

Construction Contractors Board Legislative Summary

2007



December 10, 2007

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www.oregon.gov/ccb

2007 Legislation Affecting Construction Licensing Regulation

The following information is a summary of the legislation approved by the 2007 Oregon Legislative Assembly relating to construction licensing law. This summary is not intended to be a complete and detailed statement of all applicable legislation. For more information about the 2007 legislation, please visit the Oregon Legislature's website.

This summary is organized by topic and identifies the corresponding bill number and, in some cases, the applicable section in the bill. HB indicates House Bill. SB indicates Senate Bill.

- **Most New Legislation**

Many of the bills have an effective date of January 1, 2008. However, the bills or certain sections in the bills may have a later operative date, meaning that although the bill becomes law on one date, the new requirements do not operate or apply until a later date.

- **HB 3242 - Commercial Licenses Bill**

The single most significant change to the CCB law is the creation of license endorsements. The law creates a commercial endorsement, with five subsets, and a residential endorsement, with four subsets. See chart on page 12. These laws, contained in HB 3242, will first become operative on July 1, 2008. On this date, contractors obtaining a new or renewed license will be required to choose to license their business with a residential, commercial, or dual CCB endorsement.

Viewing this document on the CCB website will allow you to link to the house or senate bills. Visit www.oregon.gov/ccb under current topics.

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CCB Legislative Summary

Barrier-Type Exterior Insulation and Finish Systems (EFIS) Prohibited

Operative date: January 1, 2008 **Legislation:** [HB 2112](#)

HB 2112 prohibits a licensed contractor from installing barrier-type exterior insulation and finish systems on buildings, except as necessary to repair or replace previously installed systems. It exempts the application of barrier-type product on concrete walls and concrete masonry block walls and for architectural applications that are decorative or otherwise not intended to protect the interior space of the building.

Bond Increases

New CCB licenses:

Operative date: January 1, 2008 **Legislation:** [HB 2654](#) Section 22

HB 2654 Section 22 requires **new** applicants for a CCB license to provide a bond based on the following license category:

- General contractor (all or residential only) \$20,000
- Licensed developer \$20,000
- Specialty contractor (all or residential only) \$15,000
- Inspector \$15,000
- Limited contractor \$10,000

License renewals:

Operative date: July 1, 2008/July 1, 2010 **Legislation:** [HB 3242](#) Sections 3, 4, 61, 70, & 72

Beginning July 1, 2008, renewing contractors must obtain surety bonds for the following license endorsements:

- Residential general contractor \$20,000
- Residential specialty contractor \$15,000
- Residential limited contractor \$10,000
- Residential developer \$20,000
- Commercial general contractor level 1 \$75,000
- Commercial specialty contractor level 1 \$50,000
- Commercial general contractor level 2 \$20,000

Continued on next page

- Commercial specialty contractor level 2 \$20,000
- Commercial developer \$20,000

Beginning July 1, 2008, HB 3242 section 2 mandates new and renewing contractors choose new license endorsements. These endorsements designate the license by the type of structure the license may perform work on. Contractors will chose residential, commercial or dual endorsements. See Licensing Endorsement Reforms, page 8.

Chimney Cleaning or Service Requires a CCB License

Operative date: January 1, 2009 (penalty) **Legislation:** [SB 605](#)

The term “contractor” is defined to include persons who clean or service chimneys. Businesses performing these activities must be licensed as construction contractors beginning January 1, 2008. However, the CCB may not issue a civil penalty against unlicensed businesses until January 1, 2009.

Commercial Contractor

Operative date: July 1, 2008/July 1, 2010 **Legislation:** [HB 3242](#) Section 56

New licensees (on and after July 1, 2008) and renewing licensees (upon renewal dates after July 1, 2008) desiring to perform construction on commercial structures must obtain a license as a commercial contractor. A commercial contractor is a licensed contractor that holds an endorsement as one of the following:

- Commercial General Contractor Level 1
- Commercial Specialty Contractor Level 1
- Commercial General Contractor Level 2
- Commercial Specialty Contractor Level 2
- Commercial Developer

The bond, insurance, experience and continuing education requirements for commercial contractors are set forth in the chart on page 12.

Consumer Notices - Residential Structures

Operative date: January 1, 2008

Legislation: [HB 2654](#) Sections 14 & 16

HB 2654, section 14, updates the requirements for the three notices contractors must provide to property owners when contracting for work on a residential construction project. These notices are:

- Consumer Protection Notice
- Notice of Procedure
- Information Notice to Owner about Construction Liens

HB 2654, section 14, required the CCB to adopt rules specifying what information must be included in the consumer notice (Consumer Protection Notice) and delivery requirements. At a minimum the notice must inform a property owner of actions to take to protect the owner in a residential repair, remodel or construction project. The form must contain signature lines for the contractor and the property owner. Contractors must provide the notice at the time of contract. Previously, this form had been required to be given at the time of bid.

HB 2654, section 14, also required the CCB to adopt by rule a notice of procedure form that explains the procedure a property owner must take prior to filing a court action or arbitration request. This form entitled “Notice of Procedure” will replace the form “Owners Duty to Notify Contractor in the Event of a Residential Construction Dispute”. Contractors must provide the form at the time of contract.

HB 2654, section 16, amends ORS 87.093, which governs the “Information Notice to Owner” relating to construction lien law. The notice must contain signature lines for the contractor and the property owner. The contractor must deliver the notice personally, by registered or certified mail, or by first class mail with a certificate of mailing.

See Appendices A through C for copies of the notices that are effective January 1, 2008.

Continuing Education - Commercial Endorsement

Operative date: July 1, 2010

Legislation: [HB 3242](#) Sections 9 & 25

Beginning July 1, 2010, a Commercial General Contractor Level 1 or Commercial Specialty Contractor Level 1 having more than four key employees shall have a key employee, or combination of key employees, complete 40 hours of continuing education per year. A Commercial General Contractor Level 1 or Commercial Specialty Contractor Level 1 having four or fewer key employees shall have a key employee, or combination of key employees, complete continuing education each year equal to the number of key employees multiplied by eight. (For example: three key employees will require 24 hours of annual continuing education). A Commercial General Contractor Level 2 or Commercial Specialty Contractor Level 2 shall have a key employee, or combination of key employees, complete 16 hours of continuing education per year.

Commercial contractors satisfy the continuing education requirement by self-certification. The new law does not apply to commercial contractors who are subject to regulation under Oregon’s Electrical Safety Law, Boiler and Pressure Vessel Law, or the laws governing plumbers. The new law does not apply to inactive commercial contractors.

Continuing Education - Residential Endorsement

Operative date: Between January 1, 2010, and January 1, 2014, as determined by CCB

Legislation: [HB 2654](#) Sections 2 & 3

The Construction Contractors Board (CCB) must adopt rules establishing a continuing education system for residential contractors. The rules must establish a required number of hours and the course content.

The continuing education required may include training in construction means and methods, compliance with state building codes and business practices.

Further information will be made available through the CCB's newsletters and website.

Contracts to Have Standard Language

Operative date: January 1, 2008 **Legislation:** [HB 2654](#) Section 7 (2)

The CCB must adopt rules requiring contractors to use standard terms in a construction contract, including the following:

- A statement that the contractor is licensed.
- The contractor's name, CCB license number, address and phone number of record.
- An acknowledgment of a written offer of warranty, if an offer is required.
- For residential structure contracts, a summary of the notices required to be given.
- For new residential construction, the acknowledgement of the written offer of a warranty (first required July 1, 2008).
- For new residential construction, the acknowledgement of the receipt of the maintenance information (first required July 1, 2008).
- An explanation of the property owner's rights under the contract, including the right to file a claim with the board and the existence of mediation or arbitration provisions in the contract

Court Judgments Notification Requirements

Operative date: January 1, 2008 **Legislation:** [HB 2107](#) Section 2

HB 2107 requires construction contractors to notify the CCB of unpaid judgments or arbitration awards against them that involve a breach of contract or negligent or improper work related to construction or proposed construction of a residential structure. The law creates an exemption for contractors who pay within 30 days from the date the judgment is recorded or where the judgment is on appeal. The law also requires CCB, in determining whether to impose a disciplinary sanction, to consider past or current attempts by the contractor to make payments toward satisfaction of the judgment.

Definitions for Residential & Commercial Structure Types

Operative date: July 1, 2008

Legislation: [HB 3242](#) Section 56

Type of structure	Statute Definition	Examples
Residential Structure	<p>(14) “Residential structure”:</p> <p>(a) Means:</p> <p>(A) A residence that is a site-built home;</p> <p>(B) A structure that contains one or more dwelling units and is four stories or less above grade;</p> <p>(C) A condominium, rental residential unit or other residential dwelling unit that is part of a larger structure, if the property interest in the unit is separate from the property interest in the larger structure;</p> <p>(D) A modular home constructed off-site;</p> <p>(E) A manufactured dwelling; or</p> <p>(F) A floating home as defined in ORS 830.700.</p>	<p>(14)(a) Means:</p> <ul style="list-style-type: none"> • Single-family residence • Apartment Complex or Condos 4 stories or less. • Individual Units in a high-rise building.
	<p>(b) Does not mean:</p> <p>(A) Subject to paragraph (a)(C) of this subsection, a structure that contains both residential and nonresidential units;</p> <p>(B) Transient lodging;</p> <p>(C) A residential school or residence hall;</p> <p>(D) A state or local correctional facility other than a local facility for persons enrolled in work release programs maintained under ORS 144.460;</p> <p>(E) A youth correction facility as defined in ORS 420.005;</p> <p>(F) A youth care center operated by a county juvenile department under administrative control of a juvenile court pursuant to ORS 420.855 to 420.885;</p> <p>(G) A detention facility as defined in ORS 419A.004;</p> <p>(H) A nursing home;</p> <p>(I) A hospital; or</p> <p>(J) A place constructed primarily for recreational activities.</p>	<p>(14)(b) Does not mean:</p> <ul style="list-style-type: none"> • Motels/Hotels • Dormitories • Prisons/jails • Summer camps
Zero Lot Line Dwelling	<p>(17) “Zero-lot-line dwelling” means a single-family dwelling unit constructed in a group of attached units in which:</p> <p>(a) Each attached unit extends from foundation to roof with open space on two sides; and</p> <p>(b) Each dwelling unit is separated by a property line.</p>	<ul style="list-style-type: none"> • Row houses
Small Commercial Structure	<p>(16) “Small commercial structure” means:</p> <p>(a) A nonresidential structure that has a ground area of 10,000 square feet or less, including exterior walls, and a height of not more than 20 feet from the top surface of the lowest flooring to the highest interior overhead finish of the structure;</p> <p>(b) A nonresidential leasehold, rental unit or other unit that is part of a larger structure, if the unit has a ground area of 12,000 square feet or less, excluding exterior walls, and a height of not more than 20 feet from the top surface of the lowest flooring to the highest interior overhead finish of the unit; or</p> <p>(c) A nonresidential structure of any size for which the contract price of all construction contractor work to be performed on the structure as part of a construction project does not total more than \$250,000.</p>	<p>(a):</p> <ul style="list-style-type: none"> • 7-11 stores • Gas stations • Fast food restaurants <p>(b):</p> <ul style="list-style-type: none"> • Tenant space in malls <p>(c):</p> <ul style="list-style-type: none"> • Under \$250,000 construction projects
Large Commercial Structure	<p>[(7)] (10) “Large commercial structure” means a structure that is not a residential structure or small commercial structure.</p>	<p>Hospitals</p>

Drug House Rehabilitation Contractor - Letters of Credit

Operative date: January 1, 2008 **Legislation:** [HB 2309](#)

Requires the CCB to adopt rules to permit a contractor that is a nonprofit organization rehabilitating illegal drug manufacturing sites to substitute a letter of credit or cash deposit for the required surety bond for work on that site. The CCB may charge the contractor a fee to handle the alternative deposit.

Exemption for Owner-Remodelers (Flipping Houses)

Operative date: January 1, 2008 **Legislation:** [HB 2498](#)

An owner who contracts for one or more licensed contractors to perform work, wholly or partially within the same calendar year, on not more than three existing residential structures is exempt from licensure by the CCB. The exemption does not apply for work that requires a building permit unless that work is performed by, or under the direction of, a licensed general contractor.

Experience Requirements for Commercial Contractors

Operative date: July 1, 2010 **Legislation:** [HB 3242](#) Sections 4 & 8

Contractors licensed as commercial contractors are required to have one or more key employees who satisfy certain (combined) minimum experience requirements. To qualify, the experience must have been gained as a licensed contractor, journeyman, foreperson or supervisor, or as any other employee engaged in construction work for a licensed construction contractor. The following education may substitute for a portion of required experience:

- Completion of an apprenticeship program (may substitute for up to three years experience).
- A bachelor's degree in a construction-related field (may substitute for up to three years experience).
- A bachelor's or master's degree in business, finance or economics (may substitute for up to two years experience).
- An associate's degree in construction or building management (may substitute for up to one year experience).

Home Inspector Certification Fee

Operative date: January 1, 2008 **Legislation:** [SB 95](#)

SB 95 sets a fee of not more than \$150 for initial issuance or renewal of a two-year home inspector certificate. (This replaces the current, annual fee of \$75 for renewal).

Inspector Licensing Category

Operative date: July 1, 2008/July 1, 2010 **Legislation:** [HB 3242](#) Sections 3 & 4

On July 1, 2008, the inspector licensing category is eliminated for new and renewing licensees. Licensees will need to select a new endorsement. See page 12.

Insurance Requirements

Completed Operations Coverage

Operative date: January 1, 2008 **Legislation:** [HB 2654](#) Sections 19 & 20

Upon CCB license renewal, contractor liability insurance shall include coverage of liability for products and completed operations.

Liability Requirements for Commercial Endorsements

Operative date: July 1, 2008 **Legislation:** [HB 3242](#) Section 4

Liability insurance requirements for commercial endorsements are the following:

- Commercial General Contractor Level 1 \$2 million
- Commercial Specialty Contractor Level 1 \$1 million
- Commercial General Contractor Level 2 \$1 million
- Commercial Specialty Contractor Level 2 \$500,000
- Commercial Developer \$500,000

Licensing Endorsements for Commercial & Residential Contractors

Operative date: July 1, 2008/July 1, 2010 **Legislation:** [HB 3242](#) Section 2

New CCB licensees and those renewing their CCB licenses after July 1, 2008 (but no later than July 1, 2010), will begin choosing the endorsement(s) that identifies the type of structure the licensee is permitted to work on. Licensees can choose a commercial endorsement, a residential endorsement, or a dual endorsement. Below are the endorsement choices:

Commercial Endorsements

- Commercial General Contractor Level 1
- Commercial Specialty Contractor Level 1
- Commercial General Contractor Level 2
- Commercial Specialty Contractor Level 2
- Commercial Developer

Contractors with a commercial endorsement are permitted to work on large commercial and “small commercial” structures (see page 5).

Residential Endorsements

- Residential General Contractor
- Residential Specialty Contractor
- Residential Limited Contractor
- Residential Developer

Contractors with a residential endorsement are permitted to work on residential and “small commercial” structures (see page 5).

Dual Endorsements: Some construction businesses may choose to obtain both commercial and residential endorsements.

The portion of the bill that limits (by specific CCB endorsements) the type of structure which may be constructed, becomes effective July 1, 2010.

Special Note: Inspector is not an endorsement option. Contractors that previously had a license in the inspector category must choose one of the available endorsements. See page 12 for more information.

Prohibits Claiming a Lien Without a Written Contract

Operative date: January 1, 2008 **Legislation:** [HB 2654](#) Sections 5 & 7

Contractors that fail to provide a written contract when the total contract price exceeds \$2,000 are prohibited from claiming a lien.

Maintenance Schedule

Operative date: July 1, 2008

Legislation: [HB 2654](#) Section 13

This section of HB 2654 requires contractors that construct a new residential structure to provide the first purchaser or owner a recommended maintenance schedule. The maintenance schedule must contain the following minimum information:

- Definitions and descriptions of moisture intrusion and water damage.
- An explanation of how moisture intrusion and water damage can occur.
- A description and recommended schedule for maintenance to prevent moisture intrusion.
- Advice on how to recognize the signs of water damage.
- Appropriate steps to take when water damage is discovered.

The Board shall make the information developed under this section available without charge to contractors that construct new residential structures or zero-lot-line dwellings.

One-Day Rescission Option for Consumers

Operative date: January 1, 2008

Legislation: [HB 2654](#) Section 8

Consumers may cancel a construction contract by delivery of a written notice of cancellation to the contractor by midnight of the next business day. Some exemptions apply.

Ownership Changes

Operative date: January 1, 2008

Legislation: [SB 91](#)

SB 91 requires a licensed contractor to notify the CCB of changes to the names or address of owners, officers, managers, members, trustees, or responsible managing individuals.

Public Works Bond Extension for MWESB Exemption

Operative date: January 1, 2008

Legislation: [HB 2776](#) Section 1

Businesses certified as disadvantaged, minority, women, and emerging small businesses may elect not to file public works bonds for a period of up to four years after certification. Any contractor or subcontractor may elect not to file public works bonds for any project with a contract price for less than \$100,000.

Residential Contractor

Operative date: July 1, 2008/July 1, 2010 **Legislation:** [HB 3242](#) Section 56

New licensees (on and after July 1, 2008) and renewing licensees (upon renewal dates on or after July 1, 2008) desiring to perform construction on residential structures must obtain a license as a residential contractor. A residential contractor is a licensed contractor that holds an endorsement as one of the following:

- Residential General Contractor
- Residential Specialty Contractor
- Residential Limited Contractor
- Residential Developer

The bond, insurance, and continuing education requirements for residential contractors are set forth in the chart on page 12.

Responsible Managing Individual (RMI) Requirements

Operative date: January 1, 2008 **Legislation:** [HB 2654](#) Sections 23 & 23a

The definition of responsible managing individual (RMI) is moved to the definition section. The board will, by rule, define the exercise of management or supervisory authority.

Responsible Managing Individual (RMI) Accountability

Operative date: January 1, 2008 **Legislation:** [HB 2654](#) Section 27

The CCB may discipline a contractor if the contractor's owner, officer or RMI owes an unpaid construction debt or is not fit for licensure on the basis of another statute. This expands the previous law that covered only owners and officers.

Warranty - Large Commercial Structure Envelope

Operative date: July 1, 2008

Legislation: [HB 3242](#) Section 12

Commercial general contractors (level 1 or level 2) that construct a new large commercial structure must provide the owner of the structure with a two-year warranty against defects in materials and workmanship of the building envelope. The warranty shall provide that the contractor will annually inspect the building during the warranty period. The warranty may exclude coverage resulting from improper building maintenance by the owner.

Warranty - Residential

Operative date: July 1, 2008

Legislation: [HB 2654](#) Section 11

Contractors that construct a new residential structure must offer to the first purchaser or owner a written warranty against defects in materials and workmanship for the structure. The owner may accept or refuse the offer of the warranty. If the contractor offers the warranty before both parties sign the contract and the owner refuses the warranty offer, the contractor may withdraw the offer to construct the dwelling. This law does not apply to manufactured dwellings.

Workers Compensation Insurance Requirement for Commercial Endorsements

Operative date: July 1, 2010

Legislation: [HB 3242](#) Section 15

All contractors with a commercial endorsement are required to carry workers compensation insurance, whether they qualify as an exempt class of business entity or not.

CHARTS

COMMERCIAL ENDORSEMENTS				
Endorsement	Bond	Insurance	Experience*	Continuing Education
Commercial General Contractor Level 1	\$75,000	\$2 million	8 years experience and/or education	Up to 40 hours of continuing education per year
Commercial Specialty Contractor Level 1	\$50,000	\$1 million	4 years experience and/or education	Up to 40 hours of continuing education per year
Commercial General Contractor Level 2	\$20,000	\$1 million	8 years experience and/or education	16 hours of continuing education
Commercial Specialty Contractor Level 2	\$20,000	\$500,000	4 years experience and/or education	16 hours of continuing education
Commercial Developer	\$20,000	\$500,000	No experience requirements	No continuing education requirements

***Note:** Legislation planned for 2008 may change the experience requirements before the bill's effective date of July 1, 2008.

RESIDENTIAL ENDORSEMENTS				
Endorsement	Bond	Insurance	Experience	Continuing Education
Residential General Contractor	\$20,000	\$500,000	No experience requirements	To be established by CCB
Residential Specialty Contractor	\$15,000	\$300,000	No experience requirements	To be established by CCB
Residential Limited Contractor	\$10,000	\$100,000	No experience requirements	To be established by CCB
Residential Developer	\$20,000	\$500,000	No experience requirements	No continuing education requirements



Consumer Protection Notice

Actions to Take When Hiring a Contractor

(ORS 701.055 (13)) (2005)

Oregon law requires contractors to provide the homeowner with this notice each time they offer to perform work on a residential structure. The information in this notice is provided to help consumers plan a construction project that runs smoothly.

TAKE ACTION TO HELP MAKE YOUR PROJECT SUCCESSFUL

- 1. Make sure your contractor is properly licensed** before you sign a contract. Visit www.oregon.gov/ccb, and click on the link, **Check on a Contractor's License**, or call our offices at 503-378-4621. To be licensed in Oregon, contractors or employees who exercise supervisory authority over construction activities, must take training and pass a test on business practices and law. Licensing is not a guarantee of the contractor's work.

Do Not Use:
Use revised form dated 12/20/07

A license also requires the contractor to have a surety bond and liability insurance. Depending on license category, the CCB surety bond provides from \$5,000 to \$20,000 coverage if the contractor is ordered to pay damages in contract disputes. Insurance coverage provides from \$100,000 to \$500,000 in general liability for property damage and bodily injury caused by the contractor.

- **If your contractor is not licensed** - the CCB bond and dispute resolution services will not be available to you.
- 2. What you should know about bids, contracts, and change orders: GET IT IN WRITING!** Always get bids, the contract, and any changes to the contract in writing. Make sure the contractor name, CCB number, and contact information are included on any written documents related to your project.
 - **Bids** - *Do not automatically accept the lowest bid* - A low bid may make it necessary for the contractor to use lower quality materials and to cut corners in workmanship.
 - **Contracts and Change Orders** - *Always get it in writing*. Your contractor is required to provide a written contract if the contract price is more than \$2000. The CCB recommends that all contracts be in writing.
 - **Make sure the contractor's name, CCB number, and contact information** is included in the contract.
 - **For your protection** - *Contracts should be as detailed as possible*. Some items to include are materials & costs, permits, estimated start and completion dates, debris removal, and arbitration clauses.
 - **Read and understand your contract before signing it** - Don't be pressured into signing your contract without taking the time needed to go through it. Make sure it includes enough details to avoid misunderstandings and to protect you and your property.
 - 3. Additional contract information you should know:**
 - **A Payment Schedule** - should be included in the contract. Stick to the schedule and never pay in full for a project before the work is complete.
 - **Special Note on Liens** - Subcontractors and material suppliers that work on your project are often paid by the general contractor. If a general contractor fails to pay, the subcontractor may file a lien on your property. For information on construction liens, visit the CCB's Consumer Help Page at www.oregon.gov/ccb, or contact an attorney.
 - 4. If you should have a problem with your contractor** - You can file a complaint with the CCB against a **licensed** contractor within one year of the substantial completion of work on your project. Contact the CCB office at 503-378-4621 for help.

Signing this Consumer Protection Notice verifies only that you have received it. Your signature does not indicate acceptance of the bid.

CONTRACTOR: CCB#: _____

PROPERTY OWNER: _____

Signature

Date

Signature

Date

CONSTRUCTION CONTRACTORS BOARD

700 Summer St NE, Suite 300, PO Box 14140, Salem, OR 97309-5052

Telephone: 503-378-4621 - Fax: 503-373-2007

Website Address: www.oregon.gov/ccb



Notice of Procedure

Regarding Residential Construction Arbitrations and Lawsuits

(ORS 701.590) (2005)

Oregon law contains important requirements that homeowners must follow before starting an arbitration or court action against any contractor, subcontractor, or supplier (materials or equipment) for construction defects.

Before you start an arbitration or court action, you must do the following:

1. Deliver a written notice of any conditions that you believe are defective to the contractor, subcontractor, or supplier that you believe is responsible for the alleged defect.
2. Allow the contractor, subcontractor, supplier, or its agent, to visually inspect the possible defects and also allow the contractor, subcontractor, or supplier to do reasonable testing.
3. Provide the contractor, subcontractor, supplier, or its agent, the opportunity to make an offer to repair or pay for the defects. You are not obligated to accept any offer made.

There are strict procedures and deadlines that must be followed under Oregon law. Failure to follow those procedures or meet those deadlines will affect your right to start an arbitration or court action.

You should contact an attorney for information on the procedures and deadlines required under Oregon law.

Your contractor is supplying this notice to you as required by Oregon law.

CONTRACTOR: CCB#: _____

HOMEOWNER: _____

Print Contractor Name (as it appears on contract)

Print Homeowner Name (as it appears on contract)

Signature of Authorized Representative Date

Signature Date



Information Notice To Owner About Construction Liens

(ORS 87.093 and 701)

This is not a lien. Your contractor is required by law to provide this notice to inform you about construction lien laws. This notice explains the construction lien law and gives 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, if you are buying a new home, or at any time the contract price exceeds \$1,000.

Do Not Use:

- 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 called a Construction Lien.
- If your contractor does not pay subcontractors, employees, rental equipment dealers, materials suppliers, or does not make other legally required payments, those who are owed money may place a lien against your property for payment. **It is in your best interest to verify that all bills related to your contract 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.

This notice is not intended to be a complete analysis of the law in ORS Chapter 87 and 701. You should consult an attorney for more information.

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 has the right to record a construction lien.

What is a Notice of Right to Lien? A Notice of a Right to Lien is sent to you by subcontractors, material supplier, etc who have provided labor, materials, or equipment to your construction project. It protects their construction lien rights against your property.

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 stopped providing labor, material, equipment, or services, whichever happened first. 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.

(over)

Steps That Consumers Can Take to Protect Themselves

- **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. Check a contractor's license online at the CCB consumer website: www.hirelicensedcontractor.com, or call 503-378-4621.
- **Review the Consumer Protection Notice (ORS 701),** which your contractor must provide to you when a bid or proposal is made on a residential structure.
- **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 making payments.
- **Contact a title company about obtaining a title policy** that will protect you from construction lien claims.
- **Find out what precautions, if any, will be taken** by your contractor, lending institution, and architect to protect your project from construction liens.
- **Ask the contractor to get lien waivers or lien releases** from every subcontractor, materials provider, equipment provider, and anyone else the contractor is responsible for paying. Do this before you give your contractor a progress payment.
- **Have a written contract with your contractor.** A written contract is **required** for projects greater than \$2,000. An original contractor that fails to provide a written contract as required by law, may not place a construction lien against the owner's property.
- **If you receive a Notice of Right to Lien, 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 will not be entitled to attorney fees.
- **When you pay your contractor, write checks made jointly payable to the contractor, subcontractors, materials, equipment, or services providers.** The checks name both the contractor and the subcontractor, materials or equipment provider. The checks can only be cashed if **both** contractor and subcontractor, materials or equipment provider endorses it. This ensures that the subcontractor and other providers will be paid by your contractor, and can eliminate the risk of a lien on your property.
- **Should you have a dispute with your contractor,** you may be able to file a complaint with the CCB 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 verifies 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: _____

CONTRACTOR: CCB#: _____

PROPERTY OWNER: _____

Print Name (as it appears on contract)

Print Name (as it appears on contract)

Signature

Date

Signature

Date

CONSTRUCTION CONTRACTORS BOARD
700 Summer St NE, Suite 300, PO Box 14140
Salem OR 97309-5052
503-378-4621/ Fax: 503-373-2007/ www.oregon.gov/ccb