

What are allowances?

An allowance is a line item for a specific fixture or appliance, including an estimated cost for that item. If the cost of the item is over the amount on the contract, your contractor will require you to pay the difference in cost.

What's a change order?

A change order is an amendment to the contract that outlines a change to the original scope of the project. Any time your contractor makes a change to the contract, get a change order to ensure that the change is documented. Both parties should sign the change order, just like a contract. If the change order impacts the total cost of the project, this information should be included on the change order as well.

Don't forget these contract best practices.

- ✓ **Keep a copy for yourself.** Keep a copy of the contract with signatures and dates from all parties.
- ✓ **Read it in its entirety.** Read the contract cover to cover and ask questions about any parts you don't understand.
- ✓ **Don't sign if you feel uncomfortable or have questions.** If you're not comfortable with any terms of the contract, don't sign. Negotiate with your contractor, ask questions if needed, or move on to another contractor if you are unable to reach an agreement.

Can I cancel a contract?

There are multiple Oregon laws that address a homeowner's rights to cancel a contract.

One-day right to cancel (ORS 701.310)

A property owner can cancel any initial contract for construction, improvement, or repair of a residential structure by giving the contractor a written notice of cancellation prior to midnight of the next business day. Some exceptions

apply such as work already substantially begun. The contractor does not have any notice requirements for this provision.

Three-day right to cancel (ORS 83.720)

Buyers have a three-day right to cancel a home solicitation contract when the contract is solicited at any place that is not the seller's permanent place of business.

A construction contract is subject to this law if there is a personal solicitation made by the contractor or the contractor's agent and the contractor's offer is accepted anywhere other than the contractor's permanent place of business. For example, you meet with a contractor in a restaurant. This applies to contracts for remodeling or repairs, not construction of a new house.

Regardless of who initiates contact, the property owner must be given notice of his or her right to rescind the contract under these circumstances.

About the Construction Contractors Board

The Construction Contractors Board protects Oregon consumers by enforcing licensing standards, providing dispute resolution services, and delivering education and resources to help consumers avoid scams and protect their investment.

Virtually everyone who is paid to improve real property needs to be licensed with the CCB.

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Construction Contractors Board

Guide to Home Improvement Contracts

Contracts are an important part of the home improvement process. A well-written contract can help prevent disputes, improve communication between the contractor and the homeowner, and establish a scope of work that ensures all parties are on the same page. In this way, the contract can protect both parties and help pave the way to a successful home improvement project.

When is a contract required?

By law, contracts are required when a project exceeds \$2,000. However, contracts can bring clarity to projects and can help prevent disputes, so CCB recommends contracts for projects of all kinds - including those that cost well below \$2,000.

What is the benefit of a contract?

A contract helps protect both parties by making sure the work and the costs associated with the work are well explained. Contracts set in writing the important details of the project, to ensure everyone agrees on the scope of work and payment terms.

When will the project begin? Where will the work be done? Who is responsible for clean up? What is being installed, repaired, built or replaced? What colors, model numbers, size and dimensions? How much will it cost, and what is the payment schedule?

All these questions and more can be answered with a contract. When the details are in writing, there are fewer opportunities for confusion or miscommunication.

What's the problem with doing a deal on a handshake?

Sometimes, there is a conflict between what was agreed upon and what was inferred.

Doing a deal on a handshake can lead to honest mistakes and opens the door allowing dishonest individuals to take advantage. If you need to go to court later, you won't be able to prove your side.

What should be in the contract?

Every contract should include the 3 required notices that can be found on the CCB's website.

1. **Consumer Protection Notice.** This notice explains contractor licensing standards, bond and insurance requirements, steps consumers can take for a successful construction project and what to do if problems occur.
2. **Notice of Procedure.** This notice explains what a homeowner must do before beginning an arbitration or court action against a contractor.
3. **Information Notice to Owner about Construction Liens.** This explains construction lien law, and includes steps homeowners can take to protect their property from a construction lien and "pay twice" situations.



The contract should also include:

Contact information. Contact information should include the contractor's name, address, phone number, and CCB license number (as shown on CCB records). It should also include the customer's name, address, and address where the work will be performed.

Scope of work. This includes a description of the work to be performed, the price, and the payment terms.

Payment information. Payment information includes any estimates that were provided during the bidding process, completed project costs, whether payments will be made in several installments, and whether there is a down payment at the beginning. If paying in installments, the contract should note pay dates and amounts required, and a description of the consequences if the homeowner fails to make a payment.

Information about homeowner rights. This includes the property owner's rights under the contract, including the ability to file a complaint with the Construction Contractors Board and the existence of any mediation and arbitration provisions. Watch for any provisions that waive your right to mediation with the Construction Contractors Board. Consumers are not obligated to accept contract terms proposed by the contractor, including arbitration provisions. These may be negotiated to the satisfaction of both parties.