

Subcontract Agreement

Project No. _____

THIS AGREEMENT, made and entered into at _____, California, this _____ day of _____, 19 _____, by and between _____ (“CONTRACTOR”), with its principal office at _____ California, and _____ (“SUBCONTRACTOR”).

RECITAL

On or about the _____ day of _____, 19 _____, CONTRACTOR entered into a written agreement (“Prime Contract”) with _____ (“OWNER”), whose address is _____ to perform the construction work, (“PROJECT”), whose location and description is as follows :

PROJECT DESCRIPTION: _____

PROJECT LOCATION: _____

PROJECT LENDER & ADDRESS: _____

SECTION 1 - ENTIRE CONTRACT:

SUBCONTRACTOR certifies that it is fully familiar with all of the terms, conditions, and obligations of the Contract Documents, as hereinafter defined, the location of the job site, and the conditions under which the work is to be performed, and that it enters into this Agreement based upon its investigation of all of such matters and is in no way relying upon any opinions or representations of CONTRACTOR. This Agreement represents the entire agreement. The phrase “Contract Documents” is defined to mean and include this Agreement, the General Subcontract provisions, together with any exhibits, Project Procedure Memorandum, or addenda thereto including but not limited to, Addendum “A” (Subcontract Insurance Requirements); “B” (General Inclusions and Provisions); “C” (Subcontractor Affidavit and Excerpts from California Labor Code Sections 1771, 1775, 1776, 1777.5, 1813 and 1815)(applies only to public works projects); “D” (Safety Procedures); Affidavit of Subcontractor; the Prime Contract; together with its general, supplementary and other conditions, addenda and modifications, plans and specifications, and all documents or instruments referred to in any of the proceeding instruments. The Contract Documents are incorporated in this Agreement by this reference, with the same force and effect as if they were set forth at length herein. SUBCONTRACTOR agrees that it and its subcontractors are bound by any and all of the Contract Documents insofar as they relate in any part or in any way, directly or indirectly to the work covered by this Agreement. SUBCONTRACTOR agrees to be bound to CONTRACTOR in the same manner and to the same extent as CONTRACTOR is bound to OWNER under the Contract Documents, to the extent of the work provided for in this Agreement, and that where, in the Contract Documents reference is made to CONTRACTOR and the work or specification therein pertains to SUBCONTRACTOR’S trade, craft, or type of work then, such work or specification shall be interpreted to apply to SUBCONTRACTOR instead of CONTRACTOR. In the event of any conflict between the requirements of the Prime Contract and this Subcontract, the SUBCONTRACTOR shall be governed by the provisions imposing the greater duty on the SUBCONTRACTOR.

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SECTION 2 - SCOPE

SUBCONTRACTOR agrees to perform and furnish, in accordance with the highest standards, all labor, services, materials, installation, traffic control, task lighting, cartage, hoisting, supplies, employee parking, insurance, equipment, scaffolding, tools, drinking water, and other facilities of every kind and description required for the prompt and efficient execution of the work described herein and to perform the work necessary or normally performed by SUBCONTRACTOR'S trade or incidental to complete _____

_____ for the project in strict accordance with the Contract Documents and as more particularly, though not exclusively, specified in:

SUBCONTRACTOR acknowledges that its work may be described in locations within the Contract Documents other than those specifically identified above, and SUBCONTRACTOR certifies that it has carefully reviewed all of the Contract Documents to determine the extent of its work regardless of where located within the Contract Documents, and to determine the manner and place in which SUBCONTRACTOR'S work interfaces with the work of other trades.

SECTION 3 - SPECIAL PROVISIONS:

Subcontract Agreement

SECTION 4 - CONTRACT PRICE:

CONTRACTOR agrees to pay SUBCONTRACTOR for the strict performance of its work, the sum of: _____
_____ (\$ _____),
subject to additions and deductions for changes in the work, made in accordance with Paragraph F of the General Subcontract Provisions, as
may be agreed upon, and to make payment in accordance with the Payment Schedule, Section 5.

SECTION 5 - PAYMENT SCHEDULE:

CONTRACTOR agrees to pay to SUBCONTRACTOR progress payments of ninety percent of labor and materials which have been placed in position and paid for by OWNER. Payment to SUBCONTRACTOR shall be made in twenty (20) days of payment by OWNER and in accordance with the payment procedures set forth in Paragraph W. The payment provisions of the Prime Contract and Contract Documents are incorporated herein by this reference. Final payment to SUBCONTRACTOR will be due in accordance with the provisions of the Prime Contract. If the OWNER or other responsible party delays in making any payment to CONTRACTOR, from which payment to SUBCONTRACTOR is to be made, CONTRACTOR shall have reasonable amount of time to make payments to SUBCONTRACTOR. The parties agree that "reasonable time" shall not be less than the time CONTRACTOR and SUBCONTRACTOR require to pursue, to conclusion, their legal remedies against OWNER, or other responsible party, to obtain payment, including (but not limited to) mechanic's lien remedies.

Contractors are required by law to be licensed and regulated by the Contractors' State License Board. Any questions concerning a contractor may be referred to the registrar of the board whose address is:

Contractors' State License Board - 9835 Goethe Road, Sacramento, CA 95826

IN WITNESS WHEREOF: The parties hereto have executed this Agreement for themselves, their heirs, executors, successors, administrators, and assignees on the day and year written below.

SUBCONTRACTOR

CONTRACTOR

By _____
(Name)

(Title)

By _____
(Name)

(Title)

Contractor's State License No. _____

Contractor's State License No. _____

Federal ID No. _____

Federal ID No. _____

Corporation Partnership Proprietorship L.L.C. Corporation Partnership Proprietorship L.L.C.

Date: _____

Date: _____

Note: Failure to execute and return this contract within thirty days shall be considered your agreement to perform the work on the terms stated herein.

A. INSURANCE - SUBCONTRACTOR shall at all times carry on all operations hereunder, insurance as set forth in Addendum A to this Agreement, which is fully incorporated herein by this reference.

B. INDEMNITY - SUBCONTRACTOR shall indemnify and hold harmless CONTRACTOR, including its subsidiary or affiliated companies, its employees, stockholders, officers and directors and their respective heirs, executors, administrators, successors, assigns, the OWNER, Construction Surety and Construction Lender (hereinafter collectively referred to as the "Indemnified Parties") from and against all actions, including litigation and arbitration proceedings, claims, damages, losses and expenses, including loss of profits or prospective advantage, and including attorney and consultant fees (hereinafter "claims") arising out of or resulting from SUBCONTRACTOR'S: (1) presence at the project site; (2) performance under the Contract Documents; or (3) failure of performance of the Contract Documents, including failure to comply with the requirements of this indemnity provision. The obligation to an Indemnified Party shall not extend to the portion of any claims that arises from the sole negligence or willful misconduct of that Indemnified Party, or to any other act to which rights of indemnification are prohibited by law but shall extend fully to claims arising out of the indemnified parties contributory negligence whether active or passive. Further, SUBCONTRACTOR hereby expressly waives any rights of implied indemnity it might have against Indemnified Parties.

C. BONDING OF SUBCONTRACTORS - Concurrent with the execution of this Agreement, or at any time during its performance, SUBCONTRACTOR, if required by CONTRACTOR, shall execute a Labor and Material Bond and a Faithful Performance Bond, each of which will be in an amount equal to one hundred percent of the Contract Price in Section 4. The bonds shall be executed by a corporate surety acceptable to CONTRACTOR, who is admitted in the State of California and listed in the latest Treasury Department Federal Registry of companies holding Certificates of Authority as acceptable sureties for Federal Bonds. The bonds shall be in a form satisfactory to CONTRACTOR and shall be provided within ten days of demand. The bond shall state on its face that the amount of the guarantee shall adjust to changes in the contract price without notice to the surety. Failure to provide or properly maintain bonds shall be a material breach of contract. CONTRACTOR shall pay the bond premium in an amount not to exceed the National Board of Surety standard bond rate, unless otherwise provided herein or in the Contract Documents.

D. TIME AND SCHEDULING OF WORK - Time is of the essence of this Agreement. CONTRACTOR shall have complete control of the premises on which the work is to be performed and shall have the right to decide the time or order in which the various portions of the work shall be installed or the priority of the work of other subcontractors, and in general, all matters representing the timely and orderly conduct of the work of SUBCONTRACTOR on the premises. SUBCONTRACTOR shall prepare and submit to CONTRACTOR a Production Schedule which identifies the major components of its work, the duration and man loading requirements for each component and SUBCONTRACTOR'S submittal schedule as required by the Contract Documents. If SUBCONTRACTOR and CONTRACTOR cannot agree on SUBCONTRACTOR'S Production Schedule, CONTRACTOR shall establish the Production Schedule as CONTRACTOR deems appropriate under all of the circumstances. CONTRACTOR shall incorporate all of the subcontractor's Production Schedules into an overall Project Schedule. It shall be SUBCONTRACTOR'S obligation to conform to the Project Schedule, subject to modifications which CONTRACTOR from time to time may make at its sole discretion. CONTRACTOR shall have the right at any time and at its sole discretion to change the sequencing of SUBCONTRACTOR'S work, to direct SUBCONTRACTOR to accelerate its work by furnishing additional labor and to expedite deliveries of material or to work overtime to such extent as will be sufficient to speed up and complete the work in compliance with the CONTRACTOR'S direction. Failure to comply with the CONTRACTOR'S schedule directions shall be a material breach of the contract. If SUBCONTRACTOR believes that such directions entitle SUBCONTRACTOR to extra compensation or additional time for the performance of any of its work, SUBCONTRACTOR shall fully comply with the provisions governing applications for Changes as set forth in Paragraph "F" of this Agreement and, if applicable, Paragraph "G" Claims and Dispute Resolution. SUBCONTRACTOR shall prepare and obtain approval as required by the Contract Documents for all shop drawings, details, samples, and do all other things necessary and incidental to the prosecution of its work in conformance with the Project Schedule. SUBCONTRACTOR shall coordinate the work covered by this Agreement with that of all other contractors, subcontractors, and of the CONTRACTOR in a manner which will facilitate the efficient completion of the entire work.

E. DELAYS - Should SUBCONTRACTOR be delayed in the prosecution or completion of the work by an act, neglect or default of OWNER, ARCHITECT, or CONTRACTOR, or should SUBCONTRACTOR be delayed by waiting for materials required by this contract to be furnished by OWNER or CONTRACTOR, or by damage caused by fire or other casualty for which SUBCONTRACTOR is not responsible, or by the combined action of the workers, not caused by, or resulting from default or collusion on the part of SUBCONTRACTOR, or in the event of a lockout by CONTRACTOR, then the time fixed herein for the completion of the work shall be extended the number of days that SUBCONTRACTOR has been delayed, but no allowance or extension shall be made unless (1) SUBCONTRACTOR fully complies with the requirements of Paragraph F, and (2) CONTRACTOR is successful in obtaining an equivalent extension in the time for completion from the OWNER. Under no circumstances shall the time of completion be extended to a date which will prevent CONTRACTOR from completing the entire project within the time that OWNER allows CONTRACTOR for such completion. No claims for additional compensation or damages for delays, whether in the furnishing of material by CONTRACTOR, or delays by other subcontractors or OWNER, will be allowed by the CONTRACTOR, and an extension of time for the completion shall be the sole remedy of SUBCONTRACTOR; provided, however, in the event CONTRACTOR obtains additional compensation from OWNER on account of such delays, and SUBCONTRACTOR has fully complied with the pre-conditions of this Paragraph "E", SUBCONTRACTOR shall be entitled to such portion of the additional compensation received by CONTRACTOR from OWNER as is equitable under all of the circumstances. Notwithstanding the foregoing, CONTRACTOR shall have the right to suspend work for a reasonable time without payment of additional compensation. Nothing contained herein shall require CONTRACTOR to make any claim against OWNER for delays. It is specifically agreed that the failure of CONTRACTOR to prosecute any such claim against OWNER shall not entitle SUBCONTRACTOR to any claim for damages against CONTRACTOR. In the event CONTRACTOR prosecutes a claim against OWNER, in whole or in part on SUBCONTRACTOR'S behalf, SUBCONTRACTOR shall pay its pro rata share of the expenses incurred by the CONTRACTOR in the claim prosecution, including, but not limited to, actual attorney and consulting fees incurred in good faith, and SUBCONTRACTOR shall fully cooperate with CONTRACTOR in the claim prosecution. Should SUBCONTRACTOR default in the proper performance of its work, thereby causing delay to the prime contract work, SUBCONTRACTOR shall be liable for any and all loss and damages, including consequential damages and liquidated damages, sustained by CONTRACTOR as a result thereof.

F. CHANGES - SUBCONTRACTOR shall proceed with any Change to the Work upon receipt of written authorization from CONTRACTOR in the form of a Change Order, Field Directive, or Direction to Proceed and, absent such written authorization, SUBCONTRACTOR shall adhere strictly to the requirements of the Contract Documents. SUBCONTRACTOR shall notify CONTRACTOR in writing within five (5) work days of its having reason to be aware of an event which SUBCONTRACTOR believes entitles it to an increase in the Contract Price or Time

Appointment of the ADR Provider - If the parties cannot agree on who should be appointed to provide the designated ADR services, the appointment shall be made by the office of the American Arbitration Association closest to the Project location, from its panel for the Large, Complex Case Program ("LCCP Panel").

Initiating Binding ADR Proceedings - Arbitration - If a Qualified Dispute is not resolved through non-binding ADR procedures within a reasonable period of time, either side may require that the Dispute be submitted to binding arbitration through the office of the American Arbitration Association closest to the project location, provided that the total amount in dispute between the parties does not exceed \$100,000. A reasonable period of time shall be no less than 60 days so long as the parties are cooperating in good faith in the scheduling of the non-binding ADR proceedings.

(hereinafter referred to as a "Changed Condition"); however, if the Changed Condition

is critical to work to be performed or planned during the five (5) days notice period, then SUBCONTRACTOR shall take all steps necessary to immediately notify the CONTRACTOR in writing of the onset of the Changed Condition. If SUBCONTRACTOR proceeds with extra work or work impacted by a Changed Condition without prior written authorization from CONTRACTOR, such work shall be deemed "Unauthorized Work" even if it was directed verbally by CONTRACTOR or was directed in any form, written or otherwise, by OWNER or any other person or entity. SUBCONTRACTOR agrees that it shall not be paid or receive an extension of time for Unauthorized Work and SUBCONTRACTOR agrees that it shall be solely responsible for all costs resulting from its having proceeded with the Unauthorized Work or from its failing to notify CONTRACTOR timely of a Changed Condition, including the costs incurred in restoring, correcting or repairing the Work or in regaining the Project Schedule. If all of the following conditions have been met, a Change Order shall be issued to SUBCONTRACTOR, adjusting the Contract Price and/or Contract Time: (1) a Change or a Changed Condition has occurred outside of SUBCONTRACTOR'S control which affects its costs or time of performance, (2) all work involved was authorized in accordance with the requirements of the preceding paragraph, (3) the Change or Changed Condition is one for which the CONTRACTOR is entitled to an adjustment to its Contract Price or Contract Time, and (4) the Owner has issued a Change Order to CONTRACTOR for the same Change or Changed Condition. The amount of the adjustment shall be determined by agreement between the CONTRACTOR and SUBCONTRACTOR or failing agreement, CONTRACTOR may at its election issue a Direction to Proceed, in which case (1) SUBCONTRACTOR shall perform the Work in accordance with CONTRACTOR'S written directions, (2) SUBCONTRACTOR'S exclusive remedy shall be as set forth in the Claim and Dispute provisions of Paragraph G below, (3) SUBCONTRACTOR shall maintain records of all costs and time associated with the claimed Change or Changed Condition and submit such records daily to CONTRACTOR'S field representative for signature ("Verified Time and Material Records") and (4) the maximum amount of any adjustment to the Contract Price or Contract Time due to the Direction to Proceed shall be the lesser of (a) the increase to the Contract Price or Time that is granted to CONTRACTOR by the OWNER for SUBCONTRACTOR'S portion of the Work after deduction of CONTRACTOR'S costs, including overhead and profit or (b) the costs and time established through SUBCONTRACTOR'S Verified Time and Material Records. In no event shall SUBCONTRACTOR cease performance due to any dispute regarding a Change or a Changed Condition. If the SUBCONTRACTOR initiates a substitution, deviation or Change that impacts the cost, Production Schedule or Project Schedule of CONTRACTOR or that of other trades, the SUBCONTRACTOR shall be responsible for all resulting expense. No change, alteration or modification in or deviation from this Agreement or the Plans and Specifications, whether made in the manner herein provided or not, shall release or exonerate, in whole or in part, any surety on any bond given in connection with this Agreement and neither OWNER nor CONTRACTOR shall be under any obligation to notify the surety or sureties of any such change.

G. CLAIMS AND DISPUTE RESOLUTION - Any disagreement over this Agreement shall be resolved only through the following claim and dispute resolution procedure. SUBCONTRACTOR shall serve upon CONTRACTOR a written Notice of Claim within five (5) calendar days of the event giving rise to the disagreement including SUBCONTRACTOR'S receipt of a Direction to Proceed, a Change Order, backcharge, or unilateral Change Order rejection with which SUBCONTRACTOR disagrees. If the dispute cannot be resolved through good faith negotiations within a reasonable time after delivery of the written notice of dispute, the following dispute resolution provision shall apply:

1. Limitation On ADR Procedures: Disputes Involving the Owner - The Dispute Resolution Provisions of the Prime Contract shall take precedence over the provisions of this Paragraph. If requested to do so by CONTRACTOR, SUBCONTRACTOR shall join in and be bound by any Dispute Resolution Proceeding between the CONTRACTOR and the OWNER, whether binding or non-binding including binding or non-binding arbitration. If CONTRACTOR is prohibited by the terms of the CONTRACTOR/OWNER Dispute Resolution Proceeding from joining SUBCONTRACTOR or if CONTRACTOR elects not to join SUBCONTRACTOR to such proceeding, then SUBCONTRACTOR shall fully cooperate with CONTRACTOR in presenting and defending issues that relate to SUBCONTRACTOR'S work. Whether or not SUBCONTRACTOR participates in the OWNER/CONTRACTOR proceeding, (a) SUBCONTRACTOR shall fulfill its indemnity obligations under Paragraph B above, including its responsibility to Indemnify CONTRACTOR for costs and expenses, including attorney and consultant fees, incurred by CONTRACTOR in the prosecution or defense of claims relating to or arising out of SUBCONTRACTOR'S work or contract responsibilities, and (b) SUBCONTRACTOR shall be bound by the result of that proceeding as to all issues that are in dispute between CONTRACTOR and SUBCONTRACTOR to the same extent CONTRACTOR is bound to OWNER.

Disputes Subject to ADR Procedures - The following ADR procedures shall apply to disputes ("Qualified Disputes") between CONTRACTOR and SUBCONTRACTOR which (a) are not preempted by a CONTRACTOR/OWNER Dispute Resolution Proceeding, and (b) do not arise out of or relate to CONTRACTOR'S termination of SUBCONTRACTOR for default. The question of whether a dispute is a Qualified Dispute is within the absolute discretion of the CONTRACTOR and shall not be subject to review through these Dispute Resolution Procedures.

CONTRACTOR'S right to control the work - Nothing in these Dispute Resolution Procedures shall limit the CONTRACTOR'S right to manage and control the scheduling of the work or to direct work to proceed as set forth in the contract documents.

2. ADR Procedures: Initiation of ADR Process - Either party may initiate ADR Procedures for Qualified Disputes by delivery of written notice to the other party, ("Notice of Dispute") but only after full compliance with the Claim provisions of this Paragraph and after reasonable efforts to resolve the dispute through good faith negotiations.

Selection of Non-binding ADR Procedures - Upon receipt or delivery of a Notice of Dispute, and after consultation with SUBCONTRACTOR, the CONTRACTOR shall determine what form(s) of non-binding ADR services are most appropriate to the dispute(s) in question. CONTRACTOR may select any non-binding ADR procedure agreed to by SUBCONTRACTOR or failing agreement, CONTRACTOR may select from one or more of the ADR procedures available through such services as the American Arbitration Association, including Mediation, Third Party Neutral(s), Special Master(s) and Independent Expert(s).

Special Procedures Regarding Independent Experts - The Independent Expert ("IE") shall have specialized knowledge in the issue in dispute. The engagement of the IE may be limited to specific questions and may be conditioned upon the cost of the IE's investigation and report not exceeding a specified sum. The IE shall undertake an investigation of the designated issues in dispute, as the IE deems appropriate. Information submitted to the IE by any one of the parties shall be simultaneously submitted to the other parties. Upon completing its investigation, the IE shall deliver to the parties its preliminary written conclusions. The parties shall have five (5) days from receipt of the Preliminary Report to submit additional material for the IE's final consideration. The IE shall promptly issue a Final Written Report which sets forth conclusions, the basis for the conclusions and the basis for any changes from the Preliminary Report. The Final Report shall be admissible in any subsequent adversary proceeding between the parties, but only as between the parties to this Agreement, and the IE may be called to testify in any such proceeding. The IE's written opinion shall be conclusive between the parties on factual questions addressed in the report absent clear and convincing evidence that the conclusions were incorrectly reached.

then a breach by the SUBCONTRACTOR of any contract may, at the option of the CONTRACTOR, be considered a breach of all contracts. In such event CONTRACTOR may terminate any or all of the contracts so breached or may withhold monies due or to become due on such contracts and apply the same toward payment of any damages suffered on that or any other contract.

initiated under this Paragraph with any other ADR proceeding to which the CONTRACTOR is a party.

Attorney And Consultant Fees - The parties shall bear the cost of Dispute Resolution services equally as they are incurred, except in multiple party disputes the Contractor may adjust each party's share to equitably reflect their proportionate interest in the issues in dispute. If a dispute is not resolved by agreement, the prevailing party in arbitration or litigation shall be awarded their attorney and consulting fees and other costs as the trier of fact deems equitable under the circumstances. In determining the amount of such fees and costs to be awarded, the trier of fact may consider (a) the reasonableness of the costs incurred in view of the issues in dispute, (b) the reasonableness of the positions taken by the parties throughout the Dispute Resolution process, and (c) the degree of cooperation and good faith the parties exhibited throughout the Dispute Resolution process. In determining the prevailing party, the trier of fact shall apportion costs incurred before and after delivery of an unaccepted written settlement offer and, if a party failed to recover more than they declined to accept in response to a written settlement offer, the before and after costs shall be off-set or awarded accordingly. The cost of engaging the services of an Independent Expert shall be awarded to the party that prevailed on the issues addressed by that Independent Expert.

H. LIENS - SUBCONTRACTOR shall at all times indemnify and save CONTRACTOR and OWNER harmless against all liability for claims, stop notices and liens for labor performed or materials furnished to the project, including any costs and expenses for actual attorney and consultant fees incurred in good faith and all incidental or consequential damages resulting to CONTRACTOR or OWNER from such claims, stop notices or liens. SUBCONTRACTOR agrees within ten (10) days after written demand by CONTRACTOR that it shall cause the effect of any claim, stop notice, legal proceeding or lien to be extinguished, removed or dismissed at its own expense, and in the event SUBCONTRACTOR fails to do so, CONTRACTOR is authorized to use whatever means in its discretion it deems appropriate to accomplish such end and the costs, together with actual attorney and consultant fees incurred in good faith, shall be immediately due and payable to CONTRACTOR by SUBCONTRACTOR. SUBCONTRACTOR may litigate any such claim, lien, stop notice or legal proceeding provided it causes the effect thereof to be removed promptly, in advance, from the premises, and shall further do such things as may be necessary to cause OWNER not to withhold any monies due to CONTRACTOR by reason of such liens, claims, stop notices or legal proceedings.

It is understood and agreed that the full and faithful performance of this Agreement on the part of SUBCONTRACTOR (including the payment of any obligations due from SUBCONTRACTOR to CONTRACTOR, and any amounts due to labor or material suppliers furnishing labor or material for the work) is a condition precedent to SUBCONTRACTOR'S right to receive payment for the work performed, and any monies paid by CONTRACTOR to SUBCONTRACTOR under the terms of this Agreement shall be held in trust in favor of labor and material suppliers furnishing labor and material to SUBCONTRACTOR for work covered by this Agreement.

I. RECOURSE BY CONTRACTOR - In the event that SUBCONTRACTOR at any time refuses or neglects to supply a sufficient number of properly skilled workers or a sufficient quantity of materials of proper quality, or be adjudicated a bankrupt, or files an arrangement proceeding, or commits any act of insolvency, or makes an assignment for benefit of creditors without CONTRACTOR'S consent, or fails to make prompt payment to its material suppliers and laborers, or fails in any respect to properly and diligently prosecute the work covered by this Agreement, or becomes delinquent with respect to contributions or payments required to be made to any Health and Welfare, Pension, Vacation, Apprenticeship or other employee benefit program or trust, or fails to fulfill any provision of the Agreement is a material breach of this Agreement. CONTRACTOR may, at its option, after giving forty-eight (48) hours written notice to SUBCONTRACTOR, (1) provide any such labor and materials as may be necessary and deduct the costs thereof, including, without limitation, CONTRACTOR'S profit and overhead, administrative costs, and attorney and consultant fees actually incurred in good faith, from any money then due or thereafter to become due to the SUBCONTRACTOR under this Agreement, or (2) terminate SUBCONTRACTOR'S right to proceed with the work and, in that event, the termination shall be deemed to be for cause and CONTRACTOR shall have the right to enter upon the premises of the Project and take possession, for the purposes of completing the work included under this Agreement, of all materials, tools, machinery and equipment of SUBCONTRACTOR, and may employ any other person(s) or entity(s) and provide any material to finish the work. In case of such termination for cause, SUBCONTRACTOR shall not be entitled to receive any further payment under this Agreement until all the work undertaken by CONTRACTOR in its prime contract is completely finished. At that time, if the unpaid balance of the amount to be paid exceed the unpaid balance, then SUBCONTRACTOR shall promptly pay to CONTRACTOR the amount by which the expenses exceed the unpaid balance. These expenses shall include materials, actual attorney and consultant fees incurred and any damages sustained by CONTRACTOR by reason of SUBCONTRACTOR'S default, plus a markup of fifteen percent (15%) General Overhead and ten percent (10%) Profit on any and all such expense. CONTRACTOR shall have a lien on all materials, tools, machinery and equipment taken possession of to secure SUBCONTRACTOR'S payment thereof. The notice referred to in this paragraph will be sufficient and complete when mailed to SUBCONTRACTOR at the address shown in this Agreement. In the event of an emergency affecting the safety of persons or property, no notice referred to in this paragraph shall be required.

With respect to any and all payments to be made by CONTRACTOR to SUBCONTRACTOR under this Agreement, CONTRACTOR at its option may issue joint checks payable to SUBCONTRACTOR and any trust referred to herein, sub-subcontractor or material supplier, to the extent necessary to assure that payments required to be made under this Agreement are paid.

CONTRACTOR may withhold, or on account of subsequently discovered evidence, nullify the whole or a part of any payment under SECTION 5, to such extent as may be necessary to protect CONTRACTOR from loss, including costs and actual attorney and consulting fees, on account of (1) defective work not remedied; (2) claims filed or reasonable evidence indicating probable filing of claim; (3) failure of SUBCONTRACTOR to make payments properly to its subcontractors, material suppliers, labor, or fringe benefits; (4) a reasonable doubt that this Agreement can be completed for the balance then unpaid; (5) damage to another subcontractor; (6) failure of SUBCONTRACTOR to complete the contract in accordance with the Contract Documents; and (7) unsatisfactory performance of the work by the SUBCONTRACTOR. When the above grounds are removed, such amounts due and owing shall be paid or credited to SUBCONTRACTOR. Should one or more contracts now or hereafter exist between the parties hereto or with any affiliated corporation or CONTRACTOR OR SUBCONTRACTOR, concerning this or any construction projects,

J. TERMINATION OF AGREEMENT - This Agreement may be terminated only in one of three ways: **First**, termination by CONTRACTOR for cause: In the event of termination for cause, the rights and responsibilities of the Parties shall be as set forth in Section I of this Agreement. **Second**, termination of the Prime Contract: If the Prime Contract has been terminated for any reason, then this Subcontract shall also terminate. In the event the prime contract is terminated prior to its completion, SUBCONTRACTOR shall be entitled only to payment for the work actually completed by it at the proration of the price herein set forth unless CONTRACTOR itself received additional compensation or damages on account of such termination, in which event, SUBCONTRACTOR shall be entitled to the amount of such payment designated for work performed by SUBCONTRACTOR less CONTRACTOR'S costs including fifteen percent (15%) General Overhead and ten percent (10%) Profit on any such costs for SUBCONTRACTOR'S work, and failing such designation, such proportion of the additional compensation or damages actually received as is equitable under all of the circumstances. Nothing contained herein shall require CONTRACTOR to make any claim against OWNER for additional compensation or damages in the event of termination before completion, and it is specifically agreed that the failure of CONTRACTOR to prosecute any such claim against OWNER shall not entitle SUBCONTRACTOR to any claim for additional compensation or damages against CONTRACTOR. **Third**, termination by CONTRACTOR for convenience: CONTRACTOR reserves the absolute right to terminate this Agreement without cause ("Termination for Convenience"). In the event of a Termination of Convenience, SUBCONTRACTOR shall be entitled to payment only as follows: 1. Direct Cost incurred by SUBCONTRACTOR in the performance of the WORK which could not have been avoided through judicious efforts by SUBCONTRACTOR to promptly mitigate costs upon receipt of the Notice of Termination; 2. Plus 15% of the Direct Cost qualified under above to cover all associated indirect costs, including, without limitation, overhead and profit; 3. In no event shall the amount paid to SUBCONTRACTOR exceed the total of subparagraphs (1) and (2) above or the amount paid by OWNER to CONTRACTOR for work performed by SUBCONTRACTOR, whichever is less. Direct Cost includes only (1) the cost of job site labor, equipment and material incurred in performing work on the project site, (2) general condition expenses for activities taking place on the project site including supervising and clerical personnel assigned full time to the project site, (3) the actual cost for labor incurred performing site engineering and off site fabrication if such activities were previously identified by SUBCONTRACTOR and approved by CONTRACTOR in SUBCONTRACTOR'S Schedule of Values. All other costs are indirect costs recovered through the 15% payment allowed above.

There shall be deducted from such sums as provided in this Paragraph J the amount of any payments made to SUBCONTRACTOR prior to the date of termination of this Agreement. SUBCONTRACTOR shall not be entitled to any claim, or claim of lien, against CONTRACTOR or against OWNER for any additional compensation or damages in the event of such termination and payment. In the event this Agreement is terminated for cause then CONTRACTOR shall have all of those rights provided by law as well as those rights in Paragraph I above. If it is ever determined in a subsequent legal proceeding that SUBCONTRACTOR'S termination for cause was improper, then the termination shall be deemed to have been for convenience and SUBCONTRACTOR'S sole remedy shall be as set forth in this Paragraph J.

K. LABOR RELATIONS - Employment of labor by SUBCONTRACTOR shall be effected under conditions which are satisfactory to CONTRACTOR. SUBCONTRACTOR shall keep a representative at all time on the jobsite when SUBCONTRACTOR'S work is in progress, and such representative shall be authorized to represent SUBCONTRACTOR for each phase of the work. Prior to commencement of the work, SUBCONTRACTOR shall notify CONTRACTOR who SUBCONTRACTOR'S representative is to be, and in the event of any change of representative, SUBCONTRACTOR shall notify CONTRACTOR who the new representative is to be prior to such change becoming effective.

SUBCONTRACTOR acknowledges that CONTRACTOR has entered into labor agreements covering work at its construction job sites with the following labor unions: Carpenters, Cement Masons, and Laborers. In addition, the CONTRACTOR is party to the following labor agreements.....

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SUBCONTRACTOR shall not alter its Union status in any way from the time of submitting its bid until completion of its work without CONTRACTOR'S prior written consent and without establishing to CONTRACTOR'S satisfaction that such change in status will not operate in any way to disturb CONTRACTOR'S labor relations. SUBCONTRACTOR agrees to comply with all of the terms and conditions of those labor agreements set forth above insofar as SUBCONTRACTOR may lawfully do so, and in particular agrees to comply with the terms and provisions of the Agreements setting forth the jurisdiction and the scope of work claimed by each of the crafts and the procedure contained therein for resolution of jurisdictional disputes. In the absence of any such procedure, or if such procedure fails to promptly resolve the jurisdictional dispute, SUBCONTRACTOR agrees, at its own cost and expense, upon request of CONTRACTOR, to take any and all lawful steps to secure a binding and final determination of the jurisdictional dispute by the National Labor Relations Board. Should there be picketing on the CONTRACTOR'S job site, and the CONTRACTOR establishes a reserved gate for the SUBCONTRACTOR'S use, it shall be the obligation of the SUBCONTRACTOR to continue the proper performance of its work without interruption or delay. Should SUBCONTRACTOR'S presence or activity cause a labor related problem at the construction site, the SUBCONTRACTOR shall bear the full costs thereof. SUBCONTRACTOR shall also promptly obtain, and pay the full costs of any court orders necessary to restrain acts in violation of the law resulting from SUBCONTRACTOR'S presence or activities. SUBCONTRACTOR shall be bound by all relevant local, state and federal laws governing labor relations, and shall fully indemnify and hold CONTRACTOR harmless from and against claims, liability, loss, damage, expenses, including attorneys fees actually incurred in good faith, awards, fines or judgments arising by reason of violation of such laws, or failure to fulfill the covenants set forth in this paragraph. SUBCONTRACTOR further promises and agrees that it will bind and require all of its subcontractors and their subcontractors performing jobsite work of the type covered by this Agreement to agree to all of the foregoing promises and undertakings, to the same effect as herein provided with respect to SUBCONTRACTOR.

L. LAYOUT RESPONSIBILITY - CONTRACTOR shall establish principal axis lines and levels whereupon SUBCONTRACTOR shall lay out and shall be strictly Responsible for the accuracy of its work and for any loss or damage to other Contractors engaged in work on site by reason of failure of SUBCONTRACTOR to set out or perform its work correctly. SUBCONTRACTOR shall exercise prudence so that actual final conditions and details shall result in perfect alignment of finished surfaces.

M. WORKMANSHIP - Every part of the work herein described shall be executed in strict accordance with the Contract Documents in the most sound, workmanlike and substantial manner. All workmanship shall be the best of its kind, and all materials used in the work herein described shall be furnished in ample quantities to facilitate the proper and expeditious execution of the work, and shall be new and the best of their respective kinds, except for such materials as may be expressly provided in the Contract Documents to be otherwise.

N. PROVISION FOR INSPECTION - SUBCONTRACTOR shall furnish to CONTRACTOR and its representatives ample facilities at all times for inspecting materials at the construction site, shops, or any place where materials under this Agreement may be in course of preparation, process, manufacture or treatment. SUBCONTRACTOR shall further furnish to CONTRACTOR as often as required, full progress reports of the work at any place where materials under this Agreement may be in the course of preparation or manufacture; the reports shall show the progress of such preparation and manufacture in such details as may be required by CONTRACTOR, including any plans, drawings or diagrams in course of preparation. The making or failure to make any inspection of, or payment for or acceptance of, the materials shall not impair CONTRACTOR'S right to later reject nonconforming materials, or to avail itself of any other remedy which CONTRACTOR may be entitled, notwithstanding CONTRACTOR'S knowledge of the nonconformity, its substantiality, or the ease of its discovery. SUBCONTRACTOR shall be liable for all inspection, reshipment and return costs on nonconforming materials. SUBCONTRACTOR shall not replace returned materials unless so direct by CONTRACTOR in writing. CONTRACTOR shall retain all rights granted herein notwithstanding any other provision of this Agreement.

O. MATERIALS AND EQUIPMENT - In the event the scope of work includes installation of materials or equipment furnished by others, it shall be the responsibility of SUBCONTRACTOR to examine the items provided and handle, store and install the items with such skill and care as to ensure a satisfactory installation. Loss or damage due to acts of SUBCONTRACTOR shall be charged to the account of SUBCONTRACTOR and deducted from monies due under this Agreement. Title to any goods or material intended to be incorporated into the Project shall pass to CONTRACTOR once the goods or materials are capable of being identified as Intended for Project, but SUBCONTRACTOR shall be required to maintain insurance on and bear the risk of loss of or harm to any such good and materials, as elsewhere set forth in this Agreement, for any and all applicable time periods, but in any event, until completion of the Project, as defined in the Contract Documents. The provisions of this paragraph shall not nullify or modify any other provisions of this Agreement which shall remain in full force and effect.

P. PROTECTION OF WORK - SUBCONTRACTOR shall effectively secure and protect the work done pursuant to this Agreement and assume full responsibility for the conditions of its work until final acceptance by ARCHITECT, OWNER and CONTRACTOR. SUBCONTRACTOR further agrees to provide such protection as necessary to protect the work and the workers of the CONTRACTOR and other subcontractors from its operations. SUBCONTRACTOR shall be liable for any loss or damage to any work in place or to any equipment and materials on the jobsite caused by it or its agents, employees or guests. SUBCONTRACTOR shall promptly repair or replace any damaged work, property or materials.

Q. USE OF CONTRACTOR'S EQUIPMENT - The SUBCONTRACTOR, its agents, employees, subcontractors or suppliers shall not use the CONTRACTOR'S equipment without the express written permission of the CONTRACTOR'S designated representative. SUBCONTRACTOR shall be fully responsible for and shall be deemed to have inspected any such equipment and accepts the use of such equipment as is. If the SUBCONTRACTOR (or any of its agents, employees, suppliers or sub-subcontractors) utilizes any machinery, equipment, tools, scaffolding, hoists, lifts or similar items owned, leased or under the control of CONTRACTOR, SUBCONTRACTOR shall act as an independent contractor and shall be primarily liable for any loss or damage (including personal injury or death) which may arise from such use regardless of who is operating any of CONTRACTOR'S equipment under SUBCONTRACTOR'S control, and shall fully indemnify and hold CONTRACTOR harmless, pursuant to the provisions of Paragraph B of this Agreement, from any loss, claim, liability, damage, costs, expenses, including actual attorneys fees incurred in good faith, awards, fines or judgments arising by reason of such use.

R. CLEAN-UP - During the course of construction, SUBCONTRACTOR shall remove waste materials from the site as often as is necessary to maintain the premises in a clean and orderly condition and shall leave areas "broom clean" daily. In addition, one (1) person for every ten (10) people employed on the site by the SUBCONTRACTOR or pro-rated portion thereof, shall be assigned to a composite clean-up crew directed by the CONTRACTOR once a week for a general site clean-up. This shall occur during the duration of the SUBCONTRACTOR'S installation period. Upon completion of the work under this Agreement, SUBCONTRACTOR shall remove from the site all temporary structures, debris and waste incident to its operation and clean all surfaces, fixtures, equipment, etc. relative to the performance of this Agreement. If SUBCONTRACTOR fails to perform a clean-up function within eight (8) hours after notification from CONTRACTOR to do so, CONTRACTOR may proceed with that function as it judges necessary in the manner it may deem expedient and the cost thereof shall be charged to SUBCONTRACTOR and deducted from monies due under this agreement. These charges include, but not limited to, labor at a rate of \$55.00 per hour, fees, equipment, and material costs.

S. GUARANTEE - SUBCONTRACTOR guarantees all materials and workmanship and agrees to replace at its sole cost and expense, and to the satisfaction of CONTRACTOR, any and all materials adjudged defective or improperly installed as well as guarantee the OWNER and CONTRACTOR against liability, loss or damage arising from the installation of the work during a period of one year from completion and acceptance of the work covered by the prime contract. If, however, the period of guarantee in the Contract Documents exceeds one year, SUBCONTRACTOR shall be bound during the longer period to the full extent CONTRACTOR is bound to OWNER for SUBCONTRACTOR'S work. SUBCONTRACTOR shall further guarantee the materials and workmanship of all repair work done pursuant to this provision for a period of eighteen (18) months after the repairs are performed.

T. ASSIGNMENT OF CONTRACT - SUBCONTRACTOR shall not, assign, transfer or sublet any portion or part of the work required by this Agreement or assign any payments hereunder to others without written consent of CONTRACTOR. If SUBCONTRACTOR is given written consent to assign, transfer or sublet any portion or part of the work, SUBCONTRACTOR shall bind its subcontractors assignees, or Subletters to all of the terms and provisions of this Agreement. No assignment, subcontract, or sublet shall be valid unless SUBCONTRACTOR has fully complied with the provisions of this paragraph.

U. INDEPENDENT CONTRACTOR - SUBCONTRACTOR is an independent contractor and shall, at its sole cost and expense, and without increase in the Contract Price, comply with all laws, rules, ordinances, codes and regulations of all governing bodies having jurisdiction over the work, obtain all necessary permits and licenses for its work, pay all manufacturers' taxes, sales taxes, use taxes, processing taxes, and all federal and state taxes, insurance and contributions for Social Security and Unemployment which are measured by wages, salaries, or other remuneration's paid to SUBCONTRACTOR'S employees, whether levied under existing or subsequently enacted laws, rules, or regulations. SUBCONTRACTOR, upon request, shall furnish evidence satisfactory to CONTRACTOR that any or all of the foregoing obligations have been fulfilled.

V. WAIVER - Any act or omission of CONTRACTOR which SUBCONTRACTOR might claim as an excuse for its own failure to perform shall be deemed waived by SUBCONTRACTOR unless it shall notify CONTRACTOR in writing of its intention to assert such excuse within five (5) days after occurrence of any such act or omission. No delay or omission on the part of CONTRACTOR in exercising any of its right hereunder, nor the acquiescence in or waiver by CONTRACTOR of a breach of any

term or condition of this Agreement shall be deemed or construed to operate as a waiver of such rights or acquiescence thereto except in the specific instance for which given. SUBCONTRACTOR waives any right it might have to assert the provisions of CALIFORNIA CIVIL CODE § 1654 against CONTRACTOR.

W. PAYMENT PROCEDURES - CONTRACTOR shall pay SUBCONTRACTOR within 10 days of its receiving payment for work performed by SUBCONTRACTOR provided SUBCONTRACTOR meets the following condition precedents: 1. CONTRACTOR'S accounting procedures are set up to process Progress Payments once a month. Progress Payment Applications must be delivered to CONTRACTOR on or before the 20th of the month to be included in CONTRACTOR'S processing of that month's Payment Applications. Payment Applications that are not received by the 20th of the month will not be processed until CONTRACTOR processes the Payment Applications for the following month. 2. SUBCONTRACTOR shall not be eligible to receive any payment for work performed on this Project unless the following have been delivered to CONTRACTOR (a) this Subcontract Agreement properly executed by SUBCONTRACTOR without modifications unless such modifications have been approved by CONTRACTOR in writing, (b) Certificates of Insurance required in Addendum A of the Subcontract Agreement, (c) an Affidavit of Suppliers in the form supplied by CONTRACTOR, and (d) a taxpayer's identification number and certificate. 3. Each Payment Application must be accompanied by waivers and releases executed by SUBCONTRACTOR and its subcontractors and suppliers including each of those (a) listed upon SUBCONTRACTOR'S Affidavit of Suppliers, (b) who have filed a Preliminary Notice or (c) who are otherwise known to have provided labor, equipment or services to the Project as part of SUBCONTRACTOR'S work (hereinafter collectively referred to as "Releasor(s)"), as follows: **For Progress Payment Applications:** (1) Conditional Waivers and Releases Upon Progress Payments for the period covered by the Payment Application for each Releasor excepting only those (a) who have provided Unconditional Waivers and Releases Upon Progress Payments through the period covered by the payment application or (b) who have provided Unconditional Waivers and Releases Upon Final Payment for the Project, (2) Unconditional Waivers and Releases Upon Progress Payments from each Releasor on whose behalf a previous progress payment was made, through the period covered by the previous payment excepting only those who have provided Unconditional Waivers and Releases Upon Final Payment for the Project. **For Applications for Final Payment:** Conditional Waivers and Releases Upon Final Payment for each Releasor, except those who have or who are providing, or who have previously provided Unconditional Waivers and Releases Upon Final Payment. 4. To the greatest extent permitted by law, SUBCONTRACTOR assumes the risk of OWNER'S insolvency and the attendant risk of any delayed payment to CONTRACTOR for subcontract work. To the extent that mechanic's lien remedies as outlined in Title XV, Works of Improvement, of the California Civil Code, or other remedies against the OWNER are inadequate to secure payment due to OWNER'S insolvency, further payments under this contract will be excused. 5. CONTRACTOR may deduct from any payment an amount equal to 150% of the amount determined by CONTRACTOR as necessary to protect CONTRACTOR against any unresolved claim, dispute arising out of SUBCONTRACTOR'S performance, or cost to prepare "As-Builts" and to complete any other close-out item. These amounts may be withheld by CONTRACTOR without penalty, interest, or attorney and consulting fees, so long as the CONTRACTOR has engaged in good faith in the Dispute Resolution Process set forth in Paragraph "G". These Payment Procedures are for the benefit of the CONTRACTOR and SUBCONTRACTOR only, and nothing in these Procedures shall operate to create a right in any person not a party to this Agreement.

X. LAWS, PERMITS, SAFETY AND TAXES: SUBCONTRACTOR, its employees, and SUBCONTRACTOR'S subcontractors and their employees, shall comply with all applicable Federal, State, local and other legally required building, safety, and health standards, employment laws, including the Equal Opportunity Employment Policy of the CONTRACTOR, affirmative action programs, patent, copyright and trademark laws, or any other legally required standards, orders, rule, regulations, codes, or laws (hereinafter collectively referred to as "laws") applicable to the work to be performed hereunder, including, by way of illustration, those laws which govern the handling and disposal of hazardous waste; the requirements of the Equal Opportunity Clause promulgated by the Secretary of Labor pursuant to Executive Order 11246 found in Title 41 CFR 60-1.4; the requirements of the Veterans and Handicapped clauses found in Title 41 CFR-250.4 and 60.741.4 and the requirements of the Americans with Disabilities Act of 1990. SUBCONTRACTOR shall, at its own expense, comply with CONTRACTOR'S project safety program and all specific safety requirements, laws, regulations, rules or ordinances, promulgated by any government authority, whether State, Federal, or local, now existing or subsequently enacted. SUBCONTRACTOR shall be fully responsible for compliance with the provisions of this Paragraph X by itself, its agents, employees, material suppliers, and sub-subcontractors with respect to its portion of its work, and shall pay, respond to, or defend any citation, assessment, fine or penalty relating to the failure of any person or entity listed hereunder to so comply.

Y. CONFLICT WITH GOVERNING LAWS: CONTRACTOR and SUBCONTRACTOR agree that if any word, phrase or provision of this Agreement is deemed to be in conflict with any applicable law, only those words which create the conflict shall be stricken and the remainder of the words, phrases or provisions of this Agreement shall remain in full force and effect.

Z. VENUE: SUBCONTRACTOR agrees that this Agreement is to be executed in San Mateo County, California and that venue for any action brought to enforce any of the terms and provisions of this Agreement shall be brought in San Mateo County, California.

AA. SUBCONTRACT ADDENDUM FOR PUBLIC WORKS PROJECTS: 1. The attached provisions (Addendum C) of California Labor Code Sections 1771, 1775, 1776, 1777.5, 1813, and 1815 are incorporated into this SUBCONTRACT and SUBCONTRACTOR agrees to comply with all of the above-referenced provisions applicable to the performance of its work on this project. Specifically, for all public projects, the SUBCONTRACTOR agrees to: (a) Pay all workers not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed; (b) Pay all workers not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in the Labor Code; (c) Adhere to the compliance measures outlined in LC1775(b) for any second tier SUBCONTRACTOR that the SUBCONTRACTOR chooses to use on this project; (d) Submit certified payroll records to the CONTRACTOR on a weekly basis. Records shall be provided no later than 5 days following the last day of each workweek; (e) Comply with the applicable requirements and joint apprenticeship standards as required by LC 1777.5. 2. The SUBCONTRACTOR prior to receiving final payment for work performed on this project shall sign an affidavit under penalty of perjury that the SUBCONTRACTOR has paid the specified general prevailing rate of per diem wages to his or employees for the proper craft needed to fulfill the obligations of the subcontract. (Addendum C) 3. The SUBCONTRACTOR agrees to indemnify and hold harmless the CONTRACTOR for any violations of the above referenced Labor Code provisions, which were caused by the SUBCONTRACTOR'S failure to comply with said provisions.

AB. NON-DISCRIMINATION: It is CONTRACTOR'S policy that it will not discriminate against its employees, applicants for employment, employees of the City of San Francisco, or members of the public on the basis of race, sex, color, creed, sexual orientation, gender identity (transgender status), or HIV status, national origin, ancestry, age, or disability.