

This is an Owner-Builder Acknowledgment and Verification Form to make you aware of your responsibilities and possible risk you may sustain by having this permit issued in your name as Owner-Builder. Prior to issuance of a building permit, the PROPERTY OWNER must complete and submit this form (agent not allowed to complete on behalf of owner). **Please read and initial each statement below to verify you understand and confirm the following:**

____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 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), 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 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 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.

Signature: _____

Date: _____

Printed Name: _____

What is an Owner-Builder?

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This section defines what an owner-builder is and the laws surrounding that practice.

An owner-builder is what the term indicates: a person owns the property and acts as their own general contractor on the job, and either does the work themselves or has employees (or subcontractors) working on the project.

The work site must be their principal place of residence they have occupied for 12 months prior to completion of work.

The homeowner cannot construct and then sell more than two structures during any 3-year period.

LAWS AND REGULATIONS – Business & Professions Code section 7044 has more information about owners-builders.

Owner-Builder Responsibilities

This section outlines the job responsibilities of a property owner when they decide to handle their own construction projects as an owner-builder.

When you sign a building permit application as an owner-builder, you assume full responsibility for all phases of your project and its integrity. You must pull all building permits. Your project must pass codes and building inspections.

The owner-builder is responsible for ordering materials and make sure all suppliers are paid.

An owner-builder also is responsible for supervising, scheduling, and paying subcontractors. If you use anyone other than a licensed subcontractor for work, you may be considered an “employer.”

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.

TIP – For more specific information about your obligations under federal law, contact the Internal Revenue Service at (800) 829-1040, and the U.S. Small Business Administration at (800) 359-1833. For more specific information about your obligations under state law, contact the Employment Development Department at (916) 653-0707, the Department of Industrial Relations at (415) 703-5070, and the Franchise Tax Board at (800) 852-5711.

Owner-Builder Risks

Unless you are knowledgeable about construction, mistakes can be costly and take additional time to repair or correct.

Subcontractors and suppliers who are not paid on schedule may file mechanics liens against your property. Educate yourself about mechanics liens and how to prevent them.

If your workers are injured, or your subcontractors are not licensed or do not carry liability insurance or workers’ compensation insurance and they are injured, you could be asked to pay for injuries and rehabilitation through your homeowner’s insurance policy or face lawsuits.

You should be cautious of unlicensed individuals claiming to be contractors who prey upon homeowners. They may promise to guide you through the owner-builder process for a consulting fee, but they are breaking the law.

REMEMBER – As an owner-builder, you assume full responsibility for all phases of your project and its integrity.

Licensed contractors must demonstrate knowledge of their craft, be tested, fingerprinted, bonded, and undergo an FBI background check before they are licensed to work in California. Illegal contractors can botch a job or leave with the down payment, leaving the owner-builder to deal with the consequences.

Owner/builders take note!

A word of caution from the Contractors State License Board

*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
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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.