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## **Contractor Registration Policy Summary**

This summary has been prepared to provide consumers, contractors and the general public a quick reference guide to better understand the requirements of the Contractor Registration Program that has been adopted as a policy, and to clarify who is required to register and who is exempted from registration.

### Definitions

Homeowner- The owner of a single-family residential home.

Contractor- A person or persons in business to construct, renovate, make alterations, repair or perform maintenance to residential or commercial buildings in return for compensation either directly or indirectly.

Residential Landlord- The owner of any one, two or three family home that is rented or leased per living unit to a single person or family intended to be used as living quarters.

Charitable/Non-profit Organization- Person or agency that is considered charitable or not for profit organization as determined by the I.R.S. made up of volunteers who perform residential construction activities and receive no payment for the work performed.

Commercial/Industrial- Commercial or Industrial companies or corporations that have on-staff fulltime employees whose normal job is to construct, repair and maintain commercial buildings and properties owned only by the company or corporation. Supervisory staff must maintain records and supervise the activities.

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### **Homeowner policy:** (see appendix "A")

1. A contractor is hired to perform minor/major work on a homeowner's house:
  - Homeowner not required to register with the Building Department
  - A homeowner permit affidavit is not required for the homeowner
  - All contractors hired must be registered with the city
  - Before a permit can be issued the homeowner must provide the Building Department the business name(s) and registration number(s) of all contractors used on the project per City ordinance
  
2. The homeowner plans to perform minor work requiring a building permit on the homeowner's existing house:
  - Homeowner not required to register with the Building Department

- A homeowner permit affidavit is required to be completed, notarized and submitted when application for the permit is made for the minor project
3. The homeowner plans to perform major work requiring a building permit on the homeowner's existing house:
    - The homeowner is required to register under the "home improvement" category of the contractor registration program. This will ensure the homeowner has the appropriate insurance and is bonded to assure project is completed.
    - A homeowner permit affidavit will not be accepted for major projects
    - Any contractors hired must be registered with the Building Department
    - Homeowner could be prosecuted if evidence is discovered of work being completed by unregistered contractor(s) at the job site
  4. A homeowner plans to build a new home without hiring any outside contractors:
    - The homeowner is required to register under the "home improvement" category of the contractor registration program. This will ensure the homeowner has the appropriate insurance and is bonded to assure the project is completed.
    - A homeowner permit affidavit will not be accepted for major projects
    - If the homeowner decides to hire any contractor(s) then they must comply with all steps described in example number 5 below.
  5. A homeowner plans to perform major work or build a new home, does some of the work and hires contractors to perform parts or all of the remaining construction:
    - The homeowner is required to register under the "general" category of the contractor registration program. This will ensure the homeowner has the appropriate insurance and is bonded to assure the project is completed.
    - A homeowner permit affidavit will not be accepted for major projects
    - All contractors must be registered with the Building Department
    - Homeowner could be prosecuted if evidence is discovered of work being completed by unregistered contractor(s) on the job site
    - Before a permit can be issued the homeowner must provide the Building Department the business name(s) and registration number(s) of all contractors used on the project

**Contractor policy:** (see appendix "B")

6. A contractor performs minor or major work, including building a new house and hires one or more sub-contractors to perform other work:
  - The contractor must be registered as a "general" contractor and any other major trade that is performed on the job site which includes electrical, HVAC, plumbing and hydronics
  - Before a permit can be issued the contractor must provide the Building Department the business name of all sub-contractors used on the project

7. A contractor performs residential minor or major work or builds a residential new home and does not hire any sub-contractors for any of the construction:
  - Minor work- Contractor required to register under “home improvement / specialty” contractor or a “skilled trade” for the work being performed
  - Major work- Contractor not required to register as a “general” contractor however contractor must be registered under each and every skilled trade that is performed, which includes electrical, HVAC, plumbing and hydronics
  - No other contractors are permitted to work at this job site unless the original contractor notifies the Building Department and provides the sub-contractors city registration number and business information. At that point the original contractor performing major construction must register as a “general” contractor.
  
8. A contractor builds, renovates or alters a commercial building and does not hire any sub-contractors for any of the construction work:
  - Contractor not required to register as a “general” contractor however they must be registered under a “specialty trade” and/or each and every “skilled trade” that is performed which includes electrical, HVAC, plumbing and hydronics per Ohio Revised Code. A State of Ohio Contractors License is required to register for each skilled trade.
  - No other contractors are permitted to work at this job site unless the original contractor notifies the Building Department and provides the sub-contractors city registration number and business information. At that point the original contractor must register as a “general” contractor.
  - Contractor could be prosecuted and contractors name referred to the Ohio Contractor Licensing Board if evidence is discovered of work being completed by unregistered and unlicensed contractor(s) on the job site
  
9. A contractor builds, renovates or alters a commercial building and hires one or more sub-contractors to perform other work at the construction site:
  - Contractor must register as a “general” contractor and for each and every “skilled trade” that is performed which includes electrical, HVAC, plumbing and hydronics per Ohio Revised Code. A State of Ohio Contractors License is required to register for each skilled trade
  - All sub-contractors must show proof of a valid State of Ohio contractors license in the skilled trade of the work being performed to register with the Building Department
  - Contractor could be prosecuted and contractors name referred to the Ohio Contractor Licensing Board if evidence is discovered of work being completed by unregistered and unlicensed contractor(s) on the job site

10. **Residential landlord policy:** (see appendix “C”)  
A residential landlord plans to paint, repair and renovate a one, two, or three family unit without hiring any contractor(s) for the project:
- If the proposed work involves projects that do not require a permit as determined by the Building Department, the landlord is not required to provide the \$15,000 surety bond.
  - If the proposed work involves projects that require a minor permit the landlord is required to provide to the Building Department a \$15,000 surety bond to assure the project will be completed.
  - If the proposed work involves major construction activities the landlord is required to register with the Building Department under the “home improvement/specialty” category of the registration program.
  - Landlord could be prosecuted if evidence is discovered of work being completed by unregistered contractor(s) on the job site

11. A residential landlord plans to paint, repair and renovate a one, two, or three family unit and the landlord hires a contractor to do some or all of the work on the project:
- If the proposed work involves projects that do not require a permit as determined by the Building Department, the landlord is not required to provide a \$15,000 surety bond.
  - If the proposed work involves projects that require a minor permit the landlord is required to provide to the Building Department a \$15,000 surety bond if the landlord decides to complete the work themselves. If the work project is completely hired out, then the surety bond is not required.
  - If the landlord decides to complete major construction activities themselves the landlord is required to register with the Building Department under the “home improvement/specialty” category of the registration program. If the work project is completely hired out, then the surety bond is not required.
  - If the landlord decides to hire contractor(s), then the landlord must immediately register under the “home improvement/specialty” category with the Building Department.
  - Landlord could be prosecuted if evidence is discovered of work being completed by unregistered contractor(s) on the job site

- Charitable Organization Policy:** (see appendix “D”)
12. A charitable organization plans to paint, repair, renovate or construct a single family home using all volunteers to perform the work:
- When work involves projects that do not require a permit as determined by the Building Department the organization may proceed with the project.
  - When work activities require a minor or major permit, the organization must provide proof of liability insurance (minimum \$300,000) and be renewed annually.

**Business/Industrial Policy** (see Appendix “E”)

13. A business or industry approved for contractor exemption plans to perform minor construction activities within previously constructed building(s) for the service, repair, addition of equipment and renovation of the facility using only the current employed trade professionals who will perform all the work.

- The business/industry must complete, have notarized and submit with the permit application a completed registration exemption affidavit for review by the Building Official. The exemption is only valid on a permit-by-permit basis and is subject to changes, modification, denial or elimination by the City of Lancaster, State Board of Building Standards or the Ohio Contractor Licensing Board.

14. A business or industry approved for contractor registration exemption wants to perform major construction activities within previously constructed building(s) for the service, repair, addition of equipment and renovation of the facility using some current employed trade professionals and some outside contractors.

- Business/Industry is required to register as a “general” contractor unless they have hired a general contractor for the project. All skilled trade persons working on the job must have the appropriate trade license from the State of Ohio. All outside contractors must be registered with the building Department under a “specialty trade” and/or each and every “skilled trade” that is performed which includes electrical, HVAC, plumbing and hydronics per Ohio Revised Code. A State of Ohio Contractors License is required to register for each skilled trade.
- No other contractors are permitted to work at this job site unless the original contractor notifies the Building Department and provides the sub-contractors city registration number and business information. At that point the original contractor must register as a “general” contractor.
- Contractor could be prosecuted and contractors name referred to the Ohio Contractor Licensing Board if evidence is discovered of work being completed by unregistered and unlicensed contractor(s) on the job site

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**Appendix “A”**

It is the city’s intent to permit the homeowner to complete minor construction projects on a home that is owned. The homeowner permit affidavit, when signed and notarized, permits the homeowner and anyone assisting the homeowner such as a relative, other house member or friend a way of completing minor projects provided the homeowner does not provide compensation to any of the persons and they are not a construction contractor by profession.

Minor construction is: minor HVAC upgrades, electric service upgrades (100-200 amp), minor plumbing, room additions and accessory buildings/sheds less than 200 square feet.

Major construction includes: building a new house, complete renovations of the entire structure where taken down to the basic framing members, installing new HVAC with new ductwork, electrical service upgrades greater than 200 amps, installing all new plumbing lines or any other work considered a major project. The homeowner is required to register under the “home improvement” and/or “specialty trade” of the registration categories of the work to be performed.

### **Appendix “B”**

It is the city’s intent to help protect the citizen/consumer from fraudulent and dishonest contractors when hiring a person or firm to complete a construction project with or without a written contract. In some cases the surety bond protects the interest of the city and resident by assuring if a major residential project is started and not completed, the city may step-in and clean or secure the property using funds from the contractors bond.

The liability insurance protects the homeowner from unsafe, incomplete or incorrect building practices, injuries to others due to negligence of the homeowner, contractor, or the contractor’s representative.

### **Appendix “C”**

It is the city’s intent to permit landlords of existing residential one, two and three family homes to perform work activities that normally do not require a permit. If a minor permit is required, the landlord is required to post a \$15,000 Surety Bond with the Building Department to assure permitted projects are completed. Proof of ownership may be required if a building official suspects the owner has hired a contractor or is not the owner of the property. If this is the case, the landlord category cannot be used as a basis to be considered for exemption under the contractor registration policies.

Landlords owning properties greater than three families are regulated by the Ohio Building Code and therefore are not permitted to be exempt from the contractor registration program per the Ohio Revised Code. In essence the landlord exemption is only valid for existing residential one, two or three family homes.

### **Appendix “D”**

It is the city’s intent to exempt from contractor registration charitable and not for profit organizations that use volunteers for construction activities normally performed by contractors to renovate or construct a single family home. Such organizations shall submit proof of liability insurance to the Building Department on an annual basis. If the organization requires the services of a

contractor, then the organization must notify the Building Department of the registration number and business information for the permit records.

**Appendix "E"**

It is the city's intent to permit businesses and industrial facilities (businesses) to be exempt from the contractor registration program when evidence is produced the businesses have on-staff employees who perform maintenance and construction work as a normal course of employment for the business owned by the company that provides the employee with compensation. The businesses approved for exemption must agree to supervise all work and maintain documentation on the site for future review by any code official, City, State or Federal agency.

This business policy is not intended for commercial or industrial settings that normally do not have direct employed professional trade persons whose primary job is to perform those skilled trades. Personnel that perform general maintenance employed by a business or industry normally do not qualify for exemption.

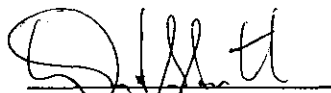
**Notification of sub-contractors hired:**

If any sub-contractors perform work at the construction site, the Building Department shall be notified to verify they are registered. It is the contractor's responsibility to provide a list of all sub-contractors who have been hired to perform construction activities. This list is to be supplied at the time the application for permits is submitted. City ordinance prohibits a permit from being issued unless the contractor(s) have first registered with the Building Department.

**Registered Contractors & Insurance/Bond:**

If the Building Department becomes aware that a contractor's liability or bonding insurance has been cancelled, they shall be removed from the contractor list. They shall not be issued any further permits until proof of insurance is provided to our office. Registration assures that the contractor has provided to the city the required bond, insurance, workers compensation certificate and has registered with the City Income Tax office. Commercial contractors must also provide copies of a State of Ohio Contractors License for each and every trade the contractor performs.

This policy summary has been reviewed for compliance with Lancaster City Ordinance Chapter 1341 and is approved for use this 24<sup>th</sup> day of February, 2006:

  
Mayor David Smith

  
SSD Lindel Jackson