

ON THE LEVEL

A Service of the
State of Alabama
Home Builders
Licensure Board
FALL 2023



HOME BUILDERS
LICENSURE BOARD
www.hblb.alabama.gov



Embracing Modernization for Enhanced User Experience

The Home Builders Licensure Board recently adopted a 5-year strategic plan, which went into effect on January 1, 2023. One of the plan's key goals is to upgrade the Board's use of technology. To meet this expectation, and provide for our licensees more efficiently, the Home Builders Licensure Board is undertaking digital modernization. Modernization is the process of adapting something to modern needs or habits.¹

Specifically, optimizing application processes and significantly reducing the use of paper-based methods are of top priority to adapt to the ever-changing needs of our users. This transformation will allow for greater collaboration with our licensees and increased productivity.

Here are a few changes you can expect to see as we move forward:

1. Elimination of Paper-Based Renewal Applications

We are committed to eliminating paper renewal applications and promoting a digital alternative for licensees to complete the renewal of their licenses each year.

2. Simplified Login Methods for User Dashboards

We are implementing a variety of convenient login methods to make it easier for our licensees to access their user dashboards, including the use of third-party provider logins, such as Google, Apple, or Facebook.

3. Detailed Instructions for Completing Applications Online

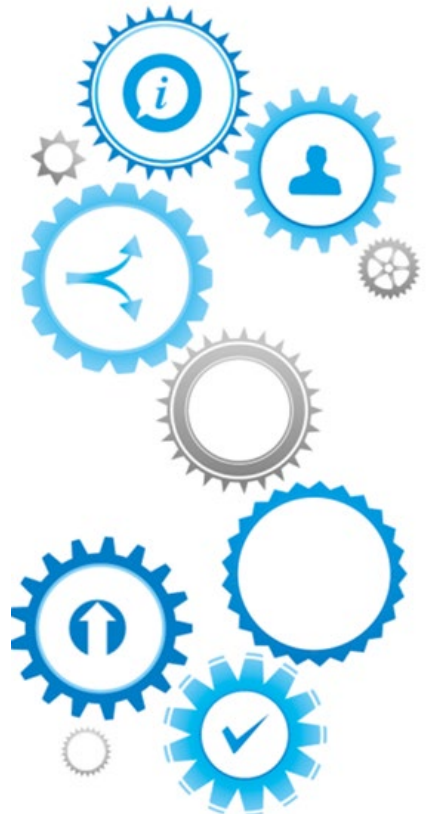
Licensees will be provided step-by-step guides on each page of the online renewal application to assist them in navigating the renewal process effortlessly.

4. Elimination of Paper Wallet Cards and Certificates

We are transitioning from the traditional practice of physically printing and mailing out paper licenses and certificates to a digital approach in which licensees can access their license to print or download a virtual license card directly to their mobile devices.

5. Streamlined Communication Methods

Communication to licensees will also transition towards a more digital approach, primarily through email, reducing our reliance on traditional paper-based methods such as mailing letters and other correspondence. The Home Builders Licensure Board kindly ask for your patience and understanding as we navigate this period of transformation. Change takes time, and while it may not always unfold as anticipated, rest assured that these improvements are aimed at creating a better and more efficient experience. ▲



¹ (Oxford Languages, 2023)

Business License vs. Builder's License

A Distinction With a Difference

Who needs a business license? In Alabama, any person, firm, or corporation engaging in any business for gain or profit is required to obtain a business license. On the flip side, who needs a builder's license? In Alabama, any person, firm, or corporation who engages in residential home building is required to obtain a builder's license. Ala. Code Title 34, Chapter 14A (1975) defines a residential home builder as “[a] person who constructs a residence or structure for sale or who, for a fixed price, commission, fee, or wage

undertakes or offers to undertake the construction or superintending of the construction, or manages, supervises, assists, or provides consultation to a homeowner regarding the who construction or superintending of the construction, of any residence or structure that is not over three floors in height and that does not have more than four residential units, or the repair, improvement, or reimprovement thereof, to be used by another as a residence when the cost of the undertaking exceeds ten thousand dollars (\$10,000).”

Example of a Business License

STATE OF ALABAMA

CONTROL NO. BALDWIN COUNTY LICENSE NO.
ACCOUNT NO. ISSUED TO.

LICENSE YEAR: **2019**

DATE ISSUED: 02 15 2019
MO. DAY YR.

LICENSE TYPE:
STORE LICENSE
CHAIN STORE LICENSE
OCCUPATIONAL LICENSE

BUSINESS LOCATION: EXPIRES 9/30/2019
RENEW IN OCTOBER

RL: U19 - #623330 - T1 - P20815 - M4

SECTION	BUSINESS TYPE	License Amount	FEE	PENALTY	CITATION	INTEREST	TOTAL	
0084	CONSTRUCTION COMPANIES OR CONTRACTORS (\$200k+)	375.00	1.00	0.00	0.00	0.00	376.00	
							TOTAL	376.00
							MAIL FEE	0.00
							TOTAL WITH MAIL FEE	376.00

TRANSFER OF LICENSE
Evidence having been adduced before me that a bona fide sale of the business licensed by this certificate has been made by the licensee, this license is transferred to said purchaser.

Name of Purchaser: Kathleen D. Baxter
Issuing Authority: HARRY D'OLIVE JR.
State Comptroller: Vernon Barnett
Commissioner of Revenue: HARRY D'OLIVE JR.

While the distinction between a business license and a builder's license seems simple, a common misconception is that holding a business license as a contractor allows someone to engage in residential home building. That is simply not the case. A business license is a municipality-issued license and allows someone to conduct business in that one municipality. Whereas a builder's license is a state-issued license and allows someone to engage in residential home building

throughout the entire state of Alabama. Anyone can stroll into a municipal revenue office and purchase a business license. Additionally, a person might need multiple business licenses if they are conducting business in multiple municipalities. Someone applying for a builder's license must meet all the requirements for licensure, including, passing an examination for an unlimited license. In essence, a builder's license requires experience and ability. ▲

Who Needs What License?

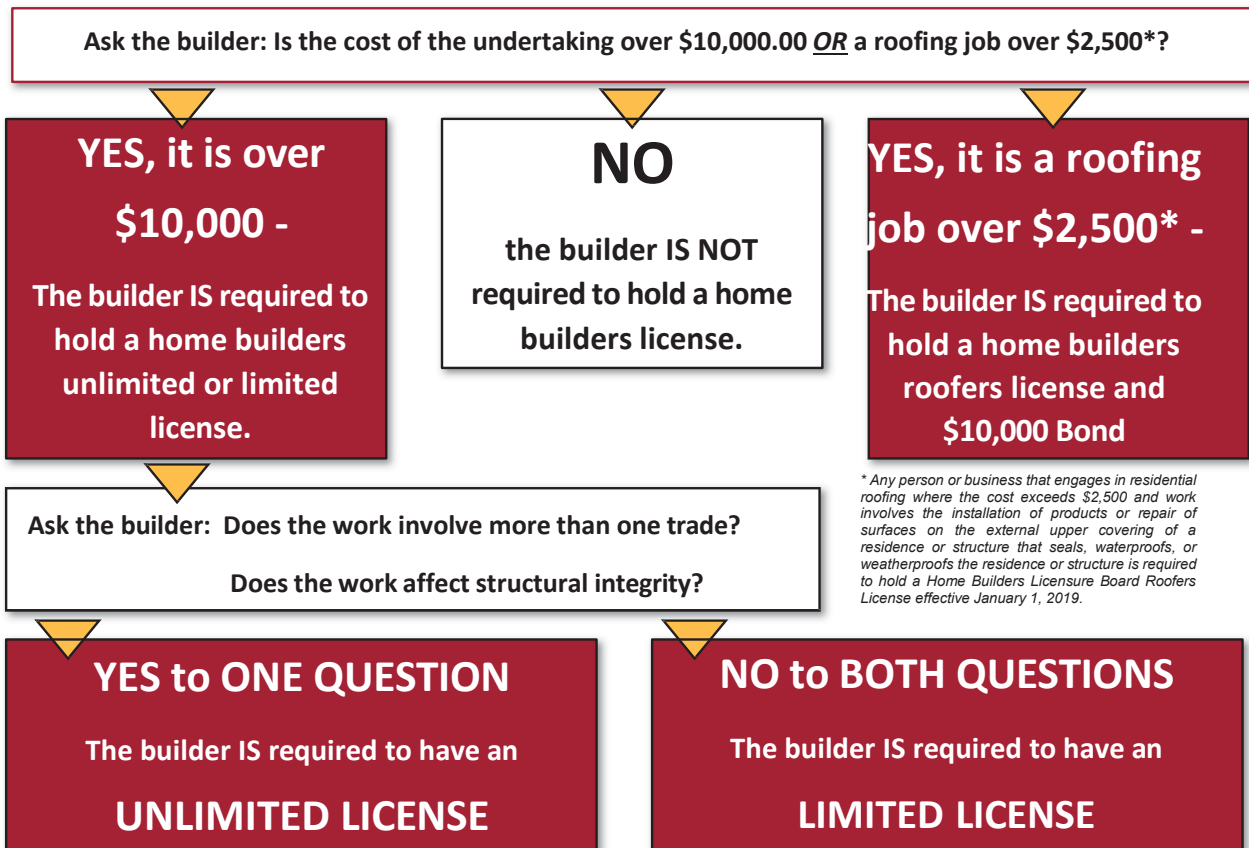
Any time a home builder contracts to do a job that totals over \$10,000, he must hold a builders license. Some jobs, however, do not require an unlimited home builders license (the one that requires passing a skill and business/law examination) and can be performed with a limited license (the one that does not require an examination).

A limited license can be used on a job IF the following conditions are met:

1. The job is on a residence;
2. The total cost of the job exceeds \$10,000 (including labor, materials, overhead, and profit);
3. The builder contracts directly with the homeowner;
4. The job does not involve more than a single trade; and,
5. The work does not affect the structural integrity of the residence.

A limited license is not required to work as a subcontractor to a builder who contracted with a homeowner to do the job. Also, a builder's license is not required to perform work that is within the scope of another occupational or professional license, such as a real estate license or electrician's license. One caveat to the single trade requirement would be with the example of a framer, who due to the nature of the trade, performs work that affects the structural integrity of a residence.

It is also important to note that a builder cannot perform residential roofing with a limited license. However, he could with an unlimited license. While some builders hold both a roofer's and a limited license, it is a good reminder that performing residential roofing, along with a single trade under a limited license, on the same residence would be a violation because that would involve more than one trade on a jobsite. Bottom line: when in doubt, call the Board and speak with someone in the Licensure division if you are unsure which license you need. ▲



IMPORTANT FACTS ABOUT



Renewals begin on October 1, 2023. The Board requires individual licensees and designated qualifying representatives for corporate entities to complete six (6) hours of continuing education before a renewal license can be issued. To assist licensees in having a smooth renewal season, some important tips are listed below.

IMPORTANT TIPS:

Tip 1: Continuing education information can be found by visiting the Board's website at hblb.alabama.gov and clicking continuing education.

Tip 2: Completion of continuing education is not required to submit the renewal application. However, the Board recommends completing continuing education by October 1st to avoid delays in the issuance of your license.

Tip 3: Two (2) of the six (6) hours must meet the Alabama specific requirement. Alabama specific courses will contain the following: *****This course meets the Alabama Specific Requirement*****

Tip 4: Licensees do not need to send certificates to the Board. Providers are required to report the completion of continuing education to the Board within five days.

Tip 5: Licensees who will be 60 by October 1st are exempt. However, the exemption must be claimed by submitting an age exemption form which is in the continuing education section of the Board's website. This is a permanent exemption and only needs to be claimed once.

Tip 6: Inactive licensees are not required to complete continuing education. However, continuing education is required to return to active status, unless otherwise exempted.

Tip 7: Licensees renewing for the first time are not required to complete continuing education. These licensees do not need to take any action to claim this one-time exemption.

Tip 8: While renewing online, your continuing education status will be displayed on the CE hours page, which is located after the regulatory questions page and before the signature page.



COMPLIANCE CORNER

Reporting Licensees

The Home Builder Licensure Law requires building officials to deny permit applications and report violations to the Board. (Ala. Code Section 34-14A-13) So far, this fiscal year, building officials have reported 42 unlicensed builders to the Board. These tips can potentially evolve into criminal prosecutions. However, not all violators are unlicensed builders. Some are licensees!

The Board issues unlimited licenses, limited licenses, and roofers licenses. A licensee holding an unlimited license may perform residential work up to and including building a new residence. A licensee holding a limited license may engage in residential construction that

involves one trade and does not affect the structural integrity of the residence. A licensee holding a roofers license may only engage in roofing. A licensee working beyond the scope of their license is violating the Home Builder Licensure Law. An example of a licensee working beyond the scope of their license is a licensee holding a limited license or a roofers license found framing a residence. Since framing involves the structural integrity of a residence, an unlimited license is required.

Ala. Code Section 34-14A-13 requires building officials to report all violators to the Board including licensees working beyond the scope of their license. To report violators, call the builder watch hotline at (800) 304-0853.

You may also email, fax, or mail a tip form to the Board. To download the form, visit our website at hblb.alabama.gov and click the building officials page.

Beginning this year, the Board will no longer mail license cards to licensees. Licensees will be emailed a digital card that can be printed and/or downloaded to their mobile devices. For more information, see the article titled “Embracing Modernization for Enhanced User Experience”.

The Board is grateful for the assistance of building officials in accomplishing its mission of protecting consumers and continues to encourage reporting violations to the Board.



**Builder Watch
Hotline**

1-800-304-0853

Protect Alabama Consumers
and Your Industry.

Report Unlicensed Builder Activity!

(All calls will remain anonymous.)



HOME BUILDERS LICENSURE BOARD

www.hblb.alabama.gov

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Montgomery, Alabama 36130-3605

Is there a difference between a Home Builder's License and a General Contractor's License?

YES. In the State of Alabama, one who engages in the construction of commercial or public properties where the cost of the undertaking including labor and materials is over \$50,000 is considered a General Contractor. A General Contractor's license is also required for swimming pools where the cost of construction is over \$5,000. A residential Home Builder is one who engages in the construction, remodeling, repair, improvement, or reimprovement of a residential structure where the cost of the undertaking including labor and materials exceeds \$10,000, unless the work performed is not within the jurisdiction of the Board.

The State Licensing Board for General Contractors was created through legislation enacted in 1935, regulating the commercial construction trade. The Home Builders Licensure Board was established in 1992 to enforce the provisions of The Home Building and Home Improvement Industries Act, codified at Ala. Code § 34-14A-1 (1975), et seq. The law provides for the licensure of persons engaged in residential construction in the State of Alabama.

Because General Contractors were required to be licensed before the creation of the Home Builders Licensure Board, the Board created an exemption from the licensure requirement. Anyone holding a General Contractor License issued prior to the passing of the statute that brought into being the Home Builders Licensure Board in 1992 may engage in residential construction. This would include ONLY General Contractors License numbers from 1 to 18907. Anyone holding a General Contractors License with a license number of 18908 or higher MUST hold a Home Builders License to perform residential construction.

While the question at hand seems straightforward, the Board continues to get questions about the difference between a General Contractor and a Home Builder. Before asking that question, a vital piece of information to gather is whether a property is commercial or residential. ▲