

SENATE BILL 275

By Rose

AN ACT to amend Tennessee Code Annotated, Title 13;
Title 62, Chapter 6 and Title 66, relative to
contracting performed by unlicensed persons.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-6-103, is amended by adding the following as a new subsection (b) and redesignating the existing subsection (b) and subsequent subsections accordingly:

(1) A person who owns real property and intends to construct a residential building on that real property is exempt from the licensing requirements of subsection (a) for the sole purpose of that construction if the person:

(A) Personally appears at the local permitting agency, if applicable, and receives from the agency a Disclosure Statement and Notice of Non-licensed Owner's Intent to Build form, which must be developed and provided to the agency for free by the board and appear in the following form:

**Disclosure Statement and Notice of Non-licensed Owner's
Intent to Build**

TN state law requires residential construction to be done by licensed contractors. You have applied for a permit under an exemption to that law. The exemption allows you, as the owner of your property, to act as your own builder even though you do not have a license. You must supervise the construction yourself. You may only build a residential building. The building must be for your own use and occupancy. It may not be built for sale or rent. If you

sell or rent a building you have built yourself within two years after the construction is complete, the law will presume that you built it for sale or rent, which is a violation of this exemption.

You may not hire an unlicensed person as your residential builder or specialty contractor. It is your responsibility to make sure that people employed by you have licenses required by state law and by county or municipal licensing ordinances. You must maintain general liability insurance and workers' compensation insurance in the amounts otherwise required of licensed contractors. Your construction must comply with all applicable laws, ordinances, building codes, and zoning regulations.

If you comply with all of the above, then the recorded disclosure statement and notice may be removed from the Grantor's Index in the Register's Office, by the then current property owner, four (4) years following the date of the issuance of the certificate of occupancy for the property.

Affidavit:

I hereby attest, understand, and will comply with the above provisions and have personally appeared before the permitting office and signed the Disclosure Statement and Notice of Non-licensed Owner's Intent to Build for the property located at:

Tax Parcel ID: _____

Deed Book: _____ **Page:** _____ **Date:** _____

Name of Owner or Owners: _____

Signature: _____

Address: _____

City: _____ **State:** _____ **Zip:** _____

SWORN to before me this ___ **Day of** ___ **year of** ____.

Notary Public: _____ **My Commission Expires** _____

**THIS FORM MUST BE COMPLETED AND SIGNED BY ALL
PROPERTY OWNERS AND FILED AS A MATTER OF PUBLIC
RECORD WITH THE REGISTER OF DEEDS, INDEXED UNDER THE
OWNER'S NAME IN THE GRANTOR'S INDEX PRIOR TO A PERMIT
BEING ISSUED;**

(B) Signs the form and files the form, at the property owner's expense, with the register of deeds, indexed under the person's name in the grantor's index;

(C) Provides the local permitting agency a copy of the signed form with a stamp or other designation of the register of deeds attached evidencing the form has been filed with the register of deeds;

(D) Personally appears at the local permitting agency and signs applicable building permits;

(E) Provides the local permitting agency an affidavit affirming that the person maintains general liability insurance and workers' compensation insurance and specifying the amount of each insurance policy as well as any other information the agency may require; and

(F) Complies with the requirements described in the form.

(2) The local permitting agency that receives a signed form shall forward the form to the board as well as any other information the board may require.

(3) A local permitting agency shall not accept a form for the construction of multiple residential buildings. Each residential building for which an exemption is sought under this subsection (b) requires a new form. A local permitting agency shall not accept multiple forms for the construction of the same residential building.

(4)

(A) If the person fails to comply with the requirements described in the form, then the board may penalize the person for contracting in this state without a license in violation of this chapter and seek all applicable penalties provided in this chapter.

(B) In addition to any other remedy provided in law, a buyer of the real property who suffers damages from a person violating this section has a cause of action against the person violating this section. A court may award to the buyer reasonable attorney's fees and costs if the buyer prevails in the action.

(5) The exemption in this subsection (b) only applies to new construction for which a building permit is obtained on or after the effective date of this act.

SECTION 2. Tennessee Code Annotated, Section 62-6-103, is amended by adding the following as a new subsection:

(1) The owner of real property for which a Disclosure Statement and Notice of Non-licensed Owner's Intent to Build form was filed in the grantor's index in the office of the county register of deeds pursuant to subsection (b) may remove the form not less than four (4) years after the date a certificate of occupancy was issued for the residential building that is the subject of the Disclosure Statement and Notice of Non-licensed Owner's Intent to Build form.

(2) To remove a Disclosure Statement and Notice of Non-licensed Owner's Intent to Build form, the property owner must complete the removal form described in

subdivision () (4) and submit the form to the board for review. The board shall review the submitted form and, if the board determines that the property owner has reasonably demonstrated that the owner-builder complied with the laws of this state in the construction of the building, then the board shall return the form to the current property owner for recording in the office of the county register of deeds. If the board determines that the property owner has not reasonably demonstrated that the owner-builder complied with the laws of this state in the construction of the building, then the board shall provide the property owner with a written explanation of its determination. Costs associated with recording the removal form are at the current property owner's expense.

(3) If a register receives a form for the removal of a filed Disclosure Statement and Notice of Non-licensed Owner's Intent to Build form described in this subsection for recording from the owner of the real property that is the subject of the Disclosure Statement and Notice of Non-licensed Owner's Intent to Build form, then the register shall record the removal form and remove the filed Disclosure Statement and Notice of Non-licensed Owner's Intent to Build form from the grantor's index if the register determines that the form is complete, has been approved by the board, and is provided to the register in a format suitable for recording.

(4) The department of commerce and insurance shall, in consultation with the board, develop a form suitable for recording by a property owner for the purpose of removing a Disclosure Statement and Notice of Non-licensed Owner's Intent to Build form pursuant to this subsection. The department of commerce and insurance shall make the form available to the public for free by publishing a copy of the form on its publicly accessible website.

SECTION 3. This act takes effect upon becoming a law, the public welfare requiring it.