



North Carolina Licensing Board for General Contractors

NCLBGC 101: What Licensed General Contractors Need to Know

Student Guide



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Module 1: Welcome and Introduction

Module Objectives



Slide 1

Upon completion of this module, students will be able to:

- Explain the purpose of this course
- Describe the new Continuing Education (CE) requirement

Introduction

- Restroom locations
- Eating and Drinking
- Cell phone use
- Fire exits
- Break
- Participation in discussions
- Use Student Guide to record answers and write notes
- Questions
- Other location specific rules
- Credit for attendance
- Parking Lot use

Welcome Video

Frank Wiesner, Executive Director, NCLBGC Introduction .mp4 video

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Module 1: Welcome and Introduction, continued

Course Purpose



Slide 2

- Effective January 1, 2020 General Statute 87-10.2 requires qualifiers for Building, Residential or Unclassified licenses, as a condition to renewing the license, to complete eight (8) hours of Continuing Education (CE) for 2021 and all future license renewals. Two (2) of the eight (8) hours shall be a mandatory class.
- Accordingly, the NCLBGC developed and delivers this two (2) hour mandatory CE class

Overall Important Points to Remember



Slide 3

FILL IN BLANKS IN YOUR GUIDE

- CE must be completed _____ to license renewal
- CE period begins _____ and ends _____ each year
- 90-day grace period is granted after _____ of each year for qualifiers to complete CE and allow a license to be renewed
 - A ____ late fee will be charged for each month or part month after _____ until license is renewed
- ____ hours of Board-approved CE must be completed to renew a license.
 - Requirement includes this mandatory ____ hour course
 - ____ hours are elective courses produced by outside providers whose courses are submitted to and approved by the Board
 - Elective courses relate to general contracting and may include business practices, business planning, contracts, liability exposure, human resources, basic accounting, financial statements, safety and other construction related topics as determined by the NCLBGC
- For a license to be renewed on _____ all ____ hours of CE must be completed on or before _____ of the preceding year.
 - Qualifiers may carry over up to ____ hours of elective credit into the next year
- Licenses may become inactive (i.e., no work or bids), upon request provided _____; CE will be postponed during the inactive period
 - If reinstating license within ____ years of inactive status, qualifier must complete ____ hours of CE, including current year mandatory course
 - After ____ years, the qualifier must complete ____ hours of CE, including the current year mandatory course
- No classes held in December; should complete before _____

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Module 1: Welcome and Introduction, continued

Questions and Notes

Use this student guide to write information in and keep it to refer to in the future. You will be writing in your guide as the course moves along.

The handout you be receiving is a helpful reference tool for this course and in the future.

Students who get the most from learning experiences participate, ask questions and work through the activities as it helps them understand and retain the information given. We encourage you do so in this course.

Notes:



Module 2: Laws and Rules Review for General Contractors

Module Objectives



Slide 4

Upon completion of this module, students will be able to:

- Define the term General Contractor as it applies to NC laws and NCLBGC rules
 - Explain the Board's authority to refuse to issue or renew or revoke, suspend or restrict a license or the ability of any person to act as a qualifying party for a license
 - Explain NC General Contractor license limitations
 - Differentiate between a qualifier and a licensee
-

Basic Terms to Start With

Let's begin this class with a few terms that need to be understood so everyone will understand what is discussed during this course. Additional terms will be added as the course moves along, but for the meantime, let's define:

- Laws which are passed by the NC General Assembly
 - NCLBGC-North Carolina Licensing Board for General Contractors
 - Rules (regulations) - that have been adopted by the NCLBGC and published in the NC Administrative Code to define and establish guidelines for statutory compliance.
-

What is a General Contractor?

Ask

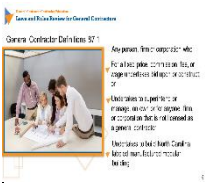
What is the definition of a general contractor in North Carolina? Write your answer here:

Continued on next page



Module 2: Laws and Rules Review for General Contractors, continued

GC Requirements Review



Slide 5

A person or entity is defined as a general contractor if they wish to engage in any of the following:

- for a fixed price, commission, fee, or wage, undertakes to bid upon or to construct or
- undertakes to superintend or manage, on his own behalf or for any person, firm, or corporation that is not licensed as a general contractor
- the construction of any building, highway, public utilities, grading or any improvement or structure where the cost of the undertaking is thirty thousand dollars (\$30,000) or more, or
- undertakes to erect a North Carolina labeled manufactured modular building

Use your handout to determine what each work term references under the law. You may also use this later, as it is a good “reference guide” if you have future questions. You will also use this guide later in the course.

This document also reflects the information listed on the NCLBGC website.

Next, let's review the license classifications discussed in this course.

Continued on next page



Module 2: Laws and Rules Review for General Contractors, continued

Building Contractor Classification

Contractors holding a building classification may engage in private, public, commercial, industrial, and residential building construction of all types.



Slide 6

Residential Contractor Classification

Residential contractors are classified as general contractors constructing only residential project(s), which conform to the residential building code adopted by the Building Code Council.

Unclassified Contractor Classification

NCLBGC Rule .0202(b) provides that if a contractor is licensed in all 22 types of General Contractor licenses, they shall be designated “unclassified”.

License Limitations

What are the three (3) license limitations per §87-10(a1)?

Write your responses here:

1. _____
2. _____
3. _____

Continued on next page



Module 2: Laws and Rules Review for General Contractors, continued

License Limitations

continued



Slide 7

- Limited
 - Project value of up to five hundred thousand dollars (\$500,000), excluding the cost of land and any ancillary costs to improve the land
 - No limit on number of projects that don't exceed the limitation
 - Intermediate
 - Project value of up to one million dollars (\$1,000,000), excluding the cost of land and any ancillary costs to improve the land
 - No limit on number of projects that don't exceed the limitation
 - Unlimited
 - No restriction as to value of any single project
-

Exam Requirement

An individual who has passed an examination and holds a qualifying credential is eligible to become a qualifier for a license. The qualifying credential is NOT an occupational license and does not grant the authority to practice general contracting. Individuals may become licensed after passing an examination or by using the examination credential of a responsible managing employee, but only after a license application has been submitted on behalf of the individual. Partnerships, LLC's and corporations are licensed with qualifiers who shall be a responsible managing employee, owner, officer or member of the personnel who is a W-2 employee of the applicant.

Continued on next page



Module 2: Laws and Rules Review for General Contractors, continued

Licensee vs. Qualifier Activity



Slide 8

Read about licenses and qualifiers and answer questions as indicated in your guide.

What does “licensee” and “qualifier” mean?

- The “licensee” is the person, firm, corporation, limited liability company or partnership named on the license certificate
- The “qualifier” is the individual with the qualifying examination credential (one who has passed the exam) which allows the license to exist for the person/firm/corporation/limited liability company/partnership
- A licensee and a qualifier can be the same person
- A qualifier may qualify up to 2 licenses

Qualifiers and Exams

A qualifier’s examination credentials shall archive if the qualifier does not serve as a qualifier for an active licensee for four consecutive years. After the exam credential archives an examination must be taken and passed to serve as a qualifier. A qualifier can take the exam if:

- The qualifier is associated with a firm or corporation
- They are a responsible managing employee or officer

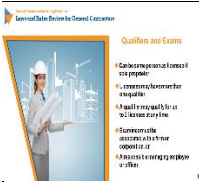
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Module 2: Laws and Rules Review for General Contractors, continued

Multiple Qualifiers

Licensees may have more than one qualifier.



Slide 9

A license will be issued only in the classification that is identified on the application and for which a qualifier has passed the examination for the classification(s) identified.

Qualifier Ceases Connection



Slide 10

READ THE FOLLOWING:

- If the qualifier ceases connection with the licensee, the license remains active for 90 days
- After 90 days, the license becomes invalid
 - Licensees can return to active status when the licensee submits to the NCLBGC a valid qualifier pursuant to all relevant statutes and rules promulgated by the NCLBGC
- During the 90-day period the licensee shall not bid on or undertake any additional contracts from the time the qualifier ceased to be connected with the licensee until a valid qualifier has been identified and the Board has recognized the license as valid.

Write your answer to each question below:

What is the difference between a licensee and a qualifier?

Can someone be both a qualifier and a licensee?

If a qualifier ceases connection with a license and there are no other qualifiers, how long does the license remain in force?

Continued on next page



Module 2: Laws and Rules Review for General Contractors, continued

Licensee Responsibilities

Fill in the blanks below

EXPLAIN



Slide 11

It is important to remember that passing a qualifying examination does not grant a general contractors license, nor does it grant the authority to practice general contracting. What are important things for licensees to remember?

- Licensees must designate at least one qualifier who will or has completed the CE 8-hour requirement for the 2021 license renewal year
- Licensees must keep CE records for all license qualifiers for ___ years
- If a qualifying party leaves, the licensee must replace the qualifying party within _____ days or the license becomes invalid
- Notify the Board _____ if a qualifier ceases to be connected with a license
 - Must include _____ on which the qualifier was last connected with the license
 - Must submit this notice no later than _____ days from the separation date
- Licensees may not allow _____ to use their general contractor's license even with the licensee's permission
 - Although licensed general contractors may have an ownership interest in an unlicensed entity, unlicensed contractors _____ use a general contractor's license for any reason
- Failure to comply with general contractor laws and regulations may result in a licensee and or qualifier being _____
 - Sanctions may include _____ of the license and the qualifier's examination credential
- Licenses must be renewed annually by _____ for the following year, or the license expires effective _____
 - If license is not renewed for ___years the license shall be archived
 - After four years, ___renewal is allowed and all requirements for a new license must be completed

Continued on next page



Module 2: Laws and Rules Review for General Contractors, continued

Compliance in General Contracting Activity

Compliance with laws and regulations in general contracting is important. The NCLBGC investigates all complaints received and investigations can lead to discovery of violations the Board may consider when determining disciplinary action.

List possible five to ten compliance with laws and regulation issues you have encountered below:

Why were they issues?

Failure to Comply



Slide 12

Fill in the blanks below

The Board has the authority to refuse to issue, or renew or revoke, suspend or restrict a license or the ability of any person to act as a qualifying party for a license to practice general contracting for any co-partnership, corporation or any other organization or combination a license. Failure to comply with laws and regulations, including building codes, could lead the Board to discipline licensees or qualifiers who have been found guilty of:

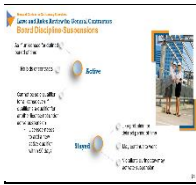
- _____, or
- _____, or
- _____

Continued on next page



Module 2: Laws and Rules Review for General Contractors, continued

Board Discipline- Suspensions



Slide 13

Suspension by the Board is either an active suspension or a stayed suspension or a combination of the two. In either case, a licensee must renew its license during the period of suspension. Suspension type affects the ability to work on projects with a value of \$30,000 or more. There are two different types of suspensions the Board can impose:

- Active
 - All work on projects with a value of \$30,000 or more must cease during active suspension
 - No bidding, offer of contract, etc. on projects with a value of \$30,000 or more are allowed during active suspension
 - If a qualifier's credentials are on active suspension, the qualifier cannot be a suspended qualifier for a license for any work described above, if the qualifier is a qualifier for a license that is not under active suspension the licensee will need to identify a new active qualifier within 90 days
- Stayed
 - The license is suspended for a period of time but the suspension is "stayed" which can also be described as on probation
 - The licensee and its qualifier may continue to work on projects with a value of \$30,000 or more during stayed suspension
 - However, if any violations occur during stayed suspension, the NCLBGC will proceed with enforcement and will send notice of its intent to activate the period of stayed suspension

The Board has specific authority over the license and the examination credential. When a complaint is submitted to the Board, it is an administrative matter between the Board and its licensee and/or qualifier.

Law and Rule Summary

Knowledge of the laws and rules is every licensee and qualifier's responsibility. Next, you will work through two cases to see how laws and rules apply to maintaining your license and everyday work.



Module 3: Applying Laws and Rules to Contracting

Module Objectives



Slide 14

Upon completion of this module, students will be able to:

- Identify law and regulation compliance issues with example situations that the NCLBGC may take action upon
 - Identify specific NCLBGC rules and laws that relate to issues found
-

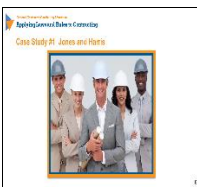
Case Study #1 Introduction

Case Study #1 Jones and Harris video

Case #1 Issue Questions

Listen to the videos and read Case Study #1, Jones And Harris. and using your student guide, write the answer to the following questions:

- The case study references “a licensed general contractor” and a “qualifier”, is there a difference? If so what?



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Continued on next page



Module 3: Applying Laws and Rules and to Contracting, continued

Case #1 Issue Questions continued

- Can a licensee and a qualifier be the same person?
- Can a person be a qualifier for more than one licensee?
- What actions did Harris and Jones take that were problems when taking the exam?
- What were the violations referenced in this case study? Why were they violations?

Continued on next page



Module 3: Applying Law and Rules to Contracting, continued

Case #1 Issue Questions continued

- In this case, a Certificate of Assumed Name was filed after the exam completed and license issued. Is this a violation of laws or rules pertaining to general contracting? If so, why?
- If a partner in a company is the qualifier and leaves the partnership, if the remaining partner wishes to keep doing business under the partnership name, what effect does this have on the license? Is a new qualifier needed?

Continued on next page



Module 3: Applying Laws and Rules to Contracting, continued

Case #1 Discussion

Notes:

Case #1 Concluding Video

**Listen to the concluding video and answer the following question.
Compare your answer to what the investigators found or did.**

- What could the contractor have done differently to avoid the violations and eventual Board findings?

Continued on next page



Module 3: Applying Law and Rules to Contracting, continued

Case #1 Concluding Video continued

Now look at the next case. The issues may be a little different, but it helps further illustrate what licensees and qualifiers need to know and do.

Case Study #2 Introduction

Listen to and read Case Study #2, Adding an Addition, and write the answer to the questions on the next page. Use the following notes section to record your thoughts while you listen.

Notes:

Continued on next page



Module 3: Applying Laws and Rules to Contracting, continued

Case #2 Issue Questions

- What allegations could the Board consider when reviewing this case?



Slide 16

- Why was the contractor's previous criminal record an issue in this case?

- Why are the issues involving the name on the building permits a problem?

Continued on next page



Module 3: Applying Laws and Rules to Contracting, continued

Case #2 Discussion

Notes:

Case #2 Concluding Video

**Listen to the concluding video and answer the following questions.
Compare your answers to what the investigators found or did.**

- What were the disciplinary actions imposed by the Board?

Continued on next page



Module 3: Applying Laws and Rules to Contracting, continued

Case #2
Concluding
Video
continued

- What is meant by “active” suspension?

- What is meant by “stayed” suspension?

Continued on next page



Module 3: Applying Law and Rules to Contracting, continued

Case #2 Concluding Video continued

- Was the \$3,500 cost recovery noted in the disciplinary action considered a civil fine?

- What could the contractor and/or qualifier have done differently to avoid violating the laws and rules?

Continued on next page



Module 3: Applying Law and Rules to Contracting, continued

Conclusion

The cases you just worked through represent real life cases that the NCLBGC investigated. They represent a brief snapshot of issues that the Board has been given authority.

The class has worked through the case studies, and everyone had a chance to apply what they learned in this course to two (2) situations. Let's now wrap this all up.



Module 4: Course Wrap Up

Module Objectives



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Upon completion of this module, students will be able to:

- Recognize the importance of the role of NCLBGC laws and rules for general contractors
- Review the topics covered in this course
- List the resources available for further information

Topics Covered in this Course

REVIEW

Maintaining a license and qualifying examination credential by fully complying with all applicable laws and regulations is a win-win proposition for the licensee, the qualifier, the board and ultimately the public, whom the board was created to protect.

The topics covered in this course were:



Slide 18

- Laws and Rules Review for General Contractors
- Continuing Education requirements
- What is a General Contractor and other definitions
- Licensee Requirements review
- License limitations
- Licensee vs. qualifier-what's the difference?
- Multiple qualifiers-can they be used?
- What GCs need to do when a qualifier ceases connection with license
- Licensee and Qualifier Responsibilities
- Consequences of failing to comply with law and rules

Notes:

Continued on next page



Module 4: Course Wrap Up, continued

NCLBGC Powers and Role

The Board has the authority to refuse to issue, renew or revoke, suspend, or restrict a certificate of license or to issue a reprimand or take other disciplinary action if a general contractor licensed is found guilty of any fraud or deceit in obtaining a license, gross negligence, incompetency, or misconduct during the practice of his or her profession, or willful violation of the law and NCLBGC rules.

The Board also has the power to revoke, suspend, or otherwise restrict a license and or the ability of any person to act as a qualifying party for a license to practice general contracting for any co-partnership, corporation or any other organization or combination, if that person committed any violation of the laws and NCLBGC rules.

In 1925 the North Carolina General Assembly established the authority of the North Carolina Licensing Board for Contractors. The Board exists to safeguard the public's life, health and property and to promote public welfare. As such, persons firms or corporations wishing to perform work in North Carolina as a general contractor must follow all laws and regulations to gain and keep their license for performing such work.

Notes:

Continued on next page



Module 4: Course Wrap Up, continued

Closing Remarks

As a general contractor renewing your license, you must understand all that is required of you under the laws and rules and stay informed of changes to these laws and rules. The most recent change to the law is the continuing education requirement for general contractors with Building, Residential or Unclassified classifications of license. You have now completed the mandatory 2-hour course, you have until November 30 to complete the remaining 6 hours of approved elective courses.



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Additional information can always be found on the NCLBGC website at [http://www. https://nclbgc.org/](http://www.https://nclbgc.org/). This website includes:

- The current Laws and Regulations Booklet, which explains requirements, the rules and the law in simple terms
- Classification and limitation information
- Continuing Education information and requirements
- NCLBGC news
- FAQs which provide answers to commonly asked questions about requirements for licenses, exams, new applications and renewal applications
- NCLBGC website additional information <https://nclbgc.org/links/>
- NC General Assembly website <https://www.ncleg.gov/>
- NC Administrative Code Title 21 <https://www.oah.nc.gov/>
- The NCLBGC Search app is available on Google Play and the Apple Store. This app allows for searches by License Name, License Number, Address and County.

Frank Wiesner, Executive Director, NCLBGC Closing .mp4 video.

Thank you for attending, and we hope you found this course helpful.

If not already done so, please complete your course evaluations turn them into your instructor. Your comments and feedback about this course are appreciated!