House Bill 4020

Sponsored by Representative SMITH G; Representatives HUDSON, REARDON (Presession filed.)

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 proposing remodel or repair project of 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 contractor may collect before completion and before property owner's 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 that unreasonably withholds approval and acceptance.

Applies to contracts entered into on or after January 1, 2023.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to construction contractors; and prescribing an effective date.

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

SECTION 1. Section 2 of this 2022 Act is added to and made a part of ORS chapter 701.

SECTION 2. (1) As used in this section, “major residential contractor” means a residential contractor that is:

(a) A general contractor; and

(b) A company that offers securities registered with the United States Securities and Exchange Commission for sale to the general public.

(2) A major residential contractor may not enter into a contract to remodel or repair an owner-occupied one-family or two-family residential structure for a contract price that exceeds $20,000 unless:

(a) The major residential contractor and the property owner jointly tour the residential structure before entering into the contract and jointly identify the construction work the major residential contractor will perform or oversee; and

(b) The written contract for the construction work that the major residential contractor will perform or oversee itemizes and describes in detail each of the major features of the construction work.

(3) Subsection (2) of this section does not prevent a mutual agreement to amend or alter the construction contract without conducting an additional joint tour, but in the amendment or alteration the major residential contractor shall itemize and describe in detail and in writing any additions or alterations to the construction features to which the major residential contractor and property owner originally agreed.

(4) If a major residential contractor enters into a contract described in subsection (2) of this section, upon substantial completion of the construction work the major residential contractor shall jointly tour the structure with the property owner. Before beginning the joint tour, the major residential contractor shall present the property owner with a listing

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.

LC 110
of the features of the construction work that the written contract had itemized and de-
scribed in detail. The property owner shall initial each item in the listing to indicate approval
and acceptance of the feature or shall state in writing on the listing, or separately in writing,
the specific reason why the feature does not comply with the itemized and detailed de-
scription of the feature in the written contract. If the property owner does not approve and
accept a construction feature, the property owner shall state in writing the specific changes
in the work that are necessary to bring the feature into compliance with the itemized and
detailed description of the feature in the written contract.

(5) Except as provided in this subsection, before a property owner approves and accepts
the completed construction work under subsection (4) of this section, a major residential
contractor may not collect or retain more than 50 percent of the original contract price. If
the property owner agrees in writing to contract changes that result in a net increase in the
contract price of $20,000 or more, the major residential contractor may collect and retain 50
percent of the contract price increase. This subsection does not prohibit a major residential
contractor from retaining properly collected amounts after a contract price decrease. Sub-
ject to subsection (6) of this section, this subsection does not prevent a major residential
contractor from obtaining payment for completed construction work from a property owner
that unreasonably withholds approval and acceptance.

(6) If a major residential contractor believes that a property owner has unreasonably
withheld approval and acceptance of properly completed construction work, the major resi-
dential contractor may file a request with the Construction Contractors Board for mediation
of the dispute. The major residential contractor may initiate an action or suit or pursue
other available remedies to collect the balance of the moneys due under a contract described
in subsection (2) of this section only if:
   (a) The property owner refuses a board offer to mediate the dispute; or
   (b) The board declares after reasonable effort that the board cannot resolve the dispute
by mediation.

(7) The board may adopt rules to identify and define construction features and establish
requirements for itemizing and describing construction features in contracts that are subject
to this section.

SECTION 3. Section 2 of this 2022 Act applies to contracts into which a major residential
contractor and a property owner enter on or after January 1, 2023.

SECTION 4. This 2022 Act takes effect on the 91st day after the date on which the 2022
regular session of the Eighty-first Legislative Assembly adjourns sine die.

[2]