

FINISHING TOUCH CARPETS, INC. HOME IMPROVEMENT CONTRACT

Finishing Touch Carpets, Inc. License No. 600108 3273 Katella Avenue Los Alamitos, CA 90720 (562) 438-5497	Finishing Touch Carpets, Inc. License No. 600108 25252 Cabot Road Laguna Hills, CA 92653 (949) 770-1797	Finishing Touch Carpets, Inc. License No. 600108 1604 East South Street Long Beach, CA 90805 (562) 428-2523
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HOME IMPROVEMENT CONTRACT

This agreement is made on the date written above our signatures between FINISHING TOUCH CARPETS, INC. ("CONTRACTOR") and Owner Name: _____ ("OWNER")

ANY NOTICE OF CANCELLATION CAN BE SENT TO THIS ADDRESS:

Contractor Name: Finishing Touch Carpets, Inc.
License Number 600108
3273 Katella Avenue
Los Alamitos, CA 90720
Telephone: (949) 349-0208
Facsimile: (949)
Email: bri@ftfloorsinc.com

SALESPERSON RESPONSIBLE FOR SOLICITING OR NEGOTIATION THIS CONTRACT:

Name of Salesperson: [] Donovan Johnson, CSLB Reg. No. _____
[] Joshua Johnson, CSLB Reg. No. _____
[] Kyle Kostechko, CSLB Reg. No. _____

OWNER

Owner Name: _____
Address: _____
Day Phone Number: _____; Cell Phone Number: _____; Fax Number: _____
Email Address: _____

Date this contract was signed by owner: _____

YOU ARE ENTITLED TO A COMPLETELY FILLED-IN COPY OF THIS AGREEMENT, SIGNED BY BOTH OF YOU AND THE CONTRACTOR, BEFORE ANY WORK MAY BE STARTED.

THE CONSTRUCTION SITE:

Address: _____; City _____, State _____, Zip _____

I. DESCRIPTION OF THE PROJECT AND DESCRIPTION OF THE SIGNIFICANT MATERIALS TO BE USED AND EQUIPMENT TO BE INSTALLED

A. For the price identified below, Contractor agrees to complete home improvements (identified as the "Project" or "Work" in this Agreement for Owner.

B. Description of the Work, materials and equipment to be installed:

II. CONTRACT PRICE

A. In addition to any other charges specified in this agreement, Owner agrees to pay Contractor a sum not to exceed \$ _____ for completing the Work Described as the Project.

III. APPROXIMATE START DATE

A. Work under this Agreement will begin approximately seven (7) days after this contract is signed by Contractor and Owner which is estimated to be: ____/____ 20__.

B. The Project will be considered substantially commenced when tools and materials arrive at the Job Site.

IV. APPROXIMATE COMPLETION DATE

A. Work under this Agreement will be substantially complete approximately seven (7) days after commencement on or before : ____/____ 20__.

V. LIST OF DOCUMENTS INCORPORATED INTO THIS CONTRACT

A. The Glossary of Terms which follows our signatures is incorporated into this contract as though included in full as part of this Agreement

B. 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

1. Information about Commercial General Liability Insurance
2. Checklist for Homeowners
3. California Home Improvement Contract – Change Order Form
4. Notice of Three-Day Right to Cancel
5. Notice of Cancellation (in duplicate)

VI. 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.

VII. CUTTING AND PATCHING

- A. The color, texture and planes between existing and new materials might not match exactly. Contractor will use due diligence to create the best match possible. Owner acknowledges that patched surfaces may be detectable when construction is complete.

VIII. COMPLIANCE WITH LAW

- A. Contractor and Owner mutually commit to use reasonable care to meet the Requirements of state, federal and local Law when discharging their responsibilities under this Agreement

IX. OWNERS RESPONSIBILITIES

- A. Owner shall have sole responsibility to secure financing for the Project and shall pay all fees, charges, or other costs of such financing, including Inspection fees charged by any lender. The nonperformance of any lender shall not affect the obligation of Owner to Contractor. Owner hereby authorizes and directs any lender on the Project to furnish Contractor with full information on undisbursed loan proceeds when requested by Contractor. Owner will not interfere with or permit others to interfere with, stop, hinder, or delay completion of the Work by Contractor or Subcontractors except as provided under this agreement.

X. REPRESENTATIONS BY OWNER OF PRE-EXISTING CONDITIONS, OWNER ASSUMPTION OF RISK OF PRE-EXISTING CONDITIONS, OWNER RELEASE OF CLAIMS RE PRE-EXISTING CONDITIONS, OWNER COVENANT NOT TO SUE FOR PRE-EXISTING CONDITIONS

- A. Owner has provided Contractor with all information on subsurface or concealed conditions at the Job Site. Except to the extent that Contractor knows this information to be false, Contractor is entitled to rely on the accuracy of this information.
- B. Owner has reported to Contractor all conditions known to Owner which may not be apparent to Contractor and which might significantly increase cost of the Work, delay completion or cause the Work to become damaged or fail. These concealed conditions include, but are not limited to: improper wet season site drainage and/or exterior irrigation, and/or leaking water pipes imbedded in the foundation slab resulting in concrete foundation slab saturation and/or flooding and/or moisture accumulation in vinyl flooring, carpeting and/or wooden flooring; unpermitted/unlicensed room and structure additions with improper/inadequate subfloor support; hazards on the Job Site; unsuitable soil conditions such as expansive soils causing heaving and/or cracking of ceramic tile; prior Defective Work of others; latent Defects in the Plans or Specifications; earlier attempts to do Similar or related Work, and obligations imposed by government (collectively "**PRE-EXISTING CONDITIONS**")
- C. Owner assumption of risk of Pre-Existing Conditions. Owner hereby solely and exclusively assumes the full and entire risks of all Pre-Existing Conditions known and unknown that are not disclosed in writing to Contractor prior to execution of this Agreement.

- D. Owner release of claims of Pre-Existing Conditions. Owner hereby releases Contractor from all future damages, injuries, claims, demands, suits, bond claims, and administrative agency claims arising from all known and unknown Pre-Existing conditions to owner that are not disclosed in writing to contractor prior to execution of this Agreement.
- E. Owner Covenant not to sue for Pre-Existing Conditions. Owner hereby covenants not to sue Contractor for Pre-Existing Conditions known and unknown to owner that are not disclosed in writing to Contractor prior to execution of this Agreement.

XI. PAYMENT PLAN – SCHEDULE OF PROGRESS PAYMENTS

- A. Owner will pay to Contractor the Contract Price in three (3) installments: **Phase 1** (Signing of Contract); **Phase 2** (Delivery of all materials, demolition of existing flooring; and preparation for flooring installing); and **Phase 3** (Completion of Work). At Phase 1, Owner shall deliver to Contractor an initial down payment (See Section XIII); at Phase 2, Owner shall deliver to Contractor an interim payment (See Section XVI); and, at Phase 3, Owner shall deliver to Contractor final payment on completion of the Work. Change Orders shall be paid in full upon commencement of the Change order Work. Upon satisfactory payment being made for any portion of the Work performed, Contractor, prior to any further payment being made, shall furnish to Owner a full and unconditional from any potential lien claimant claim or mechanic’s lien authorized by California *Civil Code* Section 8400.
- B. **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.**

XII DOWNPAYMENT

- A. The down payment amount is \$_____. THE DOWN PAYMENT 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 \$_____ as an advance on the Contract price. Except as otherwise provided in this Agreement, Contractor may retain \$1,000 or 10% of the Contract Price, whichever is less, as liquidated damages from the initial down payment as a non-refundable deposit if this Co9ntract is terminated for any reason other than default by Contractor.

XIII INTEREST

- A. Payments due and not paid under the Contract Documents shall bear interest from the date payment is due at an annual rate of ten percent. When payment is withheld pending settlement of a bona fide dispute on the quantity, quality, or timeliness of the Work, interest shall accrue only on the amount ultimately paid. Payment of interest does not abrogate or replace any other rights Contractor may have under this Agreement.

**XIV 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 Preliminary Notice is not a lien. The purpose of the Preliminary 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.

XV. INTERIM PAYMENT AND FINAL PAYMENT

- A. Contractor will submit an application for interim payment upon delivery of all materials and completion of the first day of work in the sum of \$_____. The Interim Payment is due upon receipt and Contractor may stop all work until payment is full of the interim payment amount is received. Contractor will submit an application for final payment to Owner in the sum of \$ _____ 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). Making of final payment constitutes waiver of all Claims by Owner against Contractor except those Claims previously made in writing and delivered to Contractor and those obligations otherwise provided by this agreement or by operation of Law.

- B. If completion of the Work is delayed unreasonably at no fault of Contractor, Contractor shall be entitled to final payment for all Work completed (including Retainage) without prejudice to the right of Contractor to complete the Project at a later date and without prejudice to the right of Owner to make Claims against Contractor for Defects in Work completed.

XVI. CHANGES IN THE WORK

- A. Contractor is authorized to make minor changes in the Work which are in the interest of Owner, do not materially alter the quality or performance of the Work, and do not affect the cost or time of performance, and comply with applicable Laws, codes, ordinances and regulations. Contractor will inform Owner of each minor change made in the Work.

NOTE ABOUT EXTRA WORK AND CHANGE ORDERS:

Extra Work and Change Orders become part of the Contract once the Change Order is prepared in writing and signed by the Parties prior to commencement of any Work covered by the new Change Order. The Change Order must describe the scope of the Extra Work or change, the cost to be added or subtracted from the Contract, and the effect the Change Order will have on the schedule of progress payments.

Notice required by California Business and Professions Code § 7159(e)(3):

Owner may not require a Contractor to perform extra Change Order work without providing written authorization prior to the commencement of any work covered by the new Change Order. Extra work or a Change Order is not enforceable against Owner unless the Change Order also identifies all of the following in writing prior to the commencement of any work covered by the new Change Order:

- (1) The scope of work encompassed by the Change Order;
- (2) The amount to be added or subtracted from the Contract price, and
- (3) The effect the change order will have on progress payments or the completion date.

FAILURE OF CONTRACTOR TO COMPLY WITH THE REQUIREMENTS OF THIS PARAGRAPH DOES NOT PRECLUDE THE RECOVERY OF COMPENSATION FOR WORK BASED UPON LEGAL OR EQUITABLE REMEDIES DESIGNED TO PREVENT UNJUST ENRICHMENT.

XVII. CONTRACTOR CLAIMS

If Contractor claims that any instruction, Drawing, act or omission of Owner or any representative of Owner, or any agency of government, increases costs to Contractor, requires extra time or changes the Scope of Work, Contractor shall have the right to assert a Claim for such costs or time.

XVIII. DISPUTE RESOLUTION – BINDING ARBITRATION

- A. Any and all controversies or Claims arising out of or relating to this Contract or contract warranty for breach which cannot be resolved by mediation, shall be resolved and determined by binding arbitration. Wherever possible in order to economically and expeditiously present a matter for

arbitration, the arbitration shall be conducted in accordance with the Rules of Judicial Arbitration, California Rules of Court, Rules 3.810, et seq. and California Code Civ. Proc. §§1282-1284.2 with the Code of Civil Procedure being controlling law in the event of a rules conflict. In the event of a conflict between the Rules of Judicial Arbitration, California Rules of Court, Rules 3.810, et seq. and/or Cal. Code Civ. Proc. §§1282-1284.2 compared to the provisions of this Agreement, the provisions of this Agreement shall control.

- B. Contractor and Owner shall meet and confer regarding the selection of a mutually agreeable neutral arbitrator ("Arbitrator"). Contractor and Owner each shall submit a list of no more than three (3) proposed arbitrators to each other for approval by Contractor and Owner of one or the no more than six (6) Arbitrators proposed by Contractor and Owner. Within fifteen (15) days of exchange of the proposed Arbitrators, if Contractor and Owner have not agreed upon an Arbitrator, they shall submit the list of Arbitrators to an independent party agreed upon by the Contractor and Owner for selection by the independent party. In the alternative, the dispute has initially been filed in a court of law, in the event of a dispute concerning a mutually agreeable Arbitrator, the names of the proposed Arbitrators shall be submitted to the Court for selection. The independent party and/or the Court shall primarily consider the hourly rate of the Arbitrator in selecting the Arbitrator. Contractor and Owner hereby agree and stipulate that they may choose an Arbitrator that follows the Rules of Judicial Arbitration, California Rules of Court, Rules 3.810, et seq. but is not employed by or a member of either JAMS or AAA.
- C. Contractor and Owner shall mutually exchange all relevant non-privileged documents relating to the matter in their possession and/or control within fifteen (15) days of the appointment of an Arbitrator. Other than documents generated by experts, any documents not provided as part of this exchange shall be excluded from use at the hearing for the arbitration. Contractor's discovery rights shall include the right to conduct one half-day site inspection and destructive testing investigation. Contractor and Owner shall have the right to conduct written discovery and depositions pursuant to Cal. Code Civ. Proc. §§ 90-100 which shall be the controlling law for pre-arbitration hearing discovery. The exhibits Contractor and Owner intend to present at the arbitration hearing shall be mutually exchanged seven (7) days before the hearing date. Any documents not provided as part of this exchange shall be excluded from use at the arbitration hearing.
- D. A one-half day mediation of the dispute will occur before a mutually agreeable or the Arbitrator within thirty (30) days of the appointment of the Arbitrator. Contractor and Owner shall attempt to ensure that all interested parties attend and/or are represented at this mediation. An early administrative conference aimed at securing the participation of all parties in arbitration shall occur before the Arbitrator within sixty (60) days of the appointment of an Arbitrator. A hearing before the Arbitrator shall occur within ninety (90) days of the appointment of the Arbitrator. The Contractor and Owner shall share equally the costs of the Arbitration pending, if appropriate, the Arbitrator's reallocation of arbitration fees paid by the Parties. If appropriate, the Arbitrator shall make an award of reasonable attorneys' fees, expert fees and costs to the prevailing party.
- E. The Arbitrator shall publish a Notice of Decision or Award within thirty (30) calendar days following the conclusion of the Arbitration proceeding to the Parties and, if applicable, to the Court. Judgment on the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof.
- F. Anything in this Contract notwithstanding, any Claim arising out of or relating to the Contract Documents or warranty or the breach in the amount of less than \$5,000 may, at the option of the Contractor or Owner, be filed in any Small Claims Court having jurisdiction, in lieu of an arbitration proceeding.

XIX. LIMITS OF LIABILITY

- A. Owner agrees that to the fullest extent permitted by law Contractor shall not be liable Owner for any special, indirect or consequential damages whatsoever, including without limitation loss of profit, loss of investment, diminished property value, loss of product or business interruption, whether or not caused by Contractor or any of the Subcontractors. The remedies against Contractor provided in this Agreement are exclusive and in lieu of any other rights or remedies available at law or in equity.
- B. In recognition of the relative risks and benefits of the Work to both Owner and the Contractor, the risks have been allocated such that Owner agrees, to the fullest extent permitted by law, to limit the liability of the Contractor to the Owner for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, including attorneys' fees and costs and expert witness fees and costs, so that the total aggregate liability of the Contractor to the Owner shall not exceed \$5,000, or the Contractor's total fee for services rendered on the Work, whichever is greater. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising, unless otherwise prohibited by law.

XX. INSURANCE

A. WORKERS' COMPENSATION INSURANCE

This Contractor carries workers' compensation insurance for all employees as required by law and regulation for the protection of Contractor and Owner during progress of Work. A notice concerning workers' compensation insurance is attached to this Contract.

B. COMMERCIAL GENERAL LIABILITY INSURANCE (CGL)

This Contractor carries commercial general liability insurance written by _____. You may call _____ to check Contractor's insurance coverage. A notice concerning commercial liability insurance is attached to this Contract.

XXI. DELAYS

- A. In the event that Contractor's services are interrupted by circumstances beyond Contractor's control, Owner shall compensate Contractor for the labor, equipment, and other costs Contractor incurs in order to maintain continuity of Contractor's project team for Owner's benefit during the interruption. Alternatively, and at Owner's option, Owner shall compensate Contractor for the various costs Contractor incurs for demobilization and subsequent remobilization. Contractor's compensation shall be based upon Contractor's prevailing fee schedule and expense reimbursement policy. Contractor shall not be responsible for any delay or failure in performance of any part of this Agreement to the extent such delay or failure is caused by fire, flood, explosion, war, strike, embargo, government requirement, civil or military authority, acts of God, act or omission of subcontractors, carriers, Owner or other similar causes beyond its control.

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-LSLB (2752)

Write CSLB at Post Office Box 26000, Sacramento, CA 95826

SIGNATURES FOLLOW ON NEXT PAGE

SIGNATURES

This contract is for immediate acceptance. Any delay in acceptance beyond ___/___/___ 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 I 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 _____
Printed Name

OWNER _____
Printed Name

X _____
Signature

X _____
Signature

Dated: _____

Dated: _____

CONTRACTOR: FINISHING TOUCH CARPETS, INC.

X _____

By: _____

Its: _____

Dated: _____

CHECK LIST FOR HOMEOWNERS

- [] 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?

CHECKOUTTHECONTRACT

- [] 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 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 is self-insured.

FOR MORE INFORMATION ABOUT COMMERCIAL GENERAL LIABILITY INSURANCE, CONTACT THE CONTRACTORS STATE LICENSE BOARD AT WWW.CSLB.CA.GOV OR CALL 800-321-CSLB (2752).

CALIFORNIA HOME IMPROVEMENT CONTRACT- CHANGE ORDER FORM

Contractor Name: Finishing Touch Carpets, Inc.
License Number 600108
3273 Katella Avenue
Los Alamitos, CA 90720
Telephone: (949) 349-0208
Facsimile: (949)
Email: bri@ftfloorsinc.com

SALESPERSON RESPONSIBLE FOR SOLICITING OR NEGOTIATION THIS CONTRACT:

Name of Salesperson: Donovan Johnson, CSLB Reg. No. _____
 Joshua Johnson, CSLB Reg. No. _____
 Kyle Kostechko, CSLB Reg. No. _____

Owner Name: _____ and CONTRACTOR FINISHING TOUCH CARPETS, INC. ("CONTRACTOR") hereby agree that the contract dated ____/____/20__ is incorporated by reference in its entirety into this California Home Improvement Change Order and is changed as described below.

DESCRIPTION OF THE CHANGE AND DESCRIPTION OF THE SIGNIFICANT MATERIALS TO BE USED AND EQUIPMENT TO BE INSTALLED UNDER THIS CHANGE.

This change adds the following amount to the Contract Price: \$ _____.

This change reduces the Contract Price by the following amount: \$ _____.

Finance charge (if any) that results from this change: \$ _____.

Effect this order will have on the Schedule of Progress Payments: There will be an additional payment due of \$ _____ upon the commencement of the Change Order Work.

Payments due under this Agreement are hereby adjusted to reflect this change in the Contract price.

Payment for this change shall become due ____/____/____.

Completion date of Work under this Agreement, including this Change Order, is adjusted to ____/____/____.

Continued on Next Page

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 the scope of the extra work or change, the cost to be added or subtracted from the contract, and the effect the order will have on the schedule of progress payments. You 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 _____
Printed Name

OWNER _____
Printed Name

X _____
Signature

X _____
Signature

Dated: _____

Dated: _____

CONTRACTOR: FINISHING TOUCH CARPETS, INC.

X _____

By: _____

Its: _____

Dated: _____

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 WRITEN 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 WRITEN NOTICE TO:

CONTRACTOR NAME: FINISHING TOUCH CARPETS, INC.
License Number: 600108
3273 Katella Avenue
Los Alamitos, CA 90720
Phone: (949) 349-0208
Fax: (949) _____
E-mail: bri@bri@ftfloorsinc.com

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.

OWNER _____
Printed Name

OWNER _____
Printed Name

X _____
Signature

X _____
Signature

Dated: _____

Dated: _____

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 FALL TO MAKE THE GOODS AVAILABLE TO THE SELLER, OR IF YOU AGREE TO RETURN THE GOODS TO THE SELLER AND FALL 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:

CONTRACTOR NAME: FINISHING TOUCH CARPETS, INC.
License Number: 600108
3273 Katella Avenue
Los Alamitos, CA 90720
Phone: (949) 349-0208
Fax: (949) _____
E-mail: bri @ bri@ftfloorsinc.com

ANY CANCELLATION MUST OCCUR NO LATER THAN MIDNIGHT OF: ____/____/____.

I HEREBY CANCEL THIS TRANSACTION

OWNER _____
Printed Name

OWNER _____
Printed Name

X _____
Signature

X _____
Signature

Dated: _____

Dated: _____

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I HEREBY CANCEL THIS TRANSACTION

OWNER _____
Printed Name

OWNER _____
Printed Name

X _____
Signature

X _____
Signature

Dated: _____

Dated: _____

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.

Glossary of Terms

Bond means the security offered by a licensed surety company which may be used to satisfy a claim of failure to perform obligations undertaken **in** this Agreement.

Change Order is a written modification of the Contract Price (including all claims for direct, indirect and consequential damages and costs of delay), Time for Completion, and Scope of Work under this Agreement. A Change Order, once signed by all parties, is incorporated into and becomes a part of the Contract Documents.

Claim means a demand or assertion by one of the parties to this Agreement seeking, as a matter of right, modification, adjustment or interpretation of contract terms, payment of money, extension of time or other relief.

Contract Completion Date means the day by which the Work must be substantially complete.

Contract Documents are this Agreement, any Change Orders and all documents incorporated by reference into this Agreement.

Contract Price is the amount which will become due in exchange for work performed under this Agreement. Contract Price includes allowances for purchased materials and equipment and may be modified by a Change Order or contract modification. The Contract Price may be paid in one or more installments, including an Initial Payment at or before the start of work, Progress Payments as work is completed, and a Final Payment on final acceptance of the work. Payment Period is the time elapsed between applications for progress payments or prior to the first application for progress payment.

Contractor is an individual, partnership, firm, corporation, joint venture, or other legal entity undertaking the execution of the Work under the terms of this Agreement.

Defective Work means construction done under this Agreement that is unsatisfactory, faulty, omitted, incomplete, deficient, or does not conform to the requirements of the Contract Documents, directives of Owner's Representative, or the requirements of an inspection, reference standard, test, or approval specified in the Contract Documents.

Drawings (also called plans or prints) are scale representations of the shape, location, character and dimensions of Work to be completed under this contract. Drawings include plan views, elevation views, transverse and longitudinal sections, large and small scale sections and details, isometrics, diagrams, schedules, tables, data and pictures which depict the completed Project. A group of drawings adequate to complete construction of the Project may be referred to as a plan set. Drawings can be either paper or electronic media.

Extra Work means any change, interpretation, clarification or correction **in** the Contract Documents or in applicable law, ordinance or regulation which would increase or decrease the quantity of work, delay, suspend or interfere with the work, require an addition to or omission from the work, change the

character, quality or nature of any part of the work or material used in the work, change levels, lines, positions or dimensions of any part of the work, require demolition or removal of any work completed under this Agreement, extend or amend the normal work day, alter the construction schedule or require completion of any part of the work at a time other than provided by this Contract when originally made.

Furnish means to supply and deliver to the job site.

Inspection is any review of the Project, including a visual review of the Work completed to ascertain compliance with Contract Documents, building codes and construction standards.

Job Site is the address or location of the Project.

Law means federal or state statutes, municipal ordinances, building codes, regulations adopted pursuant to statute, executive orders, official interpretations, and other rules and directives issued by government.

Material Supplier means any manufacturer, fabricator, distributor, material man or vendor who provides material for the Project but does not provide on-site labor.

Party (to this contract) means a person or business organization which has an obligation to perform under the terms of this contract.

Plans (also called drawings or prints) are scale representations of the shape, location, character and dimensions of Work to be completed under this contract. Plans include plan views, elevation views, transverse and longitudinal sections, large and small scale sections and details, isometrics, diagrams, schedules, tables, data and pictures which depict the completed project. A group of plans adequate to complete construction of the Project may be referred to as a plan set. Plans can be either paper or electronic media.

Requirements means, in addition to obligations, responsibilities and limitations set out in the Contract Documents, the obligations, responsibilities and limitations imposed by law, rules, orders, ordinances, regulations, statutes, codes and executive orders of governmental authorities or fire rating bureaus.

Retainage is a portion of each progress payment temporarily held back or retained by the owner. Accumulated retainage is released to Contractor on satisfactory completion of the work.

Scope of Work means the Work as defined by the Contract Documents.

Similar means having a like kind, quality and characteristics. Similar is not to be construed as meaning identical or by the same manufacturer.

Specifications (also called specs) are the part of the Contract Documents which provide descriptions of materials, equipment, construction systems, technique and workmanship to be used on the Project. Specifications are both instructions to be followed by the Contractor and Subcontractors and a reference for the Building Official to evaluate code compliance.

Subcontractor is any person or business entity under contract to a general contractor to perform some portion of the work general contractor is obligated to complete under a contract with the Owner. Subcontractor is an independent contractor performing services for another contractor rather than for the Owner. A person or organization providing supplies or materials for the Project but no job site labor is not a Subcontractor.

Work means all labor, material, equipment, tools, transportation, permanent and temporary utilities, connections, provisions for safety and management services required to complete the Project in compliance with the Contract Documents. Work may constitute the whole or a part of the Project. Work is to be performed in a safe, expeditious, orderly and professional manner in keeping with current standards of the industry. Work includes everything that is or should be evident to a skilled construction professional after careful examination of the Contract Documents and the Job Site.