



WHEN THE TIME COMES TO REMODEL YOUR HOME, DON'T BE INTIMIDATED BY THE CONTRACT

In Oregon, a written contract is required for all projects that are \$2,000 or more in cost. Providing protection for the owner and contractor while complying with the law, the contract also defines the scope of responsibility for both parties.

What Types of Contracts Are Most Common? The most common contracts are fixed price and time and materials. If the contractor has given an overall price for the project, the contract will have a fixed price in the contract to be paid according to the payment schedule agreed upon. In a time and materials contract, the contractor typically has an hourly wage and an additional percentage for overhead and profit if not included in that wage, which is multiplied by the number of hours worked. The materials purchased by the contractor are listed and charged for as well. When costs of materials or supplies are not certain at the time of the contract, the contractor will give the owner an allowance for purchases, which requires the owner to pay any additional funds if they exceed this allowance. There may also be changes discussed and negotiated after the contract is signed, which will require the contractor to issue a change order to the homeowner which outlines any additional funds due or to be refunded.

Required Elements In a Residential Remodeling Contract. Every contract must include the contractor's identification information and license number(s), which must match the information registered with the applicable State agency that is responsible for the licensing of contractors (the Construction Contractors Board in Oregon and the Washington State Department of Labor and Industries in Washington). The owner's identification information and the address where the work will be performed must also be included. Other requirements include the price for the project, a payment schedule, the scope of work to be performed, the start and completion dates, and a notice of right to cancel within three business days of the signing of the contract if the contract is signed out-

side of the contractor's place of business. In Washington, the sales tax and permit fees (if any) must also be included in the contract. Additional Oregon requirements include an explanation of specific property owner's rights, whether or not the contract contains a mediation or arbitration provision, and what effect it may have on the ability of an owner to have disputes resolved through the CCB.

What Else is Your Contractor Required to Give You? In Oregon, a contractor is required to give the client three notices for each project: Information Notice to Owner about Construction Liens, Consumer Protection Notice, and Notice of Procedure. In Washington, a contractor is required to give the client a Notice to Customer for all projects exceeding \$1,000. Although not a required notice, also ask your Washington contractor for the document called Facts About Construction Liens. Additionally, with limited exceptions, if your home was built before 1978, the contractor is required to provide the occupant with a Lead Hazard Information Pamphlet, which is published by the United States Environmental Protection Agency.

A contract should be signed by both parties and any changes should be initialed by both parties. For more information on what to look for in a contract, you can visit the CCB at <http://www.oregon.gov/ccb> or Washington LNI at <http://www.lni.wa.gov>

If you have an upcoming renovation project, you can call Double J Construction at 503-722-5295, or you visit www.DJRenovates.com for assistance. CCB#154405, WA LIC # DOU-BLJC9260S. For any questions regarding a contract, you can call Jeffrey Frasier at Chenoweth Law Group PC. He can be reached at 503-221-7958 or www.northwestlaw.com.



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