

Case #2 Adding an Addition

Introduction

Read, listen to the video and answer each question in blank space.

Question: What is this case about?

This is a case of homeowners in need of a licensed general contractor for a renovation and an addition project for a single-family dwelling. After finding a licensed general contractor, the homeowners consulted an online referral service prior to finalizing their decision to use this licensed general contractor for their construction needs.

On 3-11-17, the licensed general contractor entered into a written contract with the homeowners for the renovation and addition to their single-family dwelling at a contract price of \$113,300.00. Permits were obtained, and inspections were performed. Delays in construction occurred. What was supposed to be a 4-month project was still not completed 12 months later. The work was unsatisfactory to the homeowners.

Communication between the homeowner and licensed general contractor deteriorated. In an attempt to remedy the unsatisfactory construction, the homeowners engaged multiple engineers to find out the cost of correcting deficiencies and estimate a cost to repair and/or complete the project. The report from one engineer who conducted site visits stated:

1. The work failed to comply with codes, contract documents and normal construction practices
2. Numerous deficiencies were noted
3. Repair will be significant, including removal of components
4. Based on project estimate documents plus receipts to date, cost to correct will exceed \$125,000.00

Numerous code violations were found and documented by engineers. Issues found included:

- Foundation wall
- Attic space joist placement
- Drainage system
- Weather Resistant barriers
- Staircase construction
- Access to crawl space
- Vapor Barrier placement
- Rubble and debris removal
- Existing crawl space integrity

Question: What did the investigation reveal?

The investigation revealed the contractor had originally applied for a license in July 2016. His license was notarized, and the application verified the contractor said he never had been convicted of any criminal offense. A check on his NC criminal history revealed that he had been charged in 2014 of:

- Manufacture and Possession with Intent to Manufacture and Distribute Marijuana-Conspiracy
- Manufacture and Possession with Intent to Manufacture and Distribute Marijuana

He pled guilty to Conspiracy to Manufacture and Possess with Intent to Manufacture and Distribute Marijuana later in 2014. He was sentenced to 31 months in prison, and afterwards was to serve a 2-year supervised probationary period. He served his time and then began his probation in 2016, with his probation ending in 2018.

In 2019, the contractor renewed his license, and answered “no” to question 3 on the application, which asked about any pending investigations by the Board and “no” to question 4, which asked about any lawsuits pending or filed. The answers to both questions were found to be untruthful and constituted a failure to disclose to the Board the investigation and lawsuits that had been filed which violated the law. The investigation revealed that permits were applied for and received by the licensee for the project, however, the contract with the homeowner indicated that the contractor named on the contract was not licensed and evidence discovered revealed that the name used on the contract was another business name used by the licensee. The name the contractor used to contract the project was not an authorized name that the Board authorized and using the unlicensed name to contract for a \$113,300.00 project was a violation of G.S. 87-1.

The investigator spoke with the contractor, who later emailed his response representing his position:

- All trades and work inspections were called for and passed before stopping work
- Homeowners refused to pay for the completion of work, and contractor refused to return unless homeowner paid what contractor felt was owed
- All subcontractors were paid for work performed. One vendor payment was delayed because homeowner delayed months in paying for upgraded items which was never paid in full
- Homeowner wanted to purchase own materials to try and save money, and wanted change order costs for credits to be used as allowances
- All trades used on project were licensed, all work passed inspection, and subcontractors were changed when scheduling issues arose that delayed work
- Contractor alleged an open invoice for over \$58,000.00
- Contractor claimed work was completed to date per terms of contract and that some work was done and not charged for

Question: How could the contractor have avoided this discipline?

The licensed contractor in this case may have avoided the complaint and resulting discipline by doing the following things differently:

- Answer all questions on the original application and subsequent license renewal applications truthfully
- A licensed general contractor must operate only in the name listed on their NC general contracting license certificate. The use of an assumed name is permitted, provided the licensed contractor registers the assumed name in the county in which they work and submit the recorded Certificate of Assumed Name to the NCLBGC. In this case the contractor failed to register and disclose the assumed name
- Comply with all NC building code standards which are the minimum standard

It is the responsibility of all licensed contractors to comply with all standards of the building code.