CITY OF MERCER ISLAND

COMMUNITY PLANNING & DEVELOPMENT

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OWNER AS CONTRACTOR

What the Law Requires of Registered Contractors

In Washington, Contractors must register with the Department of Labor and Industries, post a bond and carry General Liability Insurance coverage.

- 1. A general Contractor must maintain a \$12,000 bond. A specialty contractor, such as a painter, must maintain a \$6,000 bond. Dissatisfied consumers may pursue restitution by taking civil action against the contractor's bond in Superior Court.
- 2. All registered contractors must carry general liability insurance coverage (\$50,000 property damage and \$200,000 public liability or \$250,000 combined single limit).
- 3. Contractors must possess a current unified business identifier (UBI) number and an employer identification number (EIN). (An EIN is optional for a sole proprietorship).

Owner Acting as Contractor – Some Risks and Liabilities

When hiring an unlicensed contractor and/or acting as your own contractor, you may be:

- 1. Responsible for the medical and time loss costs of employees injured while working on your project.
- 2. Liable for all unpaid taxes.
- 3. Placing yourself and your family in a life-threatening situation, especially when hiring unlicensed people to install plumbing, electrical wiring, heating systems and wood stoves.
- 4. Your homeowner's insurance may not cover work done by an unlicensed contractor.
- 5. The law requires complete disclosure of all work that has been done on your home if you resell. You may be required to do work over again that has been done without permits or inspections. Non-disclosure can lead to civil action being taken against you.
- 6. Suppliers can place a lien on your home for non-payment of materials by your contractor.
- 7. Unpaid workers can place a lien on your property
- 8. When problems arise, your only recourse is a lengthy and costly civil action if there are any assets of value to attach, and if you can find the contractor.

This form must be signed and filed within the project folder

I have read and acknowledge the above information:	
Owner Signature:	
Owner Printed Name:	Date:

