

B = General Construction

These types of contractors can perform all aspects of construction. While they can do all trades most just do the construction and leave the sub-trade work to those speciality contractors, ie plumbing, mechanical, electrical, etc.

C = Speciality Contractors

These types of contractors specialize in one aspect of construction. These contractors may only pull permits for their specific trade.

C=10 are Electrical Contractors
All aspects of electrical work

C=16 are Fire Protection Systems
Fire sprinkler systems

C=17 are Glazing Contractors
Windows, Glass Doors

C=20 are Mechanical Contractors
HVAC and AC systems

C=36 are Plumbing Contractors
All Plumbing work

C=39 are Roofing Contractors
Roofing except Metal Tile

C=43 are Sheet Metal Contractors
Sheet metal work but not
HVAC OR AC

C=61 are Limited Speciality
these include Fire Alarm,
Security Systems,
Communications Systems, etc

This is only a partial list of specialty contractors. For a full list contact the Contractors State License Board (CSLB).

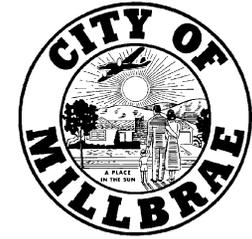
In order for a general contractor (B) to pull the building and sub-trade(C) permits he or she MUST be doing 3 or more sub- trades in order to pull those speciality permits.

General contractor's may not pull a building and 1 or 2 sub-trade permit or 1 sub trade permits only.

Example would be a general contractor who is doing carpentry (B), electrical (C), roofing (C-39), mechanical(C-20) - this is Building and 3 Sub Trades.

Refer to Contractors State License law for further clarification.
CSLB Phone # 800-321-CSLB

If you have any additional questions please feel free to contact the Building Division at 650-259-2330.



Owner / Builder VS Licensed Contractor

The Laws and Other
Information

City of Millbrae
Community Development
Department
Building Division

621 Magnolia Ave.
Millbrae, Ca. 94030
Building Division
650-259-2330

Fax 650-697-2657

Website - www.ci.millbrae.ca.us

12/30/05, 12/29/08

My permits are ready to be picked up, Who can pick up my permits?

There are two types of people who can pull permits.

1) Owner / Builders.

This person **MUST** be the current owner of the property.

An Owner / Builder describes a situation in which the Property Owner 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, worker's 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.

Check with your insurance carrier for your liability limits and what your coverage may include. Note some policies do not cover construction liabilities or workman's compensation.

By signing a building permit

application as an Owner/Builder, you assume full responsibility for all phases of your project and its integrity.

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

Don't be talked into pulling permits just so the contractor can avoid paying city business license fees. ALL contractors are required to have a business license for every city and county they do work in.

Also pulling an Owner /Builder permit to save permit costs is not a good reason to go this route. Permit fees are based on the costs of the project. The cost of a project is the actual contract or a valuation established by the Building Division. The Building Division will estimate the job costs as contract labor plus material costs. While the Building Division understands that Owner /Builder labor costs may be low or non-existent, the Building Division needs a level playing field for determining project valuation and valuing the Owner / Builder as a contractor is that level playing field.

Owner/Builder permittees **MUST** Complete the Owner Builder disclosure and acceptance form **PRIOR** to applying for a permit may be issued.

2) California Licensed Contractor.

By hiring a licensed contractor you should be getting a qualified person who is suppose to know what they are doing.

Licensed contractors are bonded and insured. This protects the property owner and provides ways for the property owner to get their projected completed.

If you hire unlicensed, undocumented workers or handymen you are assuming any costs associated with these types of workers. You have very limited resources to go after these types of workers should they walk off the job, get injured, do not pay their sub-contractors or material suppliers.

Contractors State License Code requires work over \$1000 to be performed by a licensed contractor.

Contractors are licensed in many categories these include:

A = General Engineering
Performs work that includes roadways, underground piping, major grading, etc.



CITY OF MILLBRAE BUILDING DIVISION

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*”

Understand 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 and 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 insurance* for each worker.

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

(Health and Safety Code Section 19827) The California Legislature declares an “urgent and statewide public interest in assuring” that contractors comply with Contractors’ License Law, Business and

Professions Code and Workers' Compensation Insurance requirements to ensure property owners are informed about, and protected from the following when improving their property as Owner-Builders:

Fraudulent representations ■ Liability for worker's injuries ■ Liability for material and labor costs unpaid by contractors ■ Licensing requirements ■ Employers tax liabilities

Over 20,000 consumer complaints are filed each year. Many complaints relate to owner/builder projects and include workmanship and workers' compensation issues Homeowners suffer financial harm due to defective workmanship and injured employees.

Following are alarming examples of what has occurred with Owner-Builder permits:

Example 1: Homeowner received insurance money to rebuild burned-down home.

- Owner/Builder permit pulled to rebuild structure.
- Unlicensed contractor built substandard structure – must be torn down and replaced.
- Estimated financial injury is \$225,000.
- Additional financial injury - IRS threatened to tax insurance payout if house not completed by the end of the year.

Example 2: Brother-in-law had active license but filed an exemption from Workers Comp.

- Owner-Builder hires brother-in-law to install a new roof.
- Employee falls and sustains multiple spinal and extremity fractures as well as a head injury and remains in a coma to this day.
- The Owner-Builder, who has sold the home, is now a defendant in a lawsuit for reimbursement for benefits paid to the injured worker.

Example 3: Employee of contractor without Workers Comp is hired by Owner-Builder to install septic system and suffers injury that results in permanent disability.

- The Owner-Builder did not have a homeowner's insurance policy on the house against which to submit a claim.
- The Owner-Builder is now a defendant in a lawsuit for reimbursement for benefits paid to the injured worker.

Did you know – unlicensed persons frequently have the property owner obtain an "Owner-Builder" building permit which erroneously implies that the property owner is providing his or her own labor and material personally?

Did you know – your homeowner's insurance may not provide coverage for injuries sustained on your property by an unlicensed contractor and his/her employees?

Did you know – if you are considered an "employer" under state and federal law, you must register with the state and federal government, withhold payroll taxes, provide workers compensation and disability insurance and contribute to unemployment compensation for each "employee"?

Did you know – that if you fail to abide by these laws you may be subjected to serious financial risk?

OWNERS BEWARE AND CONSIDER THE RISK BEFORE ACCEPTING FULL RESPONSIBILITY FOR YOUR CONSTRUCTION PERMIT



CITY OF MILLBRAE
BUILDING DIVISION

NOTICE TO PROPERTY OWNER

Disclosures & Forms for Owner-Builder Construction Permits

Project Address _____

IMPORTANT! NOTICE TO PROPERTY OWNER

Dear Property Owner:

An application for a building permit has been or is being submitted in your name listing yourself as the builder of the property improvements specified at the address above.

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 the City of Millbrae, Building Division.

An agent of the owner cannot execute this notice unless you, the property owner, obtain the prior approval of the permitting authority.

OWNER'S ACKNOWLEDGMENT 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 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:

Project 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 City of Millbrae 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 City of Millbrae before issuing the permit. Note: A copy of the property owner's drivers 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 in my name.

Scope of Construction Project (or Description of Work): _____

Project Location or Address: _____

Name of Authorized Agent: _____ Tel No _____

Address of Authorized Agent: _____

DECLARATION OF ACCEPTANCE

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: _____