



City of Atascadero

COMMUNITY DEVELOPMENT

PUBLIC INFORMATION • BUILDING SERVICES

Owner-Builder Facts and Responsibilities

What is an Owner-Builder: Any individual or group of individuals who own the property on which they plan to construct, alter, repair, improve, or remodel a building or structure.

Is an Owner-Builder required to have a Contractor's License?: No, an Owner-Builder is exempt from licensing if they meet **ALL** of the following criteria

- The Owner-Builder does all of the work him/herself or through his/her own paid employees
 - Homeowners are required to have resided in the residence for at least 12 months prior to the completion of work
 - The structure cannot be intended for sale
 - The Owner-Builder exemption has not been taken on more than two structures in a three-year period
- The Owner-Builder contracts solely with a General Building "B" licensed contractor or appropriately licensed subcontractors

Can an Owner-Builder apply to build spec homes?: Yes, if all they meet **ALL** of the following criteria

- All work is performed by appropriately licensed subcontractors; limit four houses per calendar year
- A "B" licensed General Contractor is contracted to complete or subcontract all the work; no limit on number of houses
- The Owner-Builder performs the work and resides in the home for at least one year after occupancy has been granted; limit two residences in a three-year period

Are there any trades an Owner-Builder cannot perform?: Yes, Well-drilling must be completed by a "C-57" licensed contractor

Owner-Builder Responsibilities:

- An Owner-Builder accepts the responsibility for all phases of the project to be completed per approved plan, applicable Codes and pass all required inspections
- Owner-Builder assumes the responsibility of making sure all labor and material costs are paid
- An Owner-Builder is responsible for supervising, scheduling, and paying subcontractors. An Owner-Builder may be considered an "Employer" if anyone besides an appropriately licensed subcontractor is hired to complete the work
 - Employers must register with the State and Federal Governments and are obligated to participate in State and Federal Income Tax withholding, Federal Social Security taxes, Workers' Compensation insurance, Disability Insurance costs, and unemployment compensation contributions

For more information about Owner-Builder, see §7044 of the Business and Professions Code or http://www.cslb.ca.gov/Consumers/Know_Risks_Of_Owner_-_Builder/

I hereby affirm under penalty of perjury that I am exempt from the Contractors' State License Law for the following reason(s) indicated below by the checkmark(s) I have placed next to the applicable item(s) (Sec. 7031.5, Business and Professions Code: Any city or county which requires a permit to construct, alter, improve, demolish, or repair any structure, prior to its issuance, also requires the applicant for such permit to file a signed statement that he or she is licensed pursuant to the provisions of the Contractors' State License Law (Chapter 9 commencing with Section 7000) of Division 3 of the Business and Professions Code) or that he or she is exempt from licensure and the basis for the alleged exemption. Any violation of Section 7031.5 by any applicant for a permit subjects the applicant to a civil penalty of not more than five hundred dollars (\$500.):

- ☐ I, as owner of the property, or my employees with wages as their sole compensation, will do ☐ all of or ☐ portions of the work, and the structure is not intended or offered for sale.
- ☐ I, as owner of the property, am exclusively contracting with licensed contractors to construct the project
- ☐ I am exempt from licensure under the Contractors' State License Law for the following reason:

By my signature below I acknowledge that, except for my personal residence in which I must have resided for at least one year prior to completion of the improvements covered by this permit, I cannot legally sell a structure that I have built as an owner-builder if it has not been constructed in its entirety by licensed contractors. I understand that a copy of the applicable law, Section 7044 of the Business and Professions Code, is available upon request when this application is submitted or at the following web site: <http://www.leginfo.ca.gov/calaw.html>

SIGNATURE: _____ **DATE:** _____

PROPERTY OWNER'S ACKNOWLEDGEMENT & VERIFICATION INFORMATION

Disclosures & Forms for Owner-Builders Applying for Construction Permits

Pursuant to Assembly Bill 2335, Effective January 1, 2009

Dear Property Owner:

A building permit application has been submitted in your name listing yourself as the builder of the property improvements located at: _____. We are providing you with an Owner-Builder Acknowledgment 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.

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 may 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 the 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 that I am responsible for supervising, scheduling, and paying subcontractors. If I use anyone other than a licensed contractor or subcontractor for work, 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-CLSB (2752) or 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 the 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 the 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.

SIGNATURE: _____ **DATE:** _____