

December 1, 2005

Mr. Mark Bixby  
Contractor License No. 571821  
MJB Bixby Construction Inc.  
5852 88th St # 800  
Sacramento, California 95828

Subject: Demand for Reimbursement of Costs Incurred Due to Fault of MJB Bixby Construction Inc.

Dear Mr. Bixby,

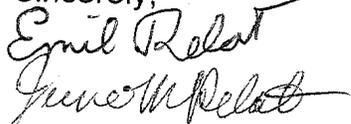
This letter is to demand reimbursement from you and MJB Bixby Construction Inc of costs we incurred due to your inability or refusal to complete items required by the contract with us or because of faulty workmanship that required us to have the work redone by another contractor. On May 24, 2004, we entered into a contract with MJB Bixby Construction Inc and you for constructing a replacement guest house on our property at 1020 San Ramon Way. We have paid all but \$4,225 of the total contract amount of \$75,985.

From about January to June, 2005, we noticed work was not being completed and that there were problems with construction. You were unresponsive to our requests to correct and complete the work. In May 2005, your employee removed his tools and left the work site. These actions constituted abandonment and constructive termination of the job. On June 6, we notified you of the termination so that we could hire another contractor to complete and correct deficiencies in the work. In November 2005, the guest house construction was completed and we have now been able to calculate costs that should have been completed by you as required by the contract. We now demand that you reimburse us for such costs in the amount of \$38,980.00 minus the \$4,225. A list of structural defects and incomplete work with the basis and cost of reimbursement is attached to this letter (See Attachment).

Please submit \$34,755.00 by January 15, 2006, to Emil and June Relat to the address shown below. Upon receipt of payment, we will withdraw our claim against MJB Bixby Construction Inc filed at the State Contractor License Board (File No. NA 2004 17831).

If you have any questions in this matter, contact our daughter Cathy Crothers, phone 966-6230 or 549-5758 (cell), or our son Ken Relat, phone 489-1630. We have delegated authority to them to act as our agents and manage this claim on our behalf.

Sincerely,



Emil and June Relat  
1020 San Ramon Way  
Sacramento, CA 95864

cc: David Cardenas  
Investigation Unit  
State Contractor License Board  
P.O. Box 269116,  
Sacramento, CA 95826-9116

American Contractors Indemnity Company  
Attn: Tony in Claims Department  
9841 Airport Boulevard, 9th Floor  
Los Angeles, CA 90045

Ken Relat  
2715 Greenwood Avenue  
Sacramento, CA 95821

Cathy Crothers  
4304 Hussey Drive  
Carmichael, CA 95608

Attachment

**ATTACHMENT**  
**To**  
**Relat Demand Letter to MJB Bixby Construction Inc**

I. Background on Contract and Work

On May 24, 2004, MJB Bixby Construction Inc., under direction of Mr. Mark Bixby (Bixby Construction), contract license number 571821, was hired by Mr. and Mrs. Emil and June Relat (Relats) to construct a replacement guest house on their property at 1020 San Ramon Way, Sacramento, California. Pursuant to the contract, the Relats agreed to pay \$75,985.00 to Bixby Construction to build a guest-house (replacing the original guest house destroyed by fire), start to finish, based on approved plans. The plans called for a main room, loft area, bathroom, small kitchenette, and closet.

Under the contract and plans, Bixby Construction was to provide concrete slab and foundation, framing material and labor, plumbing, electrical, windows, sliding and access doors, insulation, spiral stair case, composite roof, prime and paint exterior and interior, do all finish work for electrical and plumbing, lighting, flooring, carpet, and wall paneling. Construction started in June 2004 and estimated completion date was November or December 2004.

Mr. Bixby had one primary employee who worked at the site and subcontracted work out to others for specific skills, such as electrical and plumbing. Mr. Bixby rarely came on site after the foundation and framing was completed. He apparently was suffering from a back injury. Relats began having concerns about the work when rain leaked from the ceiling after the roof had been completed. Mr. Bixby corrected the roof, which appeared to fix the leak. Other problems, itemized below were also brought to Mr. Bixby's attention. Finally, Relats requested that Mr. Bixby reinstall paneling on the interior walls that had been nailed directly onto studs of the frame without any firm backing to secure the panels flat. The paneling buckled and had significant gaps between the panels, which was unacceptable construction. Mr. Bixby refused to acknowledge the problem.

From approximately February to June 2005, Relats repeatedly tried to talk to Mr. Bixby about fixing the paneling and completing the work. Mr. Bixby did not respond to messages left at his office and failed to appear for agreed upon appointments to discuss the work. In May, the employee of Bixby Construction removed his tools and left without explaining when or how the building would be completed. These actions constituted abandonment and constructive termination of the job.

In May 2005, Relats contacted the State Contractors Licensing Board, which informally acknowledged that there appeared to be problems with construction. In June 2005, Relats filed a complaint about Bixby Construction with the Board (File No. NA 2004 17831). On June 6, Relats confirmed in a letter to Mr. Bixby that the contract was terminated so that they could hire another contractor to complete and correct deficiencies in the work. Before that time, the Relats believed that the work required under the contract was nearly complete and had

made payment of \$71,760.00 toward the full amount of \$75,985 (\$4,225 is remaining payment). After Mr. Bixby's abandonment of the site, Relats hired two other contractors to correct the faulty workmanship and complete the work, as described below.

## II. Faulty Work by Bixby Construction

Several structural errors in construction were identified by Ken Relat and MRH Construction, the contractor hired to complete construction of the guest house. These structural errors, listed below, compromised the integrity of the building, including the roof support, and all required fixing.

1. The support for the guest house top ridge beam was not framed properly at the end supports and a wall segment at the mid-point of the beam was removed. The incomplete support compromised structural integrity of the roof.
2. The headers for the dormer windows were not installed properly.
3. Studs in the walls around the shower stall were missing and the wall had to be fixed.
4. A pipe connecting the water heater was not properly sweated and when paneling was removed the pipe broke free exposing the overlap between the pipe fittings as less than 1/8 inch.
5. The water heater did not have a pressure relief discharge pipe.
6. The interior wall paneling was not installed properly on a firm backing.
7. Insulation was removed behind some wall paneling.
8. Interior framing along ridge beam was installed incorrectly and could not support wall paneling as requested.
9. Roof had bad leaks along length of ridge when first installed and after demanding it be fixed, contractor did redo roof and replaced damaged insulation but concern remains if other areas of roof may leak later.

## III. Incurred Costs Due to Faulty or Incomplete Work

Bixby Construction did not complete all of the work for which the company was paid. The following is a list of the work done by MRH Construction hired to fix the structural problems and to complete the work under the contract. Also listed is the work by Fair Oaks Iron, Inc. hired to build and install a spiral staircase that was included in the contract with Bixby Construction. (MRH Construction did some additional work for Relats and this work is not included in the demand for reimbursement to be paid by Bixby Construction.)

## A. Work by MRH Construction.

1. Interior Paneling Removed and Installed New Paneling.
  - a. All of the installed paneling was removed and sheet rock was installed with new paneling installed on sheet rock.
  - b. Because of the need to reinstall paneling, cabinets had to be removed and reinstalled and electrical fixtures had to be removed and reinstalled. As part of removing electrical fixtures, outlet at kitchenette sink was moved from above sink to above counter.
2. Sheet Rock Installed below Paneling to support Paneling.
3. Framing work.
  - a. Two wall sections on loft that helped support ridge beam were reframed and installed. Bixby construction had installed and then removed the two, three-foot wide wall sections required for support of the ridge beam.
  - b. Ceiling frame work for paneling was redone to provide for proper installation of paneling.
  - c. Installed studs on each side of shower for front vertical of stall.
  - d. Framing work involved some electrical and a hold down bracing.
  - e. Support framing for ridge beam at gables was redone to provide proper support for beam.
  - f. Headers on the dormer windows were redone because they were not framed properly.
  - g. The South door was reframed to locate it where originally requested.
4. Trim and window sills were installed to match paneling. This was painted.
5. Bath area shower.
  - a. Framing required as described above.
  - b. Shower door installed.
  - c. Shower head pipe braced properly (redone because of poor direction out of wall and not secured properly).
6. Countertop in the kitchenette area installed.
7. Sink in kitchenette purchased and installed.
8. Water heater purchased and installed. Pipe work to provide pressure relief drain and repair of bad pipe work was completed.
9. Plumbing connections were completed – drains, faucets, hot & cold pressure side connections.
10. Carpeting was installed.
11. Doors for bath and closet were purchased and installed.

12. Railing around the loft edge purchased and installed.

13. Concrete walk to door was installed.

Total Cost of all work by MRH Construction = \$36,380.00.

Relats requested additional modifications that cost \$2,360 and are deducted from these Total Costs.

Modified Cost of Work by MRH Construction for which Bixby Construction is responsible and paid by Relats = \$34,020.00.

B. Work by Fair Oaks Iron, Inc.

1. Spiral staircase constructed and installed in November 2005. The staircase was included in contract with Bixby Construction.

Total Cost paid by Relats = \$4,960.00

Total Costs incurred by Relats due to incomplete or faulty work by Bixby Construction = \$38,980.00.

Amount to be reimbursed by Bixby Construction is \$38,980 - \$4,225 = \$34,755.00.