OWNER-BUILDER INFORMATION

Dear Property Owner:

If application for a building permit has been submitted in your name listing yourself as the builder of the property improvements specified. For your protection you should be aware that as "owner-builder" you are the responsible party on record for such a permit. Building permits are not required to be signed by property owners unless they are personally performing their own work. If your work is being performed by someone other than yourself you may protect yourself from possible liability if that person applies for the proper permit in his or her name. Contractors are required by law to be licensed and bonded by the State of California and to have a business license from the city or county. They are also required by law to put their license number on all permits for which they apply.

If you plan to do your own work, with the exception of various trades that you plan to subcontract, you should be aware of the following information for your benefit and protection:

If you employ or otherwise engage any persons other than your immediate family, and the work (including materials and other costs) is $200 or more for the entire project, and such persons are not licensed as contractors or sub-contractors, then you may be an employer.

If you are an employer, you must register with the state and federal government as an employer and you are subject to several obligations including state and federal income tax withholding, federal social security taxes, workers compensation insurance, disability insurance costs and unemployment compensation contributions.

There may be financial risks for you if you do not carry out these obligations, and these risks are especially serious with respect to workers' compensation insurance.

For more specific information about your obligations under federal law, contact the Internal Revenue Service (and, if you wish, the U.S. Small Business Administration). For more specific information about your obligation under state law, contact the Department of Benefit Payments and the Division of Industrial Accidents.

If the structure is intended for sale, property owners who are not licensed contractors are allowed to perform their work personally or through their own employees, without a licensed contractor of subcontractor, only under limited conditions.

A frequent practice of unlicensed persons professing to be contractors is to secure an "owner-builder" building permit, erroneously implying that the property owner is providing his or her own labor and material personally. Building permits are not required to be signed by property owners unless they are performing their own work personally.

Information about licensed contractors may be obtained by contacting the Contractors' State License Board in your community or at 1020 N Street, Sacramento, California 95814.