

Owner-Builder Information:

WHO IS AN OWNER-BUILDER?

- An owner-builder is an owner or lessee of property who builds or improves structures on the property for the owner-builder's own use or for use by the owner-builder's immediate family.
- An owner-builder must register for an owner-builder exemption with the County Building Permit department. An owner-builder who obtains an exemption is authorized to act as his/her own general contractor and is exempt from contractor licensing requirements.

WHAT IS AN OWNER-BUILDER RESPONSIBLE FOR?

- As a general contractor, an owner-builder is responsible for ensuring that the construction work complies with all applicable laws, building codes, and zoning regulations.
- An owner-builder is responsible for hiring subcontractors with the appropriate licenses as required by state laws and county ordinances.
- As an employer, an owner-builder must deduct and withhold taxes and provide unemployment, temporary disability, and workers' compensation insurance for employees.

ARE THERE RESTRICTIONS ON OWNER-BUILDER EXEMPTION PERMITS?

There are several restrictions for owner-builders:

- An owner-builder must hire only licensed subcontractors to work on the project. In particular, electrical and plumbing subcontractors must be appropriately licensed.
- The owner-builder cannot sell, lease, or offer to sell or lease the structure within one (1) year after completion (the date of final inspection approval by the county).
- Effective July 1, 2010, an owner-builder may offer to sell or lease, sell, or lease the structure within one (1) year of completion if the sale or lease: 1) is caused by an eligible unforeseen hardship as determined by the Contractors Board; 2) is to an employee of the owner-builder and involves residential property; or 3) involves construction that is performed according to a building permit where the estimate of the work to be performed is less than \$10,000.
- An owner-builder who must sell or lease the property within one (1) year of completion due to an unforeseen hardship must apply in writing to the Contractors Board for a determination on the eligibility of the unforeseen hardship before selling, leasing, or offering to sell or

lease the property. The Contractors Board must notify the owner-builder in writing of its determination within ninety (90) days of the receipt of the owner-builder's complete application.

- Any person who obtains an owner-builder exemption more than once within two (2) years is presumed to have violated the exemption requirements.

ARE THERE PENALTIES FOR OWNER-BUILDERS?

- An owner-builder who fails to comply with all owner-builder requirements can be fined up to \$5,000 or 40% of the appraised value of the structure, whichever is greater, for the first offense. Subsequent violations could result in a \$10,000 fine or 50% of the appraised value of the structure, whichever is greater.
- An owner-builder found to have violated the requirements for owner-builders shall not be permitted to act as an owner-builder or register for the owner-builder exemption for three (3) years.

HOW CAN AN OWNER-BUILDER AVOID PROBLEMS?

- Comply with all owner-builder exemption laws and requirements. Review Chapter 444, Hawaii Revised Statutes, for details on the owner-builder exemption.

- Hire only licensed subcontractors.
- Obtain all necessary insurance for all unlicensed workers and follow all applicable tax requirements.

DOES EVERYONE DOING CONTRACTING WORK NEED A CONTRACTOR'S LICENSE?

- The "handyman" exemption permits the hiring of a person who is not licensed as a contractor if the total cost of the project, including labor, materials, taxes, and all other items, is equal to or less than \$1,000.
- The "handyman" exemption does not apply: 1) when a building permit is required, regardless of the total contract price; 2) for electrical or plumbing work; or 3) where the work is parceled out into multiple projects.

GOT PROBLEMS WITH YOUR CONTRACTOR?

- Contact the Regulated Industries Complaints Office (RICO) at the telephone numbers and addresses in this brochure.

The language of this brochure is for informational purposes only. This brochure is intended as a reference and does not provide legal advice. The information contained in this brochure is subject to change.

This printed material can be made available for individuals with special needs in braille, large print or audio tape. Please submit your request to the Complaints and Enforcement Officer at 586-2666.

RESOURCES

HONOLULU OFFICE:
 Leiopapa A Kamehameha Building
 235 South Beretania Street, 9th Floor
 Honolulu, HI 96813

CONSUMER RESOURCE CENTER (CRC):
 Verification of current status of existing licensees or businesses, complaint history of licensees & businesses, file complaints against licensees & businesses, & other general consumer information.....**587-3222**

To call Honolulu numbers from the Neighbor Islands, dial 274-3141 from Kauai, 984-2400 from Maui, 974-4000 from the Big Island, and 1-800-468- 4644 from Lanai/Molokai, then dial the last five digits of the state phone number you want to call, then press the # sign.

MAUI OFFICE.....243-5808
 1063 Lower Main Street, Suite C-216
 Wailuku, HI 96793

KAUAI OFFICE.....274-3200
 3060 Eiwa Street, Suite 204
 Lihue, HI 96766

HILO OFFICE.....933-8846
 345 Kekuanaoa Street, #12
 Hilo, HI 96720

KONA OFFICE.....327-9590
 75-170 Hualalai Road, Room C-309
 Kailua-Kona, HI 96740

RICO website: www.hawaii.gov/dcca/rico
 RICO e-mail: rico@dcca.hawaii.gov

- Check Out a Business Online at businesscheck.hawaii.gov for:
- ✓ Business/Licensee Complaint History Search
 - ✓ Business Name Search
 - ✓ Professional and Vocational License Search
 - ✓ General Excise Tax License Search

GOT
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 OWNER-BUILDER
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 PERMIT?

