

www.orcontractors.org  
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# The Level

SINCE 2004 - Ushering in the new  
Millennium with News and Information  
for the Construction Community in  
Oregon.  
We listen to what you want to read.

Vol. 4 No. 1

"Contractors Helping Contractors"

January 22, 2008



## Oregon Contractors Assoc.

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**Membership:** \$320.00 year

### OCA SERVICES:

At Oregon Contractors Association we offer many services that are designed to help those within the construction community. In addition to this newsletter, we are creating member discounts on various services and products from sponsoring companies. We have a great Workmans' Compensation Program set up with the Oregon Contractors Workmans' Compensation Trust, and other benefits in the works. We also keep you aware of political changes that could effect you.

### WE WANT TO HEAR FROM YOU.

The reason this newsletter is so successful, is because of you, the reader. We created *The Level* to act as a help to our members and the rest of the construction community. Please feel free to submit stories about your work or your client's projects, or tell us what you would like to read about. We are here to serve you.

### ADVERTISING:

Special rates are available to our members, and other groups. Call to see if you qualify. A&E firms, and General Contractors can be featured & highlighted as part of our special advertising service. Get your logo prominently featured in our newsletter or on our website.

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## CHANGES TO THE CCB BECOME LAW AFTER THE 2007 LEGISLATIVE SESSION

The main story in this quarter's newsletter is about the changes in laws that have just gone into effect because of the 2007 Oregon Legislative Session. Some are good, some ultimately have no change, and a few make it harder on contractors. While we would have liked to have seen legislation that holds the government accountable for what they do, we feel it is important to let our members know about what the new changes are.

The following are a list of major changes that most contractors should be aware of. The complete list of the changes can be found on the Construction Contractors Board website located at [www.oregon.gov/ccb](http://www.oregon.gov/ccb) and follow the link to the Construction Contractors Board Legislative Summary for 2007. We hope you find this information useful, although any questions on how this might effect you directly should be directed to the CCB at 503-378-4621.

Here is the partial list of changes, the effective operative date, and the legislation from which it steams:

### MAINTENCE SCHEDULE

**Operative date:** July 1, 2008

**Legislation:** HB 2654 Section 13

This section of HB 2654 requires contractors that construct a new residential structure to provide the first purchaser or owner a recommended maintenance schedule. The maintenance schedule must contain the following minimum information:

- Definitions and descriptions of moisture intrusion and water damage.
- An explanation of how moisture intrusion and water damage can occur.
- A description and recommended schedule for maintenance to prevent moisture intrusion.
- Advice on how to recognize the signs of water damage.
- Appropriate steps to take when water damage is discovered.

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

## Upcoming Events for OCA

February 19th - OCA Member Meeting (Third Tuesday).

March 3<sup>rd</sup> - FreedomFest 2008 after the Dorchester Conference Tent Show  
approximately 9:00 pm.

March 22<sup>nd</sup> - OCA Training Class for Flagger Certification. Member Cost  
\$60 See the story on page3.

## WARRANTY – LARGE COMMERCIAL STRUCTURE ENVELOPE

**Operative date:** July 1, 2008

**Legislation:** HB 3242 Section 12

Commercial general contractors (level 1 or level 2) that construct a new large commercial structure must provide the owner of the structure with a two-year warranty against defects in materials and workmanship of the building envelope. The warranty shall provide that the contractor will annually inspect the building during the warranty period. The warranty may exclude coverage resulting from improper building maintenance by the owner.

## WARRANTY – RESIDENTIAL

**Operative date:** July 1, 2008

**Legislation:** HB 2654 Section 11

Contractors that construct a new residential structure must offer to the first purchaser or owner a written warranty against defects in materials and workmanship for the structure. The owner may accept or refuse the offer of the warranty. If the contractor offers the warranty before both parties sign the contract and the owner refuses the warranty offer, the contractor may withdraw the offer to construct the dwelling. This law does not apply to manufactured dwellings.

## ONE-DAY RESCISSION OPTION FOR CONSUMERS

**Operative date:** January 1, 2008

**Legislation:** HB 2654 Section 8

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

**Operative date:** January 1, 2008

**Legislation:** SB 91

SB 91 requires a licensed contractor to notify the CCB of changes to the names or address of owners, officers, managers, members, trustees, or responsible managing individuals.

## PROHIBITS CLAIMING A LIEN WITHOUT A WRITTEN CONTRACT

**Operative date:** January 1, 2008

**Legislation:** HB 2654 Sections 5 & 7

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

## CONSUMER NOTICES – RESIDENTIAL STRUCTURES

**Operative date:** January 1, 2008

**Legislation:** HB 2654 Sections 14 & 16

HB 2654, section 14, updates the requirements for the three notices contractors must provide to property owners when contracting for work on a residential construction project. These notices are:

- Consumer Protection Notice
- Notice of Procedure
- Information Notice to Owner about Construction Liens

HB 2654, section 14, required the CCB to adopt rules specifying what information must be included in the consumer notice (Consumer Protection Notice) and delivery requirements. At a minimum the notice must inform a property owner of actions to take to protect the owner in a residential repair, remodel or construction project. The form must contain signature lines for the contractor and the property owner. Contractors must provide the notice at the time of contract. Previously, this form had been required to be given at the time of bid.

HB 2654, section 14, also required the CCB to adopt by rule a notice of procedure form that explains the procedure a property owner must take prior to filing a court action or arbitration request. This form entitled "Notice of Procedure" will replace the form "Owners Duty to Notify Contractor in the Event of a Residential

Construction Dispute". Contractors must provide the form at the time of contract. HB 2654, section 16, amends ORS 87.093, which governs the "Information Notice to Owner" relating to construction lien law. The notice must contain signature lines for the contractor and the property owner. The contractor must deliver the notice personally, by registered or certified mail, or by first class mail with a certificate of mailing. See Appendices A through C for copies of the notices that are effective January 1, 2008.

## CONTRACTS TO HAVE STANDARD LANGUAGE

**Operative date:** January 1, 2008

**Legislation:** HB 2654 Section 7 (2)

The CCB must adopt rules requiring contractors to use standard terms in a construction contract, including the following:

- A statement that the contractor is licensed.
- The contractor's name, CCB license number, address and phone number of record.
- An acknowledgment of a written offer of warranty, if an offer is required.
- For residential structure contracts, a summary of the notices required to be given.
- For new residential construction, the acknowledgement of the written offer of a warranty (first required July 1, 2008).
- For new residential construction, the acknowledgement of the receipt of the maintenance information (first required July 1, 2008).
- An explanation of the property owner's rights under the contract, including the right to file a claim with the board and the existence of mediation or arbitration provisions in the contract.

## EXECUTIVE FINANCIAL INSURANCE

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**COURT JUDGMENTS NOTIFICATION REQUIREMENTS**

**Operative date:** January 1, 2008  
**Legislation:** HB 2107 Section 2  
 HB 2107 requires construction contractors 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.

**PUBLIC WORKS BOND EXTENSION FOR MWESB EXEMPTION**

**Operative date:** January 1, 2008  
**Legislation:** HB 2776 Section 1  
 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. Any contractor or subcontractor may elect not to file public works bonds for any project with a contract price for less than \$100,000.

**EXPERIENCE REQUIREMENTS FOR COMMERCIAL CONTRACTORS**

**Operative date:** July 1, 2010  
**Legislation:** HB 3242 Sections 4 & 8  
 Contractors licensed as commercial contractors are required to have one or more key employees who satisfy certain (combined) minimum experience requirements. To qualify, the experience must have been gained as a licensed contractor, journeyman, foreperson or supervisor, or as any other employee engaged in construction work for a licensed construction contractor. The following education may substitute for a portion of required experience:

- Completion of an apprenticeship program (may substitute for up to three years experience).
- A bachelor's degree in a construction-related field (may substitute for up to three years experience).
- A bachelor's or master's degree in business, finance or economics (may substitute

for up to two years experience).  
 • An associate's degree in construction or building management (may substitute for up to one year experience).

**CONTINUING EDUCATION – COMMERCIAL ENDORSEMENT**

**Operative date:** July 1, 2010  
**Legislation:** HB 3242 Sections 9 & 25  
 Beginning July 1, 2010, a Commercial General Contractor Level 1 or Commercial Specialty Contractor Level 1 having more than four key employees shall have a key employee, or combination of key employees, complete 40 hours of continuing education per year. A Commercial General Contractor Level 1 or Commercial Specialty Contractor Level 1 having four or fewer key employees shall have a key employee, or combination of key employees, complete continuing education each year equal to the number of key employees multiplied by eight. (For example: three key employees will require 24 hours of annual continuing education). A Commercial General Contractor Level 2 or Commercial Specialty Contractor Level 2 shall have a key employee, or combination of key employees, complete 16 hours of continuing education per year. Commercial contractors satisfy the continuing education requirement by self-certification. The new law does not apply to commercial contractors who are subject to regulation under Oregon's Electrical Safety Law, Boiler and Pressure Vessel Law, or the laws governing plumbers. The new law does not apply to inactive commercial contractors.

**CONTINUING EDUCATION – RESIDENTIAL ENDORSEMENT**

**Operative date:** Between January 1, 2010, and January 1, 2014, as determined by CCB  
**Legislation:** HB 2654 Sections 2 & 3  
 The Construction Contractors Board (CCB) must adopt rules establishing a continuing education system for residential contractors. The rules must establish a required number of hours and the course content. The continuing education required may include training in construction means and methods, compliance with state building codes and business practices. Further information will be made available through the CCB's newsletters and website.

**CHIMNEY CLEANING OR SERVICE REQUIRES A CCB LICENSE**

**Operative date:** January 1, 2009 (penalty)  
**Legislation:** SB 605  
 The term "contractor" is defined to include persons who clean or service chimneys. Businesses performing these activities 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.

**INSURANCE REQUIREMENTS Completed Operations Coverage**

**Operative date:** January 1, 2008  
**Legislation:** HB 2654 Sections 19 & 20  
 Upon CCB license renewal, contractor liability insurance shall include coverage of liability for products and completed operations.

**Next OCA Flagger Training Class Scheduled for March 22<sup>nd</sup> - Sign up TODAY**

The Oregon Contractors Association will be offering the next Flagger Training on Saturday March 22<sup>nd</sup>. Be sure to check the expiration dates of all your employees who have their certification. Member's rate for the class will be \$60.00 which will include all training material and the cost of the class, plus members and their employees already receive preferred pricing through Highway Specialties on all their construction safety equipment needs.



## Liability Requirements for Commercial Endorsements

**Operative date:** July 1, 2008

**Legislation:** HB 3242 Section 4

Liability insurance requirements for commercial endorsements are the following:

- Commercial General Contractor Level 1 ..... \$2 million
- Commercial Specialty Contractor Level 1 ..... \$1 million
- Commercial General Contractor Level 2 ..... \$1 million
- Commercial Specialty Contractor Level 2 ..... \$500,000
- Commercial Developer ..... \$500,000

## BOND INCREASES

### New CCB licenses:

**Operative date:** January 1, 2008

**Legislation:** HB 2654 Section 22

HB 2654 Section 22 requires **new** applicants for a CCB license to 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

### License renewals:

**Operative date:** July 1, 2008/July 1, 2010

**Legislation:** HB 3242 Sections 3, 4, 61, 70, & 72

Beginning July 1, 2008, renewing contractors must obtain surety bonds for the following license endorsements:

- Residential general contractor \$20,000
- Residential specialty contractor \$15,000
- Residential limited contractor \$10,000
- Residential developer \$20,000
- Commercial general contractor level 1 \$75,000
- Commercial specialty contractor level 1 \$50,000
- Commercial general contractor level 2 \$20,000
- Commercial specialty contractor level 2 \$20,000
- Commercial developer \$20,000

Beginning July 1, 2008, HB 3242 section 2 mandates new and renewing contractors choose new license endorsements. These endorsements designate the license by the type of structure the license may perform work on. Contractors will choose residential, commercial or dual endorsements. See Licensing Endorsement Reforms, page 8.

There are several other changes, but this lists only some of the major changes that might effect our members.

## Association Member, Kim Thatcher, Receives Nomination for the 2008 Athena Award

Owner of KT Contracting Company, Inc. and State Representative Kim Thatcher was nominated for the Statesman Journal Athena Award. Since the inception of the Athena Award Program in 1982, over 5,300 Athena Awards have been presented in over 500 communities in the United States, Canada, China, Russia, United Arab Emirates, United Kingdom, and most recently in India. Kim was selected for her leadership in business, the community, and her work in the legislature.

Under a grant from the W.K.Kellogg Foundation they surveyed Athena Award Recipients about their individual and collective leadership practices and priorities. The Athena Leadership Model captures women's unique experience and wisdom and forms the basis for fresh dialogue about leadership in the 21<sup>st</sup> century. The Athena Leadership Model was developed from eight core tenets of leadership that reflect Athena Award Recipients' unique ways of knowing and leading: Authentic Self, Celebration & Joy, Collaboration, Courageous Acts, Fierce Advocacy, Giving Back, Learning, and Relationships. These are all areas that each of us can strive to improve as we aspire to be the best in our fields. Congratulations on the nomination.



*If you or someone in your company has been nominated for an award please let us know about it so that we can give recognition to where it is deserved.*

## FREEDOMFEST 2008

Its that time of year again FreedomFest 2008 is almost here. This party and celebration of our Free Enterprise system of government was mixed with dancing, live music, and a hosted bar. Freedom Fest is cosponsored by the Oregon Contractors Association and held every year on the Saturday evening after the Tent Show at the Dorchester Conference in Seaside, which is held the first weekend of March. Last year's FreedomFest 2007 was a huge success. The band "Liquid Assets" did a fantastic job, and the event was attended by numerous state legislators, lobbyist, and business leaders. Be sure to make a note to attend this year March 3 starting around 9:00 pm, you'll be glad you did.



Above: Mike Kelly, band member of Liquid Assets.  
Right: Association Manager, Jared Thatcher dancing with his wife, Anna.

**S A F E T Y M E E T I N G S E C T I O N F O R O C T O B E R**  
*This Section Was Provided By Empire Pacific*

Company Name \_\_\_\_\_



Date \_\_\_\_\_

**Hearing Protection - Use it!**

Most of us take our sense of hearing for granted—we assume that *we* hear what everyone *else* hears. Loss of hearing may not be realized until a friend or spouse screams in frustration, “Why don’t you ever *listen* to me!!” This is because hearing loss is usually gradual. Normally, it doesn’t hurt, so we don’t know it’s happening. It doesn’t annoy us like losing our eyesight. In fact, it is sometimes a blessing to tune out all the clatter and noise of the city and workplace.

Yet our ability to hear *when we want to* is precious and must be protected. Employers often reduce the amount of noise in the workplace by enclosing or muffling loud machinery, but they usually can’t eliminate it entirely. Employers may also rotate workers out of an area so they needn’t experience a full work day of excessive noise exposure. Whatever the length of time you work in an area with high noise levels, you are probably required to wear a type of hearing protection. Some people consider this a nuisance. The more you know about those ears of yours, however, the more likely you will take responsibility for protecting them.

Do you realize that noise exposure off the job can also damage your hearing? The critical sound level when hearing protection should be worn is 85 *decibels* (dBA), established for an 8-hour time weighted average. The louder and longer your exposure, whether at work, at home, or during recreation, the more likely your hearing will be damaged. If you want to have a

sense of “how loud is loud,” the following examples, along with their decibel rating, will give you an idea:

- 20 a faint whisper
- 30-40 quiet pleasant sounds, a bird chirping
- 40-50 quiet to normal office sounds
- 50-60 normal conversation
- 70-90 heavy machinery, electric motors, garbage disposal, city traffic
- 100-120 jack hammer, power saw, motorcycle, lawn mower, rock music
- 140+ nearby jet engine, gun shot (this level causes pain)

Wear your hearing protection!

Many disposable or reusable plugs are available and most of these reduce noise by about 20-30 decibels. The noise reduction rating (NRR) is usually marked on the package, or on the box if they come in bulk. *However*, since the NRR is established in a laboratory with perfectly fitted plugs, experts recommend that the true rating is generally about 7 decibels less than indicated. Hearing protectors of the ear muff type are usually closer to the actual NRR.

Some degree of hearing loss is part of the normal aging process, but young people should also be warned about the dangers of a rock concert, boom box, lawn mower or loud car engine. Of course *they may not listen to you*—but if they have permanent hearing loss, they won’t be able to listen to anyone, will they?

**Safety Recommendations:**

\_\_\_\_\_

**Job Specific Topics:**

\_\_\_\_\_

**M.S.D.S Reviewed:**

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**List of Attendees**

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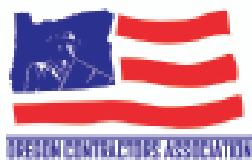
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