

Requested by Representative SMITH G

**PROPOSED AMENDMENTS TO
HOUSE BILL 3860**

1 On page 1 of the printed bill, delete lines 4 through 21 and delete pages
2 2 through 4 and insert:

3 **“SECTION 1. Section 2 of this 2025 Act is added to and made a part**
4 **of ORS chapter 701.**

5 **“SECTION 2. (1) As used in this section:**

6 **“(a) ‘Financial service’ means an extension of credit, with or with-**
7 **out an interest charge.**

8 **“(b) ‘Major residential contractor’ means a residential contractor**
9 **that is:**

10 **“(A) A general contractor; and**

11 **“(B) A company that offers securities registered with the United**
12 **States Securities and Exchange Commission for sale to the general**
13 **public.**

14 **“(c) ‘Substantial completion’ means any of the following occur-**
15 **rences, even if work remains to be completed under a warranty or**
16 **punch list:**

17 **“(A) The remodeling or repair reaches a point at which a residential**
18 **structure may be used as intended;**

19 **“(B) The remodeling or repair meets material requirements of the**
20 **contract;**

21 **“(C) The owner has acknowledged in writing that the remodeling**

1 or repair is complete; or

2 “(D) The contractor has paid all subcontractors and suppliers and
3 has informed the owner of the payments.

4 “(2) A major residential contractor may not, in a contract to re-
5 model or repair an owner-occupied one-family or two-family residen-
6 tial structure, collect or retain more than 10 percent of the original
7 contract price before substantial completion of the remodeling or re-
8 pair if the major residential contractor provides a financial service to
9 the owner in conjunction with the remodeling or repair.

10 “(3)(a) If a major residential contractor’s costs of materials, sup-
11 plies and payments to subcontractors for remodel or repair exceeds 10
12 percent of the total contract price, and the contract provides for per-
13 forming the remodel or repair in phases, the major residential con-
14 tractor may require the property owner to make progress payments
15 solely to cover the costs of materials, supplies and payments to sub-
16 contractors. If the major residential contractor requires progress
17 payments, the contract must include:

18 “(A) An itemized list of all materials, supplies and payments to
19 subcontractors;

20 “(B) A schedule of progress payments due that is linked to specific
21 items of work completed or a specific completed percentage of the
22 total work specified in the contract; and

23 “(C) A specification of the progress the major residential contractor
24 must make on the renovation or repair before each progress payment
25 is due.

26 “(b) A property owner’s obligation to make progress payments un-
27 der paragraph (a) of this subsection is contingent on the contractor’s
28 adherence to the schedule described in paragraph (a)(B) of this sub-
29 section and the property owner’s acceptance of the work in each item
30 of work completed.

1 “(4) This section does not prohibit a major residential contractor
2 from retaining properly collected amounts after a contract price de-
3 crease. This section does not prevent a major residential contractor
4 from obtaining payment for completed construction work from a
5 property owner that unreasonably withholds approval and acceptance
6 or that breaches a term or condition of the contract.

7 “(5) The Construction Contractors Board may adopt rules to im-
8 plement the provisions of this section.

9 “SECTION 3. Section 2 of this 2025 Act applies to contracts into
10 which a major residential contractor and a property owner enter on
11 or after January 1, 2026.

12 “SECTION 4. This 2025 Act takes effect on the 91st day after the
13 date on which the 2025 regular session of the Eighty-third Legislative
14 Assembly adjourns sine die.”

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