
Vermont Residential Contractor Laws and Regulations

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Act 182 (2022)

**AN ACT RELATING TO EXPANDING ACCESS TO SAFE AND
AFFORDABLE HOUSING**

Benefits of Registration

- **Removal from the market of contractors who violate the law or defraud homeowners**
- **Help contractors if they have a dispute with a homeowner (contracts and insurance)**
- **Distribution of urgent and/or valuable information (e.g., COVID-19 requirements, new opportunities)**
- **Advertising tool for home contractors**
 - Consumers will have a resource for finding a qualified, certified, licensed home contractor in their area
 - Home contractors can advertise that they are “registered” to do business in the State.
- **Voluntary certifications for registered contractors**
 - Can be used for marketing and for consumers looking for specialized contractor work

Public Protection

- **Homeowner Assurance:** Homeowners will be able to check the registry to make sure the home contractor they plan to do business with is registered with the State and in good standing (haven't engaged in unprofessional conduct).
 - Homeowners will be able to see the reason for any sanctions on a home contractor's registration and can, of course, still choose to work with that contractor.
- **Complaints:** Homeowners will be able to log a complaint with OPR. If it is found that a contractor commits unprofessional conduct, OPR will be able to restrict or revoke a registration.
 - Complaints about (non-egregious) poor quality of work (unless egregious) are not "unprofessional conduct." That's what your contract is for! OPR cannot seek money damages or restitution on behalf of complainants.
- **Protection:** Over time, OPR's process will help consumers identify contractors with whom they want to do business and avoid those who have engaged in unfair or deceptive practices.
- **Insurance:** The required insurance will offer more protection to contractors and homeowners.

How is Residential Contracting Defined?

- 1) Building, demolishing, or altering
- 2) A residential dwelling unit, OR a building or premises with four or fewer residential dwelling units

Includes (but not limited to) the following:

- Interior and exterior construction, renovation and repair
- Painting
- Paving
- Roofing
- Weatherization
- Installation or repair of heating, plumbing, solar, electrical, water or wastewater systems

Who is Required to Register?

Any residential contractor who performs residential construction where the estimated value is \$10,000 or more, inclusive of labor and materials.

Who is required to register?

Exempt

See Exemption
Slide

Not Required

Not working on a
residential dwelling
unit

Work under \$10,000

Required

Working on a
residential dwelling
unit

Work, including labor
and materials, is
estimated to be more
than \$10,000

Who is NOT Required to Register?

- An employee of a business registered with OPR
- Licensed engineers, licensed architects, or licensed/registered/certified tradespeople (DPS) - within the scope of the license
- Business when work is performed or supervised primarily by one or more employees who are licensed tradespeople, architects, and engineers
- Delivering or installing consumer appliances, audio-visual equipment, telephone equipment, or computer network equipment
- Working on a structure that is not attached to a residential building
- In an emergency (the person must register as soon as reasonably possible after)
- Subcontractors

Registration Types

- **Individual Registrations** are for residential contractors who are self-employed and do not have any employees.
- **Business Registrations** are for contractors who have employees working for them.
 - Employees of a contractor under this registration are not required to register (see list of exemptions).

Please visit the IRS website for guidance on who is considered an employee: <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee>

Initial Applications

Applications opened on December 1, 2022 and registration is required by April 1, 2023.

Requirements

- Online application with the Office of Profession Regulation
- Application fee
- Insurance documentation (minimum liability insurance coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate)
- Attest to use of a written contract

Registration Fees

- **Individual Registration fees** - The registration fee for individuals who submit complete registration requests:
 - Between December 1, 2022, and March 31, 2023, is \$25.00
 - Between April 1, 2023, and March 31, 2024, is \$50.00
 - After March 31, 2024, the fee is \$75.00
- **Businesses Registration fees** - The registration fee for business organizations that submit complete registration requests:
 - Between December 1, 2022, and March 31, 2023, is \$175.00
 - Between April 1, 2023, and March 31, 2024, is \$200.00
 - After March 31, 2024, the fee is \$250.00

Contracts

➤ WHO?

- Contractor/Business (registered)
 - Whoever the check is made out to!
- Homeowner

➤ WHY?

- Protect the homeowner and contractor in the event of a dispute

➤ WHAT?

- See template.

➤ WHEN?

➤ Timing

- Prior to receiving a deposit OR
- Prior to commencing residential construction work

➤ Trigger

- Estimated value of the labor and materials is > \$10,000

Contract Content

➤ **Price:** One of the following

- Maximum price for all work and materials OR
- “Billing and payment will be made on a time and materials basis, not to exceed [\$maximum price].” OR
- “Billing and payment will be made on a time and materials basis. There is no maximum price.”

➤ **Work dates:** Estimated start and completion dates.

➤ **Scope of work:** A description of the services to be performed and a description of the materials to be used.

➤ **Change order provision:** A description of how and when amendments to the contract may be approved and documented, as agreed by the parties. The parties shall document an amendment to the contract in a signed writing.

Down Payments

Acceptable in one of the following ways:

- If a contract includes a maximum price for all work and materials or a statement that billing and payment will be made on a time and materials basis:
 - Cannot exceed a maximum price
 - Contract may require a down payment of up to one-half of the cost of labor to the consumer OR one-half of the price of materials, whichever is greater

OR

- If a contract specifies that billing and payment will be made on a time and materials basis and there is no maximum price, the contract may require a down payment as negotiated by the parties.

Other Scenarios

Sub-Contractors

- If you are a subcontractor and you are contracted by another contractor and not the homeowner directly, you are not required to register with OPR.

Family and Friends

- Registration is required to do jobs in *exchange* for consideration of \$10,000, inclusive of labor and materials, regardless of who the work is for.

Complaints

OPR is not empowered to award money damages, mediate disputes, inspect construction quality, or pursue misconduct by people who are not required to register as residential contractors.

How do I file a complaint with OPR?

- Complaints of unprofessional conduct or unauthorized practice may be filed online at: <https://sos.vermont.gov/opr/complaints-conduct-discipline/>
- OPR can address unlawful and unprofessional conduct by persons and businesses who are required to register as residential contractors.

What is CAP and when do I file a complaint with them instead of OPR?

- CAP, the Attorney General's Consumer Assistance Program, can provide assistance with consumer issues beyond OPR's jurisdiction. See <https://ago.vermont.gov/cap/>.

Complaints (Cont.)

- **OPR has a process for conducting a thorough review and investigation of all complaints and only pursues sanctions against a registrant engaging in unprofessional conduct. Registrants also have due process rights in the OPR disciplinary process and can challenge any charges against them before an Administrative Law Officer.**
- **OPR will not be a venue for resolving billing or quality disputes unless there is evidence that a contractor engaged in unprofessional conduct. Homeowners with billing disputes will be referred to the Consumer Assistance Program (through UVM and the AG's office) and/or small claims court.**

Additional Resources

- **OPR Residential Contractor Website:** <https://sos.vermont.gov/residential-contractors/>
- **Statutes Governing all OPR Credentials:** <https://legislature.vermont.gov/statutes/chapter/03/005>
- **Residential Contractor Statutes:** <https://sos.vermont.gov/residential-contractors/statutes-rules-resources/>
- **FAQs:** <https://sos.vermont.gov/residential-contractors/residential-contractor-faqs/>
- **CAP:** <https://ago.vermont.gov/cap>

Questions?

THANK YOU!!!

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