

House Bill 3327

Sponsored by Representative G SMITH

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 certain residential general contractors engaging in remodeling or repair project more than \$20,000 in value to tour residential structure with property owner and provide property owner with itemized and detailed description for each feature of proposed construction work. Limits amount collected by contractor prior to completion and property owner approval and acceptance of itemized and described construction features. Requires contractor to request mediation by Construction Contractors Board before bringing action or suit or pursuing other remedies to collect payment from property owner unreasonably withholding approval and acceptance.

Applies to contracts entered into on or after January 1, 2010.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1 Relating to construction contractors; and declaring an emergency.

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

3 **SECTION 1. Section 2 of this 2009 Act is added to and made a part of ORS chapter 701.**

4 **SECTION 2. (1) As used in this section, "major residential contractor" means a residen-**
5 **tial general contractor that is a company offering securities registered with the United**
6 **States Securities and Exchange Commission for sale to the general public.**

7
8 **(2) A major residential contractor may not enter into a contract to remodel or repair an**
9 **owner-occupied one or two family residential structure for a price that exceeds \$20,000 un-**
10 **less:**

11 **(a) The contractor and the property owner jointly tour the structure prior to entering**
12 **into the contract and identify the construction work to be performed; and**

13 **(b) The written contract for the work to be performed or arranged for by the contractor**
14 **itemizes and describes in detail each of the major features of the construction work to be**
15 **performed.**

16 **(3) Subsection (2) of this section does not prevent a mutual agreement to amend or alter**
17 **the construction contract without conducting an additional joint tour, but any contract**
18 **changes that make additions or alterations to the construction features originally agreed**
19 **upon must be itemized and described in detail in writing.**

20 **(4) If a major residential contractor enters into a contract described in subsection (2) of**
21 **this section, upon substantial completion of the construction work the contractor shall ar-**
22 **range for a joint tour of the structure by the contractor and the property owner. Upon**
23 **commencement of the joint tour, the contractor shall present the property owner with a**
24 **listing of the features of the construction work that were itemized and described in detail in**
25 **the written contract. For each listed feature of the construction work, the property owner**
26 **shall initial the listing to indicate approval and acceptance of the feature or shall state in**
27 **writing on the listing or separately the specific reason why the feature does not comply with**

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 the itemized and detailed description of the feature in the written contract. If the property
2 owner does not approve and accept a construction feature, the property owner shall state in
3 writing the specific changes in the work necessary to bring the feature into compliance with
4 the itemized and detailed description of the feature in the written contract.

5 (5) Except as provided in this subsection, prior to property owner approval and accept-
6 ance of the completed construction work under subsection (4) of this section, a major resi-
7 dential contractor may not collect or retain more than 50 percent of the original contract
8 price. If the property owner agrees in writing to contract changes that result in a net in-
9 crease in the contract price of \$20,000 or more, the contractor may collect and retain 50
10 percent of the contract price increase. This subsection does not prohibit a contractor from
11 retaining properly collected amounts after a contract price decrease. Subject to subsection
12 (6) of this section, this subsection does not prevent a contractor from obtaining payment for
13 completed construction work from a property owner that unreasonably withholds approval
14 and acceptance.

15 (6) If a major residential contractor believes that a property owner has unreasonably
16 withheld approval and acceptance of properly completed construction work, the contractor
17 may file a request with the Construction Contractors Board for mediation of the dispute. The
18 contractor may file an action or suit or pursue other available remedies to collect the bal-
19 ance of the moneys due under a contract described in subsection (2) of this section only if:

20 (a) The property owner refuses a board offer to mediate the dispute; or

21 (b) The board declares after reasonable effort that the board is unable to resolve the
22 dispute by mediation.

23 (7) The board may adopt rules to identify and define construction features and establish
24 requirements for the itemization and description of construction features in contracts sub-
25 ject to this section.

26 **SECTION 3.** Section 2 of this 2009 Act applies to contracts entered into on or after Jan-
27 uary 1, 2010.

28 **SECTION 4.** This 2009 Act being necessary for the immediate preservation of the public
29 peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect
30 on its passage.

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