

Avoid Trouble: Steer Clear of Unlicensed Contractors

Q: Are all construction contractors doing business in Virginia required to be licensed?

A: Whether you are a construction contractor or the owner of a construction project, this is a question of frequent interest. Knowing the answer will help any party involved in a construction contract to avoid the pitfalls of unlicensed contractors.

Virginia law requires that all persons or entities providing contracting services valued more than \$1,000 be licensed with the Department of Professional and Occupational Regulation (DPOR). The DPOR's Board for Contractors administers the licensure of Virginia contractors.



Spencer M. Wiegard is an attorney with Gentry Locke (540) 983-9454

Virginia law provides that "no person shall engage in, or offer to engage in, contracting work in the Commonwealth unless he has been licensed..." Virginia law does not differentiate between contractors and subcontractors in this respect. Any contractor providing services, regardless of the level at which the contractor provides its services (general contractor, subcontractor, sub-subcontractor, etc.) must possess a license of sufficient level corresponding to the dollar value of its contract.

In Virginia, there are three levels of contractor licenses: A, B and C. The difference between these license levels primarily differentiates between the total value of the work the contractor will undertake. Virginia law defines Class A contractors as those who "perform or manage construction, removal, repair or improvements when (i) the total value referred to in a single contract or project is \$120,000.00 or more, or (ii) the total value of all such...[work]...undertaken by such person within any 12 month period is \$750,000.00 or more." Class B contractors are restricted to projects of less than \$120,000.00 in value and a total value of work of less than \$750,000.00 in any 12 month period. Class C contractors are restricted to individual projects of less than \$7,500.00 in value and a total value of work of less than \$150,000.00 in any 12 month period. For example, a Class C contractor cannot legally enter into a contract to add a bathroom to a residential home with an expected contract value of \$15,000.00.

Regardless of whether the contract sets a fixed price or an hourly rate for the services to be provided, the contractor must be licensed to do the work. The failure to have a license can also be a bar to a contractor recovering payment for the work.

For more information on licensed contractors, or to verify that a contractor is licensed, visit the DPOR web site at <http://www.dpor.virginia.gov/>. For more information on these important legal issues, please contact Spencer Wiegard at 983-9454.

P.O. Box 40013
Roanoke, VA 24022
540.983.9300

www.gentrylocke.com

GENTRY LOCKE
RAKES & MOORE^{LLP}
Attorneys