

**November 22, 2022****CSLB #22-14**

CSLB Reminds Contractors of Progress Payment Restrictions

Sacramento, CA – The Contractors State License Board (CSLB) wants to remind all contractors that the Business and Professions Code (BPC) restricts payments on home improvement contracts to a maximum down payment of \$1,000 and subsequent payments must not exceed the value of materials and work performed, including for residential solar.

BPC sections [7159](#) and [7159.5](#) contain mandatory home improvement contract provisions regarding down payments and progress payments for home improvement work. The definition of home improvement includes solar energy systems.

Home improvement contract provisions limit contract payments and require the following language to be in the contract, pursuant to BPC sections 7159(d)(8) and (9).

- The heading: “Down Payment”
- A space where the actual amount of the down payment appears
- The following statement in at least 12-point boldface type: “THE DOWN PAYMENT MAY NOT EXCEED \$1,000 OR 10 PERCENT OF THE CONTRACT PRICE, WHICHEVER IS LESS.”
- Schedule of Payments: If a home improvement contract includes a payment schedule, rather than payment at project completion, the progress payment(s) must show the amount of each payment and explain what work, materials or services have been completed for that payment, and be preceded by the heading “Schedule of Progress Payments.”
- The following statement must be included in a contract that provides for a payment schedule in least 12-point boldface type:
 - “The schedule of progress payments must specifically describe each phase of work, including the type and amount of work or services scheduled to be supplied in each phase, along with the amount of each proposed progress payment. IT IS AGAINST THE LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR WORK NOT YET COMPLETED, OR FOR MATERIALS NOT YET DELIVERED. HOWEVER, A CONTRACTOR MAY REQUIRE A DOWN PAYMENT.”

Contractors found to be in violation of home improvement contract law are subject to disciplinary action from the CSLB as well as inclusion on the [Public Utilities Commission Watch List](#). In addition, a violation of BPC section 7159.5 and its provisions regarding down payment and progress payment restrictions is punishable as a misdemeanor.

To ensure you are complying with home improvement contract law, please see CSLB's [Contracting for Success Brochure](#).

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