ANY AND ALL PAYMENTS WHICH ARE OR HEREAFTER MAY COME DUE TO THE CONTRACTOR MENTIONED ABOVE NAMED TO THE EXTENT OF THE TOTAL CLAIM AS MENTIONED ABOVE.

I DECLARE UNDER PENALTY OF PERJURY AS FOLLOWS: I AM A DEPUTY LABOR COMMISSIONER ACTING FOR THE STATE LABOR COMMISSIONER. I EXECUTE THIS DECLARATION ON BEHALF OF THE WORKMEN WHOSE NAMES ARE SET FORTH HEREIN. I HAVE READ THE FOREGOING VERIFIED CLAIM AND I HAVE MADE AN INVESTIGATION OF THE FACTS RELATING HERETO, AND BASED ON ALL THE FACTS KNOWN TO ME AT THIS TIME AND BASED ON ALL OF THE STATEMENTS AND INFORMATION GIVEN TO ME AT THIS TIME, I AM INFORMED AND BELIEVE THAT THE FOREGOING VERIFIED CLAIM IS TRUE AND CORRECT, AND THAT THE FACTS HAVE BEEN FOUND TO SUPPORT THIS VERIFIED CLAIM.

EXECUTED ON THIS 11 DAY OF December, 1984, AT Oakland, CALIFORNIA.

COPY

STATE LABOR COMMISSIONER
By Barbara J. Burns
DEPUTY LABOR COMMISSIONER

EXHIBIT N

STOP NOTICE CHECKLIST

	<u>Yes</u>	<u>No</u>	<u>Date</u>
1. Received valid stop notice			
2. If claimant is a 2nd or 3rd tier sub-contractor, was preliminary notice received within the required time			
3. Was all legally required information included on the stop notice			
4. Was stop notice timely filed			
5. Did claimant pay the University \$2.00 with stop notice			
6. Was 125% of claim withheld			
7. Was general contractor informed			
8. Was executive architect informed			
9. Was notice of potential expiration of stop notice sent to claimant			
**10. Prior to releasing any funds withheld pursuant to stop notice, was OGC contacted to determine legal fees or costs incurred?			
11. Payment was made because:			
A. Claimant withdrew stop notice			
B. Received acceptable release bond			
C. Received affidavit from general contractor and claimant failed to respond within 20 days			
D. Claimant failed to perfect his claim			
E. General Counsel office instructed to pay			