



[Sometimes Contractors Collect Without a License \(Crawford Construction Revisited\)](#)



Are you all looking for a case where the contractor did just about everything wrong from a documentation and licensing perspective and still got away with it? If so look no farther than [Crawford Construction & General Contractors Inc. v. Kemp](#). This case [came up here at Musings once before](#) relating to the contractor's failure to

obtain written change orders from the defendant homeowners. In the prior opinion, the Salem, [Virginia Circuit Court](#) allowed a large claim by the contractor, Crawford, to go forward despite the lack of written change orders.

After much posturing, the homeowners then filed a motion for partial summary judgment based upon the [Virginia Code 54.1-1115](#) which prohibits unlicensed contractors to enforce a contract. The homeowners argued that they did not owe the builder approximately \$385,000.00 for added work and materials added to their home because the Virginia statute voided the contract.

The builder argued that a contractor's license existed at the time of the work, but that it inadvertently believed that, after it split its original business into two separate entities, it could use the original license to cover both new companies. However, it later learned that this was not the case and was in the process of correcting the issues. Therefore, the builder's argument went, the mistake was made in good faith and therefore the statute did not void the contract.

The court agreed stating:

It is clear to the court the builder's mistake concerning his contractor's license was made in good faith and was inadvertent. Builder is currently trying to correct the error. The good faith exception to Code § 54.1-1115(C) applies. The contract between builder and homeowner is not void or unenforceable. It is a valid building contract performed in good faith, the breach of which can be litigated by the parties.

The court went further to state that the remainder of the statute discusses the fact that operating without a license is a Class I misdemeanor and then equated the intent component of the criminal portion of the statute with that necessary to void a contract.

The takeaway? Despite the fact that Crawford seemed to skate by despite its failure to have a proper license, it put \$385,000.00 at risk by operating without a clear understanding of the statutes and regulations governing its business. Couple this with the fact that most of the time [contracts in Virginia are enforced as written](#) (see the need for written change orders outlined in the prior post) and you have one *very* lucky builder.

The lesson here is to consult with a [Virginia construction attorney](#) to assure that you have a clear understanding of the contract, rules and regulations for contractors. Had Crawford done so early in this process, much of this heartache and tension could have been avoided.

Image via [Wikipedia](#)

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