



North Carolina Licensing Board for General Contractors

NCLBGC 2021: What Licensed General Contractors Need to Know

Student Guide



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**NORTH CAROLINA LICENSING BOARD
FOR GENERAL CONTRACTORS**



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Module 1: Welcome and Introduction

Module Time This module is estimated to be 7 minutes in length.



Slide 1

Module Objectives



Slide 2

Upon completion of this module, you will be able to:

- Explain the purpose of this course.
 - Identify what the law states relative to evidence of licensure in accordance with G.S. 87-12.
 - Explain the NCLBGC's authority concerning the licensing of General Contractors and the difference between authorized and unauthorized (unlicensed) practice of general contracting.
-

Introduction

- Restroom locations
 - Eating and Drinking
 - Cell phone use
 - Fire exits
 - Break
 - Participation in discussions
 - Use Student Guide to record answers and write notes
 - Questions
 - Other location specific rules
 - Credit for attendance
 - Use of Parking Lot for questions and comments to address
-

Welcome Video

Frank Wiesner, Executive Director, NCLBGC 2021 Welcome video

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Module 1: Welcome and Introduction

Course Purpose and Modules



Slide 3

The North Carolina Legislature enacted General Statute 87-10.2, which requires a qualifier for Building, and Residential classifications of general contractor licenses and those designated as Unclassified licenses to complete 8 hours of continuing education (CE) as a condition for renewing the license. Part of the requirement is this 2-hour mandatory course produced by the North Carolina Licensing Board for General Contractors (NCLBGC).

This course reviews and examines the laws and regulations pertaining to certificates of license, authorized and unauthorized practices of contracting, and information regarding building permits and other building code enforcement information of which a licensed general contractor should be aware.

Foundational Definitions for this Course



Slide 4

Think About and Answer:

- In accordance with §87-1, a valid general contractor's license is required to bid, contract, construct, superintend or manage a construction project with a cost of how much? _____
 - According to §87-10(a1), how many limitations of license are there? _____
 - How are license limitations determined? _____
 - How does an individual become eligible to serve as a qualifier for a license? _____
 - How many licenses can a qualifier serve? _____
 - If the qualifier leaves the employ of a licensee for any reason and ceases to be connected to the license, how long does the licensee have to replace the qualifier before the license becomes invalid? _____
 - What actions can the NCLBGC take in matters where violations of the law or rules are substantiated?

-

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Module 1: Welcome and Introduction, continued

Student Guide and Questions

Refer to the contractor handout to define other terms used in the 2020 course and for this course. Keep it handy, as it is a good “reference guide” for any questions you may have after this course. It also reflects information listed on the NCLBGC website.

You should participate, ask questions and work through the activities, as it helps you understand and retain the information given.



Module 2: Certificates of License, Authorized Practice and Unauthorized Use Consequences

Module Time This module is estimated to be 15 minutes in length.

Module Objectives



Slide 5

Upon completion of this module, you will be able to:

- Identify what the law states relative to evidence of licensure in accordance with G.S. 87-12
- Explain the NCLBGC's authority concerning the licensing of General Contractors and the authorized and unauthorized (unlicensed) practice of general contracting
- Describe unauthorized use(s) of a license in General Contracting
- Summarize the potential consequences for unauthorized use(s) of a license
- Understand the Board's authority in cases where violations of licensing laws have been substantiated, and those involving unlicensed contractors pursuant to G.S. 87-13

Board Responsibilities Review

The NCLBGC was established in 1925 by the North Carolina General Assembly for the purpose of safeguarding the life, health, and property of the citizens of North Carolina, and to promote the public welfare through the regulation of the general contracting industry. The Board carries out this regulatory authority by issuing general contractor licenses, investigating complaints filed against licensed and unlicensed contractors, and disciplining licensed general contractors found to be in violation of general contracting laws and rules.

Now, let's discuss the general contractor license and the requirements of law for whom a license is issued, and who is authorized to use the license for engaging in the practice of general contracting.

Continued on next page



Module 2: Certificates of License, Authorized Practice and Unauthorized Use Consequences, continued

License Certificate



Slide 6

What is the evidence of valid licensure for a general contractor in North Carolina? In accordance with GS §87-12, it is “... a **certificate of license or limited license shall be evidence that the person, firm or corporation named therein is entitled to all of the rights and privileges of a licensed or limited licensed General Contractor until said license remains unrevoked or unexpired.**”

In other words, the **exact name** of the licensed contractor, as listed on the license certificate, which reflects the Board’s licensing records, is the general contractor authorized to bid, contract, construct, superintend or manage a construction project that is \$30,000 or more. If a contractor is doing any of the above in a name other than the **exact name** on a valid license certificate issued by the Board, the contractor may be violating licensing law.

License Name

The exact name which appears on the license certificate issued by the NCLBGC is important, because that is the only name the person, firm or corporation is authorized to bid on or perform work for \$30,000 or more. If the person, firm or corporation is entering into bids or performing work **using a name other than that which is on the license, the person, firm or corporation is not in compliance**, and in fact, would be operating as an unlicensed contractor.

When the NCLBGC issues the license, the licensee is then authorized by the Board to use the license and is expected to always comply with all general contracting and other applicable laws and regulations. Being a licensed general contractor is a privilege, not a right, and the privilege can be restricted, suspended, or revoked by the Board when evidence of non-compliance with laws and regulations is obtained by the Board. Maintaining your licensing privilege requires a licensee to always know and understand the laws and regulations applicable to the practice of general contracting.

Continued on next page



Module 2: Certificates of License, Authorized Practice and Unauthorized Use Consequences, continued

Noncompliance

What are examples you have seen of noncompliance with GS §87-12?

Unauthorized Practice



Slide 7

For complaints involving unlicensed contractors, pursuant to authority granted in GS §87-13: When the Board has evidence to support a charge of unlicensed contracting for projects \$30,000 or more, which require a license, it may file charges in the Superior Court to seek an injunction against the **unlicensed contractor**, barring the person and or the company from engaging in the unlicensed practice of general contracting until authorized to do so by the Board. That authorization, granted by the Board, would be the issuance of a valid certificate of license.

What are considered unauthorized practices under this section?

Continued on next page



Module 2: Certificates of License, Authorized Practice and Unauthorized Use Consequences, continued

Using the License of Another

Have you ever been approached by a friend or associate to take over or help with a job or pull a permit because you have a valid license and they don't?

It is never permissible to do this; it is the same as working as an unlicensed contractor. General Contractors cannot use their license to "help" someone who is not properly licensed for work that requires a valid license.

How about if your license has a different limitation or classification than they have and need for a project for which they have bid or contracted?

Having a proper classification and limitation of license is an important part of a license being valid for specific projects.

In the past, the Board has seen cases where a person has altered, forged, copied or presented a license certificate belonging to someone else as his or her own, or in other cases has assumed the identity and impersonated a licensed general contractor.

False or Forged License Certificate

In addition to the unauthorized use of another contractor's license, the Board has seen cases in which **false or forged information** was added to a license certificate, and that certificate was then provided by a licensed or unlicensed contractor as proof of a valid license. This is **prohibited by GS §87-12 and §87-13**.

Expired or Revoked Licenses

The use of an expired, invalid, suspended, archived, or revoked license to bid on or otherwise perform general contracting work, as defined in GS §87-1, is prohibited. Any work \$30,000 or more, bid on or performed without a valid license, is unlicensed contracting.

Continued on next page



Module 2: Certificates of License, Authorized Practice and Unauthorized Use Consequences, continued

False Claim or Connection to License

Any person who falsely claims, or suggests, in connection with any Board regulated business activities, that a person, firm or corporation is licensed, or, any architect or engineer who recommends to a project owner the award of a contract to someone not properly licensed, is considered, under GS §87-13, to be a class 2 misdemeanor, which may lead to criminal implications.

Consequences



Slide 8

The Board has no authority over the practice of unlicensed general contracting. **The Board is granted authority pursuant to GS §87-13 to investigate an alleged act of unlicensed general contracting. If the Board obtains evidence to support the allegation, it can seek an injunction against the unlicensed contractor in the Superior Court.** Additionally, if a previously enjoined unlicensed contractor is found to have violated the Superior Court's order, the Board can seek a criminal contempt of court charge from the Superior Court. The maximum sentence for criminal contempt of court is 30 days in jail for each offense.

When the **Board receives a complaint** about a violation alleging the unlicensed practice of general contracting, the **Board can, in accordance with GS §87-13, investigate the complaint, and when evidence is obtained to support the allegation, may seek injunctive relief in Superior Court.**

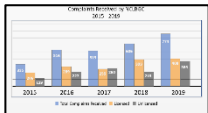
Looking at the past five years, the Board has seen the following:

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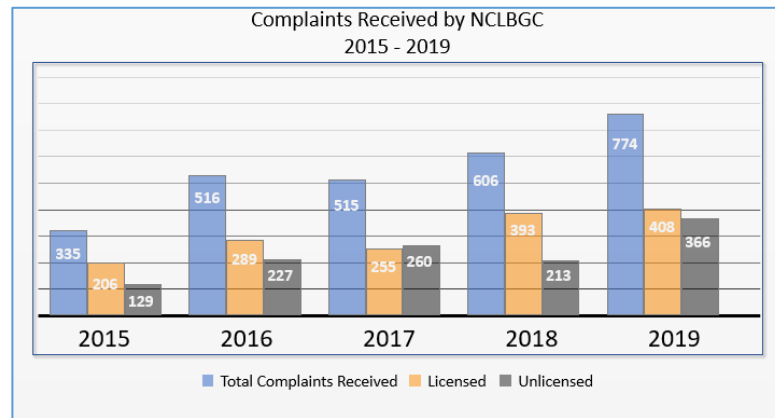


Module 2: Certificates of License, Authorized Practice and Unauthorized Use Consequences, continued

Consequences, continued



Slide 9



Since 2015, there has been a **significant increase in complaint volumes** for both licensed and unlicensed complaints. In the years prior to 2015, the complaint totals were flat and similar to those seen in 2015. There are a number of reasons for the upward trend in complaints including: a robust economy where more work is being contracted, **improved efforts to promote public awareness in the hiring of a contractor**, and the Board's initiative in the prosecution of unlicensed contractors in an effort to improve public protection.

It is important to understand that a violation of GS §87-13 for **unlicensed general contracting is a criminal act and is a class 2 misdemeanor**. The Court has sole jurisdiction to decide whether a violation of the law has been committed. The court can also award the Board reasonable costs associated with the investigation and prosecution of the complaint.

Consumer Interest and the Board

Remember, it is the **responsibility of the Board to safeguard the life, health, and property** of the citizens of North Carolina, and to promote the public welfare through the regulation of the general contracting industry.

Continued on next page



Module 2: Certificates of License, Authorized Practice and Unauthorized Use Consequences, continued

Consumer Interest and the Board, Continued



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An example of how the Board does this is illustrated by a recent case reported by a local television channel in North Carolina. This report can be reviewed at:

[https://abc11.com/fraud-scheme-stole-\\$2m-from-north-carolina-seniors/6142918/](https://abc11.com/fraud-scheme-stole-$2m-from-north-carolina-seniors/6142918/)

To summarize the case, a North Carolina unlicensed contractor and his wife allegedly defrauded at least 50 elderly North Carolinians of \$2 million. The contractor, who ran his own business, was accused of taking large payments for construction jobs that were never completed. It was discovered that the contractor had signed a court order in 2017 with the North Carolina Licensing Board of General Contractors in which he agreed to stop engaging in work that required a licensed general contractor. He continued to contract for work that was \$30,000 or more.

The accused contractor admitted he was not licensed to take on jobs that paid more than \$30,000. Despite this, he would often approach elderly, retired residents, many of whom were on fixed incomes and had significant health issues, at their homes and offered his home improvement services. In addition to the 120 days he spent in jail for unlicensed contracting he is facing felony charges in several counties in North Carolina as well as federal charges being investigated by the US Dept. of Justice related to his actions as an unlicensed contractor.

Using the Board as a Resource

So, what is the takeaway from the case just presented?

The Board has provided protection to consumers from future actions of this contractor. The Board held an unlicensed contractor accountable for entering into and performing work without the proper license.

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Module 2: Certificates of License, Authorized Practice and Unauthorized Use Consequences, continued

NCLBGC

Assistance for Licensed Contractors

It is important to know that the Board is an excellent resource for answering questions that a licensed general contractor may have about general contracting and licensing issues **before** entering into a contract or performing the work.

The Board can assist general contractors who have questions and concerns about their own licensure. One of these resources is the NCLBGC website.

The NCLBGC website contains answers for common questions general contractors may have about their licenses, renewals, and other pertinent information. **It is always better to ask for guidance and help BEFORE a potential issue arises!**



Module 3: Building Codes and General Contractor Responsibilities

Module Time This module is estimated to be 18 minutes in length.

Module Objectives



Slide 11

Upon completion of this module, you will be able to:

- Summarize the authority of jurisdiction/code enforcement officials
- Understand potential consequences for failing to comply with building permit and code enforcement laws and regulations
- Identify law and regulation compliance issues with example situations
- Explain the role of the NCDOI/OSFM in construction activities
- Describe what the North Carolina Building Code Council does and how it affects general contracting in the state
- List the duties and role of the North Carolina Code Officials Qualification Board
- Recognize the resources available on the NCDOI/OSFM website and how they support general contractors
- Discuss the three main links on the NCDOI/OSFM website and how they relate to general contracting
- Recognize the link between the NCLBGC Board and NCDOI/OSFM

General Contractors, Building Codes, and Inspections



Slide 12

Licensed General Contractors are responsible for building code compliance, knowledge of the building code, and updates to the building code. It is every contractor's responsibility to know when permits and inspections are required. If a licensed general contractor fails to obtain required permits and inspections, it may be considered by the Board to be misconduct in the practice of general contracting.

General Contractors are responsible for obtaining permits for work as required under pursuant to GS § 160D-1110. In North Carolina, pursuant to GS §160D, projects require building permits when:

- **Project is \$15,000.00 or more; or**
- **Contains a structural component regardless of the project cost**

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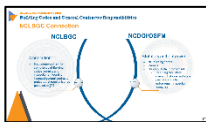


Module 3: Building Codes and General Contractor Responsibilities, continued

General Contractors, Building Codes, and Inspections, continued

In some instances, a license is not required to perform work. Any project that falls under the \$30,000 threshold for licensure is a project that anyone can undertake, whether licensed or not. For example, if you are replacing a footer for \$500.00, a license is not required for the work; however, **a building permit is required because a footing is a load bearing structure that requires inspection by a code enforcement official.** A licensed general contractor can be held responsible for complying with all laws and regulations for work performed over or under \$30,000.

NCLBGC Connection



Slide 13

Over the course of a year, the NCLBGC receives numerous inquiries and requests for interpretations of building codes, for appealing failed inspections, for mediating disputes between contractors and code enforcement officials, and for appeals of a permitting jurisdiction's decision to not issue a permit. Building codes, permits, and inspections are integral parts of projects that require a general contractor's license pursuant to §87-1.

The NCLBGC connection to building codes, permits, and inspections relates to the requirements of law for which a contractor must comply; however, the NCLBGC has no authority to respond to these requests, and instead, refers individuals making them to the North Carolina Department of Insurance (NCDOI) Office of the State Fire Marshal (OSFM).

The NCDOI/OSFM is the state agency given statutory authority over the North Carolina Building Codes and all matters pertaining to Permitting and Building Code Enforcement, including regulatory oversight of local and state agencies who issue permits and perform code enforcement inspections.

Continued on next page



Module 3: Building Codes and General Contractor Responsibilities, continued

NCDOI/ OSFM Divisions



Slide 14

The North Carolina Department of Insurance (NCDOI) is the state agency that oversees all construction codes, building permits and code enforcement. Within NCDOI resides the **Office of State Fire Marshal**, which consists of six divisions, including the Codes Division and the Licensing and Certification Division.

The **North Carolina Building Code Council (Building Code Council)** is part of the **Codes Division**, and the **North Carolina Code Officials Qualification Board (COQ Board)** is part of the **Licensing and Certification Division**.

Building Code Council

Who is responsible for adoption, amendments and appeals of building codes in NC?

The **Building Code Council** is a 17-member Board that has statutory authority to adopt and amend the North Carolina State Building Codes. It:

- **Adopts and amends the North Carolina Building Codes as authorized by §143-138, and**
- **Hears appeals of code interpretation decisions**

COQ Board

Who is responsible for certifying code officials and investigating complaints against code officials in NC?

Continued on next page



Module 3: Building Codes and General Contractor Responsibilities, continued

COQ Board, continued

The **North Carolina Code Officials Qualification Board (COQB)** is a 20-member Board whose primary duty is certifying all Code Enforcement Officials in North Carolina. Their responsibilities include:

- **Certifying every city, county or state agency inspector who enforces the North Carolina State Building Codes § 160D-1103**
- **Investigating complaints filed against code enforcement officials**

It also has authority to suspend, revoke, or refuse to issue a certificate, for code enforcement officials under 11 NCAC 08 .0800.

NCDOI/OSFM Website Home Page

The NCDOI/OSFM maintains a website that contains information of particular interest to general contractors. The website link is:

<https://www.ncosfm.gov>.



Slide 15

On the home page for this website, you will see six (6) different links across the top of the page. The three links of particular importance to general contractors are:

- Codes
- Manufactured Buildings, and
- Licensing and Certification

Continued on next page



Module 3: Building Codes and General Contractor Responsibilities, continued

Codes



Slide 16

The Codes link on the OSFM website provides information on the following:

- Building Code Council
- State Building Codes Current and Past
- Code Interpretations
- Code Book Sales
- Quick Links to Other Information and Newsletter

The OSFM website page, “Codes - Current and Past”, provides information on the latest codes as adopted, effective January 1, 2019, by the Building Code Council and approved by the Rules Review Commission.

All current codes, and any amendments since the last adoption, are listed and can be accessed by clicking on the applicable links. The codes that general contractors should be familiar with today are:

- 2018 Administrative Code and Approved Amendments
- 2018 Building Code and Approved Amendments
- 2018 Residential Code and Approved Amendments
- 2018 Energy Conservation Code and Approved Amendments
- 2018 Existing Building Code and Approved Amendments
- 2018 Fire Prevention Code and Approved Amendments

General contractors can also access the codes from previous code cycles and amendments from links on the same webpage. It is the responsibility of all general contractors to be familiar with the codes and applicable updates contained on this website.

Additionally, this page includes a link to the International Code Council (ICC) website, where the codes can be searched and viewed. From outside the NCDOT/OSFM website, this link is: <https://codes.iccsafe.org/North-Carolina>. Code books can also be purchased from this site.

Continued on next page



Module 3: Building Codes and General Contractor Responsibilities, continued

Building Codes Adoption Overview

The North Carolina Building Codes are adopted every six (6) years. The most recent code adoption was the 2018 code. The next code cycle will be the 2024 codes, which will be effective January 1, 2025.

Code Interpretations and Additional Information



Slide 17

One of the responsibilities of the DOI/OSFM is to provide building code interpretations when requested by code enforcement officials, **contractors, or citizens**. **The Codes Interpretations link opens a page on the website that will allow a general contractor to search for specific code interpretations.** In addition, a link to DOI/OSFM guidance papers which provide opinions on statute and code topics can also be found here.

Manufactured Buildings



Slide 18

Another division under OSFM is the Manufactured Building Division. Information and other requirements on licensing, manufactured and modular buildings, as referenced in §87-1, can be found under this link.

Licensing and Certification



Slide 19

This link provides information on the Code Officials Qualification Board (COQB), the oversight board for Code Enforcement Officials.

The COQB page provides in depth information about Code Enforcement Officials, their qualifications, and requirements for licensure. Under this link, general contractors can also search for Code Enforcement Officials for their area by using the Quick Links at the bottom right of the page.

Continued on next page



Module 3: Building Codes and General Contractor Responsibilities, continued

NCDOI/OSFM Video

Key Takeaways:

Moving On

During the past three modules, you have been given an overview of unauthorized use of licenses and building code enforcement, along with authorities and webpage resources. Information about the NCDOI/OSFM webpage, an excellent resource for answers about building codes, updates, manufactured buildings, and licensing and certification of code enforcement officials, was also discussed. Let's move on to applying what was learned in this course.



Module 4: Applying What You Have Learned

Module Time This module is estimated to be 55 minutes in length.

Module Objectives



Slide 20

Upon completion of this module, you will be able to:

- Apply learned statutory information to specific real-life case examples
 - Identify violations of statutory laws and rules
 - Recognize Board disciplinary consequences of violations of laws and rules
-

Putting Learning to the Test



Slide 21

During the past three modules, you have been given an overview of unauthorized use of licenses and building code enforcement, along with authorities and webpage resources. It's now your turn to put what was learned about unauthorized practices and licensing to the test.

The Student Guide has 9 case example summaries separated into 3 groups:

- Group A has 4 cases
- Group B has 3 cases, and
- Group C has 2 cases

You will see a video of the actual investigator providing an overview for each case in the group, and you should follow along in the Student Guide for more detail. During each video, you will listen and may review each corresponding case narrative in their Student Guide for the purpose of highlighting and identifying possible violations. You will then write down answers to each question asked in their Student Guide for each case.

Using the content discussed in this course, you should not only identify violations, but think about how those possible violations could have been prevented, had the contractor complied with the laws and rules. After each case overview video, the instructor will lead a discussion about violation/findings you identified. After discussion for each group's cases are complete, a video of the actual outcome for the group's cases will be shown to provide actual findings and violations for you to compare their written answers to.

Continued on next page



Module 4: Applying What You Have Learned, continued

Group A Case #1 HS Contractors Example



Slide 22

READ:

In 2016, the Board investigated a complaint related to a \$545,100.00 contract for replacing the roofs on an apartment complex of 22 buildings that was entered into by HS Contractors, which was not licensed to practice general contracting in North Carolina. HS Contractors obtained a building permit for the first building by providing a project cost on the permit application of \$24,500 but was denied further permits due to the total project cost of \$545,100.00, as evidenced by the contract. This amount exceeded the \$30,000.00 statutory threshold, and therefore, required a license to practice general contracting.

HS Contractors then engaged ZG Contracting who obtained the remaining permits to complete this project; however, ZG Contracting did not replace HS Contractors in its contract with the property owner to perform the work. HS Contractors, the unlicensed contractor, completed the project using the permits obtained by ZG Contracting and was paid in full by the property owner for the work.

Violation Identification

ANSWER:

1. What violations did you find in this case?
2. What evidence led you to the violation(s) noted for this case?

Continued on next page



Module 4: Applying What You Have Learned, continued

Group A
Case #2
T. Magnum
Example

READ:

The Board received a complaint that T. Magnum Builders was allowing the use of its license for several ongoing construction projects, as well as several finished projects. The complaint further alleged T. Magnum did not exercise management or supervision over these projects. It was discovered that T. Magnum was not present onsite, or managing the day to day operations, scheduling, hiring of subcontractors, material orders, payment, and other duties. Evidence obtained during the investigation suggested that Herman Eddy Co., an unlicensed contractor, was on site daily, managing the project scheduling and paying subcontractors. Upon meeting with the investigator on-site, the owner of Herman Eddy Co., stated he was the contractor responsible for the project(s), that he was the builder, and explained how someone could purchase one of his homes. Herman Eddy Co. was also found to be marketing and selling the homes which were being constructed.

Contact was also made with the owner of T. Magnum Builders, who stated he rarely goes on site and has a very limited role in the projects. T. Magnum does not hire or pay subcontractors; the Hermann Eddy Co. does. T. Magnum does not manage nor supervise the projects, instead allowing Herman Eddy Co. to manage the projects. The owner of T. Magnum Builders stated he will go out to the site as needed or to consult about issues, but this would be after normal working hours. T. Mangum receives a fee for their work, which primarily involves applying for and obtaining the building permits. All agreements for work between T Magnum and Herman Eddy were verbal. T. Magnum's name and license number was listed on all building permits as the general contractor. The real estate and deed documents for the projects did not list T. Magnum Builders as the seller, buyer, or the contractor.

Continued on next page



Module 4: Applying What You Have Learned, continued

Violation Identification

ANSWER:

1. What violations did you find in this case?
2. What evidence led you to the violation(s) noted for this case?

Group A Case #3 GAS R US Example

READ:

In 2016, GAS R US entered into a contract with a commercial fuel center to build an over 5700 square foot commercial fuel building. The contract price was over \$1.6 million. GAS R US was listed as the contractor on the contract. A building permit was issued for the project, listing the value of the project as \$497,376.62. After the work had begun, GAS R US was granted a limited license. Later, Wolfie State Co., a licensed company, entered into an identical contract for the same commercial fuel center as GAS R US. Wolfie State Co. applied for, and received, a building permit that listed the improvement value of the project as over \$1.6 million, and Wolfie State was listed as “contractor”. The local permitting office began to ask questions about which general contractor was in charge of the project after investigating problems on the worksite.

Continued on next page



Module 4: Applying What You Have Learned, continued

Group A
Case #4
Redo
Renovators
Example

READ:

A consumer filed a complaint with the Board, alleging numerous violations of the NC Residential Building Code during a structural renovation and water remediation project on a residential home. The consumer entered into the \$41,633.94 contract with Redo Renovators, who represented himself to be a licensed general contractor. Redo Renovators included a general contractor's license number (which was an individual license belonging to Mort Jones) on the contract. The consumer took the contract to a lender to obtain financing for the project. The lender requested a copy of the license certificate as a condition to approving the loan. Redo Renovators, in response to the request, provided a license certificate that had been issued by the Board to an individual by the name of Mort Jones.

During the investigation, the Board's investigator contacted Mort Jones, the licensee whose license number was listed on the contract. He advised he knew the owner of Redo Renovators as they had been college roommates, but Mr. Jones had not been employed by, or with, Redo Renovators. Mort Jones stated he had never given permission to, nor allowed Redo Renovators to use his license for any reason. Mort Jones stated he had never provided a copy of his license to Redo Renovators.

Redo Renovators later provided information that he was aware of the \$30,000.00 threshold for licensure, and that he knew the project required a license. He also admitted he was not licensed to bid on or perform the work. He further stated he was "trying" to get licensed, and that he had found Mr. Jones's license certificate in an exam study book he had borrowed from Mr. Jones. Knowing that the project required a valid license, he used Mort Jones' license number on the contract. When the bank required a copy of the license, Redo Renovators altered the license certificate by changing the year that the license had been issued, to make it appear that the license was valid. He then provided the altered license certificate to the lender so the consumer could be approved for the loan.

Continued on next page



Module 4: Applying What You Have Learned, continued

Group A Case Investigator Findings and Outcome Violation Identification

Now let's hear what the actual investigators found in their cases, and hear about their outcomes or actions taken by the Board. Pay close attention to the violations they found, and why they were violations. Compare what you identified with their findings.

Using the information you learned in module 2 of this course, were there common issues in the cases you just heard?

Let's look at Group B.

Group B Case #5 SOL, LLC Example



Slide 23

READ:

In 2017, the Board received a complaint that alleged an unlicensed contractor, SOL, LLC, formed as a joint venture, to bid on, and contract for, the construction of a local government road project. SOL, LLC consisted of three members: ABC Construction, XYZ Paving and 123 Contracting. ABC Construction was a licensed contractor holding an active Unlimited, Unclassified license.

XYZ Paving was also a licensed contractor, holding an Unlimited, Unclassified license; however, the license had not been renewed for a period of 2 years and was therefore, invalid. 123 Paving was unlicensed in North Carolina but held an active Highway contractor's license in South Carolina.

SOL, LLC was awarded the contract, with ABC Construction's license number appearing on the contract, and SOL, LLC listed as the contractor.

Continued on next page



Module 4: Applying What You Have Learned, continued

Violation Identification

ANSWER:

1. What violations did you find in this case?
2. What evidence led you to the violation(s) noted for this case?

Group B Case #6 Bob Builder Example

READ:

In 2014, Bob Builder, who held a Limited Residential license, entered into a contract with a homeowner for an addition and remodel of a single-family dwelling for the cost of \$211,000.00. The homeowner later filed a complaint against Bob Builder, alleging numerous violations of the residential building code.

The investigation of the complaint confirmed the allegations and cited eight (8) separate violations of the North Carolina Residential Building Code. The Board conducted a hearing and found that Bob Builder, the licensee, and qualifier, violated the Board's statutes and rules, which constituted misconduct, incompetency, or gross negligence in the practice of general contracting. The Board suspended the license and the examination credential for a period of 18 months, required the qualifier to attend the NCDOI Level 1 Code course and pay \$3500.00 in cost recovery.

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Module 4: Applying What You Have Learned, continued

Group B
Case #7
Happy Trails
Construction,
Inc.
Example

READ:

In 2010, Happy Trails Construction, Inc., a corporation, was issued a limited building license, which listed an employee of the contractor, Steve Pinto, as a qualifier for the license. Steve Pinto served as such until Happy Trails Construction Inc. submitted a request to drop Pinto in early 2016. Mr. Pinto had actually left employment with Happy Trails Construction, Inc. in early 2010. In early 2016, Happy Trails Construction, Inc. requested that a new qualifier be added to the license so the license could remain active.

Happy Trails Construction, Inc. renewed its license in 2011, 2012, 2013, 2014 and 2015, listing Steve Pinto's name and signature certifying Steve Pinto was the qualifier for the license and employed by Happy Trails Construction, Inc. Information obtained in the investigation would later show Mr. Pinto was not an employee at the time of any of the license renewals and had left Happy Trails Construction, Inc.'s employment in 2010, six years earlier than Happy Trails Construction was disclosing.

When Steve Pinto left the employ of Happy Trails Construction, Inc. in 2010, Happy Trails Construction, Inc. had 10 days to notify the Board their qualifier, Mr. Pinto, left the company, and had 90 days to replace Mr. Pinto as a qualifier. Instead, Happy Trails Construction, Inc. failed to notify the Board of Mr. Pinto's leaving the company and continued to operate by identifying Steve Pinto as a qualifier for the license. Over the six-year period that Mr. Pinto was not employed by Happy Trails Construction, Inc., the company contracted for new homes and residential remodeling projects in excess of \$20 million dollars. Each project contracted required a valid general contractor's license when the company did not, in fact, have a valid qualifier.

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Module 4: Applying What You Have Learned, continued

Group C
Case #9
F. Flintstone
Builders
Example

READ:

In 2018, the Board received a complaint from a property owner against Flintstone Builders, who had entered into a contract for constructing a single-family dwelling at a cost of \$540,070.00. Flintstone Builders, at the time, held a valid limited building license.

The homeowner applied for a loan from a bank for the project. The bank denied the loan, claiming Flintstone did not possess the proper license limitation for the project. Information provided to the property owner by Flintstone Builders and submitted to the bank showed a total cost for the project of \$650,000.00. The homeowner alleged that after he was denied for a loan from the bank, he and Flintstone Builders agreed to split the original single-phase project into two phases, at the builder's request. Flintstone Builders then revised the contract to reflect a cost for phase one of the project as \$107,500, which included a detached garage on the property and grading for the entire project, along with the foundation of the home. Phase two of the project included the remaining construction work for the new home to be built at a cost of \$468,200. The contractor applied for the permit for the home and the cost was listed as \$490,000.00 on the permit application. The contract and permit did not have any specified start or stop date for specific tasks. The construction was for a new single-family dwelling and detached garage which were not separated by contract, permit, or construction time.

Violation
Identification

ANSWER:

1. What violations did you find in this case?
2. What evidence led you to the violation(s) noted for this case?

Continued on next page



Module 4: Applying What You Have Learned, continued

Group C Case Investigator Findings and Outcome

Now, in this last group, let's hear what the actual investigators found, and hear about their outcomes or actions taken by the Board. Pay close attention to the violations they found, and why they were violations. Compare what you identified with their findings.

Using the information you learned earlier in this course, were there common issues in the group C cases you just heard?

How did you do in identifying the violations?

Conclusion

The examples presented in this course are real life cases that the NCLBGC has investigated. They represent several examples of how contractors get themselves into trouble by not knowing or willfully violating the licensing laws and rules.

Let's wrap this course up.



Module 5: Course Wrap Up

Module Time This module is estimated to be 5 minutes in length.

Module Objectives



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Upon completion of this module, you will be able to:

- Recognize the importance of the role of NCLBGC laws and rules for General Contractors.
- Review topics covered in this course.
- List resources available for further information.

Course Review



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Let's review what we learned in this course:

- What constitutes valid evidence of licensing?
- NCLBGC authority regarding the licensed and the unlicensed or unauthorized practice of general contracting.
- Consequences of failing to comply with the laws and rules relating to the use of a general contractor license.
- Introduction to the Department of Insurance, Office of State Fire Marshal, its website, and information of importance to general contractors found on the website.

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Module 5: Course Wrap Up, continued

NCLBGC Powers and Role

Remember:

- The Board was created to safeguard public life, health, and property and to promote public welfare.
 - Persons, firms, or corporations wishing to perform work in North Carolina as a General Contractor must comply with all laws and regulations to obtain and keep their license.
 - General Contractor licenses are issued and renewed annually by the Board; licensure should be considered a privilege, not a right.
 - The Board has the authority to discipline a license, which may include revocation, suspension, or restricting a license, and/or the ability of any person to act as a qualifying party for a license.
 - The Board investigates all complaints and conducts disciplinary hearings for licensed contractors when the Board determines there is probable cause to conduct a hearing
 - For unlicensed contractors, when the Board determines it has evidence to support an allegation of unlicensed practice, a complaint is filed in Superior Court seeking a permanent injunction against the unlicensed individual and/or firm engaged in the unlicensed practice.
 - If an unlicensed person or firm is found to be in violation of the injunction, the Board may petition the Court to find the enjoined contractor guilty of contempt of court.
-

Closing Remarks



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As a licensed general contractor, or qualifier for a license, it is your responsibility to be up to date on all that is required of you under the laws and rules applicable to the practice of general contracting in North Carolina. Included among the applicable laws is the knowledge and understanding to comply with the laws and rules in the use of a license to practice general contracting. You have now completed this 2021 mandatory 2-hour course.

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Module 5: Course Wrap Up, continued

Closing Remarks, continued

Contractors, other interested parties, and the public, can find additional information on the NCLBGC website at <https://nclbgc.org/>. Information found on the Board's website includes:

- The current Laws and Regulations publication
- Licensing classifications and limitations information
- Information for the continuing education requirement
- NCLBGC news and updates
- FAQs which provide answers to commonly asked questions about the requirements for licensing, exams, new license applications and license renewal applications
- Links to other related agency and organization websites <https://nclbgc.org/links/>
- NC General Assembly website <https://www.ncleg.gov/>
- NC Administrative Code Title 21; Chapter 12 (The NCLBGC Rules) <http://reports.oah.state.nc.us/ncac.asp?folderName=\Title 21 - Occupational Licensing Boards and Commissions\Chapter 12 - General Contractors>
- The NCLBGC Search app is available on Google Play and the Apple Store. This app allows for searches by License Name, License Number, Address and County.
- NC Department of Insurance (Building Codes and Inspections) page https://ncdoi.com/OSFM/Engineering_and_Codes.aspx

Thank you for attending, and we hope you found this course helpful. An email survey will be sent when the qualifier's verification of credit hours is added to their NCCLiC account. Please complete the survey when received.
