

**A-Engrossed  
House Bill 2112**

Ordered by the House May 11  
Including House Amendments dated May 11

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Presession filed (at the request of Governor Theodore R. Kulongoski for Construction Contractors Board)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

*[Requires construction contractor whose mandatory insurance or alternative form of security ceases to be in effect during term of license to provide board with evidence that suitable replacement insurance or alternative form of security is in effect.]*

*[Requires that insurer or designee canceling construction contractor insurance give Construction Contractors Board at least 30 days' notice before effective date of cancellation. Extends coverage of policy that is canceled without adequate notice until 30 days after board receives notice.]*

**Requires contractor constructing new residential structure or zero-lot-line dwelling to offer warranty and provide recommended maintenance schedule for structure or dwelling. Requires Construction Contractors Board to develop recommended maintenance schedule information and to develop standard contractual terms for use in required written construction contracts. Gives property owner conditional right to cancel written contract for construction, improvement or repair of residential structure or zero-lot-line dwelling.**

**Applies to new residential structures and zero-lot-line dwelling for which sale closes on or after July 1, 2008.**

**A BILL FOR AN ACT**

1  
2 Relating to construction contractors.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 to 5 of this 2007 Act are added to and made a part of ORS chapter**  
5 **701.**

6 **SECTION 2. As used in sections 3 to 5 of this 2007 Act, "zero-lot-line dwelling" means a**  
7 **single-family dwelling unit constructed in a group of attached units in which:**

- 8 (1) Each attached unit extends from foundation to roof with open space on two sides; and  
9 (2) Each dwelling unit is separated by a property line.

10 **SECTION 3. A contractor that constructs a new residential structure or zero-lot-line**  
11 **dwelling shall offer to the property owner a written warranty against defects in materials**  
12 **and workmanship for the structure or dwelling. A property owner may accept or refuse the**  
13 **offer of a warranty by the contractor.**

14 **SECTION 4. (1) A contractor that constructs a new residential structure or zero-lot-line**  
15 **dwelling shall provide a recommended maintenance schedule to the property owner.**

16 (2) The Construction Contractors Board shall develop the minimum information that a  
17 contractor shall provide to a property owner under subsection (1) of this section. The mini-  
18 mum information shall include, but need not be limited to, the following:

- 19 (a) Definitions and descriptions of moisture intrusion and water damage.  
20 (b) An explanation of how moisture intrusion and water damage can occur.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (c) Advice on how to recognize the signs of water damage.

2 (d) Appropriate steps to take when water damage is discovered.

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

5 **SECTION 5.** (1) The Construction Contractors Board shall adopt rules that require a  
6 contractor to use standard contractual terms in construction contracts for which ORS  
7 701.055 requires a written contract. The standard contractual terms shall be clear, use words  
8 of common understanding and shall include, but need not be limited to:

9 (a) An acknowledgement of a written warranty offer, if an offer is required by section 3  
10 of this 2007 Act, and indication of the acceptance or rejection of the warranty offer;

11 (b) A summary on the contractor's bid proposal of the notices required under ORS 87.093  
12 or under rules adopted under 701.055 (13);

13 (c) Acknowledgement of the receipt of the information required by the board under sec-  
14 tion 4 of this 2007 Act;

15 (d) An explanation of the property owner's rights under the contract, including, but not  
16 limited to, the ability to file a claim with the board and the existence of any mediation or  
17 arbitration provision in the contract, set forth in a conspicuous manner as defined by the  
18 board by rule; and

19 (e) Notice of the construction defect notice procedure under ORS 701.560 to 701.595, set  
20 forth in a conspicuous manner as defined by the board by rule.

21 (2) A property owner who enters into a written contract for the construction, improve-  
22 ment or repair of a residential structure or zero-lot-line dwelling may cancel the contract  
23 by delivery of a written notice of cancellation anytime prior to midnight at the end of the  
24 next business day. The notice of cancellation may be delivered in any written form or by any  
25 means that can readily be converted to written form, including, but not limited to, facsimile,  
26 electronic mail and regular mail, that sufficiently states the intention of the property owner  
27 to cancel the contract.

28 (3) Subsection (2) of this section does not allow a property owner to cancel a contract:

29 (a) If both parties agree that work is to begin before the cancellation period has expired;  
30 or

31 (b) After a contractor substantially begins the construction, improvement or repair.

32 **SECTION 6.** Sections 2 to 5 of this 2007 Act apply to new residential structure or zero-  
33 lot-line dwelling sales that close on or after July 1, 2008.

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