



Bulletin

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Events on the Horizon

Independence Day/Board Office Closed
July 5, 1999
Deadline for August 26-27, 1999 Examinations
July 13, 1999
Regular Board Meeting
July 14, 1999
Examinations, Raleigh, NC
August 26-27, 1999
Labor Day/Board Office Closed
September 6, 1999
Renewal Applications Mailed For Calendar Year 2000
October 11, 1999
Regular Board Meeting
October 13, 1999
Veterans' Day/Board Office Closed
November 11, 1999
Thanksgiving Day/Board Office Closed
November 25-26, 1999
Christmas/Board Office Closed
December 24-27, 1999
All General Contractors' Licenses Expire
December 30, 1999
New Year's Day/Board Office Closed
December 31, 1999

Lawmakers Considering Legislation Affecting Licensing, General Contractors

Contractor Licensing Bills Meet Bill Filing Deadline

North Carolina's lawmakers are now considering a number of bills, which if enacted, would significantly affect the state's construction contractors. Nearly 450 bills were introduced on the bill filing deadline day for both chambers, April 15, 1999. Among the legislation introduced before the deadline are several bills that would change the Licensing Board for General Contractors' licensing statutes and the manner in which the Board regulates contractors in the future. One piece of legislation, Senate Bill 1058, has cleared the Senate and now awaits consideration in the House of Representatives. Provisions in this bill would broaden the Licensing Board's disciplinary powers in appropriate cases to include license revocation and suspension, and restricting the ability of qualifying persons for qualifying a license. SB 1058 also authorizes the Board to include components of the State Building Code on licensing examinations. House Bill 1254 is legislation primarily aimed at strengthening the licensure requirements for residential contractors. Proposals in HB 1254 include lowering the statutory minimum required for general contractors licensure, now at \$30,000, to \$5,000. The bill includes an increase in the Homeowners Recovery Fund fee paid by applicants securing building permits for residential dwelling units, from the current \$5.00 to \$10.00. Another measure contained in this bill is the addition of a minimum experience requirement

for persons or firms applying for a general contractors license to perform any type of residential construction for which a license is required. At this time HB 1254 has not yet passed the House.

Other bills of note include House Bill 1076, which will require public utility contractors constructing fire service mains connecting to fire sprinkler systems to terminate lines inside a building one foot above the finished floor. The bill was ratified May 12 and becomes effective October 1, 1999. The new law amends NCGS 87-10(b) and fire main construction will be subject to State Building Code requirements once the law is effective. House Bill 1098, now being considered in the House Environment & Natural Resource Committee, contains an amendment providing that the Board's licensing examinations include questions and subject matter dealing with the requirements of the Sedimentation and Pollution Control Act of 1973. Another bill introduced shortly before the filing deadline is House Bill 1149, which clarifies the contractor licensing requirements for modular construction. HB 1149 provides a limited exemption from licensing requirements for certain modular commercial structures. The bill passed the House and is now in the Senate Commerce Committee.

For more information about these bills or the legislature, visit the North Carolina General Assembly's website at www.ncga.state.nc.us.

Governor Appoints J. Sam Pierce to the Licensing Board

Governor James B. Hunt, Jr. recently appointed J. Sam Pierce to the Licensing Board for General Contractors for a five-year term. Mr. Pierce, designated as a residential contractor member of the Board, succeeds Robert A. Harvell, who served on the Licensing Board from

1989 until 1998. Mr. Pierce's term expires December 31, 2003.

A native of Wilkes County, Mr. Pierce attended North Carolina State University, and has been a commercial and residential general contractor since 1971. Mr. Pierce and his wife Vickie live in Cramerton, NC and have two sons, Jeff and Greg.

NCLBGC Bulletin

Published semi-annually as a service to general contractor licensees to promote a better understanding of the General Contractors Law (N.C.G.S. §§87-1 to 87-15.9) and to provide information of interest to all construction professionals.

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LICENSING BOARD for
GENERAL CONTRACTORS**

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Planning a Relocation or Move?

Please mail or fax your new address and telephone number to the Licensing Board (include your license number) at:

P.O. Box 17187
Raleigh, NC 27619
Fax: (919) 571-4703

It's The Law

General Contractors Licenses Are Not Transferable

Several years ago, we published articles in the General Contractors *Bulletin* dealing with North Carolina's contractor licensing laws and regulations, and how these laws affect construction contractors. We believe these articles are "an ounce of prevention . . ." since contractors who violate or ignore certain licensing laws could face some fairly serious legal, administrative and financial consequences. Our records show that today, more general contractors are operating in North Carolina than ever before, and with our region's vigorous economy, construction is booming. We should also mention that during the past two years the Board office and field staff have received complaints and reports of licensing violations in higher numbers than before, and we're concerned about this trend. Many of these complaints involve the unlawful use of a general contractor's license by an unlicensed contractor, often with the aid of a licensed individual or the licensee.

We're reprinting the article below, condensed and with a few minor updates, to inform interested contractors and others in the construction industry about important provisions of the general contractors licensing regulations and the possible consequences for those who violate these laws. Construction firms and contractors are urged to seek private counsel when facing potential risks or complications with the licensing laws, or in matters where the advice of an attorney is warranted.

Licenses Are Not Transferable

North Carolina's general contractor licensing statutes (G.S. 87-1, *et seq.*) require that "any person, firm or corporation" engaging in the practice of general contracting must hold a general contractor's license. This means that any individual, sole proprietorship, partnership, corporation or limited liability company (LLC) practicing general contracting must have a license. The statute does not permit the holder of a sole proprietorship license, for instance, to allow a partnership or corporation to use that sole proprietorship license for any reason.

The North Carolina Licensing Board for General Contractors' office frequently investigates com-

plaints and reports alleging that the holder of an individual or sole proprietorship license has allowed an unlicensed partnership or corporation to use his or her license. In many instances the licensee has an ownership interest in the unlicensed partnership or corporation; sometimes the licensee is paid to allow the unlicensed entity the use of his or her license.

This is a violation of the general contractor licensing laws, and the problem occurs in some cases because the individual or sole proprietor licensee believes the arrangement is justifiable or legal if he or she is an *employee* of an unlicensed contractor or if there is no written partnership agreement memorializing the terms of the partnership. However, an unlicensed contractor may not circumvent the licensing requirements by hiring an employee who is a licensee. Also, a partnership may exist, and frequently does, without a written partnership agreement. Many Board complaints involve a licensee who enters into a partnership with a real estate development firm with realtors or other investors. In certain cases, this arrangement would require the partnership be licensed for construction projects where the cost of the undertaking is \$30,000 or more.

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About the Newsletter . . .

This marks the first issue for our redesigned General Contractors newsletter, the *Bulletin*. We hope that the new look is more appealing and will make future issues easier to read. Bringing an improved, more appealing layout to you is one thing, but providing our licensees and readers with timely, interesting, helpful articles is another. That's why we need your help. If there are specific issues, topics or areas of interest you'd like to read about in the newsletter, we'd like to hear from you. We believe that we can do a better job with the newsletter if we know the kind of articles, information or features our readers really want to see printed here. To contact us, you may write to the mailing address shown on page 2, or call the office at (919) 571-4183.

Continued from Page 2

Consequences of Transferring License to an Unlicensed Contractor: Allowing the Use of License by an Unlicensed Contractor

Financial

The financial consequences to a licensee who allows an unlicensed entity to use a license can be severe. Generally, an unlicensed contractor who performs a job requiring licensure has no civil rights of recovery if a project owner refuses to pay the contractor. This is true even if the owner knows the contractor is unlicensed at the time of the execution of the contract.

In the cases of *Hawkins v. Holland* and *Hollifield v. Holland*, Holland, an unlicensed contractor, had contracted for and built two houses costing over \$30,000—one for \$74,000 and another for \$57,700. The two homeowners Hawkins and Hollifield, had paid Holland \$36,000 and \$39,200 respectively.

The North Carolina Court of Appeals held that Holland was not entitled to any additional payment from the homeowners. Holland could legally receive nothing from them, even though Holland had completed the houses. Hawkins had a balance due under the contract of \$38,100 and Hollifield had a balance due of \$18,500. Our Court of Appeals stated that Holland could not assert partnership with the licensee Hopper as qualifying him as a licensee because the partnership itself, as a legal entity, was required by law to hold a general contractors license. [The Court also held that even if Hopper was an employee of Holland's, rather than a business partner, Holland would have been required to have an individual license to build these two houses.] Holland lost \$56,000 (presumably attorney's fees); the homeowners acquired the completed houses at far below actual cost.

In short, the holding of this case is that an unlicensed contractor may not recover any amount due under a contract where the project costs \$30,000 or more, even if he

or she is associated in partnership or in an employment relationship with the licensee. (*Hawkins v. Holland, Hollifield v. Holland*, 97 App. 291, 388 S.E. 2d 221 (1990), citing *Joe Newton, Inc. v. Tull*, 75 N.C. App. 325, 330 S.E. 2d 664 (1985).

Discipline

The North Carolina Licensing Board for General Contractors has the authority under N.C.G.S. 87-11, by any appropriate disciplinary order, to discipline licensees who permit the use of their licenses by non-licensed persons, firms or corporations; disciplinary action may include revocation of license. The Board can also discipline for any misrepresentation which may have been made on license renewal applications or for failure to make proper disclosures to the Board. Under G.S. 87-10, the Board can also deny or even delay the issuance of a license to a new applicant if it is established that the new applicant used another's license and unlawfully engaged in the practice of general contracting.

Legal

Any unlicensed entity may be sued by the Board for a court order (against restraining the unlicensed practice; this order is enforceable by the contempt powers of the Superior Court. Instead of or in addition to pursuing a civil injunction, the Board may request criminal prosecution for the unauthorized practice of general contracting (G.S. 87-13). The maximum criminal penalty is a \$500 fine and imprisonment of three months.

Solution and Recommendation

If you are currently allowing a person, partnership or corporation other than the licensee (in the actual name issued by the Board) to use your general contractors license, the unlicensed entity should cease and desist the practice of general contracting and file a new application under the new contractor's legal name. In certain cases, one examination or qualifier may be used to qualify two licenses at the same time, thereby not necessitating the successful completion of an examination. License holders may have multiple qualifiers for a license as long as the qualifiers are responsible managing employees. General contractors are strongly urged to employ more than one examinee or qualifier at all times. And, it follows that simply taking and passing an examination does not and will not authorize an individual to practice general contracting. Individuals qualify for licensure by submitting a completed application, and meeting the financial requirements based solely on his/her own individual financial information. [See N.C.G.S. 87-1, 87-11, 87-13 and Rules 21 NCAC 12.0205, .0207, .0302, .0408, and .0700 for additional information.] The Board provides its publication, Laws and Regulations Applicable to General Contracting in the State of North Carolina, to the public upon request and without charge. To obtain a copy, please call the Board office at (919) 571-4183.

NCLBGC Examination Results

<u>December 1998</u>	<u>Passed</u>	<u>Failed</u>	<u>March 1999</u>	<u>Passed</u>	<u>Failed</u>
Building	349	191	Building	313	146
Residential	300	176	Residential	185	173
Highway	32	14	Highway	47	8
H(Grading & Excavating)	21	8	H(Grading & Excavating)	7	7
PU(Water Purification & Sewage Disposal)	2	4	PU(Water Purification & Sewage Disposal)	3	3
PU(Water Lines & Sewer Lines)	39	3	PU(Water Lines & Sewer Lines)	21	15
Specialties	28	17	Specialties	20	23
Public Utilities	15	14	Public Utilities	12	22
TOTAL	786	427	TOTAL	608	397

Stream Restoration Work Requires Licensure

A recent Greensboro *News and Record* article ("DOT Begins Stream Restoration") estimated that approximately 375 miles or 2 million linear feet of stream restoration will be needed in North Carolina to mitigate for highway impacts in the next ten years. In addition to this very imposing figure, significant amounts of other environmentally related construction work is on the horizon. Environmental construction activities such as stream and wetlands restoration are rapidly increasing in the region, and the Licensing Board for General Contractors is primarily responsible for enforcing the contractor licensing laws to ensure that qualified, licensed general contractors perform this work.

The general contractor licensing statutes and Rules (at NCGS 87-1 and following; 21 NCAC 12.0200) state that a license is required when persons, firms or corporations bid upon or construct projects costing \$30,000 or more, and such work is gener-

ally described as grading and excavating, cutting, filling, paving, placing concrete, contouring, erosion control, work on earthen dams and other similar operations.

Typical activities required for stream restoration projects which require a general contractors license include grading, placement of structural stabilization and/or hardened structures, removal of debris and blockages, and repair/replacement of outfalls, utilities and drainage structures. In accordance with the regulations cited above, environmental construction and stream restoration work, costing \$30,000 or more, falls under the jurisdiction of the Licensing Board for General Contractors.

Stream restoration construction projects in North Carolina costing \$30,000 or more require persons, firms or corporations performing this work to first hold a general contractors license. Contractors who perform this work without holding a proper license are at risk, as legal and financial consequences or penalties may result. Architects, professional engineers and

designers should also be familiar with Chapter 87, Article 1 of the North Carolina General Statutes; NCGS 87-13 provides that any architect or engineer who recommends to any project owner the award of a contract to anyone not properly licensed as a general contractor, can be found guilty of a misdemeanor, punishable by fines or imprisonment at the discretion of the court.

Office Telephone Directory Information

With recent Y2K readiness updates and new office telephone system computer architecture, calling the Board office now should be much faster and simpler. When you call us, you'll be prompted with the options or services listed below. When calling our office, please tell us the license number and precise name of the license you're inquiring about; this will allow the staff to provide you with prompt, accurate information.

- Renewals and license renewal information **PRESS "1"**
- Requests for application forms **PRESS "2"**
- License information, incorporating, increase in limitation **PRESS "3"**
- To verify an active general contractors license **PRESS "4"**
- Complaints and complaint instructions **PRESS "5"**
- General information (directions to the Raleigh office, publications) **PRESS "6"**

In addition to the above, callers always have the option of either searching our directory for individual staff extensions or being routed to the operator.

Board's New Web Site Offers Information, Services

Interactive Web Site Designed For Providing Communications, Information

This summer the Licensing Board for General Contractors will launch a new site on the World Wide Web. The site will provide internet access for the Licensing Board's information resources, including an on-line license directory. The site will offer instantaneous information concerning the Board's licensees such as license status (active/inactive) and the classification or limitation, including the qualifying person for each license. Customers also will have access to the Licensing Board's

regulations, news releases, application instructions and other important information about the agency. The Licensing Board plans to expand the scope of its web presence in the future to include a wider array of services, information and communications options. Once the site is operational it can be found at www.nclbgc.org.

DEFINITIONS

Consent Order: An order of the Board resulting from an agreement between the Board and a licensee regarding the revocation or suspension of the license to practice general contracting, or the conditions, limitations or restrictions placed on that license. This is a method of resolving or settling disciplinary or contested cases in lieu of a disciplinary hearing.

Revocation: A Board action which permanently terminates a license by effectively withdrawing that license to practice general contracting.

Suspension: A Board action which inactivates a license to practice general contracting for a set period of time.

Dismissal/Voluntary

Dismissal: A Board action dismissing a contested case, resulting in no disciplinary action against the licensee or Respondent.

Voluntary Surrender:

A licensee's relinquishing or tendering of the license to practice general contracting, pending an investigation or other action by the Board.

Admission of Violation: A document signed by a licensee who admits to the stated violations, agrees not to repeat them, but acknowledges that the Board will use the document against the licensee prospectively should such action become necessary.

Injunction: A Superior Court order entered against an unlicensed contractor who is illegally practicing general contracting. Such an order stops the illegal practice; a violation of the injunction is contempt of court.

Disciplinary Action

(The following Board Orders and other Board disciplinary actions reported here are not a complete summary of all activity or full representation of each case. Every effort is made for accuracy, but such is not guaranteed. Questions or requests for additional information about specific cases should be referred to the Board's Legal Section.)

Final Decisions

Bennett Contracting, Inc. (Georgia; 98C54) License No. 34538. On November 4, 1998, the Board conducted a full hearing and permanently revoked the license of Bennett Contracting, Inc., which did not respond to its Notice of Hearing.

The Zehia Company (Wake County; 97C62) License No. 24987. The Board conducted a full hearing into this matter on May 12, 1999 and dismissed the complaint against The Zehia Company.

Alex Spruill (Wayne County; 97C50) License No. 27794. On May 12, 1999, the Board conducted a full hearing and permanently revoked the license of Mr. Spruill, who did not respond to his Notice of Hearing.

Surrenders of License

Rick L. Lavere t/a LaVere Contracting Co. (Pender County; 99C13) License No. 39906. On February 4, 1999, Rick L. Lavere surrendered the license of LaVere Contracting Co. to the Board. A complaint previously filed with the Board alleged that Rick L. Lavere t/a LaVere Contracting Co. had failed to install two support piers under the kitchen floor. The Board considers surrender of license as permanent revocation.

Robert Falk t/a Star Developers (New Hanover County; 98C267) License No. 37782. On February 26, 1999, Robert Falk surrendered the license of Star Developers to the Board. A complaint previously filed with the Board alleged that Robert Falk t/a Star Developers provided

false information on his original license application and subsequent renewal applications. The Board considers surrender of license as permanent revocation.

RCDI Construction, Inc. (Buncombe County; 98C60) License No. 36756. On March 8, 1999, James A. Cochrane, President of RCDI Construction, Inc., surrendered the license to the Board. An investigation revealed that RCDI Construction, Inc. failed to abide by the NC State Building Code, Volume I. The Board considers surrender of license as permanent revocation.

Consent Orders (Licensees)

Arthur Building Systems, Inc. (Connecticut; 98C36) License No. 37606. On December 9, 1998, a Consent Order was entered, which had been executed by Peter A. Gaj, Chief Financial Officer of Arthur Building Systems, Inc. In behalf of Arthur Building Systems, Mr. Gaj agreed to a 270-day suspension of its North Carolina general contractors license to resolve allegations of forgery on the part of an employee of Arthur Building Systems, Inc. in dealing with the Board.

Steve Kennedy (Duplin County; 97C08) License No. 30292. A Consent Order was entered on February 26, 1999, whereby Mr. Kennedy agreed to a 6-month stayed suspension of his license, as well as a concurrent 6-month probation for his failure to act as general contractor in the construction of a single-family dwelling for which he obtained a building permit. Mr. Kennedy further agreed that he would surrender his license for 6 months upon written demand if

he should breach any term or condition of his Consent Order.

Tim Breedlove (Haywood County; 96C198) License No. 21240. On March 11, 1999, a Consent Order was entered in which Mr. Breedlove agreed to a 1-year suspension of his license, conditionally restored by a 3-month active suspension and followed by a 9-month probation. This discipline was in resolution of Mr. Breedlove's case with the Board for failure to abide by the NC State Building Code in truss spacing at dormers, providing adequate foundation ventilation and assuring that a footing projected at least 3" past the foundation wall.

Davies General Contracting, Inc. (Georgia; 98C211) License No. 24592. The Board entered a Consent Order on May 10, 1999, in which Davies General Contracting agreed to a 6-month suspension, conditionally restored after a 2-month active suspension, followed by a 2-year probation. An investigation revealed that Davies had entered into a renovation contract in an amount exceeding its license limitation and later obtained a building permit for the same project at a time when its license was inactive.

Rodney Deon Cox (Buncombe County; 98C123) License No. 34341. On May 20, 1999, a Consent Order was filed suspending the license of Mr. Cox for 90 days, stayed for 18 months, with no active suspension. Mr. Cox agreed that on demand he would surrender his license for 90 days if he should breach any term or condition of his Consent Order with the Board. An investigation revealed that Mr. Cox had failed to abide by the NC State Build-

ing Code and applicable statutes in his construction of a screen porch in that he failed to both obtain a building permit and call for the required inspections.

Admissions of Violation (Licensees)

Teresa Robinson t/a Robinson & Associates (New Hanover County; 96C225) License No. 33509. On October 12, 1998, an Admission of Violation was filed in which Ms. Robinson admitted practicing general contracting by building and selling a single-family dwelling early in 1994 without the Board's knowledge and prior to becoming licensed as a general contractor later that same year.

Loeffler Building and Design Ltd. (Lincoln County; 97C123) License No. 35676. An Admission of Violation was entered on December 11, 1998 in which Cindy Loeffler, President, admitted to three statutory violations by Loeffler Building and Design through information provided to the Board on its original application and two renewal applications for licensure as a general contractor.

All County Contracting, Inc. (Wake County; 97C214) License No. 40766. On December 11, 1998, an Admission of Violation was entered in which Glen Wujcik, owner, admitted bidding on and performing renovations in excess of \$30,000 prior to becoming a licensed general contractor.

David C. Hoffman (Lincoln County; 97C200) License No. 33071. An Admission of Violation was filed on December 23, 1998 in which Mr. Hoffman admitted to personally submitting a general contracting proposal to a prospective customer when he was not licensed individually with the Board, and after be-

coming licensed did not fully disclose required information on a renewal application.

Eric Bradley Holloway (Catawba County; 98C10) License No. 32491. On February 15, 1999, an Admission of Violation was filed in which Mr. Holloway admitted conducting business in the past using both an assumed name and a corporate name, although he was only licensed as an individual at the time the violations occurred.

Kurtz Construction Company (Wake County; 96C109) License No. 27266. An Admission of Violation was filed on February 15, 1999 where in Daniel Kurtz, President, admitted a statutory violation in failing to completely disclose financial information to the Board in completing Kurtz Construction's 1996 license renewal application.

Carver's Roofing and Waterproofing, Inc. (Watauga County; 98C158) License No. 19836. On March 11, 1999, an Admission of Violation was filed in which Thomas E. Carver, in behalf of the corporation, admitted failing to abide by the NC State Building Code in the installation of roof shingles.

Bryant-Phillips Associates, Inc. (Wake County; 98C162) License No. 34550. An Affidavit of Admission was filed on March 17, 1999 in which G. Wesley Phillips, in behalf of the corporation, admitted failing to abide by the NC State Building Code by not obtaining a required building permit prior to undertaking repairs on a single-family dwelling.

L.D. Austin Co. (Catawba County; 98C209) License No. 23192. On March 17, 1999, an Admission of Violation was filed in which Mr. L.D. Austin admitted failing to abide by the NC State Building Code in the construction of a townhouse; the construction failed to provide

adequate means of drainage of storm water away from the dwelling's foundation.

Jerry N. Helms t/a Jerry N. Helms Custom Builders (Mecklenburg County; 98C125 and 98C134) License No. 35708. An Affidavit of Admission was filed on March 23, 1999 in which Mr. Helms admitted entering into two contracts using the unlicensed corporate name of "Jerry N. Helms Custom Builders, Inc." while being licensed only as an individual/sole proprietor.

Nancy K. Isaac t/a Isaac & Co. (Avery County; 98C202) License No. 23808. On March 25, 1999, an Admission of Violation was filed in which Ms. Isaac admitted failure to comply with the NC State Building Code by not providing adequate attic cross-ventilation in the construction of a residential addition.

The Williams Company (Union County; 95C194, 95C244 and 97C185) License No. 20362. An Admission of Violation was filed on April 5, 1999 in which Greg Williams admitted failing to fully disclose legal and financial information to the Board when responding to questions on license renewal applications for calendar years 1995 and 1996.

Doug Pollard (New Hanover County; 98C154) License No. 22521. On May 3, 1999, an Admission of Violation was filed in which Mr. Pollard admitted improperly installing roof flashing (if original) on a single-family dwelling which he built in 1988.

McGurn Homes of NC, LC t/a McGurn Homes of NC, LLC (Wake County; 98C254) License No. 37449. An Admission of Violation was filed on May 19, 1999 in which Mr. McGurn, in behalf of McGurn Homes of N.C., admitted entering into a contract in 1996, several months prior to becoming

licensed with the Board, to construct and convey a single-family dwelling costing \$30,000 or more.

D.H. Sutphin Builders, Inc. (Guilford County; 99C09) License No. 23467. On May 19, 1999, an Admission of Violation was filed in which Donald Sutphin, in behalf of D.H. Sutphin Builders, Inc., admitted practicing general contracting in excess of its license limitation.

M. Morgan Williams (Haywood County; 95C188) License No. 37149. An Admission of Violation was filed on May 19, 1999 in which Mr. Williams admitted using the license of another general contractor in order to undertake a water and sewer lines project in 1995 prior to becoming licensed in the Water Lines and Sewer Lines specialty classification.

Bill Bryson, IV (Macon County; 98C234) License No. 22785. On May 19, 1999, an Admission of Violation was filed in which Bill Bryson, IV admitted using his license to obtain a building permit for an unlicensed contractor to construct a single-family dwelling for which Mr. Bryson was not the general contractor.

Injunctions (Unlicensed Contractors)

Default Judgment: Permanent Injunctions were obtained by entry of a Default Judgment in Wake County Superior Court against each of the unlicensed contractors listed below for practicing general contracting in an amount of \$30,000 or more, in violation of N.C.G.S. §87-13. In some instances, the Sheriff was unable to locate the contractor, but the Board effected service by newspaper publication; nevertheless, the contractor is enjoined from further practice of general contracting (including bidding) in an amount of \$30,000 or more until such time as he/she becomes licensed by the Board.

Tri-River (Pennsylvania; 98C13), December 9, 1998.

Ty R. Carr dba Atlantic Coast Home Improvements (Hoke County—publication; 95C278), February 11, 1999.

Loyd Greene t/a Loyd Greene Construction (Watauga County—publication; 95C104 and 95C159), February 11, 1999.

Allstate Restoration Services, Inc. and Carl T. Nicks (Pender County—publication), February 12, 1999.

Mark Bartenfield dba Selective Improvements (Guilford County—publication; 95C257), February 12, 1999.

Steve Burgess and Elton Burgess dba Burgess & Sons (Durham County; 97C06), February 12, 1999.

Curtis Gilbert and Hal Prevoe dba G&P House Repair (Brunswick County; 96C119), February 12, 1999.

Scott Raley (Wayne County—publication; 97C156), February 12, 1999.

Harold Faulk and Jackie Smith dba HJ & Associates (Cumberland County—publication; 96C126), March 10, 1999.

Rick Borders dba R.B. Builders (Forsyth County; 98C80), April 29, 1999.

David Williams dba DR Construction (Buncombe County; 98C173), May 6, 1999.

Consent Orders of Unlicensed Contractors: Permanent Injunctions were obtained by entry of a Consent Order in Wake County Superior Court concerning each of the following unlicensed contractors who practiced general contracting in an amount of \$30,000 or more, in violation of N.C.C.S. §87-13, but who admitted to their wrongdoing, paid court costs and service fees and cooperated with the Board in the matter.

Carolina Construction Services (Cumberland County; 98C82), December 9, 1998.

Richard Markland (Davie County; 97C227), January 4, 1999.

Ocean Industries (Currituck County; 98C71), January 11, 1999.

Leon Milner and Jeanine Milner dba 4-M Construction Co. (Brunswick County; 98C177), February 8, 1999.

Downie-Fulk-Admas Builders, Inc. (Wake County; 98C196), February 10, 1999.

Southeastern Builders, Inc. (Onslow County; 98C126), February 17, 1999.

Reginald C. Weeks, Sr. dba Weeks and Son Construction (Rowan County; 98C126), February 17, 1999.

PPB, Inc. (Kentucky; 98C240), March 3, 1999.

Perdue General Contractors, Inc. (Johnston County; 98C124), March 4, 1999.

Sunbird Sales, Inc. (Jackson County; 98C250), March 8, 1999.

Timothy Sanders Construction Company, Incorporated and Timothy Sanders dba Timothy Sanders Construction Company (Mecklenburg County; 98C166), March 22, 1999.

1st Quality Building, Inc. and Walter Denham (Iredell County; 98C26 and 98C27), March 25, 1999.

Arnold D. Lampley dba Level and Square Building Systems and dba The Garage/Shop (Forsyth County; 98C215), April 16, 1999.

Southside Utilities (Virginia; 98C99), April 16, 1999.

Dennis McFadden (Johnston County; 98C212), April 22, 1999.

John Beaver (Burke County; 98C64), May 4, 1999.

Walter Adams (Gaston County; 98C144), May 12, 1999.

Other: The unlicensed contractor named below resolved his case with the Board by executing an Affidavit of Admission in which he acknowledged that the Board would seek an Injunction against him if it became known that he was again practicing general contracting in an amount of \$30,000 or more, in violation of N.C.C.S. §87-13, until such time as he should become licensed by the Board.

Billy J. Avant (Guilford County; 95C296), February 13, 1999.

NASCLA National Association of State Contractors' Licensing Agencies

IF YOU NEED INFORMATION ON CONTRACTOR LICENSING IN OTHER STATES, YOU NEED A COPY OF THE CONTRACTOR'S STATE LICENSING INFORMATION DIRECTORY.

This publication identifies over 150 state agencies that regulate the construction industry. The directory summarizes the prequalification, licensing, examination and bonding requirements. Information on reciprocity, license classifications, and incorporating is also included. 190 pages. 1999 edition.

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NCDENR Offers Technical Assistance, Information to Well Contractors

Technical assistance and informational packets are now available by request from the Division of Water Quality, Groundwater Section (GWS), the agency charged with regulating well construction and operation in North Carolina. GWS is a division of North Carolina's Department of Environment and Natural Resources.

To receive assistance or information concerning regulations applicable to well construction, contact the GWS office in Raleigh at (919) 733-3221.

State's Housing Boom Leads To Increase In Licenses, Complaints

By Kim Dodson, Homeowners Recovery Fund Specialist

The North Carolina Division of Tourism recently began marketing the State as "a better place to be." Judging from North Carolina's recent population growth and influx of newcomers, the message has been effective. A burgeoning population, continued economic growth and a residential construction boom have kept North Carolina's builders busy keeping up with the demand for housing. In fact, a December 1998 *Charlotte Observer* article listed North Carolina as the fifth hottest residential building market in the country from October 1997 to September 1998. Raleigh's *News & Observer* reported recently that in 1998 Wake County led the state in residential construction topping out at \$1.4 billion. The Licensing Board for General Contractors has issued almost 2,000 new licenses since January of this year, another indicator of the region's robust construction index. Since 1996, the number of candidates requesting to take licensing examinations has increased nearly 18%.

The good news for those in the industry is the abundance of work available, a healthy business climate for construction firms, and increased income for homebuilders across the state. Unfortunately, it's not all good news. With the area's unceasing demand for more housing and a tightened labor market, finding qualified workers and subcontractors has become an acute problem for many

contractors. Over the past few years, as the pace of construction has increased, we've also witnessed an increase in the frequency of consumer complaints being filed. In 1998, the Licensing Board received a total of 291 complaints, an increase from the 240 filed in 1997. According to the Board staff, approximately 95% of those complaints concern *residential construction*. Some consumers and homebuyers recently have made their complaints known to the media and lawmakers alike, calling for increased regulatory requirements and tighter governmental controls to prevent shoddy construction.

Is the problem really as serious as some outside the industry say it is? Mike Carpenter, Director of Government Affairs and General Counsel for the North Carolina Home Builders Association, pointed out that a comparison of new housing starts in the state and the number of customer complaints does not indicate a significant increase in quality concerns. "There has certainly been an increase in activity in residential construction and in consumer complaints, but percentage-wise not much has changed." According to Carpenter the industry recognizes there is a problem, but it is a problem that needs to be handled responsibly.

Lawmakers in the State have a variety of ideas about how the problem should be handled. Proposals have

been made in both the Senate and the House offering solutions to these problems. For example, Representative Beverly Earle has offered a proposal (House Bill 1254) which would lower the threshold when a general contractors license is required from \$30,000 to \$5,000. The bill also includes an experience requirement as a prerequisite to obtaining a license and would increase residential permit fees in an effort to beef up the Homeowners Recovery Fund. Finally, Earle's bill would give the Licensing Board increased power and authority to discipline contractors who fail to meet minimum construction standards. Carpenter said the industry is working with lawmakers to reach some agreements on these and other issues, but in the long run it will be up to the Legislators to decide what is actually passed (see also "*Lawmakers Considering Legislation*," page 1).

In the meantime, what can individual businesses do to protect or improve relations with their customers? "Communication is key," Carpenter says. Additionally he suggests implementing methods whereby concerns can be expressed by the consumer and addressed by the builder in a non-adversarial way. These might include warranties, detailed methods for taking care of punchlist concerns and provisions for dispute resolution worked into the original agreements between builders and their customers.



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