



# Home Tips®



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## Home Builder License for 2008?

As of January 1, 2008, general contractors in Georgia must have a state license in order to build houses. The requirements are fairly stringent, but many area builders think the law is a good idea. "I would say that all honest contractors are glad to see this in place," said Bill Goode, owner of Victory Custom Homes in Dawson County. "I don't see that it will cause any undue hardship." Goode said he hopes the rules will weed out part-time builders who don't keep up with industry standards. "Before this, there was nothing to stop anybody with a hammer and a truck from deciding to build homes. I've seen everyone from airline pilots to janitors trying to get into the business, thinking there's money to be made."

Certain types of subcontractors, such as electricians, already have to be licensed in Georgia. Many people think the requirement for general contractors is long overdue. "One argument for the law was that in Georgia, the person who cuts your hair has to be licensed, yet the person who builds your house did not," said Phil Gruber, assistant manager of building inspection services for the city of Gainesville. Starting next January, the city no longer can issue a building permit if the applicant does not have a contractor's license.

"The license must be renewed every two years and requires eight hours of continuing education. This will force builders to keep up with the codes," he said. "The majority of builders we see do comply with the codes. But there's a small percentage that tries to get away with whatever they can."

Gainesville builder Tim Whitmire said unethical or incompetent contractors tarnish the industry's reputation. "There needs to be a way to protect people. You hear so many horror stories about building houses, and it shouldn't be that way," he said. "It's time for a law like this. It will make the industry more professional and better for the consumer." Yet Whitmire said he has mixed emotions about the law. "I've been a builder for 28 years, and I got started in an atmosphere of free enterprise (without much government regulation)," he said. "But things are so much more complicated now, and you've really got to know your stuff these days."

Licenses will be issued through the Secretary of State's office in three categories: residential basic, resident/light commercial and general contractor. To be eligible, an applicant must be at least 21 years old, have liability insurance, verify payment of taxes, complete continuing education classes and pass an exam. The general contractor

category also requires a minimum net worth of \$150,000 and a credit line of at least \$50,000. The latter requirement is aimed at preventing scenarios in which a contractor goes bankrupt and leaves a project unfinished. But it also could make it more difficult for new builders to get into the business. "I do think it may be hard for some small companies to meet the requirements," Whitmire said.

But Van Neese, spokesman for the Home Builders' Association of Gainesville-Hall County, said his organization sees the law as a positive step. "The standards aren't intended to put people out of business," he said. "If you are in this industry as a professional, you shouldn't have any problem meeting them. "Personally, I don't want someone building my house who does it just as a hobby."

In fact, the law does make allowances for "do-it-yourselfers." A state license is not required for projects costing less than \$2,500. And property owners can build a house intended for their own use. But if they sell the home, they can't build another one for two years unless they obtain a license.

State officials have not worked out the specifics of the licensing exam or where the test will be conducted. "We're going to check with the state to see if we'll be able to offer (continuing education) classes and testing locally, as we did with erosion control certification," Gruber said.

But some builders won't have to take the test at all. Those with considerable experience in construction may be exempt from the exam. However, the deadline to be "grandfathered in" has passed, and the state licensing board has been inundated with last-minute applications.

"You wouldn't believe how many builders have been in business for years and never carried liability insurance until now," Whitmire said. "They were scrambling to get coverage so they could apply for the exemption." Whitmire himself sent in an application, based on his almost three decades of experience. He said it wasn't a simple process. "I had to provide a lot of documentation, such as signed affidavits from a civil engineer." The state requires proof that the builder has completed several previous "successful projects."

The law also requires that new homes carry at least a one-year warranty. Contractors who do shoddy work may have their licenses revoked. They can also be fined up to \$5,000, in addition to paying restitution to homeowners. Goode said the law brings accountability to his profession. "Now there's recourse for consumers," he said. "A builder who doesn't follow the rules can lose his license. And without a license, he can't get any more building permits."

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