

COMPLIANCE CORNER

By J. Seth Gowan, Deputy Attorney General

Are you using a written contract when you do work for a homeowner?

Is that contract signed by the homeowner?

Is that contract signed by you and/or someone authorized to enter into contracts on behalf of your company?

Important questions for all licensees to be mindful of when engaging in residential home building.

Under Ala. Code § 34-14A (1975), the Home Builders Licensure Law (“the Act”), entering into a contract for residential home building is a transaction (Ala. Code §34-14A-2(14)). And when a licensee enters into a contract, the licensee “shall utilize a valid written contract” (Ala. Code §34-14A-7(f)). According to the Board regulations, effective October 12, 2018, a violation of the Act occurs when a licensee fails “to use a valid written contract including offer and

acceptance indicated by the signing of all parties,” (Ala. Admin Code r. 465-X-1-.01(12)(a)(11)).

Therefore, it is important to remember when you agree with a homeowner to perform residential homebuilding that the terms of what you are doing and the costs are in writing, and the document is signed by both you and the homeowner. In investigating a consumer complaint, the first thing a Board Investigator will ask to see is a copy of the contract. Be aware: if the contract is signed by you, the licensee, but is not signed by the homeowner, that is not a valid written contract – a violation of the Act.

Failure to comply with the law and regulations regarding use of a valid written contract will result in disciplinary action against a licensee. The Board’s disciplinary authority may include some or all the following: revocation or suspension of a license, remedial education classes, and/or an administrative fine up to \$5,000 per violation. ▲



All current disciplinary actions and unlicensed builder prosecutions can be found on the HBLB website at www.hblb.alabama.gov/disciplinary-actions/. All actions remain posted for a period of ninety (90) days. Inquiries pertaining to disciplinary actions and unlicensed builder prosecutions must be submitted in writing to the Home Builders Licensure Board, Legal Division, P O Box 303605, Montgomery, Alabama 36130-3605.