



CONSTRUCTION CONTRACTORS BULLETIN BOARD

HELPING TO PREVENT AND RESOLVE PROBLEMS IN THE CONSTRUCTION INDUSTRY

June 2008

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A New Way of Licensing: Residential and Commercial Endorsements

On July 1, 2008, the Construction Contractors Board (CCB) will begin licensing contractors using an endorsement system. Contractors will have one CCB license, but may have either a residential or commercial endorsement. Some contractors may choose to carry both endorsements. The following will help answer questions about the new system.

Why have a new licensing system?

In 2007, a broad coalition of commercial contractor groups including Associated General Contractors (AGC) and Oregon State Buildings and Trades Council, partnered to support HB 3242 in an effort to provide a better way to regulate contractors that perform work on large commercial structures. The CCB worked closely with these groups to craft a bill that allows contractors to maintain a single license, even if they perform work on both large commercial **and** residential structures. This allowed the agency to keep fees down, and contractors were able to maintain their existing, single license structure.

What are licensing endorsements?

Licensing endorsements indicate the type of work that the contractor is authorized to perform.

How do I choose the right endorsement for my business?

Contractors should select the endorsement that suits the type

of work they wish to perform in Oregon. Contractors licensed with a **residential endorsement** will be authorized to perform work on the following structure types:

- Residential
- Small commercial

Contractors licensed with a **commercial endorsement** will be authorized to perform work on the following structure types:

- Large commercial
- Small commercial

Contractors that will perform work on both residential and large commercial structures, must obtain a **dual endorsement**.

Definitions that identify what type of structure qualifies as residential, small commercial, and large commercial can be found on the CCB Website. Under "Current Topics," click on

Continued on page 4

Need help with renewal forms?

CCB's Customer Service Unit (CSU) can help answer questions about your renewal forms. Call 503-378-4621, or email your question to ccb.info@state.or.us. Be sure to include your CCB license number, your name, and phone number so that CSU staff can find your records or call you for more information.

Offering a Warranty on New Residential Structures

Contractors that enter into a contract to build a new residential structure on or after July 1, 2008, must make a written offer of warranty to the owner or first purchaser, which covers defects in materials and workmanship for the structure (ORS 701.320).

This law does not apply to manufactured dwellings.

The following questions and answers explain a contractor's obligation under the new law. You may wish to consult an attorney for advice on how this applies to your construction business.

What is a "warranty?"

A warranty is an obligation by the seller that the seller's product (here, a new home) is free from defective materials or workmanship performed, together with a promise to repair or replace the defective items and faulty work. A warranty is not a guarantee. Repair or replacement is satisfied by meeting

building industry standards – there does not need to be complete customer satisfaction. A warranty does not cover items that arise from customer neglect.

What does a typical new home warranty cover?

A new home warranty typically covers:

- **Structural defects:** Warrants against failure of structural components such as the load-bearing elements of the home
- **Major home system failures:** Warrants against failure of plumbing, electrical, heating, and air-conditioning systems. Also warrants against failure of major appliances, such as refrigerators, dishwashers, ovens, and stovetops
- **Workmanship:** Promises to repair defects in work performed, such as installation

All warranties are contracts. The terms of the contracts will vary. Some warranties, for example, cover only major home systems. Others provide limited coverage for all of the listed items. Still others exempt certain products or installations. Some warranties allow for the purchase of optional, additional coverage. Any warranty contract satisfies the new law.

Who must supply the warranty?

Although the contractor must offer a warranty, the contractor decides whether to supply the warranty directly, or through a company that sells warranties. A direct warranty is a contract between the contractor and the owner or purchaser. A purchased warranty is a contract between a company that sells warranties and the owner or purchaser. Either warranty satisfies the new law.

What period of time must the warranty cover?

The law does not require a specific time for warranty protection. A typical new home warranty protects against

structural defects for five to ten years and promises to repair or replace major systems for one to two years.

The contractor may select the time period the contractor feels is appropriate for the warranty.

How much can the contractor charge for the warranty?

The law does not set any limit on the amount that a contractor may charge for the warranty. Typically, new home warranties purchased from warranty companies run around \$250 - \$500. There may also be a service fee, like a deductible, which the homeowner pays when requesting service. A typical service fee is \$50.

The owner may refuse the warranty and, as long as the two parties haven't signed the contract, the contractor can withdraw the offer to construct the residential structure.

When must the contractor offer the warranty?

The contractor must, in writing, offer the warranty either before or at the time the contractor and owner (or purchaser) sign a contract for the construction of the home.

What must the contractor do to prove that the contractor offered the warranty?

The contractor must include statements in the contract that:

- The contractor made a written offer of warranty, and
- The owner or purchaser accepted or rejected the offer

Does this law apply to all contractors who build new homes, or only to those contractors endorsed as residential contractors on or after July 1, 2008?

The law applies to all contractors that enter into written contracts to build new homes on or after July 1, 2008, regardless of the type of license that they hold.

Construction Contractors Bulletin Board ISSUE #71

This newsletter, an official publication of the Oregon Construction Contractors Board, gives Oregon contractors information on laws, policies and activities of the CCB and better business practices.

CCB Mission:

The CCB protects the public's interest relating to improvements to real property. The Board regulates construction contractors and promotes a competitive business environment through education, contractor licensing, dispute resolution and law enforcement.

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In compliance with the Americans with Disabilities Act, this publication is available in alternative formats by contacting the editor.

New Residential Structures Will Require a Maintenance Schedule Beginning July 1, 2008



Contractors that complete a new residential structure on or after July 1, 2008, will be required to provide the owner or first purchaser with a recommended Maintenance Schedule (ORS 701.335).

Oregon law requires the Construction Contractors Board (CCB) to adopt rules that contain the minimum information that a Maintenance Schedule must include. By law, it must include the following:

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

A number of public meetings were held in April, where a workgroup consisting of contractors and industry

representatives drafted rules and developed a moisture intrusion and water damage information sheet and a recommended Maintenance Schedule that contractors can use. A hearing on the draft rules is expected at the June 24, 2008 Board meeting.

Contractors that develop their own Maintenance Schedule, or who already have a Maintenance Schedule, may use their own as long as it contains the information required by rule.

The draft rule and developed information about maintenance schedules is available on the CCB website under "Current Topics."

Board Member News



The Construction Contractors Board recently welcomed White City contractor, Rob Hernandez as the newest board member.

Hernandez was appointed to the Board by Governor Ted Kulongoski. He will serve as a representative from the large commercial industry.

In 1995, Hernandez purchased minority ownership in S & B James Construction Company where he began his construction career. Eventually, he and his partner, Tom Hall, purchased the business and later formed the S & B James Construction Management Company.

Hernandez has been involved in the Columbia Chapter of the Associated General Contractors of America for the

past eight years. He serves on the Construction Technology Advisory Committee at Rogue Community College and The Jackson County Urban Renewal Advisory Committee. He also serves on the Board of Directors for the Crater Foundation and is Past-President of the Rotary Club of Central Point.

Warning About Assumed Business Name Renewals

The Construction Contractors Board (CCB) and the Corporation Division have received numerous complaints from contractors about a solicitation from a company called Assumed Business Name Renewal Service that is perceived by many Oregon businesses to be "confusing," "deceptive," or "a scam."

This solicitation warns of the pending expiration of their assumed business name (ABN), cites Oregon Law, and

offers to prepare and file all necessary documents to renew the business name with the Secretary of State Corporation Division for a fee of \$125.

This solicitation uses carefully worded language to avoid violating any known state or federal laws. If you paid this company to perform the renewal service for you and they failed to complete the renewal with the Secretary of State Corporation Division, you should immediately contact the Oregon

Department of Justice, Financial Fraud and Consumer Protection Section, at 503-378-4732.

Contractors can renew their ABN **directly** with the Oregon Corporation Division – the fee for renewal is \$50.

Those wishing to see a recent example of the solicitation can visit www.filinginoregon.com/suspicious_solicitations/index.htm.

Endorsements *Continued from page 1*

“Understanding Contractor Endorsements” and go to the section “Choosing the Right Endorsement.” The definitions link is at the bottom of the section. These are the new definitions that begin July 1, 2008 to coincide with the new licensing system. **It is important for contractors to review these new definitions to assist them in choosing the endorsement they need.**

All renewing contractors will also receive detailed instructions in their renewal packets on how to select their new endorsements.

When will I be required to choose an endorsement?

Contractors becoming licensed for the first time will be required to choose their endorsement beginning July 1, 2008. Existing licensees will choose an endorsement at their renewal time if their renewal date is on or after July 1, 2008. Licensees whose renewal date is before July 1, 2008, but who are late in renewing, must choose their new endorsement if they apply for renewal on or after July 1, 2008. All contractors must be transitioned to the new endorsement system by July 1, 2010, regardless of their renewal date.

On or after July 1, 2008, contractors that make changes to their business entity requiring the issuance of a new license, or contractors requesting to change their license category, will be required to choose their endorsement and comply with the bond and insurance requirements. Commercial contractors must certify to the experience required. (See charts below.)

RESIDENTIAL ENDORSEMENT CHOICES, BOND, AND INSURANCE (BEGINNING JULY 1, 2008)

Contractors renewing their license on or after July 1, 2008 will be required to choose an endorsement and provide the required bond and insurance amounts from the following:

ENDORSEMENT	BOND AMOUNT	LIABILITY INSURANCE
Residential General Contractor	\$20,000	\$500,000 - per occurrence
Residential Specialty Contractor	\$15,000	\$300,000 - per occurrence
Residential Limited Contractor	\$10,000	\$100,000 - per occurrence
Residential Developer	\$20,000	\$500,000 - per occurrence
The inspector category is no longer an option. Contractors that were licensed in an inspector category must choose a Residential General Contractor or a Residential Specialty Contractor endorsement.		

COMMERCIAL ENDORSEMENT CHOICES, BOND, INSURANCE AND EXPERIENCE REQUIREMENTS (EFFECTIVE JULY 1, 2008)

Contractors renewing their license on or after July 1, 2008 will be required to choose an endorsement, provide the required bond, proof of insurance, and certify the required amount of experience from the following:

ENDORSEMENT	BOND AMOUNT	LIABILITY INSURANCE	EXPERIENCE
Commercial General Contractor Level 1	\$75,000	\$2 million aggregate	8 years
Commercial General Contractor Level 2	\$20,000	\$1 million aggregate	4 years
Commercial Specialty Contractor Level 1	\$50,000	\$1 million aggregate	8 years
Commercial Specialty Contractor Level 2	\$20,000	\$500,000 per occurrence	4 years
Commercial Developer	\$20,000	\$500,000 per occurrence	None
The inspector category is no longer an option. Contractors that were licensed in an inspector category must choose a Commercial General Contractor (Level 1 or 2) or a Commercial Specialty Contractor (Level 1 or Level 2) endorsement.			

What is the difference between a Commercial Level 1 or Level 2 contractor?

There is no difference in the type or size of project that work can be performed on. The only difference is the amount of bond, insurance, and experience that is required.

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Endorsements Continued from page 4

What kind of experience qualifies for commercial level 1 or level 2 contractor?

Commercial contractors choosing a General Contractor or Specialty Contractor (level 1 or level 2) endorsement, must certify that one or more “key employees” have the combined years of construction experience that totals the required amount for the endorsement chosen.

“Key employee” means an employee or owner of a contractor who is a corporate officer, manager, superintendent, foreperson, lead person, or any other employee identified by the Board by rule.

The following qualifies as construction experience:

1. Contractors may use the number of years worked as a licensed contractor, journeyman, foreperson, supervisor, or as any other employee engaged in construction work for a licensed contractor.
2. Completion of an apprenticeship program may substitute for up to three years of experience.
3. A bachelor’s degree in a construction-related field may substitute for up to three years of experience.
4. A bachelor’s degree or master’s degree in business, finance, or economics may substitute for up to two years of experience.
5. An associate’s degree in construction or building management may substitute for up to one year of experience.

Will I be able to have both residential and commercial endorsements?

Contractors who will perform work on residential and large commercial structure types will be required to have a “**dual endorsement.**” Contractors must choose one of the options under residential endorsements and one of the options under commercial endorsements. Two bonds will be required for a dual endorsement – one for the residential endorsement chosen, and another for the commercial endorsement chosen.

Reminder: Complying with the Homebuyer Protection Act

The Homebuyer Protection Act (HPA) is designed to protect homebuyers from construction liens when the buyer has purchased property within 75 days after completion of construction or remodeling work. Construction work performed **before** the sale of a home may result in a lien **after** the sale. This law protects buyers from such liens.

The law took effect January 1, 2004, and is set forth in Oregon Revised Statute (ORS) 87.007. The law applies to the following:

- (1) A new single family residence, condominium unit, or residential building.
- (2) An existing single family residence, condominium unit, or residential building that had at least \$50,000 worth of improvements, additions or remodeling within three months before the sale.

The HPA does not define “residential building,” but ORS 701 defines a “residential structure” as a building with

one or more dwelling units, less than four stories tall.

A contractor who sells a new home, condominium unit, or residential building must protect the purchaser from liens. To comply with the law, the contractor-seller may:

- (1) purchase title insurance that does not exclude filed or unfiled claims of lien;
- (2) retain at least 25% of the sales price in escrow;
- (3) maintain a bond or letter of credit for at least 25% of the sales price;
- (4) obtain lien waivers or releases;
- (5) wait to complete the sale after the deadline for filing liens (usually 75 days); or
- (6) obtain a signed, written waiver from the buyer.

The contractor-seller must complete a form that indicates the protection selected. The form, “Notice of Compliance with the Homebuyer Protection Act (HPA) of 2003,” is

available at www.oregon.gov/ccb. (See “Contractor Forms.”)

In Box B of the form, if the contractor selects the **bond**, the bond must comply with OAR 812-001-0305. The contractor’s CCB surety bond will not satisfy this requirement. If the contractor selects the **letter of credit**, the letter of credit must comply with OAR 812-001-0310. If the contractor selects **written waivers** from subcontractors claiming a lien, the contractor should consult an attorney for the appropriate forms. If the contractor selects the **waiver from buyer**, the waiver is set forth at ORS 87.091. This is a separate waiver form, also available at www.oregon.gov/ccb.

Failing to provide the Notice of Compliance with the HPA is a Class A violation. The penalty is a \$720 fine. If the buyer has to take legal action to remove a lien, the contractor may have to pay up to twice the buyer’s damages, plus the buyer’s costs and attorney fees.

Making A CCB License Change: Categories to Endorsements

Presently, a licensed contractor may change from one license category to another by completing and submitting a Records Change Request form and paying a \$20.00 fee. If the new category requires a bond or insurance in a different amount, the contractor must obtain a new bond (or bond rider) and increase insurance coverage if required. The contractor must submit the new bond and a Certificate of Insurance with the Records Change Request form.

Beginning July 1, 2008, if a contractor wishes to make a change, the contractor must select one of nine new endorsements. Contractors choosing a dual endorsement must pick one residential and one commercial endorsement (see article on page 1). The endorsements, with corresponding bond and insurance requirements, are the following:

ENDORSEMENT	BOND	INSURANCE
Residential General Contractor	\$20,000	\$500,000 per occurrence
Residential Specialty Contractor	\$15,000	\$300,000 per occurrence
Residential Limited Contractor	\$10,000	\$100,000 per occurrence
Residential Developer	\$20,000	\$500,000 per occurrence
Commercial General Contractor – Level 1	\$75,000	\$2 million aggregate
Commercial General Contractor – Level 2	\$20,000	\$1 million aggregate
Commercial Specialty Contractor – Level 1	\$50,000	\$1 million aggregate
Commercial Specialty Contractor – Level 2	\$20,000	\$500,000 per occurrence
Commercial Developer	\$20,000	\$500,000 per occurrence

The contractor will need to obtain a new bond because the bond forms will also change on July 1, 2008. There will be one bond form for residential endorsements and another for commercial endorsements. If the contractor selects a commercial level 1 or level 2 endorsement, the contractor must show that key employees satisfy the experience requirements under the law that takes effect on July 1, 2008. (See the Commercial Endorsement Choices chart on page 4, and the Endorsements article on page 5 of this newsletter for experience requirements.)

The current Records Change Request form is available online at www.oregon.gov/ccb under “Contractor Forms,” “Records Change Request.” You may also obtain a copy of the current form from the CCB by calling 503-378-4621. The revised form for the new endorsement changes will be available by July 1, 2008.

Continuing Education Survey: Round Two

“Thank you” to all the contractors who completed the Continuing Education Survey either online or by mail. Contractor input is valuable to the agency in the process of developing this mandated education program.

Technical problems at the printer and the bindery delayed the mailing of the March newsletter by two weeks. We appreciate those of you who still filled out the survey. Because of those delays in March, we are providing another opportunity for contractors to fill out the survey by going online at www.oregon.gov/ccb. The survey link will be under “Current Topics.” You may also fill out the survey in this newsletter on pages 7 & 8 and mail it to us. All surveys should be returned by July 15th, 2008.

The CCB has received more than 750 returned surveys so far. Information gathered from the surveys will be used in our efforts to administer the programs mandated by the Legislature. Our goal is to develop a common sense program that serves both business community and consumer interests.

⇒ ⇒IMPORTANT! - IMMEDIATE ACTION NEEDED⇐ ⇐

Construction Contractors Board Licensee Continuing Education Survey

The Construction Contractors Board (CCB) seeks input from CCB licensees regarding the type of continuing education system that should be established for all residential contractors. PLEASE RETURN BY JULY 15th 2008.

WHY NOW

The 2007 Legislative Assembly passed HB 2654 recommendation by the Task Force on Construction Claims. Sections of the bill require the CCB to establish a Continuing Education (CE) System. Proponents of the new law have suggested that a quality CCB CE program will reduce construction defects (including defects from moisture intrusion), provide better protections for consumers, and help reduce the cost of state mandated liability insurance.

CCB licensees are invited to fill out this survey and providing input regarding the new CCB Continuing Education System. Simply fold and return this survey to CCB or go online at www.oregon.gov/ccb - go to Current Topics, and select Education Survey. The survey will be online until July 15, 2008. Please include the name of your business and CCB number.

Name of CCB Construction Business:	CCB License Number:
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- How many class hours of general continuing education should be required— per construction business, per year?
 2 12
 6 More than 12
 8
- What person associated with the business should be required to take the CCB continuing education training?
 The licensee's RMI (Responsible Managing Individual)
 Any one owner, or key employee, of the licensee's construction business
 All Owners , Officers, Members of the licensee's construction business
 All employees of the licensee's contracting business
- Should the CCB have oversight authority over the training that qualifies for CCB CE credit to ensure that the training providers and course content provide value to CCB licensees?
 Yes, the CCB should review and approve training providers and course content
 No, CCB should not
- How much are you willing to invest in good quality training for you and your employees per year?
 \$0-\$300 \$1200- \$2000
 \$301-\$600 \$2001 or more
 \$601-\$1200
- Should the CCB restrict the performance of Building Envelope type construction work (roofing, siding, windows and doors, masonry work, etc.) to contractors and their employees that have been trained and "certified" in the application of such building materials?

For the purposes of this survey, please assume that Building Envelope restrictions WOULD substantially improve the quality of the work performed on the building envelope, thus reducing construction defects that harm consumers and adversely affect the cost of state mandated liability insurance. Also consider, that the cost per contractor for training and testing may be substantial, and could affect the supply of contractors and certified workers that may be available to perform building envelope type construction work, thus increasing the cost of construction.

- Yes No

Bad Choices in Bad Economic Times

Economic times are tough. Some economic forecasts suggest that there may be even tougher times ahead.

When times get tough, the Construction Contractors Board (CCB) sees cases of some contractors making bad decisions that could ruin all they have worked for. Here are some situations and their consequences, which the CCB suggests contractors think twice about if faced with similar situations.

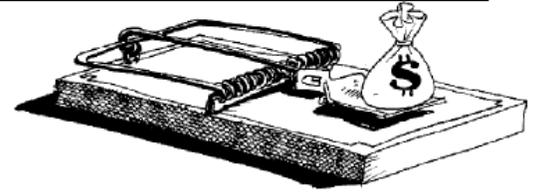
“Paying under the table”

A roofing contractor with nearly 10 years in the business and a good record, decides to hire “Joe” and Joe’s two friends “under the table” to complete a job. The job is done poorly and the roof leaks badly. The insulation is soaked. The sheetrock gets wet and the homeowner finds black mold growing in the attic. The homeowner files a complaint. A new roof will cost more than \$10,000. The cost to replace the insulation will run over \$6,000. The bid to remediate the mold is over \$14,000 and the cost to replace the sheetrock

will be additional. Making matters worse, the roofing contractor is in trouble with the CCB and the Department of Revenue. He is facing the possibility of fines for working out of class (having employees), not having workers compensation insurance, not paying taxes on payroll, and other violations.

“Partnering with a salesperson”

The CCB has encountered a number of contractors who have hooked up with the smooth talking salesperson who convinces the contractor that this “partnership” can increase the contractor’s business tremendously. Using the contractor’s business and CCB license number, the “salesperson” says he will get the jobs, and the contractor can concentrate on the work. It will be a great partnership! What the contractor fails to recognize, is that this new partner has a “bad” track record and can’t get a CCB license on his own. The salesperson sells jobs under the contractor’s license, takes the deposits he has collected from customers, and



high-tails it. Soon, the complaints from customers who have paid deposits but have seen no work, start coming in and the licensee is responsible for the mess.

“Working illegally”

Recently, the CCB encountered a contractor who decided that the bond and insurance premiums, and the cost of the CCB license were too much. He terminated his CCB license, but continued to work. A homeowner who heard about the CCB from a friend, decided to check on the license after contracting with the former licensee. Once the homeowner determined that the contractor wasn’t licensed, he refused to pay for the work and filed a complaint with the CCB. Not only was the “contractor” issued a \$5000 CCB civil penalty against him, but he also lost his legal rights to claim a lien, or to file a lawsuit in court for the monies owed by the homeowner.

Reminder About Contract Terms

Since January 1, 2008, contractors working on residential construction projects must include the following in the written contract:

- A statement that the contractor is licensed by the CCB
- The contractor’s name, address, phone number, and CCB license number that is shown on CCB records
- The customer’s name, address where the work will be performed, a description of the work to be performed, the price, and the payment terms
- A summary of the notices required: Consumer Protection Notice, Notice of Procedure, and Information Notice to Owner about Construction Liens

- An explanation of the property owner’s rights under the contract including but not limited to, the ability to file a complaint with the board, and the existence of any mediation and arbitration provision in the contract

Contracts are also required to be legible and in dark ink.

Beginning July 1, 2008, contracts for new residential construction will also require:

- The acknowledgment of a written offer of warranty, including the acceptance or rejection of the offer
- The acknowledgment of the property owner’s receipt of maintenance information

The CCB has developed a couple of tools that can assist contractors in complying with specific contract terms. **The Contract Checklist** (included in the March 2008 newsletter) and the **Contract Addendum**. Both are available on the CCB website under “Contractor Forms.” Contractors are not required to use the addendum, but contractors must incorporate the addendum’s contract requirements into their own contracts.

Remember, contractors that fail to commit a contract to writing when required, are prohibited from claiming a lien. Contracts that exceed \$2,000 must be committed to writing.

Energy Trust of Oregon Invites You to Become a Home Energy Solutions Trade Ally

By Noëlle J. Saint-Cyr, Energy Trust of Oregon—Home Energy Solutions Program

Would you like to better expose your business to thousands of energy-conscious Oregonians by offering Energy Trust cash incentives? Only members of Energy Trust's Home Energy Solutions Trade Ally Network are able to pass along these and other incentives to their customers.

Our Energy Trust trade allies are recognized as leaders in the energy-efficiency marketplace. Trade ally contractors of Home Energy Solutions—Energy Trust's existing homes program—enjoy many benefits, including:

- The ability to offer customers Energy Trust cash incentives, plus exclusive rights to offer bonus incentives
- Detailed company listing on Energy Trust's website
- Cooperative marketing dollars to offset the cost of marketing materials
- Free subscription to Energy Trust's "Insider" e-newsletter and program announcements to stay you ahead of the curve

- Discounts on diagnostic equipment and technical training
- Valuable training on topics such as incentive submission requirements, Home Energy Solutions weatherization specifications and quality control policies
- Influence in Energy Trust programs through surveys, roundtable meetings, and direct contact with the trade ally coordinator

Trade ally membership is free and open to CCB-licensed contractors and installers who provide plumbing, HVAC, insulation and/or windows services.

Trade allies are an essential part of Energy Trust of Oregon. These specialized companies enter into a collaboration with Energy Trust to provide energy-efficiency, renewable-energy equipment, and services to homeowners. Trade allies are the most important part of our program because they are often the first representatives of Energy Trust programs to the public.

What trade ally membership involves

First, a Home Energy Solutions trade

ally orientation will walk you through all the benefits and requirements of being a trade ally. These sessions are interactive and designed to answer any questions that you might have. In your session, you will learn to promote the Home Energy Solutions program to your customers and support the sales and installation of appropriate energy-efficiency equipment. You will also come away with a clear understanding of program guidelines and how to accurately submit incentive paperwork for your customers. You must attend a program orientation to become a Home Energy Solutions trade ally.

Join the Energy Trust Trade Ally Network and expand your business opportunities through energy efficiency. To register for a Trade Ally Orientation and request application materials, or for more information on the Home Energy Solutions Trade Ally Network, please contact Trade Ally Coordinator, Noëlle Saint-Cyr, at 503-523-4837 or Noelle.Saint-cyr@energytrust.org.

CCB BY THE NUMBERS (JANUARY - MARCH 2008)

Licensing:

Number of Licensed Contractors ----- **46,265**
 Number of new applications ----- **1,333**
 Number of renewal ----- **6,402**
 Number of active certified Home Inspectors --- **558**

Dispute Resolution:

Number of complaints filed ----- **699**
 Number of investigations ----- **237**
 Number of settlements on-site ----- **170**
 Number of final orders issued ----- **176**

Enforcement:

Complaints of illegal activity ----- **1,276**
 Jobsite inspections ----- **1,358**
 Investigations opened ----- **1,277**
 Warnings issued ----- **256**
 Number of licenses suspended ----- **134**

Education:

Number of candidates tested ----- **1,122**
 Number of candidates passing on 1st attempt **978**

Customer Service:

Incoming telephone calls ----- **27,996**

New Large Commercial Structures Require a Warranty

A new law requires that a Commercial General Contractor, Level 1 or Level 2, who constructs a new, large commercial structure must provide the owner with a two-year warranty against defects in materials and workmanship of the building envelope and penetration components. The warranty must provide that the contractor will inspect the building envelope and penetration components yearly. The warranty does not need to cover conditions that result from the owner's improper maintenance or neglect.

The following questions and answers help to explain a contractor's obligations under the new law.

What is a "warranty?"

A warranty is an obligation by the seller that the seller's product (here, a commercial building) is free from defective materials or workmanship, together with a promise to repair or replace the defective items and faulty work. A warranty is not a guarantee. Repair or replacement is satisfied by meeting building industry standards. There does not need to be complete customer satisfaction. Generally, a warranty does not cover items that arise from customer neglect.

What is a "large commercial structure?"

A large commercial structure is not a residence and:

- If a stand-alone building, has a ground area of more than 10,000 square feet
- If a unit in a larger building, has a ground area of more than 12,000 square feet or
- Is a building or unit more than 20 feet tall

What is a "building envelope?"

A building envelope consists of the roof, walls, exterior floor, windows, and doors of a building. It separates the inside from the outside. A building envelope must

balance the need for ventilation and daylight while providing protection from heat, cold, and moisture.

What are "penetration components?"

"Penetration" means the act of entering into or through. "Component" means an individual part of something. Using the ordinary meaning of the phrase "penetration component," it is possible to identify several components in a house that penetrate the building envelope. Those things include chimneys, vents, or outdoor light receptacles.

What period of time must the warranty cover?

The warranty is for two years. While not so stated, the warranty usually begins upon the completion of construction.

How much may the contractor charge for the warranty?

It is up to the contractor and the owner to decide what amount, if any, the owner or purchaser will pay for the warranty.

Does this law apply to all contractors who build new large commercial structures, or only to those endorsed as commercial contractors on or after July 1, 2008?

The law applies only to contractors who obtain a new or renewal license, on or after July 1, 2008, who are endorsed as a Commercial General Contractor, Level 1 or 2. The law applies only to **those** contractors when they build new, large commercial structures.

Currently, the law does not apply to:

- Commercial General Contractors, Level 1 or 2, building **small** commercial structures
- Commercial Specialty Contractors, Level 1 or 2, working on any commercial structure
- Residential Contractors, any endorsement, building any structure or

- Contractors licensed before July 1, 2008 who have not yet renewed under an endorsement, even if they build large commercial structures

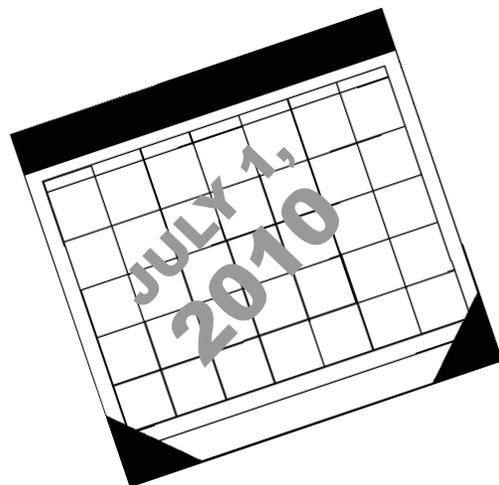
Workers Comp To Be Required for Commercial Contracts in 2010

Beginning July 1, 2010, all commercial contracts will be required to carry workers compensation insurance. This includes contractors with an exempt class of licensure (no employees).

As of July 1, 2010, ORS 701.035 (5) will read:

A person that is within the exempt class described in subsection (2)(b) of this section and is licensed as a commercial contractor shall procure and maintain workers compensation insurance as authorized by ORS 656.128.

For more information on Workers Comp, contact the Oregon Workers Compensation Division at 503-947-7810 or 1-800-452-0288.



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New Business Entities

When you first obtained a license from the CCB, you selected a “business entity,” meaning the type of business under which you would operate. From time to time, a contractor may need or want to create a new business entity.

Just like an individual is “born,” each business entity is “created” and becomes new and distinct from every other business entity. Therefore, if you create a new business entity, you will need to make a new license application for the new business entity. For information on creating a new business entity, visit “Contractor Help” on the CCB website.

What’s the buzz?

Laws about the Buyer’s Right to Cancel Contracts



Oregon law permits homeowners the right to cancel construction contracts with laws known as the **Three-day Buyer’s Right to Cancel** and the **One-day Right to Cancel**.

The **Three-day Buyer’s Right to Cancel**, also known as the **Home Solicitation Law**, is not new. It has been part of Oregon law for many years. It applies to all contracts (including construction contracts) that are solicited at any place other than the contractor’s place of business. It allows the homeowner up to three days to cancel a contract. Home solicitation sales have specific requirements and contractors are obligated to provide the homeowner with information outlined in Oregon Revised Statute (ORS) 83.730.

New to Oregon law is the **One-Day Right to Cancel**. Beginning January 1, 2008, this law permits a property owner to cancel any initial contract for construction, improvement, or repair on residential structures. (The law does provide for certain exemptions.) The property owner must provide the contractor with written notice prior to midnight of the next business day. The contractor does not have any notice requirements.