

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 992

Short Title: Homebuilder Responsibility.

(Public)

Sponsors: Representatives Earle; Decker, Saunders, and Wainwright.

Referred to: Finance.

April 5, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO STRENGTHEN THE LAWS REGULATING GENERAL
3 CONTRACTORS AND TO INCREASE THE LICENSURE REQUIREMENTS
4 FOR RESIDENTIAL BUILDING CONTRACTORS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 87-1 reads as rewritten:

7 "**§ 87-1. "General contractor" defined; exceptions.**

8 For the purpose of this Article any person or firm or corporation who for a fixed
9 price, commission, fee, or wage, undertakes to bid upon or to construct or who
10 undertakes to superintend or manage, on his own behalf or for any person, firm, or
11 corporation that is not licensed as a general contractor pursuant to this Article, the
12 construction of any building, highway, public utilities, grading or any improvement or
13 structure where the cost of the undertaking is ~~thirty thousand dollars (\$30,000)~~ fifteen
14 thousand dollars (\$15,000) or more, or undertakes to erect a North Carolina labeled
15 manufactured modular building meeting the North Carolina State Building Code, shall
16 be deemed to be a "general contractor" engaged in the business of general contracting in
17 the State of North Carolina.

18 This section shall not apply to persons or firms or corporations furnishing or erecting
19 industrial equipment, power ~~plan~~ plant equipment, radial brick chimneys, and
20 monuments.

21 This section shall not apply to any person or firm or corporation who constructs or
22 alters a building on land owned by that person, firm or corporation provided such
23 building is intended solely for occupancy by that person and his family, firm, or
24 corporation after completion; and provided further that, if such building is not occupied
25 solely by such person and his family, firm, or corporation for at least 12 months
26 following completion, it shall be presumed that the person, firm, or corporation did not
27 intend such building solely for occupancy by that person and his family, firm, or
28 corporation.

1 This section shall not apply to any person engaged in the business of farming who
2 constructs or alters a building on land owned by that person and used in the business of
3 farming, when such building is intended for use by that person after completion."

4 **SECTION 2.** G.S. 87-11(a) reads as rewritten:

5 "(a) The Board shall have the power to ~~revoke~~ revoke, suspend, refuse to renew or
6 restrict the certificate of license of any general contractor licensed hereunder who is
7 found guilty ~~of~~ of:

8 (1) ~~any~~ Any fraud or deceit in obtaining a ~~license, or~~ license.

9 (2) ~~gross~~ Gross negligence, incompetency or misconduct in the practice of
10 his ~~profession, or~~ profession.

11 (3) Violation of the State Building Code that creates a substantial risk of
12 personal injury or substantial property damage.

13 (4) Failure to take corrective action ordered by the Board. With the
14 consent of the complainant, the Board may order a licensee to take
15 corrective action in those cases involving residential construction
16 where the Board finds, after notice and hearing as provided for in
17 Chapter 150B of the General Statutes, a violation of subdivisions (2)
18 or (3) above. Corrective action may not be ordered by the Board
19 during the pendency of any civil action arising from the same facts or
20 circumstances alleged in the notice of hearing. For purposes of this
21 section, residential construction is defined as any construction activity
22 required to conform to the residential building code adopted by the
23 North Carolina State Building Code Council pursuant to G.S. 143-138.

24 (5) ~~willful~~ Willful violation of any provisions of this Article.

25 The Board shall also have the power to revoke, suspend, or restrict the ability of any
26 person to act as a qualifying party for a license to practice general contracting, as
27 provided in G.S. 87-10(c), for any copartnership, corporation, or any other organization
28 or combination, if this person committed any act in violation of the provisions of this
29 section, and the Board may take disciplinary action against the individual license held
30 by that person.

31 Any person may prefer charges of such fraud, deceit, negligence or misconduct
32 against any general contractor licensed hereunder; such charges shall be in writing and
33 sworn to by the complainant and submitted to the Board. Such charges, unless
34 dismissed without hearing by the Board as unfounded or trivial, shall be heard and
35 determined by the Board in accordance with the provisions of Chapter 150B of the
36 General Statutes."

37 **SECTION 3.** G.S. 87-15.5(6) reads as rewritten:

38 "(6) Reimbursable loss. -- A monetary loss that meets all of the following
39 requirements:

40 a. Results from dishonest or incompetent conduct by a general
41 contractor in constructing or altering a single-family residential
42 dwelling unit.

43 b. Is not paid, in whole or in part, by or on behalf of the general
44 contractor whose conduct caused the loss. For purposes of this

1 (2) Building contractor. -- Defined in G.S. 87-10.

2 (3) Licensed contractor. -- Any person required to obtain a license as a
3 general contractor pursuant to Article 1 of Chapter 87 of the General
4 Statutes.

5 (4) Residential construction. -- Any construction activity required to
6 conform to the residential building code adopted by the North Carolina
7 State Building Code Council pursuant to G.S. 143-138.

8 (5) Residential contractor. -- Defined in G.S. 87-10.

9 **"§ 87-15.15. Additional licensing requirements; experience.**

10 The Board shall develop and implement rules establishing minimum experience
11 requirements for applicants for licensure as general contractors. In establishing the
12 experience requirements, the Board shall consider both practical and management
13 experience. The rules adopted by the Board regarding experience requirements shall
14 provide credit for a portion of any experience requirement for technical training or
15 certification or for a bachelors or graduate degree in architecture, engineering,
16 construction management, or related field. The experience requirement shall not exceed
17 a total of four years. This section shall not apply to persons to whom the Board has
18 issued a license prior to the effective date of the rules adopted by the Board pursuant to
19 this section.

20 **"§ 87-15.16. Insurance.**

21 (a) Each contractor licensed as a building contractor or a residential contractor
22 shall at all times maintain at least the minimum commercial general liability insurance
23 coverage established by the Board pursuant to subsection (b) of this section.

24 (b) The Board shall adopt rules establishing the amounts commercial general
25 liability insurance that a licensee performing residential construction shall be required to
26 carry. In no event shall the Board require insurance coverage in excess of five hundred
27 thousand dollars (\$500,000) per occurrence. Verification of insurance coverage shall be
28 made in a manner satisfactory to the Board.

29 **"§ 87-15.17. Homebuilders to list license number.**

30 A contractor licensed as a building contractor or a residential contractor who
31 advertises the contractor's services in a publication shall include in the publication in
32 legible type the license number issued to the contractor by the Board."

33 **SECTION 6.** State and local code enforcement officials inspecting existing
34 residential buildings are encouraged to report to the State Licensing Board for General
35 Contractors substantial violations of the North Carolina State Building Code found
36 during the conduct of their inspections. For purposes of this section, a residential
37 building is one that is required to be constructed in accordance with the requirements of
38 the Residential Code of the North Carolina State Building Code.

39 **SECTION 7.** This act constitutes a recent act of the General Assembly
40 within the meaning of G.S. 150B-21.1. The State Licensing Board for General
41 Contractors may adopt temporary rules to implement the provisions of this act.

42 **SECTION 8.** This act becomes effective January 1, 2002.