

# ***Home Improvement Specialty New Application***

## **State of Arkansas Contractors Licensing Board**



**\$50.00 Filing Fee - NON-REFUNDABLE/NON-TRANSFERABLE**

***MAIL TO:***

**CONTRACTORS LICENSING BOARD  
4100 RICHARDS ROAD  
NORTH LITTLE ROCK, ARKANSAS 72117  
Main Phone Number (501) 372-4661  
Fax Number (501) 372-2247  
Web Site: [www.arkansas.gov/clb](http://www.arkansas.gov/clb)**

**PLEASE READ THE INSTRUCTIONS ON PAGE 3 & 4  
BEFORE COMPLETING THIS APPLICATION.**

# Home Improvement Specialty New Application Types of License

You can apply for a **Limited license** or an **Unlimited license**

With a **Limited license** you can **ONLY** do residential home improvement projects that are less than \$50,000, including, but not limited to, labor and material.

With an **Unlimited license** you can do residential home improvement projects of any size.

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Please ✓ the box for the license being applied for....

## Limited License

Limited license can **ONLY** do residential home improvement projects that are less than \$50,000, including, but not limited to, labor and material.

**See page 3 for instructions**

## Unlimited License

Unlimited license can do residential home improvement projects of any size.

**See page 4 for instructions**

# LIMITED Home Improvement Instructions / Checklist

The completed application must be in this office three (3) weeks prior to a committee meeting to be reviewed. For a list of meeting dates, check our website at [www.arkansas.gov/clb](http://www.arkansas.gov/clb). Once the application is received in our office, it must be complete by 90 days. After 90 days, another application and filing fee, etc. will be required.

1. \$50.00 for the filing fee made payable to the Contractors Licensing Board (Fee is **NON-REFUNDABLE / NON-TRANSFERABLE**). CASH NOT ACCEPTED.
2. Complete Page 2.
3. Complete Page 5.
4. Specialty(s) - Circle on page 6 the specialty(s) being requested.
5. Experience.  
The experience information on page 7 must show proof of experience for the specialty(s) requested on page 6. If seeking multiple specialties, it may be necessary to provide information on more than one project. **A specialty will not be included on your license if you do not provide proof of experience for that specialty.**
6. Complete Page 8.
7. If applicable, complete Page 9.
8. Complete Page 10.
9. If applying as a Corporation, LLC, LP, or LLP, remit documentation from the entity's Secretary of State's Office showing the entity is in good standing with that office. Also, if a fictitious name has been registered for this company, attach a copy of the fictitious name registration.

# UNLIMITED Home Improvement Instructions / Checklist

**The completed application must be in this office three (3) weeks prior to a committee meeting to be reviewed. For a list of meeting dates, check our website at [www.arkansas.gov/clb](http://www.arkansas.gov/clb). Once the application is received in our office, it must be complete by 90 days. After 90 days, another application and filing fee, etc. will be required.**

1. \$50.00 for the filing fee made payable to the Contractors Licensing Board.  
(Fee is NON-REFUNDABLE). CASH NOT ACCEPTED.
2. Complete Page 2.
3. Complete Page 5.
4. Specialty(s) – Circle on page 6 the specialty(s) being requested.
5. Experience.  
The experience information on page 7 must show proof of experience for the specialty(s) being requested on page 6. If seeking multiple specialties, it may be necessary to provide information on more than one project. **A Specialty will not be included on your license if you do not provide proof of experience for that specialty.**
6. Complete page 8.
7. If applicable, complete Page 9.
8. Complete Page 10.
9. **CURRENT** compiled balance sheet less than one (1) year old. **A blank balance sheet can be found on our website [www.arkansas.gov/clb](http://www.arkansas.gov/clb); Forms; Balance Sheet.** The balance sheet must be in the name of the applicant obtaining the license. Only Sole Proprietorships can submit a personal balance sheet, **excluding** your personal residence and any retirement accounts including stocks and bonds and cash value of life insurance. **All balance sheet statements must show POSITIVE NET WORTH. A Schedule L from your corporation tax return may also be used. (No other tax forms will be accepted other than the Schedule L). DO NOT SEND INCOME STATEMENTS.**
10. If applying as a Corporation, LLC, LP, or LLP, remit documentation from the entity's Secretary of State's Office showing the entity is in good standing with that office. Also, if a fictitious name has been registered for this company, attach a copy of the fictitious name registration.
11. **If the applicant has one or more employees:** You must have Worker's Compensation insurance coverage. Provide us with a current certificate of insurance verifying Worker's Compensation insurance coverage. **The license can be approved but not released without this Worker's Compensation insurance certificate.**

# Home Improvement Specialty New Application

**Do not write in this space - OFFICIAL USE ONLY**

Filing Fee: \$ \_\_\_\_\_ ID#: \_\_\_\_\_  
Type of License:  Limited  Unlimited

**PRINT NAME OF COMPANY OR NAME (IF APPLYING AS A SOLE PROPRIETORSHIP) AS YOU WISH FOR IT TO APPEAR ON LICENSE. IF APPLYING AS A CORPORATION, LLC, OR LLP, IT MUST READ EXACTLY AS REGISTERED WITH THE SECRETARY OF STATE OFFICE. APPLICANTS MUST CONDUCT / CONTRACT BUSINESS UNDER THE EXACT NAME SHOWN UPON THE LICENSE.**

## ANSWER ALL OF THE FOLLOWING QUESTIONS:

Indicate the type of entity seeking a license by **circling one of the choices below**:

**SOLE PROPRIETORSHIP    CORPORATION    LLC    PARTNERSHIP    LP    LLP**

List Company Name, LLC Name, Partnership Name, LP Name, LLP Name, or Sole Proprietorship Name as applying for License:

\_\_\_\_\_

If Applicable, Fictitious Name / D/B/A Name: \_\_\_\_\_

List the Federal ID# / EIN \_\_\_\_\_

Mailing Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip Code \_\_\_\_\_ County/Parish \_\_\_\_\_

Company Phone \_\_\_\_\_ Fax \_\_\_\_\_

E-mail Address \_\_\_\_\_

Name and Phone # for person to Contact with any Questions regarding this application request:

\_\_\_\_\_

**Complete the following with information for the person that will be the qualifier**  
(The qualifier is the person who has read and understands pages 11 & 12)

Name \_\_\_\_\_ Social Security # \_\_\_\_\_

How long has this individual been with this company? \_\_\_\_\_

Position held with this company, check one: \_\_\_\_\_ Sole Owner  
\_\_\_\_\_ Full time paid employee  
\_\_\_\_\_ Officer, member, or partner of the company and is actively involved in the day-to-day operations

# Home Improvement Classifications

Proof of experience performing the type of work requested is required on page 7 to receive any specialty(s). We must have experience for each specialty. Example: If asking for the painting specialty you must have painting experience and so on. A contractor may obtain one or more of the Specialties by showing references on page 7 for each specialty requested.

## **Specialties: (Circle below the (#) number for the specialty(s) being requested.)**

1. Awnings, Canopies
2. Base & Paving
  - Base Construction
  - Hot & Cold Mixes
  - Surface Treatment
  - Asphalt
  - Concrete Paving
3. Boat Docks
4. Carpentry, Framing, Millwork, Cabinets
5. Ceilings, Wall Systems, Acoustical Treatments
6. Central Vacuum Systems
7. Chimneys, Fireplaces
8. Communication, Computer or Sound Systems, Cabling
9. Concrete
10. Demolition
11. Detached Garage, Storage Building, Detached Structures, Metal Building
12. Drywall
13. Fencing, Gates
14. Floors, Floor Covering
15. Foundation Construction or Drilling, Pile Driving, Stabilization
16. Glass, Glazing, Doors, Windows
17. Grading & Drainage, Excavating (Includes):
  - Pipe & Structures
  - Culverts, Clearing
  - Grubbing & Rip Rap
18. Greenhouses, Sunrooms
19. Insulation
20. Kitchen, Bathroom Renovations
21. Landscaping, Irrigation, Lawn Sprinkler, Streams
22. Lathe, Plaster, Stucco, Dryvit, EIFS
23. Masonry
24. Metal Studs, Walls
25. Overhead Doors
26. Painting, Wallcovering
27. Rebar
28. Retaining Walls
29. Siding, Soffit, Facia, Gutters
30. Skylights
31. Solar Systems
32. Special Coatings or Applications, Caulking, Waterproofing
33. Steel, Alloy, Ornamental, Metal Fabrication, Welding
34. Storm Shelters
35. Swimming Pools, Spas
36. Tile, Terrazzo, Marble, Countertops

**\*\*\*\*\*NOTE: As of January 1, 2022: If you wish to have Residential Roofing, Roof Decks, Roofing Sheet Metal classification you will need to complete the Residential Roofing Registration application.**

# Experience Information – For Home Improvement Only

Complete the following with projects previously completed, that are being requested on page 6.  
Example: If requesting Painting; Floors; and Carpentry– show projects where those types of work have been completed. (If additional space is needed, please attach another one of these forms.)

## Project #1

(Approximate Month & Year) Date Project Started: \_\_\_\_\_ Date Project Completed: \_\_\_\_\_  
Dollar amount of Project: \$ \_\_\_\_\_ Square Footage (If applicable) \_\_\_\_\_  
Project Owner's Name: \_\_\_\_\_ Contact Phone #: \_\_\_\_\_  
Project Address, City, State: \_\_\_\_\_  
List Specific Type(s) of Work Complete: (Please use words requested on page 6.)  
\_\_\_\_\_  
\_\_\_\_\_

## Project #2

(Approximate Month & Year) Date Project Started: \_\_\_\_\_ Date Project Completed: \_\_\_\_\_  
Dollar amount of Project: \$ \_\_\_\_\_ Square Footage (If applicable) \_\_\_\_\_  
Project Owner's Name: \_\_\_\_\_ Contact Phone #: \_\_\_\_\_  
Project Address, City, State: \_\_\_\_\_  
List Specific Type(s) of Work Complete: (Please use words requested on page 6.)  
\_\_\_\_\_  
\_\_\_\_\_

## Project #3

(Approximate Month & Year) Date Project Started: \_\_\_\_\_ Date Project Completed: \_\_\_\_\_  
Dollar amount of Project: \$ \_\_\_\_\_ Square Footage (If applicable) \_\_\_\_\_  
Project Owner's Name: \_\_\_\_\_ Contact Phone #: \_\_\_\_\_  
Project Address, City, State: \_\_\_\_\_  
List Specific Type(s) of Work Complete: (Please use words requested on page 6.)  
\_\_\_\_\_  
\_\_\_\_\_

## Project #4

(Approximate Month & Year) Date Project Started: \_\_\_\_\_ Date Project Completed: \_\_\_\_\_  
Dollar amount of Project: \$ \_\_\_\_\_ Square Footage (If applicable) \_\_\_\_\_  
Project Owner's Name: \_\_\_\_\_ Contact Phone #: \_\_\_\_\_  
Project Address, City, State: \_\_\_\_\_  
List Specific Type(s) of Work Complete: (Please use words requested on page 6.)  
\_\_\_\_\_  
\_\_\_\_\_

**(If additional space is needed, please attach separately.)**

By signing this form, I agree that all statements herein contained are true and correct and shall become a part of the new application.

\_\_\_\_\_  
(Signature of Individual completing request)

\_\_\_\_\_  
Date

## APPLICANT INFORMATION

**Note: For the purpose of the following questions 1-12, You/Your means, this organization, any officer, the qualifier of this company, you, or anyone who owns 10% or more of the entity.**

- Yes \_\_\_ No \_\_\_ 1. Have you ever had a contractor license or been associated with a contractors license in this or any other jurisdiction? (See definition of you above) **If yes, attach separately a list of those that apply.**
- Yes \_\_\_ No \_\_\_ 2. Do you knowingly employ any individual(s), or hire workers as independent contractors, who do not have legal authority to work in the United States of America? (See definition of you above)
- Yes \_\_\_ No \_\_\_ 3. Are you legally authorized to work in the United States of America? (See definition of you above)
- Yes \_\_\_ No \_\_\_ 4. Do you understand that the failure to comply with the Federal law on the hiring, as employees or as subcontractors of workers without legal authority to work in the United States of America can lead to the revocation of the contractor license in the State of Arkansas? (See definition of you above)
- Yes \_\_\_ No \_\_\_ 5. Does this applicant have one or more employees?
- Yes \_\_\_ No \_\_\_ 6. Does the applicant have Workers Compensation Insurance?

### **Answering yes to any of the following questions WILL NOT AUTOMATICALLY DISQUALIFY you for a contractor license.**

- Yes \_\_\_ No \_\_\_ 7. Have you, or any construction related entity in which you were an investor, partner, officer, ever failed to complete a project awarded to you? **If yes, attach separately a statement of circumstance, the name of the individual, other organization, and reason for failure.**
- Yes \_\_\_ No \_\_\_ 8. Have you filed bankruptcy or were you a part of any other organization that has filed bankruptcy within the last ten (10) years? (See definition of you above) **If yes, attach a written explanation as to why bankruptcy had to be filed, along with a copy of the document prepared by your attorney listing the creditors that shows the amounts owed to each creditor and a copy of the bankruptcy discharge.**
- Yes \_\_\_ No \_\_\_ 9. Have you ever pleaded guilty, no contest, nolo contendere, been convicted, found guilty, or been sentenced for any felony or misdemeanor, other than traffic violations? (See definition of you above) **If yes, complete the Criminal Background Information form (page 9) for each offense.**
- Yes \_\_\_ No \_\_\_ 10. Are you required to register on the sex offender registry in this state or any other state? (See definition of you above) **If yes, please attach separately a written explanation as to what occurred and when this occurred.**
- Yes \_\_\_ No \_\_\_ 11. Do you or any construction related entity in which you own 10% or more, have any outstanding liens, judgments, or pending litigation? (See definition of you above) **If yes, attach separately details and an explanation.**
- Yes \_\_\_ No \_\_\_ 12. Have you ever had a license revoked or suspended, been penalized, or disciplined, by the Arkansas Contractors Licensing Board, the Arkansas Residential Committee, or any other state? (See definition of you above) **If yes, attach separately details and an explanation.**

### **ONLY COMPLETE THE FOLLOWING QUESTIONS IF APPLYING AS A SOLE PROPRIETORSHIP ONLY !!!**

- Yes \_\_\_ No \_\_\_ 13. Are you on Active Duty in the United States Military?
- Yes \_\_\_ No \_\_\_ 14. Is your spouse on Active Duty in the United States Military?
- Yes \_\_\_ No \_\_\_ 15. Are you a former member of the United States Military who has NOT been dishonorably discharged?
- Yes \_\_\_ No \_\_\_ 16. Is your spouse a former member of the United States Military who has NOT been dishonorably discharged?
- Yes \_\_\_ No \_\_\_ 17. If you answered yes to questions 13, 14, 15, or 16, do you hold a **current STATE contractor license** issued by another state? **If yes, provide a copy of your current state contractor license issued by another state. If yes, you do not have to submit experience information on page 7 (page 6 will need to be completed) of this application to obtain a license with same classification as you have in the other state.**

## **AFFIDAVIT**

**(Corporation, LLC, Partnership, LP, LLP, Sole Proprietorship)**

I, \_\_\_\_\_, being duly sworn/affirmed, state under oath:  
(Name of Owner/Officer/Member/Partner/Sole Proprietor)

That I am \_\_\_\_\_ of \_\_\_\_\_;  
(Position held) (Company Name, if Applicable)

Further, that the foregoing statement of experience and all statements contained within this application, including attachments are true and correct; Further, that I am familiar with the books and records of the above mentioned company showing its financial condition; that the financial statement(s) and any accompanying financial data attached hereto (or submitted separately) are taken from the books and records of said company and form a true and accurate statement of the financial condition of said company as of the date shown; Further, that the foregoing statements of experience and financial condition are submitted to the Contractors Licensing Board or the Residential Contractors Committee for the express purpose of inducing the Board or Committee to license the applicant as a contractor in the State of Arkansas, and that any depository, vendor or state agency is hereby authorized to supply such Board or Committee with any information necessary to verify these statements. Any agency of the State of Arkansas is authorized to release to the Contractors Licensing Board, or its representative, or the Residential Contractors Committee, or its representative, any information necessary to show proper compliance with A.C.A § 17-25-101 et seq., or A.C.A. § 17-25-501 et seq., including the obtaining and reviewing of a criminal background check.

\_\_\_\_\_  
(Signature of Owner/Officer/Member/Partner/Sole Proprietor)



**Complete this form ONLY if yes was answered to question #9 on page 8.....**

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## **Criminal Background Information**

State of Arkansas Contractors Licensing Board

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**IN CASE OF MULTIPLE OFFENSES, MAKE A COPY OF THIS FORM TO SHOW INFORMATION FOR EACH OFFENSE.....**

1. Offender's legal name: \_\_\_\_\_

2. Offender's SSN: \_\_\_\_\_

3. The crime in question: \_\_\_\_\_

4. The date of the conviction: \_\_\_\_\_

5. The jurisdiction (State, County, and City): \_\_\_\_\_

6. The sentence: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7. If you were incarcerated, the date of your release: \_\_\_\_\_

8. If you were placed on probation or parole, the date of release from probation or parole: \_\_\_\_\_

\_\_\_\_\_

9. Has the offense been sealed by the Court, pardoned, or expunged? If yes, which one?: \_\_\_\_\_

\_\_\_\_\_

10. Written explanation as to what occurred: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# Corporation, LLC, Partnership, LP, LLP, or Sole Proprietorship Data

IF applying as a Sole Proprietorship, list full name (w/ middle initial) of the following:

Individual \_\_\_\_\_ SSN \_\_\_\_\_

If you are applying as an individual/sole proprietor, you may qualify for an initial fee waiver under the [Workforce Expansion Act of 2021](#). To see if you qualify visit our website at [www.arkansas.gov/clb](http://www.arkansas.gov/clb). Click on the Workforce Expansion Act of 2021 link to see the list of waiver requirements and waiver form. If you do qualify, please complete the form and return it with your completed application packet.

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Date the Company registered with the Arkansas Secretary of State's office (501-682-3409): \_\_\_\_\_

Please list full name (w/ middle initial) of the following:

President \_\_\_\_\_ SSN \_\_\_\_\_  
Vice-President \_\_\_\_\_ SSN \_\_\_\_\_  
Secretary \_\_\_\_\_ SSN \_\_\_\_\_  
Treasurer \_\_\_\_\_ SSN \_\_\_\_\_

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## **FOR ALL:**

List all that owns 10% or more interest in the entity requesting a license.

- If an individual, please print full legal name and their SSN.
- If a corporation or LLC, please list the legal company/LLC name and the Federal ID#.

Name _____	SSN _____
Name _____	SSN _____
Name _____	SSN _____
Name _____	SSN _____
Name _____	SSN _____
Name _____	SSN _____
Name _____	SSN _____
Name _____	SSN _____
Name _____	SSN _____
Name _____	SSN _____

# HOME IMPROVEMENT Test Information

**Carefully read the following information. By signing the application for a license, you are certifying that you have read and that you understand all the information provided in this form.**

## **THE PURPOSE OF THE COMMERCIAL AND RESIDENTIAL LICENSING LAW**

- The purpose of licensing is to protect the health, safety, and welfare of the public.
- The law states the requirements to obtain a license or registration, the standards that are required to obtain and maintain a license or registration and provides the authority for the Arkansas Contractors Licensing Board and Arkansas Residential Contractors Committee to hold disciplinary hearings against contractors who do not follow the law.
- The Arkansas Contractors Licensing Board is an agency of the State of Arkansas that regulates the issuance of licenses and registrations for commercial contractors in the State of Arkansas pursuant to Ark. Code Ann. § 17-25-101 through 17-25-315. The Board also regulates the Arkansas State Contractors Bond Law pursuant to Ark. Code Ann. § 17-25-401 through 17-25-409.
- The Arkansas Residential Contractors Committee is an agency of the State of Arkansas that regulates the issuance of licenses for residential building contractors, remodeling contractors and home improvement contractors in the State of Arkansas pursuant to Ark. Code Ann. § 17-25-501 through 17-25-515.

## **WHO NEEDS A COMMERCIAL LICENSE**

- The commercial law is intended to include all improvements, demolition, or structures exempting only single-family residences. Ark. Code Ann. § 17-25-101(c). Single family residences are defined as any project consisting of one but not more than four units constructed for residential occupancy. Any project consisting of five or more units is considered multi-family housing and would be considered a commercial project.
- A commercial contractors license or registration is required when the cost of the work to be done by the contractor including, but not limited to, labor and materials is \$50,000 or more. The commercial law applies to both prime contractors and subcontractors.
- The penalty for acting as a commercial contractor without first being licensed, or registered, is \$100 to \$400 per day, not to exceed 3 percent of the total project being performed by the contractor.
- The Board may revoke the license or registration of a commercial contractor found guilty of fraud or deceit in obtaining a license, for aiding or abetting any contractor or person to violate the provisions of the contractors licensing law, or for gross negligence, incompetence, or misconduct in the conduct of the contractor's business.
- Licensed and registered contractors are required to cooperate with investigations by providing the Board with all relevant information requested. Failure to cooperate or to timely provide the board with relevant information as requested may constitute misconduct and subject the contractor to revocation of the contractor's license or registration.

## **WHO NEEDS A RESIDENTIAL BUILDER LICENSE OR A HOME IMPROVEMENT LICENSE**

- The residential law applies to work done on all single-family residence, defined as any project consisting of one but not more than four units constructed for residential occupancy.
- A residential building contractor is one who acts as a contractor in the construction of a single-family residence or the property and structures appurtenant thereto.
- A home improvement contractor is one who acts as a contractor in the reconstruction, alteration, renovation, repair, modification, improvement, removal, demolition, or addition to any preexisting single-family residence or the property and structures appurtenant thereto.
- A Home Improvement license is required when a contractor performs work over \$2,000, including labor and materials, on a residential project. A "Limited" license limits contractors to projects less than \$50,000. An unlimited license allows the Home Improvement contractor to perform any size project.
- The following are exemptions to the residential builder and home improvement licensing requirements: (1) owners are exempt from licensure when acting as the contractor in the construction of his or her residence unless he or she builds more than one residence during any calendar year (2) owners acting as his or her own home improvement contractor on his or her own property (3) subcontractors working for a properly licensed contractors and (4) contractors licensed by other licensing agencies or boards if the contractor is performing work within the scope of that license.
- The penalty for working as a residential or home improvement contractor without first being licensed is \$100 to \$400 per day.
- The committee may revoke the license of a residential builder or home improvement contractor found guilty of fraud or deceit in obtaining a license, for aiding or abetting any contractor or person to violate the provisions of the contractors licensing law, or for gross negligence, incompetence, or misconduct in the conduct of the contractor's business.
- Licensed or registered contractors are required to cooperate with investigations by providing the committee with all relevant information requested. Failure to cooperate or to timely provide the committee with relevant information as requested may constitute misconduct and subject the contractor to revocation of the contractor's license.

## **Test Information (continued)**

### **BUILDING CODE**

- Arkansas Building Codes are mandatory statewide minimums. They apply statewide even in areas when no permit or inspections are required.
- The Arkansas Building Code is adopted by the State Fire Marshal's office. It is a part of the Fire Prevention Code. The Code applies Statewide, even in rural and unincorporated areas. Arkansas is currently under the 2012 Edition of the Code.
- The Code can be purchased from the International Code Council. The Code can also be purchased from the Arkansas Fire Training Academy Book Store: 870-574-4510.
- Failure to comply with the Building Codes could subject a licensed contractor to disciplinary action by the Arkansas Contractors Board or Residential Contractors Committee.

### **WORKERS COMPENSATION**

- All Residential Builders and Unlimited Home Improvement contractors are required to show proof of workers compensation insurance if they have one or more employees in order to obtain a license. Limited Home Improvement contractors do not.
- Those contractors who are not required to show proof of workers compensation to obtain their license still may be required to obtain it pursuant to the workers compensation laws. According to Ark. Code Ann. § 11-9-102, generally all contractors with at least one employee are required to have workers compensation insurance by the Workers Compensation Commission. Enforcement of this workers compensation requirement is performed by the Workers Compensation Commission.

### **LIEN LAW**

- Every state, including Arkansas, permits a person who supplies labor or materials for a construction project to claim a lien against the improved property. The purpose of the lien is to secure payment for the labor or materials used improving the property. If there is a lien on the improved property, the owner may not be able to sell the property with a clear title and it may be foreclosed in a lawsuit. The property owner can obtain a bond to release the lien.
- **Important Notice to Owner** - A contractor on all residential projects is required to give notice of the potential for a lien to be filed to the owner of a project before the commencement of the work. This notice if given by the prime contractor is good for all subcontractors and suppliers as well.
- If the important notice is not given, (1) potential lien claimants may not enforce a lien on the project and (2) the contractor could be subject to a criminal prosecution.
- **The notice must be given exactly as it is stated in the statutes.** A copy of this notice is available on our website [www.arkansas.gov/clb](http://www.arkansas.gov/clb).
- In order to enforce any lien that is filed, it is imperative that you strictly comply with the notices and time frames required in the statutes. It may be necessary to consult an attorney prior to beginning the lien process to ensure that it has been done properly.

### **CONTRACTS**

- The main purpose in contracts is to prevent disputes between parties entering into agreements. While a verbal contract may be enforced, disputes may arise as to the terms of the agreement. Therefore, it is strongly suggested that all contracts be in writing so there will be no questions regarding the terms that were agreed to by both parties.
- All contracts should set out scope of work, compensation, time frames for work and payments. This protects both the homeowner and the contractor.
- Just like the original contract any "change order" that is not in writing may lead to a dispute as to what was agreed upon. For your protection, it is strongly recommended that all change orders be in writing and agreed to by the homeowner and contractor.

### **FINANCIALS**

- All Residential Builders and Unlimited Home Improvement contractors are required to submit a compiled financial statement with their application and renewal application showing a positive net worth excluding the applicant's homestead and retirement accounts. A Limited Home Improvement contractor is not required to submit a balance sheet.
- A "balance sheet" is a financial statement that lists all assets (such as cash, accounts receivable, equipment, etc.) on one side and all liabilities (such as accounts payable, loans, etc.) on the other. If the total dollar value of the assets is more than the total dollar value of the liabilities, then the contractor has a "positive net worth." If, however, the total dollar value of the assets is less than the total dollar value of the liabilities, then the contractor has a "negative net worth."