
SENATE BILL 5726

State of Washington **56th Legislature** **1999 Regular Session**
By Senators Wojahn, Hochstatter and Benton
Read first time . Referred to Committee on .

1 AN ACT Relating to notice requirements of general or specialty
2 contractors; and amending RCW 18.27.114 and 18.27.080.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 18.27.114 and 1997 c 314 s 12 are each amended to read
5 as follows:

6 (1) Until the effective date of this section, any contractor
7 agreeing to perform any contracting project: (a) For the repair,
8 alteration, or construction of four or fewer residential units or
9 accessory structures on such residential property when the bid or
10 contract price totals one thousand dollars or more; or (b) for the
11 repair, alteration, or construction of a commercial building when the
12 bid or contract price totals one thousand dollars or more but less than
13 sixty thousand dollars, must provide the customer with the following
14 disclosure statement prior to starting work on the project:

15 "NOTICE TO CUSTOMER

16 This contractor is registered with the state of Washington,
17 registration no., as a general/specialty contractor and
18 has posted with the state a bond or cash deposit of

1 \$6,000/\$4,000 for the purpose of satisfying claims against the
2 contractor for negligent or improper work or breach of contract
3 in the conduct of the contractor's business. The expiration
4 date of this contractor's registration is This
5 bond or cash deposit may not be sufficient to cover a claim
6 which might arise from the work done under your contract. If
7 any supplier of materials used in your construction project or
8 any employee of the contractor or subcontractor is not paid by
9 the contractor or subcontractor on your job, your property may
10 be liened to force payment. If you wish additional protection,
11 you may request the contractor to provide you with original
12 "lien release" documents from each supplier or subcontractor on
13 your project. The contractor is required to provide you with
14 further information about lien release documents if you request
15 it. General information is also available from the department
16 of labor and industries."

17 (2) On or after the effective date of this section, any contractor
18 agreeing to perform any contracting project: (a) For the repair,
19 alteration, or construction of four or fewer residential units or
20 accessory structures on such residential property when the bid or
21 contract price totals one thousand dollars or more; or (b) for the
22 repair, alteration, or construction of a commercial building when the
23 bid or contract price totals one thousand dollars or more but less than
24 sixty thousand dollars, must provide the customer with the following
25 disclosure statement prior to starting work on the project:

26 "NOTICE TO CUSTOMER

27 This contractor is registered with the state of Washington,
28 registration no., as a general/specialty contractor and
29 has posted with the state a bond or cash deposit of
30 \$./\$. for the purpose of satisfying claims
31 against the contractor for breach of contract in the conduct of
32 the contractor's business. The expiration date of this
33 contractor's registration is This bond or cash
34 deposit may not be sufficient to cover a claim which might
35 arise from the work done under your contract. If any supplier
36 of materials, to the contractor or subcontractor, used in your
37 construction project or any employee of the contractor or
38 subcontractor is not paid by the contractor or subcontractor on

1 your job, your property may be liened to force payment. If you
2 wish additional protection you should consider the following:
3 (1) Requesting that the contractor provide you with original
4 "lien release" documents from each supplier or subcontractor on
5 your project; (2) employing the services of a construction
6 contract control company or individual for complete or partial
7 financial oversight of your construction project; (3) requiring
8 by contract that your contractor furnish you with a payment and
9 performance bond to guarantee payment of suppliers and
10 subcontractors and performance of your construction project;
11 (4) employing the services of an attorney or other construction
12 professional to review and advise you regarding your
13 construction project; (5) entering into a joint check
14 arrangement with your contractor and his or her subcontractors
15 and suppliers to insure that payment is made to those parties;
16 and (6) withholding a contractually defined percentage of your
17 construction contract as retainage for a stated period of time
18 to provide protection to you and help insure that your project
19 will be completed as required by your contract. General
20 information regarding these protections is also available from
21 the contractor's section of the department of labor and
22 industries by contacting them at the following telephone
23 number: and/or internet address:
24 In addition, you may request
25 that the contractor's section provide you with a contractor
26 "summary sheet" setting forth a contractor's name, address,
27 telephone number, registration number, claims, bonding and
28 insurance history, and past registrations, if any."

29 (3) A contractor subject to this section shall notify any consumer
30 to whom notice is required under subsections (1) and (2) of this
31 section if the contractor's registration has expired or is revoked or
32 suspended by the department prior to completion or other termination of
33 the contract with the consumer.

34 ((+3)) (4) No contractor subject to this section may bring or
35 maintain any lien claim under chapter 60.04 RCW based on any contract
36 to which this section applies or bring or maintain any action in any
37 court of this state for the collection of compensation for the
38 performance of any work or for breach of any contract for which
39 registration is required under this chapter without alleging and

1 proving that the contractor has provided the customer with a copy of
2 the disclosure statement as required in subsection (1) or (2) of this
3 section.

4 ~~((4))~~ (5) This section does not apply to contracts authorized
5 under chapter 39.04 RCW or to contractors contracting with other
6 contractors.

7 ~~((5))~~ (6) Failure to comply with this section shall constitute an
8 infraction under the provisions of this chapter.

9 ~~((6))~~ (7) The department shall produce model disclosure
10 statements, and public service announcements detailing the information
11 needed to assist contractors and contractors' customers to comply under
12 this section. As necessary, the department shall periodically update
13 these education materials.

14 **Sec. 2.** RCW 18.27.080 and 1988 c 285 s 2 are each amended to read
15 as follows:

16 No person engaged in the business of contracting or acting in the
17 capacity of a contractor may bring or maintain any action in any court
18 of this state for the collection of compensation for the performance of
19 any work or for breach of any contract for which registration is
20 required under this chapter without alleging and proving that he or she
21 was a duly registered contractor, in compliance with the notice to
22 customer requirements of RCW 18.27.114, if applicable, and held a
23 current and valid certificate of registration at the time he or she
24 contracted for the performance of such work or entered into such
25 contract. For the purposes of this section, the court shall not find
26 a contractor in substantial compliance with the registration
27 requirements of this chapter unless: (1) The department has on file
28 the information required by RCW 18.27.030; (2) the contractor has a
29 current bond or other security as required by RCW 18.27.040; ~~((and))~~
30 (3) the contractor has current insurance as required by RCW 18.27.050;
31 and (4) the contractor has complied with the notice to customer
32 requirements of RCW 18.27.114, if applicable. In determining under
33 this section whether a contractor is in substantial compliance with the
34 registration requirements of this chapter, the court shall take into
35 consideration the length of time during which the contractor did not
36 hold a valid certificate of registration.

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