

Home Improvement Contract

This agreement is made on the date written above our signatures between _____ (Contractor) and _____ (Owner).

Contractor

Any Notice of Cancellation can be sent to this address.

Address: _____

Address: _____

City: _____, California Zip: _____

Work Phone Number: _____

Cell Phone Number: _____

Fax Number: _____

Email Address: _____

License Number: _____

_____ will be referred to as Contractor throughout this agreement.

Salesperson Responsible for Soliciting or Negotiating this Contract:

Name of Salesperson: _____

Registration Number of Salesperson: _____

Owner

Address: _____

Address: _____

City: _____, California Zip: _____

Day Phone Number: _____

Cell Phone Number: _____

Fax Number: _____

Email Address: _____

_____ will be referred to as Owner throughout this agreement.

Date this contract was signed by Owner: _____

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.

Owner's Lender

Name: _____

Address: _____

Address: _____

City: _____, California Zip: _____
Phone Number: _____

The Construction Site

Address: _____
Address: _____
City: _____,
California Zip: _____

I. Description of the Project and Description of the Significant Materials to be Used and Equipment to be Installed

A. For a price identified below, Contractor agrees to complete home improvements (identified as the Project in this agreement) for Owner.

II. Contract Price

A. In addition to any other charges specified in this agreement, Owner agrees to pay Contractor the following for completing the Work described as the Project:

- For the cost of labor as defined in this agreement.
- For the cost of materials as defined in this agreement.

1. The maximum cost to Owner under this agreement shall not exceed \$100,000.00 plus any Change Orders approved by Owner. This is the guaranteed maximum price. If the cost to Owner is less than the guaranteed maximum price, cost savings will be shared as follows: split 50-50 between Owner and Contractor. Contractor will pay 100 percent of the cost of completing the Work that exceeds the guaranteed maximum price.

III. Finance Charge

A. This contract includes a finance charge of \$10,640.34.

IV. Approximate Start Date

- A. Work under this agreement will begin within 10 calendar days after the building site has been properly prepared by Owner.
- B. The Project will be considered substantially commenced when all building permits, loans and other approvals have been secured.

V. Approximate Completion Date

A. Work under this agreement will be Substantially Complete within 90 calendar days after the date construction begins.

VI. List of Documents Incorporated into this Contract

A. This agreement incorporates by reference certain disclosures and notices required by federal and state law. The following documents are incorporated as though included in full as part of this agreement.

- Information about Commercial General Liability Insurance
- Checklist for Homeowners (Swimming Pools)

California Home Improvement Contract - Change Order Form
Notice of Three-Day Right to Cancel
Notice of Cancellation (in duplicate)
Thermal Insulation Disclosure
Federal Truth in Lending Disclosures
Notice of Right to Cancel under Regulation Z (in duplicate)

B. This agreement incorporates by reference certain documents which define and describe the Work to be done. The following documents are incorporated as though included in full as part of this agreement.

1. **Plans**

Plans dated 3/9/2011
Consisting of 3 sheet(s)

2. **Specifications**

Specifications dated 3/9/2011
Consisting of 2 sheet(s)

3. **Structural Pest Control Inspection Report**

This contract is for Work recommended in the structural pest control inspection report.
Inspection report dated 3/9/2011
Prepared by Pest Control Company
This contract covers completion of ALL WORK recommended in the inspection report.

VII. Scope of Work

A. Contractor shall supervise and direct the Work and accepts responsibility for construction means, methods, techniques, sequences and procedures required to complete the Project in compliance with the Contract Documents.

VIII. Payment Plan

A. Owner will pay to Contractor the Contract Price in installments consisting of an initial payment, progress payments, and a final payment on completion of the Work.

IX. Downpayment

A. The downpayment is \$1,000.00.

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

B. Upon execution of this agreement, Owner shall pay to Contractor \$1,000.00 as an advance on the Contract Price.

X. Progress Payments

A. Schedule of Progress Payments

The schedule of progress payments must specifically describe each phase of work, including the type and amount of work or services scheduled to be supplied in each phase, along with the amount of each proposed progress payment. IT IS AGAINST THE LAW FOR A

CONTRACTOR TO COLLECT PAYMENT FOR WORK NOT YET COMPLETED, OR FOR MATERIALS NOT YET DELIVERED. HOWEVER, A CONTRACTOR MAY REQUIRE A DOWNPAYMENT.

1. Progress payments are due as each phase of the Work is completed and will not exceed the following amounts.
 - I. Amount due when Job Phase 1 is complete: \$25,000.00
Job Phase 1 is complete when when framing is complete..
 - II. Amount due when Job Phase 2 is complete: \$25,000.00
Job Phase 2 is complete when when the roof surface is installed..
 - III. Amount due when Job Phase 3 is complete: \$25,000.00
Job Phase 3 is complete when when drywall has been finished.
 - IV. Amount due when Job Phase 4 is complete: \$24,000.00
Job Phase 4 is complete when when a certificate of completion has been issued.
2. The amount due on each progress payment will be based on costs to Contractor as defined in this agreement.

XI. Cost-Plus Reimbursements

A. Reimbursement of Labor Costs

1. Owner shall reimburse Contractor for all labor expenses reasonably necessary to complete the Project, including the expense of construction craft personnel working on the Job Site and field office staff as authorized in this contract. Reimbursable Labor costs shall include salary and wages, payroll taxes, insurance based on payroll, pension, profit sharing and ESOP contributions based on payroll, sick pay, vacation pay, medical, dental and life insurance expense, relocation costs, travel pay and subsistence. Reimbursement shall be made for all Labor expenses actually paid by Contractor for work performed on the Job Site and, with prior approval of Owner, for Work performed at designated workshops, facilities or fabrication yards away from the Job Site. Reimbursable tasks shall include demolition, removal, dismantling, cleanup, repair and construction of all temporary and permanent structures reasonably necessary to comply with Requirements in the Contract Documents.

B. Reimbursement of Material Costs

1. Except as provided elsewhere in this contract, the cost of all materials reasonably necessary to complete the Project shall be reimbursable expenses and shall be included by Contractor in applications for payment. Cost of materials shall include sales or use tax on materials, tariffs, duties, consumable supplies, small tools, delivery expense, insurance premiums on materials when actually paid by Contractor and all other related costs when approved in advance by Owner.

XII. Liens and Waivers

Mechanics' Lien Warning

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

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

To preserve their right to record a lien, each subcontractor and material supplier must provide you with a document called a '20-Day 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 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.

Notice required by California Business and Professions Code § 7159(c)(4):

When payment is made for any portion of the work performed, Contractor shall prior to any further payment being made, furnish to Owner a full and unconditional release from any claim or mechanics' lien pursuant to § 3114 of the Civil Code for that portion of the work for which payment has been made.

XIII. Final Payment

A. Contractor will submit an application for final payment to Owner when the Work has been completed in compliance with the Contract Documents. If Owner agrees that Work has been completed, payment is due Contractor for the entire unpaid balance of the contract amount (including any Retainage).

XIV. Arbitration

A. Any controversy or Claim arising out of or relating to this contract or contract warranty or the breach thereof which cannot be resolved by mediations shall be settled by arbitration administered by arbitration. Any judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Nothing in this contract shall prevent application of the Federal Arbitration Act for resolving disputes that arise under this agreement.

B. ARBITRATION OF DISPUTES

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

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

Owner's Initials _____ Owner's Initials _____

Contractor's Initials _____

XV. Insurance

A. General Requirements

1. Contractor shall carry workers' compensation insurance and public liability insurance as required by Law and regulation for the protection of Contractor and Owner during progress of the Work.

B. Commercial General Liability Insurance (CGL)

1. Contractor carries commercial general liability insurance. You may contact XYZ Insurance at 760-555-1212 to check insurance coverage of Contractor. A notice concerning commercial liability insurance is attached to this contract.

C. Worker's Compensation Insurance

1. Contractor has no employees and is exempt from workers' compensation regulations.

XVI. Information about the Contractors' State License Board (CSLB)

CSLB is the state consumer protection agency that licenses and regulates construction contractors. Contact CSLB for information about the licensed contractor you are considering, including information about disclosable complaints, disciplinary actions and civil judgments that are reported to CSLB.

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

For more information:

Visit CSLB's Web site at www.cslb.ca.gov

Call CSLB at 800-321-CSLB (2752)

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

Security Agreement

WARNING TO BUYER: IF YOU SIGN THIS CONTRACT, YOU WILL BE PUTTING UP YOUR HOME AS SECURITY. THIS MEANS THAT YOUR HOME COULD BE SOLD WITHOUT PERMISSION AND WITHOUT ANY COURT ACTION IF YOU MISS ANY PAYMENT AS REQUIRED BY THIS CONTRACT.

Notice to buyer: (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled-in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time. (4) If you desire to pay off in advance the full amount due, the amount of the refund you are entitled to, if any, will be furnished upon request.

Itemization of the Amount Financed

Full contract cash price: \$100,000.00

Amount of the downpayment: \$1,000.00

Amount owed after downpayment: \$99,000.00

Finance charge in dollars: \$10,640.34

Any other charge on the amount financed: \$500.00

Total time balance: \$109,640.34

In consideration of the Work to be performed on Project, Owner promises to pay Contractor the sum of \$4,568.35, 30 calendar days following Substantial Completion and each month thereafter on the same day of the month, for 24 months.

Notice to Owner -- California Business & Professions Code Section 8513

Under the California Mechanics Lien Law, any structural pest control company which contracts to do work for you, any contractor, subcontractor, laborer, supplier or other person who helps to improve your property, but is not paid for his or her work or supplies, has a right to enforce a claim against your property. This means that after a court hearing, your property could be sold by a court officer and the proceeds of the sale used to satisfy the indebtedness. This can happen even if you have paid your structural pest control company in full if the subcontractor, laborers or suppliers remain unpaid.

To preserve their right to file a claim or lien against your property, certain claimants such as subcontractors or material suppliers are required to provide you with a document entitled "Preliminary Notice." Prime contractors and laborers for wages do not have to provide this notice. A Preliminary Notice is not a lien against your property. Its purpose is to notify you of persons who may have a right to file a lien against your property if they are not paid.

Notice Required by California Business & Professions Code Section 8514.5

The charge for service that Contractor subcontracts to another registered company may include the company's charges for arranging and administering such services that are in addition to the direct costs associated with paying the subcontractor. You may accept the bid of Contractor or you may contract directly with another registered company licensed to perform the work.

If you choose to contract directly with another registered company, Contractor will not in any way be responsible for any act or omission in the performance of work that you directly contract with another to perform.

Signatures

This contract is for immediate acceptance. Any delay in acceptance beyond 3/9/2011 will require renegotiation of the terms of this agreement.

OWNER HAS THE RIGHT TO REQUEST A PERFORMANCE AND PAYMENT BOND ON THE PROJECT WHICH ENSURES THE PROJECT WILL BE COMPLETED ACCORDING TO THIS AGREEMENT AND THAT LIENS ON THIS JOB ARE DISCHARGED IN RETURN FOR PAYMENT IN FULL BY OWNER.

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.

The law requires that the contractor give you a notice explaining your right to cancel. Initial the checkbox if the contractor has given you a notice of Three-Day Right to Cancel.

Owner's Initials _____ Owner's Initials _____

This agreement is entered into as of the date written below.

_____, Owner

(Signature) (Date)

(Printed Name)

(Signature) (Date)

(Printed Name)

_____, Contractor

(Signature) (Date)

(Printed Name and Title)

Checklist for Homeowners (Swimming Pools)

Check Out the Contractor

Did you contact the Contractors State License Board (CSLB) to check the status of the contractor's license?

Contact the CSLB at 1-800-321-CSLB (2752) or visit our web site: www.cslb.ca.gov

Did you get at least 3 local references from the contractors you are considering?

Did you call them?

Building Permits - will the contractor get a permit before the work starts?

Check Out the Contract

Did you read and do you understand your contract?

Does the 3-day right to cancel a contract apply to you?

Contact the CSLB if you don't know.

Does the contract tell you when work will start and end?

Does the contract include a detailed description of the work to be done, the material to be used, and equipment to be installed?

This description should include a plan and scale drawing showing the shape, size, dimensions and specifications. It should include brand names, model numbers, quantities and colors. Specific descriptions now will prevent disputes later.

Are you required to pay a down payment?

If you are, the down payment should never be more than 10 percent of the contract price or \$1,000, whichever is less.

Is there a schedule of payments?

If there is a schedule of payments, you should pay only as work is completed and not before. There are some exceptions -- contact the CSLB to find out what they are.

Did your contractor give you a "Notice to Owner", a warning notice describing liens and ways to prevent them?

Even if you pay your contractor, a lien can be placed on your home by unpaid laborers, subcontractors or material suppliers. A lien can result in you paying twice or, in some cases, losing your home in a foreclosure. Check the "Notice to Owner" for ways to protect yourself.

Did you know changes or additions to your contract **must** be in writing?

Putting changes in writing reduces the possibility of a later dispute.

Information about Commercial General Liability Insurance

[] Did your contractor tell you whether he or she carries Commercial General Liability Insurance?

Home improvement contractors are required by law to tell you whether or not they carry Commercial General Liability Insurance. This written statement must accompany the bid, if there is one, and the contract.

[] Is this insurance required?

No. But the Contractors State License Board strongly recommends that all contractors carry it. The Board cautions you to evaluate the risk to your family and property when you hire a contractor who is not insured. Ask yourself, if something went wrong, would this contractor be able to cover losses ordinarily covered by insurance?

[] How can you make sure the contractor is insured?

If he or she is insured, the contractor is required by law to provide you with the name and telephone number of the insurance company. Check with the insurance company to verify that the contractor's insurance coverage will cover your project.

[] What about a contractor who is self-insured?

A self-insured contractor has made a business decision to be personally responsible for losses that would ordinarily be covered by insurance. Before contracting with a self-insured contractor, ask yourself, if something went wrong, would this contractor be able to cover losses that should be covered by insurance?

Contractor carries Commercial General Liability Insurance.

The insurance company is XYZ Insurance.

You may call the insurance company at 760-555-1212 to verify coverage.

For more information about Commercial General Liability Insurance, contact the Contractors State License Board at www.cslb.ca.gov or call 1-800-321-CSLB (2752).

Notice of Three-Day Right to Cancel

Date of Transaction: _____

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

If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as you received 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 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 the Notice of Cancellation, or any other written notice to:

Address: _____

Address: _____

City: _____, California Zip: _____

not later than midnight of (Date) _____

California Business and Professions Code Section § 7159 requires that this form be signed and dated when the contract is signed.

My signature below acknowledges receipt of this Notice of Three-Day Right to Cancel and two copies of the form Notice of Cancellation.

Signature of Owner

Date

Notice of Cancellation (California Business & Professions Code § 7159)

Date the contract was signed: (Date) _____

You may cancel this transaction, without any penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract."

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

Address: _____

Address: _____

City: _____, California Zip: _____

Any cancellation must occur no later than midnight of (Date) _____.

I hereby cancel this transaction:

Date of cancellation (Date) _____

Signature of Buyer

Notice of Cancellation (California Business & Professions Code § 7159)

Date the contract was signed: (Date) _____

You may cancel this transaction, without any penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract."

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

Address: _____

Address: _____

City: _____, California Zip: _____

Any cancellation must occur no later than midnight of (Date) _____.

I hereby cancel this transaction:

Date of cancellation (Date) _____

Signature of Buyer

Insulation Disclosure (In Compliance with 16 CFR Section 460)

Contractor makes the following disclosures in compliance with 16 Code of Federal Regulation Section 460. The Project includes installation of the following thermal insulation:

Exterior wall insulation

Material type: fiberglass rolls

Thickness of insulation: 3-1/2"

R-value of that thickness: R-13

Approximate coverage area in square feet: 1500

Ceiling insulation other than loose fill

Material type: fiberglass rolls

Thickness of insulation: 6-1/4"

R-value of that thickness: R-19

Approximate coverage area in square feet: 1200

Coverage area includes framing members but not doors, windows or other large openings in the exterior frame. R-values may be less where building components limit placement of insulation. For example, it may not be possible to place insulation at building corners, at fireplaces and around the perimeter of doors and windows. Listed R-values are based on information supplied by the insulation manufacturer. Contractor may have to substitute other materials but will maintain the R-values described here.

Federal Truth in Lending Disclosures

This document will help you understand the Truth In Lending (TIL) disclosures which must be made to borrowers. CASH PRICE is the payment required on completion of the work if there is no loan. The DOWN PAYMENT includes all payments made to Contractor for work performed prior to completion of work. The AMOUNT FINANCED is different from the amount you are borrowing because it does not include points and closing fees charged for making the loan. The FINANCE CHARGE is the cost of borrowing -- the cost of the loan to you. It is a combination of the amount of interest paid over the life of the loan plus any other fees charged for writing the loan. The ANNUAL PERCENTAGE RATE (APR) must be computed the same way by all lenders. That helps you compare the cost of this loan with the cost of borrowing from others. APR will be higher than the interest rate because the APR includes both the interest rate and prepaid finance charges computed at an annual rate. The NUMBER OF PAYMENTS is the number of times you will have to make a payment of the designated amount. The AMOUNT OF EACH PAYMENT is the dollar amount to be paid with each installment. The DUE DATE is the date on which payments must be made. The TOTAL OF PAYMENTS is equal to the amount of each payment times the number of payments. TOTAL SALE PRICE is more than the cash price plus the finance charge because it includes any fees associated with writing the loan. LATE CHARGE: If a payment is late, you will be charged a fee or additional interest. PREPAYMENT PENALTY is the fee charged if you pay off your loan before payments are due. If this loan is paid off early, you will not receive a refund for interest already paid but you will not owe any interest after the loan is paid off. In other words, you only pay interest for the time the loan is still outstanding. A loan is ASSUMABLE if it can be transferred to the next owner of the property on the same terms, releasing you of any obligation to make additional payments on the loan. This loan is not assumable. If the property is sold, the entire loan balance becomes due and payable.

The name of the creditor required to make these disclosures is Vista Saving Bank.

The CASH PRICE if paid on completion is \$100,000.00.

The DOWN PAYMENT and all other payments prior to completion total: \$1,000.00.

Other charges or fees (excluding finance charges) added to the loan balance total: \$500.00.

Other credits or deductions subtracted from the amount financed total: \$500.00.

The INTEREST RATE on the amount financed is 10.00.

The AMOUNT FINANCED is \$99,000.00.

The FINANCE CHARGE in dollars is \$10,640.34.

The ANNUAL PERCENTAGE RATE used to compute the finance charge is 10.00.

The NUMBER OF PAYMENTS is 24.

The AMOUNT OF EACH PAYMENT is \$4,568.35.

The DUE DATE for each payment is on the 7th day of the month.

The TOTAL OF PAYMENTS is \$109,640.34.

TOTAL SALE PRICE is \$110,640.34.

The CHARGE FOR LATE PAYMENT is \$25.00, as described more fully in the loan documents.

This loan does NOT have a pre-computed finance charge.

If this loan is prepaid or refinanced, Owner WILL be charged a prepayment penalty as described in the loan documents.

This loan is not ASSUMABLE by a subsequent buyer.

Payment of this loan is secured by an interest in the property, described as Address:
_____. You can refer to the loan document (the note) for information about nonpayment, default, the right to accelerate the maturity of the debt, and prepayment rebates and penalties. The finance charge begins to accrue when the work is substantially completed.

Receipt of this disclosure is acknowledged by Owner.

Signature _____

Date of acknowledgment _____

You are entitled to request a written itemization of the amount financed. Select one of the following.

Yes, I request a written itemization of the amount financed.

No, I do not request a written itemization of the amount financed. Initials _____

In compliance with 15 United State Code Section 1638(a)(17), settlement charges for this transaction will include the following: Charges and fees included in the loan will be \$500.00. Other settlement charges to be paid by Owner at closing come to \$0.00. Other fees incurred in connection with this loan will be \$0.00. The total of all settlement charges for this transaction will be \$500.00. The current wholesale rate of funds ("prime rate") is 0.00%.

Title 15 United State Code Section 1638(a)(19) requires that interest payable under this agreement be disclosed as a percentage of the amount of the loan. Assuming all loan payments are made when due, interest payments will be 11% of the loan principal.

NOTICE OF RIGHT TO CANCEL UNDER REGULATION Z

(12 CFR 226.15(b) requires that each owner receive two copies of this notice.)

To: Owner

Re: Your right to cancel Project

You are entering into a transaction that will result in a security interest being placed on your home. You have a legal right under federal law to cancel this transaction, without cost, within three business days from whichever of the following events occurs last:

- (1) The date of the transaction, which is _____, or
- (2) The date you receive your Truth in Lending disclosures, or
- (3) The date you receive this notice of your right to cancel.

If you cancel this transaction, the security interest is also cancelled. Within 20 calendar days after we receive your notice, we must take the steps necessary to reflect the fact that the security interest on your home has been cancelled, and we must return to you any money or property you have given us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 calendar days of your offer, you may keep it without further obligation.

How to cancel:

If you decide to cancel this transaction, you may do so by notifying us in writing at:

Address: _____

Address: _____

City: _____, California Zip: _____

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of _____ (midnight of the third business day following the latest of the three events listed above). If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I WISH TO CANCEL.

Signature Date

See the next page for important information about what happens if this agreement is cancelled.

Notice Required by 12 Code of Federal Regulation Section 226.15(d), Effects of Rescission

- (1) When a consumer rescinds a transaction, the security interest giving rise to the right of rescission becomes void, and the consumer shall not be liable for any amount, including any finance charge.
- (2) Within 20 calendar days after receipt of a notice of rescission, the creditor shall return any money or property that has been given to anyone in connection with the transaction and shall take any action necessary to reflect the termination of the security interest.
- (3) If the creditor has delivered any money or property, the consumer may retain possession until the creditor has met its obligation under paragraph (d)(2) of this section. When the creditor has complied with that paragraph, the consumer shall tender the money or property to the creditor or, where the latter would be impracticable or inequitable, tender its reasonable value. At the consumer's option, tender of property may be made at the location of the property or at the consumer's residence. Tender of money must be made at the creditor's designated place of business. If the creditor does not take possession of the money or property within 20 calendar days after the consumer's tender, the consumer may keep it without further obligation.

Notice Required by 12 Code of Federal Regulation Section 226.15(d), Effects of Rescission

- (1) When a consumer rescinds a transaction, the security interest giving rise to the right of rescission becomes void, and the consumer shall not be liable for any amount, including any finance charge.
- (2) Within 20 calendar days after receipt of a notice of rescission, the creditor shall return any money or property that has been given to anyone in connection with the transaction and shall take any action necessary to reflect the termination of the security interest.
- (3) If the creditor has delivered any money or property, the consumer may retain possession until the creditor has met its obligation under paragraph (d)(2) of this section. When the creditor has complied with that paragraph, the consumer shall tender the money or property to the creditor or, where the latter would be impracticable or inequitable, tender its reasonable value. At the consumer's option, tender of property may be made at the location of the property or at the consumer's residence. Tender of money must be made at the creditor's designated place of business. If the creditor does not take possession of the money or property within 20 calendar days after the consumer's tender, the consumer may keep it without further obligation.