

Required Notices for Residential Construction Projects

Below is a summary of the three consumer notices that contractors working on residential construction projects must provide the property owner. **These are only required from the contractor that has a contract with the property owner.** These are not required from subcontractors.

	When is it given?	Proof of Delivery	Purpose of the notice	Consequences for not giving notice	Authority
Consumer Protection Notice	<p>On or before the date the contractor is entered into when the contract exceeds \$2000.</p> <p>Written contracts are required if the contract price is more than \$2000. If the contract is less than \$2000, but goes over, a written contact and notice must be given.</p>	<p>Contractors must maintain proof of delivery for two years after the contract was entered into.</p> <p>Proof shall include but isn't limited to:</p> <ul style="list-style-type: none"> • Signed copy of notice; • Phrase in the contract, acknowledging receipt and initialed by the owner; or • Copies of the contract if notice is fully contained in the contract. 	<ul style="list-style-type: none"> • Explains contractor licensing standards; • Bond and insurance requirements; • Steps consumers can take for a successful construction project; and • What to do if problems occur. 	<p>Civil penalty of up to \$5,000 for several violations.</p>	<p>ORS 701.330 (2007) OAR 812-001-0200 OAR 812-012-0130 ORS 701.992(1)</p>
Notice of Procedure	<p>On or before the date the contractor is entered into when the contract exceeds \$2000.</p> <p>Written contracts are required if the contract price is more than \$2000. If the contract is less than \$2000, but goes over, a written contact and notice must be given.</p>	<p>Contractors must maintain proof of delivery for two years after the contract was entered into. Proof shall include but isn't limited to:</p> <ul style="list-style-type: none"> • Signed copy of notice; • Phrase in the contract, acknowledging receipt and is initialed by the owner; or • Copies of the contract if notice is fully contained in the contract. 	<p>Explains what a homeowner must do before beginning an arbitration or court action against a contractor.</p>	<p>Civil penalty of up to \$5,000 for several violations.</p>	<p>ORS 701.330 (2007) OAR 812-001-0200 OAR 812-012-0130</p>
Information Notice to Owner about Construction Liens	<p>On or before the date the contractor is entered into when the contract exceeds \$2000.</p> <p>Written contracts are required if the contract price is more than \$2000. If the contract is less than \$2000, but goes over, a written contact and notice must be given.</p> <ul style="list-style-type: none"> • Mail or deliver no later than five working days after knowing the price exceeded \$2,000. • May deliver in person, by registered or certified mail, or first class with a certificate of mailing. 	<p>Contractors must maintain proof of delivery for two years after the contract was entered into. Proof shall include but isn't limited to:</p> <ul style="list-style-type: none"> • Signed copy of notice; • Phrase in the contract, acknowledging receipt and is initialed by the owner; or • Copies of the contract if notice is fully contained in the contract. 	<ul style="list-style-type: none"> • Explains the construction lien law. • Includes steps homeowners can take to protect their property from a construction lien and "pay twice" situations. • Protect contractor's lien rights. 	<ul style="list-style-type: none"> • Civil penalty of up to \$5,000. • Contractor can lose lien rights. • License may be suspended. 	<p>ORS 701.992(1) ORS 87.093 OAR 812-001-0200 OAR 812-012-0130 ORS 701.992(1)</p>



Consumer Protection Notice Actions to Take When Hiring a Contractor

(ORS 701.330 (1))

Oregon law requires contractors to provide the homeowner with this notice at the time of contract, for work on a residential structure. This notice explains licensing standards, bond and insurance requirements, and steps that consumers can take to help their construction project run smoothly.

TAKE ACTION TO HELP MAKE YOUR PROJECT SUCCESSFUL

- 1. Make sure your contractor is properly licensed** before you sign a contract. Visit www.oregon.gov/ccb, and click on the link, **Check on a Contractor's License**, or call our offices at 503-378-4621. To be licensed in Oregon, contractors must take training and pass a test on business practices and law. Licensing is not a guarantee of the contractor's work.
 - **A license also requires the contractor to have a surety bond and liability insurance** - Depending on the license endorsement or category, the CCB surety bond provides from \$5,000 to \$20,000 coverage if the contractor is ordered to pay damages in contract disputes. Insurance coverage provides from \$100,000 to \$500,000 in general liability for property damage and bodily injury caused by the contractor.
 - **If your contractor is not licensed** - the CCB bond and dispute resolution services will not be available to you.
- 2. What you should know about bids, contracts, and change orders: GET IT IN WRITING!** Always get bids, the contract, and any changes to the contract in writing. Make sure the contractor name, CCB number, and contact information are included on any written documents related to your project.
 - **Bids** - *Do not automatically accept the lowest bid* - A low bid may make it necessary for the contractor to use lower quality materials and to cut corners in workmanship.
 - **Contracts and Change Orders** - *Always get it in writing*. Your contractor is required to provide a written contract if the contract price is more than \$2000. The CCB recommends that all contracts be in writing.
 - **Make sure the contractor's name, CCB number, and contact information** is included in the contract.
 - **For your protection** - *Contracts should be as detailed as possible*. Some items to include are materials and costs, permits, estimated start and completion dates, debris removal, and arbitration clauses.
 - **Read and understand your contract before signing it** - Don't be pressured into signing your contract without taking the time needed to go through it. Make sure it includes enough details to avoid misunderstandings and to protect you and your property.
- 3. Additional contract information you should know:**
 - **A Payment Schedule** - should be included in the contract. Stick to the schedule and never pay in full for a project before the work is complete.
 - **Special Note on Liens** - Subcontractors and material suppliers that work on your project are often paid by the general contractor. If a general contractor fails to pay, the subcontractor may file a lien on your property. For information on construction liens, visit the CCB's Consumer Help Page at www.oregon.gov/ccb, or contact an attorney.
 - **Warranty on new residential construction** - Contractors must make an offer of a warranty when constructing a new residential structure. Consumers may accept or refuse the warranty.
- 4. If you should have a problem with your contractor** - You can file a complaint with the CCB against a **licensed** contractor within one year of the substantial completion of work on your project. Contact the CCB office at 503-378-4621 for help.

CONTRACTOR: CCB#: _____

PROPERTY OWNER: _____

Signature

Date

Signature

Date



Notice of Procedure

Regarding Residential Construction Arbitrations and Lawsuits

(ORS 701.330)

Oregon law contains important requirements that homeowners must follow before starting an arbitration or court action against any contractor, subcontractor, or supplier (materials or equipment) for construction defects.

Before you start an arbitration or court action, you must do the following:

1. Deliver a written notice of any conditions that you believe are defective to the contractor, subcontractor, or supplier that you believe is responsible for the alleged defect.
2. Allow the contractor, subcontractor, supplier, or its agent, to visually inspect the possible defects and also allow the contractor, subcontractor, or supplier to do reasonable testing.
3. Provide the contractor, subcontractor, supplier, or its agent, the opportunity to make an offer to repair or pay for the defects. You are not obligated to accept any offer made.

There are strict procedures and deadlines that must be followed under Oregon law. Failure to follow those procedures or meet those deadlines will affect your right to start an arbitration or court action.

You should contact an attorney for information on the procedures and deadlines required under Oregon law.

Your contractor is supplying this notice to you as required by Oregon law.

CONTRACTOR: CCB#: _____

HOMEOWNER:

Print Contractor Name (as it appears on contract)

Print Homeowner Name (as it appears on contract)

Signature of Authorized Representative Date

Signature Date



Information Notice To Owner About Construction Liens

(ORS 87.093)

This is not a lien. Your contractor is required by law to provide this notice to inform you about construction lien laws. This notice explains the construction lien law, and gives steps you can take to protect your property from a valid lien. As an owner, you should read this information notice carefully. This information notice is required to be given if your contract for residential construction or remodeling, if you are buying a new home, or at any time the contract price exceeds \$2,000.

- Under Oregon law, your contractor and others who provide labor, materials, equipment, or services to your project may be able to claim payment from your property if they have not been paid. That claim is called a Construction Lien.
- If your contractor does not pay subcontractors, employees, rental equipment dealers, materials suppliers, or does not make other legally required payments, those who are owed money may place a lien against your property for payment. **It is in your best interest to verify that all bills related to your contract are paid, even if you have paid your contractor in full.**
- If you occupy or will occupy your home, persons who supply materials, labor, equipment, or services ordered by your contractor are permitted by law to file a lien against your property only if they have sent you a timely Notice of Right to Lien (which is different from this Information Notice), before or during construction. If you enter into a contract to buy a newly-built, partially-built, or newly-remodeled home, a lien may be claimed even though you have not received a Notice of Right to a Lien. If you do not occupy the building, a Notice of Right to Lien is not required prior to filing a lien.

This notice is not intended to be a complete analysis of the law. You should consult an attorney for more information.

Common Questions and Answers About Construction Liens

Can someone record a construction lien even if I pay my contractor? Yes. Anyone who has not been paid for labor, material, equipment, or services on your project and has provided you with a valid Notice of Right to Lien has the right to record a construction lien.

What is a Notice of Right to Lien? A Notice of a Right to Lien is sent to you by persons who have provided labor, materials, or equipment to your construction project. It protects their construction lien rights against your property.

What should I do when I receive a Notice of Right to Lien? Don't ignore it. Find out what arrangements your contractor has made to pay the sender of the Notice of Right to Lien.

When do construction liens need to be recorded? In Oregon, construction liens generally need to be recorded within 75 days from the date the project was substantially completed, or 75 days from the date that the lien claimant stopped providing labor, material, equipment, or services, whichever happened first. To enforce a lien, the lien holder must file a lawsuit in a proper court within 120 days of the date the lien was filed.

Note to Contractor: This notice must be delivered personally, or mailed by registered mail, certified mail, or by first-class mail with a certificate of mailing. Ask the signing parties to provide you with an original or copy to retain in your files. You should retain proof of delivery of this notice for at least two years.

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Steps That Consumers Can Take to Protect Themselves

- **Contact the Construction Contractors Board (CCB) and confirm that your contractor is licensed.** The law requires all construction contractors to be licensed with the CCB. Check a contractor's license online at the CCB consumer website: www.oregon.gov/ccb, or you can call 503-378-4621.
- **Review the Consumer Protection Notice (ORS 701.330(1)),** which your contractor must provide to you at the time of contract on a residential structure.
- **Consider using the services of an escrow agent** to protect your interests. Consult your attorney to find out whether your escrow agent will protect you against liens when making payments.
- **Contact a title company about obtaining a title policy** that will protect you from construction lien claims.
- **Find out what precautions, if any, will be taken** by your contractor, lending institution, and architect to protect your project from construction liens.
- **Ask the contractor to get lien waivers or lien releases** from every subcontractor, materials provider, equipment provider, and anyone else the contractor is responsible for paying. Do this before you give your contractor a progress payment.
- **Have a written contract with your contractor.** A written contract is **required** for projects greater than \$2,000. An original contractor that fails to provide a written contract as required by law, may not place a construction lien against the owner's property.
- **If you receive a Notice of Right to Lien, ask for a statement of the reasonable value of the materials, labor, equipment, or services** provided to your project from everyone who sends you a Notice of Right to Lien. If the information is not provided in a timely manner, the sender of the Notice of Right to Lien may still be able to file a construction lien, but will not be entitled to attorney fees.
- **When you pay your contractor, write checks made jointly payable to the contractor, subcontractors, materials, equipment, or services providers.** The checks name both the contractor and the subcontractor, materials or equipment provider. The checks can only be cashed if **both** the contractor and the subcontractor, materials or equipment provider endorses it. This ensures that the subcontractor and other providers will be paid by your contractor, and can eliminate the risk of a lien on your property.
- **Should you have a dispute with your contractor,** you may be able to file a complaint with the CCB and be reimbursed in whole or in part from the contractor's bond. For more details about help available through the agency, write to the CCB at PO Box 14140, Salem, OR 97309-5052 or call 503-378-4621.
- **Consult an attorney.** If you do not have an attorney, consider contacting the Oregon State Bar Referral Service at 503-684-3763 or 1-800-452-7636.

Signing this Information Notice verifies only that you have received it. Your signature does not give your contractor or those who provide material, labor, equipment, or services, any additional rights to place a lien on your property.

Job Site Address: _____

CONTRACTOR: CCB#: _____

PROPERTY OWNER: _____

Print Name (as it appears on contract)

Print Name (as it appears on contract)

Signature

Date

Signature

Date

NOTICE OF RIGHT TO A LIEN

(ORS 87.021)

**Warning: Read this notice.
Protect yourself from paying any contractor or supplier
twice for the same service.**

To: _____ Date of mailing: _____
(Owner) (registered or certified mail)

(Owner's address)

This is to inform you that _____ (name of contractor) has begun to
provide _____

_____ (description of
materials, equipment, labor or services) ordered by _____ for
improvements to property you own. The property is located at _____

A lien may be claimed for all materials, equipment, labor and services furnished after a date that is eight days, not including Saturdays, Sundays, and holidays, as defined in ORS 187.010, before this notice was mailed to you. Even if you or your mortgage lender has made full payment to the contractor who ordered these materials or services, your property may still be subject to a lien unless the supplier providing this notice is paid.

THIS IS NOT A LIEN. It is a notice sent to you for your protection in compliance with the construction lien laws of the State of Oregon.

This notice has been sent to you by:

Name: _____

Address: _____

Phone: _____

If you have questions about this notice, feel free to call us.

See reverse side for more important information.

Under Oregon's laws, those who work on your property or provide labor, equipment, services or materials and are not paid have a right to enforce their claim for payment against your property. This claim is known as a construction lien.

If your contractor fails to pay subcontractors, materials suppliers, rental equipment suppliers, service providers or laborers, or neglects to make other legally required payments, the people who are owed money can look to your property for payment, *even if you have paid your contractor in full.*

The law states that all people hired by a contractor to provide you with materials, equipment, labor or services must give you a *Notice of Right to a Lien* to let you know what they have provided.

WAYS TO PROTECT YOURSELF ARE:

- RECOGNIZE that this *Notice of Right to a Lien* may result in a lien against your property unless all those supplying a *Notice of Right to a Lien* have been paid.
- LEARN more about the lien laws and the meaning of this notice by contacting the Construction Contractors Board, an attorney or the firm sending this notice.
- ASK for a statement of the labor, equipment, services or materials provided to your property from each party that sends you a notice of right to a lien.
- WHEN PAYING your contractor for materials, equipment, labor or services, you may make checks payable jointly to the contractor and the firm furnishing materials, equipment, labor or services for which you have received a notice of right to a lien.
- OR use one of the methods suggested by the "Information Notice to Owners." If you have not received such a notice, contact the Construction Contractors Board.
- GET EVIDENCE that all firms from whom you have received a notice of right to a lien have been paid or have waived the right to claim a lien against your property.
- CONSULT an attorney, a professional escrow company or your mortgage lender.

Learn more about the lien law by requesting a booklet from the Construction Contractors Board called *Construction Liens* (503-378-4621 or www.oregon.gov/CCB). It contains an explanation of construction liens, how consumers can protect themselves and contractor responsibilities.