



City of Pismo Beach, Building Division
760 Mattie Road
Pismo Beach, CA 93449
(805) 773-7040 · Fax: (805) 773-4684
www.pismo-beach.org

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

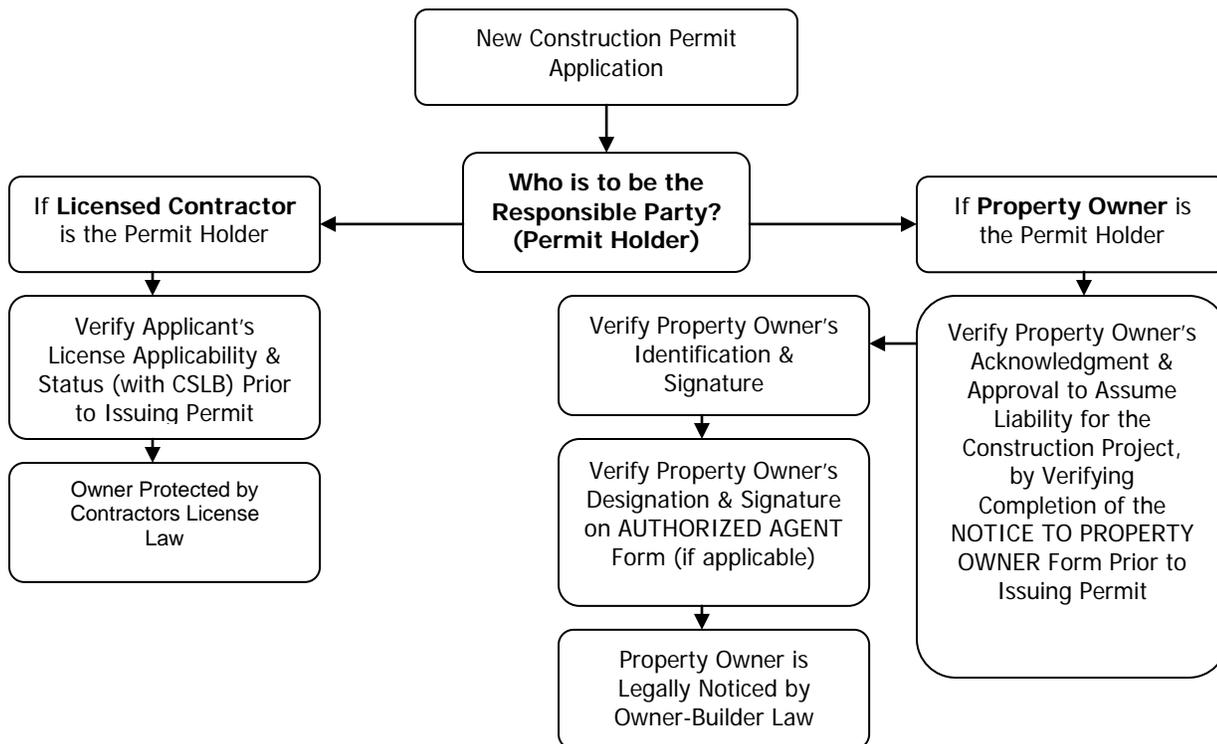


NOTICE

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 CITY OF PISMO BEACH WILL BE ENFORCING THESE REQUIREMENTS AS FOLLOWS:





OWNER'S ACKNOWLEDGMENT AND VERIFICATION OF INFORMATION

City of Pismo Beach Building Division

760 Mattie Road, Pismo Beach, CA 93449

(805) 773-7040 · Fax: (805) 773-4684 · www.pismo beach.org

Dear Property Owner:

Building Permit Application No. _____ has been submitted in your name listing yourself as the builder of the property improvements specified at _____.

We are providing you with this 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 above.** 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 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 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 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 City of Pismo Beach Building Division.

Note: A copy of the property owner's driver's license, form notarization, or other verification acceptable to the Building Division is required to be presented when the permit is issued to verify the property owner's signature.

Print Name of Property Owner _____

Signature _____ Date: _____



AUTHORIZATION OF AGENT TO ACT ON PROPERTY OWNER'S BEHALF

City of Pismo Beach Building Division

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Authorization of Owner's Agent

Note: This form shall be completed by the property owner only when designating an agent of the property owner for purposes related to a construction permit for the Owner-Builder.

Project Location or Address:

Scope of Construction Project (or Description of Work):

Excluding the Owner's Acknowledgment and Verification of Information Form, 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.

Name of Authorized Agent:

Phone

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 City of Pismo Beach Building Division is required to be presented when the permit is issued to verify the property owner's signature.*

Property Owner's Name (please print):

Property Owner's Signature:

Date: _____ Permit Application No. _____



PERMIT APPLICATION SUBMITTAL CHECKLIST

NEW BUILDINGS AND ADDITIONS: AN APPLICATION FOR PERMIT MUST BE COMPLETELY PROCESSED AND PERMITTED WITHIN 365 DAYS, OR THE APPLICATION SHALL EXPIRE AND A NEW APPLICATION AND FULL RESUBMITTAL WILL BE REQUIRED.

___ A COMPLETED APPLICATION FOR PERMIT

- A. OWNER BUILDER ACKNOWLEDGEMENT FORM IF REQUIRED
- B. OWNER BUILDER AGENT AUTHORIZATION FORM IF REQUIRED
(State law requires declarations to be completed at time of application)

___ 5 COPIES OF THE CONDITIONS OF APPROVALS

___ 5 SETS OF PLANS WET STAMPED BY THE ARCHITECT/ENGINEER

- A. PROJECT SITE PLAN
- B. ADDRESS
- C. LOT NUMBER
- D. ASSESSOR'S PARCEL NUMBER
- E. SQ. FOOTAGE LIVING AREA, GARAGE, DECK, OR COMMERCIAL USES
- F. ROOM OR SPACE DESIGNATIONS
- G. DIMENSIONS, DETAILS AND CROSS SECTIONS
- H. DETAILED CROSS REFERENCING

___ 2 COPIES OF THE STRUCTURAL CALCULATIONS

- A. SECTIONS AND DETAILS
- B. SEISMIC BRACING FOR WALLS, RACKS, SUSPENDED CIELINGS ETC.
- C. STAMPED AND SIGNED BY THE DESIGN PROFESSIONAL

___ 2 COPIES OF TRUSS CALCULATIONS

- A. A WET STAMPED LETTER FROM THE ARCHITECT OR ENGINEER PROVIDING THE STRUCTURAL DESIGN STATING THAT THEY HAVE REVIEWED THE TRUSS CALCULATIONS AND THEY ARE IN SUBSTANTIAL CONFORMANCE TO THE PROJECT DESIGN

___ A COMPLETED STRUCTURAL OBSERVATION PROGRAM FORM IF STRUCTURE IS ENGINEERED

(Preferred at application as the information must be incorporated into the plans or correction will result)

<http://www.pismo-beach.org/DocumentCenter/View/4292>

___ A COMPLETED SPECIAL INSPECTION PROGRAM FORM FOR ALL SPECIAL INSPECTIONS

(Preferred at application as the information must be incorporated into the plans or correction will result)

<http://www.pismo-beach.org/DocumentCenter/View/4291>

___ 2 COPIES OF TITLE 24 ENERGY CALCULATIONS

___ 2 COPIES OF THE SOILS REPORT

___ 3 SETS OF GRADING PLANS IF REQUIRED (For grading only permits)

___ 2 COPIES OF THE DRAINAGE REPORT (See "Drainage Requirements" document on website for guidance)

___ 2 SETS OF FIRE SPRINKLER PLANS IF REQUIRED (Must be approved concurrent with building permit)

___ 2 SETS OF LANDSCAPING PLANS

___ CLEAR DETAIL ON BUILDING, ELECTRICAL, PLUMBING AND MECHANICAL PLANS AS REQUIRED

___ PLAN REVIEW DEPOSIT MUST BE SUBMITTED WITH PLANS AND SUPPORTING DOCUMENTS



#1 IDENTIFY YOUR BUILDING PROJECT

Property Address: _____ Assessor's Parcel # _____ - _____ - _____

Property Owner: _____ Phone: _____

Owner's Mailing Address: _____

Licensed Design Professional In Responsible Charge or Non-Licensed Designer (when allowed by statutes):

Name: _____ License No. _____ Phone: _____

Description of work to be performed: _____

Occupancy Group: _____ Const Type: _____ # of Dwelling Units: _____ Project Cost: \$ _____

New Floor Area (Sq. Ft): Living _____ Garage _____ Deck _____ Other _____

Permit Types Required: Building Mechanical Electrical Plumbing Grading C.Y. Demolition

#2 IDENTIFY WHO WILL PERFORM THE WORK (Select and Complete either 2a or 2b)

2a - CALIFORNIA LICENSED CONTRACTOR'S DECLARATION I hereby affirm under penalty of perjury that I am licensed under provisions of Chapter 9 commencing with Section 7000 of Division 3 of the Business and Professions Code, and my license is in full force and effect.

Contractor Name: _____ License Class _____ License No. _____

2b - OWNER-BUILDER'S DECLARATION I hereby affirm under penalty of perjury that I am exempt from the Contractors' State License Law for the reason(s) indicated below by the checkmark(s) I have placed next to the applicable item(s) (Section 7031.5, Business and Professions Code: Any city or county that requires a permit to construct, alter, improve, demolish, or repair any structure, prior to its issuance, also requires the applicant for the 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 portions of the work, and the structure is not intended or offered for sale. (Section 7044, Business and Professions Code: The Contractors' State License Law does not apply to an owner of property who, through employees' or personal effort, builds or improves the property, provided that the improvements are not intended or offered for sale. If, however, the building or improvement is sold within one year of completion, the Owner-Builder will have the burden of proving that it was not built or improved for the purpose of sale)

I, as owner of the property, am exclusively contracting with licensed Contractors to construct the project (Section 7044, Business and Professions Code: The Contractors' State License Law does not apply to an owner of property who builds or improves thereon, and who contracts for the projects with a licensed Contractor pursuant to the Contractors' State License Law).

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 is available upon request or at <http://www.leginfo.ca.gov/calaw.html>.

#3 IDENTIFY WORKERS' COMPENSTATION COVERAGE AND LENDING AGENCY (Complete 3a and 3b)

WARNING: Failure to secure workers' compensation coverage is unlawful, and shall subject an employer to criminal penalties and civil fines up to \$100,000, in addition to the cost of compensation, damages as provided for in section 3706 of the labor code, interest, and attorney's fees.

3a - WORKERS' COMPENSATION DECLARATION I hereby affirm under penalty of perjury one of the following declarations:

I have and will maintain a certificate of consent to self-insure for workers' compensation, issued by the Director of Industrial Relations provided for by Section 3700 of the Labor Code, for the performance of the work for which this permit is issued. Policy No. _____

I have and will maintain workers' compensation insurance, as required by Section 3700 of the Labor Code, for the performance of the work for which this permit is issued. My workers' compensation insurance carrier and policy number are:

Carrier: _____ Policy No. _____ Expiration Date _____ Phone: _____

I certify that, in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California, and agree that, if I should become subject to the workers' compensation provisions of Section 3700 of the Labor Code, I shall forthwith comply with those provisions.

3b - CONSTRUCTION LENDING AGENCY DECLARATION I hereby affirm under penalty of perjury that there is a construction lending agency for the performance of the work for which this permit is issued (Section 3097, Civil Code) as follows:

Lender's Name and Address: _____

#4 DECLARATION BY CONSTRUCTION PERMIT APPLICANT

By my signature below, I certify each of the following:

I am a California licensed contractor or the property owner* or authorized to act on the property owner's behalf**.

I have read this permit application and the information I have provided is correct. I agree to comply with applicable city and county ordinances and state laws relating to building construction. I authorize representatives of this city or county to enter the above-identified property for inspection purposes.

This permit is to be issued in the name of the Licensed Contractor or the Property Owner as the permit holder of record who will be responsible and liable for the construction.

Print Name _____ Signature _____ Date _____

*requires separate verification form

**requires separate authorization form

PERMIT APPLICATION # _____