

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
BOARD FOR LICENSING CONTRACTORS

500 James Robertson Pkwy., 4th Floor, Davy Crockett Tower
Nashville, TN 37243-1150

Telephone: 1-800-544-7693 or (615) 741-8307 / Fax: (615) 532-2868

Website: <http://www.tn.gov/regboards/contractors/>

Email: Contractor.App@tn.gov



CONTRACTOR'S LICENSE APPLICATION ◆ PACKAGE ◆

- **Contractor's License Application Instructions** (*i-1 – i-23*)
- **Contractor's License Application** (*pages 1-16*)
- **Exam Information - PSI's "Candidate Information Bulletin"**
 - <https://candidate.psiexams.com/index.jsp>

The above information is part of the contractor's license application package. The law, rules and regulations may be reviewed at: <http://www.tn.gov/regboards/contractors/law.shtml> However, these are also part of the "Business and Law" reference manual used for the open book exam.

Supplemental Information – Website Links

More information is available and may be downloaded from the Board's website at: <http://www.tn.gov/regboards/contractors/contractor.shtml> or at the following links:

- **Contractor License Classifications and Exams - Outline**
 - <http://www.tn.gov/regboards/contractors/documents/ClassificationOutlineWeb.pdf>
- **Exam Information – PSI's "Candidate Information Bulletin"**
 - https://candidate.psiexams.com/bulletin/display_bulletin.jsp?ro=yes&actionname=83&bulletinid=200&bulletinurl=.pdf
- **Exam – Reference Books - PSI Bookstore**
 - <http://www.tn.gov/regboards/contractors/documents/PSIBookstore.pdf>
- **Exam – NASCLA Publisher and Bookstore**
 - <http://www.nascla.org/catalog/nascla-store/bookstore/state-specific/tennessee>
- **Frequently Asked Questions - FAQ's**
 - <http://www.tn.gov/regboards/contractors/FAQ.shtml>
- **Insurance - General Information**
 - http://www.tn.gov/regboards/contractors/documents/InsuranceInfo_001.pdf
- **Financial Resources**
 - <http://www.tn.gov/regboards/contractors/documents/BLC-GuarantyAgreementPolicy.pdf>



Contractor Licensing General Information

(New, Reinstatement, Change in Ownership, Mergers, Reorganization and Second Licenses)

A contractor's license is required prior to bidding projects \$25,000 or more!

There are various types of contractors and a list of many of these **classifications**, as well as ones with exam requirements, may be obtained from our website "[Contractor Classifications Outline](#)". Examples of the different types of contractors are as follows: Residential Building (BC-A); Commercial Building (BC-B or BC); Electrical (CE); Plumbing (CMC-A); Landscaping (BC-29; Masonry (LMC); and several specialties such as S-Solar Panel Installation; S-Telecommunications; etc. A contractor's license is required for prime (general); various subcontractors; and construction managers. A qualifier (**Qualifying Agent**) is the person who takes the exam(s) for the entity obtaining the license and they may be an owner or full time employee. Bonding is not required to obtain a contractor's license, but may be required for bidding or obtaining local government permits and inspections. A financial statement is required and must be prepared by a CPA (Review or Audit). The financial statement is utilized to determine the size of license in which a monetary limit may be assigned to the license. The license is obtained in the exact name of the entity providing the financial statement. Therefore, a license may be issued to a: **Sole Proprietor, Corporation, Partnership, or LLC**. The license does not necessarily belong to the qualifying agent, unless they are also the owner. Reciprocal agreements are trade exam waivers, only, and exist with many bordering states (*see more information in the application or website*).

HOW TO BECOME A LICENSED CONTRACTOR *(Detailed steps are located in the application attached)*

In order to become a licensed contractor, complete the Board's new license application process, which entails the following steps:

- Exam – All must pass the "Tennessee Business and Law" exam and may need to pass the applicable "**Trade**" exam with PSI Services, LLC. See "Contractor Classifications Outline" for more exam information on our website. Exam registration and study information is available at www.psiexams.com or review the "Candidate Information Bulletin" on our site. *(Note: Must be pre-approved to take plumbing exam!)* "Check website for code updates for the exam after March 15th".
- Reciprocation – There is an exam waiver agreement for the trade exam, only. The following are reciprocating states: Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, Ohio, and South Carolina; NASCLA's commercial exam is accepted. *(Note: Not all programs in these states reciprocate; see application for complete details)*.
- Financial Statement - Contact a Certified Public Accountant (CPA or PA) to prepare a financial statement in the required format. A "**Review**" is required for limits of \$1,500,000 or less; an "**Audit**" is required for limits exceeding \$1,500,000;
- Reference - Form in application to be completed by a past client, employer, or codes official;
- Corporations and Limited Liability Companies (LLC) must register with the Tennessee Secretary of State; may be contacted at (615) 741-2286 or at: <http://tnbear.tn.gov>
- Insurance – Provide proof of General Liability Insurance and Workers' Compensation
- Application and Fee - Complete and attach exam scores, financial statement, reference, proof of insurance and mail to the Board office, by the deadline date, which is the 20th day of the month, prior to Board meeting, with **\$250.00** fee;
- Board Review - A personal interview with the Board is typically waived. All licenses are approved by the Board at their regularly scheduled meetings during the months of January (Nashville), March (Nashville), May (Memphis), July (Nashville), September (Knoxville or Johnson City), and in November (Nashville). You will be notified if you need to appear at the Board and sent an "Admission Notice" with the date, time and location.
- Hardship – To obtain an early review to rush the approval, see the "Hardship" criteria from the Board's website.

A Tennessee contractor's license is needed for the following, prior to bidding, contracting, offering or negotiating a price:

- \$25,000 or more for the total project
- Subcontractors who perform \$25,000 or more in electrical, mechanical, plumbing, HVAC or roofing projects; and masonry contractors performing \$100,000 or more (includes materials and labor)
- Construction Management of any kind, where the value of the project exceeds \$25,000

Contracting is defined as performs or offers a price, or bid to construct, supervise, superintend, oversee, schedule, direct, or in any manner assume charge of the construction, alteration, repair, improvement, movement, demolition, putting up, tearing down, or furnishing labor to install material or equipment; highway, road, railroad, sewer, grading, excavation, pipeline, public utility structure, project development, etc. (see T.C.A. §62-6-102).

License Classification and Monetary Limit – License is issued with a designated “limit” or amount a contractor is approved to contract and a “classification” or type of license, such as: residential, commercial, industrial or building subcategories, demolition, carpentry, landscaping, etc., or electrical; mechanical; plumbing; HVAC; municipal utility; highway, railroad or airport (HRA); environmental specialties; and specialties for installation of equipment, audio, telecommunications, solar panels, etc. (see Rule 0680.1-.16 or the “Classification Outline” from the website. Monetary limit is based on financial statement and experience).

Bidding requirements are defined in TCA §62-6-119, which states for projects **\$25,000 or more**, the prime (general) contractor must list: **Licensed Name (as licensed exactly), License ID#, Classification, Expiration Date**, and also list the same information for their subcontractor performing: **Electrical, Plumbing, Mechanical, *HVAC, and **Masonry subcontractors**. **Note: Geothermal contractors may be required to list their well driller license information from the Department of Environment and Conservation. **Masonry contractors are required for portions \$100,000 or more (includes materials and labor).*

Subcontractors: A contractor’s license is NOT required for all subcontractors, those bidding directly to a contractor; not the owner, for projects such as: painting, excavation, landscaping, etc., **unless**, the subcontractors are performing **mechanical, plumbing, HVAC, electrical or roofing over \$25,000; and masonry** if over \$100,000 (*see the bidding guidelines*).

Violations: A contractor who contracts, bids, offers to engage or obtains a permit without a license with proper classification and monetary limit, is in violation of T.C.A. §62-6-120. Their license may be denied or held up to six months. Therefore, would be ineligible to be awarded the project and could not participate in any re-bidding (would be required to interview with the Board to obtain license).

Deadline Dates for Board Meeting: The Board meets during the months of January, March, May, July, September and November; deadline to submit application for the meeting is the 20th day of the month prior to the Board meeting. (If the 20th lands on a holiday or weekend, then the next business day.) To obtain an emergency review, the contractor may apply for a “Hardship”.

OTHER LICENSES AND RESOURCES

- ▶ **Home Improvement** license is required (for those without a contractor’s license) in the following counties: Bradley, Davidson, Hamilton, Haywood, Knox, Marion, Robertson, Rutherford and Shelby, for remodeling projects from **\$3,000 to less than \$25,000**. More information at: <http://www.tn.gov/regboards/contractors/homeimprovement.shtml> or (615) 253-5741.
- ▶ **Limited Licensed Electrician (LLE)** license is required in some counties not performing electrical inspections; for projects **less than \$25,000**. Website is at: <http://www.tn.gov/regboards/contractors/electrician.shtml> or (615) 253-2144.
- ▶ **Limited Licensed Plumber (LLP)** license is required in some counties not performing plumbing inspections; for projects **less than \$25,000**. Website is at: <http://www.tn.gov/regboards/contractors/plumber.shtml> or (615) 253-6235.
- ▶ **Alarm Systems Contractors** information is available at: <http://www.tn.gov/regboards/asc/index.shtml> or (615) 741-9771.
- ▶ **Fire Sprinkler Contractor Firm and RME** license at: <http://www.tn.gov/fire/fpplsect.shtml> (615) 741-1322.
- ▶ **Local Government (City and County) Permits:** contact information at: <http://www.tn.gov/local/>
- ▶ **Workers’ Compensation Exemption Registration** at: <http://tnbear.tn.gov/wc/>
- ▶ **Business Tax Licenses (City and County):** <https://apps.tn.gov/bizreg/>
- ▶ **Small Business Guide** <http://www.tn.gov/ecd/bero/pdf/TNSmartStartupGuide.pdf>

Board for Licensing Contractors
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***Note: The Board office cannot accept fees at their office. If hand-delivering, you’ll be referred to the Cashier’s Office. Please allow 5 to 7 business days for mail delivery; overnight mail takes approximately 2 days to get to staff.**

- ◇ Schools offering pre-licensing contractor courses must be approved by the Contractors Board
- ◇ To check receipt of application review at “License Search” at Board’s website or directly at: <http://verify.tn.gov/>
- ◇ Do not contract until license is approved and issued a current expiration date, after the Board meets
- ◇ If a permit is not required by the local agency, this does not relieve the requirement of a state contractor’s license

More details are located in the “Instructions” of the contractor’s license application, or you may review our website at: <http://www.tn.gov/regboards/contractors/> or at our list of “Frequently Asked Questions”

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CONTRACTOR'S LICENSE APPLICATION

INSTRUCTIONS

*Instructions for completing the "Contractor's License Application"
(see pages i-1 – i-23)*

**DEADLINE DATES TO SUBMIT CONTRACTOR'S LICENSE APPLICATION
FOR BOARD REVIEW**

Month of Meeting	Tentative Locations	*Deadline for Applications
January	Nashville	December 20
March	Nashville	February 20
May	West TN	April 20
July	Nashville	June 20
September	East TN	August 20
November	Nashville	October 20

**Note: If the 20th is on a weekend or holiday, the deadline date will be the next business day.*

Rule 0680-1-.03: Applications for licensure are due the 20th day of the month prior to the next Board meeting.

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License Application SectionPages 1 - 16
<http://www.tn.gov/regboards/contractors/documents/LicenseApplicationWeb.pdf>

LICENSE APPLICATION INSTRUCTIONS

Congratulations on your decision to become a licensed contractor with the State of Tennessee! We know how important a license is toward your livelihood and we are here to help. A contractor's license is required for projects \$25,000 or more, prior to contracting (bidding; offering a price; negotiating). Contracting without a license is a violation of the law punishable by monetary penalties and license may be denied. In addition, the law prohibits participating on a project or any re-bidding of the project. (See T.C.A. 62-6-120). For additional assistance, feel free to contact our office at 1-800-544-7693 or see our website at: <http://www.tn.gov/regboards/contractors/> Note: There is not a reciprocal agreement to allow working without first obtaining a Tennessee license.

The following are steps to obtaining a license and may be performed in any order:

STEP 1 – TESTING: Contact testing center to schedule exam(s)

Examination and Registration Information - PSI Services, LLC, is the contracted test vendor for Tennessee contractor exams. All contractor license applicants must provide a copy of their Tennessee "Business and Law" exam score; and some applicants may be required to supply proof of "Trade" exams. There are various types of contractors; see list of classifications with trade exam requirements provided in the next pages of these instructions. The Board also looks at experience (*prefers three (3) years*); equipment; and financial information. PSI cannot advise contractors which exams to take and you would need to contact our office. More exam information is available from our website links for "[Contractor Classifications Outline](#)" and PSI's "[Candidate Information Bulletin](#)".

Business & Law Exam – Exam is open book and based upon the reference manual published by NASCLA: "*Contractors Guide to Business, Law and Project Management*". This may be purchased by NASCLA at: <http://www.nascla.org/> or PSI at: <http://www.psionlinestore.com/> The Business and Law exam is not required to be retaken when applying for reinstatement, additional licenses or revisions.

Trade Exams and Reciprocal Agreements – Exam is open book and based upon codes and books listed in PSI's "*Candidate Information Bulletin*" and this may be downloaded from <http://candidate.psiexams.com/> See reciprocity information for **trade exam waiver agreements**. More information on the website at: <http://www.tn.gov/regboards/contractors/documents/BLCReciprocationwithTN.pdf>

Exam Testing and Qualifying Agent (QA) – The individual passing the exam on behalf of the licensed entity is considered the Qualifying Agent (QA). The license does not necessarily belong to the QA unless they are also the owner of the entity, as the license may be issued to a sole proprietor, corporation, partnership or LLC; the owner of the entity providing the financial statement, insurance, etc., and the license is issued in the exact name as on the financial statement. Individual's designated as the QA may be an owner, officer or full time employee with "Power of Attorney" (*see page 10 of the application*). A QA may be listed on up to two (2) licenses if they are a majority owner of one of the entities. There may be more than one QA on the license. Same person taking the "Business and Law" exam is not required to take the trade exam. Preapproval to take the exams is not required, except for the mechanical plumbing (CMC or CMC-A).

Exam Locations, Registration and Study Materials – Exam cost \$55.00; same day score provided; and exams are given daily in several locations throughout the state, as well as out-of-state. See attached "*Candidate Information Bulletin*" or check online for a list of exam locations, registration and study materials, ID, and security information (writing in reference books, tabs, using calculators, etc.) Exam dates are scheduled by appointments at: <http://candidate.psiexams.com/> or by phone: (800) 733-9267. Please notify our office if you are unable to obtain an appointment to take the exam if there is more than a two (2) week waiting period. PSI requires SS# and when registering online or by phone to take the exam. If you do not have a SS #, you may contact our office and we will be happy to work with getting you registered. Exam locations are available in Nashville, Chattanooga, Jackson, Memphis, Knoxville and Johnson City. Tennessee exams may be taken in other states where PSI has an office. .

Prior Licenses / Exams Passed – If applying for an additional license, reinstatement of expired license, merger, change of ownership, etc., if available, provide a copy of the exam score. If not, include a letter requesting waiver of retaking the trade exam (Business and Law is not required to be retaken). Our staff may research files for scores. Inactive applicant exam scores are typically accepted up to two (2) years, and longer if evidence is provided showing they have remained active in the construction industry (such as, subcontractor; working in another state; jobs less than \$25,000, etc.). Provide a written request to the Board, as part of your application, requesting waiver of the trade exam.

License Classifications – All applicants must take the “Tennessee Business and Law” exam. Trade exams are not required for every category and the following are a list of exams offered which cover Building, Electrical, Mechanical and Masonry categories, as follows:

Trade Exams for Building Categories

Residential (BC-A);	Commercial (BC-B);	Industrial (BC-C);
Res/Small Com (BC-A,b(sm));	Res/Com/Ind (BC);	Small Commercial BC-b(sm);
Com/Ind (BC-B,C);	Masonry (LMC)	MU or MU-B (BC or BC-B exam)

For more detailed information relative to the different types of contractor license classifications and the exam requirements, a list has been compiled from Rule 0680—1-.16 and is available from the website at: <http://www.tn.gov/commerce/boards/contractors/documents/ClassificationOutlineWeb.pdf>

Examples of Building Trade Exams:

- Build residential houses; take the BC-A (residential) trade exam.
- A **construction manager** is required to take the full BC trade exam.
- Build homes and commercial projects, (such as a doctor’s office, less than \$750,000), need the BC-A and BC- b(sm) exams OR the “combined” BC-A,b(sm); or the BC-B and BC are also acceptable.
- A BC-B or BC is needed to build a water/sewer plant or to obtain a full MU classification.
- Perform only landscaping, or roofing, or painting; excavation; etc., no trade exam (see Rule 0680-1-.16 for a complete list of 34 building subcategories or the Board’s website for “Classifications Outline”).
- Environmental remediation (S-D); no trade exam. Must supply applicable training certificates and experience (Lead Based Paint Removal; Asbestos; Underground Storage Tanks; Hazardous Waste Removal, etc.) to obtain “Specialty” environmental license classification.
- Communication/cell towers; no trade exam – specialty license (S-Cell Towers).
- Alarms/Security – Must obtain this license from the “Alarm Systems Board” or obtain a license by passing the CE (full electrical) classification and registering with the Alarm Systems Board at: <http://www.tn.gov/regboards/asc/index.shtml>
- Masonry work in the amount of \$100,000 or more (as a sub or prime), the LMC trade exam is required.
- Perform wiring for residential homes; CE trade exam (do not take the BC-A residential building exam). See the CE exam information below.

Electrical and Mechanical Exam Categories

Electrical (CE)	High Voltage (CE-A, H)	Fire/Sprinkler (CMC-D)
Mechanical, Plumbing & HVAC *(CMC)	Plumbing *(CMC-A)	HVAC/Refrigeration (CMC-C)

*Effective May 24, 2007, must be pre-approved to take the plumbing mechanical exam

If you have taken a comparable proctored trade exam, with a Tennessee municipality, such as: Nashville, Knoxville, Oak Ridge, Chattanooga, etc., you may request a waiver. Also the check out-of- state reciprocation list.

Examples of Electrical and Mechanical Trade Exams):

- Electrical wiring, less than \$25,000, may need the Board’s state LLE (Limited Licensed Electrician) license or local government. However, the CE electrical contractor’s license is acceptable statewide for permits and inspections. See website at: <http://www.tn.gov/regboards/contractors/electrician.shtml>
- Plumbers performing projects less than \$25,000; may need the state’s LLP (Limited Licensed Plumber) or check with local government for permit and inspection requirements. See website at: <http://www.tn.gov/regboards/contractors/plumber.shtml>
- Electrical over \$25,000; need the CE exam for electrical classification for contractor’s license. CE is accepted statewide to obtain local permits for inspections.
- Electrical transmission lines/sub-stations, need CE-A,H (high voltage) or CE exam.
- Performs residential wiring, CE trade exam covers residential, commercial and industrial wiring.
- Plumbing and HVAC/gas refrigeration; need full CMC (must obtain local permits for inspections).
- Performs process piping (welding); no CMC-B exam.

- Alarm or security system licensees with Alarm Systems Board are exempt from the contractor's license. Or a contractor with a CE or CMC-C may register, in lieu of obtaining license with **Alarm Systems Contractors Board**: Check website at: <http://www.tn.gov/regboards/asc/index.shtml> or call (615) 741-9771.
- Installs telephone lines or computer cabling; no trade exam required. (CE-F or CE-G)
- Gas piping: A contractor with CMC, CMC-A or CMC-C may perform gas piping to water heaters, laundry equipment, kitchen equipment, and to appliances, gas grills, swimming pool heaters, gas logs, etc.
- Fire Protection/Sprinkler contractors must pass the CMC-D exam; must also obtain NICET certification and obtain **Firm** and **RME** license with the Department of Fire Prevention (615) 741-7190 or <http://www.tn.gov/fire/index.shtml>
- Geothermal System requires a CMC-C exam; the well driller needs to be licensed with Department of Environment and Conservation (800-523-4873).
- Solar Panel Installation; specialty (no trade exam if hiring a licensed electrician to perform connections. Local government permits may require electrical license or required to hire a licensed CE contractor)
- Electric Meter Installation - CE-L; or S-Meter Installation (CE exam required)

The following trade classifications do not require an exam; based on equipment and experience: (Always check with local government for their requirements)

Building Subcategories such as: "Acoustical Treatments" (BC-1) through "Irrigation" (BC-33); no exam for up to five (5) subcategories. BC exam would cover all. (Refer to Rule 0680-1-.16 or see the "Outline of Classifications.") Others include: Landscaping (BC-29); Demolition (BC-31); Roofing (BC-21); Scaffolding (BC-34); etc. (LMC exam is required for BC-9 Masonry over \$100,000).

Low Voltage (less than 70 volts): Sound, Intercom, Fire Detection or *Alarm Systems (CE-D); Telephone Lines (CE-F); and Cabling (CE-G). ***Check with the Alarm Systems Contractors Licensing Board at (615) 741-9771 for their exam.** <http://www.tn.gov/regboards/asc/index.shtml> (See also "Specialties" listed below.) Local government may require license and inspections.

Heavy Construction (HC) such as: Marine (Docks, Harbor Improvements) HC-A; Dams, Dikes, Levees and Canals (HC-D); Structural Steel Erection (HC-1); Clearing, Grubbing, Snagging and Rip Rap (HC-5); Storm Damage Cleanup (HC-H); or Landfill Construction (HC-I).

Highway, Railroad and Airport (HRA) such as: Grading and Drainage (HRA-A); Base and Paving (HRA-B); Bridges and Culverts (HRA-C); Well Drilling (HRA-E.4) (well drillers must be certified with the Department of Environment and Conservation (TDEC). See website at: <http://tn.gov/environment/permits/welldrill.shtml> . Department of Transportation (TDOT) requires A license in order to be awarded a highway project; check their website for more information at: <http://www.tdot.state.tn.us/construction/>

Municipal Utility (MU) such as: Underground Piping (MU-A); Grading and Drainage (MU-C); Gas Distribution and Transmission Lines (MU-A,1). (Sewer and septic tank contractors need to check with local health department. (MU-B requires BC-B or BC exam!)

Environmental Specialties: Asbestos Handling (S-A); Underground Storage Tanks (S-B); Lead Based Paint Abatement (S-C); Hazardous Waste Removal (S-D); and Air, Water or Soil Remediation (S-E). (Must attach designated qualifying agent's (QA) training certifications and resume in these areas.) These contractors may need to check with the Department of Environment at: <http://www.tn.gov/environment/>

Specialties: Specialty license classifications are for unique types of contracting where the Board specifies the exact type of work you perform, such as: S-Cell/Communication Towers; S-Equipment Installation; S-Fabrication of Above-Ground Storage Tanks/Vessels; etc.; S-Installation of Paint Finishing Equipment; S-Audio Video; S-Sprayed Fire Proofing; S-Cooling Tower; S-Furniture and Equipment, S-Solar Panels, S-Telecommunications, etc.

Medical Gas certification is required by the American Medical Gas Institute (AMGI) or the Piping Industry Progress and Education Trust Fund (PIPE), with a minimum of 32 hours of training, with eight (8) of these hours in brazing. You may also check with the National Inspection Testing Certification (NITC) for local certification locations at 877-457-6482.

Note: Contractors with non-tested trades or specialty license classifications, cannot perform any electrical, mechanical or plumbing in excess of \$25,000, and would be required to subcontract to properly licensed contractors. Example: A contractor with classification "S-Food Service Equipment" would be required to hire a licensed mechanical contractor to perform refrigeration portions in excess of \$25,000. <http://tn.gov/commerce/boards/contractors/documents/ClassificationOutlineWeb.pdf>

The law requires a contractor's classification to cover 60% of the project or have a commercial (BC or BC-B) classification. Any portions over \$25,000 would need to be subcontracted to properly licensed contractors (T.C.A. 62-6-111).

Qualifying Agent (QA) - Who may be designated to take the exam?

- **Individual/Sole Proprietor:** Owner (or family member *employee)
- **Partnership:** Any or all Partners or full-time *employee
- **Corporation:** Major stockholder or full-time *employee
- **Limited Liability Company:** Owner or full-time *employee

Power of Attorney (See Page 10 of the License Application)

*Employees designated as **Qualifying Agents (QA)**, must provide a "Power of Attorney" (see page 10 in the application), unless, they have majority ownership. Pursuant T.C.A §62-6-115, they must have sufficient knowledge of the construction business to bind the business.

- A QA cannot be listed on more than one license, unless they have majority ownership.
- Social security number must be provided, however, any public records request will have this number redacted, and not released.
- If the QA leaves, notify the Board within 10 days, Rule 0680-1-02(3)(e). The contractor may continue to operate and has three (3) months to replace the QA. The license belongs to the owner of the entity, one providing financial statement, insurance, etc., and does not belong to the QA, unless they are also the owner.

Study Guides

Refer to the test vendor, PSI's "Candidate Information Bulletin" for an outline of exam and materials or review from the Board's website or at PSI: https://candidate.psiexams.com/bulletin/display_bulletin.jsp?ro=yes&actionname=83&bulletinid=200&bulletinurl=.pdf

Restricted/Limited Residential License (BC-A/r)

In lieu of taking the "BC-A" residential trade exam and "Business & Law" exam, residential contractors wanting to construct homes for **less than \$125,000**, may take a "Limited License" course with their local community college or vocational school. The contractor **MUST** comply with all other application requirements as the examinations are waived, only. A contract or permit valuation cannot exceed the monetary limit which includes contractor's cost of land and profit; not allowed to joint venture or perform home inspections; and in order to increase, must take the exams and provide a reviewed financial statement. The classification for this license is "BC-A/r". For a list of these schools, please refer to our website, see "Section 4" at: <http://www.tn.gov/regboards/contractors/forms.shtml>

Reciprocity with other States (Trade Exam Waiver) *(See Page 11 of License Application)*

A **trade exam waiver** agreement exists with several licensing state agencies in Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, Ohio and South Carolina. The Board will also accept the NASCLA National commercial exam.

The reciprocating state must be the applicant's home state; if not, their exam must be comparable to PSI's exam. Attach a copy of license and exam score with verification form. Must also pass the Tennessee "Business and Law" exam and complete entire license application process. See website for more information:

<http://www.tn.gov/regboards/contractors/documents/BLCReciprocationwithTN.pdf>

Special Accommodations

- **PSI – Exam Vendor:** PSI has provisions to make special arrangements. In addition, ADA access information is provided in their "Candidate Information Bulletin" of exam information. You may contact them at (800) 733-9267.
- **Board Office** - The Tennessee Department of Commerce and Insurance is committed to principles of equal access. If you need assistance, please contact our office and ask for the Human Resources ADA coordinator at (615) 741-8307.

<p>STEP 2 – FINANCIAL STATEMENT: Contact a Licensed CPA/PA (Licensed Certified Public Accountant or Public Account)</p>

Licensed Accountant - Contact a Certified Public Accountant (CPA) or a Licensed Public Accountant (PA) actively licensed in the state where your business operates. In Tennessee, you may check at: <http://www.tn.gov/regboards/tnsba/index.shtm> or *click onto "Verify a License"* to search at the Board's website to verify CPA is properly licensed as both a Firm and as CPA. For information regarding out-of-state <http://www.cpaverify.org/> or for International requirements, you may review the website at: <http://nasba.org/international/>

Name and Mode of Operation - Your CPA/PA will need to know the mode of operation and the business name in which you plan to perform business. The law prohibits using a **similar name** to another licensed contractor and you may check names at the license search at: <http://verify.tn.gov/>

The CPA/PA must prepare a financial statement as follows:

- A "Reviewed" or "Audited" financial statement must be provided on the entity or individual obtaining a license and it must be prepared by a properly licensed Certified Public Accountant (CPA) or a licensed Public Accountant (PA), pursuant T.C.A. § 62-6-111.
 - **Reviewed** opinion (required for a monetary limit of **\$1,500,000 or less**)
 - **Audited** opinion (required for a monetary limit **exceeding \$1,500,000**)
- Financial statements must be prepared according to "**Generally Accepted Accounting Principles**" (GAAP)
 - Compiled is **NOT** acceptable
 - Income tax basis is **NOT** acceptable

- Contractor licenses are issued according to the exact **NAME** appearing on the **financial statement** and the name should match on ALL related information, such as the “Charter”, “Articles of Organization”, “Line of Credit”, “Contractor’s Affidavit”, “Guaranty” or “Bond”, “Certificate of Insurance”, etc.

Monetary Limit Determination

The monetary limit is the total dollar amount per each individual contract or project, with a 10% tolerance (*except for BC-A/r*). A project cannot be split into multiple contracts or phases to circumvent the license law. It is a violation of the law to exceed the monetary limit designated on a license. Contractors or their subcontractors exceeding the monetary limit is a cause to reject the bid and prohibits rebidding or participating on the project.

Example: Monetary limits are based on the maximum of “10 times the lesser” of both working capital and net worth, plus experience listed as working on these size projects (*may be while working for other contractors or subcontracts, etc.*). A license limit of \$150,000 must show working capital and net worth of at least \$15,000. Since the limit is based on the lesser of the two, a contractor with a working capital of \$10,000 and net worth of \$200,000 would qualify for \$100,000, if experienced on these size jobs. The contractor in this example may supplement a “Line of Credit” in the amount of \$5,000 to increase working capital or submit a supplemental financial statement with Guaranty indemnity; or accept the lower limit of \$100,000.

Unlimited License Limit

To obtain an unlimited license, the contractor must show **\$300,000** in both working capital and net worth; experience, and an “Audited” financial statement. An audit is not required at renewal to retain this limit.

Working Capital and Net Worth

Please ask your CPA/PA to determine the amount of your working capital and net worth (*see “Worksheet” on page 6 of the application*). Working capital is “current assets minus current liabilities”. Net worth is “total assets minus total liabilities”. Monetary limit is based on the lesser of both net worth and working capital, times 10; and experience.

Financial statement- A balance sheet listing all of the assets and liabilities of the entity holding the license:

- The balance sheet should not contain personal assets or liabilities
- A classified balance sheet is preferred over an unclassified balance sheet (*classified separates assets and liabilities into current and non-current, long-term*)
- The financial statement must be in **exactly the same name as licensed**
- The balance sheet should contain a full date, including the month, day, and year
 - Those dated in excess of 12 months are not considered current (may provide explanation if it is a corporation with a year-end statement in process)

Guide to Classifying Assets and Liabilities:

CURRENT ASSETS are cash and those assets that are reasonably expected to be realized in cash or sold or consumed within one year or within a business’s normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress

- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50% (personal IRA's are not allowed on a Company Financial Statement)
- Cash surrender value of life insurance policies (supply documentation on personal statements for it to be considered)
- Trade accounts receivable and notes and other receivables that are expected to be collected within one year. *(Note: If accounts receivable provide the majority of working capital, the Board may require an update as to the collection of these accounts before allowing full value.)*
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

NONCURRENT ASSETS are not current assets since they generally are not expected to be converted into cash within one year:

- Related party or owners receivables (not allowed as a current asset)
- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments/deferred charges that will not be charged to operations within one year
- Notes receivables from stockholders *(Board does **not** consider these as current assets)*

CURRENT LIABILITIES are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Line of Credit balances and credit card balances
- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- Other obligations, including portions of long-term obligations, that are expected to be liquidated within one year*

LONG TERM LIABILITIES do not include long term notes, bonds, and obligations that will not be paid out of current assets.

*If listing a long term liability, you should classify the portion of the liability due within one year as a currently liability. If no current portion of the liability is listed, then a percentage of the liability will be classified as current for the purpose of determining working capital.

Indemnities - Guaranty Agreement and Bonds

An indemnity such as a “Contractors License Bond” or “Guaranty Agreement” must be provided with a **personal or parent company financial statement**, for the following:

- Entities submitting “**cash**” only financial statements without fixed assets are considered *deficient and required to submit an indemnity, such as a Guaranty or Bond with their supplemental personal/parent financial statement, in addition to the CPA's review or audit of the entity obtaining the license.
- Contractors needing to supplement their entity's working capital and/or net worth for their desired monetary limit, may utilize their personal/parent supplemental financial statement at 50% value with a Guaranty.

- Whenever the entity is owned by another entity (**subsidiary**), the **parent must supply an indemnity and must include the parent company's financial statement.**
- Subsidiary contractors, which are without a reviewed or audited financial statement, may submit a request for the board to accept an in-house financial statement in the name to be licensed, and include their **parent company's audited or reviewed financial statement with an indemnity** ("Guaranty Agreement" or "Contractor's License Bond").
- If the parent cannot provide a "Guaranty Agreement", they may request the board to consider a \$500,000 or \$1,000,000 bond in the Board's format, by a bonding/insurance provider. This bond would not be accepted in lieu of providing a financial statement. Contact the Board office or review at: <http://www.tn.gov/regboards/contractors/documents/BLC-GuarantyAgreementPolicy.pdf>

**Note: Indemnities are required by the Board whenever the financial statement is deficient (no fixed assets, equipment, land, vehicles, buildings, etc.,) Rule 0680-1-.13 and T.C.A. 62-6-111(4)(b)].*

New start-up businesses: Contact your accountant (CPA/PA) for advice on the best mode of operation to operate your business. Accounts, such as a checking account, will need to be in the business name. The law requires contractors to operate in the exact name as licensed and the financial statement will need to be in this same name. Your accountant may advise whether more capital needs to be placed into the business account to obtain the desired monetary limit and the time limit required. Your CPA/LPA will need to prepare a "Review" or "Audit" on your contractor's business account.

It is important to list more than just primarily "cash" on a financial statement and to include equipment, land, buildings, vehicles, etc., items used to do business. Any contractor failing to supply a complete business financial statement and provides primarily "cash", this is considered "deficient" of Property, Plant and Equipment (fixed assets) and not acceptable. An option for the Board to utilize such a statement would require providing an indemnity or guarantee (*see Rule 0680-01-13*), in addition to the "Reviewed" or "Audited" financial statement for the licensed entity.

Indemnities such as a "Guaranty Agreement" require supplying a "supplemental" personal financial statement, in addition to the **Reviewed or Audited** financial statement (*"supplemental" financial statements are not required to be prepared by a CPA/PA and may be self-prepared or compiled*). A contractor supplying an indemnity with a personal financial statement is making themselves personally liable, as well as anyone else listed on the personal financial statement (*spouse*) for their business obligations. For this reason, it is discouraged by the Board for a contractor to supply a cash only financial statement to obtain their desired monetary limit.

For those needing a large amount indemnified; or if a parent company cannot supply a Guaranty Agreement, then another option for an indemnity would be to supply a "Contractor's License Bond" in the Board's format (*provided in lieu of the Guaranty Agreement*). See more information on website at:

<http://www.tn.gov/regboards/contractors/documents/BLC-GuarantyAgreementPolicy.pdf>

Line of Credit (*see Page 9 in the License Application*)

A Line of Credit (LOC), in the Board's exact format, in the exact name as financial statement, may be considered to supplement working capital, only. The LOC must come from a FDIC approved bank, savings and loan institution. The sample format is located in the contractor's application. If working capital is negative, the Board may not consider more than 50% percent of LOC with guaranty agreement financials. The Board will not issue a license based on the sole value of a LOC and must accompany their entity's CPA prepared financial statement. In lieu of a LOC, an indemnity may be supplied.

(Financial statement documents are considered confidential and not public information)

INFORMATION FOR FINANCIAL STATEMENTS
(Check with your CPA or Licensed PA on this information!!)

NOTE TO CPA/LPA: Please advise your client of their working capital, net worth and monetary limit and that our in-house auditor will make a determination based upon the criteria by the Board as to the amount determined prior to the Board meeting.

ALL applicants MUST have either a REVIEWED or AUDITED financial statement prepared by a Certified Public Accountant or Licensed Public Accountant, in accordance with T.C.A. 62-6-111.

COMPILED STATEMENTS AND STATEMENTS PREPARED ON INCOME TAX BASIS WILL NOT BE ACCEPTED!!

- Licenses will be issued in the EXACT name that appears on the financial statement. Be sure that the name on the financial statement and the name throughout your application are the **EXACT** same. (If a spouse's name is on the statement, such as "John and Mary Jones", the license will be issued as "John and Mary Jones"). If a corporation, must match as registered.
- Request for monetary limits **GREATER than \$1,500,000.00** requires an **AUDITED** financial statement.
- Request for monetary limits **EQUAL TO or LESS THAN \$1,500,000.00** require a **REVIEWED** or **AUDITED** financial statement.
- **ALL** financial statements **MUST** be prepared by a **CPA or PA**. Their accountancy licenses (as a firm and CPA) must be current and in good standing.
- **ALL** financial statements **MUST** include the following:
 - 1) CPA signed opinion letter. This will provide the opinion on the licensee or applicant exactly as the license will be issued.
 - 2) Balance sheet. The balance sheet must list the assets (separated into current and long term); and the liabilities (separated into current and long term) based on the Generally Accepted Accounting Principals (GAAP).
 - 3) Notes to the financial statement. This is requested to explain to the Board how the figures were determined.
 - 4) Audited statements must include the profit and loss statement and cash flow statement.

Note: The Board considers retirement plans, profit sharing plans, IRA's, 401-K's, etc., at **50%** of their value. This is to allow for tax liability. If the majority of working capital is from receivables, the Board may require more information.

FINANCIAL STATEMENTS MUST BE PREPARED ON YOUR CPA'S OWN FORM. Financial statements **MUST** be current (within the last twelve (12) months). If later, must provide a written explanation with time in which a new year in statement will be available with a request to use until that time. In addition to a reviewed or audited financial statement, the Board may require an indemnity or personal financial statement with a Guaranty Agreement if an operating statement was not submitted with fixed assets or cash only. The personal financial statement does not have to be prepared by a CPA.

INFORMATION FOR MONETARY LIMITS

NOTE: CPA/PA'S - Please advise your client of their working capital and net worth

Monetary limit is based 10 times the **LESSER** of **WORKING CAPITAL, NET WORTH and EXPERIENCE!** Example: A monetary limit for \$100,000 would require \$10,000 in working capital and net worth (plus experience). (Note: For bidding purposes, there is a 10% bid tolerance to the monetary limit assigned.)

Working Capital = your **current** assets **MINUS** your **current** liabilities.

Net Worth = your **total** assets **MINUS** your **total** liabilities.

Example #1:

Current Assets:		<u>\$ 20,000.00</u>	Total Assets:		<u>\$ 20,000.00</u>
Current Liabilities:	-	<u>\$ 10,000.00</u>	Total Liabilities:	-	<u>\$ 10,000.00</u>
Working Capital:	=	<u>\$ 10,000.00</u>	Net Worth:	=	<u>\$ 10,000.00</u>

Monetary Limit Qualify: \$100,000.00 (must show experience, too!)

Example #2:

Company Working Capital:	<u>\$ 20,000.00</u>	Company Net Worth:	<u>\$ 20,000.00</u>
Personal Working Capital:	<u>\$ 2,000.00</u>	Personal Net Worth:	<u>\$100,000.00</u>
50% of Personal Working Capital:	<u>\$ 1,000.00</u>	50% Personal Net Worth:	<u>\$ 50,000.00</u>
Line of Credit:	<u>\$ 10,000.00</u>		
Total Working Capital:	<u>\$ 31,000.00</u>	Total Net Worth:	<u>\$ 70,000.00</u>

Monetary Limit Qualify: \$300,000.00 (must show experience, too!)

STEP 3 - LETTER OF REFERENCE

Reference Letter (See Page 5 of the License Application)

The "Letter of Reference" is required by all applicants (*including second and reinstatement licenses*). It must be completed by a past client or employer, who can comment about your construction work/experience, OR a code official who has inspected your work (*not from a relative*). Only one (1) reference letter is necessary. Please include the completed reference letter with your application. The reference does not have to be on the Board's form as long as it includes all contact information (*does not have to be from a Tennessee resident/firm.*)

STEP 4 – PROOF OF INSURANCE

Insurance ([General Information](#))

A "Certificate of Insurance (COI)" is required in order to apply for a contractor's license. The COI must include policy numbers, expiration date, and the "Board for Licensing Contractors" with address must be listed as the "Certificate Holder". For more information on requirements for insurance, see the Board's website at:

http://tn.gov/commerce/boards/contractors/documents/InsuranceInfo_001.pdf

- **General Liability** - The Board has established minimum amounts for General Liability at three (3) levels based on the monetary license limit requested:
 - Monetary Limit - Up to \$500,000 = \$100,000 of minimum coverage;
 - Monetary Limit of \$501,001 to \$1,500,000 = \$500,000; and
 - Monetary Limit exceeding \$1,500,001 to Unlimited = \$1,000,000.

- **Workers' Compensation** - Required for all contractors applying for a license, unless: 1) The contractor does not have any employees; and 2) the license owners/employer has met the criteria to be exempt or provided proof of registration as a "Construction Services Provider" with the Secretary of State at: <https://tnbear.tn.gov/wc/>

- **Employee or Independent Contractor**
See the Department of Labor and Workforce Development's "Employer Guide" at http://www.tn.gov/labor-wfd/wcomp/employers_info.shtml#WHO_NEEDS – see the table listed under "The Employee Misclassification Education and Enforcement Fund.

STEP 5 – CORPORATIONS AND LIMITED LIABILITY COMPANIES

Tennessee Secretary of State

The Secretary of State's office is responsible for business filings and may be contacted at (615) 741-2286 or visit their web site at: http://tn.gov/sos/bus_svc/corporations.htm

- Tennessee corporations, out-of-state (foreign) corporations, limited liability company or a limited/general partnership must register with the Tennessee Secretary of State's office and submit proof with their license application, such as a copy of their "Certificate of Authority" or "Articles of Organization" (must be in the same name as on their financial statement).
- You may register tax ID number at: <http://www.tennessee.gov/revenue/>
- Obtain business licenses for local government at: <https://apps.tn.gov/bizreg/>
- Local government permits and inspections contacts are at: <http://tn.gov/local/>

*Contractors may change their mode of operation after licensed, through the "Revision" process.
Note: Must operate in name and mode of operation in the legal entity, as licensed!*

STEP 6 – COMPLETE APPLICATION / EXPERIENCE / AFFIDAVIT (SIGN AND NOTARIZE)

License Application (Pages 1 – 16)

All questions must be answered or it may be returned. If more space is needed, you may enter "See Attachment". List all experience, which may be from working in other states or with other construction companies, as well as, from your all owners/officers/qualifying agents. Resumes may also be attached.

Attachments – Reference letter; Certificate of Insurance; Financial Statement; Exam Score copies (keep originals); and applicable pages of the application. See "Checklist" on page 16 to aid in making sure everything is provided.

Social Security Numbers - Social security numbers (SS#) are required when applying for a license (*Authority: 42 U.S. Code §666*) and considered confidential; not a matter of public record. When registering for an exam with PSI, it is requested, however, if an individual does not have a SS#, contact our office for special arrangements to be made with PSI.

Eligibility Verification for Entitlements Act (EVEA) (See pages 13-15 of License Application) Sole Proprietors applying for a license must verify their U.S. citizenship or lawful presence. Please review the instructions on pages 13 – 15 of the license application. When providing SS#, photo identification is not required. Requires completing **page 14**; must be signed and provided with the license application.

Contractor's Affidavit / Disclosures (See page 4 of License Application)

Affidavit must be signed and notarized by all applicable individuals (qualifying agent, owner(s), partners, members, main officers and major stockholders). For large corporations, with several officers, please list at least three (3) who have the authority to act on the company's behalf. Attach an explanation on items where it is applicable.

- Applicant must inform the Board of the following: Felony conviction(s); Judgments, Discipline, and Complaint history (open and closed cases); Court actions, including those pending litigation or legal arbitration proceedings, bankruptcy, or violation of license law, etc., including those in other states. (See T.C.A. § 62-6-118). Be sure to include a detailed explanation (see outline below). Convictions must include court documents and proof of probation release, a certified background check and reference letter from parole officer.)
- An **interview** with the Board is typically required when there are such **disclosures or a complaint history**. The license may be denied depending on each individual matter **or** for failing to disclose this information. However, the full Board will judge on merits with respect to time, circumstances, and seriousness. Failure to submit this documentation may delay the review process. A license may be held for up to six (6) months for license law violations. (*May copy affidavit form for each signature or include all on one*).

I. Felony Conviction(s) – Disclosure on Affidavit

If you have been convicted of a felony in any jurisdiction (Tennessee or any state), this requires disclosure and providing information regarding the felony(s) for the Board to review. The applicant must provide the following:

- 1. Written statement from you explaining conviction with the following information:**
 - a. Age at time of conviction
 - b. Description of crime
 - c. Activities that lead to conviction
 - d. Improvements, changes or clean criminal history since conviction
- 2. A copy of the official charging document (court order)**
 - a. Proof of sentence, amount of time served, probation time; and disposition (final outcome)

3. Proof of release from probation

- a. Released at a minimum of one (1) year without new arrests

4. Character Reference

- a. May be from parole officer, pastor, etc.

5. Background Report of [Tennessee Criminal History](#) from Tennessee Bureau of Investigation (TBI) and State in which convicted

- a. If you have resided in this state for less than 5 years, also include a report from prior state of residence or the state in which you were convicted.

II. Judgments/Discipline/Complaints – Disclosure on Affidavit

If you have complaints (open, closed or dismissed) with the Board; or construction related liens/judgments (paid; unpaid; pending) from any court; or disciplinary action taken by another licensing or permit agency (in-state, out-of-state, or local government) or court action involving consumer protection violations, please provide an explanation, as well as the findings or status.

- a. Supply attachment with description of findings, action and status.

STEP 7 – APPLICATION PROCESS - \$250.00 LICENSING FEE

Once the application is complete (*see also Checklist on page 16 of the application*), send with the **\$250.00** (nonrefundable) two (2) year license application fee, made payable to: **State of Tennessee**. Payment may be by check (*company, personal or cashier check*) or money order; do not mail cash and credit cards are not yet acceptable. Mail to:

**Tennessee Board for Licensing Contractors
500 James Robertson Parkway
Nashville, TN 37243-1150**

Please allow 5 to 7 business days for mail delivery. Express mail arrives to us within two (2) days (*goes to the mailroom/cashier's office first*). Always make a complete copy for your records. Note: If hand-delivering application to be reviewed, the Board office is located on the 4th Floor of the Davy Crockett Tower. Our office cannot accept fees and must take to the "Cashier's" office. See "Checklist" on page 16 of the application to assist in providing all required information.

Application Deadline

The application is due on the 20th of the month before the Board meets. The application must be received in the office by deadline date; not postmarked. The Board meets six (6) times annually, and during the following months: January (Nashville); March (Nashville); May (West TN); July (Nashville); September (East TN); and November (Nashville). *Meeting locations are tentative and subject to change. See "Public Meetings Calendar" on the website.* For example, in order to be reviewed at the January meeting the application must have been received by December 20th. If 20th is on a holiday/weekend, next business day is considered the deadline.

Hardship/Emergency Early Review Requests - Early review of the application may be made prior to Board meeting, however, must follow the special guidelines as provided on the website by emailing or faxing the application; then mailing the original with the fee. <http://www.tn.gov/regboards/contractors/documents/HardshipRequestForm.pdf>

Processing - Please allow at least three (3) weeks for processing your application before making telephone or email inquiries. Due to limited staff, inquiries delay processing applications. Contractors will be notified by mail and/or email or fax of the time, date and location of the Board **interview**, if required or whether the interview has been **waived**. If information is lacking, you will be contacted to provide the information in order to be reviewed by the Board. Meeting dates/locations are available on the website. You may check the website to confirm receipt of application in process at: <http://verify.tn.gov/> - Do not contract until you receive license certificate in the mail with current expiration date.

STEP 8 – BOARD REVIEW / INTERVIEWS

Interview - An **interview** with a board member at the meeting **may** be required for the following: Qualifying Agent (QA) is not a majority owner and employed less than six (6) months; Experience – Insufficient amount listed for the monetary limit requested; and/or if there are issues such as: Complaint history; judgments; felony convictions; bankruptcy; etc., or failure to disclose such issues. Whenever an interview is required, the QA is required to interview. If the QA is not a majority owner, then the QA and an owner; or QA and an officer, must **both** attend the board meeting. **Interview is required for BC-A/r (limited restricted residential) license applicants.** An admission letter of the time, date and location of the meeting will be sent to those required to interview.

- Those required to **interview**, this is informal and takes no longer than 30 minutes. However, due to several contractors scheduled, there may be a **timely wait**. Board members in your field of expertise usually perform the interview. For example, an electrical Board member will interview those applying for an electrical license, and the mechanical contractor interviews the plumbing and HVAC contractors, etc. At the interview, the application is reviewed and general questions will be asked about contracting experience and to ensure the license classification covers your type of projects. You may use this time to ask the Board member advice or the staff questions concerning the licensing law. There is no dress code requirement.

Interview Waived – Files are reviewed prior to the Board meeting and those granted waiver of the interview will be sent a notification letter. However, the license does not get granted earlier and must be approved at the Board meeting.

Board Review - See the “Public Meetings Calendar” for the Board meeting schedule. The law requires the full Board to vote to approve all licenses in order to be issued. Contractors granted a hardship for early review are ratified at this meeting for issuance.

FINAL STEP – LICENSE ISSUED / RENEWAL

License Issuance

Upon approval by the full Board, license issuance is processed by staff the day after the meeting. License approval may be confirmed online within **3 – 5 days** after the meeting at “*Verify a License*” on the website at: <http://verify.tn.gov/> The license will have your **license name, ID number, classification, expiration date and monetary limit** (*contains same information required to be on the outside of a bid envelope for primes and subs*). Licenses are issued for (2) years.

Renewal

Renewals are mailed 90 days prior to expiration date and should be sent to the Board 30 days prior to the expiration date to avoid contracting on an expired license, which would be considered unlicensed activity. There is not a grace period to operate while expired! For example, if your license expires on 7/31/2016, on August 1, 2016, a permit would be denied. Contractors are required to supply a *financial statement, proof of insurance, response to renewal questions and disclosures, and the fee is \$200. Corporations and LLCs must ensure their corporate status with the Tennessee Secretary of State’s office is active. Contractors have renewal rights for up to **12 months (*must reinstate through new application process after 12 months*). Late fee per month is \$20. Contractors may retain renewal rights by placing the license in “Retirement” for \$25 per year.

➤ ***Renewal Financial Statements**

Contractors with a monetary limit of \$1,500,000 or less, a self-prepared or compiled financial statement for renewal is acceptable. Contractors with a limit exceeding \$1,500,000 may provide a “Reviewed” financial statement from their CPA (“Audit” is not required to renew).

➤ ****Reinstatement of Expired License**

A license expired in excess of 12 months cannot be renewed; a new license must be obtained by the “Reinstatement” process (listed below).

Reinstatement of Expired License (*Check “Reinstatement” on Page 1 of License Application*)

Whenever the license has been expired more than 12 months, the contractor must complete the new application process for “Reinstatement”. This requires completing “**Steps 1 – 8**” with the only exception, “**trade**” exams may be waived (*Business and Law is not required to be retaken*). The trade exam may be required if a license has been expired more than two (2) years and the contractor did not provide experience showing they have remained knowledgeable in the industry. This experience may be while working for another contractor; performing work in which a license is not required (*less than \$25,000 or as a subcontractor*); or working in another state. The Contractor may provide a letter to the Board requesting waiver of retaking the trade exams based upon the experience provided. The staff cannot grant a waiver; the Board will review exam waiver requests submitted with the completed license application. If you do not have a copy of the trade exam scores, put N/A on this question, but list the exams. If original license was obtained without passing the trade exams, the Board may require taking the trade exam. The fee to reinstate is \$250 (*past renewal and late fees not required*).

Retirement of License

A license may be placed in a retirement (inactive status), in lieu of renewing, by completing the retirement application. The fee is \$25.00 for each year to be retired (may be retired up to 7 years without paying the \$200 renewal fee). For example, to place a license in retirement for 2 years, the fee is \$50. Retirement does not require a financial statement or proof of insurance; only the fee. The renewal fee (\$200) and any late fee is not required as long as you place the license in retirement prior to the expiration date. In order to reactivate the license, all that is needed is to complete license renewal application, include the financial statement, proof of insurance, and pay renewal fee, and as long as the retirement status has not been expired more than one (1) year, the license may be reactivated to an active status.

Merger/Change in Ownership/Reorganization *(Check "Merger" on Page 1 of License Application)*

Whenever there is a merger; change of ownership with majority change coming from new owners/stockholders, or in the case where a partnership dissolves; or reorganization; the law requires applying for a new license. The Board will allow a contractor to continue to operate **up to 90 days** on existing projects if the license is active, however, cannot operate in the new entity's name. "**Steps 1-8**" are required except, **exams do not have to be retaken** as long as the qualifying agent (QA) remains with the company.

Second or Additional Licenses / Multiple Businesses *(See Page 1 of License Application)*

Contractors, who own more than one business, may only bid or contract in the exact name as licensed. Even though they own both entities, they cannot bid or contract under the separate business or subsidiary's name. Must apply for an additional license in order to operate under another entity. This includes **franchises**. To obtain an additional license, this requires completing the new license application process (**Steps "1 – 8"**) with the exception, exams are not required to be retaken. Check the box on "Page 1" of the new license application as "Second/Additional License" and list your other license(s) numbers to flag staff to use same exam scores *(if QA is an owner)*.

Revisions/Changes – Mode, Name Change, Add Classification or Increase Limit

Contractors may request revisions such as, an increase of monetary limit, add a classification, or name change, by requesting a **revision** application. Changes in the "Mode of Operation" such as changing from a sole proprietor to a corporation or LLC must complete a change in mode of operation (*transfer*). Law requires new application for dissolving a partnership. A license cannot be transferred to another business entity and requires completing a new license application. The Board reviews all revision requests at Board meetings and meet six (6) times yearly. For early reviews, there is a hardship process. More information is at the "*Forms and Downloads*" section of our website at: <http://www.tn.gov/regboards/contractors/forms.shtml>

Address Changes

Make sure to notify the Board of any address change, as State mail is not forwarded. Whenever providing a Post Office box or utilizing a Private Mailbox Provider (PMB), a physical address must also be provided. The statute requires reporting changes within 30 days.

Bidding Requirements /Contracting

Contractors must be licensed in Tennessee **prior** to contracting, bidding, negotiating, or making an offer (*unless with TDOT – Tennessee Department of Transportation*) and must contract in the name as licensed or it may be considered unlicensed activity which prohibits bids to be awarded or allowed to rebid.

- **Bid in Name as Licensed** - Contractors licensed as an individual, such as “John Jones” and bids as “John Jones, Inc.” is considered an unlicensed entity and should change the mode through the license revision process (*LLC, corporation or partnership*) or obtain second license, prior to bidding in new name. (See [“Bidding”](#) summary on the website.)
- **List Information on Bid Envelope** – Name, license ID number, classification, and expiration date, is required to be on the **outside of a bid envelope** for the prime contractor and also the subcontractors for: Electrical (CE); Plumbing (CMC-A or CMC); *HVAC (CMC-C or CMC); and Roofing (BC-21 or BC-12 or BC) when their portion of the bid is \$25,000 or more; Masonry (LMC) if \$100,000 or more (includes materials and labor), must also appear on the outside of the bid envelope (*see TCA 62-6-119*).
 - **Geothermal Well Driller** - For each vertical closed loop **geothermal** heating and cooling project, the company name, Tennessee Department of Environment and Conservation ([TDEC](#)) license number, classification (G, L or G,L) and the expiration date must also be listed.
- **Subcontractors – License Required**

The only subcontractors, those bidding directly to a contractor, required to be licensed as a contractor are those bidding **\$25,000 or more** for the following: **Electrical, Plumbing, Mechanical** (*mechanical includes fire protection and sprinklers, process piping, boilers, etc.*); **HVAC, Roofing, and *Masonry (LMC)**. See bid envelope information above for requirements to list subs on bid envelope.

**Masonry (LMC) – Contractor’s license required for projects of \$100,000 or more as a “subcontractor”. As a prime contractor, masonry contractors must be licensed when the project is \$25,000 or more.*
- **Subcontractors – License Not Required**

Subcontractors other than those listed above are not required to be licensed when contracting with the contractor. Examples include the following types of work: Painting, Framing, Landscaping, Excavation, Flooring, S-Specialties such as S-Equipment Installation; S-A etc.,

Bid Preference Law – Out of State

For those contracting in other states bordering Tennessee, our state requires the same of nonresident contractors as they do of resident contractors. This statute is found in T.C.A. 12-4-801 and states in part, should the bidder on a public construction project in this state be a resident of another state, contiguous to Tennessee, a like reciprocal preference is allowed. In short, if a nonresident’s home state gives a preference to their residents, we apply the same criteria to their bid on our state’s work.

Complaints

Contractors must disclose whether they have a history of construction related complaints (closed or open); and past or pending judgments. After obtaining a license, you must respond to complaints submitted to the Contractor's Board or to the Division of Consumer Affairs mediation program to avoid civil penalties, license suspension or revocation which are assessed by the Board for Licensing Contractors.

Board Notification of Changes

It is the responsibility of the contractor to notify the Board of address changes, judgments, bankruptcy, changes in officers, qualifying agents, or felony convictions of owners, officers, and qualifying agents, etc.

Law Updates

You are encouraged to register with the Department's email list to be notified of important law or rule changes, or to receive newsletters: http://www.tn.gov/notify-app/sign_up.html?agencyId=3 -or- check the Board's website at: <http://www.tn.gov/regboards/contractors/>

Joint Ventures

All contractors must hold a Tennessee contractor's license in order to bid and contract as a joint venture in order to combine licensed monetary limits (*See Rule 0680-1-.11*).

Register for Electronic Notifications

Renewal Alert: <http://www.tn.gov/regboards/renewal-notify.shtml>

Newsletters, notices of rulemakings, law changes, etc., at: http://www.tn.gov/notify-app/sign_up.html?agencyId=3

The ***Contractor's License Application*** (pages 1 – 16) is available at: <http://www.tn.gov/regboards/contractors/documents/LicenseApplicationWeb.pdf>