



HOME IMPROVEMENT AGREEMENT – RESIDENTIAL

Customer Name and Address Andrew P Oshrin 6142 Keynote St Long Beach, CA 90808	Salesperson Aldo Saglietto Registration/License Number: 4884 West 145th Street Hawthorne, CA 90250	Installation Location 6142 Keynote St Long Beach, CA 90808	Contractor License CA CSLB 888104
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This Home Improvement Agreement (this “**Agreement**”) is between SolarCity Corporation (“**SolarCity**”, “**we**” or “**Contractor**”) and you (“**Customer**”) for the work described below (the “**Work**”) at your home (the “**Property**” or your “**Home**”). The Parties agree as follows:

KEY TERMS AND CONDITIONS**1. DESCRIPTION OF THE WORK AND DESCRIPTION OF THE SIGNIFICANT MATERIALS TO BE USED.**

SolarCity will temporarily remove the photovoltaic system and reinstall the photovoltaic system after completion of the roof work. Scope of the project is to remove existing solar system to provide access to the roofers for a new roofing system to be installed.

- (i) SolarCity to remove the full existing SolarCity-owned solar equipment on rooftop
- (ii) Owner to provide on-site storage for removed modules for duration of time needed for roofer coordination.
- (iii) Non-SolarCity roofer to repair/replace existing roof under location of solar array. (Not part of SolarCity scope of work).
- (iv) SolarCity to coordinate with the roofing company the flashing process, so the roof warranty is held by the roofing company.
- (v) Non-SolarCity roofer to prepare roof for re-installation of solar system. (Not part of SolarCity scope of work).
- (vi) SolarCity to reinstall the full SolarCity equipment on rooftop and re-commission system to working order.

2. CONTRACT PRICE. The Contract Price for the Work is \$499. The Contract Price is subject to any change orders agreed to in writing by both parties.**3. WORK TIMELINE.** SolarCity will perform the Work within a reasonable amount of time after we sign this Agreement but no later than twelve (12) months from the date of this Agreement, which shall be of the essence. When SolarCity completes the Work described above, then substantial completion of the Work to be performed under this Agreement shall have occurred:

Approximate Start Date: 60-120 days from the date of this Agreement

Approximate Completion Date: 60-120 days from the date of this Agreement, contingent on roofer’s timeline

This performance timeline is an estimate and may be adjusted as provided in this Agreement, including delays due to late payments or unforeseen conditions.

3055 Clearview Way, San Mateo, CA 94402 | 888.765.2489 | solarcity.com



4. SCHEDULE OF PAYMENTS.

PAYMENT	TIMING	AMOUNT	NOTES
Total	Due at installation	\$499	Includes any applicable sales tax

(CUSTOMER'S INITIALS)

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APO

5. The pricing in this Agreement is valid for 30 days after 4/27/2016. If you don't sign this Agreement and return it to us on or prior to 30 days after 4/27/2016, SolarCity reserves the right to reject this Agreement unless you agree to our then current pricing.
6. **NOTICE OF RIGHT TO CANCEL. YOU MAY CANCEL THIS AGREEMENT AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE YOU SIGN THIS AGREEMENT. SEE THE ATTACHED NOTICE OF CANCELLATION FORM ATTACHED AS EXHIBIT 1 FOR AN EXPLANATION OF THIS RIGHT.**

Customer's Name: Andrew P Oshrin

DocuSigned by:
Signature: Andrew P Oshrin
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Date: 5/10/2016**Customer's Name:**

Signature: _____

Date: _____

Home Improvement Agreement

SolarCity
approved

Signature: 

Lyndon Rive, CEO

Date: 4/27/2016

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.

GENERAL TERMS AND CONDITIONS

1. CHANGES, PERMITS, REBATES, INCENTIVES

Any changes to the Work will be documented in a written amendment to this Agreement signed by both you and SolarCity.

You acknowledge that the equipment and materials we will furnish and install are subject to cost increases. We will hold the Contract Price for six (6) months after the date of this Agreement. After six (6) months, if the cost of any equipment or material rises by any unusual amount because of circumstances beyond SolarCity's control, including but not limited to market price fluctuation or a site audit that reveals the need for additional materials or labor, then SolarCity shall have the right to present you with a change order for the equipment with a new price. You will have the right to accept or reject this new price and get your deposit, if any, back. If you do not accept the new price, SolarCity shall have the right to terminate this Agreement and issue you a full refund, upon which the parties shall have no further obligations to one another.

SolarCity will obtain any necessary permits, at SolarCity's cost. SolarCity shall not be responsible for delays in work due to the actions of any permitting and regulatory agencies or their employees. You will pay SolarCity for any taxes or assessments required by federal, state or local governments or related regulatory agencies or utilities.

2. SCHEDULE OF PROGRESS PAYMENTS

The schedule of progress payments (see Key Terms and Conditions cover sheet) must specifically describe each phase of work, including the type and amount of work or services scheduled to be supplied in each phase, along with the amount of each proposed progress payment. **IT IS AGAINST THE LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR WORK NOT YET COMPLETED, OR FOR MATERIALS NOT YET DELIVERED. HOWEVER, A CONTRACTOR MAY REQUIRE A DOWNPAYMENT. Customer may, at its discretion, issue payment to Contractor via joint check with any of Contractor's subcontractors or suppliers.**

Note about Extra Work and Change Orders. Extra Work and Change Orders become part of the contract once the order is prepared in writing and signed by the parties prior to commencement of any work covered by the new

change order. The order must describe (i) the scope of the Extra Work or change, (ii) the cost to be added or subtracted from the contract; and (iii) the effect the order will have on the schedule of progress payments or the completion date. Notwithstanding this provision, the Contractor shall have the right to substitute equipment without Customer's agreement, so long as that substitution adds no extra cost to the project and does not materially affect the Work. The Contractor's failure to comply with the requirements of this paragraph does not preclude the recovery of compensation for work performed based on legal or equitable remedies designed to prevent unjust enrichment.

3. PROPERTY CONDITIONS

You will be responsible for the structural integrity of the location where the Work is installed, including structural or electrical modifications necessary to prepare your Property for the Work. You agree that SolarCity is not responsible for any known or unknown Property conditions.

4. EXISTING CONDITIONS

SolarCity is not responsible and bears no liability for the malfunctioning of existing electrical equipment at the Property, including but not limited to the main electrical service panel, any major electrical devices, or any other fuses or similar devices.

5. COST OR DELAY DUE TO UNFORESEEN CONDITIONS

SolarCity is not responsible for failures, delays or expenses related to unanticipated, unusual, or unforeseen conditions at the Property arising out of conditions beyond SolarCity's reasonable control (all of which shall be considered "**Force Majeure Events**"). Performance times under this Agreement will be considered extended for a period of time equivalent to the time lost due to such conditions. If SolarCity discovers unforeseen conditions requiring additional cost, then SolarCity shall present such costs to you and get your written approval before beginning or continuing performance. **Failure to provide such approval may result in SolarCity exercising its rights pursuant to Section 8 of this Agreement.**

6. PROPERTY ACCESS

You grant to SolarCity and its employees, agents and contractors the right to reasonably access all of the



Property as necessary for the purposes of performing the Work or making any additions to complete the Work.

7. TITLE AND RISK OF LOSS

Title to the Work shall transfer to you when we complete the Work. After delivery of the equipment and materials to your Property, other than damage directly resulting from SolarCity's actions, you bear risk of loss to the Work. SolarCity retains all SolarCity-owned intellectual property rights on any of the equipment installed in your Work including, but not limited to, patents, copyrights and trademarks and any data generated by SolarCity's monitoring system.

8. TERMINATION AND DEFAULT

SolarCity may terminate this Agreement, upon seven (7) days written notice, for any material or non-material breach, for any failure of Customer to agree to an appropriate change order, for any failure of Customer to pay SolarCity any amount due, for any bankruptcy or financial distress of Customer, or for any hindrance to SolarCity in the performance process.

9. REMEDIES UPON CUSTOMER'S BREACH

Without limiting any of SolarCity's other rights and remedies, upon any breach by Customer, including any failure of Customer to pay SolarCity any amount due, SolarCity shall have the right to: (i) pursue a stop work order at the Property; (ii) prevent any more work from being done at the Property until the breach is cured and a bond is posted by the Customer for any amounts payable under this Agreement; (iii) recover all amounts due under this Agreement for services provided through the date of termination including interest (prime + 2% or such amount as allowed by law); (iv) remove any Work materials or equipment from the Property; and (v) any other legal remedies including but not limited to mechanics liens or similar remedies.

10. MECHANICS' LIEN RELEASES

Upon satisfactory payment for any portion of the work performed, SolarCity shall, prior to any further payment, furnish to Customer a full and unconditional release from any claim or mechanics' lien pursuant to applicable law for that portion of the work for which payment has been made. Please see Exhibit 3 for applicable lien notices and warnings required by law.

11. SOLARCITY'S INSURANCE

a. Commercial General Liability Insurance (CGL).

SolarCity carries commercial general liability insurance with coverage amounts that meet or exceed those required by law.

b. Workers' Compensation Insurance.

SolarCity carries workers' compensation insurance for all employees in compliance with law.

12. INDEMNIFICATION

Both parties shall indemnify, defend and hold harmless the other and its employees, officers, directors, agents and assigns from any and all third party claims, actions, costs, expenses (including reasonable attorneys' fees and expenses), damages, liabilities, penalties, losses, obligations, demands and liens of any kind arising out of or relating to its failure to perform its obligations under this Agreement. Neither party shall be required to indemnify the other for its own negligence, willful misconduct or fraud.

13. GOVERNING LAW

The laws of the state where your Home is located shall govern this Agreement without giving effect to conflict of laws principles.

14. ENTIRE AGREEMENT

This Agreement contains the parties' entire agreement regarding the Work. There are no other agreements regarding this Agreement, either written or spoken. Any change to this Agreement must be in writing and signed by both parties. Only an authorized officer of SolarCity may execute any changes to this Agreement on behalf of SolarCity. If any portion of this Agreement is determined to be unenforceable or invalid, the remaining provisions shall be enforced in accordance with their terms or shall be interpreted or re-written so as to make them enforceable. Provisions that should reasonably be considered to survive termination of this Agreement shall survive. SolarCity may assign or subcontract any of its rights or obligations under this Agreement to any successor, partner or purchaser.

15. WAIVER

Any delay or failure of a party to enforce any of the provisions of this Agreement, including but not limited to any remedies listed in this Agreement, or to require performance by the other party of any of the provisions of this Agreement, shall not be construed to (i) be a waiver of such provisions or a party's right to enforce that provision; or (ii) affect the validity of this Agreement.



16. [RESERVED]**17. PRIVACY/PUBLICITY**

You grant SolarCity the right to publicly use, display, share, and advertise the photographic images, Work details, price and any other non-personally identifying information of the Work. SolarCity shall not knowingly release any personally identifiable information about you or any data associating you with the Work location. You may opt-out of these publicity rights by giving us written notice and mailing it to: SolarCity Corporation, Attention: Publicity Opt Out, 3055 Clearview Way, San Mateo, CA 94402.

18. ARBITRATION OF DISPUTES

PLEASE READ THIS SECTION CAREFULLY. ARBITRATION REPLACES THE RIGHT TO GO TO COURT, INCLUDING THE RIGHT TO A JURY AND THE RIGHT TO PARTICIPATE IN A CLASS ACTION OR SIMILAR PROCEEDING. IN ARBITRATION, A DISPUTE IS RESOLVED BY AN ARBITRATOR INSTEAD OF A JUDGE OR JURY.

The laws of the state where your Home is located shall govern this Agreement without giving effect to conflict of laws principles. We agree that any dispute, claim or disagreement between us (a "Dispute") shall be resolved exclusively by arbitration.

The arbitration, including the selecting of the arbitrator, will be administered by JAMS, under its Streamlined Arbitration Rules (the "Rules") by a single neutral arbitrator agreed on by the parties within thirty (30) days of the commencement of the arbitration. The arbitration will be governed by the Federal Arbitration Act (Title 9 of the U.S. Code). Either party may initiate the arbitration process by filing the necessary forms with JAMS. To learn more about arbitration, you can call any JAMS office or review the materials at www.jamsadr.com. The arbitration shall be held in the location that is most convenient to your Home. If a JAMS office does not exist in the county where you live, then we will use another accredited arbitration provider with offices close to your Home.

If you initiate the arbitration, you will be required to pay the first \$125 of any filing fee. We will pay any filing fees in excess of \$125 and we will pay all of the arbitration fees and costs. If we initiate the arbitration, we will pay all of the filing fees and all of the arbitration fees and costs. We will each bear all of our own attorney's fees and costs except that you are entitled to recover your attorney's fees and costs if you prevail in the arbitration and the award you receive from the arbitrator is higher than SolarCity's last written settlement offer. When determining whether your award is higher than SolarCity's last written

settlement offer your attorney's fees and costs will not be included.

Only Disputes involving you and SolarCity may be addressed in the arbitration. Disputes must be brought in the name of an individual person or entity and must proceed on an individual (non-class, non-representative) basis. The arbitrator will not award relief for or against anyone who is not a party. If either of us arbitrates a Dispute, neither of us, nor any other person, may pursue the Dispute in arbitration as a class action, class arbitration, private attorney general action or other representative action, nor may any such Dispute be pursued on your or our behalf in any litigation in any court. Claims regarding any Dispute and remedies sought as part of a class action, class arbitration, private attorney general or other representative action are subject to arbitration on an individual (non-class, non-representative) basis, and the arbitrator may award relief only on an individual (non-class, non-representative) basis. This means that the arbitration may not address disputes involving other persons with disputes similar to the Disputes between you and SolarCity.

The arbitrator shall have the authority to award any legal or equitable remedy or relief that a court could order or grant under this agreement. The arbitrator, however, is not authorized to change or alter the terms of this agreement or to make any award that would extend to any transaction other than yours. All statutes of limitations that are applicable to any dispute shall apply to any arbitration between us. The Arbitrator will issue a decision or award in writing, briefly stating the essential findings of fact and conclusions of law.

BECAUSE YOU AND WE HAVE AGREED TO ARBITRATE ALL DISPUTES, NEITHER OF US WILL HAVE THE RIGHT TO LITIGATE THAT DISPUTE IN COURT, OR TO HAVE A JURY TRIAL ON THAT DISPUTE, OR ENGAGE IN DISCOVERY EXCEPT AS PROVIDED FOR IN THE RULES. FURTHER, YOU WILL NOT HAVE THE RIGHT TO PARTICIPATE AS A REPRESENTATIVE OR MEMBER OF ANY CLASS PERTAINING TO ANY DISPUTE. THE ARBITRATOR'S DECISION WILL BE FINAL AND BINDING ON THE PARTIES AND MAY BE ENTERED AND ENFORCED IN ANY COURT HAVING JURISDICTION, EXCEPT TO THE EXTENT IT IS SUBJECT TO REVIEW IN ACCORDANCE WITH APPLICABLE LAW GOVERNING ARBITRATION AWARDS. OTHER RIGHTS THAT YOU OR WE WOULD HAVE IN COURT MAY ALSO NOT BE AVAILABLE IN ARBITRATION.

NOTICE: BY INITIALLING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTE"



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 INITIALLING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTE" 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 DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

CUSTOMER'S INITIALS: 

CONTRACTOR'S INITIALS: LR

19. LIMITED WARRANTY

SOLARCITY WARRANTS THAT THE WORK WILL BE PERFORMED IN A GOOD AND WORKMANLIKE MANNER, FREE OF DEFECTS, FOR A PERIOD OF ONE (1) YEAR AFTER COMPLETION OF THE WORK. THERE ARE NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, FITNESS FOR ANY PURPOSE, CONDITION, DESIGN, CAPACITY, SUITABILITY OR PERFORMANCE OF THE WORK. UPON RECEIPT OF PAYMENT IN FULL UNDER THIS AGREEMENT ALL WARRANTIES THAT ARE PROVIDED BY MANUFACTURERS OF EQUIPMENT USED IN THE WORK WILL BE TRANSFERRED DIRECTLY TO YOU. YOU UNDERSTAND THAT SOLARCITY HAS NO RESPONSIBILITY WITH RESPECT TO SUCH WARRANTIES OTHER THAN TO TRANSFER THEM TO YOU.

20. LIMITATION OF LIABILITY.

- a. **No Consequential Damages.** EACH PARTY'S LIABILITY TO THE OTHER UNDER THIS AGREEMENT SHALL BE LIMITED TO DIRECT, ACTUAL DAMAGES ONLY. WE BOTH AGREE THAT IN NO EVENT SHALL EITHER PARTY

BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, SPECIAL OR INDIRECT DAMAGES.

- b. **Actual Damages.** Neither party's liability to the other will exceed \$2,000,000, including without limitation, damages to your Home or Property during the performance of the Work or resulting from the Work.

EXCEPTING THE OTHER PROVISIONS UNDER THIS HEADING, SOLARCITY DISCLAIMS AND CUSTOMER WAIVES ALL EXPRESS OR IMPLIED WARRANTIES INCLUDING (WITHOUT LIMITATION) ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. SOLARCITY SHALL NOT BE LIABLE TO CUSTOMER UNDER THIS WARRANTY IF AN ALLEGED DEFECT IN ANY WORK OR EQUIPMENT WAS CAUSED BY CUSTOMER'S OR ANY THIRD PERSON'S (FOR WHOM SOLARCITY IS NOT RESPONSIBLE AS PROVIDED HEREIN) MISUSE, NEGLIGENCE, UNAUTHORIZED ATTEMPTS TO REPAIR, OR ANY OTHER CAUSE BEYOND THE RANGE OF THE INTENDED USE, OR BY ACCIDENT, FIRE, LIGHTNING OR OTHER HAZARD.

21. NOTICE REGARDING PERFORMANCE AND PAYMENT BONDS

The owner or tenant in a home improvement contract has the right to require the contractor to have a performance and payment bond.

22. ADDITIONAL RIGHT TO CANCEL

IN ADDITION TO THE STATUTORY THREE DAY RIGHT TO CANCEL YOU HAVE UNDER THIS AGREEMENT, YOU MAY ALSO CANCEL THIS AGREEMENT AT NO COST AT ANY TIME PRIOR TO PERFORMANCE OF THE WORK, BUT IN NO EVENT LATER THAN 5 P.M. OF THE 14th CALENDAR DAY AFTER YOU SIGN THIS AGREEMENT.]

23. List of documents to be incorporated into the contract.

- Exhibit 1:
Notice of Cancellation (3 Day Right to Cancel)
- Exhibit 2:
[RESERVED]
- Exhibit 3:
State Specific Provisions



EXHIBIT 1 (SOLARCITY COPY)
NOTICE OF CANCELLATION
STATUTORILY-REQUIRED LANGUAGE

Notice of Cancellation

Date of Transaction: The date you signed the Agreement.

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 TEN DAYS following receipt by the seller (SolarCity Corporation) of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller (SolarCity Corporation) 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 (SolarCity Corporation) regarding the return shipment of the goods at the seller's (SolarCity Corporation's) expense and risk. If you do make the goods available to the seller (SolarCity Corporation) and the seller (SolarCity Corporation) 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 (SolarCity Corporation), or if you agree to return the goods to the seller (SolarCity Corporation) and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to SolarCity Corporation, Document Receiving, 6611 Las Vegas Blvd. S., Unit 200, Las Vegas, NV 89119 NOT LATER THAN MIDNIGHT of the date that is THREE BUSINESS DAYS from the date you signed the Agreement.

I, Andrew P Oshrin, hereby cancel this transaction on _____ [Date].

Customer's Signature:

Customer's Signature:



EXHIBIT 1 (CUSTOMER COPY)
NOTICE OF CANCELLATION
STATUTORILY-REQUIRED LANGUAGE

Notice of Cancellation

Date of Transaction: The date you signed the Agreement.

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 TEN DAYS following receipt by the seller (SolarCity Corporation) of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller (SolarCity Corporation) 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 (SolarCity Corporation) regarding the return shipment of the goods at the seller's (SolarCity Corporation's) expense and risk. If you do make the goods available to the seller (SolarCity Corporation) and the seller (SolarCity Corporation) 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 (SolarCity Corporation), or if you agree to return the goods to the seller (SolarCity Corporation) and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to SolarCity Corporation, Document Receiving, 6611 Las Vegas Blvd. S., Unit 200, Las Vegas, NV 89119 NOT LATER THAN MIDNIGHT of the date that is THREE BUSINESS DAYS from the date you signed the Agreement.

I, Andrew P Oshrin, hereby cancel this transaction on _____ [Date].

Customer's Signature:

Customer's Signature:



EXHIBIT 2

[RESERVED]



EXHIBIT 3**STATE SPECIFIC PROVISIONS**

CALIFORNIA CONTRACTOR LICENSING INFORMATION: CSLB is the state consumer protection agency that licenses and regulates construction contractors. Contact CSLB for information about the licensed contractor you are considering, including information about disclosable complaints, disciplinary actions and civil judgments that are reported to CSLB. Use only licensed contractors. If you file a complaint against a licensed contractor within the legal deadline (usually four years), CSLB has authority to investigate the complaint. If you use an unlicensed contractor, CSLB may not be able to help you resolve your complaint. Your only remedy may be in civil court, and you may be liable for damages arising out of any injuries to the unlicensed contractor or the unlicensed contractor's employees. For more information:

- Visit CSLB's Internet website at www.cslb.ca.gov
- Call CSLB at 800-321-CSLB (2752)
- Write CSLB at P.O. Box 26000, Sacramento, CA 95826

CALIFORNIA MECHANICS LIEN WARNING:

NOTICE TO PROPERTY OWNER: If bills are not paid in full for the labor, services, equipment, or materials furnished or to be furnished, a mechanic's lien leading to the loss, through court foreclosure proceedings, of all or part of your property being so improved may be placed against the property even though you have paid your contractor in full. You may wish to protect yourself against this consequence by (1) requiring your contractor to furnish a signed release by the person or firm giving you this notice before making payment to your contractor or (2) any other method or device that is appropriate under the circumstances.

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 Internet Web site 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.





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