

Construction Contractors Board

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State of Oregon
Construction Contractors Board
Craig P. Smith, Administrator
Honorable Ted Kulongoski, Governor



NOTICE OF PUBLIC MEETING - AGENDA

Tuesday, March 28, 2006

8:30 a.m.—2:00 p.m.

West Salem Roth's IGA, Santiam Room
1130 Wallace Rd. NW
Salem, Oregon

Times are Staff Estimates Only – Actual Agenda Item Times are Subject to Change by Chair

	(ITEM TYPE)	(PAGE #)
8:30 a.m.		
A. Preliminary		
1. Call to Order		
2. Approval of Agenda and Order of Business	ACT	(pg 1-2)
3. Approval of Minutes, January 24, 2006, Board Meeting.....	ACT	(pg 3-20)
4. Board Member Reports	DIS	(no attach)
5. Agency Report:		
a. Number of New Licenses Processed Per Month	FYI	(pg 21)
b. Rate of Renewals	FYI	(pg 22)
B. Legislative Concepts:		
1. Memo re Legislative Concepts	ACT	(pg 23-27)
10:00 a.m.		
C. Appeal Committee		
1. Memo re: Enforcement Action No. 62355, Gregory M & Michelle M Reynolds.....	ACT	(pg 28)
11:00 a.m.		
D. Administrative Rules Hearing		
1. Notice of Proposed Rulemaking Hearing	ACT	(pg 29)
a. Statement of Need and Fiscal Impact	FYI	(pg 30)
b. Housing Cost Impact Statement	FYI	(pg 31)
c. Rule Language	ACT	(pg 32-34)
d. Copy of Revised Forms.....	FYI	(pg 35-38)
2. Permanent Rules filed March 2, 2006	FYI	(pg 39-41)
3. Temporary Rule filed March 9, 2006	FYI	(pg 42-45)
11:30 a.m.		
E. Ongoing Issues:		
1. Arbitration Agreements.....	DIS	(pg 46-49)
2. Construction Claims Task Force	DIS	(handout)
3. Intra-Agency Team for Independent Contractor Issues	FYI	(pg 50-55)
4. Update on CCB SIU Investigation on Wade McGilvra (Blank).....	UP	(no attach.)
12:00 p.m. Working Lunch		
F. New Business		
1. Exception to ORS 701 for Real Estate Licensee Engaging in Development Activities	DIS	(pg 56)
2. Landscape Contractors Board Legislative Concepts that Affect ORS 701	DIS	(pg 57-62)
1:00 p.m.		
G. Public Comment		
This time is set aside for persons wishing to address the Board on any matter of interest. Speakers will be limited to five minutes, unless extended by the Board chair. The Board chair reserves the right to further limit or exclude repetitious or irrelevant presentations. If		

written material is included, 20 three-hole punched copies of all information to be distributed to Board members should be given to the Recorder prior to the meeting. Action will not be taken at this meeting on citizen comments. The Board, however, after hearing from interested citizens, may place items under new business on a future agenda so proper notice may be given to all interested parties. If no one wishes to comment, the next scheduled agenda item will be considered.

1:15 p.m.

H. CCB Program Issues

1. Education Program:
 - a. Ron Saylor comments re: CCB Bulletin Board Article on Lead-Based Paint FYI (pg 63-64)
2. Licensing/CSU:
 - a. Active and Inactive License Count FYI (pg 65)
 - b. CCB Licensed Contractor Categories FYI (pg 66)
 - c. Proposed Rule Change 812-001-0160..... FYI (pg 67-69)
 - d. Letter from Northwest Inc..... FYI (pg 70-71)
 - e. Letter from Douglas Electric Inc re: Suspensions Showing on Website FYI (pg 72-83)
 - f. Letter from Rembrandt Development Corp. re: Insurance FYI (pg 84-85)
3. Enforcement Program:
 - a. Tidewater Contractors Inc. re: Illegal Substitute of Third Tier Subcontractor..... FYI (pg 86-91)
4. Dispute Resolution Services (DRS):
 - a. Clauses in Contracts FYI (pg 92-104)
5. Administration:
 - a. Letters to the Board FYI (pg 105-111)
 - b. News Clippings and Press Releases FYI (pg 112-139)
 - c. Board Calendar 2006 FYI (pg 140)

2:00 p.m.

I. Adjournment

Although the Board does not normally go into executive session, the Board may meet in executive session under authority of ORS 192.660 to consult with counsel.

Interpreter services or auxiliary aids for persons with disabilities are available upon advance request.

**MINUTES OF THE
CONSTRUCTION CONTRACTORS BOARD MEETING**

The Construction Contractors Board met on Tuesday, February 28, 2006, in the Santiam Room, West Salem Roth's IGA, 1130 Wallace Rd. NW, Salem, Oregon. Members present included: Chair, Cliff Harkins, Chuck Crump, Jim Fairchild, Walt Gamble, Tom Skaar, Dennis Schad, and Sandy Trainor. Board member Gwen Elster was excused from the meeting. Staff present included: CCB Administrator Craig P. Smith, Administrative Services Manager Linda Teet, Licensing/CSU Manager Kristie Patton, Dispute Resolution Manager Bill Boyd, Information Technology Manager Shelly Wiles, Education Manager Gina Fox, Enforcement Manager Richard Blank, Steve Welker, Joe Laria, Regina Arnold, and Board Secretary Catherine Dixon. Assistant Attorney Generals Kathleen Dahlin and Lori Lindley also were present.

Guests Included: Bonnie Sullivan
Richard Bauman, Building Codes Division
Maurice Russell, Office of Administrative Hearings
Mary Stern, Yamhill County
Kim Gladwill-Rowley, LCB
Reese Lord, BCD
John Stuart
Scott and Carol Aldrich
Ray Johnisee

A. PROCEDURAL

1. Call to Order:

Chair Cliff Harkins called the meeting to order at 8:35 a.m.

2. Approval of Agenda and Order of Business:

The agenda for the February 28, 2006, meeting was approved.

3. Approval of Minutes:

The Board meeting minutes from the January 24, 2006, meeting were approved.

4. Board Member Reports:

Board members reported on what was happening in the geographic region, in which they live and work.

Board member Chuck Crump asked for an update on Jerry Walton's report.

B. ONGOING ISSUES

1. CCB DRS Fee:

Administrator Craig P. Smith discussed whether the Dispute Resolution Services (DRS) processing fee should be reduced, eliminated or remain the same with Board members. The CCB DRS processing fee is controversial. On one hand it helps fund the program and provides a deterrent for frivolous complaints. On the other hand many people feel the fee is

inappropriate, consumers feel that charging them a fee is an insult, and it slows the process down. Administrator Smith's recommendation is to eliminate the processing fee. The fee can be changed by rule. Board members discussed perhaps lowering the fee to \$25 or \$10 or as an alternative eliminating the fee for residential owner complaints. Board member Jim Fairchild suggested that perhaps the 30 day notice requirement has played a large role in eliminating frivolous complaints. Board member Chuck Crump suggested that the refund of the DRS processing fee to the homeowner if they prevail at hearing needs to be made more prominent in the written materials. Some homeowners don't get the fee refunded because they enter into a settlement agreement prior to going to hearing. Board members discussed refunding the fee to all homeowners, even if they enter into a settlement agreement. Staff reported that it would cost the agency approximately \$100 to refund the fee.

Action Item: Board members directed staff to look at alternatives and bring this issue back to the next Board meeting. Bill Boyd to prepare a report.

2. **License Revocation:**

Administrator Smith asked the Board under what conditions should a CCB license be revoked rather than suspended. Issuing a license is a privilege that is taken away by revocation. In what circumstances should CCB revoke a license? CCB currently doesn't revoke many licenses, most are suspended which gives contractors an incentive to pay previously unpaid orders. The public perceives the revocation of a license as more severe punishment than a suspension. Many other states revoke more licenses than Oregon. Administrator Smith recommended that revocation be utilized for the following misconduct:

- Fraud and dishonest activity,
- Pay twice situations; and
- Other gross misconduct.

Board members discussed setting a time period that the licensee would have to wait to be eligible to apply for another license. Board members suggested perhaps one or two years and suggested that staff research what other states restrictions are, such as Nevada, Arizona and California. Board members suggested revocation of a license if a final order goes unpaid for more than 90 days.

Assistant Attorney General Kathleen Dahlin stated that revoking a license for a period of time would require a change to the statute because CCB currently lacks authority to set a time period before reapplying for a new license.

Administrator Smith discussed the website reporting of suspensions and revocations with Board members. We have experienced some consumers not understanding the difference between an administrative sanction (for not getting their bond or insurance paperwork into CCB) and CCB disciplinary actions taken to impose a sanction. Board member Gamble suggested that the enforcement sanctions be called "penal" sanctions. Board members directed staff to develop a list of offenses that would rise to the level of revocation of the license. Board member Gamble discussed perhaps developing a matrix of steps showing the administrative steps that lead up to revocation of a license. He further suggested that CCB develop a system to show whether a licensee is in good standing or not on the website.

Administrator Smith discussed an email from Mr. Johnisee (a former licensee) who had worked performed on his own home by a subcontractor and a dispute arose. A lien has been filed. For a period of time the subcontractor did not have proper liability insurance. The question is if the subcontractor didn't have insurance for a period of time, why did he have an active license. Currently insurance companies are not obligated to notify CCB of cancellations of insurance. CCB has a legislative concept to require insurance companies to notify CCB of insurance cancellations. Mr. Johnisee wants CCB to go back and retroactively suspend the license for the period of time. CCB received advice from counsel that CCB cannot go back and retroactively suspend a license. Assistant Attorney General Kathleen Dahlin stated that it is a question of statutory interpretation. The statute talks about you may suspend in the APA with the exception the emergency suspension. It is all looking forward and a part of the requirements are that you have to give the party a notice and opportunity for a hearing, which is both statutory and constitutional. CCB has issued a \$1,000 civil penalty in this case.

Board members discussed that some of them have a suspension on their record because they did not have insurance when they actually did have insurance due to a glitch and their insurance company's failure to get the information to CCB. We don't have a mechanism in place to address this problem. Board members discussed perhaps finding a way to remove the suspension if it is not the fault of the licensee. Perhaps develop a rule change to expunge the record if the licensee can show it was the insurance agent's fault. Administrator Smith discussed ORS 701.135(2) that gives CCB authority for emergency suspensions which are used when a licensee doesn't have insurance or bond in place.

3. Bankruptcy Issues:

Administrator Smith discussed bankruptcy issues and the automatic stay with Board members. CCB staff work with Dan Rosenhouse at the Department of Justice on bankruptcy issues. CCB is currently being sued for preventing a licensee from getting licensed after filing bankruptcy, which prevents us from discussing this matter further. Administrator Smith will continue to work with counsel on bankruptcy issues to see what actions CCB can take with regards to bankruptcies and will come back with additional information and/or suggested changes in the future.

4. NASCLA:

Administrator Smith discussed the mid-year NASCLA meeting with Board members. Administrator Smith reported that his schedule will not permit him to attend the meeting in March 2006. Board Chair Cliff Harkins volunteered to attend the meeting.

MOTION: Walt Gamble moved to send at least one person to the March 2006 NASCLA meeting.

VOTE: 7-0, Ayes—Crump, Fairchild, Gamble, Harkins, Schad, Skaar, and Trainor.

Board member Walt Gamble suggested that Cliff Harkins contact Tary Carlson about the NASCLA conference. Board members will send Cliff Harkins an email message of any

suggested topics to discuss while at NASCLA. Cliff Harkins will contact Administrator Smith regarding his attendance in March.

MOTION: Jim Fairchild moved to send at least one person to the September 2006 NASCLA meeting.

VOTE: 7-0, Ayes—Crump, Fairchild, Gamble, Harkins, Schad, Skaar, and Trainor.

5. Improvements to CCB Services:

Administrator Smith discussed the improvements to CCB services with Board members. DRS staff now research records to index who the owners are at the time a final order is issued and enter the information into the record of who is responsible for the debts. Assistant Attorney General Kathleen Dahlin stated that minority shareholders should not be included as owing the debt. Holding a corporate officer responsible was included by the legislature. Administrator Smith further reported that in pay twice lien situations CCB will revoke the license and refuse to reissue until the debt is paid. Board member Cliff Harkins suggested that the consumer should also be paid interest.

C. APPEAL COMMITTEE

The full Board met as the Appeal Committee. (See Attachment A, Appeal Committee Minutes.)

D. ADMINISTRATIVE RULES HEARING

Administrator Smith discussed the proposed administrative rules amendments with Board members.

Public Comment:

No one came forward with public comment on the rules.

MOTION: Tom Skaar moved to adopt all of the recommended proposed rule amendments in the Board packet.

VOTE: 7-0, Ayes—Crump, Fairchild, Gamble, Harkins, Schad, Skaar, and Trainor.

(See Attachment B for the language of the proposed rule amendments.)

E. NEW BUSINESS:

1. Responsible Managing Individual (RMI):

Administrator Smith discussed the issue of RMIs who are the RMI for 3 to 20 different businesses. CCB has heard rumors that some licensees are paying an individual to be the RMI on their license and list the party as a corporate officer. This practice is being done to circumvent the education and testing requirements.

Action Item: Board members discussed the State of Hawaii's rules on RMIs and suggested that CCB seek a statute change to have similar requirements in Oregon. Assistant Attorney General Kathleen Dahlin advised the Board not to include the requirement to reside in

Oregon. ORS 701.078(1)(a) requires that the RMI be an owner or an employee who exercises management or supervisory authority over the construction activities of the business.

OAR 812-002-0533 requires that the RMI be a majority shareholder in the corporation. CCB needs to ask for stock certificates that show who the owners are.

Action Item: It was determined that Gina Fox, Kristie Patton and Richard Blank will meet to discuss a plan of action on this item. This topic was further discussed as a legislative concept.

2. Intercept Research Corporation Yearly Survey Report:

Administrator Smith discussed the survey with Board members. Board member Walt Gamble suggested that CCB also consider conducting a similar survey on commercial and public works contractors.

3. Lead-Based Paint:

This item was discussed under legislative concepts below.

4. Legislative Concepts:

Staff offered the following possible legislative concepts for Board member consideration:

a. Increased Protections for Consumers:

1) Increase Financial Protection for Consumers By Increasing Surety Bond Requirement AND Create a Residential Structure State Run Recovery Fund:

During the biennium ending in 2005, the CCB ordered contractors to pay about \$5,000,000 in damages on breach of contract complaints involving homeowners. \$2,100,000 of these damages caused by about 140 contractors remains unpaid. Staff recommendation: the amount of damages that go unpaid could be significantly reduced if the bond contractors are required to obtain is increased, a recovery fund is created or both.

Action Item: Board members made the following suggestions:

- Separate into two legislative concepts; one for the bond and one for a recovery fund.
- Increasing the bond for inflation.
- Raise the bond for residential construction only. Commercial contractors already purchase a second performance bond for project they work on.
- Create two different classes of contractor: residential and commercial
- Create a recovery fund. Perhaps collect a permit fee for a recovery fund or charge each contractor \$100.

2) **Increase Penalty/Consequences for Failing to Provide Vital Consumer Protection Notices:**

Currently contractors are required to provide consumers with two very important notices designed to advise them of their rights and responsibilities.

- 701.055(13) Consumer Notification; and
- 87.093(1) Information Notice to Owners About Construction Liens.

Staff have received anecdotal evidence that a significant number of contractors are failing to properly deliver the “consumer notice”. Attorneys and others have testified that they are convinced that these notices are not being provided to consumers on a uniform basis. Because consumer notices provide vital consumer protection information, **including** the CCB one year statute of limitation for filing a Dispute Resolution Services (DRS) complaint, at least two possible policy changes could improve contractor compliance with this requirement.

3) **Require Contractors to Maintain a Signed Copy of the “Consumer Notice”.**

Homeowners are often unaware of the existence of the CCB, its dispute resolution program and the time limitation for filing a complaint. We regularly receive complaint from homeowners that must be dismissed as untimely because the homeowner was unaware of the time limitation for filing a complaint until it was too late. A homeowner would know about the CCB and the time limitation for filing a complaint if the homeowner received and read the two notices a contractor is required to give a homeowner. CCB’s experience with complaints filed is that many contractors fail to give these notices. Staff recommendation is to add an additional incentive to give this notice by amending the time limitation for filing a complaint to add a year to the limitation if the homeowner alleges that he or she did not receive the notices and the contractor is unable to prove the he or she did give the notices to the homeowner.

Action Item: The consensus of the Board was to move forward with this concept if it appears it would garner industry support.

Action Item: Board members suggested adding a paragraph to the consumer notice regarding arbitration clauses in contracts and the fact that consumers may be giving up their right to file a claim. It was determined that staff will work on this change now.

4) **Require Contractors to Maintain a Signed Copy of the Information Notice to Owners About Construction Liens.”**

While the notice currently has a place for a homeowner’s signature, the law does not require a contractor to obtain a signature and maintain a copy of the signed notice. This causes a significant problem for the agency when it attempts to prove that the contractor failed to provide the notice. Contractors testify that they, in fact, provided the notice. Consumers testify that they did not receive the notice. And the agency is left trying to prove a “negative” which is problematic at hearing.

Action Item: The consensus of the Board was to move forward with this concept.

5) **Eliminate Pay Twice Lien Issue:**

In the alternative, it would be cleaner and provide greater consumer protections for the statutes to be changed that eliminate the notice requirements in favor of a statute that would provide a consumer a complete defense to the lien if they can prove that they have paid the general in full for the work that is the subject of the lien.

Action Item: The consensus of the Board was to move forward with this concept.

b. Strengthen Contractor Accountability:

1) **Strengthen CCB Responsible Managing Individual (RMI) Requirements:**

The purpose of the RMI requirement is to ensure that the individual owning or managing an Oregon Construction business has the skills and abilities to understand the laws that govern such business activity. The title of an RMI implies an individual that is both “responsible” and “managing” the operations of business. Current law doesn’t always require the above. The problems that are associated with this are:

- If an RMI does not have management and/or supervisory roles in the business, this can compromise the benefit of the education and testing to both the success of the business and the success of the project for the consumer.
- It is suspect that individuals may be selling their RMI status to applicants that are unable to pass the test or unwilling to take the education and test. This also compromises the benefit of the education and testing to the success of the project for the consumer.

Staff recommendation is to require the RMI to be a person who exercises management or supervisory authority over the construction activities of the business. Assistant Attorney General Kathleen Dahlin stated that OAR 812-002-0533 requires that the RMI be a majority shareholder in the corporation. CCB needs to ask for stock certificates that show who the owners are.

Action Item: It was determined that Gina Fox, Kristie Patton and Richard Blank will meet to discuss a plan of action on this item. Craig is to incorporate Hawaii model into a legislative concept for the next meeting.

2) **Require All Business Entities to Notify CCB When Ownership Changes:**

701.055 currently only require that a partnership and corporation notify CCB upon change of partners or officers. There is no mention of other business entities that we also license (limited liability companies, joint ventures, trusts). Staff recommendation is to change 701.055 to include all other business entities that we license.

Action Item: The consensus of the Board was to move forward with this concept.

3) **Require Insurance Providers to Notify CCB in the Event They Stop Insurance Coverage for a Licensee:**

Insurers are not required to notify CCB if a licensee's insurance cancels, thereby allowing a licensee to continue carrying an Active license with no insurance coverage. Staff recommendation is to require insurers to notify CCB upon cancellation of a licensee's insurance.

Action Item: The consensus of the Board was to move forward with this concept.

4) **Require Contractors to Notify the CCB in the Event an Adverse Court Judgment or Arbitration Award is Issued Against Them:**

CCB records do not give a complete picture of a contractor's record because they only show judgments against a contractor that we know about. Staff recommendation is to require a contractor to notify the CCB if a judgment is entered against the contractor arising from a construction contract, a contract to supply labor, material or material to a construction site, or an action on a construction lien.

Action Item: After discussing this issue Board members voted to limit this concept to residential construction only and proceed. Administrator Smith asked for a vote. The vote was as follows on this concept: 6-1, Ayes—Crump, Fairchild, Harkins, Schad, Skaar, and Trainor, Nays—Gamble.

Board members discussed adding arbitration awards that are adverse to a residential contractor to the concept. Administrator Smith recommended that the Board include adverse arbitration awards in the legislative concept.

MOTION: Walt Gamble moved to not include adverse arbitration awards in the legislative concept.

VOTE: 3-1-2, Ayes—Crump, Fairchild, Gamble, Harkins, and Schad; Nays—Gamble; Abstained—Skaar and Trainor. Motion passed.

Special Note: Comments made by Board members regarding this vote were unclear; some members believe that the vote included adding adverse arbitration awards. This matter should be addressed again to clarify Board members directive to staff on this issue.

5) **Require Contractors to Notify the CCB of Bankruptcy Filed by Contractor, Owners and Officers:**

CCB records do not give a complete picture of a contractor's record because they do not show bankruptcies filed by contractor or officer or owner of the contractor. Staff recommendation is to require a contractor to notify the CCB if the contractor or an officer or owner of the contractor files for bankruptcy.

Action Item: The consensus of the Board was to move forward with this concept and add a time limit of the last seven years.

6) **Allow CCB Access to DMV Pictures:**

Seek authority that would allow CCB to have access to DMV driver's license photos for enforcement criminal investigations.

Action Item: The consensus of the Board was to move forward with this concept if Richard Blank receives approval from the head of DMV and ODOT.

7) **Allow CCB to Issue Misdemeanor Citations:**

Seek authority that would allow CCB to designate certain enforcement employees with authority to issue misdemeanor citations for illegal activity in the construction industry. This would help reduce construction claims if we had this authority. Assistant Attorney General Kathleen Dahlin stated that the statutes in the criminal code will need to be looked at because there may be some limitations like sworn peace officers can do this. So anything you are going to propose is going to need at a minimum a notwithstanding clause. Otherwise you will bump up against potentially something else.

Action Item: The consensus of the Board was to move forward with this concept. Rich Blank is to work with other agencies to get they buy in on this legislative concept.

8) **Require the CCB to Adopt Minimum Contract Standards and a Model Contract for Home Construction Contracts:**

Too many contracts between prime contractors and homeowners are verbal or have insufficient terms to establish the agreement between the parties. Staff recommendation is to require that the CCB:

- Adopt minimum standards for construction contracts entered into between a homeowner and a contractor by rule.
- Publish a model construction contract for use by a homeowner and a contractor that meets or exceeds the minimum standards.

Action Item: The consensus of the Board was to move forward with this concept limited to contract between prime contractors and residential owners only.

9) **Time Limit for Revoked License:**

ORS 701 does not properly address the length of time for applying for a new license after having a license revoked. Staff recommendation would be to require at least one year. Board Chair Cliff Harkins recommended two years.

Action Item: The consensus of the Board was to move forward with this concept with a two year limit and applies to both RMI and owners.

c. Streamlining Government Regulations:**1) Move Lead-Based Paint Certification from CCB to Department of Human Services (DHS):**

DHS is in the process of revising its lead safe practices to make compliance easier on businesses. This would assist them in their efforts. It also would remove from the CCB Licensing Section the requirement of maintaining LBP certifications on licenses. The testing and approval of LBP certification is the responsibility of DHS. CCB would keep the enforcement authority to hold contractors accountable.

Action Item: The consensus of the Board was to move forward with this concept if Richard Blank obtains buy-in on the concept from the head of the Department of Humans Services.

d. Government Efficiency Improvements:**1) Allow CCB to Send Emergency Suspension Notices by Regular Mail Only:**

Currently emergency Suspension Notices must be sent by both regular and certified mail. Staff recommendation is to change the statute to allow CCB to send Emergency Suspension Notices by regular mail only. It is costing the agency approximately \$100,000 a biennium to send certified. Assistant Attorney General Kathleen Dahlin stated that this concept may not be constitutionally valid. The agency is sending out an emergency suspension without notifying the party. Board members discussed sending notice by email through "My License".

Action Item: The determination of the Board was to research dropping the requirement to send by regular mail.

2) Merge the Residential and Commercial CCB Dispute Resolution Processes:

In effect this would authorize CCB to receive and determine commercial contract disputes. Today these disputes must be determined in court. This is a significant policy change that will have a fiscal impact AND is not uniformly supported by the construction industry. Nevertheless, this policy change makes sense for the following reasons:

The instructions for filing a complaint are complicated by the existence of these two procedures to file and process a complaint. This is confusing to complainants and sometimes leads a complainant to file the complaint under the wrong procedure and to lose their complaint as a result. Staff recommendation is to merge the two processes into one process.

Action Item: The Board did not approve moving forward with this concept.

e. Housekeeping Issues:**1) Change the Word "Claim" in Statute to the Word "Complaint":**

We refer to CCB breach of contract complaints as complaints, but the ORS calls them claims. Staff recommendation is to amend ORS 701 to use the word "complaint" in place of "claim."

Action Item: The consensus of the Board was to move forward with this concept.

f. Fee Issues:**1) Seek Clarification that the Agency May Charge a Fee for Oregon Certified Home Inspector Initial Certification:**

Current statute allows CCB to charge a home inspector for renewal of their certification, but not to charge for the initial certification. Staff recommendation is to change the statute to allow CCB to charge a home inspector applicant a fee for their initial certification.

Action Item: The consensus of the Board was to move forward with this concept.

2) Oregon Home Inspector Testing Fee:

The current statute cap of a \$50 testing fee has created a problem in the improvement of the Home Inspector certification exam. Staff and HIAC members have been exploring national testing for this certification which is allowable by statute. If we do not go to a national test staff and HIAC members have been discussing and researching options of having the current test measured for validity and reliability in order to have a fair and legally defensible test. Counsel has advised that we can not exceed the \$50 testing fee for the Home Inspector certification test if we eliminate the current exam and go with a national exam. It is very likely that the cost of a national test will exceed this cap. If we choose to keep the current test, there isn't a budget to have the test measured for validity and reliability. Staff recommendation is to increase the testing fee limit to allow the future option of national testing or to allow for the test given currently to be assessed and measured for validity and reliability in order to have a fair and legally defensible test.

Action Item: The consensus of the Board was to move forward with this concept.

5. LCB Legislative Concepts:

Administrator Smith briefly mentioned the Landscape Contractors Board's legislative concepts.

F. PUBLIC COMMENT

John Stuart stated, "I have a couple of comments on things I have heard today. In the matter of revocation, he believes it is important to acknowledge a separate category of revocation. If other states look back to see if there are any revocations, then they will understand that there is a

revocation in place. As opposed to the ability of a contractor potential minimize the suspension. You need to explain very clearly by definition that revocation of this matter does not preclude them from having the responsibility of making payments to owners; but rather the revocation does denote that there is a punishment here. Revocation and taking a strong statement and applying it in a way that the public can understand that thereafter this contractor bears much further investigation. That is a good thing to do. I am not anti-contractor. I absolutely think that contractors in this state do fine work. The greater preponderance of them are doing the right thing and making every attempt to do the right thing. There are always a few bad apples and it is the bad apples that color good apples. I encourage you to continuing doing what you can to segregate those apples and get them out of the barrel. It is a real unfortunate set of circumstances that Craig and his organization have to face everyday when it comes to maintaining proper jurisdiction and enforcing the regulations.”

Bonnie Sullivan stated, “I have been editing the course manual. The use of creative writing has caused many challenges. Different words mean the same and some words may be used more commonly by different industries and professions. The creativeness has caused misunderstandings, convoluted the true facts, and has created a wide range of confusion for readers. The construction industry has been attacked by the media in a very inappropriate manner. It is hoped that the CCB documents and prerequisite education manual will be taken into consideration as a tool to help the CCB with all its documents, presentations and interviews. Use the most common word usage of a word in the industry and be consistent using the word or words. The statutes and administrative rules word usage should also be taken into consideration. CCB needs to change from using words like you, your, my and I need to be changed to a business approach in the CCB documents and the education manual. Some words are contractor versus builder. A contractor may be a builder. My pet peeve is hiring versus choosing. An employer hires an employee and a consumer chooses a contractor or a business entity. Professional industry versus trade; professional is defined as one who is engaged in a specific activity as a career. Company versus business; not all business entities are companies or firms. They may be sole proprietorships, partnerships, or corporations. Education versus training; the definition is knowledge obtained through study and instruction where training in the construction industry would be to have training or be trained in some manner. This is very confusing, therefore, a legislative concept should be created to change this back to education. ORS 701.710 that is for business entities and construction industry needs to have housekeeping revisions that are appropriate and accurate and not mixed in with the home inspector regulation of continuing education.”

Ray Johnisee stated, “I am a retired contractor. In reference to a memo from Kathleen Dahlin explaining the rule about what the word “may” means. I agree with Ms. Dahlin’s use of the word may. My intent is to get you folks to recognize that there is an inadequacy in the law here and I think in some cases the staff needs more authority to deal with issues. There are two issues that I bring before the Board. If I understand this correctly, if someone does something wrong then later you cannot penalize them. I ask the CCB to please retroactively suspend this contractor’s license because of an insurance lapse. I provided proof to CCB that this contractor that he lied when he worked on my home. He signed and said that he had insurance that was in good force. He did not when he renewed his license, he does not disclose that fact to the CCB. I the intent of the CCB to say when someone has proven that they have done something wrong that we can’t go back and at least punish them. The law requires a contractor to have liability insurance. If their liability

insurance is cancelled, and it is the responsibility of the issuing insurance agency to electronically or send through the mail a certificate saying the contractor is properly insured. Well conversely, if they cancel that policy, it is also their responsibility to notify CCB. In this case the insurance agency advised the contractor that his insurance was going to be cancelled and he did nothing. I feel like we have a breakdown in the rules and regulations here. They have placed a lien on my home and I had to post a cash bond. I paid the material supplier. I believe in the mediation process. It isn't fair that this person goes unpenalized because the Attorney General's Office says that CCB "may" suspend. He went five months with no insurance. They lied about the dates they worked on my home and falsely filed a lien. They were not there after May 31, except picking up tools. They would have filed the lien by at least the middle of August. They filed the lien on May 7. They renewed their insurance on September 21 and CCB backdated the license to September 9. All you have to do is suspend for the period when they were without a license. Then have a hearing and decide what to do about their future."

Board member Skaar asked if Mr. Johnisee was aware that the contractor has been fined. Johnisee replied, yes I was told he would receive a \$1,000 fine. Why should I have to go to court and pay money to get an unjust lien dismissed; that is not right. The law needs fixed.

Administrator Smith stated that state agencies must follow the advice from their assigned Assistant Attorney General who advised the agency that it cannot retroactively suspend a license.

G. CCB PROGRAM ISSUES

Board members did not have further comments or questions regarding program issues.

H. OTHER

1. Letters to the Board:

Administrator Smith discussed the letters to the Board with Board members.

2. News Clippings:

Administrator Smith briefly discussed the news articles with Board members.

3. Board Calendar for 2006:

No changes were made to the Board calendar.

4. Taskforce on Construction Claims:

Richard Bauman, Building Codes Division, staff to Task Force on Construction Claims, gave the Board an update on taskforce issues. Board member Walt Gamble asked that list of taskforce recommendations be added to the Board packet.

5. New CCB Staff:

Kristie Patton introduced the Customer Service Unit (CSU) representative Regina Arnold to Board members. Richard Blank introduced the new enforcement compliance officer Joe Laria to Board members.

6. Agenda Items for the Next Meeting:

- Proposed Rulemaking Hearing
- DRS Processing Fee Update
- Revocation versus Suspension Update
- Bankruptcy Issues Update
- Legislative Concepts

I. Adjournment

The Board meeting adjourned at 2:50 p.m. The next Board meeting is scheduled for March 28, 2006.

Sincerely,



Catherine Dixon
Board Secretary

c2-28-06mins.doc

Attachment A

MINUTES OF THE FEBRUARY 28, 2006 CONSTRUCTION CONTRACTORS BOARD APPEAL COMMITTEE MEETING

The Construction Contractors Board Appeal Committee met on Tuesday, February 28, 2006, at West Salem Roth's IGA, Santiam Room, 1130 Wallace Rd NW, Salem, Oregon. Members present included: Cliff Harkins, Chair, Chuck Crump, Jim Fairchild, Walt Gamble, Dennis Schad, Tom Skaar, and Sandy Trainor. Board member Gwen Elster was excused from the meeting. Construction Contractors Board staff present were Craig P. Smith, Administrator, Dispute Resolution Manager Bill Boyd, Education/Information Director Gina Fox, Information Technology Manager Shelly Wiles, Steve Welker, Joe Laria, Regina Arnold, and Board Secretary Catherine Dixon. Assistant Attorney Generals Kathleen Dahlin and Lori Lindley were also present.

Guests Included: Bonnie Sullivan, Maurice Russell, Richard Baumann, Reese Lord, Mary Stern, and John Stuart.

The agenda for the February 28, 2006, meeting was approved.

The Committee convened at 10:00 a.m. and decided the following case for which exceptions have been filed:

1. Enforcement No. 62797-V, TAC Northwest Inc. (respondent). Responding filed exceptions. (cc)(vil). The respondent TAC Northwest Inc., appeared in the person of Scott Aldrich. Also present, but not speaking, was Carol Aldrich. Lori Lindley, Assistant Attorney General, appeared on behalf of Construction Contractors Board.

MOTION: Tom Skaar moved to uphold the suspension imposed and to impose a requirement that reinstatement require the provision of a bond in the amount of \$75,000; and further moved that the Appeal Committee shall adopt the final order as modified and will now be read into the record.

Assistant Attorney General Kathleen Dahlin: I am going read into the record a final order of suspension in this matter with some modifications as discussed and instructed by the Appeal Committee, acting here for the Board. Except as modified below, the Construction Contractors Board, Board adopts and incorporates by reference the attached proposed order dated February 1, 2006, suspending the Board's license of TAC Northwest Inc., respondent.

History of the Case: The Board modifies the proposed order by adding the following language: "On February 1, 2006, Administrative Law Judge (ALJ) Catherine P. Coburn issued a proposed order in this matter. The proposed order allowed 21 days to respondent to file exceptions. On February 22, 2006, respondent filed exceptions. The exceptions were considered by the Board on February 28, 2006. The Board issues this final order."

Issues: The Board adopts the ALJ's statement of issues.

Evidentiary Rulings: The Board adopts the ALJ's evidentiary rules.

Findings of Fact: The Board adopts the ALJ's findings of fact.

Conclusions of Law: The Board adopts the ALJ's paragraph one of the conclusions of law. The Board modifies the ALJ's paragraph two of the conclusions of law to read: "2. Under ORS 701.085(7) the Board is lawfully authorized to require the respondent to file a bond in the amount of \$75,000 as a condition to reinstatement of respondent's license. The Board acts within its discretion in establishing \$75,000 as the amount of the increased bond."

Opinion: The Board adopts the ALJ's opinion provisions on license suspensions, page four. The Board modifies the ALJ's opinion, general provisions and provisions on bond amount to read as follows: "Jurisdiction over this licensing dispute lies with the Construction Contractors Board pursuant to ORS 701.085(7). The burden of presenting evidence to support a fact or position rests with the proponent. *ORS 183.450(2) Harris v. SAIF*. CCB bears the burden of proving by a preponderance of evidence, facts supporting license suspension. *See Cook v. Employment Division*."

In the absence of contrary legislation, the standard of proof in administrative hearings is a preponderance of evidence. Preponderance of evidence means that the fact finder is convinced that the facts asserted are more likely true than false. *Riley Hill General Contractor v. Tandy Corp.*

The Board's modification removes the language in the proposed order that the Board has the burden of proving that a \$75,000 bond is warranted. Selection of \$75,000 as the amount of bond is within the Board's discretion and there is no evidence that the Board has abused its discretion in selecting the bond amount.

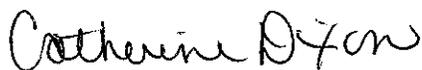
The Board modifies the bond amount provisions by replacing and modifying the present language to read: "**Bond Amount:** ORS 701.085(2) establishes for general contractors or licensed developers a requirement to obtain a surety bond of \$15,000. ORS 701.085(7) authorizes the Board to require, as a condition of ending the suspension, that respondent file a bond of up to five times \$15,000 or \$75,000 at such time the respondent seeks license reinstatement. The Board acts within its discretion in establishing \$75,000 as the amount of the increased bond. The amount of the unpaid construction debt that underlies this action, \$364,101.49, is a substantial obligation and an obligation to a single owner/consumer. The owner/consumer left with this amount of unpaid damage is seriously harmed. The increased bond amount should serve to protect any future consumers for whom respondent performs work."

Final Order: The Board modifies the ALJ's proposed order and hereby issues the following as its final order: "1. The Construction Contractors Board shall suspend and refuse to reinstate the respondent's construction contractor's license unless and until the Board has received verification that the amount owed in final order CCB Claim Number 150565-101 is satisfied. 2. The Construction Contractors Board shall suspend and refuse to reinstate respondent's construction contractor's license unless and until the respondent obtains and provides verification to the Board that it has obtained a surety bond in the amount of \$75,000. Dated this 28th day of February, 2006"; signed by a representative for the Board. This will substantially conform to the final order that may be, if necessary, amended for minor grammatically changes.

VOTE: 7-0, Ayes—Harkins, Crump, Fairchild, Gamble, Schad, Skaar and Trainor.

The meeting adjourned at 10:40 a.m. The next meeting of the Construction Contractors Board Appeal Committee is scheduled for March 28, 2006.

Respectfully submitted,



Catherine Dixon
Appeal Committee Secretary

Attachment B

812-008-0050

Testing Requirements

- (1) The agency shall provide a written test for certification of individuals.
 - (2) The test shall be divided into five sections and weighted as follows:
 - (a) 20 percent: Structure, roofing, site, exterior, and interior.
 - (b) 20 percent: Heating, cooling, insulation, ventilation, fireplaces and wood stoves.
 - (c) 20 percent: Electrical.
 - (d) 20 percent: Plumbing.
 - (e) 20 percent: [~~Agreements~~] **Contracts**, reports and standards.
 - (3) To be certified, applicants must successfully pass the test.
 - (4) Applicants shall schedule an appointment with the agency, or designated proctors throughout the state, to take the test after receipt of a letter of authorization from the agency and payment of the fee prescribed in Division 8.
 - (5) The passing score shall be 75 percent or higher based on 100 percent possible.
 - (6) Applicants shall score 75 percent or higher on each of five sections of the test.
 - (7) Applicants shall not take the same test version on consecutive attempts.
 - (8) The agency will notify applicants by mail of their test scores on each section of the test.
 - (9) Applicants who fail one or more sections of the test need not retake test sections already passed except as provided in (10) below.
 - (10) Applicants shall pass all sections of the test within one year of the date the person first took the test or retake all sections of the test.
 - (11) Applicants shall complete the certification process within one year from the date the person passed all sections of the test or retake the entire test.
 - (12) Applicants shall show picture identification before taking the test.
 - (13) Applicants shall not be accompanied by another individual while taking the test unless it is a translator.
 - (14) Applicants needing a translator shall pay for translator.
 - (15) Applicants taking the test shall not leave the testing room.
 - (16) Applicants shall not retain notes or other materials during the test.
 - (17) Applicants who attempt and fail the first test may take all subsequent tests in no less than 30 days.
 - (18) Applicants shall not review test questions or answer sheets.
- Stat. Auth.: ORS 670.310, 701.235 & 701.350
Stats. Implemented: ORS 701.350 & 701.355
(2/98, 4/98, 10/98, 9/99, 9/01, 6/03, 2/04, 3/06)

812-008-0090

Revocation of Certification

The Construction Contractors Board may revoke the certificate of an Oregon certified home inspector or the license of a business that performs work as a home inspector for failure of the Oregon certified home inspector to:

(1) Comply with one or more of the "Standards of Practice" set forth in OAR [~~812-008-0080(1) through (14)~~] **812-008-0202 through 812-008-0214**.

(2) Comply with one or more of the "Standards of Behavior" set forth in OAR [~~812-008-0080(15)~~]

812-008-0201.

(3) Comply with OAR 812-008-0078(1).

Stat. Auth.: ORS 670.310, 701.235, 701.350 & 701.355

Stats. Implemented: ORS 701.350 & 701.355
(2/98, 6/99, 6/00, 3/06)

Standards of Practice

812-008-0202

[Purpose and Scope] Contracts and Reports

(1) Home inspections undertaken according to Division 8 shall be based solely on the property conditions, as observed at the time of the home inspection.

(2) Oregon certified home inspectors shall:

(a) Provide a written inspection contract, signed by both the Oregon certified home inspector and client, prior to completing a home inspection that shall:

(A) State that the home inspection is in accordance with standards and practices set forth in Division 8 of OAR chapter 812;

(B) Describe the services provided and their cost;

(C) State where the planned inspection differs from the standard home inspection categories as set forth in OAR 812-008-0205 through 812-008-0214; and

(D) Conspicuously state whether the home inspection includes a wood destroying organism inspection and if such inspection is available for a fee.

(E) For the purpose of this rule, a home inspection shall be deemed completed when the initial written inspection report is delivered.

(b) Observe readily visible and accessible installed systems and components listed as part of a home inspection as defined by these rules unless excluded pursuant to these rules in OAR 812-008-0200 through 812-008-0214; and

(c) Submit a written report to the client that shall:

(A) Describe those systems and components as set forth in OAR 812-008-0205 through 812-008-0214;

(B) Record in the report each item listed in OAR 812-008-0205 through 812-008-0214 and indicate whether or not the property inspected was satisfactory with regard to each item of inspection; it will not be sufficient to satisfy subsection (2)(c) of this rule that the certified home inspector prepare a report listing only deficiencies;

(C) State whether any inspected systems or components do not function as intended, allowing for normal wear and tear; and how, if at all, the habitability of the dwelling is affected.

(D) State the inspector's recommendation to monitor, evaluate, repair, replace or other appropriate action.

(E) State the Construction Contractors Board license number of the business and the name, certification number and signature of the person undertaking the inspection.

(d) Submit to each customer at the time the contract is signed a copy of Summary of Oregon Home Inspector Certification Law (ORS 701) or Summary of Oregon Home Inspector Certification Law (ORS 701) and Standards of Practice for Home Inspectors.

(3) Division 8 does not limit Oregon certified home inspectors from reporting observations and conditions or rendering opinions of items in addition to those required in Division 8.

(4) All written reports, bids, contracts, and an individual's business cards shall include the Oregon certified home inspector's certification number.

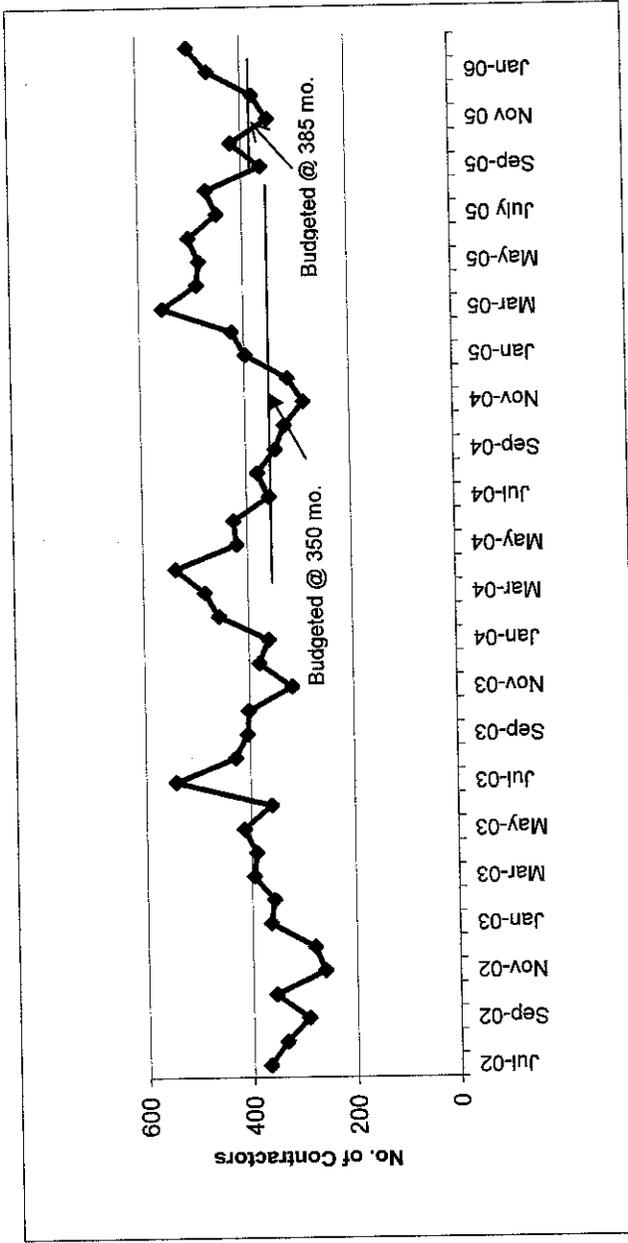
Stat. Auth.: ORS 670.310, 701.235, 701.350 & 701.355

Stats. Implemented: ORS 701.350 & 701.355

(2/98, 10/98, 2/00, 6/00, 8/00, 9/01, 6/02, 8/05, 3/06)

(Amended and renumbered from 812-008-0080(1), 8/05)

NUMBER OF NEW LICENSES PROCESSED PER MONTH CONSTRUCTION CONTRACTORS BOARD



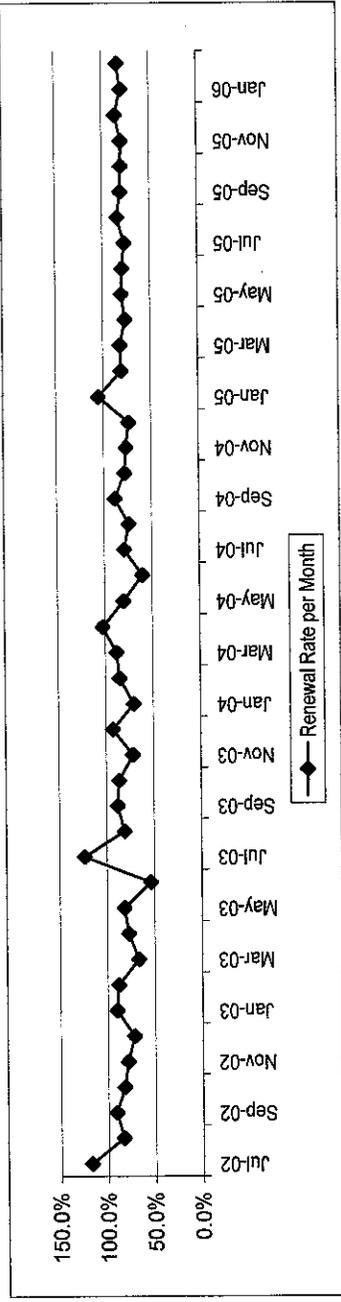
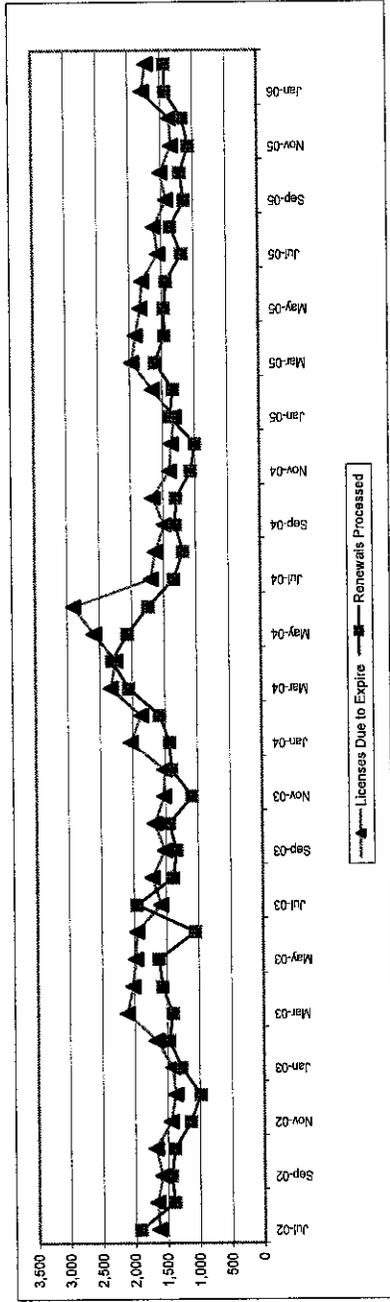
	<u>New Apps/Entity Changes</u>	<u>Average/Month</u>
July 2001 - June 2003	7,920	330
July 2002 - June 2004	9,327	389
July 2003 - June 2005	10,015	417
July 2004 - January 2006	7,749	408
July 2005 - February 2006	3,390	424

	<u>New Licenses</u>	<u>Entity Changes</u>	<u>TOTAL</u>
Jul-02	321	47	368
Aug-02	270	66	336
Sep-02	260	33	293
Oct-02	308	47	355
Nov-02	223	38	261
Dec-02	234	46	280
Jan-03	315	49	364
Feb-03	297	60	357
Mar-03	323	72	395
Apr-03	345	45	390
May-03	351	62	413
Jun-03	319	41	360
Jul-03	492	50	542
Aug-03	386	42	428
Sep-03	365	39	404
Oct-03	358	43	401
Nov-03	301	17	318
Dec-03	352	28	380
Jan-04	330	31	361
Feb-04	421	35	456
Mar-04	439	43	482
Apr-04	479	59	538
May-04	351	69	420
Jun-04	358	67	425
Jul-04	302	55	357
Aug-04	350	28	378
Sep-04	311	32	343
Oct-04	298	27	325
Nov-04	268	20	288
Dec-04	289	29	318
Jan-05	355	42	397
Feb-05	374	49	423
Mar-05	491	64	555
Apr-05	425	64	489
May-05	422	62	484
June 05	443	60	503
July 05	398	50	448
Aug-05	424	44	468
Sep-05	316	47	363
Oct-05	383	37	420
Nov 05	313	36	349
Dec 05	333	45	378
Jan-06	400	63	463
Feb-06	427	74	501

RATE OF RENEWALS LICENSES DUE TO EXPIRE

vs.

LICENSES RENEWED DURING MONTH REGARDLESS OF DUE DATE (2003-05 Budget Based on 75% Average Renewal Rate; 2005-07 Budget Based on 80% Renewal Rate.)



Average/Month	76.3%
(2001-03 biennium) (two FY's combined)	83.9%
(2003-05 biennium) (20 months activity)	81.1%
(2005-07 biennium) (8 months activity)	81.3%

LICENSES DUE TO EXPIRE	LICENSES RENEWED OR PLACED INACTIVE	% Diff.	
Jul-02	1,634	1,319	117.4%
Aug-02	1,660	1,393	83.9%
Sep-02	1,584	1,443	91.1%
Oct-02	1,682	1,388	82.5%
Nov-02	1,443	1,136	78.7%
Dec-02	1,372	987	71.9%
Jan-03	1,412	1,276	90.4%
Feb-03	1,662	1,463	88.0%
Mar-03	2,105	1,409	66.9%
Apr-03	2,022	1,562	77.3%
May-03	1,614	1,614	81.7%
Jun-03	1,954	1,051	53.8%
Jul-03	1,581	1,953	123.5%
Aug-03	1,710	1,388	81.2%
Sep-03	1,512	1,335	88.3%
Oct-03	1,669	1,444	86.5%
Nov-03	1,518	1,085	71.5%
Dec-03	1,511	1,401	92.7%
Jan-04	2,028	1,426	70.3%
Feb-04	1,864	1,578	84.7%
Mar-04	2,326	2,053	88.3%
Apr-04	2,253	2,309	102.5%
May-04	2,585	2,067	80.0%
Jun-04	2,901	1,740	60.0%
Jul-04	1,698	1,342	79.0%
Aug-04	1,622	1,198	73.9%
Sep-04	1,484	1,314	88.5%
Oct-04	1,659	1,297	78.2%
Nov-04	1,393	1,065	76.5%
Dec-04	1,361	996	73.2%
Jan-05	1,319	1,385	105.0%
Feb-05	1,651	1,331	80.6%
Mar-05	1,964	1,605	81.7%
Apr-05	1,906	1,457	76.4%
May-05	1,832	1,465	80.0%
Jun-05	1,801	1,429	79.3%
Jul-05	1,549	1,188	76.7%
Aug-05	1,610	1,353	84.0%
Sep-05	1,416	1,144	80.8%
Oct-05	1,504	1,203	80.0%
Nov-05	1,335	1,065	79.8%
Dec-05	1,356	1,162	85.7%
Jan-06	1,782	1,421	79.7%
Feb-06	1,717	1,435	83.6%

CCB 2007 LEGISLATIVE CONCEPTS

I. Increased Protections for Consumers:

A. Increase Financial Protection for Consumers By Increasing Surety Bond Requirement AND Create a Residential Structure State Run Recovery Fund:

During the biennium ending in 2005, the CCB ordered contractors to pay about \$5,000,000 in damages on breach of contract complaints involving homeowners. \$2,100,000 of these damages caused by about 140 contractors remains unpaid. Staff recommendation: the amount of damages that go unpaid could be significantly reduced if the bond contractors are required to obtain is increased, a recovery fund is created or both.

Board members made the following suggestions:

- Separate into two legislative concepts; one for the bond and one for a recovery fund.
 - Increasing the bond for inflation.
 - Raise the bond for residential construction only. Commercial contractors already purchase a second performance bond for project they work on.
 - Create two different classes of contractor: residential and commercial
 - Create a recovery fund. Perhaps collect a permit fee for a recovery fund or charge each contractor \$100.
1. Increases bond requirements for residential contractors.
 2. Creates a recovery fund for residential Dispute Resolution Services complaints.

B. Increase Penalty/Consequences for Failing to Provide Vital Consumer Protection Notices:

Currently contractors are required to provide consumers with two very important notices designed to advise them of their rights and responsibilities.

- 701.055(13) Consumer Notification; and
- 87.093(1) Information Notice to Owners About Construction Liens.

Staff have received anecdotal evidence that a significant number of contractors are failing to properly delivery the “consumer notice”. Attorneys and others have testified that they are convinced that these notices are not being provided to consumers on a uniform basis. Because consumer notices provide vital consumer protection information, including the CCB one year statute of limitation for filing a Dispute Resolution Services (DRS) complaint, at least two possible policy changes could improve contractor compliance with this requirement.

1. Require Contractors to Maintain a Signed Copy of the “Consumer Notice”.

Homeowners are often unaware of the existence of the CCB, its dispute resolution program and the time limitation for filing a complaint. We

regularly receive complaints from homeowners that must be dismissed as untimely because the homeowner was unaware of the time limitation for filing a complaint until it was too late. A homeowner would know about the CCB and the time limitation for filing a complaint if the homeowner received and read the two notices a contractor is required to give a homeowner. CCB's experience with complaints filed is that many contractors fail to give these notices. Staff recommendation is to add an additional incentive to give this notice by amending the time limitation for filing a complaint to add a year to the limitation if the homeowner alleges that he or she did not receive the notices and the contractor is unable to prove the he or she did give the notices to the homeowner.

2. Require Contractors to Maintain a Signed Copy of the Information Notice to Owners About Construction Liens.”

While the notice currently has a place for a homeowner's signature, the law does not require a contractor to obtain a signature and maintain a copy of the signed notice. This causes a significant problem for the agency when it attempts to prove that the contractor failed to provide the notice. Contractors testify that they, in fact, provided the notice. Consumers testify that they did not receive the notice. And the agency is left trying to prove a “negative” which is problematic at hearing.

3. Eliminate Pay Twice Lien Problem for Consumers:

In the alternative, it would be cleaner and provide greater consumer protections for the statutes to be changed that eliminate the notice requirements in favor of a statute that would provide a consumer a complete defense to the lien if they can prove that they have paid the general in full for the work that is the subject of the lien.

II. Strengthen Contractor Accountability:

A. Strengthen CCB Responsible Managing Individual (RMI) Requirements:

The purpose of the RMI requirement is to ensure that the individual owning or managing an Oregon Construction business has the skills and abilities to understand the laws that govern such business activity. The title of an RMI implies an individual that is both “responsible” and “managing” the operations of the construction business. Current law fails, in most instances, to require the RMI to manage the business. The problems that are associated with this are:

- If an RMI does not have management and/or supervisory roles in the business, this can compromise the benefit of the education and testing to both the success of the business and the success of the project for the consumer.
- Individuals may be selling their RMI status to applicants that are unable to pass the test or unwilling to take the education and test. This also compromises the benefit of the education and testing to the success of the project for the consumer.

Staff recommendation is to require the RMI to be a person who exercises management or supervisory authority over the construction activities of the business. Assistant Attorney General Kathleen Dahlin stated that OAR 812-002-0533 requires that the RMI be a majority shareholder in the corporation. CCB needs to ask for stock certificates that show who the owners are.

- B. Require All Business Entities to Notify CCB When Ownership Changes:**
701.055 currently only requires that partnerships and corporations notify CCB upon change of partners or officers. There is no mention of other business entities such as limited liability companies, joint ventures, and trusts. Staff recommendation is to change 701.055 to include all other business entities that we license.
- C. Require Insurance Providers to Notify CCB in the Event They Stop Insurance Coverage for a Licensee:**
Insurers are not required to notify CCB if a licensee's insurance cancels, thereby allowing a licensee to continue carrying an Active license with no insurance coverage. Staff recommendation is to require insurers to notify CCB upon cancellation of a licensee's insurance.
- D. Require Contractors to Notify the CCB in the Event an Adverse Court Judgment or Arbitration Award is Issued Against Them:**
CCB records do not give a complete picture of a contractor's record because they only show judgments against a contractor that we know about. Staff recommendation is to require a contractor to notify the CCB if a judgment is entered against the contractor arising from a construction contract, a contract to supply labor, material or material to a construction site, or an action on a construction lien. This would apply to residential contractors only.
- E. Require Contractors to Notify the CCB of Bankruptcy Filed by Contractor, Owners and Officers:**
CCB records do not give a complete picture of a contractor's record because they do not show bankruptcies filed by contractor or officer or owner of the contractor. Staff recommendation is to require a contractor to notify the CCB if the contractor or an officer or owner of the contractor files for bankruptcy.
- F. Allow CCB Access to DMV Pictures:**
Seek authority that would allow CCB to have access to DMV driver's license photos for enforcement criminal investigations.
- G. Allow CCB to Issue Misdemeanor Citations:**
Seek authority that would allow CCB to designate certain enforcement employees with authority to issue misdemeanor citations for illegal activity in the construction industry. This would help reduce construction claims if we had this authority. Assistant Attorney General Kathleen Dahlin stated that the statutes in the criminal code will need to be looked at because there may be some limitations like sworn peace officers can do this.

H. Require the CCB to Adopt Minimum Contract Standards and a Model Contract for Residential Construction Contracts:

Too many contracts between prime contractors and homeowners are verbal or have insufficient terms to establish the agreement between the parties. Staff recommendation is to require that the CCB:

- Adopt minimum standards for construction contracts entered into between a homeowner and a contractor by rule.
- Publish a model construction contract for use by a homeowner and a contractor that meets or exceeds the minimum standards.

I. Minimum Time Limit for Revoked License:

ORS 701 does not address the length of time for applying for a new license after having a license revoked. Staff recommendation would be to require at least one year before a contractor or its owners or officers could apply for a new CCB license. Board Chair Cliff Harkins recommends two years.

III. Streamlining Government Regulations:

A. Move Lead-Based Paint Certification from CCB to Department of Human Services (DHS):

DHS is in the process of revising its lead safe practices to make compliance easier on businesses. This would assist them in their efforts. It also would remove from the CCB Licensing Section the requirement of maintaining LBP certifications on licenses. The testing and approval of LBP certification is the responsibility of DHS. CCB would keep the enforcement authority to hold contractors accountable.

IV. Government Efficiency Improvements:

A. Allow CCB to Send Emergency Suspension Notices by Regular Mail Only:

Currently emergency Suspension Notices must be sent by both regular and certified mail. Staff recommendation is to change the statute to allow CCB to send Emergency Suspension Notices by regular mail only. It is costing the agency approximately \$100,000 a biennium to send certified. Assistant Attorney General Kathleen Dahlin stated that this concept may not be constitutionally valid. The agency is sending out an emergency suspension without notifying the party. Board members discussed sending notice by email through "My License".

B. Merge the Residential and Commercial CCB Dispute Resolution Processes:

In effect this would authorize CCB to receive and determine commercial contract disputes. Today these disputes must be determined in court. This is a significant policy change that will have a fiscal impact AND is not uniformly supported by the construction industry. Nevertheless, this policy change makes sense for the following reasons:

The instructions for filing a complaint are complicated by the existence of these two procedures to file and process a complaint. This is confusing to complainants and sometimes leads a complainant to file the complaint under the wrong

procedure and to lose their complaint as a result. Staff recommendation is to merge the two processes into one process.

V. Housekeeping Issues:

- A. **Change the Word “Claim” in Statute to the Word “Complaint”:**
We refer to CCB Dispute Resolution Services (DRS) breach of contract complaints as “complaints”, but the ORS calls them “claims”. Staff recommendation is to amend ORS 701 to use the word “complaint” in place of “claim.”

VI. Fee Issues:

- A. **Seek Clarification that the Agency May Charge a Fee for Oregon Certified Home Inspector Initial Certification:**
Current statute allows CCB to charge a home inspector for renewal of their certification, but not to charge for the initial certification. Staff recommendation is to change the statute to allow CCB to charge a home inspector applicant a fee for their initial certification.
- B. **Increase \$50 Cap on Oregon Home Inspector Testing Fee:**
The current \$50 cap on Oregon Certified Home Inspector (OCHI) testing fee has created problems with improvement to the Home Inspector certification exam. Staff and HIAC members have been exploring national testing for this certification which is allowable by statute. If we do not go to a national test staff and HIAC members have been discussing and researching options of having the current test measured for validity and reliability in order to have a fair and legally defensible test. Counsel has advised that we can not exceed the \$50 testing fee for the Home Inspector certification test if we eliminate the current exam and go with a national exam.

It is very likely that the cost of a national test will exceed this cap. If we choose to keep the current test, there isn't a budget to have the test measured for validity and reliability.

Staff recommendation is to increase the testing fee limit to allow the future option of national testing or to allow for the test given currently to be assessed and measured for validity and reliability in order to have a fair and legally defensible test.



Oregon

Theodore R. Kulongoski, Governor

Construction Contractors Board

www.ccb.state.or.us

Mailing Address:

PO Box 14140

Salem, OR 97309-5052

Street Address:

700 Summer St NE

Suite 300

503-378-4621

FAX 503-373-2007

TTY 503-373-2218

MEMO

DATE: March 22, 2006
TO: Board Members
FROM: Craig P. Smith
Administrator
SUBJECT: Contested Case Appeals

Please insert your Appeal Committee Packet after this memo in this month's Board packet.

As you know, the full Board is scheduled to act in the capacity of Appeal Committee this month.

There is one case on appeal, Enforcement Action No. 62355, Gregory M. and Michelle M. Reynolds. Respondent filed exceptions.

Please contact me if you have any questions or concerns about this matter.

CPS:cd

m-brd re appeals 3-06.doc

Secretary of State
NOTICE OF PROPOSED RULEMAKING HEARING*
A Statement of Need and Fiscal Impact accompanies this form.

Construction Contractors Board (Agency and Division)		OAR 812 (Administrative Rules Chapter Number)
Catherine Dixon (Rules Coordinator)	700 Summer Street NE Suite 300, Salem OR 97310 (Address)	378-4621 ext. 4077 (Telephone)

RULE CAPTION

Adopt Amended Forms, Conditions to Require Bigger Bond, and Repeal of Increased Bond Requirement
Not more than 15 words that reasonably identifies the subject matter of the agency'

March 28, 2006 Hearing Date	11:00 a.m. Time	West Salem Roth's IGA, 1130 Wallace Rd. NW, Salem, OR Location	Cliff Harkins Hearings Officer
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Auxiliary aids for persons with disabilities are available upon advance request.

RULEMAKING ACTION

ADOPT: Secure approval of rule numbers with the Administrative Rules Unit prior to filing.
812-005-0250

AMEND:
812-001-0120 812-001-0200 812-003-0240 812-005-0210

REPEAL:

Renumber: Secure approval of rule numbers with the Administrative Rules Unit prior to filing.

Amend and Renumber: Secure approval of rule numbers with the Administrative Rules Unit prior to filing.

ORS 87.093, 670.310, 701.055, 701.085, 701.235, chapter 533 Oregon Laws 2005, & chapter 734 Oregon Laws 2005

Stat. Auth.: ORS

SB 1002 (Chapter 249, OR Laws 2005)

Other Authority

ORS 87.093, 183.341, 670.600, 670.605, 701.055, 701.075, 701.085, 701.235, chapter 533 Oregon Laws 2005, & chapter 734 Oregon Laws 2005

Stats. Implemented: ORS

RULE SUMMARY

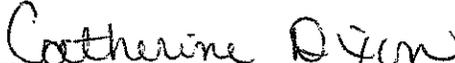
OAR 812-001-0120 is amended to adopt the Attorney General's Model Rules of Procedure revised publication dated January 1, 2006. OAR 812-001-0200 is amended to implement SB 1002 (chapter 249, OR Laws 2005) that reduced the requirement to commit a residential construction agreement to a written contract from \$2,500 to \$2,000 and to update the web address. OAR 812-003-0240 is amended to adopt the revised independent contractor form. 812-005-0210 is amended to add unpaid construction debt that exceeds the amount of the bond to the conditions to require a larger bond. Requiring a larger bond will provide for additional funds available to consumers who are damaged by construction contractors and hopefully reduce the number of unpaid final orders of the Board. 812-005-0250 is adopted to clarify when an applicant/licensee may petition the Board for a reduced bond amount and establish how the agency will grant or deny a petition for a lower bond amount and gives appeal rights.

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing the negative economic impact of the rule on business.

March 28, 2006 at 11:00 a.m.

Last Day for Public Comment

Last day to submit written comment to the Rules Coordinator

	
Signature	
Catherine Dixon	02/08/06
Printed Name	Date

*The Oregon Bulletin is published on the 1st of each month and updates the rule text found in the Oregon Administrative Rules Compilation. Notice forms must be submitted to the Administrative Rules Unit, Oregon State Archives, 800 Summer Street NE, Salem OR 97310 by 5:00 pm on the 15th day of the preceding month unless this deadline falls on a Saturday, Sunday or legal holiday when Notice forms are accepted until 5:00 pm on the preceding workday.
ARC 920-2005

NOTE: In order to save postage and printing costs in these difficult times, CCB is only providing a copy of the notice. To view the language of each individual rule change, please go to our web site at http://www.oregon.gov/CCB/Laws_Rules.shtml#Administrative_Rule_Notices. If you don't have web access, contact Cathy Dixon at (503) 378-4621 ext. 4077 for assistance in receiving a copy.

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

Construction Contractors Board
Agency and Division

OAR 812
Administrative Rules Chapter Number

In the Matter of: Amendments to OAR 812

Rule Caption: (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.) Adopt Amended Forms, Conditions to Require Bigger Bond, and Repeal of Increased Bond Requirement

Statutory Authority: ORS 87.093, 670.310, 701.055, 701.085, 701.235, chapter 533 Oregon Laws 2005, & chapter 734 Oregon Laws 2005

Other Authority:

Stats. Implemented: ORS 87.093, 183.341, 670.600, 670.605, 701.055, 701.075, 701.085, 701.235, chapter 533 Oregon Laws 2005, & chapter 734 Oregon Laws 2005

Need for the Rule(s):

- OAR 812-001-0120 is amended to adopt the Attorney General's Model Rules of Procedure revised publication dated January 1, 2006.
- OAR 812-001-0200 is amended to implement SB 1002 (chapter 249, OR Laws 2005) that reduced the requirement to commit a residential construction agreement to a written contract from \$2,500 to \$2,000.
- OAR 812-003-0240 is amended to adopt the revised independent contractor form.
- 812-005-0210 is amended to add unpaid construction debt that exceeds the amount of the bond to the conditions to require a larger bond. Requiring a larger bond will provide for additional funds available to consumers who are damaged by construction contractors and hopefully reduce the number of unpaid final orders of the Board.
- 812-005-0250 is adopted to clarify when an applicant/licensee may petition the Board for a reduced bond amount and establish how the agency will grant or deny a petition for a lower bond amount and gives appeal rights.

Documents Relied Upon, and where they are available: ORS 701 and OAR 812. Documents are on the agency website at www.oregon.gov/ccb or a paper copy is available upon request.

Fiscal and Economic Impact, including State of Cost of Compliance:

The rule changes have no known fiscal impact on state agencies, units of local government or the public and no known economic impact on state agencies, units of local government or the public with the exception of OAR 812-005-0210 and 812-005-0250, which the agency is unable to determine the cost of a larger bond on the construction business because bond rates are based on the licensee's credit history, type of work performing, and other factors that vary from licensee to licensee; therefore, the agency is unable to determine if a reduced amount of surety bond required, if granted, would result in any savings to the licensee.

The rule changes will not increase the cost of a new single-family dwelling.

How were small businesses involved in the development of this rule?

Seven of the CCB Board members are businesses owners.

Administrative Rule Advisory Committee consulted? The Construction Contractors Board is made up of six contractors; one elected public official, and two public members. They serve as their own Administrative Rule Advisory Committee.

If not, why?:

Catherine Dixon
Authorized Signer

Catherine Dixon
Printed Name

02/08/06
Date

Administrative Rules Unit, Archives Division, Secretary of State, 800 Summer Street NE, Salem, Oregon 97310

ARC 925-2005

HOUSING COST IMPACT STATEMENT

FOR ESTIMATING THE EFFECT OF A PROPOSED RULE OR ORDINANCE ON THE COST OF DEVELOPING
A *TYPICAL 1,200 SQ FT DETACHED SINGLE FAMILY DWELLING ON A 6,000 SQ FT PARCEL OF LAND.
(ORS 183.534)

FOR ADMINISTRATIVE RULES

AGENCY NAME: Construction Contractors Board
ADDRESS: 700 Summer St NE Suite 300
CITY/STATE: Salem OR 97301
PHONE: (503) 378-4621

PERMANENT:

HEARING DATE: 3-28-06

TEMPORARY:

EFFECTIVE DATE: 4-01-06

BELOW PLEASE PROVIDE A DESCRIPTION OF THE ESTIMATED SAVINGS OR ADDITIONAL COSTS THAT WILL RESULT FROM THIS PROPOSED CHANGE.

PROVIDE A BRIEF EXPLANATION OF HOW THE COST OR SAVINGS ESTIMATE WAS DETERMINED.
IDENTIFY HOW CHANGE IMPACTS COSTS IN CATEGORIES SPECIFIED

Description of proposed change: (Please attach any draft or permanent rule or ordinance)

812-005-0210 is amended to add unpaid construction debt that exceeds the amount of the bond to the conditions to require a larger bond. Requiring a larger bond will provide for additional funds available to consumers who are damaged by construction contractors and hopefully reduce the number of unpaid final orders of the Board. OAR 812-005-0250 is adopted to clarify when an applicant/licensee may petition the Board for a reduced bond amount and establish how the agency will grant or deny a petition for a lower bond amount and gives appeal rights.

Description of the need for, and objectives of the rule:

- OAR 812-005-0210 is amended to add unpaid construction debt that exceeds the amount of the bond to the conditions to require a larger bond. Requiring a larger bond will provide for additional funds available to consumers who are damaged by construction contractors and hopefully reduce the number of unpaid final orders of the Board.
- OAR 812-005-0250 is adopted to clarify when an applicant/licensee may petition the Board for a reduced bond amount and establish how the agency will grant or deny a petition for a lower bond amount and gives appeal rights.

List of rules adopted or amended:

Amend OAR 812-005-0210 and adopt OAR 812-005-0250

Materials and labor costs increase or savings:

The rule amendments have no measurable cost for construction materials or labor costs.

Estimated administrative construction or other costs increase or savings:

It is estimated that approximately 60 licensees a year will be required to obtain a larger bond. The agency is unable to determine the cost of a larger bond on the construction business because bond rates are based on the licensee's credit history, type of work performing, and other factors that vary from licensee to licensee; therefore, the agency is unable to determine if a reduced amount of surety bond required, if granted, would result in any savings to the licensee.

Land costs increase or savings:

The rule amendments have no measurable impact the cost of a new home.

Other costs increase or savings:

Unknown.

*Typical-Single story 3 bedrooms, 1 ½ bathrooms, attached garage (calculated separately) on land with good soil conditions with no unusual geological hazards.

PREPARERS NAME: Catherine Dixon

EMAIL ADDRESS: Catherine.a.dixon@state.or.us

REVISED
Proposed Rule Amendments for
March 28, 2006

<p>812-001-0120 Uniform and Model Rules The Construction Contractors Board adopts the Attorney General's Uniform and Model Rules of Procedure, OAR 137-001-0005 to 137-005-0070, revised [January 15, 2004] January 1, 2006, with the following exceptions: OAR 137-003-0015, 137-005-0060, and 137-005-0070. Stat. Auth.: ORS chapter 670.310 & 701.235 Stats. Implemented: ORS chapters 183.341 (6/80, 11/80, 1/82, 3/82, 4/82, 10/82, 1/83, 2/83, 3/83, 7/83, 3/84, 5/84, 1/86, 5/86, 3/88, 11/88, 12/88, 1/89, 11/89, 4/90, 10/90, 11/90, 2/92, 3/92, 4/92, 5/92, 7/92, 8/92, 12/92, 1/94, 6/94, 7/94, 6/95, 6/96, 11/97, 3/99, 9/01, 10/04, 12/05) (Amended and renumbered from 812-001-0003, 12/05)</p>	<p>Amended to adopt the Attorney General's Model Rules of Procedure revised publication dated January 1, 2006. (CD)</p>
<p>812-001-0200 Consumer Protection Notices (1) The Construction Contractors Board adopts the form entitled "Information Notice to Owner," as revised [June 1, 2004] February 3, 2006. This form may be obtained from the agency. Previously adopted versions of the Information Notice may also be used. (2) The Construction Contractors Board adopts the form "Information Notice to Property Owners About Construction Responsibilities" as revised June 1, 2004. (3) The Construction Contractors Board adopts the form "Notice of Compliance with Homebuyer Protection Act (HPA) as revised December 16, 2003. (4) The Construction Contractors Board adopts the form "Model Features for Accessible Homes" dated December 6, 2005. Stat. Auth.: ORS 87.093, 670.310, 701.055, 701.235 & 701.530 Stats. Implemented: ORS 87.093, 701.055, 701.235 & 701.530 (4/81, 11/81, 1/82, 3/82, 6/82, 1/83, 1/83, 3/83, 3/83, 10/83, 2/87, 7/87, 1/89, 11/89, 5/92, 7/92, 8/92, 3/99, 9/99, temp. 5/00, 8/00, 6/02, 12/02, temp. 3/03, 6/03, 12/03, temp. 12/03, temp. 12/03, 2/04, 5/04, temp. 6/04, 8/04, 12/05) (Amended and renumbered from 812-001-0020, 12/05)</p>	<p>Amended to adopt the revised form "Information Notice to Owner". (GF)</p>
<p>812-003-0240 Independent Contractor (1) As used in ORS chapters 316, 656, 657, 671 and 701, an individual or business entity that performs labor or services for remuneration shall be considered to perform the labor or services as an "independent contractor" if the standards of ORS 670.600 are met. (2) The Construction Contractors Board, Employment Department, Landscape Contractors Board, Workers Compensation Division, and Department of Revenue of the State of Oregon, under authority of ORS 670.605, will cooperate as necessary in their compliance and enforcement activities to ensure among the agencies the consistent interpretation and application of ORS</p>	<p>Amended to adopt the revised Independent Contractor form. (GF)</p>

<p>670.600.</p> <p>(3) The Board adopts the form "Independent Contractor Certification Statement" as [approved December 6, 2005] revised January 17, 2006. An applicant must use this form to meet the requirements of ORS 701.075(1)(j). Stat. Auth.: ORS 670.310, 670.605 & 701.235 Stats. Implemented: ORS 670.600, 670.605, & 701.075 (12/04, 12/05, temp. 1/06)</p>	
<p>812-005-0210 [Excessive CCB Dispute Resolution Section (DRS) Complaints Under ORS 701.139] Conditions to Require a Increased Bond</p> <p>Under ORS 701.085(8), the agency may require a bond of up to five times the normally required amount, if it determines that a current or previous license of an owner or officer as defined in ORS 701.055 and 701.077 or OAR 812-002-0537 and 812-002-0533, has:</p> <p>(1) A history of unpaid final orders consisting of two or more final orders unpaid for longer than thirty (30) days following the date of issuance; or (2) Five or more claims filed by five or more separate claimants within a one-year period.</p> <p><u>(3) Has an unpaid construction debt as defined in ORS 701.102(2)(b) that exceeds the amount of the bond.</u></p> <p>Stat. Auth.: ORS 670.310, 701.085 & 701.235 Stats. Implemented: ORS 701.005, 701.077 & 701.085 (12/04, 6/05, 12/05)</p>	<p>Amended to add unpaid construction debt that exceeds the amount of the bond to the conditions to require a larger bond. (RB)</p>
<p>812-005-0250 Repeal of Increased Bond Requirement</p> <p><u>(1) Under ORS 701.085(7) or (8) after two years of operating under the increased bond, an applicant or licensee may submit a written request to the Board appealing the agency's determination requiring an increased bond amount.</u></p> <p><u>(2) A licensee required to file a bond of up to five times the normal amount may petition the agency to be relieved of that obligation after demonstrating to the agency two full years of acceptable business practices while having posted the increased bond.</u></p> <p><u>(3) Petitions for return to normal bond requirements under ORS 701.085 must be made in writing and delivered to the agency. Such petitions must provide a full explanation why the licensee no longer pose an increased risk to the public and should be granted a license at the regular bond amount.</u></p> <p><u>(4) The agency shall consider the following factors while determining to grant or deny the licensee's petition:</u></p> <p><u>(a) After the increased bond requirement, whether the petitioner has a history of paying DRS claims within ten (10) days of the order becoming final;</u></p> <p><u>(b) After the increased bond requirement, whether the petitioner has incurred any unpaid court judgments;</u></p> <p><u>(c) A review of the petitioner's CCB enforcement/discipline history; and</u></p> <p><u>(d) A criminal history background check.</u></p> <p><u>(5) The agency shall notify the licensee or applicant in writing within 30 days of the agency's decision to grant or deny the licensee or applicant's</u></p>	<p>Adopt to clarify when applicant/licensee may petition the Board for a reduced bond amount and establish how the agency will grant or deny a petition for a lower bond amount and giving appeal rights. (CPS/RB)</p>

petition.

(6) An applicant or licensee may submit a written request to appeal staff's denial of the applicant's or licensee's petition to be released from the obligation to post a bond in an amount up to five times the normal amount. Such appeals will be scheduled and considered by the Board at one of its regularly scheduled Board meeting within 90 days after the appeal is received by the agency.

Stat. Auth.: ORS 670.310, 701.085 & 701.235

Stats. Implemented: ORS 701.085

(new)



CONSTRUCTION CONTRACTORS BOARD

700 Summer St NE Suite 300
PO Box 14140
Salem OR 97309-5052
Telephone: 503-378-4621
Fax: 503-373-2007
Web Address: www.oregon.gov/ccb

INFORMATION NOTICE TO OWNER ABOUT CONSTRUCTION LIENS

This is not a lien. It is provided to you by your contractor to inform you about construction lien laws. An Information Notice is not a reflection upon the integrity or credit standing of your contractor. This Information Notice explains the construction lien law and steps you can take to protect your property from a valid lien. As an owner, you should read this Information Notice carefully. This Information Notice is required to be given if you contract for residential construction or remodeling or if you are buying a new home, at any time the contract price exceeds \$1,000.

Under Oregon law, your contractor and others who provide labor, materials, equipment or services to your project *may* be able to claim payment from your property if they have not been paid. *That claim is a construction lien.*

If your contractor does not pay subcontractors, employees, or rental equipment or material suppliers or does not make other legally required payments, those who are owed money may lien your property for payment. **It is in your best interest to verify that all bills are paid, even if you have paid your contractor in full.**

If you occupy or will occupy your home, persons who supply materials, labor, equipment or services ordered by your contractor are permitted by law to record a lien against your property **only** if they have sent you a timely Notice of Right to Lien (which is different from this Information Notice) before or during construction. If you enter into a contract to buy a newly-built, partially-built or newly-remodeled home, a lien may be claimed even though you have not received a Notice of Right to a Lien. If you do not occupy the building, a Notice of Right to Lien is not required prior to filing a lien.

Common Questions and Answers about Construction Liens

Can someone record a construction lien even if I pay my contractor? Yes. Anyone who has not been paid for labor, material, equipment, or services on your project and has provided you with a valid Notice of Right to Lien (where one is required) has the right to record a construction lien.

What is a Notice of Right to Lien? In certain circumstances persons with whom you do not have a contract are required to send you a Notice of Right to a Lien if they intend to protect their construction lien rights against your project. It is sent to you for your protection. It is not a construction lien.

What should I do when I receive a Notice of Right to Lien? Don't ignore it. Find out what arrangements your contractor has made to pay the sender of the Notice of Right to Lien.

When do construction liens need to be recorded? In Oregon, construction liens generally need to be recorded within 75 days from the date the project was substantially completed or 75 days from the date that the lien claimant ceased to provide labor, material, equipment or services, whichever is earlier. To enforce a lien, the lien holder must file a lawsuit in a proper court within 120 days of the date the lien was recorded.

(Important information on other side)

How to Protect Yourself

- When you pay your contractor for materials, labor, equipment or services, you may wish to consider making your checks payable *jointly* to the contractor and whoever sent you a Notice of Right to Lien.
- You can ask for a statement of the reasonable value of the materials, labor, equipment or services provided to your project from everyone who sends you a Notice of Right to Lien. If the information is not provided in a timely manner, the sender of the Notice of Right to Lien may still be able to record a construction lien, but is not entitled to attorney fees.
- Consider using the services of an escrow agent to protect your interests. Consult your attorney to find out whether your escrow agent will protect you against liens when disbursing payments.
- Contact a title company about obtaining a title policy that will protect you from construction lien claims.
- Ask your contractor, lending institution and architect what precautions, if any, they will take to protect your project from construction liens.
- Get evidence that those who sent you a Notice of Right to Lien have been paid or have waived all their construction lien rights.
- Have a written contract with your contractor. A written contract is **required** for projects greater than \$2,000, and highly recommended for projects less than that.
- Review the Consumer Notification form (ORS 701), which your contractor must provide to you when a bid or proposal is made on a residential structure.
- Contact the Construction Contractors Board (CCB) and confirm that your contractor is licensed. The law requires all construction contractors to be licensed with the CCB or landscape businesses licensed with the Landscape Contractors Board (LCB). Contact the CCB at www.oregon.gov/ccb or 503-378-4621. Call the LCB at 503-986-6561. Should you have a dispute with your contractor, you may be able to file a claim with the CCB or LCB and be reimbursed in whole or in part from the contractor's bond. For more details about help available through the agency, write to the CCB at PO Box 14140, Salem, OR 97309-5052 or call 503-378-4621.
- Consult an attorney. If you do not have an attorney, consider contacting the Oregon State Bar referral service at 503-684-3763 or 1-800-452-7636.

Signing this Information Notice indicates only that you have received it. Your signature does not give your contractor or those who provide material, labor, equipment, or services any additional rights to place a lien on your property.

Job site address _____

This Notice was furnished by:

Received by:

(Contractor)

(Owner(s))

(CCB #)

(Date)

(Date)

The material in this Information Notice is not intended to be a complete analysis of the law in ORS Chapters 87 and 701. You may request a more detailed description of Oregon lien law called: "Required Residential Construction Notices" by calling 503-378-4621 to request the publication. For more detailed information, consult an attorney.

(Info-Ntc2/f/02-03-06)

CONSTRUCTION CONTRACTORS BOARD

INDEPENDENT CONTRACTOR CERTIFICATION

All Construction Contractors Board (CCB) applicants must certify that its business activities will be performed in compliance with Oregon's independent contractor law by checking boxes 1-4 and signing this form.

At all times while conducting business as a CCB licensee:

(Check Appropriate Box Below)

YES	NO	
1. <input type="checkbox"/>	<input type="checkbox"/>	The applicant will be free from direction and control over the means and manner of providing the services, subject only to the right of the person for whom the services are provided to specify the desired results:
2. <input type="checkbox"/>	<input type="checkbox"/>	<p>The applicant will be customarily engaged in an independently established business by: (Check <u>three of the following five</u> to qualify)</p> <p>a. <input type="checkbox"/> Maintaining a business location that is separate from the business or work location for whom the services are provided; or that is in a portion of the applicant's residence and that portion is used primarily for the business.</p> <p>b. <input type="checkbox"/> Bearing the risk of loss related to the business or provision of services as shown by factors such as:</p> <ul style="list-style-type: none"> ▪ The applicant enters into fixed-price contracts. ▪ The applicant is required to correct defective work. ▪ The applicant warrants the services provided or the applicant negotiates indemnification agreements or purchases liability insurance performance bonds or errors and omissions insurance. <p>c. <input type="checkbox"/> Providing contract services for two or more different persons within a 12 month period, or the applicant routinely engages in business advertising, solicitation or other marketing efforts reasonably calculated to obtain new contracts to provide similar services.</p> <p>d. <input type="checkbox"/> Making significant investment in the business, through means such as:</p> <ul style="list-style-type: none"> ▪ Purchasing tools or equipment necessary to provide the services. ▪ Paying for the premises or the facilities where the services are provided; or ▪ Paying for the licenses, certificates, or specialized training required to provide the services. <p>e. <input type="checkbox"/> Having the authority to hire other persons to provide or to assist in providing the services and has the authority to fire those persons. (Note: Contractors hiring employees must be licensed under the non-exempt class of independent contractor and carry proper workers' compensation insurance to protect subject workers.)</p>
3. <input type="checkbox"/>	<input type="checkbox"/>	The applicant will maintain an active license with the CCB in accordance with ORS chapter 701 while performing construction services.
4. <input type="checkbox"/>	<input type="checkbox"/>	The applicant is responsible for obtaining other licenses or certificates necessary to provide the construction services.

Businesses that cannot check the "yes" box in the four statements above (1-4) cannot obtain a license with the CCB.

I have read the following statements. I certify all are true with my signature and the date below.

1. I hereby certify that the business will operate as an independent contractor as stated above.
2. I understand that if I sign below as an owner, partner, corporate officer, LLC member or trustee, that I will be held liable as such.

 (Signature of sole proprietor, partner, corporate officer, LLC member or trustee)

 (Printed name of sole proprietor, partner, corporate officer, LLC member or trustee)

 (Date)

CONSTRUCTION CONTRACTORS BOARD

INDEPENDENT CONTRACTOR CERTIFICATION

All Construction Contractors Board (CCB) applicants must certify that its business activities will be performed in compliance with Oregon's independent contractor law by checking boxes 1-4 and signing this form.

At all times while conducting business as a CCB licensee:

(Check Appropriate Box Below)

YES	NO	
1. <input type="checkbox"/>	<input type="checkbox"/>	The applicant will be free from direction and control over the means and manner of providing the services, subject only to the right of the person for whom the services are provided to specify the desired results:
2. <input type="checkbox"/>	<input type="checkbox"/>	<p>The applicant will be customarily engaged in an independently established business by: (Check <u>three of the following five</u> to qualify)</p> <ul style="list-style-type: none"> a. <input type="checkbox"/> Maintaining a business location that is separate from the business or work location for whom the services are provided; or that is in a portion of the applicant's residence and that portion is used primarily for the business. b. <input type="checkbox"/> Bearing the risk of loss related to the business or provision of services as shown by factors such as: <ul style="list-style-type: none"> ▪ The applicant enters into fixed-price contracts. ▪ The applicant is required to correct defective work. ▪ The applicant warrants the services provided or the applicant negotiates indemnification agreements or purchases liability insurance performance bonds or errors and omissions insurance. c. <input type="checkbox"/> Providing contract services for two or more different persons within a 12 month period, or the applicant routinely engages in business advertising, solicitation or other marketing efforts reasonably calculated to obtain new contracts to provide similar services. d. <input type="checkbox"/> Making significant investment in the business, through means such as: <ul style="list-style-type: none"> ▪ Purchasing tools or equipment necessary to provide the services. ▪ Paying for the premises or the facilities where the services are provided; or ▪ Paying for the licenses, certificates, or specialized training required to provide the services. e. <input type="checkbox"/> Having the authority to hire other persons to provide or to assist in providing the services and has the authority to fire those persons. (Note: Contractors hiring employees must be licensed under the non-exempt class of independent contractor and carry proper workers' compensation insurance to protect subject workers.)
3. <input type="checkbox"/>	<input type="checkbox"/>	The applicant will maintain an active license with the CCB in accordance with ORS chapter 701 while performing construction services.
4. <input type="checkbox"/>	<input type="checkbox"/>	The applicant is responsible for obtaining other licenses or certificates necessary to provide the construction services.
<p><i>Businesses that cannot check the "yes" box in the four statements above (1-4) cannot obtain a license with the CCB.</i></p>		

Secretary of State
Certificate and Order for Filing
PERMANENT ADMINISTRATIVE RULES

I certify that the attached copies* are true, full and correct copies of the PERMANENT Rule(s) adopted on February 28, 2006 by the
(Date prior to or same as filing date.)

Construction Contractors Board OAR 812
(Agency and Division) (Administrative Rules Chapter Number)
Catherine Dixon 700 Summer Street NE Suite 300, Salem OR 97310 378-4621 ext. 4077
(Rules Coordinator) (Address) (Telephone)

to become effective March 2, 2006. Rulemaking Notice was published in the February 2006 Oregon Bulletin.**
(Date upon filing or later) (Month and Year)

RULE CAPTION

Home Inspector Rule Amendments--Housekeeping

Not more than 15 words that reasonably identifies the subject matter of the agency'

RULEMAKING ACTION

List each rule number separately, 000-000-0000.

ADOPT: Secure approval of rule numbers with the Administrative Rules Unit prior to filing.

AMEND:

812-008-0050 812-008-0090 812-008-0202

REPEAL:

Renumber: Secure approval of rule numbers with the Administrative Rules Unit prior to filing.

Amend & Renumber: Secure approval of rule numbers with the Administrative Rules Unit prior to filing.

ORS 670.310, 701.235, 701.350, 701.355

Stat. Auth.

Other Authority

ORS 701.350 and 701.355

Stats. Implemented

RULE SUMMARY

OAR 812-008-0050 is amended to change the title from "Agreements" to "Contracts".

OAR 812-008-0090 is amended to correct the cite reference.

OAR 812-008-0202 is amended to change the title from "Purpose and Scope" to "Contracts and Reports" to reflect the topic of the rule. This rule also is amended to place a heading above it of "Standards of Practice".

Catherine Dixon
Authorized Signer

Catherine Dixon
Printed Name

March 2, 2006
Date

*With this original, file one photocopy of certificate, one paper copy of rules listed in Rulemaking Actions, and electronic copy of rules.

**The Oregon Bulletin is published on the 1st of each month and updates the rule text found in the Oregon Administrative Rules Compilation. Notice forms must be submitted to the Administrative Rules Unit, Oregon State Archives, 800 Summer Street NE, Salem, Oregon 97310 by 5:00 pm on the 15th day of the preceding month unless this deadline falls on a Saturday, Sunday or legal holiday when Notice forms are accepted until 5:00 pm on the preceding workday. ARC 930-2005

NOTE: In order to save postage and printing costs in these difficult times, CCB is only providing a copy of the notice. To view the language of each individual rule change, please go to our web site at http://www.oregon.gov/CCB/Laws_Rules.shtml#Administrative_Rule_Notices. If you don't have web access, contact Cathy Dixon at (503) 378-4621 ext. 4077 for assistance in receiving a copy.

812-008-0050

Testing Requirements

- (1) The agency shall provide a written test for certification of individuals.
 - (2) The test shall be divided into five sections and weighted as follows:
 - (a) 20 percent: Structure, roofing, site, exterior, and interior.
 - (b) 20 percent: Heating, cooling, insulation, ventilation, fireplaces and wood stoves.
 - (c) 20 percent: Electrical.
 - (d) 20 percent: Plumbing.
 - (e) 20 percent: [~~Agreements~~] Contracts, reports and standards.
 - (3) To be certified, applicants must successfully pass the test.
 - (4) Applicants shall schedule an appointment with the agency, or designated proctors throughout the state, to take the test after receipt of a letter of authorization from the agency and payment of the fee prescribed in Division 8.
 - (5) The passing score shall be 75 percent or higher based on 100 percent possible.
 - (6) Applicants shall score 75 percent or higher on each of five sections of the test.
 - (7) Applicants shall not take the same test version on consecutive attempts.
 - (8) The agency will notify applicants by mail of their test scores on each section of the test.
 - (9) Applicants who fail one or more sections of the test need not retake test sections already passed except as provided in (10) below.
 - (10) Applicants shall pass all sections of the test within one year of the date the person first took the test or retake all sections of the test.
 - (11) Applicants shall complete the certification process within one year from the date the person passed all sections of the test or retake the entire test.
 - (12) Applicants shall show picture identification before taking the test.
 - (13) Applicants shall not be accompanied by another individual while taking the test unless it is a translator.
 - (14) Applicants needing a translator shall pay for translator.
 - (15) Applicants taking the test shall not leave the testing room.
 - (16) Applicants shall not retain notes or other materials during the test.
 - (17) Applicants who attempt and fail the first test may take all subsequent tests in no less than 30 days.
 - (18) Applicants shall not review test questions or answer sheets.
- Stat. Auth.: ORS 670.310, 701.235 & 701.350
Stats. Implemented: ORS 701.350 & 701.355
(2/98, 4/98, 10/98, 9/99, 9/01, 6/03, 2/04, 3/06)

812-008-0090

Revocation of Certification

The Construction Contractors Board may revoke the certificate of an Oregon certified home inspector or the license of a business that performs work as a home inspector for failure of the Oregon certified home inspector to:

- (1) Comply with one or more of the "Standards of Practice" set forth in OAR [~~812-008-0080(1) through (14)~~] 812-008-0202 through 812-008-0214.
 - (2) Comply with one or more of the "Standards of Behavior" set forth in OAR [~~812-008-0080(15)~~] 812-008-0201.
 - (3) Comply with OAR 812-008-0078(1).
- Stat. Auth.: ORS 670.310, 701.235, 701.350 & 701.355
Stats. Implemented: ORS 701.350 & 701.355
(2/98, 6/99, 6/00, 3/06)

Standards of Practice

812-008-0202

[Purpose and Scope] Contracts and Reports

(1) Home inspections undertaken according to Division 8 shall be based solely on the property conditions, as observed at the time of the home inspection.

(2) Oregon certified home inspectors shall:

(a) Provide a written inspection contract, signed by both the Oregon certified home inspector and client, prior to completing a home inspection that shall:

(A) State that the home inspection is in accordance with standards and practices set forth in Division 8 of OAR chapter 812;

(B) Describe the services provided and their cost;

(C) State where the planned inspection differs from the standard home inspection categories as set forth in OAR 812-008-0205 through 812-008-0214; and

(D) Conspicuously state whether the home inspection includes a wood destroying organism inspection and if such inspection is available for a fee.

(E) For the purpose of this rule, a home inspection shall be deemed completed when the initial written inspection report is delivered.

(b) Observe readily visible and accessible installed systems and components listed as part of a home inspection as defined by these rules unless excluded pursuant to these rules in OAR 812-008-0200 through 812-008-0214; and

(c) Submit a written report to the client that shall:

(A) Describe those systems and components as set forth in OAR 812-008-0205 through 812-008-0214;

(B) Record in the report each item listed in OAR 812-008-0205 through 812-008-0214 and indicate whether or not the property inspected was satisfactory with regard to each item of inspection; it will not be sufficient to satisfy subsection (2)(c) of this rule that the certified home inspector prepare a report listing only deficiencies;

(C) State whether any inspected systems or components do not function as intended, allowing for normal wear and tear; and how, if at all, the habitability of the dwelling is affected.

(D) State the inspector's recommendation to monitor, evaluate, repair, replace or other appropriate action.

(E) State the Construction Contractors Board license number of the business and the name, certification number and signature of the person undertaking the inspection.

(d) Submit to each customer at the time the contract is signed a copy of Summary of Oregon Home Inspector Certification Law (ORS 701) or Summary of Oregon Home Inspector Certification Law (ORS 701) and Standards of Practice for Home Inspectors.

(3) Division 8 does not limit Oregon certified home inspectors from reporting observations and conditions or rendering opinions of items in addition to those required in Division 8.

(4) All written reports, bids, contracts, and an individual's business cards shall include the Oregon certified home inspector's certification number.

Stat. Auth.: ORS 670.310, 701.235, 701.350 & 701.355

Stats. Implemented: ORS 701.350 & 701.355

(2/98, 10/98, 2/00, 6/00, 8/00, 9/01, 6/02, 8/05, 3/06)

(Amended and renumbered from 812-008-0080(1), 8/05)

Secretary of State
Certificate and Order for Filing
TEMPORARY ADMINISTRATIVE RULES

A Statement of Need and Justification accompanies this form.

I certify that the attached copies* are true, full and correct copies of the TEMPORARY Rule(s) adopted on March 9, 2006 by the
(Date prior to or same as filing date.)

Construction Contractors Board OAR 812
(Agency and Division) (Administrative Rules Chapter Number)
Catherine Dixon 700 Summer St NE Suite 300, Salem OR 97301 378-4621 ext. 4077
(Rules Coordinator) (Address) (Telephone)
to become effective March 9, 2006 through September 5, 2006
(Date upon filing or later) (A maximum of 180 days including the effective date.)

RULE CAPTION

Past Unresolved Activity--Increased Bond Amount

Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.

RULEMAKING ACTION

List each rule number separately, 000-000-0000.

ADOPT: Secure approval of rule numbers with the Administrative Rules Unit prior to filing.
812-003-0175

AMEND:

SUSPEND:

ORS 670.310, 701.085(8) & 701.235

Stat. Auth.: ORS

Other Authority

ORS 701.085(8)

Stats. Implemented: ORS

RULE SUMMARY

OAR 812-003-0175 is adopted to establish the responsible parties for past unresolved activity requiring an increased bond amount. Because consumers protected by the construction contractor laws may have inadequate protection from contractors previously associated with businesses with unpaid debts, and because ORS 701.102, as amended, may not adequately provide protection where inconsistent with federal bankruptcy law, the Board adopts this rule to require, under certain circumstances, increased bonds for contractors. This rule, authorized by ORS 701.085(8), provides immediately necessary consumer protection without imposing restrictions on contractor applicants and licensees that may be impermissible under federal bankruptcy law.

Catherine Dixon
Authorized Signer

Catherine Dixon
Printed Name

March 9, 2006
Date

*With this original and Statement of Need, file one photocopy of certificate, one paper copy of rules listed in Rulemaking Actions, and electronic copy of rules..

ARC 940-2005

NOTE: In order to save postage and printing costs in these difficult times, CCB is only providing a copy of the notice. To view the language of each individual rule change, please go to our web site at http://www.oregon.gov/CCB/Laws_Rules.shtml#Administrative_Rule_Notices. If you don't have web access, contact Cathy Dixon at (503) 378-4621 ext. 4077 for assistance in receiving a copy.

Secretary of State
STATEMENT OF NEED AND JUSTIFICATION
A Certificate and Order for Filing Temporary Administrative Rules accompanies this form.

Construction Contractors Board
Agency and Division

OAR 812
Administrative Rules Chapter Number

In the Matter of: Amendments to OAR 812

Rule Caption: (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)
Past Unresolved Activity--Increased Bond Amount

Statutory Authority: ORS 670.310, 701.085(8) & 701.235

Other Authority: Or Laws ch 432, § 10 (2005)

Statutes Implemented: ORS 701.085(8)

Need for the Temporary Rule(s):

- OAR 812-003-0175 is adopted to establish the responsible parties for past unresolved activity requiring an increased bond amount. Because consumers protected by the construction contractor laws may have inadequate protection from contractors previously associated with businesses with unpaid debts, and because ORS 701.102, as amended, may not adequately provide protection where inconsistent with federal bankruptcy law, the Board adopts this rule to require, under certain circumstances, increased bonds for contractors. This rule, authorized by ORS 701.085(8), provides immediately necessary consumer protection without imposing restrictions on contractor applicants and licensees that may be impermissible under federal bankruptcy law.

Documented Relied Upon, and where they are available: ORS 701 and OAR 812. These documents are available on agency's website at www.oregon.gov/ccb or a paper copy is available upon request.

Justification of Temporary Rule(s):

The CCB finds that following the permanent rulemaking process, instead of taking this temporary rulemaking action, would result in serious prejudice to the public interest.

On January 1, 2006, new legislation expanded the authority of the Construction Contractors Board (Board) to deny licensure to applicants or licensees for past unresolved activities involving not only the applicants or the licensees but businesses with which they had been associated. See Or Laws ch 432, § 10. Shortly thereafter, the Board learned of a decision entered in a federal bankruptcy court that, if its reasoning were adopted in the Oregon federal district, would limit the consumer protection of ORS 701.102, as amended by Oregon Laws chapter 432, section 10. See *Lee v. Washington Dept. of Labor & Industries*, No. 04-40532 (WD Wash 2005). Because consumers protected by the construction contractor laws may have inadequate protection from contractors previously associated with businesses with unpaid debts, and because ORS 701.102, as amended, may not adequately provide protection where inconsistent with federal bankruptcy law, the Board adopts this rule to require, under certain circumstances, increased bonds for contractors. This rule, authorized by ORS 701.085(8), provides immediately necessary consumer protection without imposing restrictions on contractor applicants and licensees that may be impermissible under federal bankruptcy law.



Authorized Signer

Catherine Dixon

Printed Name

March 9, 2006

Date

HOUSING COST IMPACT STATEMENT

FOR ESTIMATING THE EFFECT OF A PROPOSED RULE OR ORDINANCE ON THE COST OF DEVELOPING
A *TYPICAL 1,200 SQ FT DETACHED SINGLE FAMILY DWELLING ON A 6,000 SQ FT PARCEL OF LAND.
(ORS 183.534)

FOR ADMINISTRATIVE RULES

AGENCY NAME: Construction Contractors Board
ADDRESS: 700 Summer St NE Suite 300
CITY/STATE: Salem OR 97301
PHONE: (503) 378-4621

PERMANENT:

HEARING DATE:

TEMPORARY:

EFFECTIVE DATE: 3-9-06

BELOW PLEASE PROVIDE A DESCRIPTION OF THE ESTIMATED SAVINGS OR ADDITIONAL COSTS THAT WILL RESULT FROM THIS PROPOSED CHANGE.

PROVIDE A BRIEF EXPLANATION OF HOW THE COST OR SAVINGS ESTIMATE WAS DETERMINED.

IDENTIFY HOW CHANGE IMPACTS COSTS IN CATEGORIES SPECIFIED

Description of proposed change: (Please attach any draft or permanent rule or ordinance)

812-003-0175 is adopted to establish the responsible parties for past unresolved activity requiring an increased bond amount.

Description of the need for, and objectives of the rule:

The requirement for a higher bond applies to those who have past unresolved activities involving not only the applicants or the licensees but businesses with which they have been associated. See Or Laws ch 432, § 10. Shortly thereafter, the Board learned of a decision entered in a federal bankruptcy court that, if its reasoning were adopted in the Oregon federal district, would limit the consumer protection of ORS 701.102, as amended by Oregon Laws chapter 432, section 10. See Lee v. Washington Dept. of Labor & Industries, No. 04-40532 (WD Wash 2005). Because consumers protected by the construction contractor laws may have inadequate protection from contractors previously associated with businesses with unpaid debts, and because ORS 701.102, as amended, may not adequately provide protection where inconsistent with federal bankruptcy law, the Board adopts this rule to require, under certain circumstances, increased bonds for contractors. This rule, authorized by ORS 701.085(8), provides immediately necessary consumer protection without imposing restrictions on contractor applicants and licensees that may be impermissible under federal bankruptcy law.

List of rules adopted or amended:

OAR 812-003-0175

Materials and labor costs increase or savings:

The rule amendments have no measurable cost for construction materials or labor costs.

Estimated administrative construction or other costs increase or savings:

The agency is unable to determine the cost of a larger bond on the construction business because bond rates are based on the licensee's credit history, type of work performing, and other factors that vary from licensee to licensee. Requiring a larger bond will provide consumers with added protection in the event a claim is filed, therefore reducing the dollar amount of unpaid final orders issued by the Board.

Land costs increase or savings:

The rule amendments have no measurable impact the cost of a new home.

Other costs increase or savings:

Unknown.

*Typical-Single story 3 bedrooms, 1 ½ bathrooms, attached garage (calculated separately) on land with good soil conditions with no unusual geological hazards.

PREPARERS NAME: Catherine Dixon

EMAIL ADDRESS: Catherine.a.dixon@state.or.us

812-003-0175

Increased Bond Amounts, Past Unresolved Activity

(1) A business, including an individual person, applying for or renewing a license will file a bond in an amount up to five times the amount required for the category of license under OAR 812-003-0170, if:

(a) The business has unpaid debts under a final order or arbitration award of the board;

(b) An owner or officer of the business has unpaid debts under a final order or arbitration award of the board; or

(c) An owner or officer of the business was an owner or officer of another business at the time the other business incurred a debt that is the subject of a final order or arbitration award of the board and such debt remains unpaid.

(2) For purposes of this rule, "owner" means an "owner" as defined in ORS 701.077 and OAR 812-002-0537.

(3) For purposes of this rule, "officer" means an "officer" as defined in OAR 812-002-0533.

(4) Debts due under a final order or arbitration award of the board include amounts not paid by a surety on owner or non-owner claims.

Stat. Auth.: ORS 670.310, 701.085(8) & 701.235

Stats. Implemented: ORS 701.085(8)

(temp. 3/06)

SMITH Craig

From: Dahlin Kathleen [kathleen.dahlin@doj.state.or.us]
Sent: Thursday, February 23, 2006 11:08 AM
To: SMITH Craig P
Cc: BOYD William J
Subject: RE: Arbitration Agreements

See attached memorandum.

Kathleen Dahlin
Senior Assistant Attorney General
General Counsel Division

-----Original Message-----

From: SMITH Craig P
Sent: Tuesday, February 14, 2006 8:00 AM
To: Dahlin Kathleen
Cc: BOYD William J
Subject: Arbitration Agreements

Kathi,

In regards to arbitration clauses in construction contracts:

1. Could CCB **by rule** constrain the form or terms of an arbitration clause in a construction contract?
 - a) Could the CCB require that the arbitrator be a neutral party?
 - b) Could the CCB require that the arbitration not be so costly for consumers so as to effectively prevent them from achieving a resolution of their contract dispute?
 - c) Could the CCB require that private arbitration agreement (and arbitrators) be approved by CCB, or the Oregon state Bar, in order to be a valid clause?
 - d) Other possible constraints.

- 2 In the event you conclude the above could not be don by rule, could the Oregon legislative assembly revise statutes to provide the above, or other constraints, or sideboards for arbitration agreements?

*****CONFIDENTIALITY NOTICE*****

This e-mail may contain information that is privileged, confidential, or otherwise exempt from disclosure under applicable law. If you are not the addressee or it appears from the context or otherwise that you have received this e-mail in error, please advise me immediately by reply e-mail, keep the contents confidential, and immediately delete the message and any attachments from your system.



DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

MEMORANDUM

DATE: February 23, 2006

TO: Craig P. Smith, Administrator
Construction Contractors Board

FROM: Kathleen Dahlin, Senior Assistant Attorney General
Business Activities Section

SUBJECT: Regulating Arbitration Clauses in Construction Contracts
DOJ File No. 915-001-GB0024-06

You ask the following questions about arbitration clauses in construction contracts.

1. Can the Construction Contractors Board (CCB), *by rule*, constrain the form or terms of an arbitration clause in a construction contract?¹ The answer is no; the CCB lacks authority to adopt rules regulating the form or terms of arbitration contracts.

2. Can the Legislative Assembly adopt a statute that either directly or by delegated authority to the CCB constrains the form or terms of an arbitration clause in a construction contract? The answer is no; under the Federal Arbitration Act of 1925 (FAA), state statutes or rules that constrain the form or terms of an arbitration clause are invalid.

A. *Authority of CCB to Adopt Rules Regulating Arbitration Clauses in Construction Contracts*

With respect to arbitration clauses in construction contracts, the laws governing contracts provide that such contracts may contain a provision requiring arbitration. ORS 701.175. The laws also provide that CCB will defer to an arbitration proceeding and suspend processing a claim until that proceeding is concluded. *See e.g.* ORS 701.145(2)(a); 701.146(1)(b). However, if a contractor fails to initiate arbitration proceedings within 30 days after notification by CCB of a claim, the contractor waives any contractual right to arbitration. ORS 701.180.

¹ By way of example, you offer the following possible restraints upon arbitration clauses:

- a. That the arbitrator be a neutral party.
- b. That the arbitration not be so costly for consumers as to effectively prevent them from achieving resolution of their contract dispute.
- c. That the arbitration provisions be approved by the CCB or the Oregon State Bar.

CCB's rulemaking authority is set forth at ORS 670.310(1), which authorizes the agency to make all rules necessary and proper for the administration of the laws it is charged with administering. Also, CCB has authority under ORS 701.235 to make specific rules – none of which deal with contractor contracts or arbitration clauses.

Because the governing statutes do not give CCB authority over the specifics of the construction contracts, *compare* ORS 671.625(1)², even CCB's general rulemaking authority is insufficient to vest the agency with authority to adopt arbitration standards by rule. Moreover, for the reasons discussed below, any rules attempting to impose constraints in forms or terms of arbitration clauses would be invalid under the FAA.

B. Federal Law Governing Arbitration Clauses

The FAA provides that written agreements to arbitrate disputes arising out of transactions involving interstate commerce³ “shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract.” 9 USC § 2. Thus, state law, whether of legislative or judicial origin, is applicable if that law arose to govern issues concerning the validity, revocability, enforceability of contracts generally. *Perry v. Thomas*, 482 US 492 n. 9, 107 S Ct 2520, 96 L Ed 2d 426 (1987). Generally applicable contract defenses – such as fraud, duress, or unconscionability – may be applied to invalidate arbitration agreements without contravening section 2 of the FAA. *Doctor's Assocs., Inc. v. Casarotto*, 517 US 681, 686, 116 S Ct 1652, 134 L Ed 2d 902 (2000). Arbitration agreements may not, however, be invalidated by state laws that are applicable only to arbitration provisions. *Id.* Congress precluded states from singling out arbitration provisions for suspect status, requiring instead that such provisions be placed “upon the same footing as other contracts.” *Id.*, quoting *Scherk v. Alberto-Culver Co.*, 417 US 506, 511, 94 S Ct 2449, 41 L Ed 2d 270 (1974). See also *Ticknor v. Choice Hotels Int'l, Inc.*, 265 F 3d 931, 936 – 37 (2001), *cert den* 534 US 1133, 122 S Ct 1075, 151 L Ed 2d 977 (2002).

In *Morrison*, Colorado's Health Care Availability Act (CHCAA) required that any arbitration agreement entered into by a health plan must contain certain statements and that there must be a certain notification provided in bold faced type. See § 13-64-403, C.R.S. The medical services agreement at issue in *Morrison* did not contain the statutory language or notice. The

² ORS 671.625(1) governs the authority of the Landscape Contractors Board and provides that:

(1) The State Landscape Contractors Board shall by rule adopt minimum standards for written contracts and billing of the landscaping business. The standards shall set forth requirements for information that must be contained in contracts and billings. The information required shall be any information the board determines is necessary to provide protection for consumers of the services and materials provided by landscaping businesses.

³ A business entity, such as a contractor, is involved in interstate commerce if it purchases materials and supplies, including building materials, from out-of-state suppliers. See *Morrison v. Colorado Permanente Medical Group*, 983 F Supp 937, 943 (D Colo 1997).

defendant health provider argued that the CHCAA provisions were preempted by section 2 of the FAA.

Acknowledging that there were transactions involving commerce, the District Court found that the effect of the CHCAA is to place arbitration clauses in medical services agreements in a class apart not only from “any contract” but also from all other arbitration agreements. *Morrison* at 943. The Court in *Morrison* held,

By doing so, the CHCAA “singularly limits [the] validity [of the medical services agreements]. *Doctor’s Assoc.* [cite omitted]. I hold that the CHCAA medical services arbitration provisions are “inconsonant” with, and therefore preempted by, the Federal Arbitration Act (FAA). [Cite omitted].

Id.

C. Conclusion

CCB is proposing the creation of statutes that would distinguish construction contractor agreements with arbitration clauses and regulate their content – the very thing that the CHCAA did for medical services arbitration agreements. Following the reasoning of the Colorado District Court, Ninth Circuit Court of Appeals, and United States Supreme Court, it is reasonable to conclude that a court faced with the same questions about construction contractor arbitration clauses would reach the same result – that such regulation is impermissible under the FAA.

Intra-agency team for independent contractor issues.

Mission

The mission of the intra-agency team on independent contractor issues is to create a cooperative approach to the implementation and application of law and rules related to independent contractors for the purposes of:

- providing our customers with predictability and consistency;
- ensuring the prompt and efficient delivery of services and information related to independent contractors; and
- Ensuring coordinated compliance strategies among the agencies.

Goals

- Enhanced services to customers.
- Consistent application of law and rules.
- Improved customer knowledge of agency law, rules and procedures.
- Efficiencies in the use of agency resources.
- Ongoing and institutionalized systems for communication and collaboration on issues related to independent contractors.
- Increased voluntary compliance.

Strategies

Joint rulemaking:

Define “means and manner.”

Possibility of a rule binding other agencies to final decisions on independent contractors.

Possible rules for joint agency administrative processes.

Possible rules on alternative dispute resolution.

Ongoing review.

Joint administration:

Agency collaboration and agreements to ensure consistent practices, procedures, and processes among agencies.

Possible rules for joint agency administrative processes.

Coordination for answering questions submitted to web site.

Workload coordination.

Outreach/education/communication:

Design and implement an independent contractor education plan.

Develop, write, and share the “independent contractor story” to provide context and describe the history of the issue.

Develop and disseminate educational materials targeted for specific audiences and for specific purposes.

Trainer staff to make educational presentations.

Formal contacts with professional organizations.

Creation of professional education modules.

Web site updates and maintenance.

Increase and enhance relationships with key stakeholders.

Direct services to customers:

Consultation services.

Advisory opinions.

Joint audits.

Alternative dispute resolution.

Streamlining:

Joint audits

Increased information sharing among agencies.

Joint educational efforts.

Tactics

Tactic – Joint Rulemaking

Task: Define means and manner

How: Agreement to have one AAG advise all agencies on independent contractor issues.

Agreement for cost-splitting among agencies. Establish work plan with AAG. Assign team members or new staff to work with AAG in drafting. Entire Team review and approve. Assign to agency rule coordinators for joint adoption.

Completion Date: _____

Priority: _____

Task: Create a plan to ensure regular joint agency review of issues, cases, actions that arise in connection with ORS 670.600 for the purpose of determining whether additional rule making or legislative changes are needed.

How: Create subcommittee or workgroup (or new committee) to draft proposed process for review and collaboration. Entire Team to review and approve. When approved assess resources and make staff assignments to implement.

Completion date: For plan: _____ For project: Ongoing.

Priority: _____

Tactic – Communication

Task: Develop and implement an independent contractor education/communication plan.

How: Create subcommittee or new committee to draft plan. Entire Team review and approve. When approved assess resources and make staff assignments to implement.

Completion date: _____

Priority: _____

Task: Develop, write, and share the “independent contractor story” for Oregon.

How: Renee will volunteer to draft this and share with the entire Team for review and edit.

Completion Date: _____

Priority: _____

Task: Develop and disseminate educational materials targeted for specific audiences and for specific purposes.

How: Have website content team work with agency Communications staff to develop joint materials. All materials to be approved by entire Team

Completion date: _____

Priority: _____

Tactic - Education/outreach

Task: Staff training.

How: OED will develop the first module for training on the new law. Partner agencies will be offered the opportunity to send staff to OED audit training which will take place in the spring of 2006.

Completion date:

Priority:

Task: Creation of professional education modules.

How:

Completion Date:

Priority:

Task: Formal contacts with professional organizations.

How: Agency directors will initiate contacts with Oregon State Bar or Bar Committees, and with professional organizations representing accountants and tax practitioners to offer services and educational opportunities.

Completion Date:

Priority:

Task: Web site updates and maintenance.

How:

Completion Date: Ongoing

Priority:

Task: Increase and enhance relationships with key stakeholders.

How:

Completion Date:

Priority:

Tactic - Direct services to customers

Task: Consultation services

How:

Completion Date:

Priority:

Task: Advisory opinions

How:

Completion Date:

Priority:

Tactic - Streamlining

Task: Joint audits

How:

Completion Date:

Priority:

Task: Increased information sharing

How:

Completion Date:

Priority:

How will we measure success?

Assignments

**SB 323 Implementation Committee
Meeting Minutes
Friday, January 20, 2006, 8:00-9:30 a.m.
Revenue Building, Salem**

Attendees: Elizabeth Harchenko, Revenue
Renee Bryant, Employment
Jerry Managhan, Workers' Compensation Division
Michael Snyder, Landscape Contractors Board
Susan Browning, Revenue

Absent: Danny Santos, Governor's Office
Craig Smith, Construction Contractors Board

Guests: Dennis Seibel, Employment
Linda West, Revenue

Review of 12/22/05 minutes—All
The minutes were approved as drafted.

Designing Rules Around “Manner and Means”—Elizabeth

In her research of case law regarding independent contractor, Elizabeth has found several important cases that talk about “manner and means” as an important consideration. She concurs with Employment's earlier suggestion that “manner and means” would be a better focus than “direction and control”.

Elizabeth proposed that the Steering Committee ask Don Arnold if he could assign one Asst. AG (AAG) to do research for the committee and charge the agencies. If we have one attorney doing the work, the committee can define the results we want and concentrate on developing rules that don't back any agency into a corner. Everyone was comfortable with the concept, agreeing that we ask for Christine Chute as the AAG.

Renee stressed that we need results we can practically apply. Her AAG is arguing “manner and means” on a mortgage broker case now. Elizabeth noted that there was a prior payroll case on real estate agents that addresses nature of work. There's a good body of case law in the area; it's up to use to define the rule to reflect clearly case law. Renee noted that, while the definition of “worker” for Workers Comp. doesn't include “manner and means,” we all share “direction and control” so we should also be able to share “manner and means”. Jerry agreed.

Mike explained that his agency also has a stake in getting clarity. He has issues where persons are falsely claiming they're independent contractors, not employees. One person gets the license and lets others use it, but there is not really any connection between those doing the work and the person with the license. He needs clear guidelines to help ensure that the public is protected by holding accountable those who are performing the work.

The committee agreed on a tentative 30/30/30/10 split for AG expenses, with the three larger agencies each paying 30% (Employment, Revenue and Workers Comp.)

ACTION: Mike will talk with Craig Smith to see if he's comfortable with the split of expenses and if so, how the two boards will divide the 10%. (1/23/06 Note: Mike and Craig agreed that CCB will pay 7% and LCB will pay 3 %.)

ACTION: Elizabeth will talk to Don Arnold for assistance and will ask Christine for a range of cost.

Strategic Plan Draft - Renee

Renee reviewed the draft that she had distributed earlier. The committee made several changes, primarily in the area of marketing versus education and outreach.

ACTION: Renee will distribute another draft to everyone for review.

Renee asked for the committee's thoughts on priorities within the plan. The group agreed the top priority is defining "manner and means" with the AAG, with a completion date of July 1, 2006. The Steering Committee will take responsibility for the task. Elizabeth will take the lead in working with Christine.

ACTION: Elizabeth will invite Christine to the next Steering Committee meeting.

Elizabeth mentioned she sees three legal questions for the AG: the scope of the individual agencies' authority, "manner and means," and whether agencies can be bound to a determination by another agency. We'll need to work with the AAG to develop rules, any legislative changes, and inter-agency agreements.

The committee next discussed the major block of work in education and outreach. It was agreed that we need to think about how to complete this work. While the first steps are developing a plan, the tasks quickly proceed to training presenters and developing contacts with professional organizations. The program managers have the ongoing program responsibility and need to be involved. Perhaps we need a standing committee, made up of program managers, to handle education and outreach.

ACTION: The agency representatives agreed to talk to their staff about what structure we need for the education and outreach planning and implementation.

Roundtable

Linda reported that the Governor's Office still has not issued the press release announcing the Web site. Elizabeth will talk to Chris Warner. The Content Work group is meeting mid-February to monitor progress on the Web site.

Susan mentioned that the report on independent contractor to the House Interim Business Committee went well. The committee was interested, knowledgeable, and complimentary about the progress to date. She asked if we needed to send an update to



Are You Operating as an Unlicensed Contractor?

Many REALTORS® may be unknowingly violating Oregon's construction contractor laws by operating as a construction contractor without a contractor's license. ORS 701.005(2) defines a "contractor" as "a person who, for compensation or with the intent to sell, arranges or undertakes or offers to undertake or submits a bid to construct, alter, repair, add to, subtract from, improve, inspect, move, wreck or demolish for another, any building, highway, road, railroad, excavation or other structure, project, development or improvement attached to real estate or to do any part thereof." (Emphasis added.)

Several REALTORS® have the mistaken impression that by purchasing the home to be repaired and sold they are exempt from contractor licensing requirements. Under current law this simply is not true. ORS 701.010(5) provides a limited exemption to licensing requirements for homeowners, but only if the homeowner occupies the structure after the work is completed. The statute provides, "it is prima facie evidence that there was an intent of offering the structure for sale if the person who . . . arranged to have the structure constructed, remodeled or repaired does not occupy the structure after its completion."

As stated above, having the intent to sell the structure triggers the definition of "contractor" and thus, contracting licensing requirements. These requirements include education, bonding and insurance. Failure to obtain a contractor's license could lead to

enforcement by the Construction Contractors Board which could include significant fines, penalties, and civil liability.

The Association's Legislative Conference, scheduled for March 15 and 16 will address this issue. A possible solution would be to add a new exception to the contractor licensing statute for real estate licensees. Several other licensed professionals are already exempted from the contractor license requirements. They include: architects, engineers, water well contractors and appraisers.

It is interesting to note that real estate licensees already are listed as being exempt from contractor licensing, but only if they

are performing work on a structure that they are managing under a contract. This limited exemption could be expanded to apply to all real estate licensees but would require action by the Legislature.

In conclusion, many REALTORS® may be unknowingly breaking the law if they are buying properties, fixing them up, and selling them without a contractor's license. This issue could be addressed by legislation. REALTORS® who are interested in this subject should plan to attend the Legislative Conference scheduled for March 15-16 at the Salem Convention Center. Registration is available online at www.oregonREALTORS.org/Calendar/ 

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SMITH Craig

From: SNYDER Michael A * LCB [Michael.A.Snyder@state.or.us]
Sent: Friday, March 10, 2006 2:55 PM
To: SMITH Craig P
Cc: GLADWILL Kim
Subject: Proposed Legislative Concepts for 2007 legislative session.ccb.doc

Craig,
Thank you for meeting with us this morning. It is always good to talk to you.
Here are the concepts we discussed in the format you requested.

Thanks for considering these.

Mike

Proposed Legislative Concepts for 2007 legislative session, to be introduced by the Landscape Contractors Board.

1. Subcontracting between Landscaping Businesses and Contractors licensed under ORS 701.

Formatted: Bullets and Numbering

BRIEF DESCRIPTION OF THIS CONCEPT:

Makes is legal for the subcontracting between licensed landscaping businesses and general contractors for work outside the scope of their licenses. It also makes it illegal for any licensed contracting business whether landscape or general contractor to subcontract to an unlicensed entity for licensed work.

◆ ISSUE

Currently the law does not allow landscaping businesses to subcontract outside the scope of their license to fulfill a contract that may include site features that are associated with a landscape project. This creates a burden on the consumer in that they must have multiple contracts to complete their project and consequently there is not one person fully responsible for the work.

Conversely, though it has not been enforced, CCB registrants are not allowed to subcontract for landscape work since it is outside the scope of their license which creates the same burden upon the consumer in multiple contracts.

This concept corrects this situation and would also create a prohibition on subcontracting to unlicensed entities to perform work that requires a license for both landscaping businesses and general contracting.

- ◆ POLICY IMPLICATIONS: Allows for efficient and cost effective management of contracting projects for both general contractors and landscaping businesses. Requires licensed contractors to check licenses before subcontracting to businesses to perform licensed work.

◆ PROPOSED LANGUAGE

Amend:

701.010 Exemption from licensure; rules.

The Construction Contractors Board may adopt rules to make licensure optional for persons who offer, bid or undertake to perform work peripheral to construction, as defined by administrative rule of the Construction Contractors Board. The following persons are exempt from licensure under this chapter: (1-6)...

(7) A person licensed in one of the following trades or professions when operating within the scope of that license:

- (a) An architect licensed by the State Board of Architect Examiners.
- (b) A registered professional engineer licensed by the State Board of Examiners for Engineering and Land Surveying.

(c) A water well contractor licensed by the Water Resources Department.
(d) A sewage disposal system installer licensed by the Department of Environmental Quality.

(e) A landscaping business licensed under ORS 671.510 to 671.710 that:
(A) constructs fences, decks, arbors, driveways, walkways or retaining walls when performed in conjunction with landscaping work; ~~(B)~~ or if not performed in conjunction with landscaping work that has filed a bond under ORS 671.690 (1)(b).

(B) subcontracts to a construction contractor licensed under ORS 701 to perform construction work for landscape site features which include: constructed surfaces, steps, retaining walls, fences, arbors, trellises, benches, decks, fountains, ponds, waterways, pools or other physical elements constructed or proposed for construction in the landscape. This exemption is only given to those landscaping businesses that have filed a \$15,000 bond, letter of credit or deposit and a minimum \$1,000,000 certificate of liability insurance with the landscape contractors board

Amend 671.540 Application of ORS 671.510 to 671.710. ORS 671.510 to 671.710 and 671.990 (2) do not apply to:

(9) A general contractor licensed under ORS chapter 701 who:
(a) performs landscaping work on residential property that is directly related to local building code requirements or occupancy ordinances including, but not limited to, the placement of street trees. The exception provided by this subsection does not apply to the performance of irrigation work by a general contractor, or

(b) subcontracts to a landscaping business licensed under ORS 671.510 to 671.710 to perform landscape work on projects contracted by the general contractor.

Add new language to ORS 671 (don't know where)

A landscaping business may only subcontract to licensed construction contractors licensed under ORS chapter 701 to perform construction work for landscape site features not otherwise covered in the landscaping business license.

Add new language to ORS 701 (don't know where)

A general contractor licensed under ORS chapter 701 may only subcontract to landscaping businesses licensed under ORS 671.510 to 671.710 to perform landscape work on projects other than that landscaping work that is allowed under ORS 671.540(8)

2. TREE PRUNING ISSUE

ISSUE:

Currently, the State Landscape Contractors Board has had many calls about landscape contractors pruning trees above 15 feet in Oregon and due to the way the current law is written in ORS 701 (10)(d) "landscape contractors, gardeners and nurserymen" are not required to be licensed under ORS 701. People call since they view tree work as "landscaping work" which it is not since there is no mention of tree care or pruning in LCB statutes. Consequently there is no bond or insurance requirement for these people to perform this work which is a major consumer protection issue.

Persons who do landscape maintenance are allowed to prune up to 15 feet in height and remove trees of a certain height. However, this is done through a rule which defines "gardener" as used in CCB statutes, but a gardener is exempt from licensing to do tree work in the statute. Therefore anyone can call themselves a gardener and perform tree work without a license. This seems to be inconsistent with the intent of the law.

The Landscape Contractors Board (LCB) does not want to regulate tree work through an exemption since there are no statutes in ORS 671.510-671.710 to deal with tree care or pruning. The license and examination for a landscape contractor does not include tree care and pruning and if the LCB was to regulate tree care then it would seem reasonable that the regulation of the entire tree care be moved to the LCB through a major statutory change. This may or may not happen in this legislative session and the LCB is not introducing legislation to make this change.

SOLUTION:

Amend ORS 701 (10)(d) to correct the problem.

SUGGESTED LANGUAGE:

AMEND: 701.005 Definitions.

(10) "Residential-only contractor" means a general contractor or specialty contractor who performs work exclusively in connection with residential structures and small commercial structures, and the appurtenances thereto.

"Residential-only contractor" includes, but is not limited to:

(a) A person who purchases or owns property and constructs or for compensation arranges for the construction of one or more residential structures or small commercial structures with the intent of selling the structures;

(b) A school district, as defined in ORS 332.002, that permits students to construct a residential structure or small commercial structure as an educational experience to learn building techniques and sells the completed structure;

(c) A community college district, as defined in ORS 341.005, that permits students to construct a residential structure or small commercial structure as an

educational experience to learn building techniques and sells the completed structure; or

(d) Any person except a landscape contractor, landscaping business licensed under ORS 671.510 to 671.710, nurseryman, gardener person engaged in performing landscape maintenance as defined in rule or person engaged in the commercial harvest of forest products who is engaged as an independent contractor to remove trees less than 15 feet in height and less than 4" in diameter measured 6" from the base of the tree, prune trees that are less than 15 feet in height and remove tree limbs up to 15 feet from the ground but are less than 3" in diameter measured 2" from the base of the limb. ~~stumps or to engage in tree or limb guying.~~

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(c) A community college district, as defined in ORS 341.005, that permits students to construct a residential structure or small commercial structure as an

To: INFO Ccb; FOX Gina M

Subject: CCB Bulletin Board, Jan 2006, Lead-Based Paint

I am very disappointed that CCB is participating with ODHS in its unscrupulous effort to lure contractors into working in an area fraught with risk without insurance. You know very well that the insurance package CCB accepts for contractors specifically excludes coverage for lead. That fact is never once mentioned in the article you published.

You and the article's author should know that supplementary insurance to fill the coverage gap for lead exposure is prohibitively expensive with impossibly high deductibles. Why? Because insurance companies are avoiding risk. You are suggesting contractors undertake risks that insurers will not.

I do not accept that this is an oversight. I believe this is a concerted effort to exploit contractors and subject them to unreasonable and potentially disastrous risk. This is being done because the state and property owners have a huge inventory of structures coated with lead based paint. The state is bound to comply with federal EPA requirements. The lead is ultimately the problem of the owner. If the state required lead insurance, at whatever price the market bore, the cost of insurance would be passed to the consumer. Recognizing that it would be confronted with screaming voting, taxpaying property owners and an unfunded enforcement burden the state has opted to sweet-talk contractors into solving the problem fully vulnerable to all risks.

I have heard the nonsense that insurance is not required if you follow lead-safe practices. I'm a careful driver and I still have car insurance. How does this logic square with other CCB insurance requirements?

Business people accept responsibility for their actions. They also live constantly with the threat of defending against a totally baseless claim. The typical response of attorneys and insurers confronted with such claims is to settle rather than fight. One of the benefits of insurance is legal representation. The legal and settlement costs without coverage, or with coverage and and 5 to 6-figure deductibles, could ruin many contractors.

I understand the CCB doesn't write the law. It just enforces it. My criticism of CCB is for it's failure in its duty to *inform* contractors. You and the author are very thorough about informing contractors of all their obligations. You are inexcusably remiss in not informing them of their vulnerability. Shame on you.

Do the right thing. Correct this and print the facts.

Ron Saylor, President
Saylor Painting Co.
245 Monroe St.
Eugene, OR 97402
phone: 541-484-6078
fax: 541-484-6404
mobile: 541-953-1945

Lead-Based Paint: Regulations for Remodeling and Renovation

By Shannon Levitt, M.A. Public Health Educator

Environmental Toxicology Programs Oregon Department of Human Services

Lead poisoning can affect anyone, but young children and pregnant women are especially at risk because lead can slow growth and development. Lead poisoning in children can cause reading and learning problems, brain damage, behavior problems, and kidney and liver damage. In adults, high lead levels can cause high blood pressure, digestive and reproductive problems, nerve disorders and kidney damage. Both proposed regulations from the Environmental Protection Agency (EPA) and existing regulations in Oregon aim to prevent these poisonings from occurring.

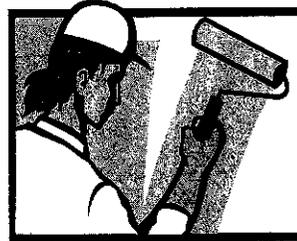
Proposed EPA Regulations

The EPA has announced that it will be presenting its final recommendations for a comprehensive renovation and remodeling program by the end of 2005. EPA has determined that a combination program that includes regulation, training, education and outreach would provide the most effective approach to address the risks of lead-based paint in renovation, repair and painting activities.

Lead-Based Paint Regulations

Traditional paint prep, such as dry scraping and power sanding, create and spread large amounts of paint dust and debris. Children and people living in older

homes can be easily poisoned during remodeling. Nearly half of the childhood lead poisoning cases in Oregon are related to remodeling. Contractors can also be exposed to lead and bring it home to their families. Painters and contractors should learn about lead-safe work practices to protect themselves, their customers and their families.



In 2003, the Department of Human Services (DHS) adopted new lead-based paint regulations [Oregon Administrative Rule (OAR) 333-069] to prevent humans and pets from being exposed to lead-based paint dust and debris, which can cause lead poisoning. Oregon Administrative Rule (OAR) 333-069 requires that any person removing or stabilizing paint on housing or child care settings built before 1978 must obtain a Permit from the Department of Human Services. The permit fee is \$5. Permits expire on June 30. "Lead Paint Safety: A Field Guide for Painting and Renovation Work" is available from the Housing and Urban Development (HUD) website www.hud.gov/lead or by calling the Lead-Based Paint Program at (971) 673-0440.

Notification of Possible Lead Hazards

Federal law requires that painters or contractors distribute the pamphlet, "Protect Your Family From Lead In Your Home", before beginning work on pre-1978 housing. This pamphlet is available from the National Lead Info Line at (800-424-LEAD) or on the web at www.epa.gov/lead.

Warning Signs

When disturbing or removing paint on pre-1978 housing or child care settings, painters and contractors must post a sign, visible from 30 feet, warning the public of POSSIBLE LEAD-BASED PAINT HAZARDS. For a single copy of the warning sign call the Lead-Based Paint Program at (971) 673-0440.

For More Information

For a Permit application, schedule of training sessions or more information about working lead-safe call the Lead-Based Paint Program at (971) 673-0440 or the LeadLine at (503) 988-4000 (Portland Metro) or (800) 368-5060 (Statewide toll-free) or visit www.oregon.gov/dhs/ph/leadpaint.

Building Codes Division: Building Permits Surcharge Added

Beginning Jan. 1, 2006, the state surcharge on all permit fees and hourly inspection rates is 8 percent. *

With the passage of SB 421, ORS 455.210, 455.220, 455.842 and 455.844 were amended to require an 8 percent state surcharge on all construction permits and hourly inspection charges (including amusement ride, boiler, elevator, manufactured dwelling, prefabricated structure, and recreational vehicle permits and hourly inspection rates).

The 8 percent surcharge includes:

- 4 percent to defray state administrative costs. ORS 455.210 (4)
- 2 percent to defray state inspection costs. ORS 455.210 (5)
- 1 percent to defray state administrative costs for administering and enforcing the state code. ORS 455.210 (6)

- 1 percent to defray the costs of training and other educational programs administered by the division. ORS 455.220 (1)

*This law change does not affect the current 8 percent surcharge for permit fees and hourly inspection rates in the tri-county area.

COUNT OF ACTIVE AND INACTIVE LICENSES

3/1/2006

DATA DATE: March 01, 2006

Active Licenses (All Categories)	Current Month	Past Month	Difference
General Contractor/All	18,050	17,937	113
General Contractor/All/Hi	138	143	(5)
General Contractor/All (LBP)	25	25	0
General Contractor/All/Hi/LBP	3	3	0
General Contractor/Res	5,453	5,454	(1)
General Contractor/Res/Hi	84	85	(1)
Specialty Contractor/All	8,659	8,612	47
Specialty Contractor/All/Hi	15	15	0
Specialty Contractor/All (LBP)	6	6	0
Specialty Contractor/All/Hi/LBP	2	2	0
Specialty Contractor/Res	4,288	4,276	12
Specialty Contractor/Res/Hi	25	25	0
Limited Contractor	4,304	4,309	(5)
Inspector	61	64	(3)
Inspector (HIC)	131	131	0
Licensed Developer	255	236	19
Non-ORS 701 Contractor (BOLI Bonds)	1	1	0
Active Licenses (All Categories)	41,500	41,324	

Inactive Licenses (All Categories)	Current Month	Past Month	Difference
General Contractor/All	852	859	(7)
General Contractor/All/Hi	12	11	1
General Contractor/Res	419	410	9
General Contractor/Res/Hi	2	2	0
Specialty Contractor/All	218	216	2
Specialty Contractor/Res	153	154	(1)
Specialty Contractor/Res/Hi	1	1	0
Limited Contractor	422	425	(3)
Inspector	4	3	1
Inspector (HIC)	3	3	0
Licensed Developer	2	2	0
Inactive Licenses (All Categories)	2,088	2,086	

TOTAL ACTIVE AND INACTIVE LICENSES: 43,588 43,410

65 1

CCB LICENSED CONTRACTOR CATEGORIES

3/1/2006

DATA DATE: March 01, 2006

ALL LICENSEES			
Active Licenses (All Categories)	<u>Current Month</u>	<u>Past Month</u>	<u>Difference</u>
General All	18,216	18,108	108
General Residential	5,537	5,539	(2)
Speciality All	8,682	8,635	47
Speciality Residential	4,313	4,301	12
Limited Contractor	4,304	4,309	(5)
Inspector	192	195	(3)
Licensed Developer	255	236	19
Active Licenses (All Categories)	41,499	41,323	176
Inactive Licenses (All Categories)	<u>Current Month</u>	<u>Past Month</u>	<u>Difference</u>
General All	864	870	(6)
General Residential	421	412	9
Speciality All	218	216	2
Speciality Residential	154	155	(1)
Limited Contractor	422	425	(3)
Inspector	7	6	1
Licensed Developer	2	2	0
Inactive Licenses (All Categories)	2,088	2,086	2
TOTAL ACTIVE AND INACTIVE LICENSES:	43,587	43,409	178

HOME INSPECTOR CERTIFICATIONS (HIC)			
Active HIC Licenses (All Categories)	<u>Current Month</u>	<u>Past Month</u>	<u>Difference</u>
General All	141	146	(5)
General Residential	84	85	(1)
Speciality All	17	17	0
Speciality Residential	25	25	0
Inspector	131	131	0
Active HIC Licenses (All Categories)	398	404	(6)
Inactive HIC Licenses (All Categories)	<u>Current Month</u>	<u>Past Month</u>	<u>Difference</u>
General All	12	11	1
General Residential	2	2	0
Speciality Residential	1	1	0
Inspector	3	3	0
Inactive HIC Licenses (All Categories)	18	17	1
TOTAL ACTIVE AND INACTIVE HIC LICENSES:	416	421	(5)

LBP LICENSEES			
Active LBP Licenses (All Categories)	<u>Current Month</u>	<u>Past Month</u>	<u>Difference</u>
General All	28	28	0
Speciality All	8	8	0
Active LBP Licenses (All Categories)	36	36	0
TOTAL ACTIVE AND INACTIVE LBP LICENSES:	36	36	0

lol

SMITH Craig

From: PATTON Kristie
Sent: Tuesday, February 21, 2006 12:57 PM
To: SMITH Craig
Cc: BOYD Bill; DIXON Cathy
Subject: Proposed change to OAR 812-001-0160 - Information Requests

See attached.

Kristie Patton
Licensing/CSU Program Manager
(503) 378-4621 Ext. 4012
www.oregon.gov/ccb



**STATE OF OREGON
CONSTRUCTION CONTRACTORS BOARD (CCB)
PO BOX 14140
SALEM OR 97310
(503) 378-4621**

MEMORANDUM

TO: Craig Smith, Administrator
FROM: Kristie Patton, License Program Manager
DATE: February 21, 2006
SUBJECT: Proposed change to OAR 812-001-0160

You asked that I draft a proposal to change OAR 812-001-0160, as we are no longer using this criteria to answer public records requests. The following is my proposal:

812-001-0160

Requests for Information

~~(1) [The agency will provide the following information in response to telephone and web site requests for license information relating to a specific entity:~~

- ~~(a) Whether or not the entity is or has ever been licensed.~~
- ~~(b) The license numbers.~~
- ~~(c) The business names used by the entity of record with the agency.~~
- ~~(d) Type of business entity.~~
- ~~(e) Personal names of owners, partners, joint venturers, members, corporate officers, or trustees.~~
- ~~(f) Last known address.~~
- ~~(g) Category of license.~~
- ~~(h) Class of independent contractor license status.~~
- ~~(i) Expiration date or date upon which the license became inactive or lapsed and the reason it became inactive or lapsed.~~
- ~~(j) The date the entity first became licensed.~~
- ~~(k) The number and type of inquiries and pending claims and claims closed during the past three years where the agency issued Final Orders requiring the contractor to pay the claimant.~~

~~(2) If more information is required than that listed in section (1) of this rule, the request for information must be made in writing.~~

~~(3)} The agency shall provide certification of license or non-license relating to a specific entity upon written request and payment of required fee. This certification will include the following information:~~

- ~~(a) License numbers.~~
- ~~(b) Name of licensed entity and any assumed business names on file with the agency.~~

- (c) Type of business entity.
- (d) Category of license.
- (e) Class of independent contractor license status.
- (f) Personal names of owner, partners, joint ventures, members, corporate officers, or trustees.
- (g) The important dates in the license history and the action that took place on those dates.

~~[(4) In response to telephone requests from consumers for dispute resolution information relating to a specific licensee, the agency will provide by mail a brief explanation of the dispute resolution process and the following information for each claim filed in the previous seven years:~~

- ~~(a) Type of each claim.~~
- ~~(b) Date on which the claim was filed.~~
- ~~(c) The status of the claim filed.~~
- ~~(d) Alleged amount of the claim, if known, or amount awarded.~~
- ~~(5) If more information is required than that listed in section (4) of this rule, the request for information must be specified in writing.~~

~~(6)]~~ **(2)** The agency may make the following charges for records:

- (a) \$20 for each certification that an entity has or has not been licensed with the Construction Contractors Board.
- (b) \$20 for certified copies of documents.
- (c) \$5 for the first 20 copies made and 25 cents per page thereafter.
- (d) \$20 for duplicate tape recordings of, Board meetings and Appeal Committee meetings.
- (e) \$20 for duplicate tape recordings of a three hour agency hearing or arbitration and \$10 for duplicate tape recordings of each additional 90 minutes or fraction thereof of the hearing or arbitration.

(f) Charge as determined by preparation time and production cost for mailing labels of licensees.

(g) \$10 per half-hour unit or portion of a half-hour unit for research of records for each request from a person beginning with the 31st minute of research time.

~~[(7)]~~ **(3)** Refunds:

(a) The agency shall not refund fees or civil penalties overpaid by an amount of \$20 or less unless requested by the payer in writing within three years after the date payment is received by the agency, as provided by ORS 293.445.

(b) If the agency receives payment of any fees or penalty by check and the check is returned to the agency as an NSF check, the payer of the fees will be assessed an NSF charge of \$25 in addition to the required payment of the fees or penalty.



Oregon

Theodore R. Kulongoski, Governor

Construction Contractors Board

www.ccb.state.or.us

Mailing Address:

PO Box 14140

Salem, OR 97309-5052

Street Address:

700 Summer St NE

Suite 300

503-378-4621

FAX 503-373-2007

TTY 503-373-2218

March 16, 2006

DAN JAMES
NORTHWEST INC
PO BOX 699
DEPOE BAY OR 97341

RE: License No. 105170

Dear Mr. James:

I have received your March 8, 2006 letter regarding suspensions due to proof of liability insurance. You believe that the suspensions that are in your record are incorrect and have asked that we change our records online.

The 9-member board recently made the decision to provide the public with all information on a contractor's record. They felt the public had the right to know about all actions on a contractor's record so that they could make an educated decision prior to choosing a contractor.

It was determined that the information displayed should include administrative suspensions for lack of proof of bonding and insurance. They also made the decision to show all records for the previous 7 years.

Our records show that on 03/15/00 and 03/28/02, your license was suspended for lack of proof of insurance. In all of these cases, proof of insurance was provided *after* the license was already suspended. The license was then reinstated. The information displayed on the website is correct.

It is imperative that we receive proof of insurance prior to the expiration date in order to avoid a suspension of your license. You may want to emphasize this to your agent if you are relying on him/her to provide us with that information in the future. Also, if your agent is not currently using our on-line entry program, they may want to utilize this user-friendly and very quick way of submitting your insurance information to us.

Although we will continue to display suspensions for lack of proof of bond within the last 7 years, the agency is listening to the comments and concerns made by contractors and will utilize that information to improve the information provided.

Respectfully,

Kristie Patton
Licensing Program Manager
503-378-4621 ext. 4012

c: Craig Smith, Administrator

NorthWest Homes A Division of NorthWest Inc.

3414 N.E. Highway 101 Depoe Bay, OR 97341 (541) 764-5055 Fax: (541) 764-5066 E-mail: nwhomes@centurytel.net

March 8, 2006

TO: Kristi Patton
Construction Contractors Board

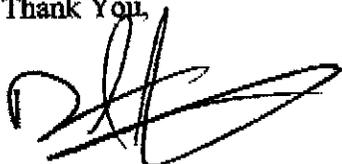
FROM: NorthWest Homes
CCB# 105170

After reviewing our report online, I found a discrepancy stating we've had two suspensions due to proof of liability insurance.

This is incorrect. I called to questions this matter and was told this had been reversed, but not changed in the records online.

I would request that this be updated on our online records.

Thank You,



Dan James
President

CCB REC'D

MAR 08 2006

SMITH Craig

From: PATTON Kristie
Sent: Monday, March 13, 2006 11:44 AM
To: DIXON Cathy
Cc: SMITH Craig; 'molsey1@aol.com'
Subject: 117922 - Douglas Electric Inc

Cathy –

Doug Closner would like to attend the next board meeting to give testimony during public comment. His concerns relate to the insurance/bond suspensions showing on the website. Attached is the correspondence that I sent to him.

Could you please email him when you have the agenda ready?

Thanks.

Kristie Patton
Licensing/CSU Program Manager
(503) 378-4621 Ext. 4012
www.oregon.gov/ccb





Oregon

Theodore R. Kulongoski, Governor

Construction Contractors Board

www.ccb.state.or.us

Mailing Address:

PO Box 14140

Salem, OR 97309-5052

Street Address:

700 Summer St NE

Suite 300

503-378-4621

FAX 503-373-2007

TTY 503-373-2218

March 3, 2006

DOUGLAS CLOSNER
DOUGLAS ELECTRICAL INC
16450 S FOREST GLEN DR
MULINO OR 97042

RE: License No. 117922

Dear Mr. Closner:

Your February 26, 2006 letter to Chris (Craig) Smith has been referred to me for response.

You have asked that we review the data shown on our website and construct it to fairly represent what has occurred regarding any license suspensions.

The 9-member board recently made the decision to provide the public with all information on a contractor's record. They felt the public had the right to know about all actions on a contractor's record so that they could make an educated decision prior to choosing a contractor.

It was determined that the information displayed should include administrative suspensions for lack of proof of bonding and insurance. They also made the decision to show all records for the previous 7 years.

You have indicated that you have never had a lapse in insurance or bond.

Our records show that on 05/20/99, 05/11/00 and 06/05/01, your license was suspended for lack of proof of insurance. In all of these cases, proof of insurance was provided *after* the license was already suspended. The license was then reinstated. The information displayed on the website is correct.

It is imperative that we receive proof of insurance prior to the expiration date in order to avoid a suspension of your license. You may want to emphasize this to your agent if you are relying on him/her to provide us with that information in the future.

Our records show that on 03/01/00, your license was suspended for lack of proof of bond. Proof of bond was submitted after the license was already suspended and the license was then reinstated. The information displayed on the website is correct.

Although we will continue to display suspensions for lack of proof of bond within the last 7 years, the agency is listening to the comments and concerns made by contractors and will utilize that information to improve the information provided.

Respectfully,

A handwritten signature in cursive script that reads "Kristie Patton".

Kristie Patton
Licensing Program Manager
503-378-4621 ext. 4012

c: Craig Smith, Administrator

DOUGLAS ELECTRICAL, INC.

Douglas D. Clossner
16450 S. Forest Glen Drive
Mulino, OR 97042
Phone (503) 829-5100
Fax (503) 829-5100

Refer to
KP
for response
3/2/06

February 26, 2006

Chris Smith
CCB Administrator
POB 1440
Salem, OR 97309

CCB REC'D
4/10/06

RE: Douglas Electrical, Inc. #117922

Dear Mr. Smith,

I was searching the CCB website recently to make sure the details on my company were represented accurately.

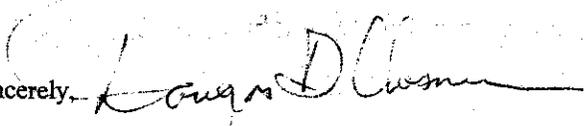
Everything was in order with the exception of several items listed under Disciplinary Action. What I found were three license suspensions for failure to file liability insurance and one for failure to file a Bond. I called the CCB office and discussed this situation with one of your technical staff. They told me this information had not been shown until the web-site was changed recently. They also stated that even though the liability and bond were provided and reversals of this planned license suspension were in place it still shows as a license suspension. In my case these items happened 6+ years ago. Your technical person mentioned she had numerous phone calls regarding this from other contractors and suggested this information doesn't need to be on the web-site especially when it occurred 6+ years ago.

I would ask that you change what is listed on your web-site regarding my company in regard to Disciplinary Action pertaining to liability insurance and Bonding. In discussions with my agent they stated according to their records I never had a lapse in coverage during the period they have records, which is back to 1999.

Your staff noted thin most cases where liability certificates or bond certificates are late, when received a letter "reversing the suspension" goes into record. The problem is this does not remove the item showing a disciplinary action over insurance Certificates. Your staff feels a letter of reversal should definitely remove the disciplinary action from a contractors history.

Again, I would ask that you review the data shown on your website and construct it to fairly represent what has occurred. In my case 4 disciplinary items are shown for a license suspension where insurance and bonding were in force the entire time and my license wasn't actually suspended.

My insurance agent has another side to this issue. Their comments are the CCB office, especially back 6-8 years were not matching up certificates with contractors. They said multiple copies would be sent and faxed to the CCB office with the end result being a letter of suspension sent to the contractor for failure to provide evidence of insurance. Very frustrating for them as well.

Sincerely, 



[Text-Only Site](#)

[State Directory](#)

[Agencies A-Z](#)

[Accessibility](#)



[Advanced Help](#)



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Construction Contractors Board

Check a Contractor's License

Click "more" to search contractor license records.



[New Consumer Help Page](#)

[SB 1006 Responsible Bidders](#)

[SB 477 Public Works Bonds](#)

[Independent Contractor Site](#)

[Online Newsletter](#)

[Construction Claims Task Force](#)

For Consumers

- [Check on a Contractor's License](#)
- [Best Practices - Hiring Contractors](#)
- [Consumer Help Page](#)

Useful Links

- [Licensing Requirements](#)
- [Online Services](#)
- [Other Useful Links](#)

For Contractors

- [Becoming Licensed](#)
- [CCB "My License"](#)
- [Liability Insurance](#)

We value your comments

- [CCB Web Site Evaluation](#)
- [Report Illegal Activity](#)

[Text Only](#) | [State Directory](#) | [Agencies A-Z](#) | [About Oregon.gov](#) | [Site Map](#) | [File Formats](#) | [OAR](#) | [ORS](#) | [Privacy Policy](#) | [Web Site Feedback](#)

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CONTRACTOR LICENSE SEARCH

The Construction Contractors Board (CCB) updates contractor license records on a twice-daily basis as information is processed by CCB staff.

To begin the search on contractor or home inspector's license, you may enter:

- All or part of the business name or the last name of the contractor; or
- The contractor's CCB license number; or
- The business telephone number

[Click here](#) for ways to make your search more effective.

117922



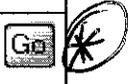
Go



[BACK](#)

Search for :

CCB LICENSE NUMBER SEARCH — 1 record(s) found			
CCB #	Status	Full Name	Address
<u>117922</u>	Active	DOUGLAS ELECTRICAL INC	16450 S FOREST GLEN DR MULINO OR 97042
BACK			



DOUGLAS ELECTRICAL INC License Number: 117922	
GENERAL INFORMATION	
License Number:	117922
License Status:	Active
Date First Licensed:	11/6/1996
Name:	DOUGLAS ELECTRICAL INC
Click the following summaries:	
CCB Business Detail Record:	<input type="button" value="Go"/> 1
CCB Dispute Resolution Services (DRS) Summary:	<input type="button" value="Go"/>
CCB Disciplinary Actions:	<input type="button" value="Go"/> 2
Summary of Unpaid CCB Orders:	<input type="button" value="Go"/>
Bankruptcy Record *:	<input type="button" value="Go"/>
Court Judgment *:	<input type="button" value="Go"/>
*pending construction and further authority	
For additional license information:	
Associated licenses for plumbing and electrical- Building Codes Division Search licenses for landscape businesses- Landscape Contractor Board	
CLOSE WINDOW	

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**BUSINESS DETAIL FOR:
DOUGLAS ELECTRICAL INC
License: 117922**

①

The business detail record includes business contact information and information about the business' bond, liability insurance, worker's compensation insurance, licensing category, business entity and other associated CCB licenses.

License Number: 117922

License Status: Active

Date First Licensed: 11/6/1996

Name: DOUGLAS ELECTRICAL INC

Address: 16450 S FOREST GLEN DR MULINO OR 97042

Work Phone: 5038295100

Entity Type: Corporation

Class of Independent Contractor: Non-Exempt (Has Employees - Must Have Workers' Comp Coverage)

Expiration: 11/6/2007

License Category: Specialty Contractor/All

WORKERS' COMPENSATION INSURANCE INFORMATION

WC Compliance Number:

Insurance Carrier:

Policy Number : 6751531

LIABILITY INSURANCE INFORMATION (HISTORY)

Insurance Amount: \$1,000,000.00

Insurance Company: CONTRACTORS BONDING & INS CO

Effective Through: 5/5/2007

CCB BOND INFORMATION (HISTORY)

Bond Amount: \$10,000.00

Bonding Company: CBIC/DATA & STAFF - PORTLAND

Effective Through: 11/6/2007

ASSOCIATED NAMES (INFO)

Corporate Officer

DOUGLAS D CLOSNER

ADDITIONAL LICENSE INFORMATION

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This licensee has chosen to report what Standard Industrial Classifications (SIC Codes) they work in. Click [HERE](#) to view them.

Cross-Referenced CCB Licenses:

No Records Found

[BACK](#)

**CCB DISCIPLINARY ACTIONS HISTORY FOR:
DOUGLAS ELECTRICAL INC
License: 117922**

②

Current License Status: Active

CCB Disciplinary Actions

The CCB Disciplinary Actions are a combination of Licensing Section's Administrative Suspensions and the Enforcement Section's Disciplinary Sanctions imposed against a contractor for violating state laws. These Enforcement sanctions include civil penalties and/or license suspensions, revocations or refusals to issue a license to an applicant. This information covers the last seven years.

ENFORCEMENT DISCIPLINARY ACTIONS

CCB Enforcement disciplinary sanctions are formal disciplinary actions taken by the CCB against contractors for violations of Oregon law. These sanctions can only be imposed by the CCB after proper notice to the contractor. Contractors have a right to a formal administrative hearing in accordance with the Oregon Administrative Procedures Act (APA). (See ORS 183.310)

Sanctions include civil penalties (fines), license revocation, license suspension, refusal to issue or reissue a license, probation, and/or an increased bonding requirement.

CCB Enforcement disciplinary sanctions include penalties for serious matters such as:

- working without a license,
- fraud or dishonest activity,
- failure to pay a construction debt, and
- providing false information to the agency.

CCB also levies sanctions for less serious matters such as:

- failure to properly list an assumed business name (ABW) with the agency,
- failure to properly display CCB numbers in advertisements, etc.

License revocation, suspension, or refusal to issue or reissue a license because a contractor failed to timely pay a construction debt is considered a very serious CCB disciplinary sanction.

Number of Civil Penalties Resulting in a Fine: 0

A Civil Penalty is a monetary fine imposed when a violation of laws or rules are determined to have occurred.

Number of License Suspensions: 0

Suspension of a contractor's license by the CCB Enforcement Section is a sanction available when a violation of law is found. The majority of suspensions issued by the enforcement section are as a result of an unpaid construction debt, or other serious violation of contractor regulations. An unpaid construction debt is money owed to others due to a breach of contract, unpaid civil penalties(fines), or unpaid taxes.

Number of Refusals to Reissue License : 0

Refusal to issue a construction contractors license by the CCB Enforcement Section is a sanction available when a violation of law is found, and the applicant has an unpaid construction debt, other serious violation of contractor regulations, or previous license revocation. An unpaid construction debt is

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money owed to others due to a breach of contract, unpaid civil penalties(fines), or unpaid taxes.

Number of License Revocations: 0

Revocation of a contractor's license by the CCB Enforcement Section is sanction available when the agency must terminate a contractor's license due to a serious violation of Oregon Law

ADMINISTRATIVE LICENSE SUSPENSIONS

These actions DO NOT indicate disciplinary action punishing the contractor for improper behavior. These are administrative CCB license actions required by law which are used to compel contractors to demonstrate proper proof of financial security to protect the public. Suspensions of this kind are commonly corrected in a relatively short period of time and the license is reinstated upon receipt of proper proof of bonding or insurance.

Suspensions for lack of proof of liability insurance: 3

Suspensions for lack of proof of surety bond: 1

*
*

BACK

Craig - FYI.

Oregon Construction Contractor's Board
P.O. Box 14140
Salem, Oregon 97309-5052

March 12, 2006

RE: Rembrandt development Corp.
28 Aquinas
Lake Oswego, Oregon 97035
License No. 96665

Dear Licensing and Renewal Representative,

I just successfully finished a three-and-one-month half long odyssey attempting to gain liability insurance for our corporation. Rembrandt Development Corp. is a quality residential home builder, with a great reputation, a long and successful track record and a legacy of satisfied home buying clients. We were quite surprised to find that many insurers have ceased writing in Oregon, and that those still writing were asking unprecedented premium amounts.

During the course of our search to obtain liability insurance coverage for the corporation, we were requested by one carrier to provide an unprecedented amount of professional and personal information on the corporation and on the corporate officers. One insurer requested personal credit reports on the corporate officers. I, John Thomas Perta II, President, along with John T. Perta, Vice-president, both possess great credit scores on our personal credit reports. Our Treasurer, Anne Marie Vandervert, however, does not possess a very good personal credit standing. You see, she was a divorced, single mother typically working more than two jobs at a time, for many years, in order to support her son and herself, without the benefit of any outside financial support. I believe that it is those very qualities that she possesses, those qualities created from hard work, honesty and thrift, that makes her such an insightful and valuable asset to our corporation.

The one insurer intimated that if Ms. Vandervert could not show a great credit report, despite my above explanation about her life circumstances that should have been a credit to her person, that it would be best to drop her as a corporate officer so they could provide us with coverage. The insurer verbalized that this was our only path to obtaining liability coverage from this particular carrier; one of the few still writing in Oregon.

After discussing this reality with Ms. Vandervert, and in light of our three month long effort to date to obtain coverage, Ms. Vandervert offered to resign her position as Treasurer of Rembrandt Development Corp. After I wrote to you communicating Ms. Vandervert's resignation, this insurer elected not to provide our corporation with liability insurance.

CCB REC'D

MAR 15 2006

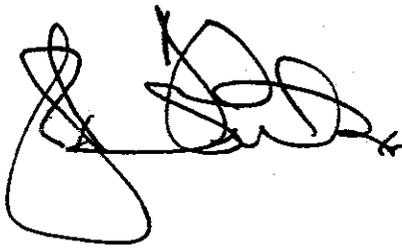
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Subsequently, we would like to correct the submission stating that Ms. Vandervert has resigned to indicate that Ms. Vandervert will continue to act as the Treasurer of Rembrandt Development Corp. We are so pleased to know that we will continue to receive her valuable contributions to our corporation.

In conclusion, we want to thank your organization for your patience with respect to this important matter. We also hope that your organization is able to provide some relief from this discriminatory, and unjustifiable environment in which qualified construction companies are required to pay incredible premium amounts and/or reorganize their very corporate structures in order to seek the required liability insurance necessary to operate in the State of Oregon.

Respectfully submitted,

John Thomas Perta II
President

A handwritten signature in black ink, appearing to read "John Thomas Perta II", with a large, stylized flourish extending from the end of the signature.

CCB REC'D

MAR 15 2006

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CONSTRUCTION CONTRACTORS BOARD

Enforcement Section

PO BOX 14140

SALEM, OR 97309-5052

PHONE: (503) 378-4621 FAX: (503) 373-2007

MEMORANDUM

DATE: March 22, 2006

TO: Craig P. Smith
Administrator

FROM: Richard Blank
Enforcement Manager

SUBJECT: Letter to Board Members from Tidewater Contractors, Inc.

On February 6, 2006 Board members were mailed a letter from Tidewater Contractors, Inc., (Tidewater) regarding the length of time taken to investigate a complaint involving illegal substitution of a first tier sub-contractor. Admittedly, the investigation was not concluded as quickly as possible. After initial review and investigation, the file was pended awaiting further information from ODOT. Subsequent to receipt of the information from ODOT the investigation was again pended due to other priorities.

Upon receipt of a copy of the letter to Board members being received, the investigation was re-visited, and a conclusion was reached. The facts and evidence were reviewed with the Attorneys General office. The closing memorandum is attached.

Tidewater has asked for reconsideration of the agency determination.

TIDEWATER CONTRACTORS, INC.

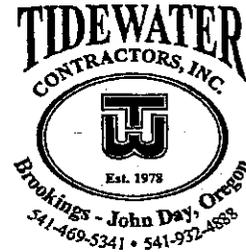
P.O. BOX 1956 ~ BROOKINGS, OREGON 97415

Phone: (541)469-5341 Fax:(541)469-5543

Redi-Mix~Asphalt~Sand & Gravel~Excavation~Road Building

Dave Baldwin Jess Fitzhugh

CCB # 29995 CCLB# 456696



February 6, 2006

ATTN: Mr. Clifff Harkins
CCB Board Chair

COPY

Construction Contractors Board
P.O. Box 14140
Salem, Oregon 97309-5052

RE: Middle Fork John Day River
Ritter Bridge Section
Contract No. 12698

Subject: Complaint for Improper Substitution of a Listed Subcontractor, Ross Bros. & Company, Inc. Respondent; CCB Enforcement Case #58865.

Dear Mr. Harkins:

On May 20, 2004, Tidewater Contractors filed the above referenced complaint with CCB. The complaint relates to improper substitution of a listed subcontractor for the above referenced ODOT contract. In defense, Ross Bros.' attorney, Mr. Gordon Hanna responded to the complaint by letter hand delivered to CCB on June 18, 2004.

This case was assigned to Enforcement Division Compliance Officer, Mr. Robert Rambo, who was initially very helpful in processing and investigating the complaint. He offered to open the CCB files and invited me to Salem to review and copy the information, which I accepted. He also spent at least two days traveling to Hermiston to review ODOT's files and interview personnel involved with the project.

After spending considerable time reviewing Ross Bros.' response to our complaint, referenced exhibits and the numerous other related documents and correspondence, I forwarded a rebuttal to Ross Bros.' defense to Mr. Rambo, dated January 20, 2005. Since that date I have contacted Mr. Rambo on more than one occasion to see when we might have a determination from CCB. I was informed that he could not and would not provide a date by which we might expect a determination, only that Tidewater would be advised when one had been made.

On May 20, 2005, I forwarded a letter to CCB Enforcement Manager, Richard Blank and expressed our concerns over the long period of time (one year at that date) that had transpired since the complaint had been filed, with apparently no action taken by the CCB, except for the investigative efforts. Mr. Blank did not respond to my concerns, however, Mr. Rambo did respond by email to inform me that the matter had been referred to the Assistant Attorney General and that upon her review and findings we would be advised regarding further action, if any, taken by the CCB. (See following excerpt from Mr. Rambo's email response).

"This e-mail is in response to your letter to Richard Blank dated May 20, 2005.

The case was hand delivered about two weeks ago to the Assistant Attorney General who works with me on these matters. Once she has had the opportunity to acquaint herself with all the documents she and I will meet to further discuss and review the issue. If additional investigation is needed she will direct me as to what is needed. This could include additional interviews, obtaining statements or affidavits, or gathering additional documents. A legal opinion will then be rendered by her regarding whether an enforcement action should be taken against Ross or whether the case should be closed. Once that decision has been made you (Tidewater) will be advised.

Robert A. Rambo, Investigator"

It has now been eight months since this last correspondence and we have had no response as to the status of this complaint. Added to the time that has already transpired since the complaint was filed, it has now been 20 months. Regardless of CCB's intentions to bring this issue before the DOJ, it does not seem reasonable that it would take a year to move to this step, or that another eight months would transpire without an opinion being rendered.

When the Legislature adopted this statute, there were strict compliance requirements set forth for prime contractors to file timely notice of subcontractor listings within four hours of bid time, as well as requirements for notification of substitution of listed subcontractors. While Ross Bros. & Company did comply with the subcontractor listing at bid time, Tidewater as a subcontractor, it is an undisputed fact that they did not comply with the requirements for substitution. The statute requires the prime contractor to make a request to the agency and list reasons for the substitution, which did not occur. The statute also requires the listed subcontractor to file a timely notice upon the prime contractor, prior to submission of a complaint to CCB, which Tidewater as subcontractor did comply with no response.

It is only reasonable to expect that enforcement of this statute should also move forward in a timely manner. Certainly the lack of urgency by the CCB to take action on this type of complaint can only lead to encouraging offenders of this statute to further engage in bid shopping. The penalty prescribed under this statute (\$16,000) is among the highest of any CCB violation and certainly an indication of the serious weight the Legislature placed on this issue, in order to discourage bid shopping. As in this case, the financial advantage to engage in bid shopping often outweighs the potential of a penalty, except as provided in the further sanctions afforded by CCB enforcement.

At this juncture it appears that this case is destined to die on the vine. From our perspective there can be no other reasonable conclusion other than this case warrants enforcement action by the CCB. In the event that CCB or DOJ should arrive at a different conclusion, we expect a full disclosure of the facts and findings leading to this determination. In either event there should be some reasonable time frame for resolution of any complaint filed before the CCB. We appreciate the Board Members consideration of this issue and hope that some action can be taken to move this matter forward in a more timely fashion.

Respectfully,



Mark Mann

Tidewater Contractors, Inc.

cc: CCB Board Members

Jess Fitzhugh

COPY

BEFORE THE CONSTRUCTION CONTRACTORS BOARD
STATE OF OREGON
700 SUMMER ST. NE, SUITE 300
PO BOX 14140
SALEM, OR 97309-5052
PHONE: 378-4621 FAX: 373-2007

Enforcement File No. **58865**

CLOSING MEMORANDUM

In the Matter of the complaint filed by;

TIDEWATER CONTRACTORS INC., a corporation,
CCB LIC # 29995
COMPLAINANT

against

ROSS BROTHERS, a corporation, CCB LIC
78694
RESPONDENT

1. **Conclusion:**

- a) Under authority of ORS 279C.590 the Construction Contractors Board (CCB) has completed a thorough investigation of a complaint filed by Tidewater Contractors Inc., (Tidewater) against Ross Brothers (Ross) alleging that Ross violated ORS 279C.590 by unlawfully substituting a first-tier subcontractor on a public funded project. As a result of this investigation the CCB has determined the following: Ross did not violate ORS 279C.590.
- b) The CCB enforcement action is closed. No further disciplinary action shall be taken against Ross in regards to this complaint.
- c) Pursuant to ORS 279C.590(1)(e) the CCB shall award Ross \$250.00 of Tidewater's deposit and retain the remaining \$250.00, which may be expended by the CCB.

2. **Issue:**

On May 20, 2004, Tidewater filed a complaint with the CCB against Ross. The complaint indicated that Ross had wrongfully substituted Tidewater as a listed first-tier subcontractor on a public funded project for the Middle Fork John Day River Section ODOT contract number 12698, a public contract.

3. **Summary of Facts:**

- a) On May 23, 2002, Ross submitted a bid for the above referenced ODOT project. In accordance with ORS 279.027, Ross submitted the First Tier Subcontractor Disclosure Form and listed Tidewater as first tier under the category of asphalt paving.

- b) From May through November 2002 Ross was working on the project. On November 25, 2002, Tidewater began performing on the project by doing detour paving. Tidewater was paid for that work pursuant to a purchase order, although it was the same type of work that was to be performed by Tidewater pursuant to the subcontract.
- c) Both Ross and Tidewater agreed to use the AGC standard form subcontract agreement which was executed and signed by both parties on March 31, 2003.
- d) That contract was submitted to ODOT and ODOT noted the interest provision under Exhibit E of the contract did not match the requirements of ORS 279.445. A dispute then arose as to specific contractual language (regarding interest and other language in the contract) in regards to the contract between Ross and Tidewater and those discussions continued through April 6, 2003
- e) On April 28, 2003, ODOT consented for Tidewater to perform asphalt work on the project.
- f) On May 6, 2003, Tidewater proposed an amendment to the contract to put in an interest penalty if paving is not done in a 10 day time period.
- g) During November 2003, ODOT informed Ross that the project may be affected by winter shutdown.
- h) On March 31, 2004, Tidewater instructed Ross that they can deliver the concrete for the project but made it conditional upon five additional terms that were not included in the original contract agreement.
- i) In April 2004, Ross requested a mix design from Tidewater and Tidewater responded on April 15, 2004. Based on the design mix provided by Tidewater, Ross determined that the design mix was erroneous and Tidewater would not be able to perform the work.
- j) On May 6, 2004 ODOT signed a consent form to have another subcontractor, High Desert, perform the paving and asphalt work on the project as submitted by Ross.
- k) On May 20, 2004, Tidewater filed this complaint.

4. **Law:**

- a) ORS 279C.590 outlines the complaint process for substitutions of subcontractors and civil penalties.
- b) ORS 279C.590 (e) states: If the Board determined that a contractor has not substituted a subcontractor or that the contractor's substitution was in compliance with ORS 279.322, the Board shall award the contractor \$250 of the deposit and shall retain the other \$250, which may be expended by the Board.
- c) ORS 279C.585 outlines the authority to substitute a non-disclosed first-tier subcontractor. ORS 279C.585(1) provides that a contractor may substitute a first-tier subcontractor under the following circumstances: When the subcontractor disclosed

under ORS 279.027 (3) fails or refuses to execute a written contract after having had a reasonable opportunity to do so after the written contract, which must be reasonably based upon the general terms, conditions, plans and specifications for the public improvement project or the terms of the subcontractor's written bid, is presented to the subcontractor by the prime contractor.

- d) ORS 279C.590(1)(a) provides a subcontractor disclosed under ORS 279C.370 may file a complaint based on the subcontractor disclosure requirements under ORS 279C.370 with the Construction Contractors Board about a contractor if the contractor has substituted another contractor for the complaining contractor.

Analysis:

Tidewater was listed by Ross as the first tier subcontractor to perform the paving portion of the project. Tidewater was informed that they were listed as first-tier subcontractors by Ross in accordance with state law. Tidewater began to work on the project on a unilateral contract and was paid for paving work done on November 25, 2002. After Tidewater was listed as the first-tier subcontractor for paving and the work began, a contractual dispute arose as to various issues including the interest penalty, the design mix submission and the work schedule of Tidewater. Ross and Tidewater could not resolve the contract dispute which resulted in Ross requesting and receiving consent from ODOT to have Tidewater replaced with another paving subcontractor.

The facts of this matter do not support a finding that Tidewater was improperly substituted by another subcontractor. The facts support a contract dispute between the general and subcontractor, which arose after the subcontractor was awarded the first-tier status and after the subcontractor had started to perform the work.

The laws that give the Construction Contractors Board authority to investigate and prosecute enforcement actions only allows CCB to act when a contractor has substituted another subcontractor for the complaining contractor. The law does not provide the CCB with jurisdiction over a contractual dispute after the first-tier subcontractors have been chosen and have begun to work on the project.

The legislative intent behind ORS 279C.590 was to prevent a first-tier subcontractor from being replaced by another subcontractor. This is also known in the industry as "bid shopping." It was not enacted to protect a first-tiered subcontractor from a subsequent contract dispute after the work begins.

Dated: March 9, 2006

Robert A. Rambo, Investigator
Enforcement Section
Construction Contractors Board

CC: Tidewater Contractors Inc.
Ross Bros Inc.

MEMO

DATE: March 9, 2006
TO: Craig Smith, Administrator
FROM: Linda K. Burns, Manager's Assistant *LKB*
SUBJECT: CCB Contract Clauses - FYI

While opening new claims for Bruce yesterday I found a new clause that neither Pam nor I had seen before. I showed it to Bill this morning and he asked me to give you a copy of the attached contract. I found an interesting clause in this contract that he thought you would be interested in.

The articles in this contract that you may find interesting are #12 (this is the new one); #31 is one of the standard arbitration clauses that we see; #33 pertains to CCB claims, this clause overrides #31 and allows the claimant to file with the CCB and not have to go through outside arbitration.

This appears to be the Jan 2005 Oregon Real Estate Sale Agreement form for new construction.

lb

PURCHASE AGREEMENT AND RECEIPT FOR EARNEST MONEY

This Purchase and Sale Agreement constitutes an agreement by which Echo Rim Estates, L.L.C., a Delaware limited liability company ("Seller") agrees to sell and Michael Foreman & Martha Delaine Foreman ("Buyer") agrees to purchase that certain improved real property (herein referred to as the "Property") located at 2910 NW 19th St, Redmond, OR and legally described as: Lot 6 of Echo Rim, Phase 1 & 2 in the City of Redmond, Deschutes County, Oregon. Model & Size Lassen 1861

THE TERMS AND CONDITIONS of this Purchase and Sale Agreement (hereinafter the "Agreement") are as follows:

1. **Purchase Price.** Buyer agrees to purchase the Property from Seller and Seller agrees to sell Property to Buyer for the sum of:

Base Price:	<u>Two Hundred Nine Thousand Dollars and N0/100</u>	<u>\$209,000.00</u>
Lot Premium:	<u>Two Thousand Five Hundred Dollars and N0/100</u>	<u>\$2,500.00</u>
Out of Seq.:	<u>Zero Dollars and N0/100</u>	<u>\$0.00</u>
Total Std. Price:	<u>Two Hundred Eleven Thousand Five Hundred Dollars and N0/100</u>	<u>\$211,500.00</u>

2. **Earnest Money.** Seller hereby acknowledges receipt of sum of \$2,000.00 paid by Buyer as earnest money. The earnest money shall be applied to the purchase price on the Closing Date, as that term is defined below. The earnest money shall be made payable to: Western Title & Escrow (hereinafter referred to as "Escrow Agent"), and will be delivered by Seller or Seller's agent to Escrow Agent along with a signed copy of this Agreement with a request to open escrow.

3. **Payment of Purchase Price.** At closing, the earnest money shall be credited to the Purchase Price. At closing, Buyer shall pay the balance of the Purchase Price in cash.

4. **Close of Escrow.** Escrow shall close ("Closing Date") within ten (10) days following the date Buyer is notified by Seller that the property has been approved for occupancy, by the appropriate governmental agency, which Seller ESTIMATES to be September 29, 2005. The date of recordation of the deed to the Property shall be deemed to be the date of the "Close of Escrow".

5. **Escrow.** Within three (3) calendar days after acceptance of this Agreement by Seller, escrow shall be opened by Seller's Agent depositing an executed copy of the Agreement with: Western Title & Escrow Located at: 153 SW 5th Street, Redmond, OR 97756

Buyer and Seller hereby agree to close this transaction at the above mentioned escrow company and Buyer and Seller also agree there will be no split-closings with respect to this contract.

Seller Date Buyer Date

Should there be any conflict between this Agreement and the escrow instructions or other documents provided by Escrow Agent, the provisions of this Agreement shall control.

Buyer agrees to execute and deposit into escrow all documents as required by Escrow Agent and to deposit into escrow the funds required of Buyer (additional funds to be obtained from Buyer's lender, if any), no later than five (5) days after the receipt of notice from Seller in accordance with Section 4 of this Agreement. Buyer's failure to immediately deposit the balance of the total purchase price within the time specified above shall constitute a material breach of this Agreement, entitling Seller to unilaterally terminate further performance under this Agreement and cancel escrow in accordance with this paragraph.

Job Number
ERE 006
Page 1 of 5

Initial - Date
Buyer: mf 4/29/05
Seller: MD 4/29/05
Seller's Agent:
Buyer's Agent: DN 4/29/05

CCB RE
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ADDENDUM "A"- Modification & Upgrades

**to
Purchase Agreement
and
Receipt for Earnest Money**

Buyer agrees to purchase the modifications and upgrades as described in Exhibit "1", attached hereto, for modification and/or installation in the home, which is under construction and/or to be constructed on the Property described in the Agreement. Buyer requests that the plans and specifications for such home be modified by these modifications and upgrades. Buyer represents that the modifications and upgrades requested are to be solely and exclusively for the benefit and convenience of Buyer, and to induce Seller to make the modifications and upgrades and as consideration therefore, Buyer agrees to pay "Upgrade Funds" equal to the deposit required for such modifications and upgrades as shown on Exhibit "1". Buyer acknowledges that, except for the modifications and upgrades requested, the home is not being constructed in accordance with the plans and specifications of the Buyer and agrees that it would be difficult to determine the amount of damages actually suffered if Buyer refused to complete the purchase of the Property. Therefore, the sum indicated as the "Upgrade Funds" shall be and is hereby forever surrendered to Seller as liquidated damages. It is further agreed that the foregoing is hereby incorporated into and made a part of the Purchase Agreement referred to herein, and to such extent (and such extent only) the Purchase Agreement is hereby modified and amended accordingly.

Buyer understands and agrees that unless the amount shown below as "Upgrade Funds" has been paid by Buyer, by the date specified in paragraph 17 of the Purchase Agreement, the Seller shall have the right to cancel the request for modifications and upgrades without further notice to Buyer. Such cancellation by the Seller shall not modify or alter the obligations of the parties with respect to the Purchase Agreement.

In the event Buyer fulfills its obligations under the terms and provisions of the Purchase Agreement, such "Upgrade Funds" shall be applied to the total purchase price as amended by this Addendum "A". The remaining amount of the total price for the modification and upgrades set forth on Exhibit "1," shall be placed into escrow by Buyer on or before the Closing Date as set forth in the Purchase Agreement.

This order is subject to acceptance by Seller. Buyer(s) have read the terms as set forth above and agrees to said terms.

The total Upgrade Funds to be paid by Buyer for the modifications and upgrades chosen by Buyer shall be:

Three Thousand Dollars and N0/100 \$3,000.00

The "Total Price" set forth in paragraph 1 page 1 of the Purchase Agreement and Receipt for Earnest Money shall be increased by:

Six Thousand Four Hundred Ninety Dollars and N0/100 \$6,490.00

Making the revised total purchase price for the Property following this Addendum:

Two Hundred Seventeen Thousand Nine Hundred Ninety Dollars and N0/100 \$217,990.00

ACCEPTED:

Michael R. Foreman Date: 4/28/05
Michael Foreman

Buyer:

Michael Foreman
1511 SW Birdie Drive
Corvallis, OR 97333
541/753/9651

M. DeLaine Foreman Date: 4/28/05
Martha DeLaine Foreman

Co-Buyer:

Martha DeLaine Foreman
1511 SW Birdie Drive
Corvallis, OR 97333

Tim Brown Date: 5/17/05
by: Tim Brown, Vice-President

Seller:

Echo Rim Estates, LLC
by: Central Oregon Builders, Inc., Manager
by: Tim Brown, Vice-President

CCB REC'D

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Sales Info.

Sale Information

Job Number :ERE 006

To Be Filled In: _____

To Be Negotiated & Filled In: _____

Lot Number: 6

Job Address: 2910 NW 19th St. Redmond, OR

Model Number: Lassen

Job Number: ERE 006

Legal Description: Lot 6 of Echo Rim, Phase 1 & 2

Model Type: 1861

Projected Closing Date: 29-Sep-05 Month/Day/Year

Date of Sale: 16-Apr-05 Month/Day/Year

Modifications & Upgrades Deadline Date: 1-May-05 Default is 15 Days

Earnest Money Received on: 22-Jun-05 Month/Day/Year

Name of Listing Brokerage House: Mayfield Realty

Name of Listing Agent: Barbara Myers

Co-Op Sale: yes Yes or No

Name of Selling Agent: Brenda King Name of Co-Op Agent

Name of Brokerage House: ReMax Lead & Homes Name of Brokerage House

Buyer as Appearing on Contract: Michael Foreman & Martha Delaine Foreman

Buyer's Name: Michael Foreman

Buyer's Address: 1511 SW Birdie Drive

Buyer's Home Phone: Corvallis, OR 97333

Buyer's Work Phone: 541/753/9651

Co-Buyer's Name: Martha Delaine Foreman

Co-Buyer's Address: 1511 SW Birdie Drive

Co-Buyer's Home Phone: Corvallis, OR 97333

Co-Buyer's Work Phone:

Vesting: To Be Determined by Buyer at Time of Closing

Buyer's Lender:

Title / Escrow Company: Western Title & Escrow

Title Company Phone: 153 SW 5th Street, Redmond, OR 97756

Title Company Phone: 541-548-2911

Seller's Name: Echo Rim Estates, LLC

by: Central Oregon Builders, Inc., Manager

by: Tim Brown, Vice-President

Seller's Address: 5850 Avenida Encinas, Suite A

Carlsbad, CA 92008

Seller's Phone: 760-438-3141

Job Number
ERE 006

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Sales Info.

Sale Information

Job Number :ERE 006

To Be Filled In:	
To Be Negotiated & Filled In:	

Base Price:	\$209,000.00
Base Price Written:	Two Hundred Nine Thousand Dollars and NO/100
Out of Sequence Start Costs:	Enter on this Sheet
Out of Sequence Start Costs Written:	Zero Dollars and NO/100
Lot Premium:	\$2,500.00
Lot Premium Written:	Two Thousand Five Hundred Dollars and NO/100

Total Standard Purchase Price:	\$211,500.00
Total Standard Purchase Price Written:	Two Hundred Eleven Thousand Five Hundred Dollars and NO/100

Modifications & Upgrades Before Discount:	\$6,490.00
Mod. & Upgrades Before Discount Written:	Six Thousand Four Hundred Ninety Dollars and NO/100

Modifications & Upgrades Discount Incentive:	\$0.00
Mod. & Upgrades Discount Incentive Written:	Zero Dollars and NO/100

Mod. & Upgrades Price After Discount:	\$6,490.00
Mod. & Upgrades Price After Discount Written:	Six Thousand Four Hundred Ninety Dollars and NO/100

Upgrade Funds (non-refundable):	\$3,000.00
Upgrade Funds Written:	Three Thousand Dollars and NO/100

Closing Costs Co-Op Amount Added Back:	Enter on this Sheet for Addendum 'B'
Closing Costs Co-Op Add-Back Written:	Zero Dollars and NO/100

Total Purchase Price:	\$217,990.00
Total Purchase Price Written:	Two Hundred Seventeen Thousand Nine Hundred Ninety Dollars and NO/100

Amount of Earnest Money:	\$2,000.00
	Enter on this Sheet

Cash To Close

Total Standard Purchase Price:	\$211,500.00	
Modifications & Upgrades Before Discount:	\$6,490.00	9/
Modifications & Upgrades Discount Incentive:	\$0.00	
Upgrade Funds (non-refundable):	(\$3,000.00)	
Closing Costs Co-Op Amount Added Back:	\$0.00	
Amount of Earnest Money:	(\$2,000.00)	

Total Cash to Close:	\$212,990.00
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Closing Costs Co-Op Amount:	\$0.00
Closing Costs Co-Op Amount Written:	Zero Dollars and NO/100

Proof:	\$0.00
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This sale is Contingent:	Yes
Address of Contingency Property:	1311 SW Birdie Drive, Corvallis, OR 97333

Notes:

Job Number
ERE 006

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FINAL AGENCY ACKNOWLEDGMENT

Both Buyer and Seller acknowledge having received the Oregon Real Estate Agency Disclosure Pamphlet, and hereby acknowledge and consent to the following agency relationships in this transaction:

(1) **BRENDA KING** (Name of Selling Licensee) of **RE/MAX Land & Homes** (Name of Real Estate Firm) is the agent of (check one): The Buyer exclusively. The Seller exclusively. ("Seller Agency"). Both the Buyer and the Seller ("Disclosed Limited Agency")

(2) **Barbara Myers** (Name of Listing Licensee) of **COLDWELL BANKERS** (Name of Real Estate Firm) is agent of (check one): The Seller exclusively. Both the Buyer and the Seller ("Disclosed Limited Agency").

(3) If both parties are each represented by one or more Licensees in the same Real Estate Firm, and the Licensees are supervised by the same principal broker of that Real Estate Firm, Buyer and Seller acknowledge that said principal broker shall become the disclosed limited agent for both Buyer and Seller, as more fully explained in the Disclosed Limited Agency Agreements that have been reviewed and signed by Buyer, Seller and Licensee(s).

Buyer shall sign this acknowledgment at the time of signing this Agreement before submission to Seller. Seller shall sign this acknowledgement at the time this Agreement is first submitted to Seller, even if this Agreement will be rejected or a counter offer will be made. Seller's signature to this Final Agency Acknowledgement shall not constitute acceptance of the Agreement or any terms therein.

Buyer	<u>Michael B. Foreman</u>	Print	MICHAEL FOREMAN	Date	<u>4/16/05</u>
Buyer	<u>M. Delaine Foreman</u>	Print	MARTHA DELAINE FOREMAN	Date	<u>4/16/05</u>
Seller		Print	CENTRAL OREGON BUILDERS	Date	
Seller		Print		Date	

NEW CONSTRUCTION REAL ESTATE SALE AGREEMENT

This Agreement is intended to be a legal and binding contract. If it is not understood, seek competent legal advice before signing.

1. **PROPERTY DISCLOSURE EXEMPTION:** (This exemption is only available to Seller if fully completed.) This is the first sale of a dwelling never occupied. Seller represents: This home was constructed or installed under building or installation permit(s) # _____ issued by _____

2. **DEFINITIONS:** All references in this Agreement to "Licensee" and "Firm" shall refer to Seller's and Buyer's real estate agents licensed in the State of Oregon and the respective real estate companies with which they are affiliated. The Licensee(s) and Firm(s) identified in the Final Agency Acknowledgment Section above are not parties to this Agreement, except as may be applicable in Sections 34, 35, 36, 38, 39 and 42, below. Unless otherwise provided herein: (1) Time calculated in days after the date Seller and Buyer have signed this Agreement shall start on the first full business day after the date that the last party has signed accepting this Agreement, including counteroffer(s), if applicable; (2) written notices required or permitted under this Agreement to be delivered to Seller or Buyer may be delivered to their respective Licensee with the same effect as if delivered to that Seller or Buyer; (3) a "business day" shall mean and include Monday through Friday, except recognized legal holidays as enumerated in ORS 187.010 and 187.020.

3. **PRICE/PROPERTY DESCRIPTION:** Buyer (print name(s)) **MICHAEL FOREMAN MARTHA DELAINE FOREMAN** offers to purchase from Seller (print name(s)) **CENTRAL OREGON BUILDERS**, the following described real property, (hereinafter "the Property") situated in the State of Oregon, County of **DESCHUTES** and commonly known or identified as (insert street address, city, zip code, tax identification number, and/or lot-block description, etc.) **2910 NW 19TH STREET, LOT 6, ECHO RIM ESTATES**

(Seller and Buyer agree that if it is not provided herein, a complete legal description as provided by the title insurance company in accordance with Section 5, below, shall, where necessary, be used for purposes of legal identification and conveyance of title.) for the purchase price (in U.S. currency) of **A \$ 216,580**

on the following terms: Earnest money herein received for **B \$ 2,000** on _____ as additional earnest money, the sum of **C \$ _____** at or before closing, the balance of down payment **D \$ _____** at closing and upon delivery of **DEED** **CONTRACT** the sum of Lines B, C, D and E should equal Line A) **E \$ 214,580**

Payable as follows: (Describe details of any loan(s) to be obtained) **BUYER AND HOME TO QUALIFY FOR A CONVENTIONAL LOAN THROUGH OSU FEDERAL CREDIT UNION. BUYER PRE-APPROVED FOR LOAN.** For additional details, see Addendum **A-C**

4. **BUYER REPRESENTATIONS/LOAN CONTINGENCY:** As of the date of signing the Agreement, Buyer has sufficient funds available to close this transaction in accordance with the terms proposed herein, and is not relying on any contingent source of funds (e.g. from loans, gifts, sale or closing of property, 401 K disbursements, etc.), unless otherwise disclosed in this Agreement. IF A NEW LOAN IS REQUIRED, THIS TRANSACTION IS SUBJECT TO BUYER AND PROPERTY QUALIFYING FOR THE LOAN AND THE LENDER'S APPRAISAL BEING NOT LESS THAN THE PURCHASE PRICE. Buyer agrees to make written loan application not later than N/A business days (three [3] if not filled in) after the date Seller and Buyer have signed this Agreement and thereafter, complete necessary papers, and exert best efforts, including timely payment of all application, appraisal and processing fees, in order to procure the loan. This contingency is solely for Buyer's benefit and may be waived by Buyer in writing. Buyer authorizes lender to provide non-confidential information to Listing and Selling Licensees regarding status of the loan. If Property is located in a designated flood zone, Buyer acknowledges that flood insurance may be required as a condition of the new loan. Buyer is encouraged to promptly verify the availability and cost of property/casualty insurance that will be secured for the Property.

Buyer Initials	<u>MJ</u>	CCB REGID
Seller Initials	<u>DF</u>	Date <u>4/16/05</u>

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5. TITLE INSURANCE: Unless otherwise provided herein, this transaction is subject to Buyer's review and approval of a preliminary title report and the recorded covenants, conditions and restrictions ("the report and CC&Rs") showing the condition of title to the Property. (If not fully understood, Buyer should immediately contact the title insurance company for further information or seek competent legal advice. Neither the Listing nor Selling Licensees are qualified to advise on specific legal or title issues.) Upon execution of this Agreement by Seller and Buyer, Seller will, at Seller's sole expense, promptly order the report and CC&Rs from an Oregon title insurance company and furnish them to Buyer. Upon receipt of the report and CC&Rs, Buyer shall have business days 5 (five [5] if not filled in) within which to notify Seller, in writing, of any matters disclosed in the report and CC&Rs which is/are unacceptable to Buyer ("the objections"). Buyer's failure to timely object, in writing, to any matters disclosed in the report and/or CC&Rs shall constitute acceptance of the report and/or CC&Rs. Provided, however, Buyer's failure to timely object shall not relieve Seller of the duty to convey marketable title pursuant to Section 9 below. If, within 5 business days (five [5] if not filled in) following receipt of the objections, if any, Seller fails to remove or correct the matters identified in the objections, or does not give written assurances reasonably satisfactory to Buyer that they will be removed or corrected prior to the closing date, all earnest money shall be promptly refunded to Buyer and this transaction shall be terminated. This contingency is solely for Buyer's benefit and may be waived by Buyer in writing. Within thirty (30) days after closing, Seller shall furnish to Buyer an owner's standard form policy insurance insuring marketable title in the Property to Buyer in the amount of the purchase price, free and clear of the objections and all other title exceptions agreed to be removed as a part of this transaction. If Buyer requires an early-issue policy of title insurance, Buyer shall pay the additional premium.

6. PLANS AND SPECIFICATIONS: In the event construction on the Property has not been completed prior to the date Seller and Buyer have signed this Agreement, where applicable, they are encouraged to complete an Addendum regarding such things as the selection of colors, coverings, hard surfaces, lighting fixtures, cost of upgrades, etc. If the plans and specifications for any new construction on the Property have not been agreed upon as of the date Seller and Buyer have signed this Agreement, they shall do so within the following 7 business days (seven [7] if not filled in). Upon failure to timely reach such agreement in writing, this transaction shall be terminated, and all earnest money shall be promptly returned to Buyer.

7. ADDITIONAL PROVISIONS: CONTINGENT ON BUYER SELLING THEIR HOME AT 1511 SW BIRDIE DRIVE, CORVALLIS OREGON. For additional provisions, see Addendum A

8. CONSTRUCTION LIENS: Seller warrants and represents that from and after the date of closing, all Seller's contractors, subcontractors, suppliers and all others who provided labor or material to the Property or who have the right to lien, will have been fully paid and/or will have released all of their lien rights as against the Property.

9. DEED: Seller shall convey marketable title to the Property by [X] statutory warranty deed or [] free and clear of all liens of record, except property taxes which are a lien but not yet payable, zoning ordinances, building and use restrictions, reservations in Federal patents, easements of record which affect the Property, covenants, conditions and restrictions of record, and those matters accepted by Buyer or agreed to be removed by Seller pursuant to Section 5 above.

10. SELLER REPRESENTATIONS: (1) The above dwelling is connected to (check all that apply): [X] a public sewer system; [] an on-site sewage system; [X] a public water system; [] a private well. At the earlier of possession or closing date, the dwelling will have one or more operating smoke alarms or smoke detectors as required by law. (See, http://www.sfm.state.or.us) (3) Seller has no knowledge of any hazardous substances on the Property other than substances (if any) contained in appliances and equipment. (4) Seller knows of no material structural defects. (5) If construction has been completed, all electrical wiring, heating, cooling, plumbing and irrigation equipment and systems and the balance of the Property, including the yard, will be in substantially its present condition at the time Buyer is entitled to possession. (6) At the time of closing, the home will be in broom-clean condition, and the remainder of the Property will be clean and free of all equipment, tools and construction debris. (7) Except as disclosed in writing, Seller has no notice of any liens or assessments to be levied against the Property. (8) Seller has no notice from any governmental agency of any violation of law relating to the Property. (9) Seller represents and warrants that Seller has constructed all improvements in accordance with all applicable laws, ordinances, codes and regulations. (10) Seller is not a "foreign person" under the Foreign Investment in Real Property Tax Act ("FIRPTA") as defined in Section 26 below. (11) Seller agrees to promptly notify Buyer if, prior to closing, Seller receives actual notice of any event or condition which could result in making any previously disclosed material information to the Property substantially misleading or incorrect. Exceptions to Items (1) through (11) are: Neither the Listing nor Selling Licensees shall be responsible for conducting any inspection or investigation of any aspects of the Property.

11. "AS-IS": (check only one:) Except for Seller's express written agreements and written representations contained herein, Buyer is purchasing the Property "AS-IS," in its present condition and with all defects apparent or not apparent. This provision shall not be construed to limit Buyer's right to implied new home warranties, if any, that may otherwise exist under Oregon law. [] See attached Addendum regarding Seller warranties and/or disclaimers, if any.

Buyer Initials M Date 4/16 Seller Initials D CCB REC'D

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12. CONSTRUCTION CONTRACTOR'S BOARD ("CCB"): Seller further represents that (1) Seller is currently licensed with the Oregon Construction Contractor's Board ("CCB"); (2) To the best of Seller's knowledge, Seller is in full compliance with all requirements of ORS Chapter 701 governing construction contractors; (3) To the best of Seller's knowledge, Seller is in full compliance with all State and federal laws regarding social security, income and unemployment taxes, and workers compensation insurance; (4) Seller is fully bonded (i.e. bond has not been reduced, exhausted or cancelled); (5) Seller is fully insured for public liability, personal injury and property damage, as required by Oregon laws; (6) Seller has not been sanctioned or disciplined by the CCB. Exceptions to items (1) through (6) are:

If Buyer is contracting with Seller to construct certain improvements on the Property, Buyer should verify that Seller is properly registered, bonded, insured, and in good standing with the CCB. Buyer is advised that, subject to certain limitations, Oregon Law permits the owner of residential structure to file a claim against a registered contractor for negligent or improper work, breach of contract and other specific reasons related to the construction of improvements to real property. Generally, such claims may only be filed within one (1) year following occupancy of the residence or two (2) years of completion, whichever occurs first. For further information, Buyer is encouraged to review the CCB homepage at http://www.ccb.state.or.us.

13. INSULATION CERTIFICATE: Seller agrees to promptly provide Buyer with an Insulation Certificate which will become a part of this Agreement. The Insulation Certificate shall contain information from the insulation contractor and/or manufacturer regarding the type of insulation, its thickness and R-value used throughout the home.

14. WORKERS' COMPENSATION INSURANCE: Buyer is advised that subject to certain limitations, Oregon Law requires employers to maintain workers' compensation insurance for their employees through an authorized workers' compensation carrier. If Buyer is contracting with Seller to construct certain improvements on the Property, Buyer should verify that Seller maintains workers' compensation insurance for its employees. If Buyer directly hires any contractors or subcontractors, Buyer should similarly ensure that they maintain workers' compensation insurance.

15. PRIVATE WELL: If applicable, Seller represents that the private water well located on or serving the Property is currently providing an adequate supply of water for household use. To the best of Seller's knowledge, the water is fit for human consumption and the continued use of the well and water is authorized by and complies with the laws of the State of Oregon and appropriate governmental agencies. No other representation is made concerning the water supply and well except as expressly stated in this Agreement. If the well provides water for domestic purposes, upon Seller's acceptance of Buyer's offer, Seller, at Seller's expense, will have the well tested for nitrates and total coliform bacteria and for such other matters as are required by the Oregon Health Division. Upon receipt, Seller shall promptly submit the test results to the Oregon Health Division and Buyer. At Buyer's expense, Buyer may have the well water tested for quantity or quality by a qualified tester, and obtain a written report of such test or tests, showing the deficiencies (if any) in the well and the standards required to correct the deficiencies, all within N/A business days (seven [7] if not filled in) after the date Seller and Buyer have signed this Agreement. If the written report of any test made by Seller or Buyer shows a substantial deficiency in quantity or quality of the water, then Buyer may terminate this transaction by delivering written notice of termination, together with a copy of the test report, to Seller or the Listing Licensee within twenty-four (24) hours after the receipt by Buyer of the written test report unless, within twenty-four (24) hours after delivery of notice of termination, Seller agrees in writing to correct the deficiencies shown on the report. Any report obtained by Buyer will show what deficiencies, if any, are substantial. In the event any wells located upon the Property are not currently registered with the applicable governmental agency, Seller agrees to assist Buyer, at Buyer's sole expense, in registering them. The preceding sentence shall survive closing of this transaction. For additional well provisions, see Addendum _____.

16. INSPECTIONS: Buyer understands that it is advisable to have a complete inspection of the Property by qualified professionals, relating to such matters as structural condition, soil condition/compaction, stability, environmental issues, survey, zoning, operating systems, and suitability for the Buyer's intended purpose. Neither the Listing nor Selling Licensees are qualified to conduct such inspections and shall not be responsible to do so. For further details, Buyer is encouraged to review the Buyer Advisory at "http://www.oregonrealtors.org or at "http://www.rea.state.or.us".

(CHECK ONLY ONE)

PROFESSIONAL INSPECTIONS: At Buyer's expense, Buyer may have the Property and all elements and systems thereof inspected by one or more professionals of Buyer's choice. Provided, however, Buyer must specifically identify in this Agreement any desired inspections which may include testing or removal of any portion of the Property. Buyer understands that Buyer is responsible for the restoration of the site following any inspection(s)/test(s) performed by Buyer or on Buyer's behalf. Buyer shall have 10 business days (ten [10] not filled in), after the date Seller and Buyer have signed this Agreement, (hereinafter "the Inspection Period") in which to negotiate with Seller regarding any matters disclosed in any inspection report. However, during the Inspection Period, Seller shall not be required to modify any terms of this Agreement already reached with Buyer. Unless a written and signed modification is reached, at any time during the Inspection Period, Buyer may notify Seller or Listing Licensee, in writing, of Buyer's unconditional disapproval of the Property based on any inspection reports, in which case, all earnest money deposits shall be promptly refunded and this Agreement shall be terminated. Buyer shall promptly provide a copy of all reports to Seller only if requested by Seller. Buyer understands that if Buyer fails to provide Seller or Listing Licensee with written unconditional disapproval of any inspection report(s) by Midnight of the final day of the Inspection Period, Buyer shall be deemed to have accepted the condition of the Property, subject only to any express or implied warranties available to Buyer in this transaction.

Buyer Initials *MJ* 1007 Date *4/16/05*
Seller Initials *I* Date

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SEE ATTACHED ADDENDUM REGARDING ALTERNATIVE INSPECTION PROCEDURES.

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BUYER'S INSPECTION: Buyer acknowledges that Buyer has been given an opportunity to have the Property fully inspected. Buyer represents to Seller and all Licensees and Firms that Buyer is fully satisfied with the condition of the Property and all elements and systems thereof and elects to waive the right to have any inspections performed as a contingency to the closing of this transaction. Buyer's election to waive the right of inspection is solely Buyer's decision and at Buyer's own risk.

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17. ESCROW: This transaction shall be closed at WESTERN TITLE ("Escrow") a neutral escrow depository located in the State of Oregon. Costs of escrow shall be shared equally between Seller and Buyer, unless Buyer is financing through Federal VA, in which case Seller shall pay at escrow costs.

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18. CLOSING: TIME IS OF THE ESSENCE. The terms "closing," "closed" or "closing date" shall mean when the deed or contract is recorded and funds are available to Seller. Seller and Buyer acknowledge that for closing to occur by the Closing Deadline, it may be necessary to execute documents and deposit funds in escrow prior to that date. The terms "completion," "completed" or "completing" are defined to mean the date an occupancy permit, or equivalent, is issued by the applicable jurisdiction in which the Property is located. Check one of the following:

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(Construction of all improvements have been completed as of the date Seller and Buyer sign this Agreement.) Closing shall occur on a date mutually agreed upon by Seller and Buyer, but, in no event later than _____ (the "Closing Deadline")

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(Construction of all improvements have not been completed as of the date Seller and Buyer sign this Agreement.) Seller agrees to exercise Seller's best efforts to complete construction and close this transaction by (insert date) 8/1/05 (the "Projected Closing Deadline"). Seller and Buyer agree to cooperate with each other in processing all appropriate applications, permits and approvals in a timely manner. Provided, however, notwithstanding the preceding, the Projected Closing Deadline may be extended a reasonable time, not to exceed 2 business days (ten [10] if not filled in), if construction is delayed by any damage caused by fire or other casualty, by extreme weather conditions, general strike or lock-outs, or for any reason not within the normal control of Seller.

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19. POSSESSION: Seller shall remove all personal property (including trash and construction debris) not a part of this transaction and deliver possession of the Property to Buyer (check one): by 5:00 p.m. on the closing date; by _____ a.m. p.m. _____ days after the closing date; by _____ a.m. p.m. on the _____ day of _____

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20. PRORATIONS: Prorates for current year's taxes and other prepaid expenses or assessments attributable to the Property shall be as of: (check one only) (1) the closing date; (2) the date Buyer is entitled to possession; or (3) _____

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21. UTILITIES: Seller shall pay all utility bills accrued to date Buyer is entitled to possession.

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22. INSURANCE: Until closing, Seller shall keep the Property fully insured against loss by fire or other casualty in an amount not less than the purchase price.

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23. ESCROW DEPOSIT: Escrow is hereby instructed by Seller and Buyer as follows: (1) Upon your receipt of a copy of this Agreement marked "rejected" by Seller or upon Listing Firm's written advice that the offer is "rejected" by Seller, you are to refund all earnest money to Buyer. (2) Upon your receipt of a copy of this Agreement signed by Seller and Buyer, set up an escrow account and proceed with closing in accordance with the terms of this Agreement. If you determine that the transaction cannot be closed for any reason (whether or not there is then a dispute between the parties), you are to hold all earnest money deposits until you receive written instructions from Seller and Buyer as to disposition of such deposits.

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24. EARNEST MONEY PAYMENT/REFUND: Earnest money shall be handled as follows (select only one):

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If (1) Seller does not approve this Agreement; or (2) Seller approves this Agreement but fails to furnish marketable title; or (3) Seller fails to complete this transaction in accordance with this Agreement, or perform any other act as herein provided; or (4) any condition which Buyer has made an express contingency in this Agreement (and has not been otherwise waived) fails through no fault of Buyer, then all earnest money shall be promptly refunded to Buyer. However, acceptance by Buyer of the refund shall not constitute a waiver of other legal remedies available to Buyer. If Seller signs this Agreement and title is marketable; and (1) Buyer has misrepresented Buyer's financial status; or (2) Buyer's bank does not pay, when presented, any check given as earnest money; or (3) Buyer fails to redeem, when due, any note given as earnest money; or (4) Buyer fails to complete this transaction in accordance with this Agreement, or perform any other act as herein provided, then all earnest money paid or agreed to be paid shall be paid to Seller either as liquidated damages or as otherwise allowed under Oregon law, and this Agreement shall be terminated. It is the intention of the parties that Seller's sole remedy against Buyer for Buyer's failure to close this transaction shall be limited to the amount of earnest money paid or agreed to be paid herein.

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Buyer Initials Maf Date 4/1/05
Seller Initials 1 Date _____

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See attached Addendum regarding how the earnest money shall be handled in the event of default by Seller or Buyer. 220

25. BINDING EFFECT/CONSENT: This Agreement is binding upon the heirs, personal representatives, successors and assigns of Buyer and Seller. However, Buyer's rights under this Agreement or in the Property are not assignable without prior written consent of Seller. 221
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26. FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT: The Foreign Investment in Real Property Tax Act ("FIRPTA") requires every person who purchases real property located within the United States from a "foreign person" to deduct and withhold from the Seller's proceeds ten percent (10%) of the gross sales price with certain exceptions, and to pay the amount withheld to the Internal Revenue Service. A "foreign person" includes a non-resident alien individual, foreign corporation, foreign partnership, foreign trust and foreign estate. Seller and Buyer agree to execute and deliver, as appropriate, any instrument, affidavit or statement, and to perform any acts reasonable or necessary to carry out the provisions of FIRPTA. If Seller is a foreign person as defined by FIRPTA, Seller and Buyer instruct Escrow to take all necessary steps to comply therewith. 224
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27. IRC 1031 EXCHANGE: In the event Seller or Buyer elect to complete an IRC 1031 exchange in this transaction, the other party agrees to cooperate with them and the accommodator, if any, in a manner necessary to complete the exchange, so long as it will not delay the close of escrow, or cause additional expense or liability to the cooperating party. Unless otherwise provided herein, this provision shall not become a contingency to the closing of this transaction. 231
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28. APPROVED USES: THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES. 235
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29. LEVY OF ADDITIONAL PROPERTY TAXES: The Property: is is not specially assessed for property taxes (e.g. farm, forest or other) in a way which may result in the levy of additional taxes in the future. If it is specially assessed, Seller represents that the Property is current as to income or other conditions required to preserve its deferred tax status. If, as a result of Buyer's actions or the closing of this transaction, the Property either is disqualified from special use assessment or loses its deferred property tax status, unless otherwise specifically provided in this Agreement, Buyer shall be responsible for and shall pay when due, any deferred and/or additional taxes and interest which may be levied against the Property and shall hold Seller completely harmless therefrom. However, if as a result of the Seller's actions prior to closing, the Property either is disqualified from its entitlement to special use assessment or loses its deferred property tax status, Seller shall be responsible for and shall pay at or before closing all deferred and/or additional taxes and interest which may be levied against the Property and shall hold Buyer completely harmless therefrom. 242
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30. ADDITIONAL LAND SALE CONTRACT/TRUST DEED/MORTGAGE PROVISIONS: If this transaction is to include a land sale contract, trust deed or mortgage to be carried back by Seller, Buyer and Seller shall agree upon the terms and conditions of such document not later than N/A business days (ten [10] if not filled in) after the date Seller and Buyer have signed this Agreement. Upon failure to reach such agreement within said time period, this transaction shall be terminated, and all earnest money shall be promptly refunded to Buyer. 252
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31. DISPUTE RESOLUTION: Any dispute between Seller and Buyer relating to the interpretation or enforcement of this Agreement (check one) shall shall not be subject to the following arbitration provisions. Failure to check a box in this Section 31 shall constitute an election NOT to arbitrate. Seller and Buyer agree that all claims, controversies and disputes, including those for rescission (hereinafter collectively referred to as "Claims"), relating directly or indirectly to this transaction, shall be resolved in accordance with the procedures set forth herein, which shall expressly survive closing or earlier termination of this Agreement. Provided, however, the following matters shall not constitute Claims: (1) any proceeding to collect, interpret or enforce any mortgage, trust deed, land sale contract or recorded construction lien or (2) a forcible entry and detainer action (eviction). The filing of a notice of pending action ("lis pendens") or the application to any court for the issuance of any provisional process or similar remedy described in the Oregon or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty to utilize arbitration. All Claims shall be submitted to final and binding private arbitration pursuant to Oregon Laws in accordance with the then-existing rules of either Arbitration Service of Portland ("ASP") or, alternatively, any other professional arbitration service that has existing rules of arbitration, provided that the selected alternative service also uses arbitrators who are in good standing with the Oregon State Bar, with expertise in real estate law and who can conduct the hearing in the county where the Property is located. The arbitration service in which the Claim is first filed shall handle the case to its conclusion. Filing for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statutes of limitation or for purposes of filing a lis pendens. BY CONSENTING TO THIS BINDING ARBITRATION PROVISION YOU ARE AGREEING THAT DISPUTES ARISING UNDER THIS AGREEMENT SHALL BE HEARD AND DECIDED BY ONE OR MORE NEUTRAL ARBITRATORS AND YOU ARE GIVING UP THE RIGHT TO HAVE THE MATTER TRIED BY A JUDGE OR JURY. THE RIGHT TO APPEAL AN ARBITRATION DECISION IS LIMITED UNDER OREGON LAW. 257
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Buyer Initials *MW* 1 *AS* Date *4/14/06*
Seller Initials *CCB*

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32. **ATTORNEY FEES:** The prevailing party in any suit, action or arbitration between the Seller and Buyer shall be entitled to recovery of all reasonable attorney fees and costs pursuant to ORCP 68. 276
10273 cla

33. **CCB CLAIMS:** Notwithstanding the alternate dispute resolution provisions contained at Section 31 above, in the event of a dispute with Seller regarding this transaction, Buyer shall have the right, but not the obligation, to submit all matters within its jurisdiction to the CCB for resolution. Buyer acknowledges that submitting a claim to the CCB shall be in lieu of using the above alternate dispute resolution provisions regarding the same matter, and that in doing so, the right to recover prevailing attorney fees is limited through the CCB. Under certain circumstances, the CCB may decline to resolve the dispute if Seller gives the CCB timely notice of its desire to follow the dispute resolution provisions of this Agreement. 278
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34. **RECEIPT FOR EARNEST MONEY:** The undersigned Selling Firm acknowledges receipt of earnest money (which Selling Firm agrees to handle as provided below) from Buyer in the sum of \$ 2,000.00 evidenced by (check one): CASH CHECK PROMISSORY NOTE payable on or before _____; other _____ 284
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35. **EARNEST MONEY INSTRUCTIONS:** Buyer instructs the undersigned Selling Firm to handle the earnest money as follows (check all that apply): Hold any earnest money that is in the form of a check undeposited pending mutual acceptance of this Agreement and all agreed - upon counter offers, after which time deposit it as provided herein within three (3) banking days. Deposit it in the Selling Firm's client trust account, and thereafter/or Deposit with Escrow. Deposit any earnest money funds redeemed under a promissory note with _____ 287
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36. **EARLY RELEASE OF DEPOSIT:** In consideration of Seller completing the home to Buyer's specifications, Seller and Buyer agree that after the earnest money is deposited and/or redeemed in accordance with the proceeding instructions, the funds (check only one) shall not be disbursed to Seller prior to closing. shall be disbursed to Seller prior to closing as follows: 292
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in which case, said funds shall become nonrefundable to Buyer so long as Seller is not otherwise in default under this Agreement. Failure to check a box in this Section 36 shall constitute an election not to disburse earnest money prior to closing. The term "nonrefundable to Buyer" shall mean that said funds will not be returned to Buyer even though the transaction does not close due to the failure of a Buyer contingency (excluding only the title contingency in Section 5, above). In the event Buyer has agreed to release said funds to Seller prior to closing, Buyer hereby agrees to release, indemnify and hold harmless Escrow and/or the Real Estate Firm disbursing such funds to Seller pursuant to this Section 36. 296
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SUBJECT ONLY TO SECTIONS 35 AND 36, SELLING LICENSEE AND SELLING FIRM SHALL HAVE NO FURTHER RESPONSIBILITY WITH RESPECT TO EARNEST MONEY WHICH THE PARTIES HAVE AUTHORIZED TO BE TRANSFERRED TO A THIRD PARTY. 302
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Selling Firm RE/MAX Land & Homes Selling Licensee Signature [Signature]
Main Office Address 1730 SW PARKWAY DRIVE Phone 923-0855 FAX 504-4303
Branch Office Address _____ Phone _____ FAX _____ 305
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37. **COUNTERPARTS/ DELIVERY:** This Agreement may be signed in multiple counterparts with the same effect as if all parties signed the same document. Delivery of a legible photocopy, telefax, carbon or carbonless copy of a signed original of this Agreement shall be treated the same as delivery of the original. 308
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38. **AGREEMENT TO PURCHASE:** Buyer acknowledges receipt of one completely filled in copy of this Agreement which Buyer has fully read and understands. Buyer acknowledges that Buyer has not received or relied upon any oral or written statements, made by Seller or any Licensee, which are not expressly contained in this Agreement. Neither Seller nor any Licensees warrant the square footage of any structure or the size of any land being purchased. If square footage or land size is a material consideration, all structures and land should be measured by Buyer prior to signing or should be made an express contingency in this Agreement. 311
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Deed or contract shall be prepared in the name of MICHAEL R. AND MARTHA DELAINE FOREMAN 317

This offer shall automatically expire on (insert date) 4/19/05 at 5 a.m. p.m. ("the Offer Deadline"), if not accepted within that time. 318
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Buyer may withdraw this offer any time prior to Seller's acceptance before the Offer Deadline. If Seller accepts this offer after the Offer Deadline, it shall not be binding upon Buyer unless accepted by Buyer in writing within 2 business days (two [2] if not filled in) by so indicating at Section 41 below. This offer may be accepted by Seller only in writing. 320
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Buyer Initials ML Date 4/16/05
Seller Initials _____ Date _____

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Buyer Michael R. Jones Date 4/16/05 a.m. 5:07 p.m. ← 323
Buyer Martha DeLaine Foreman Date 4/16/05 a.m. 5:07 p.m. ← 324
Address 1511 SW BIRDIE DRIVE, CORVALLIS, OREGON Zip 97333 325
Phone Home 541-753-9651 Work _____ Work _____ Fax _____ 326

NO CHANGES OR ALTERATIONS ARE PERMITTED TO ANY PORTION OF THE PRE-PRINTED FORMAT OR TEXT OF THIS FORM. ANY SUCH PROPOSED CHANGES OR ALTERATIONS SHOULD BE MADE ON A SEPARATE DOCUMENT. CHANGES BY SELLER OR SELLER'S AGENT TO THE TERMS OR PROVISIONS ABOVE BUYER'S SIGNATURE SHOULD ALSO BE ON A SEPARATE DOCUMENT. 327
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This offer was submitted to Seller for signature: In person via fax via mail, on the _____ day of _____, _____ at _____ a.m. _____ p.m. By _____ (Licensee presenting offer). 330
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39. AGREEMENT TO SELL/PAY COMMISSION: Seller accepts this offer. At the time of closing, Seller agrees to pay in U.S. dollars to the Selling Firm or, if this is a co-op transaction, to the Listing Firm, the sum of \$ _____ for professional real estate services rendered in this transaction. Seller authorizes Listing Firm to order CC&Rs (if available), a preliminary title report and title insurance at Seller's expense, and further authorizes Escrow to pay out of the cash proceeds of sale the expenses of furnishing title insurance. Seller's recording fees, Seller's closing costs and any encumbrances on the Property payable by Seller on or before closing. Seller is a U.S. citizen unless otherwise stated herein. Seller acknowledges receipt of a completely filled in copy of this Agreement, which Seller has fully read and understands. Seller acknowledges that Seller has not received or relied upon any oral or written statements of Buyer or any Licensee(s) which are not expressly contained in this Agreement. In the event Buyer fails to complete this transaction as provided herein, all earnest money shall be distributed as follows after deduction of any title insurance and escrow cancellation charges (check one): First to the Listing Firm to the extent of the agreed commission just as if the transaction had been closed, with residue to Seller, or _____ 332
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Seller _____ Date _____ a.m. _____ p.m. ← 343
Seller _____ Date _____ a.m. _____ p.m. ← 344
Address _____ Zip _____ 345
Phone Home _____ Work _____ Work _____ Fax _____ 346

40. REJECTION/COUNTER OFFER: SELECT ONE: Seller does not accept the above offer, but makes the attached counter offer Seller reject Buyer's offer without a counter offer. 347
348

Seller _____ Date _____ a.m. _____ p.m. ← 349
Seller _____ Date _____ a.m. _____ p.m. ← 350
Address _____ Zip _____ 351
Phone Home _____ Work _____ Work _____ Fax _____ 352

41. BUYER'S ACKNOWLEDGMENT: Buyer acknowledges receipt of a copy of Seller's written response to this Agreement. If Seller's response is an acceptance of Buyer's offer that occurred after the Offer Deadline identified at Section 38 above, Buyer (select only one) agrees does not agree, to be bound thereby. (The failure to check either box shall constitute rejection of Seller's acceptance after the Offer Deadline.) 353
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Buyer _____ Date _____ a.m. _____ p.m. ← 357
Buyer _____ Date _____ a.m. _____ p.m. ← 358

42. CO-OP TRANSACTION: 359
Selling Firm RE/MAX Land & Homes Selling Licensee BRENDA KING 360
Listing Firm COLDWELL BANKERS Listing Licensee Barbara Myers 361
Selling Firm to receive: (select one) 2.5 % of purchase price or \$ _____ 362
Listing Firm Main Office Address 809 SW CANYON DRIVE Phone 548-1250 Fax 504-2153 363
Listing Firm Branch Office Address _____ Phone _____ Fax _____ 364
Listing Firm Principal Broker Initials/Date _____ / _____ Selling Firm Principal Broker Initials/Date _____ / _____ 365

Lines with this symbol ← require a signature of buyer and/or seller and date

Buyer Initials	/	Date
Seller Initials	/	Date

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Buyer Michael R. Jones Date 4/16/05 a.m. 5:07 p.m. 323
Buyer Martha DeLaine Foreman Date 4/16/05 a.m. 5:07 p.m. 324
Address 1511 SW BIRDIE DRIVE, CORVALLIS, OREGON Zip 97333 325
Phone Home 541-753-9651 Work Fax 326

NO CHANGES OR ALTERATIONS ARE PERMITTED TO ANY PORTION OF THE PRE-PRINTED FORMAT OR TEXT OF THIS FORM. ANY SUCH PROPOSED CHANGES OR ALTERATIONS SHOULD BE MADE ON A SEPARATE DOCUMENT. CHANGES BY SELLER OR SELLER'S AGENT TO THE TERMS OR PROVISIONS ABOVE BUYER'S SIGNATURE SHOULD ALSO BE ON A SEPARATE DOCUMENT.

This offer was submitted to Seller for signature: [X] In person [] via fax [] via mail, on the 18th day of April at 330 a.m. 3 p.m. By [Signature] (Licensee presenting offer). 331

39. AGREEMENT TO SELL/PAY COMMISSION: Seller accepts this offer. At the time of closing, Seller agrees to pay in U.S. dollars to the Selling Firm or, if this is a co-op transaction, to the Listing Firm, the sum of \$ for professional real estate services rendered in this transaction. Seller authorizes Listing Firm to order CC&Rs (if available), a preliminary title report and title insurance at Seller's expense, and further authorizes Escrow to pay out of the cash proceeds of sale the expenses of furnishing title insurance. Seller's recording fees, Seller's closing costs and any encumbrances on the Property payable by Seller on or before closing. Seller is a U.S. citizen unless otherwise stated herein. Seller acknowledges receipt of a completely filled in copy of this Agreement, which Seller has fully read and understands. Seller acknowledges that Seller has not received or relied upon any oral or written statements of Buyer or any Licensee(s) which are not expressly contained in this Agreement. In the event Buyer fails to complete this transaction as provided herein, all earnest money shall be distributed as follows after deduction of any title insurance and escrow cancellation charges (check one): [] First to the Listing Firm to the extent of the agreed commission just as if the transaction had been closed, with residue to Seller, or []

Seller Date a.m. p.m. 343
Seller Date a.m. p.m. 344
Address Zip 345
Phone Home Work Work Fax 346

40. REJECTION/COUNTER OFFER: SELECT ONE: [X] Seller does not accept the above offer, but makes the attached counter offer. [] Seller rejects Buyer's offer without a counter offer.
Seller Date 4/16/05 a.m. 5:00 p.m. 349
Seller Date a.m. p.m. 350
Address Zip 351
Phone Home Work Work Fax 352

41. BUYER'S ACKNOWLEDGMENT: Buyer acknowledges receipt of a copy of Seller's written response to this Agreement. If Seller's response is an acceptance of Buyer's offer that occurred after the Offer Deadline identified at Section 38 above, Buyer (select only one) [X] agrees [] does not agree to be bound thereby. (The failure to check either box shall constitute rejection of Seller's acceptance after the Offer Deadline.)

Buyer Michael R. Jones Date 5/20/05 a.m. 4:09 p.m. 357
Buyer Martha DeLaine Foreman Date 5/20/05 a.m. 4:09 p.m. 358

42. CO-OP TRANSACTION:
Selling Firm RE/MAX Land & Homes Selling Licensee BRENDA KING 359
Listing Firm COLDWELL BANKERS Listing Licensee Barbara Myers [Signature] 360
Selling Firm to receive: (select one) [X] 2.5 % of purchase price or \$ [] 362
Listing Firm Main Office Address 809 SW CANYON DRIVE Phone 548-1250 Fax 504-2153 363
Listing Firm Branch Office Address Phone Fax 364
Listing Firm Principal Broker Initials/Date / Selling Firm Principal Broker Initials/Date / 365

LINEs WITH THIS SYMBOL ← REQUIRE A SIGNATURE OF BUYER AND/OR SELLER AND DATE

Buyer Initials MRF Date 4/21/05
Seller Initials / Date

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Oregon

Theodore R. Kulongoski, Governor

Construction Contractors Board

www.ccb.state.or.us

Mailing Address:

PO Box 14140

Salem, OR 97309-5052

Street Address:

700 Summer St NE

Suite 300

503-378-4621

FAX 503-373-2007

TTY 503-373-2218

COPY

March 1, 2006

JIM VARCO
23999 SKY LANE
ELMIRA OR 97437

Dear Mr. Varco:

Your letter of December 1, 2005, was referred to the Construction Contractors Board (CCB) Enforcement Program for investigation in December of 2005. CCB Enforcement staff looked at the following complaints addressed in your letter. The agency findings are summarized below each specific complaint.

1. April 1994, CCB DRS Complaint 62018-103:

The narrative in your letter raises no issue or complaint that is subject to the CCB Enforcement Program's jurisdiction.

2. January 1999, CCB DRS Complaint 117041-101:

The narrative in your letter raises no issue or complaint of illegal construction activity that is subject to the CCB Enforcement Program's jurisdiction.

You do however raise the issue of an unlicensed engineer. The Oregon State Board of Examiners for Engineering and Land Surveying is the state agency responsible for the licensing and regulation of engineers. Their conclusions are deferred to regarding those regulations.

3. April 1999, CCB DRS Complaint 110103-102:

You complain that the contractor used "illegal subcontractors". This type of complaint is within the jurisdiction of the CCB Enforcement Program.

Contrary to your assertion, the CCB did investigate this allegation. The investigation determined that the contractor may have had employees in violation of his CCB independent contractor class (which was "exempt" at the time). The CCB issued a formal written warning to the contractor.

Although this CCB enforcement action did not result in the imposition of a civil penalty, it did put the contractor on notice that future violations would likely result in CCB sanctions, including civil penalties.



4. November 1999, CCB DRS Complaint 55173-101:

The narrative in your letter raises no issue or complaint of illegal construction activity that is subject to the CCB Enforcement Program's jurisdiction.

You do however raise the issue of plumbing code violation. The Oregon State Building Codes Division (BCD) is the state agency responsible for the trade licensing and code compliance of plumbers. Their conclusions are deferred to regarding those regulations.

5. January 2000, CCB DRS Complaint 100961-002

You raise the issue of timeliness for filing a claim with the CCB. These time limits are governed by statutes passed by the Legislature.

You do, however, raise the issue of electrical code violation. The Oregon State Building Codes Division is the state agency responsible for the trade licensing and code compliance of electricians. Their conclusions are deferred to regarding those regulations.

6. December 2000, CCB DRS Complaint 104229-101:

You raise the issue of a contractor performing work as a plumber without the proper license. The Oregon State Building Codes Division (BCD) is the state agency responsible for the trade licensing and code compliance of plumbers. You indicate the contractor was issued a civil penalty by the BCD for this violation. Their conclusions are deferred to regarding those regulations.

You state the contractor:

"...is still operating without this required license. I have done my part, if the BCD and CCB are OK with him continuing working un-licensed, that will be a problem for the next victim to deal with, resulting in yet another construction claim."

The CCB does not condone contractors operating in violation of any laws. For your information, there is no indication that the contractor indicated here has been the subject of any further CCB enforcement investigation, let alone violated any laws regulated by CCB.

The CCB works cooperatively with the BCD to discipline CCB licensees that repeatedly violate plumbing and electrical laws.

7. May 2003, CCB DRS Complaint 59534-001:

This complaint resulted in a CCB investigation of the contractor for performing home inspections without the proper certification. The contractor in question was found to be exempt from the certification requirements of the Home Inspector statutes. The

case was summarized and the proper conclusion was reached. You were notified of the outcome of the investigation.

As you know, CCB has limited staff and resources. We allocate those resources to investigate the most recent and serious referrals we receive.

During the 2003-05 Biennium the CCB Enforcement Program issued the following sanctions to Oregon construction contractors:

- | | |
|--|-------------|
| 1. Number of Final Orders assessing Civil Penalties: | 2,170 |
| 2. Total Dollars of Civil Penalties: | \$2,701,592 |
| 3. Total number of CCB license Suspended or Refused: | 508 |

Respectfully,

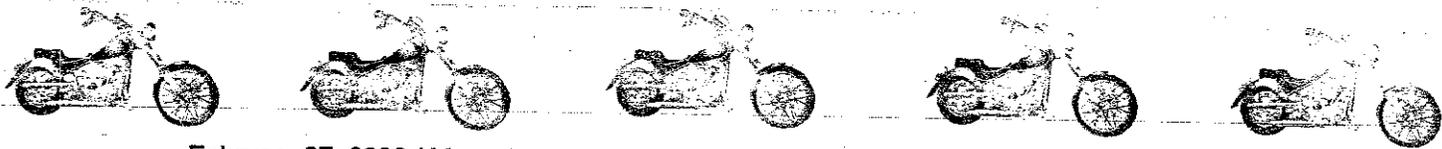


Richard C. Blank, Manager
Enforcement Section
Construction Contractors Board

RCB:cd

L-jim varco 3-1-06.doc

bc: Chris Warner, Governor's Office
Mark Long, BCD
Eric Grasberger



February 27, 2006 / Mon

Hello Mr. Chenault,

Thank you for returning my call, with your explanation of filing the Final Order with the County Clerk, where it will serve as a judgment against Wade McGilvra (ccb # 83425 & 161394).

It may surprise you to learn that not one of the Homeowners who received Final Orders quite understood they had this opportunity. I only learned of it myself when Enid Osburne chanced to include the information in answer to another Q I had. Yes, you were correct, the info is included on their Final Order paperwork...however, it is there in a paragraph of small print following Enid's signature on the last page. So, it's no wonder that people easily miss it.

I would like to see the CCB post this valuable information on their website. I would also like to see the information written more prominently, in an easier-to-understand format with each Final Order sent to a claimant. People simply don't realize the potential value of filing the Final Order as a judgment. The CCB would better serve the public if it included an explanation.

Here is the Oregonian article I mentioned over the phone. It was printed Friday, Feb. 24 on the front pg of the Business section. Personally, I am delighted the reporter included a photo of McGilvra, making this particular crooks' face easier for future prospective customers to recognize and avoid.

P.S. I can't recall if I thanked you for your patience, sharing your cubicle with me over 4 hours, back on April 19th, 2005, while I read through claims against Wade. I've learned and now understand so much more about the CCB process than I knew that day.... but you were kind and politely repetitive about what you could ~or could not~ explain for me. It surely required patience on your part to cope with an outraged novice. I hope you will retain your same gentleness and calm voice and demeanor in the future, while you assist still more victimized homeowners. They'll be outraged as I was, when the hurt is all raw and fresh. Then, working their way through the CCB process, they'll by turns become exasperated, impatient, anxious or even despondent. Your calm voice on the other end of the phone is one the factors that helps claimants endure the process. The other factors include the good-hearted folk I've met while visiting the CCB, and their earnest efforts to improve the CCB's ability to protect the public.

Sincerely, Dana Nishimura

ccb claim # 83425-118

CCB REC'T

MAR 01 2006

109



Oregon

Theodore R. Kulongoski, Governor

Craig
Construction Contractors Board

www.ccb.state.or.us

Mailing Address:

PO Box 14140

Salem, OR 97309-5052

Street Address:

700 Summer St NE

Suite 300

503-378-4621

FAX 503-373-2007

TTY 503-373-2218

March 2, 2006



45790-116

WILLIAM C CAREY

4192 CHANDY WAY S

SALEM OR 97302

Re: 45790-116, WILLIAM C CAREY (Claimant) vs. VICTOR FRANK WILSON DBA STAYTON
CONSTRUCTION (Respondent)

I received your February 27, 2006 message that you left on my voicemail regarding Dale Morgan. I am writing to thank you for taking the time to call me and commend Mr. Morgan. I had the message transcribed and forwarded to Mr. Morgan.

We receive calls and letters from the public criticizing us for the services that we provide when they are not happy with the conclusion. It is not very often that a person such as yourself will take the time to inform us of the accomplishments that we make. It is very nice to receive your message thanking us for the work that Mr. Morgan did at your on-site meeting.

Thank you again for your consideration.

Sincerely,

William J. Boyd, Manager
Dispute Resolution Section

c: Craig Smith, Administrator

lb

This call came in February 27, 2006 at 10:29 a.m.

Yes, my name is William Carey, C-a-r-e-y. I'm calling in regard to claim number 45790-116.

Dale Morgan came out to act as your investigator/mediator on this particular claim this morning and I knew very well that nothing good would come of it but as a result of the skills and calmness of your investigator, it worked out very well and I am making this call simply to tell his supervisor that he did a good job and I am commending him through this telephone. Thank you.

FEB 24 2006

Allen's P. C. B. Est. 1888

Oregon remodeler with troubled past files for Chapter 7 bankruptcy

840 By JEFF MANNING
THE OREGONIAN

Former Oregon City remodeler Wade McGilvra, who has left a long trail of unhappy customers and unpaid suppliers, sought refuge in U.S. Bankruptcy Court earlier this week.

The move could enable McGilvra to regain his contractor's license and get back in business, even though the Oregon Construction Contractors Board suspended his license last summer after determining he had engaged in "honest and fraudulent conduct."

McGilvra, who most recently did business as Pacific Cascade Homes and Pacific Cascade Remodeling and Design, filed for Chapter 7 bankruptcy protection Tuesday. He listed debts of \$1.5 million, more than a third owed to former



McGilvra
Listed debts
of \$1.5 million

customers who have sued McGilvra, claiming he had botched their projects or pocketed their money.

McGilvra was prominently featured in a Dec. 4, 2005, article in The Oregonian about lax industry oversight by the contractors

board, which has allowed contractors with records of financial weakness or questionable competence to remain active.

Neither McGilvra nor his lawyer could

Please see **McGILVRA**, Page B3

McGilvra: 41 complaints filed against his companies

Continued from Page B1

be reached for comment. McGilvra lists a post office box at Black Butte Ranch resort, near Sisters, as his mailing address.

The largest single debt listed by McGilvra is for \$614,748 owed to former customers Roy and Kristina Weedman. The couple paid about \$400,000 to Pacific Cascade Homes to build a commercial reception hall in Boring. But Clackamas County building inspectors refused

to approve the building because of several building and fire code violations. Bringing the building up to code could cost more than \$240,000, the Weedmans alleged in a lawsuit they filed against McGilvra.

The Weedmans' lawsuit is pending.

Over the years, 41 complaints had been filed against McGilvra's five companies, prompting the contractors board to suspend McGilvra's license last summer.

Although McGilvra's intentions are unclear, his Chapter 7 filing could allow him to secure a new license.

In addition to discharging debts, a bankruptcy filing also severely restricts any kind of disciplinary action taken by governmental agencies such as the contractors board. If McGilvra pays off \$3,000 in fines

levied by the board, he might be able to obtain a new license.

"Federal bankruptcy laws make it difficult for the (contractors) board to keep him out," said Craig Smith, the board's administrator.

The board normally suspends the license of builders who fail to pay damages arising from its claims hearings. One of the board's primary functions is to adjudicate claims against builders filed by homeowners, subcontractors or suppliers. Over the past 10 years, 700 builders have resorted to bankruptcy court, more than once in some cases, to discharge about \$4 million in contractor board penalties.

Many of those 700 have remained in business, often under a different business name.

Smith said his agency is in the process of toughening up its en-

forcement and disciplinary process. Among other things, he wants to find a way to block the bankruptcy loophole.

According to his bankruptcy filing, McGilvra could already be back in the construction business. The filing indicates that he's been working as a self-employed carpenter for the past six months. Smith said his agency is eager to determine whether McGilvra is working without a contractor's license, a violation of state law.

Jeff Manning: 503-294-7606;
jmanning@news.oregonian.com

Oregonian 2/13/06

Scam artist ordered to prison, repayment

Elder abuse | A
Sherwood woman, 75,
who lost \$25,000, got
to see him in cuffs

By **HOLLY DANKS**
THE OREGONIAN

HILLSBORO — A Washington County judge sent a man to prison in an elder abuse case Wednesday and ordered him to repay his victim, but the Sherwood woman who lost \$25,000 doesn't expect to get any of it back.

Circuit Judge Gavie A. Nachtigal sentenced Michael Allen Blakeney, 52, of Sherwood to 13 months in prison after he pleaded guilty to two counts of first-degree aggravated theft and three counts of first-degree theft. She also ordered Blakeney to get a job upon release so he can repay the money.

"I don't think I will ever see the money, but I got to see him in cuffs," the 75-year-old victim said after leaving court.

She warned the judge not to believe Blakeney and whispered curses as he apologized. Blakeney said he looked "very, very forward to paying it all back" and "possibly being her friend again."

"I think you can understand how worthless your words are," Nachtigal replied.

The woman said Blakeney stalked her and threatened to kill himself if she didn't give him money to run his construction business and pay his dental bills, child support and home mortgage. At the time she didn't know he was gambling the money away.

She said she kept writing him checks because he kept writing her IOUs. He told her if she went to police, she'd never get any of her money.

She was placed "in a state of fear and confusion by an ongoing stream of threats, coercion and misrepresentation," Jason Short, Washington County deputy district attorney, told the judge.

"Much like a battered woman or abused child, victims of elder abuse want to believe that everything will work out and that if they do what they're told and



Blakeney
Received checks,
used credit cards

keep quiet, the abuse will stop," he said.

According to financial records, between December 2002 and March 2005, the woman wrote nearly 90 checks to

Blakeney. At the same time, he was using her credit cards, and she was withdrawing cash for him.

Short said the scam began in July 2002, when Blakeney and the woman served on the board of the annual Sherwood Robin Hood Festival.

Blakeney told association members he needed \$11,000 to build a float for the festival parade. When he didn't build anything, the woman — who handled finances — took responsibility and repaid the association.

"It was the way I was brought up," she said. "I would never lie. I would never steal money."

When Blakeney saw this, he decided to take advantage of her generosity, Short said. He fixed her toilet and did other odd jobs.

"Basically, he became her friend, building that relationship of trust," Short said. "She likened him to a son."

The woman's husband had recently died, and her daughter moved to Texas, Short said. Blakeney isolated her further and manipulated her emotions until she gave in, the prosecutor said.

Blakeney also got money from the woman's neighbors and his friends and relatives, said Detective Sgt. Dwight Onchi of the Sherwood Police Department.

A neighbor Blakeney owed \$2,000 finally talked the woman into calling police. Blakeney was indicted in December on 18 counts of first-degree aggravated theft and first- and second-degree theft.

Holly Danks 503-221-4377
hollydanks@news.oregonian.com

Redmond, OR
(Deschutes Co.)
Spokesman
(Cir. W. 4,304)

FEB 1 2006

Allen's P.C.B. Est. 1888

Redmond, OR
(Deschutes Co.)
Spokesman
(Cir. W. 4,304)

FEB 22 2006

Allen's P.C.B. Est. 1888

New Oregon
Construction
Contractors website

840

340
**Improved Web site rolled out for
Oregon construction contractors**

The Oregon Construction Contractors Board (CCB) has launched its improved Web site, www.oregon.gov/ccb. The new consumer help page offers a user-friendly layout, helpful tips on hiring a contractor and an enhanced contractor license search. A significant change to the CCB's Web site is that when consumers

want to verify a contractor's license, they can also view the dispute/complaint history of a contractor and any disciplinary action taken by the CCB. Anyone who is paid to repair, improve or build a home must be licensed by the CCB. Consumers can also verify a contractor's license by calling (503) 378-4621.

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Eagle Point, OR
(Jackson Co.)
Upper Rogue Inde-
pendent
(Cir. W. 2,207)

JAN 31 2006

Allen's P. C. B. Est. 1888

Board of Contractors investigator retires

840
Bruce Buffington, Chief Enforcement Officer in the Special Investigations Unit at the Oregon State Construction Contractors Board (CCB) is retiring Jan. 31, 2006.

Buffington started at the CCB as a Special Investigator under contract in 1992. He has been in his current position since 1996. In 2001 the legislature gave the agency complete jurisdiction to pursue and investigate civil and criminal crimes related to the construction industry.

Since 2001 Buffington has overseen the successful prosecution of over 100 civil and criminal cases in his career with the CCB.

Among his most successful convictions was that of Bill Bob Bickford who was on the run for three years after jumping bail on a \$100,000 bond. Bickford, who was featured on "America's Most Wanted," was convicted of scamming the elderly, by over-charging for shoddy roofing jobs. Bickford was never licensed as a contractor in Oregon.

The arrest came after a tip from a California police agency led him to a car repair shop in Puyallup, Washington. Buffington coordinated the capture with the assistance of Washington law enforcement. Bickford is currently serving a 26 month term.

Buffington is still waiting for one that got away. Gary Mandes fits the typical profile of a scam artist. He is suspected of bilking thousands of dollars from elderly citizens for asphalt seal coating jobs. Washington County has issued a warrant for Mandes arrest.

Buffington's law enforcement career was preceded by working as an investigator in California during the 1970s. He worked for a firm where the well-known Johnny Cochran was a partner. His career in law enforcement and interest in public safety won't end when Buffington leaves the CCB. He will continue as a volunteer in the Beaverton Police Departments Loss Prevention Program. Additionally, Buffington, an avid cyclist, started a non-profit bicycle safety organization called NW Bicycle Safety Council (NWBS). NWBS will host safety events, sponsor rides and host cable television programs in Portland dedicated to public safety and cycling education.

Mill City, OR
(Marion Co.)
Independent Press
(Cir. W. 1,300)

JAN 18 2006

Allen's P. C. B. Est. 1888

Construction Contractors Board Enhances Consumer Help Website 840

The Oregon Construction Contractors Board (CCB) rolled out its new website, www.oregon.gov/ccb, on Thursday, January 12th. The new consumer help page offers a more user friendly layout, helpful tips on hiring a contractor and an enhanced contractor license search.

Board members put together a task force in October, 2005 to review the information a consumer received from the website when searching the complaint history of a construction contractor. At the December board meeting, board members approved the task force's recommendations to the website.

One of the biggest changes to the website—outside of the layout—is when checking a contractor's license, the website now offers the dispute (complaint) history that a consumer could have ordered by mail, as well as disciplinary actions taken by the CCB. Personal information of complainants is not listed on the website for privacy reasons.

The agency licenses more than 4200 contractors and most construction projects are successful and problem-free.

The improved CCB website, Consumer Help page has been under production over the last three months and is an important part of the agency's effort to provide consumers with the tools they need to make informed buying decisions.

Portland, OR
(Multnomah Co.)
Observer
(Cir. W. 16,500)

FEB 8 2006

Allen's P. C. B. Est. 1885

340 Career Fighting Scam Artists Ends

Construction crime investigator retires

Bruce Buffington, Chief Enforcement Officer in the Special Investigations Unit at the Oregon State Construction Contractors Board has retired.

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Since 2001, Buffington has overseen the successful prosecution of over 100 civil and criminal cases.

Among his most successful convictions was that of Bill Bob Brekford who was on the run for three years after jumping bail on a

\$100,000 bond. Brekford, who was featured on a number of American news programs, wanted to scam the elderly by overcharging for shoddy roofing jobs. Brekford was never licensed as a contractor in Oregon.

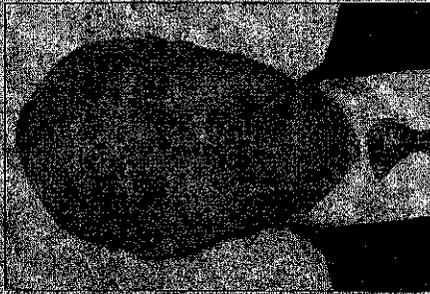
The arrest came after a tip from a California police agency led him to a repair shop in Puyallup, Wash. Buffington coordinated the capture with the assistance of Washington law enforcement. Brekford is currently serving a 26-month prison term.

Buffington is still waiting for the arrest of Gary Mandes, a scam artist suspected of bilking thousands of dollars from elderly citizens for asphalt seal coating jobs.

Buffington's law enforcement career was preceded by working as an investigator in California during the 1970's. He worked for a firm where the well-known attorney Johnny Cochran was a partner.

His career in law enforcement and interest in public safety won't end when Buffington leaves the CCB. He will continue as a volunteer in the Beaverton Police Department's Loss Prevention Program.

Additionally, Buffington, an avid cyclist, started a non-profit bicycle safety organization called the NW Bicycle Safety Council. The group hosts safety events, sponsor rides and hosts cable television programs dedicated to public safety and cycling education.



Bruce Buffington

Bend, OR
(Deschutes Co.)
Bulletin
(Cir. D. 27,244)
(Cir. S. 28,537)

FEB 9 2006

Allen's P. C. B. Est. 1888

ports

340
**AG sues contractor
over Bend work**

Oregon Attorney General Hardy Myers is suing a contractor, wanted in Deschutes County, for allegedly bilking people in Bend out of money and ignoring Oregon licensing laws.

Myers' office filed the suit against 60-year-old Richard Allen Boisselle, who now lives in Harrah, Wash., on Tuesday, according to a news release.

The suit alleges that Boisselle, formerly of Keizer, accepted thousands of dollars in down payments from consumers and either failed to perform the work or deliver construction materials.

Boisselle engaged in illegal construction practices over the course of several years, according to the complaint filed by Myers' office.

In September 2005, the Deschutes County District Attorney's Office filed four counts of felony theft against Boisselle. He failed to appear for his arraignment in October, according to court records, and a warrant was issued for his arrest.

Myers' office served Boisselle with a notice in October 2005 that he was engaging in unlawful trade practices, the release said. The notice instructed Boisselle to sign an Assurance of Voluntary Compliance, but he failed to do so.

The complaint names seven victims and asks for up to \$25,000 in civil penalties for each violation of the law, according to the release. Myers' office is also requesting that Boisselle pay for attorneys' fees.

Seven other complaints have been filed against unlawful contractors and landscapers in Lane, Multnomah, Josephine, Linn and Lincoln counties, the release said. The actions are part of a joint effort by the Oregon Department of Justice, The Oregon Construction Contractors Board and the Landscape Contractors Board to combat fraudulent and unlicensed construction practices.

Sisters, OR
(Deschutes Co.)
Nugget
(Cir. W. 4,700)

FEB 15 2006

Allen's P. C. B. Est. 1888

340
**Bend contractor
indicted**

On February 10, the Construction Contractors Board (CCB) received confirmation from the Bend Police Department and the Department of Justice (DOJ) Financial Fraud unit of an indictment against Richard Allen Boisselle for construction related theft.

The Deschutes County District Attorney's Office indicted Boisselle on four counts of Theft I.

Boisselle had allegedly taken \$13,000 from Oregon consumers under false pretenses by using the name and CCB license number of another construction contractor.

West Linn, OR
(Clackamas Co.)
West Linn Tidings
(Cir. W. 3,698)

FEB 23 2006

Allen's P. C. B. Est. 1888

840 Aging in place gets easier

Contractors compile Model Features List

During the 2005 Legislative session, Oregon lawmakers passed House Bill 2525 that mandated the Construction Contractors Board to develop a list of features that may make residential housing more accessible to a person with disabilities.

The Model Features List includes construction options that make it possible for the elderly or the disabled to "age in place," or for designing homes with features that makes the home more accessible to older or disabled residents, their family or friends.

The CCB invited members of the community that have disabilities, advocates for the disabled, architects, builders and other government agencies involved with housing issues to help develop the list. The CCB Board adopted the list at its

December meeting.

The list includes options for both inside and outside the home and was developed with specific living spaces in mind. It is possible that as baby boomers head toward retirement age, some home builders may find their customers seeking these features more and more.

The list is available to download from the CCB web site at <http://www.oregon.gov/CCB/>.

Information is available under "Newsroom."

Vernonia, OR
(Columbia Co.)
Independent
(Cir. M. 2,500)

FEB 2 2006

Allen's P. C. B. Est. 1888

CCB adds home design features

⁸⁴⁰
During the 2005 Legislative session, Oregon lawmakers passed House Bill 2525, which mandated the Construction Contractors Board (CCB) to develop a list of features that may make residential housing more accessible to a person with disabilities.

The Model Features List includes construction options that help the elderly or disabled to "age in place," or for designing homes that are more accessible to older or disabled residents, their family or friends.

New home developers are not required to offer clients the list, nor are they obligated to supply a given feature.

The CCB invited members of the community with disabilities, advocates for the disabled, architects, builders and other government agencies involved with housing issues to help develop the list.

The list includes options for both inside and outside the home and was developed with

specific living spaces in mind. It is possible that as baby boomers head toward retirement age, some home builders may find customers seeking such features more and more.

The list may be downloaded from the CCB web site <www.ccb.state.or.us>. It is located in the contractor section under the "Publications/Forms" link under "Miscellaneous." Model Features for Accessible Homes can be printed and used in construction planning.

Portland, OR
(Multnomah Co.)
Business Journal
(Cir. W. 20,804)

FEB 17 2006

Allen's P. C. B. Est. 1888

QUICK HITS

NEW SECTORS ON COMPLAINT LIST

⁸⁴⁰
Health care companies and construction contractors appeared for the first time this year on the Oregon Attorney General's top 10 consumer complaint list, where they were ranked No. 8 and No. 9, respectively.

In previous years, those business categories were not included on the list because licensing boards handled the complaints. The change prompted auto repair shops to fall off the list.

Financial institutions, including credit card companies, real estate financing, and commercial banks, moved past telecommunications companies into the No. 1 spot. Telecommunications companies held that dubious spot for the previous five years.

Attorney General Hardy Myers noted that identity theft, the fastest-growing crime in the United States, does not appear on the list because these complaints are civil, not criminal.

— Robin Moody

Lake Oswego, OR
(Clackamas Co.)
Lake Oswego Review
(Cir. W. 7,412)

FEB 23 2006

Allen's P. C. B. Est. 1888

Aging in place gets easier

Contractors ⁸⁴⁰ compile Model Features List

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Information is available under "Newsroom."

Klamath Falls, OR
(Klamath Co.)
Herald & News
(Cir. D. 16,532)
(Cir. S. 17,053)

FEB 19 2006

Allen's P. C. B. Est. 1888

Some good tips

We learn lessons all the hurt, some tickle.

Here are a couple I have involve both. First, I had a involved a local contractor th sour. I didn't know about the <http://www.oregon.gov/CCB/> out everything about a contra

This lesson cost me thousa (That hurt). Then it saved m verification of a legitimate col le).

⁸⁴⁰ Use this service for every c vice needed.

Second. Baggy clothes sweatshirts are a sign of gang

Age means nothing.

If your child wants this so deny them and watch out. Th lem here.

Third. Night time activitie but, they can be dangerous. M occur at night.

Theft of tools and equipme: tate a tradeperson or business used tools or equipment from don't know personally.

Don't support crime, report

I hope this helps someone the hard way.

Greg

FEB 2006

Allen's P. C. B. Est. 1888

Bond or ⁸⁴⁰ consumer claims fund?

By Scott Barrie

Over the years the Construction Contractors Board has increased (through the Legislature) the surety bond that all contractors must have in order to be licensed. Today the bond amounts range from \$15,000 for a General Contractor down to \$5,000 for a specialty contractor. The last increase came in 1999.

Once again, pushed or pressured by the latest bad press about construction contractors, some legislators and a few at the CCB are asking if it is time to increase the bond again for contractors. Now if we just look at the clock and say it's been almost six years since the last increase and the construction industry has been booming, isn't it time to increase the bond just to keep up with inflation? The answer would likely be "yes". But maybe we are asking the wrong question.

Consider that there are roughly 43,000 contractors, and that raising the bond on those 43,000 contractors would cost them somewhere between \$4 and \$8 million at \$100-200 a contractor. Then consider that last year after their bond was gone, 69 contractors left unpaid damages of roughly \$917,000 for consumers. Should contractors pay \$4 million to \$8 million to solve a \$900,000 problem? No. So maybe the question

See CCB/ page 14

CCB: consumer claims fund

• Continued from page 13

should be; is there another way to address some of the remaining damages?

There is another option out there that may make sense. It involves using the civil penalty money that is generated when the Contractors Board fines a contractor. That money today goes into the general fund. About \$250,000 collected. Then there is the interest earned off of the contractor license fee's paid to the CCB. That too goes into the general fund. We don't know exactly how much that generates but we understand it should be over \$100,000 a year. If we then add ten dollars to the cost of every contractor's license, the CCB could have the type of fund, let's call it the "Consumer Claims Fund", that could reduce (not eliminate) the amount of losses by consumers who were financially injured by contractors.

How would the fund work? Well

it might go something like this. Nothing that occurs today at the CCB would be any different except that at the end of the fiscal year the Contractors Board would look at the final numbers of consumers damaged after the bond has been exhausted, let's say 110. And the amount of damages; we will use this year's amount of \$917,000. Then the CCB could look at the amount of money in the Consumer Claims Fund, around \$800,000 if we use the above mentioned sources, and send it out to the 110 consumers. Again, using these numbers the consumer would receive about \$.87 on the dollar. Maybe we even cap the consumer return at \$.75 on the dollar to avoid consumers using the fund as a reason to take the lowest bid for a job. Fees hardly increase, consumers are not left holding the bag, and the industry is doing something very positive.

Any thoughts? Pass them along.

FEB 23 2006

Allen's P. C. B Est. 1888

HOME FINANCING FACTS: LOANS FOR BUILDING & REMODELING

By Lori Baxerman

With the limited inventory of homes for sale these days, some homeowners may decide to build a new home or remodel their existing home. Let's discuss funding options for new construction and remodeling projects.

First, you should contact your lender to see what programs are available for building and remodeling. Some lenders provide only the permanent financing, which means that the builder would not be paid until construction is complete.

While some builders have their own financing sources and can operate under this scenario, others must rely on their customers' financing.

After you have found a suitable loan program, you need to consider your budget and the amount of loan for which you will qualify. You would be making two mortgage payments during the construction process, one for your present home and another for the one under construction.

You need to consider the possibility of cost overruns. If you plan to sell your current residence and build a new home, what if your home does not sell, and you can't afford both payments for an extended amount of time?

If you are remodeling, will you be able to live in the home while the remodel is being completed or will you need to budget for other living arrangements?

Once you have determined the amount of money you have to work with you will be able to research the cost of building or remodeling.

If you decide to build a new home, you will need to find and secure the building site. Make sure that your lender has indicated that you can qualify for a large enough loan to build what you have in mind before you have a qualified professional draw up plans and specifications for what you would like to build.

Be sure that the plans are

available for your building site and that they conform to state requirements (some plans come from out of state and may not comply with Oregon building codes).

You should solicit bids from at least three residential builders. Their estimate should include the cost of obtaining permits from the appropriate government body (city or county), as well as the cost of material, labor and contractor fees.

Reviewing the bids in addition to checking the builder's references from previous customers and contacting the Oregon Construction Contractors Board to see if the contractor has had problems in the past will help you make an informed decision in selecting a builder.

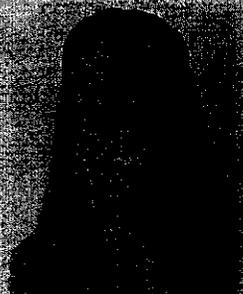
Now that you have the cost breakdown, plans and specifications for your project, the information must be submitted to your lender, who will order an appraisal to determine the value of the completed home.

When the appraisal has been completed and the lender has confirmed that not only have you qualified for the loan amount, but also that the projected value of your completed home is adequate to secure the requested loan, you will be able to start construction.

If the builder is using your financing during construction, he or she will need to work closely with the lender to obtain funds. Construction financing generally involves two stages, one during the construction process and the other a permanent loan.

During construction, the builder periodically requests draws from the lender, who inspects the property to be sure that the builder has completed the items for which he is requesting the draw before disbursing funds.

Inspections are usually done when the hole for the foundation has been excavated, when the house has been framed, when the drywall has been



Lori Baxerman

Lori Baxerman is the sole proprietor of Amberjack Mortgage, based in Creswell. She has been in the mortgage industry for 15 years.

completed and when all finish work has been done.

Typically the lender charges inspection fees in addition to the loan closing costs. Financing during remodeling projects is similar, but there are usually fewer inspections required.

Interest rates for construction loans during the construction period usually vary according to the current market. When the project is complete and permanent financing is put in place, the interest rate will be locked in if you have chosen a fixed rate loan.

If the builder uses his or her own funds during construction, the permanent loan is the only financing that you will need. When the building project has been completed, the lender's appraiser will inspect the property to verify its value, before the lender makes a single lump sum payment to the builder.

If you have financed construction with a loan, the temporary loan will be replaced by a permanent loan at the interest rate previously negotiated with the lender once the appraiser has completed the final inspection.

Building a new home or remodeling your existing home can be a lengthy and stressful process. However, the final product should make it worth the effort.

Dallas, OR
(Polk Co.)
Itemizer-Observer
(Cir. W. 5,692)

FEB. 8 2006

Allen's P. C. B. Est. 1888

Mayor lists needs for Dallas growth

By ERIN ZYSETT
The Itemizer-Observer

DALLAS — Mayor Jim Fairchild dubbed 2005 "The Year of Construction" in his Monday, Feb. 6, State of the City address.

"For many of us the remodeling of the North Dallas intersection ... became the focal point for the past six months because it affected how we entered or left the city," Fairchild said.

"While this project created short-term confusion, in the long run it will be a time saver for all of us." He apologized on behalf of ODOT and the city for the in-

convenience the construction caused — and sympathized with the businesses that took a substantial financial hit during the project.

"I would like to thank residents and businesses for their support and patience," he said.

Fairchild noted that residential construction reached an all-time high in Dallas in 2005, even though it was tempered by the utility allocation system — adopted in the 1990s — that requires the city to have the proper infrastructure in place before allowing actual constructing.

That being said, Dallas is still

growing at a tremendous rate, and the mayor stressed the city's need for additional water supplies and more road improvements.

"We are currently in good shape, but in looking into the future, water has the potential of being the most critical problem," he said. "At our current rate of growth, the existing water system can satisfy our needs for 6 to 10 years."

He said an aquifer storage and recovery system (ASR) is in its final stages. Fairchild called it an interim solution.

"Regardless of the ASR's success, we still need to lay the

groundwork for water supplies that reach even further into the future, so the city must explore additional solutions that involve regional partnerships with other cities and other water providers."

He also suggested expanding the capacity of the current Dallas reservoir.

Fairchild mentioned the traffic light that is being installed on Main and Walnut streets, and the planned improvement project for the Levens Street Bridge. That work was placed on hold until the Ellendale project was complete. It will be done within the

next two years, the mayor said. Fairchild dwelled for a moment on budget concerns, stating that the city needs to stop using its rainy day fund to keep from cutting vital programs.

He also spoke about the failed November initiative to build a new fire and police station. The voters made it clear, he said, that they want the city to use current resources to solve its problems.

The city recently bought the old Itemizer-Observer print shop to expand the Dallas police station. Also, the old yellow house next to the fire station has been acquired and will be used for ad-

ditional office space, training rooms and female dressing rooms.

He said these solutions aren't ideal and that the city would continue to seek funding for a more permanent facility.

Overall, the mayor's message was positive. He called Dallas a "great little city" and encouraged people to dream realistically to improve its future.

For more information: The entire text of the mayor's State of the City speech should be on the city's web site by the end of the week. The site is www.ci.dallas.or.us.

MAR 13 2006

Allen's P. C. B. Est. 1888

"It's a fairly specialized field now. The industry has become more aware as a whole of how specific the detailing of a building has to be to make it function."

— ERIC HOFF,
president of
Western Architectural

CSI: Construction Scene Investigation

840

Construction claims investigators are part of a growth industry in Portland

BY LIBBY TUCKER
libby.tucker@djcOregon.com

The marks appeared like mysterious halos. Perfect green circles were scattered like a fungal ring toss gone awry across the graying gypsum board on the ceiling.

The team of forensic investigators had never seen anything like it. They had arrived at the metal storage building to inspect for signs of wind damage on an insurance claim case. Instead, they found mold, otherwise known in the industry as "organic growth."

"That was really peculiar," said Mike Milakovich, architectural consultant with Case Forensics, one of a growing number of Portland firms that serve as construction defects experts for insurance companies, contractors, architects and designers. "You see things out there that you just can't believe."

Armed with a set of low-tech tools, and guided by international building codes and the scientific method, construction investigators scrutinize how

buildings were constructed and assign fault for construction defects based on their findings.

With defects claims payouts at an all-time high nationally, building construction investigators are part of a burgeoning industry. And Portland has become the latest hot spot for construction-claims-related companies to locate, as markets in Seattle, San Francisco and Vancouver, B.C., become saturated with related services.

Ring around the issue

Taking a preliminary test with a moisture meter that sent an electrical current through the material to measure its water content, Milakovich revealed that the moisture level of the board outside the mysterious green rings was below 25 percent. The centers of the rings had a moisture reading over 50 percent.

"The deal was it was too wet in the middle (of the ring) for organic growth," explained Milakovich.

See INVESTIGATION, Page 2



Dan Carney/DJC

Architectural consultant Mike Milakovich of Case Forensics uses a variety of different tools, including microscopes, moisture meters, and infrared photography, to evaluate construction defects that result in claims litigation.

Investigation: As northern markets flood, attorneys flock to Portland

Continued from page 1

who took samples of the infested area for lab analysis. "It was the right moisture content for growth right at the edge."

Mold typically grows as a result of water intrusion through an outside opening — a leak — that has not been properly ventilated.

After a thorough analysis of the building's construction and materials, Milakovich determined that the damage couldn't possibly have been caused by high winds. He attributed the leak to faulty construction, and held that the owner of the building had been negligent in preventing the problem.

Claim denied.

I spy a problem

Most often, moisture-related problems arise from improper installation of the materials, said Greg Marbett, a building envelope and construction defect investigator formerly with Case Forensics. Builders either were not properly educated about the correct installation procedures or they lacked sufficient oversight. Contractors may also finish projects too quickly, making mistakes that were not corrected by later inspections.

"These are large, complex structures, and the amount of money made is not very big," Marbett said. "There's kind of an impetus for the developer and the builder to build for as cheap as possible, and they're not getting qualified people."

But it's often difficult to assign blame. In most cases, liability rests with all the parties involved, and payments to correct the problem are divided among the insurance company, contractor, developer and owner.

"It's a fairly specialized field, now," said Eric Hoff, president of Western Architectural, a Portland firm that investigates claims and advises contractors on new construction. "The industry has become more aware as a whole of how specific the detailing of a building has to be to make it function."

Dew point, water migration, air infiltration and how a wall itself functions are all factors a specialist must consider in evaluating a building's resistance to mold. Computer programs model walls and window systems for moisture resistance, but still can't replace the years of industry experience that most investigators bring to the issue.

Contractors have begun to call in experts in moisture-related construction methods to evaluate their buildings during and after construction, just as they would regularly consult with a structural engineer or an architect.

Construction forensics is becoming a necessity for builders hoping to avoid future claims, as well as those in the process of litigation.



Dan Carter/DJO

Jeff Lewis, senior structural engineer, and Mike Milakovich, architectural consultant, work for Case Forensics, often "reverse engineering" a building to determine what went wrong with construction and how to fix the problem.

Take it to court

In Portland, "there's some substantial amount of litigation involving water intrusion claims, but I'd be hard pressed to tell you how many," said Greg Baird, an attorney with Gordon & Polsker LLP who represents insurance companies in construction claims suits. "But there are certainly multiple pending active lawsuits at any given time."

The amount of local claims activity has led to a migration of construction claims investigators and attorneys to the Portland area.

"There are a lot of companies moving in here," Hoff said. "They're slowly migrating down the coast from Vancouver, B.C., and Seattle, just looking to expand their market."

Portland's booming building industry is ripe for construction claims, Milakovich said, and "the market is converging in Portland right now."

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More Home & Garden

- Hardscaping isn't hard
- Berries are nutritious and delicious treats
- Home & Garden in brief
- Portland firm specializes in perennials
- Chickens as pets? Don't cry foul; instead, try fowl

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STOCKS

Market Watch

NASDAQ Jan-23-2006 10:01 am ET

Index	Last	Trade	Change
NASDAQ	2242.79		-4.91 ↓
SP 500	1262.26		0.76 ↓
Russ 2000	704.95		0.35 ↓
AMEX	1828.24		2.97 ↓
NYSE	7933.12		30.85 ↓
30 YR BOND	45.71		0.40 ↓

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Monday, Jan 23, 2006
Last modified Saturday, January 21, 2006

Home & Garden
Home & Garden in brief

List offers ideas for accessible house design

During the 2005 Legislative session, Oregon lawmakers passed House Bill 2525, which mandated the Construction Contractors Board (CCB) to develop a list of features that may make residential housing more accessible to a person with disabilities.

The "Model Features List" includes construction options that make it possible for the elderly or the disabled to "age in place," or for designing homes with features that make the home more accessible to older or disabled residents, their family or friends.

Gina Fox, manager of the CCB Education Department, whose responsibility it was to oversee the development of the list, said, "Though it is not required that new home developers offer clients this list, nor does it obligate the developer in any way to supply a given feature, we hope the list will be used by developers, remodelers and homeowners during their home construction projects."

The CCB invited members of the community that have disabilities, advocates for the disabled, architects, builders and other government agencies involved with housing issues to help develop the list. The CCB adopted the list at its December meeting.

The list includes options for both inside and outside the home and was developed with specific living situations in mind. It is possible that as baby boomers head towards retirement age, some home builders may find themselves with more customers seeking these features more and more.

The list is available to download from the CCB Web site at www.ccb.state.or.us. It is located in the section under the "Publications/Forms" link in the middle of the screen. Once in the publications section, click on "Miscellaneous." Model Features for Accessible Homes can be printed and used in the planning stages of a home construction project.

Antique expert Rinker to visit Lincoln City

LINCOLN CITY — HGTV's former "Collector Inspector," Harry Rinker, will appear in Lincoln City for Antique Week 2006.

Rinker is nationally known for his expertise in antiques, and will make a variety of appearances throughout Lincoln City, including workshops, appraise-a-thons, store appearances and in-home appraisals.

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Stuart planning a low key candidacy

Published: March 11, 2006

By DAVID BATES
Of the News-Register

John Stuart says that the importance of public service was impressed on him when he was quite young. Now that he is semiretired, he wants to put those values into practice in county government.

"I'm at that point where I've been fairly successful, and now I'm at a point where I'd like to give that success some significance," he said.

Stuart, 55, is one of three challengers for the seat held by Yamhill County Commissioner Kathy George, who is seeking a second term. He'll appear on the ballot with Larry Coliver and Cassie Sollars, who have both spent years volunteering in local causes.

Of the three, Stuart is the newest to the community.

Raised in Europe, he's spent his career of nearly 30 years in the insurance industry, much of it in Nevada working with casinos. He also cites membership on a number of bank and hospital boards.

He moved here in 2003, having chosen Oregon specifically for its slower pace and more rural lifestyle.

He operates a bed and breakfast in the Carlton area, along with a goat creamery and a cherry orchard. Those activities have impressed on him the importance of both tourism and agriculture.

Stuart said he is not trying to unseat a particular candidate. Although he describes himself as "more fiscally conservative" than Commissioner Mary Stern, he decided not to challenge her because he's had a positive experience working with her on economic development issues.

The biggest issue looming over the county, he said, is growth. Although he's a self-described "latecomer," Stuart said he supports the Newberg-Dundee Bypass and the route that officials are moving ahead with.

Stuart is critical of the construction industry, where he has some negative personal experience. He said he got the raw end of the deal after hiring a contractor who had botched other jobs, but had not been sanctioned by the Oregon Construction Contractors Board, leaving him and other potential customers unaware.

While he acknowledges it's more of a pet peeve than a plank in a campaign platform, he said more ought to be done to rid the county's roads of litter.

Stuart said voters should expect only a modest campaign effort.

"I'll be very low key about this, perhaps even remarkably low key," he said. "People may actually have to seek me out."



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Posted: Jan 18, 2006 - 08:05:47 PST

Business

Contractors board announces enhanced consumer website

The Oregon Construction Contractors Board (CCB) introduced its new website, www.oregon.gov week. The new consumer help page offers a more user-friendly layout, helpful tips on hiring a contractor and an enhanced contractor license search.

Board members put together a task force in October, 2005 to review the information a consumer from the website when searching the complaint history of a construction contractor. At the December meeting, board members approved the task forces' recommendations to the website.

One of the biggest changes to the website, outside of the layout, is when checking a contractor's website now offers the dispute (complaint) history that a consumer could have ordered by mail, disciplinary actions taken by the CCB. Personal information of complainants is not listed on the website for privacy reasons.

The agency licenses more than 42,000 contractors and most construction projects are successful and problem-free.

The improved CCB website Consumer Help page has been under production over the last three months and is an important part of the agency's effort to provide consumers with the tools they need to make informed buying decisions.

"We believe that it is our job to increase awareness, educate consumers and provide information needed to make wise decisions," Craig P. Smith, administrator for the CCB, said.

The old CCB website at www.ccb.state.or.us continues to be available during the transition of information. In the next several days, users will automatically be redirected to the new website.

Anyone who is paid to repair, improve, or build a home must be licensed by the CCB. Consumer can check a contractor's license at www.oregon.gov/ccb or by calling (503) 378-4621.

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REAL ESTATE NOTEBOOK

Task force taking testimony on construction woes

By Randi Bjornstad

The Register-Guard

Published: Tuesday, March 14, 2006

Complaints to the state about shoddy construction have increased sharply during the past several years, and state officials want to know why.

As the number of liability claims against contractors has spiked, so have the premiums on their liability insurance. The double whammy led the state Legislature last year to create a nine-member Task Force on Construction Claims to figure out what's going on and come up with some solutions.

The panel has until January, when the Legislature meets again, to finish its report and recommend improvements.

So far, the group has met five times and has additional meetings scheduled for April 11, May 24 and June 28. The meetings will be at 1:30 p.m. in Room 260 of the Labor and Industries Building at 350 Winter St. N.E. in Salem.

Reese Lord, communications manager for the task force, said members of the group so far "have heard 10 hours of testimony from homeowners, contractors and people in the insurance industry, to get ideas about problems and solutions."

The task force also has received more than 200 written submissions about a range of construction-related problems, including synthetic stucco, mold, substandard construction, dispute resolution, inspection difficulties, licensing issues and maintenance problems, Lord said.

The first phase of the task force's work - dealing with contractor competency and education, building code standards, construction methods and dispute resolution and remedies - runs through June, Lord said.

During the summer, the group will take up contractor liability, state licensing requirements and insurance premiums.

In September, the task force will begin drafting its report to the Legislature.

Several of the problems identified by the task force early on deal with moisture, not surprising since most of the state's population, and construction, is in the wetter-than-average Willamette Valley.

In February, the task force sifted through more than 50 suggestions culled from public testimony, selecting 17 for further review.

Requiring "drainage cavities" underneath buildings topped the list, followed by improved training for designers, contractors, inspectors and property managers regarding water intrusion.

Additional mechanical venting of moisture from interior spaces, especially bathrooms and kitchens, and reducing moisture content before closing up construction areas also made the list.

Closer scrutiny of contractors with a history of complaints - including preventing them from taking out new licenses under new identities and criminally prosecuting the worst offenders - got enough mention to be included.

So did requiring better supervision on job sites, whether by an architect, engineer or other certified supervisor. Offering better consumer education to homeowners on maintenance issues and requiring contractors, instead of homeowners, to take out work permits also made the initial list of improvements.

Lord says the aim of the task force "is to reduce defects and lower insurance" claims and payouts.

Members of the task force include three contractors, one each with experience in single-family, multi-family and commercial construction; one representative of the state Department of Energy; one member of the state Residential Structures Board; one residential construction designer; one insurance agent or other insurance-related person not affiliated with the construction industry; one person involved with construction-related insurance carriers, and one member of the public.

None of the panel members is from the Lane County area.

REAL ESTATE NOTEBOOK

CONSTRUCTION TASK FORCE

Public testimony to the state panel can be made by telephone, fax or e-mail. More information about the task force and its activities may be found on the Internet at egov.oregon.gov/DCBS/CCTF

Telephone: (503) 373-7559 or TTY (503) 373-1358

Fax: (503) 378-3989

E-mail: dcbs.cctf@state.or.us

February 23, 2006

From the Ground Up

Unexpected construction costs add up

Consider two people who revel in exotic travel and frequent trips to fancy restaurants.

The same couple, within the past two years, threw a gala wedding, took a tropical honeymoon and now are several months away from completing construction on their dream home.

Will they ever live within their budget?

It's a question that's become more and more pressing with the arrival of each new credit card bill. Although my husband Will and I — like most home builders — have a construction loan, that financing alone can't begin to cover all our costs.

Extra expenses, it seems, are just part of the thrill of building, particularly when it comes to a custom home. The Oregon Construction Contractors Board even includes a section on preparing for unexpected costs (and delays) on its building and remodeling checklist for consumers, available online at www.oregon.gov/CCB.

Will and I thought selling a three-bedroom tract house in east Medford left us financially prepared to build. Subtract a construction-loan downpayment and the cash to pay off a pickup, and about \$15,000 remained from our home's sale.

We felt perfectly comfortable covering several construction-related items out of pocket. Favoring the work of a few "subs" over our contractor's usual crew meant that we would pay them and wait for reimbursement, he said.

The contractor also said he couldn't accurately bid a fire sprinkler system or the cost to extend a municipal water line. Neither had been part of his projects before. We had enough money in savings, we said, to foot the bill. Both items were left off the final construction bid.

But that decision was reached when it appeared sprinklers would cost about \$3,000 and the water line about \$5,000. Several hefty checks and credit card transactions later, and the sprinkler's price had doubled while the water line's had more than tripled.

Fortunately, we could handle even that because we'd squirreled away my paychecks and a portion of Will's salary since breaking ground. The extra money also shored up our checking account when it came time to pay workers we insisted on using instead of our contractor's regulars. Depleting the account, however, spelled the end of "furniture money."

And construction overruns didn't stop there.

Our home's foundation cost about \$1,000 more than we'd anticipated. Wiring was \$2,000 extra. Framing, wiring, insulating and drywalling a bonus room over the garage — added after we signed the construction loan — cost an additional \$2,500. Cabinets ran almost \$3,000 over budget, while the change from vinyl to wooden windows added a whopping \$13,000 to our overall cost.

A contingency reserve of 5 percent of total building expenses — about \$17,500, in our case — is designed to pay for changes and unexpected costs. Initially, it felt like more than we could ever

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spend.

And although it seems we've gone way too far into debt, the lender still offered a second mortgage or line of credit after closing the construction loan.

Furniture must be in our future, after all.

Reach reporter Sarah Lemon at 776-4487, or e-mail slemon@mailtribune.com.

The project so far

Reporter Sarah Lemon and her husband are nine months into a custom-home-building project. Here's how the project progressed over the past week:

- Continued finishing drywall surfaces.
- Connected and turned on power.
- Hooked up and turned on heating system.

You can find this story online at:

<http://www.mailtribune.com/archive/2006/0223/life/stories/02life.htm>

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Oregon Construction Contractors Board
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Salem, Oregon 97309
(503) 373-2007 FAX
www.oregon.gov/ccb

FOR IMMEDIATE RELEASE:

DATE: March 16, 2006 (06-12)
CONTACT: Gina Fox (503-378-4621 Ext. 4016)

Licensing requirements for materials suppliers

If a material supplier advertises, offers, bids, arranges for, or actually performs the installation of the materials they are selling, they must be licensed with the Construction Contractors Board (CCB).

Those who sell flooring, windows, tile, cabinets, plumbing supplies, siding or any other materials that go into the remodeling or construction of a structure may recommend installers that can perform the actual installation. They can even provide names of installers. However, the supplier may not have a contractual agreement with the installer, and the cost of the installation cannot be included in the price of the materials supplied by the supplier.

To become licensed, businesses must have a CCB surety bond and liability insurance. In addition they must complete 16 hours of construction law and business classes, then, pass a test based on the 16-hour course. They must then pay license fees, file a license application and comply with all other applicable requirements.

The Construction Contractors Board will have a booth at COBA's Home Show May 5th – 7th at the Deschutes County Fairgrounds and Expo Center. A CCB staff member will be on hand to answer questions and provide information and CCB materials.

Information and applications are also available at www.oregon.gov/ccb. Or you can call 503-378-4621

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FOR IMMEDIATE RELEASE:

DATE: March 16, 2006 (06-11)
CONTACT: Gina Fox (503-378-4621 Ext. 4016)

CCB Adds Testing Subversion Rules

If a person cheats on the Construction Contractors Board (CCB) licensing test, they may have to wait a full year before taking the test again.

That is part of the new Oregon Administrative Rule (OAR) 812-006-0015, titled "Testing Subversion" adopted at the December board meeting. The new rule identifies the actions that are considered "cheating" and what the agency's actions may be. The amendments were recommended by the CCB Training and Education Advisory Committee (TEAC).

"Many of the rules are the same ones anyone would expect when taking a test— no copying someone else's answers, no talking between the examinees, and not allowing someone to take the test in the examinee's place." says Gina Fox, CCB Education Manager. "Other rules are designed to protect the integrity of the test— such as no leaving the room during the test or no copying down the test questions."

Education providers offering the prerequisite education supply the students with information about the testing process, rules about testing and copies of the most current administrative rules and statutes.

The CCB has not identified any increased incidents in cheating.

You can visit the CCB website at www.oregon.gov/ccb, under Statutes & Rules, to read the complete text of OAR 812-006-0015.

The CCB is a state agency licensing more than 43,000 contractors. Anyone who is paid to repair, improve or build a home must be licensed by the CCB.

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www.oregon.gov/ccb

FOR IMMEDIATE RELEASE:

DATE: March 15, 2006 (06-10)
CONTACT: Gina Fox (503-378-4621 Ext. 4016)

CCB Will Require Some Contractors to Provide Larger Bonds

During its December 2005 board meeting, the Construction Contractors Board (CCB) passed rules that establish conditions under which CCB licensees may lose their license and be directed to post larger surety bonds with the agency in order to increase financial protections for the public.

ORS 701.085(7) mandates suspension of a contractor's licenses in the event the agency issues a CCB Dispute Resolution Services (DRS) final order for damages that exceed the amount of the contractor's surety bond. CCB license suspensions will remain in effect until DRS final orders have been paid, or the license expires. Licenses will not be reinstate or renew until CCB orders have been paid in full, or discharged in bankruptcy. The agency may require a licensee to file a bond up to five times the amount otherwise required by law. Rules adopted at the board meeting dictate the size of the larger bond requirement based upon the size of the CCB DRS final order.

The CCB also passed rules that increase public protection by requiring contractors that have excessive CCB DRS complaints post larger bonds with the agency. Excessive is defined as five or more complaints, by five or more separate complainants, within a one-year period.

The CCB is a state agency licensing more than 43,000 contractors. Anyone who is paid to repair, improve or build a home must be licensed by the CCB. Consumers can verify a contractor's license at www.oregon.gov/ccb or by calling 503-378-4621.

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FOR IMMEDIATE RELEASE:

DATE: March 13, 2006 (06-09)
CONTACT: Gina Fox (503-378-4621 Ext. 4016)

CCB Investigation Leads to Jail Time— Again

John Richard Kowalski, age 63, received 180 days in jail for violating the terms of his parole. Kowalski violated Oregon law by working without an Oregon Construction Contractors Board (CCB) license and illegally contracting with elderly victims.

In July 2005, the CCB opened an investigation as the result of a complaint from Multnomah County's Aging and Disability Services. The agency was concerned that an elderly woman had been the victim of construction fraud.

A CCB investigator found that Kowalski had been convicted in 1992 on one count of Racketeering and 28 counts of Theft I for his involvement in a home repair scheme in which he defrauded elderly Oregon homeowners. He served nearly 10 years in prison. The investigation was assigned to the CCB Special Investigative Unit (SIU) which targets construction theft and fraud.

The CCB investigation revealed that Kowalski was illegally contracting with elderly females. The CCB referred the case to the Portland Police Bureau and Multnomah County Adult Corrections for unlicensed construction contracting and theft.

The judge ordered Kowalski to serve a greater than normal jail sentence based upon the CCB report that showed Kowalski acted in great disregard of his parole agreement to not engage in home repair services or to engage in any employment that involves elderly people.

The CCB is a state agency licensing more than 43,000 contractors. Anyone who is paid to repair, improve or build a home must be licensed by the CCB. The CCB SIU works to identify and deter construction fraud. Consumers can verify a contractor's license at www.oregon.gov/ccb or by calling 503-378-4621.

####

CCB Meeting and Committee Calendar 2006

MONTH	MEETING TYPE	TIMES/LOCATION	MEMBERS ASSIGNED	OTHER COMMITMENTS
January 24	Board Meeting	8:30/West Salem Roth's IGA, Santiam Rm.		Jan. 25 Task Force on Construction Claims 8:30-12:30
February 28	Board Meeting	8:30/West Salem Roth's IGA, Santiam Rm.		Feb. 15 Task Force on Construction Claims 1:30-7:00 p.m.
March 3 28 30	HIAC Board Meeting TEAC	9:00-11:00/Conf. Room B (CCB Office) 8:30/West Salem Roth's IGA, Santiam Rm. 9:00-11:00/Conf. Room B (CCB Office)	Dennis Schad Jim Fairchild	3/01 Managers check web site Information
April 25	Board Meeting	8:30/West Salem Roth's IGA, Santiam Rm.		April 11, Task Force on Construction Claims 1:30-5:00 p.m.
May 5 23	HIAC Board Meeting	9:00-11:00/Conf. Room B (CCB Office) 8:30/West Salem Roth's IGA, Glen Creek Rm.	Dennis Schad	May 24, Task Force on Construction Claims 1:30-5:00 p.m.
June 27	Board Meeting	8:30/West Salem Roth's IGA, Santiam Rm.		June 28 Task Force on Construction Claims 1:30-5:00 p.m.
July	(no Board meeting)			July 26 Task Force on Construction Claims 1:30-5:00 p.m.
August 4 22	HIAC Board Meeting	9:00-11:00/Conf. Room B (CCB Office) 8:30/West Salem Roth's IGA, Santiam Rm.	Dennis Schad	Election of Officers
September 26	Board Meeting	8:30/West Salem Roth's IGA, Santiam Rm.		Sept. 19 Task Force on Construction Claims 1:30-5:00 p.m.
October 24	Board Meeting	8:30/West Salem Roth's IGA, Glen Creek Rm.		Oct. 10 Task Force on Construction Claims 1:30-5:00 p.m.
November 3	HIAC (no Board meeting)	9:00-11:00/Conf. Room B (CCB Office)	Dennis Schad	
December 5	Board Meeting	8:30/West Salem Roth's IGA, Santiam Rm.		