

# Understanding the Laws for Making Property Repairs & Renovations

## Important Definitions:

A **Property Improvement** is adding anything to a property that improves its value including maintenance and repairs to existing structures such as roof repairs, electrical repairs, rotten wood replacement, mechanical equipment replacement (water heater, air conditioning, etc. or anything that is wired into the house and has no factory installed cord/plug-in). **All Property improvements need a permit.**

A **Repair** is normal maintenance of existing mechanical equipment. (You may replace parts only but if the entire device needs to be replaced, then a permit is necessary.) The repair work that can be done without a permit includes: painting, fixing the toilet or leaking faucet, mending screens, door latches or locks, replacing parts in the air conditioner that break such as the condenser, etc.

## What the law says:

There are two “sets” of laws that govern construction – 1) Building codes and, 2) FS 489 governing contracting and permitting.

1. You can make whatever argument you want but there is no minimum dollar amount for exemption from permitting. The only thing that doesn't require a permit, in Orlando, is painting.
2. You can work on and pull permits on your own property. However, the law clearly states the property must be for your own use. Therefore, buyers and investors looking to rent or flip can not do this. If you do pull your own permit, you may not rent or sell the property for one year. If you are caught: misdemeanor 1<sup>st</sup> time, third degree felony 2<sup>nd</sup> time.

If a property owner is acting as his own contractor, they **MUST**:

- Deduct & pay taxes of workers – 941 and unemployment
- Provide workers comp insurance. Exemptions are not allowed.

## Disclosure statement the property owner is required to sign if they are obtaining their own permit:

State law requires 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 contractor with certain restrictions even though you do not have a license. You must provide direct, on site supervision of the construction yourself. You may build or improve a one-family or two-family residence or a farm outbuilding. You may also build or improve a commercial building, provided your costs do not exceed \$75,000. The building or residence must be for your own use or occupancy. **It may not be built or substantially improved for sale or lease.** If you sell or lease a building you have built or substantially improved yourself within 1 year after the construction is complete, the law will presume that you built or substantially improved it for sale or lease, which is a violation of this exemption. You may not hire an unlicensed person to act as your contractor or to supervise people working on your building. 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 may not delegate the responsibility for supervising work to a licensed contractor who is not licensed to perform the work being done. **Any person working on your building who is not licensed must work under your direct supervision and must be employed by you, which means that you must deduct F.I.C.A. and withholding tax and provide workers' compensation for that employee,** all as prescribed by law. Your construction must comply with all applicable laws, ordinances, building codes, and zoning regulations.

## How to reduce your liability:

- If they say “licensed, bonded and insured,” most likely, they are not a contractor. They probably have an occupational license and possibly liability insurance. This does not mean that they have a contractor's license or the critically important worker's compensation insurance that is necessary to protect the property owner. They must have a contractor's license number, normally starting with CRC, CBC or CGC and having six numbers after it. Before allowing anyone to do work on your home, request a copy of their licensing and insurance. Go to the FL Department of Business & Professional Regulations website to confirm this license is active: [www.myfloridalicense.com](http://www.myfloridalicense.com).
- Worker's compensation insurance protects you from being sued. Not having a policy still leaves you extremely vulnerable even if they have a worker's comp exemption certificate or sign a waiver of liability. Many property managers and owners believe that having a worker sign a Waiver of Liability is acceptable, but these are not admissible in a court of law and do not protect the property owner from a law suit. You can use a handyman only if you employ them, deduct and pay taxes and provide worker's compensation coverage.
- Work with a licensed contractor. You can set up a cooperative relationship that is economical for both. Property owners and managers can contact Sherwood Construction for referrals, free property evaluations, and advice on how to structure relationships with existing handyman services, etc.

## **For a Free Professional Consultation Contact:**

### **Woody Johnson**

Sherwood Construction, Inc. (license # CGC043363)

Phone: (407) 703-3688/ [info@SherwoodConstruction.net](mailto:info@SherwoodConstruction.net)

[www.SherwoodConstruction.net](http://www.SherwoodConstruction.net)



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