

## Another licensing law to worry about

■ Contractors of certain projects must have their clients sign a "notice to customer" form before starting construction.

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The Contractor's Licensing Statute requires contractors to be licensed, bonded and to carry liability insurance. The law also requires contractors who deal directly with owners to provide them, on certain types of projects, with a "notice to customer" form before commencing work.

The types of projects where this notice is required are:

- Projects involving four or fewer residential units with a contract value of more than \$1,000.
- Commercial projects with a contract value between \$1,000 and \$60,000.

The notice to customer form is a consumer protection device designed to provide homeowners

and the owners of small commercial construction projects with information regarding the contractor licensing law, contractor lien rights and other information.

In the past, contractors were required to provide the form to the owner prior to commencing work. Effective July 22, contractors have to obtain the owner's signature on the form prior to starting work. The amended statute also requires that contractors maintain copies of the signed form for at least three years.

The main penalty for failing to



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provide the notice is loss of the contractor's lien rights against the owner's property. However, failure to provide the notice is also a general infraction under the licensing statute, which is a violation of the state's Consumer Protection Act.

Contractors who engage in the types of construction projects at issue — which range from multi-million-dollar custom homes to four-unit condominiums and apartment buildings to small contracts to repair a single-family residence — should make sure that they not only provide the notice, but obtain the customer's signature prior to commencing work.

If contractors or owners have questions about the contractor licensing statute they should contact an attorney or the Department of Licensing.

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