HOME IMPROVEMENT CONTRACT

NOT APPLICABLE TO SWIMMING POOLS OR SPAS

(Complies with Section 7159 of California Business and Professions Code, and Civil Code Section 8170 as amended)

AGREEMENT BETWEEN DIRECT CONTRACTOR AND PROPERTY OWNER

The Notice of Cancellation may be mailed to the address of the direct contractor as shown below:

_____ (Direct Contractor's Name) **And** _____ (Property Owner's Name)

_____ (Direct Contractor's License Number) _____ (Property Owner's Mailing Address)

_____ (Direct Contractor's Address) _____ (City, State & Zip)

_____ (City, State & Zip) _____ (Property Owner's Phone #)

_____ (Direct Contractor's Phone/Fax #) _____ (Property Owner's Fax #)

Email _____ (Direct Contractor's) **Email** _____ (Property Owner's)

WORK TO BE PERFORMED AT: _____ (Address) (City, State & Zip)

CONSTRUCTION LENDER: _____ (Name and Address of Construction Fund Holder; if not applicable, put "none")

DESCRIPTION OF THE PROJECT AND DESCRIPTION OF THE SIGNIFICANT MATERIALS TO BE USED AND EQUIPMENT TO BE INSTALLED: Direct Contractor will furnish all labor and materials to construct and complete in a good, workmanlike and substantial manner a: _____

_____

_____

_____

_____

_____

_____

(Describe Labor, Significant Materials, and Equipment to be Furnished. Include Materials and Equipment to be used or installed under this Contract. If necessary, continue the description of the work on an additional attachment page and describe the attachment in the section below entitled, "Documents to be Incorporated in the Contract.")

Substantial commencement of work under this contract is described as: _____

Approximate Start Date: _____ (Work will begin) **Approximate Completion Date:** _____ (Work is to be completed)

CONTRACT PRICE: $ _____ (Owner agrees to pay Contractor total cash price) **DOWN PAYMENT: $** _____ (If any; if not applicable, put "none")

THE DOWN PAYMENT MAY NOT EXCEED $1,000 OR 10 PERCENT OF THE CONTRACT PRICE, WHICHEVER IS LESS. FINANCE CHARGE $ _____ (Must be stated separately from the contract amount in dollars and cents; if not applicable, put "none")

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 DOWN PAYMENT.

	(Work or Services to be Performed or Materials to be Supplied)	(Date)
1. $ _____	_____	_____
2. $ _____	_____	_____
3. $ _____	_____	_____
4. $ _____	_____	_____
5. $ _____	_____	_____

(If necessary, continue the description of the work on an additional attachment page and describe the attachment in the section below entitled, "List of Documents to be Incorporated into the Contract.")

Release. Upon satisfactory payment being made for any portion of the work performed, the Contractor shall, prior to any further payment being made, furnish to the person contracting for the home improvement work a full and unconditional release from any claim of mechanic's lien for any person(s) entitled to make such a claim of lien pursuant to **Sections 8400 and 8404 of the Civil Code** for that portion of the work for which payment has been made.

Allowances: The following items or specific prices as indicated are included in the contract price as allowances. The contract price shall be adjusted upward or downward based on actual amounts rather than estimated amounts herein: _____

Documents to be Incorporated in the Contract: Notice of Cancellation; Arbitration of Disputes; Three or Five Day Right to Cancel; Mechanics Lien Warning; Note About Extra Work and Change Order; Information about **CSLB**. _____

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

Owner acknowledges receipt of a fully completed copy of this agreement and all documents listed above. _____ (Property Owner's Initials)

Owner affirms their age(s) is/are: _____ ; _____ (Property Owner's Initials)

Initial the appropriate box below:

USE OF SUBCONTRACTOR

Contractors must indicate if subcontractors will be used on this project.

☐ **YES, Subcontracts WILL BE used**

☐ **NO, Subcontracts WILL NOT BE used**

The contractor must check the appropriate box to indicate which applies.

☐ **NOTICE OF RIGHT TO CANCEL**

The law requires contractors to provide a Notice of Right to Cancel. Homeowners have 3 days to cancel the contract or 5 days if the owner is 65 years of age or older. This notice must be given and clearly explain the owner's rights. Initial this box to confirm receipt of the notice.

☐ **ARBITRATION OF DISPUTES**

OWNER: Initial this box **if you agree to arbitration.** Review the "Arbitration of Disputes" section attached.

You are entitled to a completely filled in copy of this agreement, signed 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 have a performance and payment bond; however, the Contractor can charge you for the costs of procuring a bond.

X _____ (Owner Sign Here – Read notice on Arbitration, Mechanics Lien Warning) _____ (Date)

X _____ (If more than one Owner, please Sign Here) _____ (Date)

Firm Name: _____ (Direct Contractor's Firm Name)

Contractor or Agent: **X** _____ (Direct Contractor or Agent Sign Here) _____ (Date)

Salesman who solicited or negotiated contract:

Name: _____ State Registration Number: _____

SAMPLE

203 © 2026 Builder's Book, Inc. Bookstore, Publisher. All rights reserved. Permission must be granted for reproduction. Violators will be prosecuted. www.buildersbook.com

TERMS AND CONDITIONS

1. Owner's Responsibilities. The Owner is responsible to supply water, gas, sewer and electrical utilities unless otherwise agreed to in writing. Electricity and water to the site is necessary. Owner agrees to allow and provide Contractor and his equipment access to the property. The Owner is responsible for having sufficient funds to comply with this agreement. This is a cash transaction unless otherwise specified. The Owner is responsible to remove or protect any personal property and Contractor is not responsible for same or for any carpets, drapes, furniture, driveways, lawns, shrubs, etc. The Owner shall point out and warrant the property lines to Contractor, and shall hold Contractor harmless for any disputes or errors in the property line or setback locations.

2. Delays. Contractor agrees to start and diligently pursue work through to completion, but shall not be responsible for delays for any of the following reasons: failure of the issuance of all necessary building permits within a reasonable length of time, funding of loans, disbursement of funds into control or escrow, acts of neglect or omission of Owner or Owner's employees or Owner's agent, acts of God, stormy or inclement weather, strikes, lockouts, boycotts or other labor union activities, extra work ordered by Owner, acts of public enemy, riots or civil commotion, inability to secure material through regular recognized channels, imposition of Government priority or allocation of materials, failure of Owner to make payments when due, or delays caused by inspection or changes ordered by the inspectors of authorized Governmental bodies, or for acts of independent Contractors, or other causes beyond Contractor's reasonable control.

3. Plans and Specifications. If plans and specifications are prepared for this job, they shall be attached to and become a part of the Agreement. Contractor will obtain and pay for all required building permits, but Owner will pay assessments and charges required by public bodies and utilities for financing or repaying the cost of sewers, storm drains, water service, other utilities, water hook-up charges and the like.

4. Subcontracts. The Contractor may subcontract portions of this work to properly licensed and qualified subcontractors.

5. Completion and Occupancy. Owner agrees to sign and record a notice of completion within five days after the project is complete and ready for occupancy. If the project passes final inspection by the public body but Owner fails to record Notice of Completion, then Owner hereby appoints Contractor as Owner's agent to sign and record a Notice of Completion on behalf of Owner.
This agency is irrevocable and is an agency coupled with an interest. In the event the Owner occupies the project or any part thereof before the Contractor has received all payment due under this contract, such occupancy shall constitute full and unqualified acceptance of all the Contractor's work by the Owner and the Owner agrees that such occupancy shall be a waiver of any and all claims against the Contractor.

6. Insurance and Deposits. Owner will procure at his own expense and before the commencement of any work hereunder, fire insurance with course of construction, vandalism and malicious mischief clauses attached, such insurance to be a sum at least equal to the contract price with loss, if any, payable to any beneficiary under any deed of trust covering the project, such insurance to name the Contractor and his subcontractors as additional insured, and to protect Owner, Contractor and his subcontractors and construction lender as their interests may appear; should Owner fail to do so, Contractor may procure such insurance as agent for and at the expense of Owner, but is not required to do so. If the project is destroyed or damaged by disaster, accident or calamity, such as fire, storm, earthquake, flood, landslide, or by theft or vandalism, any work done by the Contractor rebuilding or restoring the project shall be paid by the Owner as extra work.
Contractor shall carry Worker's Compensation Insurance for the protection of Contractor's employees during the progress of the work. Owner shall obtain and pay for insurance against injury to his own employees and persons under Owner's discretion and persons on the job site at Owner's invitation.

7. Right to Stop Work. Contractor shall have the right to stop work if any payment shall not be made, when due, to Contractor under this agreement; Contractor may keep the job idle until all payments due are received. Such failure to make payment, when due, is a material breach of this Agreement.
Overdue payments will bear interest at the rate of 1½% per month (18% per annum).

8. Clean Up. Contractor will remove from Owner's property debris and surplus material created by his operation and leave it in a neat and broom clean condition.

9. Limitations. No action of any character arising from or related to this contract, or the performance thereof, shall be commenced by either party against the other more than two years after completion or cessation of work under this contract.

10. Validity and Damages. In case one or more of the provisions of this Agreement or any application thereof shall be invalid, unenforceable or illegal, the validity, enforceability and legality of the remaining provisions and any other applications shall not in any way be impaired thereby. Any damages for which Contractor may be liable to Owner shall not, in any event, exceed the cash price of this contract.

11. Asbestos, Lead, Mold, and other Hazardous Materials. Owner hereby represents that Owner has no knowledge of the existence on or in any portion of the premises affected by the Project of any asbestos, lead paint, mold (including all types of microbial matter or microbiological contamination, mildew or fungus), or other hazardous materials.
Testing for the existence of mold and other hazardous materials shall only be performed as expressly stated in writing. Contractor shall not be testing or performing any work whatsoever in an area that is not identified in the Scope of Work.
Unless the contract specifically calls for the removal, disturbance, or transportation of asbestos, polychlorinated biphenyl (PCB), mold, lead paint, or other hazardous substances or materials, the parties acknowledge that such work requires special procedures, precautions, and/or licenses. Therefore, unless the contract specifically calls for same, if Contractor encounters such substances, Contractor shall immediately stop work and allow the Owner to obtain a duly qualified asbestos and/or hazardous material contractor to perform the work or Contractor may perform the work itself at Contractor's option. Said work will be treated as an extra under this contract, and the Contract Term setting forth the time for completion of the project may be delayed.
In the event that mold or microbial contamination is removed by Contractor, Owner understands and agrees that due to the unpredictable characteristics of mold and microbial contamination, Contractor shall not be responsible for any recurring incidents of mold or microbial contamination appearing in the same or any adjacent location, subsequent to the completion of the work performed by Contractor. Owner agrees to hold Contractor harmless, and shall indemnify Contractor harmless for any recurrence of mold or microbial contamination. Owner also agrees that Contractor shall not be responsible, and agrees to hold Contractor harmless and indemnify Contractor, for the existence of mold or microbial contamination in any area that Contractor was not contracted to test and/or remediate. Further, Owner is hereby informed, and hereby acknowledges, that most insurers expressly disclaim coverage for any actual or alleged damages arising from mold or microbial contamination.
Contractor makes no representations whatsoever as to coverage for mold contamination, though at Owner's additional expense, if requested in writing, Contractor will inquire as to the availability of additional coverage for such contamination or remediation, and if available, will obtain such coverage if the additional premium is paid for by Owner as an extra.

12. Standards of Materials and Workmanship. Contractor shall use and install "standard grade" or "builder's grade" materials on the project unless otherwise stated in the Scope of Work, the plans, and/or specifications provided to Contractor prior to the execution of this Agreement. Unless expressly stated in the Scope of Work, Contractor shall have no liability or responsibility to restore or repair the whole or any part of the premises affected by the work of Contractor to be performed herein or by any subsequently agreed-upon change order, including as an illustration and not as a limitation, any landscaping, sprinkler system, flooring and carpet, wall coverings, paint, tile, or decorator items.

13. Limited Warranty. Contractor warrants that all work performed by it and its subcontractors shall be done in a good and workmanlike manner in accordance with accepted trade practices. Said warranty shall extend for one year from the date of substantial completion of Contractor's portion of the project. However, the warranties for assemblies, appliances and the like, shall be those warranties provided by the manufacturer or supplier of that item rather than based on Contractor's warranty herein. Contractor shall assemble and provide to Owner all such manufacturer's warranties.

14. Changes in the Work - Concealed Conditions. Should the Owner, construction lender, or any public body or inspector direct any modification or addition to the work covered by this contract, the contract price shall be adjusted accordingly.
Modification or addition to the work shall be executed only when a Contract Change Order has been signed by both the Owner and the Contractor. The change in the Contract Price caused by such Contract Change Order shall be as agreed to in writing, or if the parties are not in agreement as to the change in Contract Price, the Contractor's actual cost of all labor, equipment, subcontracts and materials, plus a Contractor's fee of 20% or_____% shall be the change in Contract Price.
The Contract Change Order may also increase the time within which the contract is to be completed.
Contractor shall promptly notify the Owner of (a) subsurface or latent physical conditions at the site differing materially from those indicated in the contract, or (b) unknown physical conditions differing materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this contract. Any expense incurred due to such conditions shall be paid for by the Owner as added work. Payment for extra work will be made as extra work progresses.

15. Fees, Taxes and Assessments, Compliance With Laws. Taxes, Permits, Fees, and assessments of all descriptions will be paid for by Owner. Contractor will obtain all required building permits, at the sole expense of Owner. Upon demand by Contractor, Owner shall provide ample funds to acquire any and all necessary permits on a timely basis. Owner will pay assessments and charges required by public bodies and utilities for financing or repaying the cost of sewers, storm drains, water service, schools and school facilities, other utilities, hook-up charges and the like. Contractor shall comply with all federal, state, county and local laws, ordinances and regulations.

16. Labor and Material. Contractor shall pay all valid charges for labor and material incurred by Contractor and used in the construction or repair of the Project. Contractor is excused from this obligation for bills received in any period during which the Owner is in arrears in making progress payments to Contractor No waiver or release of mechanic's lien given by Contractor shall be binding until all payments due to Contractor when the release was executed have been made.

17. Right to Cure. In the event that Owner alleges that some of the work is not or has not been done correctly or timely, Owner shall give Contractor a notice that Contractor shall commence to cure the condition that Owner has alleged is insufficient within ten days.

SAMPLE

 © 2026 Builder's Book, Inc. Bookstore, Publisher. All rights reserved. Permission must be granted for reproduction. Violators will be prosecuted. www.buildersbook.com

FIVE-DAY RIGHT TO CANCEL (For owners 65 and over)

(Complies with Section 7159 of California Business and Professions Code)

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, 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.

THREE-DAY RIGHT TO CANCEL

(Complies with Section 7163 of California Business and Professions Code)

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, 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, _____ hereby acknowledge that on _____ I was provided this
(Owner) (Date)

document entitled ☐ "Three Day Right to Cancel" ☐ "Five Day Right to Cancel" **X** _____
(Owner's Signature)

FIVE-DAY NOTICE OF CANCELLATION (For owners 65 and over)

DATE _____ *(Complies with Section 7159 of California Business and Professions Code)*

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 cancelled.

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, e-mail, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram no later than midnight of _____ to
(Date)

_____ at _____
(Name of Seller) (Address of Seller's Place of Business)

I hereby cancel this transaction **X** _____ _____
(Buyer's Signature) (Date)

THREE-DAY NOTICE OF CANCELLATION

DATE _____ *(Complies with Section 7163 of California Business and Professions Code)*

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 cancelled.

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, e-mail, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram no later than midnight of _____ to
(Date)

_____ at _____
(Name of Seller) (Address of Seller's Place of Business)

I hereby cancel this transaction **X** _____ _____
(Buyer's Signature) (Date)

SAMPLE

203 © 2026 Builder's Book, Inc. Bookstore, Publisher. All rights reserved. Permission must be granted for reproduction. Violators will be prosecuted. www.buildersbook.com

STATUTORY NOTICES

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 Website at www.cslb.ca.gov **CALL** CSLB at 800-321-CSLB (2752)
WRITE CSLB at P.O. Box 26000, Sacramento, CA 95826.

COMMERCIAL GENERAL LIABILITY INSURANCE (CGL)

Check the applicable box

☐ **(A)** _____ (Contractor's Name) **does not carry Commercial General Liability Insurance.**

☐ **(B)** _____ (Contractor's Name) **carries Commercial General Liability Insurance.**
The insurance company is _____ (Insurance Company Name).
You may call the insurance company at _____ (Phone Number) **to check the contractor's insurance coverage.**

☐ **(C)** _____ (Contractor's Name) **is self-insured.**

☐ **(D)** _____ (Contractor's Name) **is a limited liability company that carries liability insurance or maintains other security as required by law.**
You may call _____ (Insurance Company/Trust Company/Bank) **at** _____ (Phone Number) **to check on the contractor's insurance coverage or security.**

WORKERS' COMPENSATION INSURANCE

Check the applicable box

(Complies with Section 7125 of California Business and Professions Code)

☐ **(A) This contractor has no employees and is exempt from workers' compensation requirements.**

☐ **(B) This contractor carries workers' compensation insurance for all employees.**

PLEASE NOTE: Worker's Compensation Insurance is mandatory for all contractors with employees, and for contractors holding a C-8, C-20, C-22, C-39, and C-49 (D-49) regardless of whether they have employees.
By January 2028, Worker's Compensation Insurance is required for ALL licensed contractors, with or without employees.

NOTE ABOUT EXTRA WORK AND CHANGE ORDERS

(Complies with Civil Code Section 1698 as amended)

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 any 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.

You, the buyer, may not require a contractor to perform extra or change-order work without providing written authorization prior to the commencement of any work covered by the new change order.

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 any 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.

The 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.

MECHANICS LIEN WARNING

(Complies with Section 7159(e)(4) of California Business and Professions Code)

HOME IMPROVEMENT 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 he or she is 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 Website at 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.

SAMPLE

 © 2026 Builder's Book, Inc. Bookstore, Publisher. All rights reserved. Permission must be granted for reproduction. Violators will be prosecuted. www.buildersbook.com

ARBITRATION OF DISPUTES

(Complies with CA Business and Professions Code 7191)

ARBITRATION OF DISPUTES: ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATED TO THIS CONTRACT, OR THE BREACH THEREOF, SHALL BE SETTLED BY BINDING ARBITRATION BEFORE THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS CONSTRUCTION INDUSTRY ARBITRATION RULES, AND JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR(S) MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. DISCOVERY IN ANY ARBITRATION SHALL BE LIMITED TO WHAT IS ALLOWED BY THE APPLICABLE ARBITRATION RULES AND THE ARBITRATOR'S POWERS ARE EXPRESSLY LIMITED TO THE APPLICABLE RULES; WHERE THE RULES PROVIDE THAT DISCOVERY OR DEPOSITION MAY BE ALLOWED IN EXTRAORDINARY CASES, IN THE INTERESTS OF JUDICIAL ECONOMY, THE ARBITRATOR MAY NOT ORDER DISCOVERY BROADER THAN THAT ALLOWED IN A LIMITED CIVIL CASE UNDER CODE OF CIVIL PROCEDURE SECTION 94.

ANY CLAIM FILED IN SMALL CLAIMS COURT SHALL NOT BE DEEMED TO BE A WAIVER OF THE RIGHT TO ARBITRATE, AND IF A COUNTER CLAIM IN EXCESS OF THE JURISDICTION OF THE SMALL CLAIMS COURT IS FILED IN THE MUNICIPAL OR SUPERIOR COURT, THEN THE PARTY FILING IN SMALL CLAIMS COURT MAY DEMAND ARBITRATION PURSUANT TO THIS PARAGRAPH.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE BUSINESS AND PROFESSIONS CODE OR OTHER APPLICABLE LAWS.
YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

I AGREE TO ARBITRATION. _____ **I AGREE TO ARBITRATION.** _____
(Direct Contractor's Initials) (Owner's Initials)

ARBITRATION OF DISPUTES

(Complies with CA Business and Professions Code 7191)

ARBITRATION OF DISPUTES: ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATED TO THIS CONTRACT, OR THE BREACH THEREOF, SHALL BE SETTLED BY BINDING ARBITRATION BEFORE THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS CONSTRUCTION INDUSTRY ARBITRATION RULES, AND JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR(S) MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. DISCOVERY IN ANY ARBITRATION SHALL BE LIMITED TO WHAT IS ALLOWED BY THE APPLICABLE ARBITRATION RULES AND THE ARBITRATOR'S POWERS ARE EXPRESSLY LIMITED TO THE APPLICABLE RULES; WHERE THE RULES PROVIDE THAT DISCOVERY OR DEPOSITION MAY BE ALLOWED IN EXTRAORDINARY CASES, IN THE INTERESTS OF JUDICIAL ECONOMY, THE ARBITRATOR MAY NOT ORDER DISCOVERY BROADER THAN THAT ALLOWED IN A LIMITED CIVIL CASE UNDER CODE OF CIVIL PROCEDURE SECTION 94.

ANY CLAIM FILED IN SMALL CLAIMS COURT SHALL NOT BE DEEMED TO BE A WAIVER OF THE RIGHT TO ARBITRATE, AND IF A COUNTER CLAIM IN EXCESS OF THE JURISDICTION OF THE SMALL CLAIMS COURT IS FILED IN THE MUNICIPAL OR SUPERIOR COURT, THEN THE PARTY FILING IN SMALL CLAIMS COURT MAY DEMAND ARBITRATION PURSUANT TO THIS PARAGRAPH.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE BUSINESS AND PROFESSIONS CODE OR OTHER APPLICABLE LAWS.
YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

I AGREE TO ARBITRATION. _____ **I AGREE TO ARBITRATION.** _____
(Direct Contractor's Initials) (Owner's Initials)

CUSTOMER ACKNOWLEDGMENT

I hereby acknowledge receipt of the following documents or Notices:

- ☐ 1. Home Improvement Contract
- ☐ 2. Three-Day Right to Cancel
- ☐ 3. Five-Day Right to Cancel
- ☐ 4. Notice Of Cancellation
- ☐ 5. Statutory Notices
- ☐ 6. Disclosure re: Commercial General Liability Insurance
- ☐ 7. Disclosure re: Workers' Compensation Insurance
- ☐ 8. Note About Extra Work and Change Order
- ☐ 9. Mechanics Lien Warning
- ☐ 10. Arbitration of Disputes

Owner: _____ Owner: **X** _____ _____
(Print Name of Owner) (Owner Sign Here) (Date)

SAMPLE

 © 2026 Builder's Book, Inc. Bookstore, Publisher. All rights reserved. Permission must be granted for reproduction. Violators will be prosecuted. www.buildersbook.com