

What is an owner/builder?

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

- An owner/builder is what the term indicates. The 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 that they have occupied for 12 months prior to completion of the work.
- The homeowner cannot construct and then sell more than two structures during any three-year period.

The responsibilities of an owner/builder.

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 making sure all suppliers are paid.

An owner/builder is also responsible for supervising, scheduling and paying subcontractors. If you use anyone other than your immediate family or 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, if you wish, 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.

The downside of being an owner/builder

This section presents some additional issues that should be taken into consideration before deciding to become an owner/builder.

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

Subcontractors and suppliers who are not paid on schedule may file mechanic's liens against your property. Educate yourself about [mechanic's liens](#) and how to prevent them.

If your workers are injured, or your subcontractors are not licensed or do not carry liability insurance or worker's compensation 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 FBI background checked before they are licensed to work in California.

Illegal contractors can bungle a job or skip with the down payments leaving the owner/builder pretty much on their own to deal with the issue.

For more information go to www.cslb.gov