



Oregon Update

Volume IX

Issue 5

May 2008

News from the Oregon Home Builders Association

Government Affairs

by Jon Chandler



For those of you struggling with the current economic woes, there's some good news out there. The certified smart people with the state financial offices and elsewhere continue to say that Oregon should recover more quickly than the rest of the country, maybe even as early as the third quarter of 2008.

I've been traveling around the state quite a bit lately, and anecdotally it would appear that the ice is beginning to break just a bit. Spec houses are starting up again in several markets; some of our guys – who seem sober and relatively sane – are starting new development projects; I heard encouraging reports about traffic at model homes being up and sales starting to click forward again. Nothing definite, of course, and nothing to warrant popping the champagne corks just yet, but certainly better than what I had been hearing.

So the good news just may be that we'll start to pull out of this pretty soon – particularly since these signs

of recovery are coming in advance of any major federal housing initiative.

On the federal front, NAHB will be focusing all of its considerable political heft behind getting a four part housing recovery package, both during the NAHB Spring Board meeting and Legislative Conference when several thousand NAHB members hit the Hill to lobby their Congresspeople and Senators and through the spring as the bills move forward. Since housing is such a key part of America's economy, and since some of the worst housing problems are in areas with enhanced political prominence due to the presidential election (Florida and Ohio, for example), there would seem to be a pretty good chance that something will get done to stimulate housing.

NAHB's package contains the following key elements:

- A temporary home buyer tax credit that will stimulate home buying, and which will, in turn, help stabilize home prices and boost consumer confidence. Tax credits of this sort were used to very good effect in the recession in

the 1970's, and they would undoubtedly do so again.

- A modernized FHA, with higher lending limits and greater flexibility, which would then be well-positioned to provide reasonably-priced, low-down payment mortgage solutions to millions of home owners and potential home buyers.

- GSE (Government Sponsored Enterprises) reform, which would enable Fannie Mae and Freddie Mac to relieve credit liquidity pressures in the mortgage markets. Currently, both Fannie and Freddie are constrained in their ability to purchase mortgages from lenders, causing the banks to struggle because their ability to lend new money is tied to the amount of loans they are already carrying.

- An expansion of the Net Operating Loss carry back period to as much as five years, which would help builders generate capital to weather the current market and remain financially viable. You can run your own numbers on this one,

but if you were able to offset losses being incurred today against the taxes paid during the wahoo years, that would help many of your bottom lines dramatically.

I'm told by NAHB that they are reasonably optimistic about getting most if not all of this package, and we'll obviously be helping as much as we can to push it forward. If any of you want further information, just let us know.

Of course, you know the old saying: There's no rest for the weary, the wicked, or the weak, and the righteous don't need it. While there is good news and a likely recovery on the horizon, there are also a few storm clouds – I'll mention them briefly now, with more detail to follow in a subsequent column, just so you know that there's more to talk about:

- DEQ is proposing significant fee increases for both their storm water permits and their 401 fill/removal permits; in both cases, the increases are needed and overdue, but the

timing is kind of lousy;

- The Governor’s office has announced an intention to have climate change legislation going forward in the 2009 legislative session, probably including green building. We don’t know what this is going to look like, but we’ll keep you posted.
- And speaking of green building, several cities are pushing the state to allow them to adopt local building code amendments that would allow them to impose their own green building standards; we obviously think that is a bad idea, but there’s a big fight coming on this issue.

And don’t forget to read Scott’s column on the new requirements taking effect on July 1; these don’t qualify as storm clouds, but things could get right stormy if you don’t comply.

But all of this last bit can wait for now; it’s spring, and we’re hopeful that the housing market will come back with the daffodils (but last a little bit longer...).

.....
by Scott Barrie

Looking Ahead to July 1, 2008: Contractor Endorsements

The last of the mandates from the 2007 legislature will take effect very soon. Beginning July 1, 2008, contractors applying for new CCB licenses, and existing licensed contractors at their scheduled renewal, will be required to choose from the new licensing endorsements structure.

For the first time, contractors will be required to license as a commercial contractor, a residential contractor or have a dual endorsement.

Below are some common questions and answers.

Q: When will contractors choose endorsements?

A: The endorsements will be available to choose beginning July 1, 2008.

Contractors obtaining a new license or have a CCB license with a renewal date between January 1, 2008 and June 30, 2008, will not choose from the new endorsement system.

Contractors renewing their CCB license will renew in their existing license categories. They will maintain the existing bond and liability insurance amounts.

CCB licenses with a renewal date on after July 1, 2008 will choose from the new licensing endorsements. The inspector category is no longer an option. Contractors that were licensed in an inspector category must choose a Residential General Contractor or a Residential Specialty Contractor endorsement, or a Commercial General Contractor (Level 1 or 2) or a Commercial Specialty Contractor (Level 1 or 2) endorsement.

Beginning July 1, 2008, contracts for new residential construction will also require:

- The acknowledgment of a written offer of warranty including the acceptance or rejection of the offer.
- The acknowledgment of property owner’s receipt of maintenance information.

The CCB has developed an addendum to assist contractors in complying with specific contract terms. This is available on the CCB website under Contractor Forms, and is on the back of the “Heads Up” insert. Contractors are not required to use the

addendum. Contractors may incorporate the requirements into their own contracts.

Consumer Notices Mandates For Residential Projects

Contractors performing construction work on residential structures have new requirements for providing and retaining proof of the property owner receipt of the following consumer notices:

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

