

# Contractor Red Flags

## What You Should Know

1. **License Required** (B&P; Code §7028) – Contractors must be licensed for projects \$500 or more (labor + materials). Verify at [www.cslb.ca.gov](http://www.cslb.ca.gov).
2. **Down Payment Limits** (B&P; Code §7159.5) – Maximum deposit is 10% of the contract price or \$1,000, whichever is LESS.
3. **Written Contract Required** (B&P; Code §7159) – Must include scope of work, price, payment schedule, start/completion dates, and contractor license number.
4. **Insurance & Workers' Compensation** (B&P; Code §7125.2) Contractors with employees must carry workers' compensation insurance.
5. **Permit Responsibility** – The licensed contractor (not homeowner) should pull required building permits.
6. **Warning Signs** – Cash-only requests, large upfront payments, no written contract, extremely low bids, or high-pressure tactics.
7. **Before You Hire** – Get at least 3 bids, check references, confirm license status and bond, and never pay in full before inspections are completed.
8. **Report Problems** – File complaints directly with the California Contractors State License Board (CSLB).

**Remember:** Protect your home and your investment. If something feels wrong, pause and verify before proceeding.

If you have any questions please reach out to our helpful staff at [permitTech@lincolnca.gov](mailto:permitTech@lincolnca.gov) or by calling

(916) 434-2470.