



**Oregon Construction Contractors Board**  
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[www.oregon.gov/ccb](http://www.oregon.gov/ccb)

**FOR IMMEDIATE RELEASE:**

DATE: December 14, 2007 (07-16)  
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**Construction Contractors Face Many Changes January 1<sup>st</sup>**

The construction industry is faced with many changes as new laws from the 2007 Legislative session begin taking effect. Though some the bigger changes won't become effective until July 2008, the following are the changes that affect contractor licensing laws beginning January 1, 2008.

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

Licensed contractors are prohibited 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 Increase for New CCB License Applicants**

New applicants for a CCB license must 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

Contractors with a CCB license that have a renewal date between January 1, 2008 and June 30, 2008 will not have the bond increases apply at this renewal.

Contractors with a CCB license that have a renewal date on or after July 1, 2008 will be required to provide the bond that corresponds with the "new endorsement" they have chosen. For more information on endorsements, visit [www.oregon.gov/CCB](http://www.oregon.gov/CCB) and view the 2007 Legislative Guide under *Current Topics*.

**Chimney Cleaning or Servicing Requires a CCB License**

Businesses that clean or service chimneys 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.

## **Consumer Notices Mandates for Residential Projects**

New laws have updated the requirements for the three notices contractors must provide to property owners when contracting for work on a residential construction project.

The **Consumer Protection Notice**, adopted December 4, 2007, is the most recent Consumer Protection Form, containing the required information mandated by the new law.

Beginning January 1, 2008, contractors must provide the notice at the time of contract. (Previously, this form had been required to be given at the time of bid.) No other version of this notice may be used.

Contractors must maintain proof of delivery for two years after the contract was entered into. Proof may include but not be limited to:

- A signed copy
- An unambiguous phrase in the written contract that acknowledges receipt and has been initialed by the property owner.
- A copy of the written contract if the notices are fully contained in the written contract.

The **Notice of Procedure**, adopted December 4, 2007, will replace the form “Owners Duty to Notify Contractor in the Event of a Residential Construction Dispute” effective January 1, 2008. No other version of this notice may be used.

Contractors must provide the form at the time of contract.

Contractors must maintain proof of delivery for two years after the contract was entered into. Proof may include but not be limited to:

- A signed copy
- An unambiguous phrase in the written contract that acknowledges receipt and has been initialed by the property owner.
- A copy of the written contract if the notices are fully contained in the written contract.

The **Information Notice to Owner about Construction Liens**, adopted December 4, 2007, is the most recent version the notice and contains the required information mandated by the new law. No other version of this notice may be used.

The requirement that a contractor is required to give the notice when the contract amount is \$1,000 or more has not changed.

The contractor must deliver the notice by any of the three methods listed below:

- In person,
- By registered or certified mail, or
- By first class mail with a certificate of mailing.

Contractors must maintain proof of delivery for two years after the contract was entered into. Proof may include but not be limited to:

- A signed copy

- An unambiguous phrase in the written contract that acknowledges receipt and has been initialed by the property owner.
- A copy of the written contract if the notices are fully contained in the written contract.

Copies of the notices are available to download from the CCB website. The adopted date is located on the bottom of each form. Contractors may request to have a copy of the notice mailed to them by calling the CCB at 503-378-4621.

OAR 812-012-0130 (New January 1, 2008)

### **Written Contracts**

Contractors are required to have a written contract if the contract price (at any time) is \$2,000 or more. This has not changed.

Effective January 1, 2008 contractors that are required to provide a written contract must include as part of the written contract or as an addendum, the following:

- 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 the CCB records.
- The customer's name, address of where the work is to 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.

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

- The acknowledgement of a written offer of warranty including the acceptance or rejection of the offer.
- The acknowledgment of maintenance information.

OAR 812-012-0110 (New January 1, 2008)

The CCB has developed an addendum to assist contracts in complying with specific contract terms. This will be available on the CCB website after December 20, 2008. Contractors are not required to use the addendum. Contractors may incorporate the requirements into their own contracts.

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

### **Court Judgments Notification Requirement**

Effective January 1, 2008, construction contractors will be required 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.

### **Drug House Rehabilitation Contractors (Line of Credit)**

Effective January 1, 2008, a contractor that is a nonprofit organization rehabilitating illegal drug manufacturing sites may 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.

### **“Flipping Houses”**

Effective January 1, 2008, 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.

### **Home Inspector Certification Fee**

Effective January 1, 2008, the CCB will require a fee of \$150 for the initial issuance or the renewal of a two-year home inspector certification. (This replaces the current, annual fee of \$75.)

### **Insurance- Completed Operations Coverage**

Effective January 1, 2008, upon CCB license renewal, contractor liability insurance shall include coverage of liability for products and completed operations.

### **One-Day Rescission Option for Consumers**

Beginning January 1, 2008, 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**

Effective January 1, 2008, a licensed contractor must 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**

Effective January 1, 2008, 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. (Previous legislation permitted a one year exemption) Any contractor or subcontractor may elect not to file public works bonds for any project with a contract price for less than \$100,000.

### **Responsible Managing Individual (RMI)**

Effective January 1, 2008, the RMI is required to exercise of management or supervisory authority over the construction activities of the business. This is defined by rule as:

- The administration of construction contracts performed by the business, or
- The administration of the day-to-day operations of the business.

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.

The CCB is a state agency licensing more than 46,000 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 and find information for successful projects at [www.hirelicensedcontractor.com](http://www.hirelicensedcontractor.com) or by visiting [www.oregon.gov/CCB](http://www.oregon.gov/CCB) . Consumers can also get information by calling 503-378-4621.

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