



## PROPERTY OWNER'S PACKAGE

### Disclosures & Forms for Owner – Builders Applying for Construction Permits

#### IMPORTANT! NOTICE TO PROEPRTY OWNER

Dear Property Owner:

An application for a building permit has been submitted in your name listing yourself as the builder of the property improvements specified at \_\_\_\_\_.

We are providing you with an Owner – Builder Acknowledgement and Information Verification Form to make you aware of your responsibilities and possible risk you may incur by having this permit issued in your name as the Owner – Builder. **We will not issue a building permit until you have read, initialed your understanding of each provision, signed, and returned this form to us at our official address indicated.** An agent of the owner cannot execute this notice unless you, the property owner, obtain the prior approval of the permitting authority.

#### OWNER'S ACKNOWLEDGEMENT AND VERIFICATION OF INFORMATION

*Directions: Read and initial each statement below to signify you understand or verify this information.*

1. I understand a frequent practice of unlicensed persons is to have the property owner obtain an "Owner Builder" building permit that erroneously implies that the property owner is providing his or her own labor and material personally. I, as an Owner – Builder, may be held liable and subject to serious financial risk for any injuries sustained by an unlicensed person and his or her employees while working on my property. My homeowner's insurance many not provide coverage for those injuries. I am willfully acting as an Owner – Builder and am aware of the limits of my insurance coverage for injuries to workers on my property.

2. I understand building permits are not required to be signed by property owners unless they are *responsible* for construction and are not hiring a licensed Contractor to assume this responsibility.

3. I understand as an "Owner – Builder" I am the responsible party of record on the permit. I understand that I may protect myself from potential financial risk by hiring a licensed Contractor and having the permit filed in his or her name instead of my own.

4. I understand Contractors are required by law to be licensed and bonded in California and to list their license numbers on permits and contracts.

5. I understand if I employ or otherwise engage any persons, other than California licensed Contractors, and the total value of my construction is at least five hundred dollars (\$500.00), including labor and materials, I may be considered an "employer" under State and Federal law.

6. I understand if I am considered an “employer” under State and Federal law, I must register with the State and Federal government, withhold payroll taxes, provide workers’ compensation disability insurance, and contribute to unemployment compensation for each “employee”. I also understand my failure to abide by these laws may subject me to serious financial risk.

7. I understand under California Contractors’ State License Law, an Owner – Builder who builds single-family residential structures cannot legally build them with the intent to offer them for sale, unless *all* work is performed by licensed subcontractors and the number of structures does not exceed four within any calendar year, or all of the work is performed under contract with a licensed general building Contractor.

8. I understand as an Owner – Builder if I sell the property for which this permit is issued, I may be held liable for any financial or personal injuries sustained by any subsequent owner(s) that result from any latent construction defects in the workmanship or materials.

9. I understand I may obtain more information regarding my obligations as an “employer” from the Internal Revenue Service, the United States Small Business Administration, the California Department of Benefit Payments, and the California Division of Industrial Accidents. I also understand I may contact the California Contractors’ State License Board (CSLB) at 1.800.321.CSLB (2752) or [www.cslb.ca.gov](http://www.cslb.ca.gov) for more information about licensed contractors.

10. I am aware of and consent to an Owner – Builder building permit applied for in my name, and understand that I am party legally and financially responsible for proposed construction activity at the following address: \_\_\_\_\_.

11. I agree that, as the party legally and financially responsible for this proposed construction activity, I will abide by all applicable laws and requirements that govern Owner – Builders as well as employers.

12. I agree to notify the issuer of this form immediately of any additions, deletions, or changes to any of the information I have provided on this form. Licensed contractors are regulated by laws designed to protect the public. If you contract with someone who does not have a license, the Contractors’ State License Board may be unable to assist you with any financial loss you may sustain as a result of a complaint. Your only remedy against unlicensed Contractors may be in civil court. It is also important for you to understand that if an unlicensed Contractor or employee of that individual or firm is injured while working on your property, you may be held liable for damages. If you obtain a permit as Owner – Builder and wish to hire Contractors, you will be responsible for verifying whether or not those Contractors are properly licensed and the status of their workers’ compensation insurance coverage.

**Before a building permit can be issued, this form must be completed and signed by the property owner and returned to the agency responsible for issuing the permit. *Note: A copy of the property owner’s driver’s license, form notarization, or other verification acceptable to the agency is required to be presented when the permit is issued to verify the property owner’s signature.***

Signature of Property Owner: \_\_\_\_\_ Date: \_\_\_\_\_

*Note: The following Authorization Form is required to be completed by the property owner only when designating an agent of the property owner to apply for a construction permit for the Owner – Builder.*

**AUTHORIZATION OF AGENT TO ACT ON PROPERTY OWNER'S BEHALF**

Excluding the Notice to Property Owner, the execution of which I understand is my personal responsibility, I hereby authorize the following person(s) to act as my agent(s) to apply for, sign, and file the documents necessary to obtain an Owner – Builder Permit for my project.

Scope of Construction Project (or Description of Work): \_\_\_\_\_

Project Location or Address: \_\_\_\_\_

Name of Authorized Agent: \_\_\_\_\_ Telephone Number \_\_\_\_\_

Address of Authorized Agent: \_\_\_\_\_

I declare under penalty of perjury that I am the property owner for the address listed above and I personally filled out the above information and certify its accuracy. *Note: A copy of the owner's driver's license, form notarization, or other verification acceptable to the agency is required to be presented when the permit is issued to verify the property owner's signature.*

Property Owner's Signature: \_\_\_\_\_ Date: \_\_\_\_\_



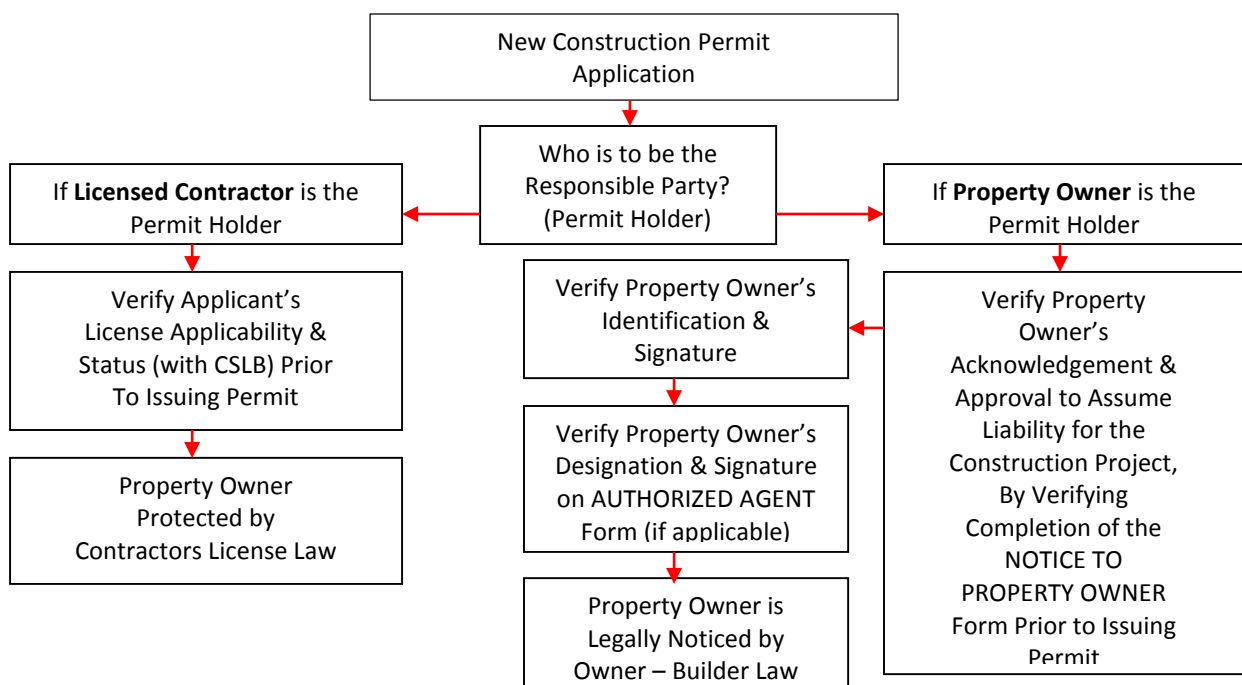
## NOTICE

### Effective January 1, 2009

Assembly Bill 2335 amends California Health and Safety Code, Section 19825, regarding disclosures and verifications required for all applicants seeking Owner – Builder construction permits. These new application requirements provide an enhanced level of consumer awareness and protection for property owners accepting the risks associated with Owner – Builder construction permits.

“The Legislature hereby finds and declares that there is an urgent and statewide public interest in assuring that building contractors comply with the Contractors License Law...and provisions of law relating to workers’ Compensation Insurance for building construction, that property owners are informed about, and protected from, fraudulent representations, liability for worker’s injuries, liability for material and labor cost unpaid contractors, licensing requirements, and employer’s tax liabilities when improving their property as owner – builders”

#### **THIS OFFICE WILL BE ENFORCING THESE REQUIREMENTS AS FOLLOWS:**





## Considering Becoming an Owner - Builder?



Important information you need to know BEFORE pulling your permit!

The term “Owner – Builder” can mean three different things:  
“Owner as Worker”, “Owner as Contractor” or “Owner as Employer”

Understanding each has Benefits or Risk, and it is possible to combine them!

**Hiring a California Licensed Contractor** means you do not personally perform any of the construction work, the permit is not taken out in your name, you are not personally responsible for the construction and you are *not* an Owner – Builder. Instead, you become a “Customer” and California law provides you the benefit of protection from poor workmanship, failure to finish the job and financial risk due to worker injury.

**Benefit/Risk:** Highest Benefits and the Least amount of Risk

**Owner-as-Worker** is a type of Owner – Builder where you *personally perform* the construction work, the permit is taken out in your name and you are *personally responsible* for the construction management, knowledge, workmanship, and completion of the job. You benefit by not paying others to perform this work for you and your risk depends on your own ability to complete the job successfully.

**Benefit/Risk:** Possible Benefit with Low Financial Risk

**Owner-as-Contractor** is a type of Owner – Builder where you personally act as your own General Contractor, the permit is taken out in your name and you hire California Licensed sub-contractors to perform portions of the construction work. **WARNING:** The benefit of protection provided by law when you hire only California licensed sub-contractors can turn to serious financial risk if you hire *unlicensed* contractors to perform *any* of the work.

**Benefit/Risk:** Possible Benefit with Significant Financial Risk

**Owner-as-Employer** is a type of Owner – Builder where you pay *any* unlicensed individual to perform *any* construction work valued at more than \$500.00, the permit is taken out in your name and you are personally responsible for their employment requirements, supervision, performance, safety and welfare while on your property. **WARNING:** Cost savings benefit can turn to serious financial risk if you fail to deduct *payroll taxes* or provide *workers compensation* for each worker.

**Benefit/Risk:** Possible Benefit with Significant Financial Risk

# Owner/builders take note!

## *A word of caution from the Contractors State License Board*

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*Hiring an unlicensed  
“consultant” to manage  
the project does not  
save you money  
in the long run.*

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*By hiring a licensed  
experienced contractor  
for your project to hire  
licensed knowledgeable  
tradespersons, the  
contractor becomes  
responsible for all  
phases of construction.*

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Anyone who talks you into being your own general contractor, or “owner/builder,” may be doing you no favor.

“Owner/builder” describes a situation in which the homeowner becomes the general contractor. As an owner/builder, *you* (not the person you hire) assume responsibility for the overall job.

Your responsibilities may include such things as state and federal taxes, workers’ compensation insurance, and other legal liabilities. You may be required to hire various subcontractors for your project, scheduling their work and supervising the job. If a worker is injured while working on your property, you could be asked to pay for injuries and rehabilitation through your homeowner’s insurance policy.

By signing a building permit application as an owner/builder, you assume full responsibility for all phases of your project and its integrity.

Hiring an unlicensed “consultant” to manage the project does not save you money in the long run. By hiring a licensed experienced contractor for your project to hire licensed knowledgeable tradespersons, the contractor becomes responsible for all phases of construction.

Unless you are very experienced in construction, it is best to leave these matters to your licensed contractor.

# 10 Tips

←—————→  
*Make Sure Your Contractor Measures Up*



- 1** Hire only state-licensed contractors.
- 2** Check a contractor's license number online at [www.cslb.ca.gov](http://www.cslb.ca.gov) or by calling 800.321.CSLB (2752).
- 3** Get at least three bids.
- 4** Get three references from each bidder and review past work in person.
- 5** Make sure all project expectations are in writing and only sign the contract if you completely understand the terms.
- 6** Confirm that the contractor has workers' compensation insurance for employees.
- 7** Never pay more than 10% down or \$1,000, whichever is less.\* Don't pay in cash.
- 8** Don't let payments get ahead of the work.
- 9** Keep a job file of all papers relating to your project, including all payments.
- 10** Don't make the final payment until you're satisfied with the job.

*\* There is an exception to this rule for about two dozen contractors who have filed a blanket performance and payment bond with the Registrar. This information is noted on the contractor's license detail page on CSLB's website.*



**CONTRACTORS STATE LICENSE BOARD**

[www.cslb.ca.gov](http://www.cslb.ca.gov) • [CheckTheLicenseFirst.com](http://CheckTheLicenseFirst.com)

800.321.CSLB (2752)

13P-075/0713



# 10 Consejos



Para Asegurar Que Su Contratista Sea Una Persona Calificada



- 1** Solamente emplee a contratistas con licencias de la Directiva Estatal de Licencias para Contratistas.
- 2** Verifique el número de licencia en línea por [www.cslb.ca.gov](http://www.cslb.ca.gov) o llame al 800.321.CSLB (2752).
- 3** Obtenga por lo menos tres ofertas.
- 4** Obtenga tres referencias de cada postor y usted mismo revise el trabajo pasado.
- 5** Asegúrese que todas las expectativas del proyecto están escritas y no firme el contrato hasta que usted comprenda todos los términos completamente.
- 6** Confirme la póliza del seguro de compensación al trabajador, y pregunte si el seguro de responsabilidad cubre cualquier daño a la propiedad.
- 7** Nunca pague más de un 10% del depósito o \$1,000, la cantidad que sea menos.\* No pague con dinero en efectivo.
- 8** No pague por adelantado.
- 9** Mantenga un archivo de todos los documentos relacionados a su proyecto, incluso un registro de los pagos realizados.
- 10** No haga el pago final hasta que usted esté satisfecho con el trabajo.

*\* Hay una excepción a esta regla para algunas dos docenas de contratistas que presentan al Registrador de Contratistas una fianza especial para la protección del consumidor (conocido en inglés como "blanket performance and payment bonds.") Esta información se nota por la página detallada de la licencia del contratista en el sitio Web del la CSLB.*



**DIRECTIVA ESTATAL DE LICENCIAS  
PARA CONTRATISTAS**

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