

AMENDED IN ASSEMBLY JULY 17, 2025

AMENDED IN SENATE MAY 1, 2025

AMENDED IN SENATE APRIL 7, 2025

**SENATE BILL**

**No. 784**

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**Introduced by Senator Durazo  
(Coauthor: Senator Allen)**

February 21, 2025

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An act to amend Section 7159 of the Business and Professions Code, and to amend Sections 1689.6, 1689.7, and 1689.13 of, and to add Title 1.87 (commencing with Section 1799.220) to Part 4 of Division 3 of, the Civil Code, relating to consumer credit.

LEGISLATIVE COUNSEL'S DIGEST

SB 784, as amended, Durazo. Home improvement loans: right to cancel contracts.

(1) Existing law generally regulates various types of consumer credit contracts and transactions, including consumer loans, home solicitation contracts and offers, and home improvement businesses and contracts.

This bill would regulate home improvement loans. The bill would require a lender to take specified actions before a consumer executes a contract for a home improvement loan, including obtaining oral confirmation of key terms of the home improvement loan contract, as defined and specified. The bill would require a lender that offers or provides a home improvement loan to make certain information available to the consumer and would prescribe how a lender must respond to requests for information from a consumer. The bill would prohibit a consumer's repayment obligations under a home improvement ~~loan~~ *loan, as specified*, until the lender has taken specified actions.

(2) Existing law authorizes a buyer to cancel certain home solicitation contracts or offers until midnight of the 3rd business day after the day on which the buyer signs an agreement or offer to purchase that complies with specified requirements. Existing law authorizes a buyer to cancel a home solicitation contract written for certain home improvement work until midnight of the 3rd business day after the buyer receives a signed and dated copy of the contract or offer to purchase that complies with specified requirements. Existing law requires contracts for a home solicitation contract or offer to include a notice of cancellation form with specified statements as to the buyer's right to cancel. Existing law permits a buyer to provide a seller an express waiver to this right to cancel, if the contract meets other specified requirements.

Existing law requires specific provisions and requirements for home improvement contracts, as defined, that are not governed by the provisions described above. Existing law requires these contracts to include a notice regarding the buyer's 3-day right to cancel.

Existing law provides an alternate 5-day period of time to cancel the contracts or offers described above if the buyer or property owner is a senior citizen, as defined, for contracts entered into, or offers to purchase conveyed, on or after January 1, 2021.

This bill would extend those 3-day and 5-day periods to 5-day and 7-day periods, respectively. The bill would also make conforming changes. The bill would apply these new extended periods to transactions on or after January 1, 2026.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 7159 of the Business and Professions
- 2 Code is amended to read:
- 3 7159. (a) (1) This section identifies the projects for which a
- 4 home improvement contract is required, outlines the contract
- 5 requirements, and lists the items that shall be included in the
- 6 contract, or may be provided as an attachment.
- 7 (2) This section does not apply to service and repair contracts
- 8 that are subject to Section 7159.10, if the contract for the applicable
- 9 services complies with Sections 7159.10 to 7159.14, inclusive.
- 10 (3) This section does not apply to the sale, installation, and
- 11 servicing of a fire alarm sold in conjunction with an alarm system,

1 as defined in Section 7590.1, if all costs attributable to making the  
2 fire alarm system operable, including sale and installation costs,  
3 do not exceed five hundred dollars (\$500), and the licensee  
4 complies with the requirements set forth in Section 7159.9.

5 (4) This section does not apply to any costs associated with  
6 monitoring a burglar or fire alarm system.

7 (5) Failure by the licensee, their agent or salesperson, or by a  
8 person subject to be licensed under this chapter, to provide the  
9 specified information, notices, and disclosures in the contract, or  
10 to otherwise fail to comply with any provision of this section, is  
11 cause for discipline.

12 (b) For purposes of this section, “home improvement contract”  
13 means an agreement, whether oral or written, or contained in one  
14 or more documents, between a contractor and an owner or between  
15 a contractor and a tenant, regardless of the number of residence  
16 or dwelling units contained in the building in which the tenant  
17 resides, if the work is to be performed in, to, or upon the residence  
18 or dwelling unit of the tenant, for the performance of a home  
19 improvement, as defined in Section 7151, and includes all labor,  
20 services, and materials to be furnished and performed thereunder,  
21 if the aggregate contract price specified in one or more  
22 improvement contracts, including all labor, services, and materials  
23 to be furnished by the contractor, exceeds five hundred dollars  
24 (\$500). “Home improvement contract” also means an agreement,  
25 whether oral or written, or contained in one or more documents,  
26 between a salesperson, whether or not they are a home  
27 improvement salesperson, and an owner or a tenant, regardless of  
28 the number of residence or dwelling units contained in the building  
29 in which the tenant resides, which provides for the sale, installation,  
30 or furnishing of home improvement goods or services.

31 (c) In addition to the specific requirements listed under this  
32 section, every home improvement contract and any person subject  
33 to licensure under this chapter or their agent or salesperson shall  
34 comply with all of the following:

35 (1) The writing shall be legible.

36 (2) Any printed form shall be readable. Unless a larger typeface  
37 is specified in this article, text in any printed form shall be in at  
38 least 10-point typeface and the headings shall be in at least 10-point  
39 boldface type.

1 (3) (A) Before any work is started, the contractor shall give the  
2 buyer a copy of the contract signed and dated by both the contractor  
3 and the buyer. The buyer's receipt of the copy of the contract  
4 initiates the buyer's rights to cancel the contract pursuant to  
5 Sections 1689.5 to 1689.14, inclusive, of the Civil Code.

6 (B) The contract shall contain on the first page, in a typeface  
7 no smaller than that generally used in the body of the document,  
8 both of the following:

9 (i) The date the buyer signed the contract.

10 (ii) The name and address of the contractor to which the  
11 applicable "Notice of Cancellation" is to be mailed, immediately  
12 preceded by a statement advising the buyer that the "Notice of  
13 Cancellation" may be sent to the contractor at the address noted  
14 on the contract.

15 (4) The contract shall include a statement that, upon satisfactory  
16 payment being made for any portion of the work performed, the  
17 contractor, prior to any further payment being made, shall furnish  
18 to the person contracting for the home improvement or swimming  
19 pool work a full and unconditional release from any potential lien  
20 claimant claim or mechanics lien authorized pursuant to Sections  
21 8400 and 8404 of the Civil Code for that portion of the work for  
22 which payment has been made.

23 (5) A change-order form for changes or extra work shall be  
24 incorporated into the contract and shall become part of the contract  
25 only if it is in writing and signed by the parties prior to the  
26 commencement of any work covered by a change order.

27 (6) The contract shall contain, in close proximity to the  
28 signatures of the owner and contractor, a notice stating that the  
29 owner or tenant has the right to require the contractor to have a  
30 performance and payment bond.

31 (7) If the contract provides for a contractor to furnish joint  
32 control, the contractor shall not have any financial or other interest  
33 in the joint control.

34 (8) The provisions of this section are not exclusive and do not  
35 relieve the contractor from compliance with any other applicable  
36 provision of law.

37 (d) A home improvement contract and any changes to the  
38 contract shall be in writing and signed by the parties to the contract  
39 prior to the commencement of work covered by the contract or an  
40 applicable change order and, except as provided in paragraph (8)

1 of subdivision (a) of Section 7159.5, shall include or comply with  
2 all of the following:

3 (1) The name, business address, and license number of the  
4 contractor.

5 (2) If applicable, the name and registration number of the home  
6 improvement salesperson that solicited or negotiated the contract.

7 (3) The following heading on the contract form that identifies  
8 the type of contract in at least 10-point boldface type: “Home  
9 Improvement.”

10 (4) The following statement in at least 12-point boldface type:  
11 “You are entitled to a completely filled in copy of this agreement,  
12 signed by both you and the contractor, before any work may be  
13 started.”

14 (5) The heading: “Contract Price,” followed by the amount of  
15 the contract in dollars and cents.

16 (6) If a finance charge will be charged, the heading: “Finance  
17 Charge,” followed by the amount in dollars and cents. The finance  
18 charge is to be set out separately from the contract amount.

19 (7) The heading: “Description of the Project and Description  
20 of the Significant Materials to be Used and Equipment to be  
21 Installed,” followed by a description of the project and a description  
22 of the significant materials to be used and equipment to be installed.  
23 For swimming pools, the project description required under this  
24 paragraph also shall include a plan and scale drawing showing the  
25 shape, size, dimensions, and the construction and equipment  
26 specifications.

27 (8) If a downpayment will be charged, the details of the  
28 downpayment shall be expressed in substantially the following  
29 form, and shall include the text of the notice as specified in  
30 subparagraph (C):

31 (A) The heading: “Downpayment.”

32 (B) A space where the actual downpayment appears.

33 (C) The following statement in at least 12-point boldface type:

34  
35 “THE DOWNPAYMENT MAY NOT EXCEED \$1,000 OR 10  
36 PERCENT OF THE CONTRACT PRICE, WHICHEVER IS  
37 LESS.”

38  
39 (9) If payments, other than the downpayment, are to be made  
40 before the project is completed, the details of these payments,

1 known as progress payments, shall be expressed in substantially  
2 the following form, and shall include the text of the statement as  
3 specified in subparagraph (C):

4 (A) A schedule of progress payments shall be preceded by the  
5 heading: "Schedule of Progress Payments."

6 (B) Each progress payment shall be stated in dollars and cents  
7 and specifically reference the amount of work or services to be  
8 performed and materials and equipment to be supplied.

9 (C) The section of the contract reserved for the progress  
10 payments shall include the following statement in at least 12-point  
11 boldface type:

12  
13 "The schedule of progress payments must specifically describe  
14 each phase of work, including the type and amount of work or  
15 services scheduled to be supplied in each phase, along with the  
16 amount of each proposed progress payment. IT IS AGAINST THE  
17 LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR  
18 WORK NOT YET COMPLETED, OR FOR MATERIALS NOT  
19 YET DELIVERED. HOWEVER, A CONTRACTOR MAY  
20 REQUIRE A DOWNPAYMENT."

21  
22 (10) The contract shall address the commencement of work to  
23 be performed in substantially the following form:

24 (A) A statement that describes what constitutes substantial  
25 commencement of work under the contract.

26 (B) The heading: "Approximate Start Date."

27 (C) The approximate date on which work will be commenced.

28 (11) The estimated completion date of the work shall be  
29 referenced in the contract in substantially the following form:

30 (A) The heading: "Approximate Completion Date."

31 (B) The approximate date of completion.

32 (12) If applicable, the heading: "List of Documents to be  
33 Incorporated into the Contract," followed by the list of documents  
34 incorporated into the contract.

35 (13) The heading: "Note About Extra Work and Change Orders,"  
36 followed by the following statement:

37  
38 "Extra Work and Change Orders become part of the contract  
39 once the order is prepared in writing and signed by the parties prior  
40 to the commencement of work covered by the new change order.

1 The order must describe the scope of the extra work or change,  
2 the cost to be added or subtracted from the contract, and the effect  
3 the order will have on the schedule of progress payments.”  
4

5 (e) Except as provided in paragraph (8) of subdivision (a) of  
6 Section 7159.5, all of the following notices shall be provided to  
7 the owner as part of the contract form as specified or, if otherwise  
8 authorized under this subdivision, may be provided as an  
9 attachment to the contract:

10 (1) A notice concerning commercial general liability insurance.  
11 This notice may be provided as an attachment to the contract if  
12 the contract includes the following statement: “A notice concerning  
13 commercial general liability insurance is attached to this contract.”  
14 The notice shall include the heading “Commercial General Liability  
15 Insurance (CGL),” followed by whichever of the following  
16 statements is both relevant and correct:

17 (A) “(The name on the license or ‘This contractor’) does not  
18 carry commercial general liability insurance.”

19 (B) “(The name on the license or ‘This contractor’) carries  
20 commercial general liability insurance written by (the insurance  
21 company). You may call (the insurance company) at \_\_\_\_ to check  
22 the contractor’s insurance coverage.”

23 (C) “(The name on the license or ‘This contractor’) is  
24 self-insured.”

25 (D) “(The name on the license or ‘This contractor’) is a limited  
26 liability company that carries liability insurance or maintains other  
27 security as required by law. You may call (the insurance company  
28 or trust company or bank) at \_\_\_\_ to check on the contractor’s  
29 insurance coverage or security.”

30 (2) A notice concerning workers’ compensation insurance. This  
31 notice may be provided as an attachment to the contract if the  
32 contract includes the statement: “A notice concerning workers’  
33 compensation insurance is attached to this contract.” The notice  
34 shall include the heading “Workers’ Compensation Insurance”  
35 followed by whichever of the following statements is correct:

36 (A) “(The name on the license or ‘This contractor’) has no  
37 employees and is exempt from workers’ compensation  
38 requirements.”

39 (B) “(The name on the license or ‘This contractor’) carries  
40 workers’ compensation insurance for all employees.”

1 (3) A notice that provides the buyer with the following  
2 information about the performance of extra or change-order work:

3 (A) A statement that the buyer may not require a contractor to  
4 perform extra or change-order work without providing written  
5 authorization prior to the commencement of work covered by the  
6 new change order.

7 (B) A statement informing the buyer that extra work or a change  
8 order is not enforceable against a buyer unless the change order  
9 also identifies all of the following in writing prior to the  
10 commencement of work covered by the new change order:

11 (i) The scope of work encompassed by the order.

12 (ii) The amount to be added or subtracted from the contract.

13 (iii) The effect the order will make in the progress payments or  
14 the completion date.

15 (C) A statement informing the buyer that the contractor's failure  
16 to comply with the requirements of this paragraph does not  
17 preclude the recovery of compensation for work performed based  
18 upon legal or equitable remedies designed to prevent unjust  
19 enrichment.

20 (4) A notice with the heading "Mechanics Lien Warning" written  
21 as follows:

22  
23 "MECHANICS LIEN WARNING:  
24

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

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

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



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

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

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

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

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

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

26  
27 (5) The following notice shall be provided in at least 12-point  
28 typeface:

29  
30 “Information about the Contractors State License Board (CSLB):  
31 CSLB is the state consumer protection agency that licenses and  
32 regulates construction contractors.

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

37 Use only licensed contractors. If you file a complaint against a  
38 licensed contractor within the legal deadline (usually four years),  
39 CSLB has authority to investigate the complaint. If you use an  
40 unlicensed contractor, CSLB may not be able to help you resolve

1 your complaint. Your only remedy may be in civil court, and you  
2 may be liable for damages arising out of any injuries to the  
3 unlicensed contractor or the unlicensed contractor's employees.

4 For more information:

5 Visit CSLB's internet website at [www.cslb.ca.gov](http://www.cslb.ca.gov)

6 Call CSLB at 800-321-CSLB (2752)

7 Write CSLB at P.O. Box 26000, Sacramento, CA 95826."

8  
9 (6) (A) The notice set forth in subparagraph (B) and entitled  
10 "Five-Day Right to Cancel," or entitled "Seven-Day Right to  
11 Cancel" for contracts with a senior citizen, shall be provided to  
12 the buyer unless the contract is:

13 (i) Negotiated at the contractor's place of business.

14 (ii) Subject to the "Seven-Day Right to Cancel," as set forth in  
15 paragraph (7).

16 (iii) Subject to licensure under the Alarm Company Act (Chapter  
17 11.6 (commencing with Section 7590)), provided the alarm  
18 company licensee complies with Sections 1689.5, 1689.6, and  
19 1689.7 of the Civil Code, as applicable.

20  
21 (B) (i) "Five-Day Right to Cancel

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

29 If you cancel, the contractor must return to you anything you  
30 paid within 10 days of receiving the notice of cancellation. For  
31 your part, you must make available to the contractor at your  
32 residence, in substantially as good condition as you received them,  
33 goods delivered to you under this contract or sale. Or, you may,  
34 if you wish, comply with the contractor's instructions on how to  
35 return the goods at the contractor's expense and risk. If you do  
36 make the goods available to the contractor and the contractor does  
37 not pick them up within 20 days of the date of your notice of  
38 cancellation, you may keep them without any further obligation.  
39 If you fail to make the goods available to the contractor, or if you  
40 agree to return the goods to the contractor and fail to do so, then

1 you remain liable for performance of all obligations under the  
2 contract.”

3  
4 (ii) References to “five” and “fifth” in the notice set forth in  
5 clause (i) shall be changed to “seven” and “seventh” respectively,  
6 for a buyer who is a senior citizen.

7 (C) The notice required by this paragraph shall comply with all  
8 of the following:

9 (i) The text of the notice is at least 12-point boldface type.

10 (ii) The notice is in immediate proximity to a space reserved  
11 for the owner’s signature.

12 (iii) The owner acknowledges receipt of the notice by signing  
13 and dating the notice form in the signature space.

14 (iv) The notice is written in the same language, e.g., Spanish,  
15 as that principally used in any oral sales presentation.

16 (v) The notice may be attached to the contract if the contract  
17 includes, in at least 12-point boldface type, a checkbox with one  
18 of the following statements, as applicable:

19 (I) For a contract with a senior citizen: “The law requires that  
20 the contractor give you a notice explaining your right to cancel.  
21 Initial the checkbox if the contractor has given you a ‘Notice of  
22 the Seven-Day Right to Cancel.’”

23 (II) For all other contracts: “The law requires that the contractor  
24 give you a notice explaining your right to cancel. Initial the  
25 checkbox if the contractor has given you a ‘Notice of the Five-Day  
26 Right to Cancel.’”

27 (vi) (I) The notice shall be accompanied by a completed form  
28 in duplicate, captioned “Notice of Cancellation,” which also shall  
29 be attached to the agreement or offer to purchase and be easily  
30 detachable, and which shall contain the following statement written  
31 in the same language, e.g., Spanish, as used in the contract:

32  
33 “Notice of Cancellation”

34 /enter date of transaction/  
35

36 \_\_\_\_\_  
37 (Date)

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

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

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

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

18  
19 To cancel this transaction, mail or deliver a signed and dated copy of this  
20 cancellation notice, or any other written notice, or send a telegram

21 to \_\_\_\_\_,  
22 /name of seller/

23 at \_\_\_\_\_  
24 /address of seller's place of business/

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

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

29 \_\_\_\_\_  
30 (Buyer's signature)

31  
32 (II) The reference to “five” in the statement set forth in subclause  
33 (I) shall be changed to “seven” for a buyer who is a senior citizen.

34 (7) (A) The following notice entitled “Seven-Day Right to  
35 Cancel” shall be provided to the buyer for any contract that is  
36 written for the repair or restoration of residential premises damaged  
37 by any sudden or catastrophic event for which a state of emergency  
38 has been declared by the President of the United States or the  
39 Governor, or for which a local emergency has been declared by

1 the executive officer or governing body of any city, county, or city  
2 and county:

3  
4 “Seven-Day Right to Cancel

5 You, the buyer, have the right to cancel this contract within seven  
6 business days. You may cancel by emailing, mailing, faxing, or  
7 delivering a written notice to the contractor at the contractor’s  
8 place of business by midnight of the seventh business day after  
9 you received a signed and dated copy of the contract that includes  
10 this notice. Include your name, your address, and the date you  
11 received the signed copy of the contract and this notice.

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

26  
27 (B) The “Seven-Day Right to Cancel” notice required by this  
28 subdivision shall comply with all of the following:

29 (i) The text of the notice is at least 12-point boldface type.

30 (ii) The notice is in immediate proximity to a space reserved  
31 for the owner’s signature.

32 (iii) The owner acknowledges receipt of the notice by signing  
33 and dating the notice form in the signature space.

34 (iv) The notice is written in the same language, e.g., Spanish,  
35 as that principally used in any oral sales presentation.

36 (v) The notice may be attached to the contract if the contract  
37 includes, in at least 12-point boldface type, a checkbox with the  
38 following statement: “The law requires that the contractor give  
39 you a notice explaining your right to cancel. Initial the checkbox

1 if the contractor has given you a 'Notice of the Seven-Day Right  
2 to Cancel.' ”

3 (vi) The notice shall be accompanied by a completed form in  
4 duplicate, captioned “Notice of Cancellation,” which shall also be  
5 attached to the agreement or offer to purchase and be easily  
6 detachable, and which shall contain the following statement written  
7 in the same language, e.g., Spanish, as used in the contract:

8  
9 “Notice of Cancellation”

10 /enter date of transaction/  
11 \_\_\_\_\_

12 (Date)  
13

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

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

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

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

33  
34 To cancel this transaction, mail or deliver a signed and dated copy of this  
35 cancellation notice, or any other written notice, or send a telegram

36 to \_\_\_\_\_,

37 /name of seller/  
38

39 at \_\_\_\_\_

40 /address of seller’s place of business/

not later than midnight of \_\_\_\_\_.

(Date)

I hereby cancel this transaction.

(Date)

(Buyer's signature)

(f) The five-day right to cancel added by the act that amended paragraph (6) of subdivision (e) shall apply to contracts entered into on or after January 1, 2021.

(g) The five-day and seven-day rights to cancel added by the act in the 2024–25 Regular Session of the Legislature that amended paragraph (6) of subdivision (e) shall apply to contracts entered into on or after January 1, 2026.

SEC. 2. Section 1689.6 of the Civil Code is amended to read:

1689.6. (a) (1) Except for a contract written pursuant to Section 7151.2 or 7159.10 of the Business and Professions Code, in addition to any other right to revoke an offer, the buyer has the right to cancel a home solicitation contract or offer until midnight of the fifth business day, or until midnight of the seventh business day if the buyer is a senior citizen, after the day on which the buyer signs an agreement or offer to purchase which complies with Section 1689.7.

(2) In addition to any other right to revoke an offer, the buyer has the right to cancel a home solicitation contract written pursuant to Section 7151.2 of the Business and Professions Code until midnight of the fifth business day, or until midnight of the seventh business day if the buyer is a senior citizen, after the buyer receives a signed and dated copy of the contract or offer to purchase that complies with Section 1689.7.

(3) (A) In addition to any other right to revoke an offer, the buyer has the right to cancel a home solicitation contract or offer to purchase written pursuant to Section 7159.10 of the Business and Professions Code, until the buyer receives a signed and dated copy of a service and repair contract that complies with the contract requirements specified in Section 7159.10 of the Business and Professions Code and the work commences.

(B) For any contract written pursuant to Section 7159.10 of the Business and Professions Code, or otherwise presented to the buyer as a service and repair contract, unless all of the conforming requirements listed under subdivision (a) of that section are met,

1 the requirements set forth under Section 7159 of the Business and  
2 Professions Code shall be applicable, regardless of the aggregate  
3 contract price, including the right to cancel as set forth under this  
4 section.

5 (4) The five-day right to cancel added by the act that amended  
6 paragraphs (1) and (2) shall apply to contracts entered into, or  
7 offers to purchase conveyed, on or after January 1, 2021.

8 (5) The five-day and seven-day rights to cancel added by the  
9 act amending paragraphs (1) and (2) in the 2025–26 Regular  
10 Session of the Legislature shall apply to contracts entered into, or  
11 offers to purchase conveyed, on or after January 1, 2026.

12 (b) In addition to any other right to revoke an offer, any buyer  
13 has the right to cancel a home solicitation contract or offer for the  
14 purchase of a personal emergency response unit until midnight of  
15 the seventh business day after the day on which the buyer signs  
16 an agreement or offer to purchase which complies with Section  
17 1689.7. This subdivision shall not apply to a personal emergency  
18 response unit installed with, and as part of, a home security alarm  
19 system subject to the Alarm Company Act (Chapter 11.6  
20 (commencing with Section 7590) of Division 3 of the Business  
21 and Professions Code) which has two or more stationary protective  
22 devices used to enunciate an intrusion or fire and is installed by  
23 an alarm company operator operating under a current license issued  
24 pursuant to the Alarm Company Act, which shall instead be subject  
25 to subdivision (a).

26 (c) In addition to any other right to revoke an offer, a buyer has  
27 the right to cancel a home solicitation contract or offer for the  
28 repair or restoration of residential premises damaged by a disaster  
29 that was not void pursuant to Section 1689.14, until midnight of  
30 the seventh business day after the buyer signs and dates the contract  
31 unless the provisions of Section 1689.15 are applicable.

32 (d) Cancellation occurs when the buyer gives written notice of  
33 cancellation to the seller at the address specified in the agreement  
34 or offer.

35 (e) Notice of cancellation, if given by mail, is effective when  
36 deposited in the mail properly addressed with postage prepaid.

37 (f) Notice of cancellation given by the buyer need not take the  
38 particular form as provided with the contract or offer to purchase  
39 and, however expressed, is effective if it indicates the intention of



1 the buyer not to be bound by the home solicitation contract or  
2 offer.

3 (g) “Personal emergency response unit,” for purposes of this  
4 section, means an in-home radio transmitter device or two-way  
5 radio device generally, but not exclusively, worn on a neckchain,  
6 wrist strap, or clipped to clothing, and connected to a telephone  
7 line through which a monitoring station is alerted of an emergency  
8 and emergency assistance is summoned.

9 SEC. 3. Section 1689.7 of the Civil Code is amended to read:

10 1689.7. (a) (1) Except for contracts written pursuant to  
11 Sections 7151.2 and 7159.10 of the Business and Professions Code,  
12 in a home solicitation contract or offer, the buyer’s agreement or  
13 offer to purchase shall be written in the same language, e.g.,  
14 Spanish, as principally used in the oral sales presentation, shall be  
15 dated, shall be signed by the buyer, and except as provided in  
16 paragraph (2), shall contain in immediate proximity to the space  
17 reserved for the buyer’s signature, a conspicuous statement in a  
18 size equal to at least 10-point boldface type, as follows:

19 (A) For a buyer who is a senior citizen: “You, the buyer, may  
20 cancel this transaction at any time prior to midnight of the seventh  
21 business day after the date of this transaction. See the attached  
22 notice of cancellation form for an explanation of this right.”

23 (B) For all other buyers: “You, the buyer, may cancel this  
24 transaction at any time prior to midnight of the fifth business day  
25 after the date of this transaction. See the attached notice of  
26 cancellation form for an explanation of this right.”

27 (2) The statement required pursuant to this subdivision for a  
28 home solicitation contract or offer for the purchase of a personal  
29 emergency response unit, as defined in Section 1689.6, that is not  
30 installed with and as part of a home security alarm system subject  
31 to the Alarm Company Act (Chapter 11.6 (commencing with  
32 Section 7590) of Division 3 of the Business and Professions Code)  
33 that has two or more stationary protective devices used to enunciate  
34 an intrusion or fire and is installed by an alarm company operator  
35 operating under a current license issued pursuant to the Alarm  
36 Company Act, is as follows: “You, the buyer, may cancel this  
37 transaction at any time prior to midnight of the seventh business  
38 day after the date of this transaction. See the attached notice of  
39 cancellation form for an explanation of this right.”

(3) Except for contracts written pursuant to Sections 7151.2 and 7159.10 of the Business and Professions Code, the statement required pursuant to this subdivision for the repair or restoration of residential premises damaged by a disaster pursuant to subdivision (c) of Section 1689.6 is as follows: “You, the buyer, may cancel this transaction at any time prior to midnight of the seventh business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.”

(4) (A) A home solicitation contract written pursuant to Section 7151.2 of the Business and Professions Code shall be written in the same language, e.g., Spanish, as principally used in the oral sales presentation. The contract, or an attachment to the contract that is subject to Section 7159 of the Business and Professions Code shall include in immediate proximity to the space reserved for the buyer’s signature, the following statement in a size equal to at least 12-point boldface type, which shall be dated and signed by the buyer:

“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 it, 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

1 so, then you remain liable for performance of all obligations under  
2 the contract.”

3 (B) References to “five” and “fifth” in the statement set forth  
4 in subparagraph (A) shall be changed to “seven” and “seventh,”  
5 respectively, for a buyer who is a senior citizen.

6 (b) The agreement or offer to purchase shall contain on the first  
7 page, in a type size no smaller than that generally used in the body  
8 of the document, the following: (1) the name and address of the  
9 seller to which the notice is to be mailed, and (2) the date the buyer  
10 signed the agreement or offer to purchase.

11 (c) (1) Except for contracts written pursuant to Sections 7151.2  
12 and 7159.10 of the Business and Professions Code, or except as  
13 provided in subdivision (d), the agreement or offer to purchase  
14 shall be accompanied by a completed form in duplicate, captioned  
15 “Notice of Cancellation” which shall be attached to the agreement  
16 or offer to purchase and be easily detachable, and which shall  
17 contain in type of at least 10-point the following statement written  
18 in the same language, e.g., Spanish, as used in the contract:

19  
20 “Notice of Cancellation”

21 /enter date of transaction/  
22

23 \_\_\_\_\_  
24 (Date)

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

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

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

37 If you do make the goods available to the seller and the seller  
38 does not pick them up within 20 days of the date of your notice of  
39 cancellation, you may retain or dispose of the goods without any  
40 further obligation. If you fail to make the goods available to the

1 seller, or if you agree to return the goods to the seller and fail to  
2 do so, then you remain liable for performance of all obligations  
3 under the contract.”

4  
5 To cancel this transaction, mail or deliver a signed and dated copy of this  
6 cancellation notice, or any other written notice, or send a telegram

7 to \_\_\_\_\_ ,  
8 /name of seller/

9 at \_\_\_\_\_  
10 /address of seller's place of business/

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

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

15 \_\_\_\_\_  
16 (Buyer's signature)

17  
18 (2) The reference to “five” in the statement set forth in paragraph  
19 (1) shall be changed to “seven” for a buyer who is a senior citizen.

20 (d) Any agreement or offer to purchase a personal emergency  
21 response unit, as defined in Section 1689.6, which is not installed  
22 with and as part of a home security alarm system subject to the  
23 Alarm Company Act which has two or more stationary protective  
24 devices used to enunciate an intrusion or fire and is installed by  
25 an alarm company operator operating under a current license issued  
26 pursuant to the Alarm Company Act, shall be subject to the  
27 requirements of subdivision (c), and shall be accompanied by the  
28 “Notice of Cancellation” required by subdivision (c), except that  
29 the first paragraph of that notice shall be deleted and replaced with  
30 the following paragraph:

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

33 (e) A home solicitation contract written pursuant to Section  
34 7151.2 of the Business and Professions Code for the repair or  
35 restoration of residential premises damaged by a disaster that is  
36 subject to subdivision (c) of Section 1689.6, shall be written in the  
37 same language, e.g., Spanish, as principally used in the oral sales  
38 presentation. The contract, or an attachment to the contract that is  
39 subject to Section 7159 of the Business and Professions Code shall  
40 include, in immediate proximity to the space reserved for the

1 buyer's signature, the following statement in a size equal to at least  
2 12-point boldface type, which shall be signed and dated by the  
3 buyer:

4  
5 "Seven-Day Right to Cancel  
6

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

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

28 (f) The seller shall provide the buyer with a copy of the contract  
29 or offer to purchase and the attached notice of cancellation, and  
30 shall inform the buyer orally of the buyer's right to cancel and the  
31 requirement that cancellation be in writing, at the time the home  
32 solicitation contract or offer is executed.

33 (g) Until the seller has complied with this section the buyer may  
34 cancel the home solicitation contract or offer.

35 (h) "Contract or sale" as used in subdivision (c) means "home  
36 solicitation contract or offer" as defined by Section 1689.5.

37 (i) The five-day right to cancel added by the act that added  
38 subparagraph (A) to paragraph (1) and subparagraph (B) to  
39 paragraph (4) of subdivision (a), and paragraph (2) to subdivision

(c) applies to contracts, or offers to purchase conveyed, entered into, on or after January 1, 2021.

(j) The five-day and seven-day rights to cancel added by the act in the 2025–26 Regular Session of the Legislature that amended subdivisions (a) and (c) apply to contracts entered into, or offers to purchase conveyed, on or after January 1, 2026.

SEC. 4. Section 1689.13 of the Civil Code is amended to read:  
1689.13. Sections 1689.5, 1689.6, 1689.7, 1689.10, 1689.12, and 1689.14 do not apply to a contract that meets all of the following requirements:

(a) The contract is initiated by the buyer or the buyer’s agent or insurance representative.

(b) The contract is executed in connection with making of emergency or immediately necessary repairs that are necessary for the immediate protection of persons or real or personal property.

(c) (1) The buyer gives the seller a separate statement that is dated and signed that describes the situation that requires immediate remedy, and expressly acknowledges and waives the right to cancel the sale within the applicable time period.

(2) The waiver of the five-day right to cancel added by the act that amended paragraph (1) shall apply to contracts entered into, or offers to purchase conveyed, on or after January 1, 2021.

(3) The waiver of the five-day and seven-day rights to cancel added by the act in the 2025–26 Regular Session of the Legislature that amended paragraph (1) applies to contracts entered into, or offers to purchase conveyed, on or after January 1, 2026.

SEC. 5. Title 1.87 (commencing with Section 1799.220) is added to Part 4 of Division 3 of the Civil Code, to read:

#### TITLE 1.87. HOME IMPROVEMENT LOANS

1799.220. For purposes of this title:

(a) “Consumer” has the same meaning as defined in Section 4052 of the Financial Code.

(b) “Consumer loan” has the same meaning as defined in Section 22203 of the Financial Code.

(c) “Dealer fee” means a charge associated with a home improvement loan that is treated by the lender as seller’s points pursuant to Section 1026.4 of Title 12 of the Code of Federal Regulations.

(d) “Home improvement” has the same meaning as defined in Section 7151 of the Business and Professions Code.

(e) “Home improvement contract” has the same meaning as defined in Section 7159 of the Business and Professions Code.

(f) (1) “Home improvement loan” means a consumer loan that will be disbursed to a contractor in connection with a home solicitation contract to finance a home improvement.

(2) “Home improvement loan” does not include ~~a~~ *either of the following*:

(A) A PACE assessment.

(B) *A mortgage loan that meets any of the following criteria:*

(i) *Insured by the Federal Housing Administration.*

(ii) *Guaranteed or insured by the federal Department of Veterans Affairs.*

(iii) *Guaranteed or insured by the federal Department of Agriculture.*

(iv) *Purchased or securitized by the Federal Home Loan Mortgage Corporation.*

(v) *Purchased or securitized by the Federal National Mortgage Association.*

(g) “Home solicitation contract” has the same meaning as defined in Section 1689.5.

(h) “PACE assessment” has the same meaning as defined in Section 22015 of the Financial Code.

(i) “Solar energy system” has the same meaning as defined in Section 7151 of the Business and Professions Code.

1799.221. (a) ~~Except as provided in subdivision (b), a~~ A consumer’s repayment obligations under a home improvement ~~loan, loan that finances a home improvement, excluding a solar energy system described in subdivision (b), and including,~~ but not limited to, payments, fees, penalties, and interest, shall not commence until ~~the lender has done either of the following:~~ *following has occurred*:

(1) ~~Confirmed—~~ *The lender has confirmed* that all home improvements financed in whole or in part by the home improvement loan have been given final approval by all permitting agencies and received *confirmation* from the ~~consumer, orally and in writing,~~ *consumer* that the improvements are operational.

1 (2) (A) ~~Completed~~—*The lender has completed* a reasonable  
2 investigation and determined that all home improvements are  
3 operational.

4 (B) For purposes of this paragraph, “a reasonable investigation”  
5 may include a review of video and photographic evidence that all  
6 home improvements funded by the loan are operational and fit for  
7 use, provided that the video and photographic evidence includes  
8 geolocation and time data.

9 (b) ~~If the~~—*For a home improvement that is a solar energy system,*  
10 a consumer’s repayment obligations under a home improvement  
11 loan, including, but not limited to, payments, fees, penalties, and  
12 ~~interest, interest accrual,~~ shall not commence until the lender  
13 confirms that the utility supplying electricity to the property has  
14 been connected to the solar energy system and has granted  
15 permission to operate the solar energy system, ~~and the consumer~~  
16 ~~confirms, orally and in writing, that the solar energy system is~~  
17 ~~operating.~~ *system.*

18 (c) A lender shall not report a home improvement loan to a  
19 credit reporting agency ~~or record a financing statement in~~  
20 ~~connection with the home improvement loan~~ until *the home*  
21 *improvement is operational and* the consumer repayment  
22 obligations have commenced pursuant to this section.

23 (d) A consumer’s confirmation under this section that a home  
24 improvement is operational shall not stop the consumer from  
25 subsequently raising any claim or defense against the contractor  
26 or lender relating to the home improvement, nor shall the  
27 confirmation be treated as a prior inconsistent statement under  
28 Section 1235 of the Evidence Code with respect to a defect or  
29 other problem with the home improvement or workmanship that  
30 the consumer did not actually discover until after the confirmation.

31 1799.222. (a) Before a consumer executes a home  
32 improvement loan, the lender shall disclose to the consumer orally  
33 and in writing the dealer fee, if any, associated with the loan in  
34 compliance with this section.

35 (b) (1) A lender shall complete and deliver to the consumer, or  
36 cause to be completed and delivered to the consumer, a printed  
37 copy of the disclosure set forth below, or a substantially similar  
38 printed document that displays the same information in a  
39 substantially similar format, in no smaller than 14-point type. The



1 disclosure shall be signed by the consumer before a loan agreement  
2 may be executed.

3  
4 “The amount of your loan may include a dealer fee that is not  
5 included as a finance charge for the purpose of calculating the  
6 annual percentage rate (APR) of the loan. This means that the true  
7 cost of this loan may be higher than indicated by the APR. If you  
8 seek financing from another lender that does not have a relationship  
9 with your contractor, the loan is unlikely to include a dealer fee  
10 but may have a higher interest rate or other finance charges. For  
11 this reason, you are encouraged to shop around and compare the  
12 costs of different loans before deciding which to use for this  
13 project.

14 The dealer fee for this loan is \$\_\_\_\_. ~~You will be required to~~  
15 ~~pay this back.~~ *Your contractor may have opted to pay a dealer fee*  
16 *in order for your lender to extend credit to you on the terms*  
17 *reflected in your loan agreement. If your contractor added this*  
18 *amount or any portion of this amount to your home improvement*  
19 *contract, you will be required to pay that amount back.* The dealer  
20 fee is ~~in addition to~~ *distinct from* the payment or payments made  
21 by the lender to the contractor for their work on this project, which  
22 for this loan is \$\_\_\_\_.

23 Confirmation of Receipt:

24 Your signature below serves to show you have received this  
25 disclosure. Your signature on this form is not a contract to enter  
26 into a home improvement loan.

27  
28 \_\_\_\_\_  
29 Consumer Signature Date”

30 (2) Before delivering, or authorizing the delivery of, the printed  
31 disclosure set forth in this subdivision, the lender shall approve  
32 the form of disclosure that will be delivered to the consumer and  
33 provide the values of the dealer fee and the amount of the payment  
34 or payments that will be made by the lender to the contractor that  
35 will be disclosed to the consumer.

36 (3) The printed disclosure may be a form copy with blanks for  
37 the dealer fee and the amount of the payment or payments that will  
38 be made by the lender to the contractor to be filled out by the  
39 person delivering the printed copy on behalf of the lender before

1 delivering the form to the consumer. If a form copy is used, the  
2 lender shall receive oral confirmation from the consumer during  
3 the call required by subdivision (b) of Section 1799.224 that the  
4 form was completed and accurate and that the blanks were filled  
5 in before the form was delivered and consumer was asked to sign  
6 it.

7 (4) The lender shall obtain a copy, either physical or digital, of  
8 the signed disclosure before executing the home improvement  
9 loan.

10 (c) The oral disclosure required by this section shall be provided  
11 in substantially the same form as the written disclosure set forth  
12 in paragraph (1) of subdivision (b).

13 ~~1799.223.—(a) In a dispute arising out of a home solicitation~~  
14 ~~wherein a home improvement loan is obtained, a consumer may~~  
15 ~~assert against the lender a claim or defense arising out of the~~  
16 ~~solicitation of a home improvement loan available to the consumer~~  
17 ~~against a contractor, salesperson, or broker who solicited the home~~  
18 ~~improvement loan with misrepresentations as to the key terms of~~  
19 ~~the loan, as defined in Section 1799.224, or the financial benefits~~  
20 ~~of the home improvement.~~

21 ~~(b) (1) A lender shall not be held liable pursuant to subdivision~~  
22 ~~(a) for a misrepresentation made by a contractor, salesperson, or~~  
23 ~~broker that is cured by the lender in the telephone, video, or digital~~  
24 ~~call required by Section 1799.224. A misrepresentation about a~~  
25 ~~specific financial benefit of the home improvement may be cured~~  
26 ~~with a statement that the specific financial benefit is not a term of~~  
27 ~~the home improvement and the consumer should not rely on the~~  
28 ~~purported financial benefit in determining whether they can afford,~~  
29 ~~or otherwise wish to enter into, the loan.~~

30 ~~(2) For purposes of this section, a “financial benefit of the home~~  
31 ~~improvement” includes, but is not limited to, any tax benefits from~~  
32 ~~the home improvement or any cost savings resulting from the home~~  
33 ~~improvement.~~

34 ~~(c) This section does not limit any rights or remedies available~~  
35 ~~to the consumer by any other law.~~

36 1799.224. (a) For purposes of this section:

37 (1) “Key terms” means the material terms of the home  
38 improvement loan, including, but not limited to, all of the  
39 following:

40 (A) What home improvements are being financed.

1 (B) The name of the contractor who will receive the loan  
2 proceeds.

3 (C) The loan term or period of time for repayment.

4 (D) The total cost of the loan.

5 (E) The monthly payment ~~amounts~~ *amounts and due dates*.

6 (F) The finance ~~charge and due dates~~ *charge*.

7 (G) Whether the amount of monthly payments due will change  
8 during the term of the loan.

9 (H) The annual percentage rate of interest.

10 (I) How late fees may be incurred.

11 (J) How payments more than the minimum payment will be  
12 applied.

13 (K) Whether there are any prepayment penalties.

14 (L) When the first payment is due.

15 (M) *Any dealer fees*.

16 (2) “Their own interpreter” means a person who ~~meets~~  
17 *represents that they meet* all of the following conditions:

18 (A) The person is not a minor

19 (B) The person is able to speak fluently and read with full  
20 understanding both the English language and the language in which  
21 the consumer prefers to communicate, provided that the language  
22 is specified in Section 1632 of the Civil Code.

23 (C) The person is not employed by, and whose services are not  
24 made available through, the lender or the contractor.

25 (b) (1) Before a consumer executes a contract for a home  
26 improvement loan to pay for a home improvement ~~and before the~~  
27 ~~right-to-cancel time period expires for a home improvement~~  
28 ~~contract~~ that is being financed by a home improvement loan, the  
29 lender shall do both of the following:

30 (A) Obtain a copy of the home improvement contract for the  
31 home improvement that is being financed by the home  
32 improvement loan.

33 (B) Complete and document a telephone, video, or digital call  
34 with the consumer, or an authorized representative of the consumer  
35 to do all of the following:

36 (i) Receive oral confirmation that ~~all owners of the property~~  
37 *have the consumer has* received a copy of the home improvement  
38 loan contract, with the key terms completed, the financing estimate  
39 and disclosure form required under the federal Truth in Lending  
40 Act, and the right-to-cancel form.

(ii) Review the key terms of the home improvement loan contract, in plain language, with, and convey all of the information required by paragraph (3) to, the consumer on the call or to a verified authorized representative of the consumer on the call, and receive oral confirmation that the consumer or their representative understands the key terms of the loan.

(iii) Provide the consumer, or an authorized representative of the consumer, the opportunity to ask any questions about the loan or terms of the loan, and, once all questions have been answered, receive oral confirmation that the consumer understands the terms of the home improvement loan contract.

(2) (A) At the commencement of the oral confirmation required by subparagraph (B) of paragraph (1), the lender shall ask if the consumer on the call would prefer to communicate during the oral confirmation primarily in a language other than English that is specified in Section ~~1632 of the Civil Code~~. 1632. If the preferred language is supported by the lender, the oral confirmation shall be given in that primary language, except where the consumer on the call chooses to communicate through their own interpreter. If the preferred language is not supported and an interpreter is not chosen by the consumer on the call, the home improvement loan contract shall not proceed.

(B) After determining the consumer's preferred language, the lender shall inform the consumer that they have the right to include anyone else on the call, except that the contractor or contractor's salesperson shall not be present during or participate in the call. The lender shall ask the consumer whether they wish to have anyone else participate in the call and confirm with the consumer that the contractor or contractor's salesperson ~~are~~ is not present. The lender shall terminate the call, and the home improvement loan contract shall not proceed, if the lender learns that the contractor or salesperson, or both, are present, or that an unauthorized third party is attempting to participate in the call.

(3) The oral confirmation required pursuant to subparagraph (B) of paragraph (1) shall include, but need not be limited to, all of the following information:

(A) A statement that the consumer should review the home improvement loan and financing estimate and disclosure form with all other owners of the property.

1 (B) An explanation of the home improvements being installed  
2 that are being financed by the home improvement loan, including,  
3 but not limited to, the description of the home improvements as  
4 described in the home improvement contract.

5 (C) An explanation of the key terms of the home improvement  
6 loan.

7 (D) Confirmation of the consumer's gross monthly household  
8 income and ability to pay the monthly payment amount and total  
9 cost even if any estimated cost savings are not realized.

10 (E) Confirmation that the consumer understands that any  
11 estimates of cost savings from the home improvements are not  
12 guaranteed and may be based on estimates that differ from actual  
13 results, and that the consumer is obligated to repay the loan  
14 regardless of whether any estimated cost savings are realized.

15 (F) Confirmation that the consumer understands that they should  
16 consult a tax professional to determine the consumer may qualify  
17 for any tax benefits related to the home improvement project and  
18 that the consumer should not rely on any representations made by  
19 the contractor, contractor's salesperson, or lender in determining  
20 the value of any tax benefits for which the consumer may qualify.

21 (G) Disclosure of whether the property will be subject to a  
22 financing statement filing requirement, as specified in Section  
23 9501 of the Commercial Code, during the term of the loan contract  
24 and confirmation that the consumer understands that the obligations  
25 under the loan contract may be required to be paid in full before  
26 the property owner sells or refinances the property.

27 (H) Confirmation of the identity of the consumer, including  
28 their email address, and if the lender will send communications to  
29 the borrower through email, confirmation that the consumer is able  
30 to access email.

31 (4) The lender shall maintain a recording of the oral confirmation  
32 required by subparagraph (B) of paragraph (1) for at least five  
33 years after the loan term ends *or the last date the loan is active,*  
34 *whichever is earlier;* and shall make it available to the consumer  
35 upon request.

36 (c) If the oral confirmation required by this section was  
37 conducted primarily in a language other than English that is  
38 specified in ~~Section 1632 of the Civil Code;~~ 1632, the lender shall  
39 deliver in writing to the consumer, in the language used during the

1 oral confirmation, the disclosures and contract or agreement  
2 required by law, including, but not limited to, all of the following:

3 (1) The *home improvement* loan contract.

4 (2) The right-to-cancel form.

5 (3) The financing estimate and disclosure form required under  
6 the federal Truth in Lending Act.

7 *(d) If the oral confirmation required by this section was*  
8 *conducted primarily in any language other than English and that*  
9 *is specified in Section 1632, all subsequent communications,*  
10 *whether written or oral, shall be conducted in the manner*  
11 *described in subparagraph (B) of paragraph (2) of subdivision*  
12 *(b).*

13 1799.225. (a) A lender that offers or provides a home  
14 improvement loan shall make available to the consumer, upon  
15 request, information in the control or possession of the lender  
16 concerning the home improvement loan that was provided to the  
17 consumer to finance the home improvement contract, as set forth  
18 in this section.

19 (b) A lender shall comply with the requirements of this section  
20 for any written request for information from a consumer or their  
21 authorized representative that includes the name of the consumer,  
22 the project subject to the financing agreement, information that  
23 enables the lender to identify the consumer's account, and that  
24 states the information the consumer is requesting.

25 (c) A lender shall provide to the consumer or their authorized  
26 representative, upon written request, any of the following  
27 documentation:

28 (1) The financing application.

29 (2) Financing agreement and disclosures, including all  
30 certificates, disclosures, and contracts associated with the home  
31 improvement loan, and including any signed or initialed copies.

32 (3) A copy of the home improvement contract for the financed  
33 work.

34 (4) Completion certificates or other documentation relied upon  
35 to evidence that performance of the financed home improvement  
36 was completed or satisfactorily concluded, including any signed  
37 copies.

38 (5) Documentation of any electronic signatures obtained in  
39 connection with the home improvement loan, including electronic  
40 certificates, electronic signature envelopes, or audit trails.

1 (6) Documentation of all payments to the contractor. *The*  
2 *requirement described in this paragraph does not prohibit a lender*  
3 *from redacting any information that is confidential or of a sensitive*  
4 *nature, including, but not limited to, account or routing numbers.*

5 (7) The transaction history between the lender and the consumer.

6 (8) ~~Financing estimate and~~ Home improvement loan disclosures.

7 (9) An accounting from the date of original transaction to the  
8 present.

9 (10) If secured by a financing statement, as described in Section  
10 9501 of the Commercial Code, a copy of the financing statement.

11 (11) Recordings of all oral confirmation calls with the consumer  
12 or their authorized representative or representatives.

13 (12) Documentation of any investigation performed in  
14 compliance with Section 1799.221.

15 (13) Documentation of any dealer fees.

16 (14) Documentation of the lender's compliance with Section  
17 1799.222.

18 (d) A lender shall maintain each of the records specified in  
19 subdivision (c) relating to any transaction for five years from the  
20 end of the loan term or the last date the loan is active, whichever  
21 is ~~later~~ *earlier*.

22 (e) A lender, by written notice provided to a consumer, may  
23 establish an address that a consumer must use to request  
24 information in accordance with the procedures in this section.

25 (f) No later than 30 business days after the lender receives the  
26 request for information, the lender shall do one of the following:

27 (1) Provide the consumer with the requested information and  
28 contact information, including a telephone number, for further  
29 assistance in writing.

30 (2) Conduct a reasonable search for the requested information  
31 and provide the consumer with a written notification that states  
32 that the lender has determined that the requested information is  
33 not available to the lender. That notification shall also identify the  
34 basis for the lender's determination, and provide contact  
35 information, including a telephone number, for further assistance.

36 (g) A lender, as a condition of responding to an information  
37 request, shall not charge a fee, or require a consumer to make any

- 1 payment that may be owed on the consumer's account, or impose
- 2 any other requirement.

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