

NOTE: This sample contract language is provided for informational purposes only and is not a substitute for professional legal advice. It is provided without warranties or representations about the accuracy, reliability, or suitability for any specific project or purpose. Any use of the sample contract is completely voluntary, at your own risk, and with a disclaimer of all liability for any damages arising from its use.

# HOME IMPROVEMENT CONTRACT

**[Business Name of Licensed Contractor]**

The Notice of Cancellation may be mailed to the contractor at the address noted on the contract.

[Contractor business address, city, state, zip code, telephone number]

Contractor's License No. [ ]

This Agreement signed by the owner and dated \_\_\_\_\_ is between [Contractor Name] (“Contractor”) and \_\_\_\_\_ (“Owner”).

**Owner's Address or address where work is performed:** \_\_\_\_\_

Substantial commencement of work under this contract is described as \_\_\_\_\_

**Approximate Start Date:** \_\_\_\_\_ **Approximate Completion Date:** \_\_\_\_\_

**Contract Price:** Owner agrees to pay Contractor a total cash price, in dollars and cents of \$\_\_\_\_\_.

**Finance Charge:** In dollars and cents (if any, if not applicable, put “none”) \$\_\_\_\_\_.

**Downpayment:** (if any, if not applicable, put "none") \$\_\_\_\_\_.

**THE DOWNPAYMENT MAY NOT EXCEED \$1,000 OR 10 PERCENT OF THE CONTRACT PRICE, WHICHEVER IS LESS.**

**Description of the Project and Description of the Significant Materials to be Used and Equipment to be Installed**  
*[describe the project and significant materials to be used and equipment to be installed]*

**If payment (other than a downpayment) is not due until completion, check here:** ☐ There will be no schedule of progress payments. Otherwise, include the **Schedule of Progress Payments**. The schedule of progress payments must specifically describe each phase of work, including the type and amount of work or services scheduled to be supplied in each phase, along with the amount of each proposed progress payment.

**IT IS AGAINST THE LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR  
WORK NOT YET COMPLETED, OR FOR MATERIALS NOT YET DELIVERED.  
HOWEVER, A CONTRACTOR MAY REQUIRE A DOWNPAYMENT.**

## Schedule of Progress Payments

AMOUNT (in dollars and cents)

EVENT (specifically reference the amount of work performed and services, materials, and equipment supplied)

\$\_\_\_\_\_

\$\_\_\_\_\_

\$\_\_\_\_\_

\$\_\_\_\_\_

\$\_\_\_\_\_

\$\_\_\_\_\_

## Completion of project

**Note About Extra Work and Change Orders:** Extra Work and Change Orders become part of the contract once the order is prepared in writing and signed by the parties prior to the commencement of work covered by the new change order. The order must describe the scope of the extra work or change, the cost to be added or subtracted from the contract, and the effect the order will have on the schedule of progress payments. Specifically:

- (1) You may not require a contractor to perform extra or change order work without providing written authorization prior to the commencement of work covered by the new change order.
- (2) Extra work or a change order is not enforceable against a buyer unless the change order also identifies all of the following in writing prior to the commencement of work covered by the new change order: (i) The scope of work encompassed by the order. (ii) The amount to be added or subtracted from the contract. (iii) The effect the order will make in the progress payments or the completion date.

Contractor's failure to comply with the requirements of this paragraph does not preclude the recovery of compensation for work performed based upon legal or equitable remedies designed to prevent unjust enrichment.

**Release:** Upon satisfactory payment being made for any portion of the work performed, the Contractor, prior to any further payment being made, shall furnish to the person contracting for the home improvement or swimming pool work a full and unconditional release from any potential lien claimant claim or mechanics lien authorized pursuant to Sections 8400 and 8404 of the Civil Code for that portion of the work for which payment has been made.

**List of Documents to be Incorporated into the Contract** (*if none, state none*): Notice of Right to of Cancellation; Three-Day Right to Cancel (except if damaged by a disaster OR Homeowner over 65) or Five-Day Right to Cancel (if contracting Homeowner is over 65) or Seven-Day Right to Cancel (only if damaged by a disaster); and (if no additional documents, state "none") \_\_\_\_\_

- 
- A notice concerning commercial general liability insurance is attached to this contract.
  - A notice concerning workers' compensation insurance is attached to this contract.

### **MECHANICS LIEN WARNING**

Anyone who helps improve your property, but who is not paid, may record what is called a mechanics lien on your property. A mechanics lien is a claim, like a mortgage or home equity loan, made against your property and recorded with the county recorder.

Even if you pay your contractor in full, unpaid subcontractors, suppliers, and laborers who helped to improve your property may record mechanics liens and sue you in court to foreclose the lien. If a court finds the lien is valid, you could be forced to pay twice or have a court officer sell your home to pay the lien. Liens can also affect your credit.

To preserve their right to record a lien, each subcontractor and material supplier must provide you with a document called a 'Preliminary Notice.' This notice is not a lien. The purpose of the notice is to let you know that the person who sends you the notice has the right to record a lien on your property if they are not paid.

BE CAREFUL. The Preliminary Notice can be sent up to 20 days after the subcontractor starts work or the supplier provides material. This can be a big problem if you pay your contractor before you have received the Preliminary Notices.

You will not get Preliminary Notices from your prime contractor or from laborers who work on your project. The law assumes that you already know they are improving your property.

**PROTECT YOURSELF FROM LIENS.** You can protect yourself from liens by getting a list from your contractor of all the subcontractors and material suppliers that work on your project. Find out from your contractor when these subcontractors started work and when these suppliers delivered goods or materials. Then wait 20 days, paying attention to the Preliminary Notices you receive.

**PAY WITH JOINT CHECKS.** One way to protect yourself is to pay with a joint check. When your contractor tells you it is time to pay for the work of a subcontractor or supplier who has provided you with a Preliminary Notice, write a joint check payable to both the contractor and the subcontractor or material supplier.

For other ways to prevent liens, visit CSLB's internet website at [www.cslb.ca.gov](http://www.cslb.ca.gov) or call CSLB at 800-321-CSLB (2752).

REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING A LIEN PLACED ON YOUR HOME. This can mean that you may have to pay twice, or face the forced sale of your home to pay what you owe.

**INFORMATION ABOUT THE CONTRACTORS STATE LICENSE BOARD (CSLB):** CSLB is the state consumer protection agency that licenses and regulates construction contractors.

Contact CSLB for information about the licensed contractor you are considering, including information about disclosable complaints, disciplinary actions, and civil judgments that are reported to CSLB.

Use only licensed contractors. If you file a complaint against a licensed contractor within the legal deadline (usually four years), CSLB has authority to investigate the complaint. If you use an unlicensed contractor, CSLB may not be able to help you resolve your complaint. Your only remedy may be in civil court, and you may be liable for damages arising out of any injuries to the unlicensed contractor or the unlicensed contractor's employees.

For more information:  
Visit CSLB's internet website at [www.cslb.ca.gov](http://www.cslb.ca.gov)  
Call CSLB at 800-321-CSLB (2752)  
Write CSLB at P.O. Box 26000, Sacramento, CA 95826.

**YOU ARE ENTITLED TO A COMPLETELY FILLED IN COPY OF THIS AGREEMENT,  
SIGNED AND DATED BY BOTH YOU AND THE CONTRACTOR, BEFORE ANY  
WORK MAY BE STARTED.**

You, the Owner or Tenant, have the right to require the contractor to furnish you with a performance and payment bond.

☐ If you are 65 years or older, the law requires that the Contractor give you a notice explaining your right to cancel. Initial this checkbox if the Contractor has given you a “Notice of Five-Day Right to Cancel.”

☐ If this contract is for the repair or restoration of residential premises damaged by any sudden or catastrophic event for which a state of emergency has been declared, the law requires that the Contractor give you a notice explaining your right to cancel. Initial this checkbox if the Contractor as given you a “Notice of Seven-Day Right to Cancel.”

☐ For all other contracts, the law requires that the Contractor give you a notice explaining your right to cancel. Initial this checkbox if the Contractor as given you a “Notice of Three-Day Right to Cancel.”

Your receipt of the copy initiates your right to cancel the contract pursuant to Sections 1689.5 to 1689.14 of the Civil Code.

OWNER	CONTRACTOR
Signature	Signature
Date	Date
SECOND OWNER if applicable	Registered Salesperson and Registration Number if Applicable
Signature	Signature
Date	Date

## STATUTORY NOTICES

### COMMERCIAL GENERAL LIABILITY INSURANCE (CGL)

- ☐ This Contractor carries commercial general liability insurance written by (the insurance company). You may call (the insurance company) at \_\_\_\_\_ to check the contractor's insurance coverage.
- ☐ This Contractor does not carry commercial general liability insurance.
- ☐ This Contractor is self-insured.
- ☐ This Contractor is a limited liability company that carries liability insurance or maintains other security as required by law. You may call (the insurance company or trust company or bank) at \_\_\_\_\_ to check on the contractor's insurance coverage or security.

### WORKERS' COMPENSATION INSURANCE

- ☐ This Contractor carries workers' compensation insurance for all employees.
- ☐ This Contractor has no employees and is exempt from workers' compensation requirements.

## THREE-DAY RIGHT TO CANCEL

You, the buyer, have the right to cancel this contract within three business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the third business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received them, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract.

I, \_\_\_\_\_ (Buyer) hereby acknowledge that on \_\_\_\_\_ (Date)  
I was provided this document entitled "Three-Day Right to Cancel."

\_\_\_\_\_  
(Buyer's Signature)

## NOTICE OF CANCELLATION

\_\_\_\_\_  
(Date)

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram

to [CONTRACTOR]  
at [BUSINESS ADDRESS]

not later than midnight of \_\_\_\_\_.  
(Date)

I hereby cancel this transaction. \_\_\_\_\_ (Date)

\_\_\_\_\_  
(Buyer's Signature)

**USE THESE NOTICES IF EITHER CONTRACTING OWNER IS 65 YEARS OR OLDER**

**FIVE-DAY RIGHT TO CANCEL**

You, the buyer, have the right to cancel this contract within five business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the fifth business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received them, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract.

I, \_\_\_\_\_ (Buyer) hereby acknowledge that on \_\_\_\_\_ (Date)  
I was provided this document entitled "Five-Day Right to Cancel."

\_\_\_\_\_  
(Buyer's Signature)

**NOTICE OF CANCELLATION**

\_\_\_\_\_  
(Date)

You may cancel this transaction, without any penalty or obligation, within five business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram

to [CONTRACTOR]  
at [BUSINESS ADDRESS]  
not later than midnight of \_\_\_\_\_.  
(Date)

I hereby cancel this transaction. \_\_\_\_\_ (Date)

\_\_\_\_\_  
(Buyer's Signature)

**USE THESE NOTICES IF THIS CONTRACT IS FOR THE REPAIR OR RESTORATION  
OF RESIDENTIAL PREMISES DAMAGED BY ANY SUDDEN OR CATASTROPHIC  
EVENT FOR WHICH A STATE OF EMERGENCY HAS BEEN DECLARED**

**SEVEN-DAY RIGHT TO CANCEL**

You, the buyer, have the right to cancel this contract within seven business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the seventh business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received them, any goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract.

I, \_\_\_\_\_(Buyer) hereby acknowledge that on \_\_\_\_\_(Date)  
I was provided this document entitled "Seven-Day Right to Cancel."

\_\_\_\_\_  
(Buyer's Signature)

**NOTICE OF CANCELLATION**

\_\_\_\_\_  
(Date)

You may cancel this transaction, without any penalty or obligation, within seven business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram

to [CONTRACTOR]  
at [BUSINESS ADDRESS]

not later than midnight of \_\_\_\_\_.  
(Date)

I hereby cancel this transaction. \_\_\_\_\_(Date)

\_\_\_\_\_  
(Buyer's Signature)