MEMO

DATE: August 23, 2023

TO: Nevada Construction Industry Associations

FROM: Margi Grein, Executive Officer
Nevada State Contractors Board

RE: Implementation of Assembly Bill 39 (2023)

The 82nd Legislative Session resulted in the passage of Assembly Bill 39, which provides enhanced contract requirements and consumer protections for residential contractors performing improvement work on single-family residences. The new law under NRS Chapter 624 takes effect October 1, 2023, at which time the Contractors Board will begin actively enforcing the new provisions.

All residential contractors are advised to read through the entirety of Assembly Bill 39.

The Nevada State Contractors Board welcomes the opportunity to provide an overview of these changes to your membership in-person or by virtual meeting. Please contact (702) 486-1111 if interested in scheduling a presentation.

The Nevada State Contractors Board understands the new law will require the time and attention of residential contractors to review and update their contracts to ensure compliance. The Board appreciates the assistance of industry associations to disseminate this information quickly and effectively with its members.

The Nevada State Contractors does not provide legal advice on adherence to the new contract terms. Any questions should be directed to legal counsel of the contractor.

Highlights of the new requirements are listed below for reference.

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*All contracts for residential improvement on single-family residences must include the following in least **10-point bold type**:*

- ☐ Name of company.
- ☐ Address.
- ☐ License number.
- ☐ Monetary limit.
- ☐ Name and mailing address of owner of single-family residence.

- ☐ Address or legal description of the property.
- ☐ Date of contract.
- ☐ Estimated date of project completion.
- ☐ Description of the work to be performed.
- ☐ Total amount of contract, including taxes.
- ☐ Notice of Residential Recovery Fund.
- ☐ New residential improvement work must reflect the shape, size and dimension of, specifications and equipment, description or work, materials and installed equipment and agreed consideration (not required for repairs to existing work).
- ☐ The amount of money a contractor can take up front can't exceed $1,000 or 10% of the aggregate contract price, whichever is less of any initial down payment or deposit before the start of work.
  - Not applicable if the residential contractor has filed a bond solely for the protection of consumers in the amount of $100,000 or if the contractor has been granted relief of the regular licensure bond requirement under the provisions of NRS 624.270(5).
- ☐ Schedule of progress payments (cannot exceed 100% of project cost).
  - Excludes finance charges and initial down payment/deposit.
  - Not required if a Residential Consumer Protection Bond covering the full performance and completion of the contract is obtained. Must include cost of the bond in the price of the project.
    - The owner has the right to request a Payment and Performance Bond
  - Salesperson commission included in a project must be paid on a pro rata basis in proportion to the schedule of payments.
- ☐ A statement advising the owner they may contact the Board if help clarifying the provisions of the contract is needed or not fully understood must be included near the signature.
- ☐ Change orders must be agreed upon by the owner and contractor and incorporated into original contract.
  - Not enforceable unless the change order reflects all changes in the scope, price of work and is accepted by the owner.
- ☐ Any contract requiring waiver of any of these rights or rights provided by NRS 624 and NAC 624, relieves the person of obligation and liability and voids the contract.
- ☐ All necessary permits must be obtained.

The owner is allowed:

- ☐ The ability to initial contract provisions indicating the agreed upon provisions.
- ☐ To contact an attorney for an explanation of the owners' rights under the contract.
- ☐ To request the contract be provided in the language that was initially used to explain the contract.
- ☐ To receive legible copies of all signed documents and a written receipt. Electronic delivery is acceptable.
- ☐ To modify the contract to ensure compliance with the provisions of this law.