

House Bill 3475

Sponsored by Representative KOTEK; Representatives CANNON, COWAN, GREENLICK, ROSENBAUM, TOMEI, WITT (at the request of Mike Fahey)

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 **as introduced**.

Requires that warranty for materials used in residential construction include coverage for reasonable cost of labor to replace defective materials.

A BILL FOR AN ACT

1
2 Relating to warranties; creating new provisions; and amending ORS 701.605.

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

4 **SECTION 1. (1) Any warranty given by a manufacturer, material supplier, contractor or**
5 **subcontractor covering materials used in a residential structure must cover the reasonable**
6 **cost of labor to replace the materials if defective. If the warranty provides prorated coverage**
7 **for the materials, the warrantor may prorate the coverage for the cost of labor on the same**
8 **basis that is used to prorate coverage for the materials.**

9 **(2) Any document purporting to waive the provisions of subsection (1) of this section is**
10 **void.**

11 **(3) Unless a warranty for building materials expressly states that the warranty for the**
12 **materials does not apply for use in a residential structure, there is a conclusive presumption**
13 **that the warrantor intends the warranty to apply to the materials when used in a residential**
14 **structure and intends to provide coverage for the reasonable cost of labor to replace the**
15 **materials if defective.**

16 **SECTION 2.** ORS 701.605 is amended to read:

17 701.605. (1) To facilitate the handling of warranty work or remediation of defects to a new
18 commercial or residential structure, a contractor who builds the structure may present for recording
19 in the deed records of the county in which the new structure is built a written warranty agreement
20 that:

21 (a) Is signed by the contractor and the original owner of the new structure;

22 (b) Sets forth any express warranties furnished by the contractor; and

23 (c) Contains the names of the contractor and the original property owner, the title of the doc-
24 ument, a legal description of the property and acknowledgment of the signatures of the parties in
25 the same manner as the parties to a deed are acknowledged.

26 (2) The warranties set forth in the recorded warranty agreement:

27 (a) Benefit and burden subsequent owners of the structure.

28 (b) Cease to affect title to the property 10 years after the date the instrument is recorded.

29 **(3) A contractor may not record a warranty covering defects in materials used to con-**
30 **struct a residential structure unless the warranty also covers the reasonable cost of labor**
31 **to replace the materials if defective. The warranty may be prorated as described in section**

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 **1 of this 2007 Act.**

2 **SECTION 3. Section 1 of this 2007 Act and the amendments to ORS 701.605 by section 2**
3 **of this 2007 Act apply to warranties provided on or after the effective date of this 2007 Act.**

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