

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 1327 (Aguiar-Curry)
Version: June 19, 2025
Hearing Date: July 1, 2025
Fiscal: Yes
Urgency: No
CK

SUBJECT

Home improvement and home solicitation: right to cancel contracts: notice

DIGEST

This bill requires a buyer's notice of cancellation of specified contracts to be deliverable by email, and requires the seller to include in the contract an email address to which cancellations can be sent and a telephone number which customers can call for support in completing a notice of cancellation, as provided.

EXECUTIVE SUMMARY

Given the dynamics that are often involved in the formation of certain contracts and the stakes that may be involved, California law affords consumers a number of protections in connection with them. Relevant examples are home improvement contracts, service and repair contracts, home solicitation contracts or offers, seminar sales solicitation contracts or offers, and contractual assessment program agreements. Many of the protections afforded in connection with these contracts are triggered where the contract is not initiated by the consumer or takes place in certain premises. The theory behind this added layer of protection is that consumers are more likely to be vulnerable to high-pressure sales tactics, and more likely to rush into a transaction, when they are unable to walk away from a transaction because the salesperson is in their home.

Such contracts are generally subject to cancellation within three days, with longer periods for consumers that are senior citizens or victims of catastrophic events, in certain cases. Currently consumers must mail or physically deliver relevant notices of cancellation. This bill modernizes these statutes by allowing for cancellation to occur through an email address to be provided in these contracts by sellers. The bill also requires a phone number to be included through which consumers can receive assistance in effectuating this right of cancellation. The bill is author-sponsored. No timely support or opposition has been received by the Committee.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the Contractors State License Law (CSLL), which governs the licensure and conduct of contractors, including subcontractors, who undertake or offer to undertake construction or repair projects, under the oversight of the Contractors State License Board (CSLB). (Bus. & Prof. Code § 7000 et seq.)
- 2) Defines the following relevant terms:
 - a) "Senior citizen" means a person who is 65 years of age or older. (Bus. & Prof. Code, § 7150.)
 - b) "Home improvement" includes the repairing, remodeling, altering, converting, or modernizing of, or adding to, residential property, including the construction, erection, installation, replacement, or improvement of driveways, swimming pools, terraces, patios, awnings, storm windows, solar energy systems, landscaping, fences, porches, garages, fallout shelters, basements, and other improvements of the structures or land which is adjacent to a dwelling house, as well as the installation of home improvement goods or the furnishing of home improvement services, as specified. (Bus. & Prof. Code, § 7151.)
 - c) "Home improvement contract" means an agreement, oral or written, between a contractor and an owner or a contractor and a tenant, if the work is to be performed in, to, or upon the residence or dwelling unit, for the performance of a home improvement, as defined, and includes all labor, services, and materials to be furnished and performed thereunder; "home improvement contract" also means an agreement, oral or written, between a salesperson and an owner or tenant, which provides for the sale, installation, or furnishing of home improvement goods. (Bus. & Prof. Code, § 7151.2.)
 - d) "Home improvement salesperson" is a person who is registered under the Contractors State License Law and is engaged in the business of soliciting, selling, negotiating, or executing contracts for home improvements, for the sale, installation, or furnishing of home improvement goods or services, or for swimming pools, spas, or hot tubs on behalf of a home improvement contractor licensed under the Contractors State Licensing Law, subject to specified exceptions. (Bus. & Prof. Code § 7152.)
- 3) Establishes consumer protections for home improvement contracts in excess of \$500, including:
 - a) The contract must be in writing and in at least 10-point or 12-point typeface, as specified.
 - b) The contractor shall give the buyer a copy of the contract signed and dated by both the contractor and the buyer before any work is started.

- c) The contract must include specified terms and information about the contractor.
 - d) If a down payment is required, it may not exceed \$1,000 or 10 percent of the contract price, whichever is less.
 - e) A buyer has the right to cancel the contract within three business days of executing the contract; or, if the buyer is a senior citizen, the buyer has the right to cancel the contract within five business days of executing the contract. If the contract is for the repair or restoration of residential premises damaged by any sudden or catastrophic event for which a state of emergency or local emergency has been declared, the consumer is afforded seven days to cancel. (Bus. & Prof. Code § 7159.)
- 4) Provides that a contract is extinguished by its rescission, and establishes the general means by which a contract may be rescinded, including if all of the parties thereto consent, or if the consent of the party rescinding was given by mistake or obtained by duress, menace, fraud, or undue influence by the other party to the contract. (Civ. Code §§ 1688, 1689.)
- 5) Defines “home solicitation contract or offer” as a contract for the sale, lease, or rental of good or services made at other than appropriate trade premises, as specified, in an amount of \$25 or more; “services” do not include financial services unless those financial services are connected with the sale of goods or services. (Civ. Code § 1689.5.)
- 6) Establishes requirements for home solicitation contracts or offers to contract not covered by the CSLL, including:
- a) A buyer has the right to cancel a home solicitation contract or offer until midnight of the third business day, or midnight on the fifth business day if the buyer is a senior citizen (aged 65 years or older), after the day on which the buyer signs an agreement or offer to purchase, or after their receipt of a signed and dated copy of the contract.
 - b) The buyer’s agreement or offer to purchase must include specified language regarding the three-day or five-day right to cancel. (Civ. Code §§ 1689.6, 1689.7; Bus. & Prof. Code § 17511.5.)
- 7) Provides buyers the right to cancel a seminar sales solicitation contract or offer until midnight of the third business day after the contract or offer is signed, extending this to five days for buyers that are senior citizens. Defines “seminar sales solicitation contract or offer” as a contract or offer made using selling techniques in a seminar setting, for the sale, lease, or rental of goods and/or services in an amount of \$25 or more. (Civ. Code §§ 1689.20, 1689.21, 1689.24.)

This bill:

- 1) Provides that the “Notice of Cancellation” for home improvement contracts, home solicitation contracts, and seminar sales contracts may be sent to the contractor by email.
- 2) Requires home improvement, home solicitation, and seminar sales contracts to also include the contractor’s email address for submitting a Notice of Cancellation, along with a statement advising the buyer that the notice may be sent to that email address.
- 3) Requires that a telephone number of the contractor or seller, or their representative, be included in the statement advising of cancellation rights to assist the buyer with locating and filling out the “Notice of Cancellation”.
- 4) Authorizes a buyer to file a complaint with the CSLB if the notice is not included in or attached to the contract.

COMMENTS

1. California’s consumer protections: right to cancel

California law meticulously lays out the parameters for the formation of various consumer contracts and provides a number of important protections in connection with these contracts, agreements, and offers. One right afforded consumers in connection with many of these consumer agreements is a statutorily mandated right of rescission. This cancellation period provides customers who may have felt pressured during sales pitches or discovered additional information in the wake of purchases or contracting for certain services the right to cancel the agreement without penalty or obligation.

For instance, Business and Professions Code section 7159 regulates “home improvement contracts,” which include agreements between contractors and homeowners or between contractors and tenants for the performance of a home improvement. It also includes agreements between salespeople and owners or tenants, which provides for the sale, installation, or furnishing of home improvement goods or services. The law specifically identifies the projects for which a home improvement contract is required, outlines the contract requirements, and lists the items that shall be included in the contract, or may be provided as an attachment. One right afforded customers, with certain exceptions, is the ability to cancel a qualifying home improvement contract within three business days by the methods specified; contractors must notify customers of this right.

Civil Code section 1689.5 et seq. regulates “home solicitation contracts or offers,” defined to mean any contract for the sale, lease, or rental of goods or services or both, made at other than appropriate trade premises in an amount of \$25 or more, including

any interest or service charges. “Appropriate trade premises” means premises where either the owner or seller normally carries on a business, or where goods are normally offered or exposed for sale in the course of a business carried on at those premises. (Civ. Code § 1689.5(b).) Similar to above, buyers are afforded the right to cancel home solicitation contracts or offers within three days, as specified, in addition to any other right to revoke.

Civil Code section 1689.20 et seq. provides the terms under which a seminar sales solicitation contract can be entered into. “Seminar sales solicitation contract or offer” means any contract for the sale, lease, or rental of goods or services or both, made using selling techniques on premises other than the residence of the buyer in an amount of \$25 or more, including any interest or service charges. Again, buyers are afforded the right to cancel a seminar sales solicitation contract or offer until midnight of the third “business day” after the day on which the buyer signs a compliant agreement or offer to purchase. (Civ. Code § 1689.20(a).)

AB 2471 (Maienschein, Ch. 158, Stats. 2020) extended the cancellation timeline to five days for buyers that are senior citizens. In addition, several of these statutes also offer a seven-day right to cancellation under certain circumstances, including where the contract is for the repair or restoration of residential premises damaged by a disaster.

2. Streamlining the effectuation of consumer rights

Despite these protections for consumers, concerns have been raised that the modes of effectuating these rights are outdated. Many of the laws allowing for 3-, 5-, or 7-day cancellation periods require the cancellation to be mailed or personally delivered. This bill updates these laws by allowing cancellation through an email address that must be indicated by sellers in the relevant contracts.

The bill also requires sellers to include a telephone number of the contractor or seller, or their representative, to assist consumers in locating and filling out the “Notice of Cancellation.”

According to the author:

AB 1327 updates California’s consumer protection laws by allowing consumers to cancel home solicitation, home improvement, and seminar sales contracts via email, eliminating the outdated and burdensome requirement to mail a Notice of Cancellation. These contracts are signed in high-pressure, non-traditional sales environments where consumers, especially seniors and low-income individuals, are vulnerable to predatory tactics. Given the significant financial risks, including incurring life-altering debt and even the loss of one’s home, consumers need a simple way to exercise their right to cancel. By modernizing cancellation

methods to reflect today's digital communication standards, this bill strengthens consumer protections, making them more effective and accessible.

SUPPORT

None known

OPPOSITION

None known

RELATED LEGISLATION

Pending Legislation:

SB 517 (Niello, 2025) requires contractors who enter into a home improvement contract with a consumer to indicate whether a subcontractor/subcontractors will be used to complete the contract, including any change orders. It requires the prime contractor to provide specified disclosures regarding the subcontractor. SB 517 clarifies that the prime or direct contractor is responsible for completion of the project in accordance with the home improvement contract, plans, and specifications and that this responsibility does not preclude administrative discipline against any subcontractor or home improvement salesperson on a home improvement contract for violation of the Contractors State License Law. SB 517 is pending before the Assembly Judiciary Committee.

SB 784 (Durazo, 2025) adds requirements and restrictions related to home improvement loans, including a mandatory disclosure related to dealer fees and a required confirmed terms call prior to loan execution. SB 784 is pending before the Assembly Banking and Finance Committee.

AB 559 (Berman, 2025) includes, within the definition of "home improvement contract," the construction, erection, installation, replacement, or improvement of accessory dwelling units on residentially zoned property; and imposes penalties for a violation of the requirement to include specified down payment information in a home improvement contract. AB 559 is pending before the Senate Business, Professions, and Economic Development Committee.

Prior legislation:

SB 601 (McGuire, Ch. 403, Stats. 2023) increased penalties for contractors who violate home improvement contract requirements when the violation occurs in a location damaged by a natural disaster, as specified.

AB 2471 (Maienschein, Ch. 158, Stats. 2020) *See* Comment 1.

PRIOR VOTES:

Assembly Floor (Ayes 69, Noes 0)

Assembly Appropriations Committee (Ayes 14, Noes 0)

Assembly Judiciary Committee (Ayes 12, Noes 0)

Assembly Privacy and Consumer Protection Committee (Ayes 14, Noes 0)
