



SUBCONTRACT AGREEMENT

This Agreement, effective this day of , 2007, is between CONDON-JOHNSON & ASSOCIATES, INC. located at 480 Roland Way, Suite 200, Oakland, CA 94621, P.O. Box 12368, Oakland, California 94604 (hereinafter "CONTRACTOR") and _____ located at _____(hereinafter "SUBCONTRACTOR").

The SUBCONTRACTOR agrees to perform all work hereinafter described for the PROJECT: _____ located at _____ to be constructed for the OWNER:

1. THE CONTRACT DOCUMENTS

1.1 The Contract Sum. The CONTRACTOR shall pay the SUBCONTRACTOR for the performance of the work, subject to modification by change order, work order, or other written directive, for the approximate total indicated in Section 2.1 General Scope and Unit Prices, which includes all applicable taxes.

1.2 Definition. The phrase "Contract Documents" is defined to mean and include: This Subcontract, any exhibits hereto whether physically attached or incorporated by reference, the Contract (hereinafter the "Prime Contract") between the OWNER and the CONTRACTOR dated _____ the Conditions of the Prime contract (General, supplementary, special and other Conditions), the Plans, Drawings, Specifications, Change Orders, Modifications and all addenda thereto unless specifically excluded, and all further documents listed or described in Section 2.2 Additional Provisions, as Exhibits or Attachments.

1.3 Pass Through of Prime Contract. SUBCONTRACTOR agrees to be bound to CONTRACTOR in the same manner and to the same extent as the CONTRACTOR is bound to the OWNER under the Contract Documents, to the extent of the work provided for in this Subcontract, 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. CONTRACTOR shall have the benefit of all rights, remedies and redress against the SUBCONTRACTOR which the OWNER, by those Documents, has against the CONTRACTOR, insofar as is applicable to this Subcontract, provided that where any provision of the Contract Documents between the OWNER and the CONTRACTOR is inconsistent with any provision of this Agreement, this Agreement shall govern. The CONTRACTOR shall promptly notify the SUBCONTRACTOR of all modifications to the Prime Contract which directly affect this Subcontract and which were issued or entered into subsequent to execution of this Subcontract.

2. THE WORK

2.1 General Scope. SUBCONTRACTOR agrees to furnish, in strict accordance with the Contract Documents, all labor, services, materials, installation, cartage, hoisting, supplies, insurance, taxes, equipment, scaffolding, tools, utilities, supervision, storage 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 incidental to complete: .

2.2 Additional Provisions.

2.3 Permits and Inspections. SUBCONTRACTOR agrees to obtain and pay for all permits, licenses and official inspections required for the SUBCONTRACTOR work.

2.4 Changes. SUBCONTRACTOR hereby agrees to make any and all changes, furnish the materials, and perform the work that CONTRACTOR may require, without nullifying this Agreement, at an reasonable addition to, or reduction from, the Contract Sum and progress schedule, and pro rata to the same. SUBCONTRACTOR shall adhere strictly to the plans and specifications unless a change therefrom is authorized IN WRITING. UNDER NO CONDITIONS SHALL SUBCONTRACTOR MAKE ANY CHANGES, EITHER AS ADDITIONS OR DEDUCTIONS, WITHOUT THE WRITTEN ORDER OF THE CONTRACTOR AND CONTRACTOR SHALL NOT PAY ANY EXTRA CHARGES MADE BY SUBCONTRACTOR THAT HAVE NOT BEEN AGREED UPON IN WRITING BY CONTRACTOR, and, in no event, shall CONTRACTOR make payment for any such extra charges unless and until the CONTRACTOR itself receives payment from OWNER for said extra charges. SUBCONTRACTOR shall submit immediately to the CONTRACTOR, written copies of his firm's cost or credit proposal and any request for time extension, with adequate substantiation showing detailed material, equipment, labor, overhead and profit breakdowns. Overhead and Profit shall be limited to a total of ten percent (10%) for changes in the work. If agreement cannot be reached on the amount of the addition or reduction, SUBCONTRACTOR shall nonetheless timely perform the work as changed by CONTRACTOR'S written direction. If a dispute arises as to whether particular work is a change in the work, SUBCONTRACTOR shall timely perform the disputed work and give written notice of a claim pursuant to the provisions of Section 12 below, within ten (10) days after such work is commenced. Payment for changed work shall be made in accordance with Section 3.1.

2.5 Protection of Property. In carrying out his work the SUBCONTRACTOR shall take necessary precautions to protect the work of other trades from damage caused by his operations. SUBCONTRACTOR shall make every effort to protect his own work from damage of any sort and shall continue to protect his work until SUBCONTRACTOR has completed his work in its entirety.

2.6 Site Clean Up. At all times during the course of construction, SUBCONTRACTOR shall perform his work so as to maintain the site in a clean, safe and orderly condition. Upon completion of the work under this Agreement, SUBCONTRACTOR shall remove from the site all temporary structures, debris and waste incidental to his operation and clean all surfaces, fixtures, equipment, etc. relative to the performance of this Agreement. CONTRACTOR may order SUBCONTRACTOR to clean up his areas at any time CONTRACTOR deems such action necessary. If SUBCONTRACTOR fails to perform such clean-up within two (2) days after notification from CONTRACTOR to do so, CONTRACTOR may proceed with that function as he deems necessary and in the manner he may judge expedient, and the cost hereof shall be charged to and deducted from monies due under this Agreement. In the event that CONTRACTOR is unable to determine which SUBCONTRACTOR is responsible for the clean-up of any debris, etc., CONTRACTOR may apportion the cost of such clean-up in such manner as he may determine to be equitable.

2.7 Site Safety. SUBCONTRACTOR shall comply fully with all laws, orders, citations, rules, regulations, standards and statutes with respect to occupational health and safety, the handling and storage of hazardous materials, and accident prevention and safety programs of OWNER and CONTRACTOR. SUBCONTRACTOR shall conduct inspections to determine that safe working conditions and equipment exist and accepts sole responsibility for providing a safe place to work for its employees and for employees of its subcontractors and suppliers of material and equipment, for adequacy of and required use of all safety equipment and for full compliance with the aforesaid laws, orders, citations, rules, regulations, standards and statutes. The CONTRACTOR shall appoint, at every jobsite, a safety officer and any order, directive or instruction issued to SUBCONTRACTOR by said Safety Officer shall be complied with fully and immediately by SUBCONTRACTOR. SUBCONTRACTOR is required to hold weekly safety meetings at the jobsite and to furnish CONTRACTOR with copies of minutes from those weekly meetings. SUBCONTRACTOR is encouraged to attend the weekly meeting held by CONTRACTOR at the project site and SUBCONTRACTOR'S obligation to hold independent safety meetings would then be voided by his attendance. The SUBCONTRACTOR shall report, within two (2) days to the CONTRACTOR, any injury to any of the SUBCONTRACTOR'S employees.

2.8 Layout and Surveys. CONTRACTOR shall establish principal axis lines and levels whereupon SUBCONTRACTOR shall be strictly responsible for the layout and accuracy of his work. Unless specifically noted otherwise in this Subcontract Agreement, SUBCONTRACTOR is totally responsible for the layout of all points and grades in excess of building corners, column lines, grid lines and finish floor elevations (which will be established by CONTRACTOR).

2.9 Approval of Work. SUBCONTRACTOR agrees that all work shall be done subject to the final approval of the CONTRACTOR, OWNER, and ARCHITECT and shall be consistent with the intent of the Contract Documents.

2.10 Use of Contractor Resources. In the event that SUBCONTRACTOR shall use CONTRACTOR'S equipment, materials, labor, supplies or facilities SUBCONTRACTOR shall reimburse CONTRACTOR at a predetermined rate, unless otherwise stated herein. Further, SUBCONTRACTOR assumes all responsibility for, and shall indemnify and hold CONTRACTOR harmless from any claims, actions, demands, damages, liabilities, or expenses, including attorney's fees, resulting from the use of such equipment, materials, labor, supplies, or facilities by SUBCONTRACTOR or his agents, employees or permittees. In the event that CONTRACTOR'S employees are used by SUBCONTRACTOR, SUBCONTRACTOR shall have full responsibility for all acts or omissions of CONTRACTOR'S employees with regard to such operation. SUBCONTRACTOR accepts any and all of CONTRACTOR'S equipment, materials, labor, supplies or facilities as furnished.

3. COMPENSATION AND PAYMENTS

3.1 Progress Payment/Final Payments. Unless otherwise provided herein, CONTRACTOR, provided that proper payment application has been made, agrees to pay SUBCONTRACTOR in monthly payments of Ninety Percent (90%) of labor and materials, which have been placed in position and for which payment has been made by OWNER to CONTRACTOR, within ten (10) working days after CONTRACTOR receives payment from the OWNER. The remaining Ten Percent (10%) shall be retained until receipt of final payment from OWNER to CONTRACTOR, but not less than thirty-five (35) days after the entire work required by the Prime Contract has been fully completed in conformity with the Contract Documents and has been delivered and accepted by OWNER, ARCHITECT, and CONTRACTOR and payment received by CONTRACTOR from OWNER. Receipt of payments by CONTRACTOR from OWNER shall be a condition of CONTRACTOR'S obligation to pay SUBCONTRACTOR. Payment to SUBCONTRACTOR shall not imply acceptance of any part of the work.

If owner or other responsible party delays making payment to Contractor from which payment to Subcontractor is to be made, Contractor and its sureties shall have a reasonable time to make payment to Subcontractor. "Reasonable time" shall be determined according to the relevant circumstances, but in no event shall be less than the time Contractor, Contractor's sureties, and Subcontractor require to pursue to conclusion their legal remedies against Owner or other responsible party to obtain payment, including (but not limited to) mechanics' lien remedies.

3.2 Payment Applications. SUBCONTRACTOR shall submit to the CONTRACTOR applications for payment in a form acceptable to CONTRACTOR and at such times stipulated in the Contract Documents to enable the CONTRACTOR to apply for payment to the OWNER. SUBCONTRACTOR agrees to furnish, if and when required by CONTRACTOR, certified payroll and affidavits, receipts, vouchers, releases of claims for labor, material and subcontractors performing work or furnishing materials under this Agreement, all in form satisfactory to CONTRACTOR, and it is agreed that no payment hereunder shall be made, except at CONTRACTOR'S option, until and unless such documents have been furnished. The SUBCONTRACTOR shall pay for all materials, equipment and labor used in, or in connection with, the performance of this Subcontract through the period covered by previous payments received from the CONTRACTOR, and shall furnish satisfactory evidence, when requested by the CONTRACTOR, to verify compliance with the above requirements. All invoices for extra

work and credit invoice for deleted work must be invoiced separately from base contract billings, and must reference CONTRACTOR'S authorization numbers and descriptions.

3.3 Schedule of Values. If the payments are based on the valuation of the work done, the SUBCONTRACTOR shall, before the first applications submit to the CONTRACTOR a schedule of values of various parts of the work aggregating the total sum of this Subcontract, made out in such detail as the SUBCONTRACTOR and CONTRACTOR may agree upon, or as required by the OWNER, and supported by such evidence as to its correctness as the CONTRACTOR may direct. This schedule, when approved by the CONTRACTOR shall be used as a basis for all applications for payment, unless it is found to be in error. In applying for payment, the SUBCONTRACTOR shall submit a statement based upon this schedule.

3.4 Payments Prior to Installation. If payments are made on account of materials or equipment not incorporated in the work but delivered and suitably stored at the site, or at some other location agreed upon in writing, such payments, shall be made in accordance with the terms and conditions of the Contract Documents.

3.5 No Diversion of Funds or False Vouchers. SUBCONTRACTOR is directed to comply with all statutory provisions which prohibit the wrongful diversion of funds or the submission of false vouchers. Further, if SUBCONTRACTOR diverts any funds received in payment under this Agreement and does not apply them to their intended purpose or submits false vouchers for payment, in addition to all other remedies, this Subcontract shall be subject to termination for cause without any opportunity to cure.

3.6 Final Payment Documents. SUBCONTRACTOR shall submit, in a form acceptable to CONTRACTOR, all Guaranty/Warranty forms, Operations and Maintenance Manuals and verified As-Built drawings. SUBCONTRACTOR hereby acknowledges that final payment for work performed under this Subcontract will not be released by CONTRACTOR until such time as all such documents have been received and approved by the CONTRACTOR.

4. TIME, SCHEDULING AND COORDINATION

4.1 Compliance with Schedule. Time is of the essence of this Subcontract. SUBCONTRACTOR shall prosecute his work in a prompt and diligent manner in accordance with CONTRACTOR'S progress schedule and all revisions or changes thereto. In the event SUBCONTRACTOR fails to maintain his part of the CONTRACTOR'S schedule, he shall, without additional compensation, accelerate the work as CONTRACTOR may direct until SUBCONTRACTOR'S work is in accordance with such schedule.

4.2 Contractor Control. 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 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.

4.3 Scheduling of Work. The SUBCONTRACTOR shall provide CONTRACTOR with scheduling information and a proposed schedule for performance of his work in form acceptable to CONTRACTOR. SUBCONTRACTOR shall comply with the project schedule of the

CONTRACTOR including, but not specifically limited to, commencement, duration, and sequencing of activities. SUBCONTRACTOR shall notify CONTRACTOR in writing within forty-eight (48) hours, of any conditions or provisions contained in the Project Schedule which cannot be met by SUBCONTRACTOR. Upon request from CONTRACTOR, SUBCONTRACTOR shall, within forty-eight (48) hours provide a schedule to complete SUBCONTRACTOR'S scope of work. CONTRACTOR shall cooperate with the SUBCONTRACTOR in scheduling SUBCONTRACTOR'S work and shall endeavor to avoid conflicts or interference with SUBCONTRACTOR'S work.

4.4 Coordination. The SUBCONTRACTOR shall cooperate with the CONTRACTOR and other Subcontractors whose work might interfere with the SUBCONTRACTOR'S work, and shall participate in the preparation of coordinated drawings and schedules in areas of congestion, specifically noting and advising the CONTRACTOR of any such interference. SUBCONTRACTOR shall coordinate his work with that of all other contractors, subcontractors, and the CONTRACTOR, in a manner that will not delay or hinder their work and that will facilitate the completion of the entire work.

4.5 Force Majeure. Should SUBCONTRACTOR be delayed in the prosecution or completion of the Work by the act, neglect or default of the OWNER, ARCHITECT, or CONTRACTOR, or should SUBCONTRACTOR be delayed waiting for materials, if required by the SUBCONTRACT to be furnished by the OWNER or CONTRACTOR, or by damage caused by fire or by other casualty for which SUBCONTRACTOR is not responsible, or by the combined action of the workmen, in no way 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 herein fixed 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 a claim therefore is presented in writing to the CONTRACTOR, pursuant to Paragraph 12 hereof, within ten (10) days of the commencement of such delay, and under no circumstances will 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. The fact that SUBCONTRACTOR'S employees refuse to cross a picket line or enter upon the project as a result of a labor dispute affecting the project shall neither relieve SUBCONTRACTOR of SUBCONTRACTOR'S obligation to perform under this Agreement, nor extend the time for performance, regardless of whether the labor dispute is directed at SUBCONTRACTOR, CONTRACTOR, or any other person or entity.

4.6 Submittals. The SUBCONTRACTOR shall promptly submit all submittals, including, but not specifically limited to, shop drawings, brochures, and samples as required by the CONTRACTOR, ARCHITECT, or OWNER, and as required by the Contract Documents so that SUBCONTRACTOR'S work may be done effectively, expeditiously and in a manner that will not cause delay in the progress of the Work of the SUBCONTRACTOR, CONTRACTOR, or other Subcontractors. The cost of any such submittals, shop drawings, brochures and samples shall be borne by SUBCONTRACTOR. SUBCONTRACTOR shall submit all submittals, shop drawings, brochures and samples with sufficient lead-time to allow review, approval, and delivery of materials in compliance with the approved project schedule.

4.7 Progress Reports. The SUBCONTRACTOR shall furnish periodic progress reports on the work to the CONTRACTOR, in a form mutually agreed upon by SUBCONTRACTOR and

CONTRACTOR, including information on the availability of materials and equipment under this Subcontract which may be in the course of preparation or manufacture. If requested, by CONTRACTOR, SUBCONTRACTOR shall provide manufacturer's name, phone number, contact, and the purchase order number and amount.

4.8 Damages. SUBCONTRACTOR agrees to pay liquidated damage imposed on CONTRACTOR and any damages of CONTRACTOR caused by SUBCONTRACTOR'S failure to perform in accordance with schedule.

5. BONDS

Within five (5) days of written request by the CONTRACTOR, the SUBCONTRACTOR shall furnish a performance and payment bond in an amount equal to 100% of the Contract Sum. Bonds shall be executed by a corporate surety acceptable to CONTRACTOR and shall be in a form satisfactory to CONTRACTOR. CONTRACTOR shall pay the premium on said bonds up to one and two tenths percent (1.2%) of the total Contract Price unless otherwise provided herein or in the Contract Documents. No change, alteration or modification in or deviation from this Agreement or the plans or 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 obligated to notify any surety or sureties of any such change.

6. INDEMNIFICATION

To the extent permitted by law, SUBCONTRACTOR shall indemnify, defend and save harmless OWNER and CONTRACTOR (including their officers, agents, employees, affiliates, parents and subsidiaries) and each of them, from any and all claims, demands, causes of action, damages, costs, expenses, losses or liability, in law or in equity, of every kind and nature whatsoever (including, but not limited to, claims made by any employees or agents of SUBCONTRACTOR, OWNER, CONTRACTOR, or of any other subcontractor) arising out of or occurring in connection with SUBCONTRACTOR'S performance of the work. The foregoing obligation shall apply whether or not such claims are based in part on a breach of duty or negligence on the part of OWNER or CONTRACTOR. The foregoing obligation shall not be limited in any way by any limitation of amount or type of damages, compensation or benefits payable by or for the SUBCONTRACTOR under workmen's compensation acts, disability benefit acts or other employee benefit acts.

7. INSURANCE

7.1 General Requirement. Prior to starting work, the SUBCONTRACTOR shall obtain at his expense the insurance required herein and by the Contract Documents and shall furnish satisfactory written evidence in the form of certificates, to the CONTRACTOR, that the SUBCONTRACTOR has complied with such requirements. The Certificate of Insurance shall provide for a 30 day advance notice of cancellation and the phrases "will endeavor to" and "but failure to... its agents or representatives" deleted. The following insurance shall be required except to the extent that additional insurance is required by the Contract Documents in which

case such additional insurance shall also be required. No payments will be made until all insurance requirements have been met. Acceptable insurance companies will have an A.M. Best Rate of A-VII.

7.2 Commercial General Liability Insurance. SUBCONTRACTOR shall provide commercial general liability on an Occurrence form in the amount of \$2,000,000 combined single limit per occurrence for bodily injury and/or death and/or property damage liability including:

- (A) Premises and operations coverage with no exclusion for X, C and U hazards.
- (B) Contractors protective coverage.
- (C) Products and completed operations coverage.
- (D) Blanket contractual coverage.
- (E) Broad form property damage coverage (including completed operations).
- (F) An endorsement naming OWNER and CONTRACTOR as additional insureds as respects all operations performed by or on behalf of the named insured.
- (G) Per project limit applies.
- (H) Claims made policy form or modified occurrence liability policies are not acceptable.
- (I) Waiver of Subrogation in favor of the Additional Insureds.

Condon-Johnson & Associates, Inc. *

Owner

General Contractor

*Including their respective officers, directors, agents, employees, affiliates, parents subsidiaries, and/or entity that Contractor is required by contract to name as additional insured (or Indemnify).

- (J) An endorsement on Form CG20101185 or equivalent naming Contractor and Owner as Additional Insureds for both on-going and completed operations with no limitation on the coverage provided to the additional insureds. Such insurance as is afforded under the SUBCONTRACTOR'S policy shall be primary insurance as respects the OWNER and CONTRACTOR and that any other insurance maintained by OWNER and/or CONTRACTOR is excess and non-contributing with the insurance required hereunder. The limits will apply separately to each, (severability of interests).
- (K) A per project General Aggregate under the commercial general liability policy. If a Per Project Aggregate endorsement is not available, a \$1,000,000. Umbrella Liability policy shall be provided in addition to the required \$2,000,000. per occurrence General Liability limit.

7.3 Comprehensive Automobile Liability Insurance. Comprehensive auto liability in the amount of \$1,000,000 combined single limit for bodily injury and/or death and/or property damage liability including:

- (A) Owned autos
- (B) Hired or borrowed autos

(C) Non-owned autos

An Additional Insured endorsement shall be provided naming the Contractor, the Owner and their officers, agents, employees, affiliates, parents and subsidiaries as insureds.

7.4 Workers' Compensation and Employers' Liability Insurance. SUBCONTRACTOR shall provide WORKERS' COMPENSATION AS REQUIRED BY LAW AND EMPLOYERS' LIABILITY INSURANCE WITH A LIMIT OF NOT LESS THAN \$1,000,000. A Waiver of Subrogation Endorsement in favor of the OWNER, CONTRACTOR and other SUBCONTRACTORS shall be attached. SUBCONTRACTOR to provide USL&H when required by Prime Contract between Owner and General Contractor.

7.5 Builder's Risk Deductible. In the event Builder's Risk insurance purchased by OWNER or CONTRACTOR provides coverage for SUBCONTRACTOR for loss or damage to SUBCONTRACTOR'S work, SUBCONTRACTOR shall be responsible for the insurance policy deductible amount applicable to damage to SUBCONTRACTOR'S work and/or damage to other work caused by SUBCONTRACTOR.

7.6 Subcontractor Property Insurance. SUBCONTRACTOR agrees to insure his own risk in or about the work, stored offsite or in transit, including all his tools, temporary materials, structure and equipment used by him or his subcontractors.

8. Labor

Subcontractor acknowledges that Condon-Johnson & Associates, Inc. has entered into labor agreements covering work at its construction jobsites with the following labor unions:

Carpenters, Laborers, Operators and Piledrivers

Subcontractor agrees to comply with all 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 said agreements setting forth the jurisdiction and the scope of work claimed by each of such crafts and the procedure contained therein for resolution of jurisdictional disputes.

Subcontractor further promises and agrees that he will bind and require all of his subcontractors and their subcontractor performing jobsite work of the type covered by any of the labor agreements specified above to agree to all of the foregoing promises and undertakings, to the same effect as herein provided with respect to him.

SUBCONTRACTOR shall be responsible for preventing and eliminating any interference or disruption to the project caused by any labor dispute directed at SUBCONTRACTOR or at SUBCONTRACTOR'S personnel, suppliers or carriers. SUBCONTRACTOR shall indemnify and

hold CONTRACTOR harmless from any such interference or disruption. SUBCONTRACTOR shall immediately notify CONTRACTOR in writing of any information regarding the possibility of a labor dispute, or if such a dispute does affect the project, SUBCONTRACTOR shall take all action reasonably necessary to prevent or eliminate such affect on the project, including establishing a Reserved Gate System and/or a Reserved Time System, and bringing appropriate judicial or administrative proceedings against the involved labor organization. In the event of a failure of SUBCONTRACTOR so to act, or upon mutual agreement, CONTRACTOR may act instead, and SUBCONTRACTOR will reimburse CONTRACTOR for its expenses, including attorney's fees. Further, in the event of such a labor dispute, CONTRACTOR shall also have the right, upon 48 hours notice to SUBCONTRACTOR, to terminate this Agreement and to complete SUBCONTRACTOR'S work by whatever means may be deemed expedient, and SUBCONTRACTOR shall be liable to CONTRACTOR for any additional cost to CONTRACTOR above the cost to CONTRACTOR of this Agreement. In all respects, SUBCONTRACTOR shall cooperate fully with CONTRACTOR and shall keep CONTRACTOR fully informed.

9. WARRANTY AND CORRECTION OF DEFICIENCIES

The SUBCONTRACTOR warrants that all materials and equipment furnished and incorporated by him in the Project shall be new unless otherwise specified, and that all work under this Subcontract shall be of good quality, free from faults and defects and in conformance with the Contract Documents. All work not conforming to these standards shall be considered defective. SUBCONTRACTOR agrees to repair and replace at his sole cost and expense, and to the satisfaction of CONTRACTOR, any and all work and materials adjudged defective or improperly installed until a period of one (1) year from completion and acceptance of the work covered by the Prime Contract. If, however, a longer period of guarantee is stipulated in the Contract Documents, SUBCONTRACTOR shall be bound to such longer period. The warranty and remedy provided in this paragraph shall be in addition to and not in limitation of any other warranty or remedy provided by law or by the Contract Documents.

10. TERMINATION

The SUBCONTRACTOR agrees that if he should neglect to prosecute the work diligently and promptly or fail to perform any provisions of this Subcontract, the CONTRACTOR, after forty-eight (48) hours written notice to the SUBCONTRACTOR, may, without prejudice to any other remedy he may have, make good such deficiencies and/or terminate the Subcontract. CONTRACTOR may deduct the cost of correcting the deficiencies and completing the work from the payments then or thereafter due the SUBCONTRACTOR without cause after forty-eight hours written notice to SUBCONTRACTOR but in that event SUBCONTRACTOR shall be paid for work done up to the time of termination, but shall not be paid profit or overhead on unperformed work.

11. MISCELLANEOUS

11.1 Independent Contractor. The SUBCONTRACTOR is an Independent Contractor and shall comply with all Federal, State, and local tax laws, social security acts, unemployment compensation acts, and immigration reform and control acts along with any amendments, alterations or additions thereto insofar as is applicable to this Subcontract. SUBCONTRACTOR

shall, upon request, furnish evidence satisfactory to CONTRACTOR that any or all of the foregoing obligations have been fulfilled.

11.2 Jobsite Representative. SUBCONTRACTOR shall keep a representative at the jobsite during all times when SUBCONTRACTOR'S work is in progress, and such representative shall be authorized to represent SUBCONTRACTOR as to all phases of the work. Prior to commencement of the work, SUBCONTRACTOR shall notify CONTRACTOR who SUBCONTRACTOR'S representative is to be. Any direction, instructions, information or data given to SUBCONTRACTOR'S representative by CONTRACTOR, either written or verbal, shall be as binding as though given to SUBCONTRACTOR himself.

11.3 Compliance with Laws. The SUBCONTRACTOR shall give all notices and comply with all laws, ordinances, rules, regulations and orders of any public authority bearing on the performance of the work of SUBCONTRACTOR. The SUBCONTRACTOR shall secure and pay for all permits, fees, and licenses necessary for the execution of the work described in the Contract Documents as is applicable to this Subcontract.

11.4 Equal Opportunity and Affirmative Action. SUBCONTRACTOR shall comply with all equal employment opportunity and affirmative action requirements promulgated by any governmental authority, including, without limitation, the requirements of the Civil Rights Act of 1964.

11.5 Federal Labor Standards. SUBCONTRACTOR shall comply with and agrees to be bound by all applicable Federal Labor Standards Provisions covering the Work. Upon request, SUBCONTRACTOR agrees to submit Certified Payroll Reports to CONTRACTOR no later than three (3) working days after labor has been paid.

11.6 Non-Assignability. SUBCONTRACTOR shall not, without written consent of CONTRACTOR, assign, transfer or sublet any portion or part of the work required by this Agreement, nor assign any payment hereunder to others.

11.7 Integrated Writing. This Subcontract constitutes the final and complete agreement between CONTRACTOR and SUBCONTRACTOR and supersedes all prior or contemporaneous communications, representations, or agreements, whether oral or written, relating to the subject matter of this Subcontract. Modifications of this Subcontract shall not be binding unless made in writing and signed by an authorized representative of each party.

11.8 Partial Invalidity. If any term, provision, covenant, or condition of this Subcontract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

11.9 Hazardous Materials. If any materials are to be used or furnished under this order that have been identified as "hazardous" by the California Director of Industrial Relations, Subcontractor must provide Contractor with Material Safety Data Sheets (MSDS, OSHA Form 20) or equivalent as required by California Labor Code, Division 5, Chapter 2.5, Sections 6360-6399.

12. CLAIMS FOR EXTRA COMPENSATION AND/OR ADDITIONAL TIME

12.1 Notice of Claim. Unless the Contract Documents provide a shorter notice period, SUBCONTRACTOR shall give written notice of claim relating to any work or cause for which extra compensation and/or additional time is asserted within ten (10) days after such work is commenced, or cause occurs, or SUBCONTRACTOR shall be deemed to have abandoned any such claim.

12.2 Claims for Delay or Disruption. No claim for additional compensation or damages for delays, whether in the furnishing of materials by CONTRACTOR, or delays by other Subcontractors or OWNER, or for disruptions from such delays or other causes, will be allowed by the CONTRACTOR, and extensions of time for the completion of the affected work shall be the sole remedy of the SUBCONTRACTOR; provided however, that in the event, and in such event only, that CONTRACTOR receives additional compensation from OWNER on account of such delays or disruptions, SUBCONTRACTOR shall be entitled to such portion of the additional compensation so received by CONTRACTOR from OWNER as is equitable under all of the circumstances. Nothing herein contained shall require CONTRACTOR to make any claim against OWNER for such delays or disruptions, 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 damages against CONTRACTOR. If, however, CONTRACTOR prosecutes such claims against OWNER, SUBCONTRACTOR agrees to pay his pro rata share of all attorney's fees, costs and expenses to prosecute the claim.

13. ARBITRATION/LITIGATION

13.1 Arbitration. The CONTRACTOR shall not be obligated to resolve disputes arising under this Subcontract by arbitration, unless (1) the Prime Contract has an arbitration provision; and (2) a particular dispute between CONTRACTOR and SUBCONTRACTOR involves issues of fact or law which the CONTRACTOR is required to arbitrate under the terms of the Prime Contract. In the event that arbitration is required under the terms of this provision, the same arbitrator(s) utilized to resolve the dispute between the OWNER and CONTRACTOR shall be utilized to resolve the dispute under this provision. In the absence of an agreement to arbitrate in the Prime Contract, no claims or disputes shall be arbitrated unless mutually agreed upon by CONTRACTOR and SUBCONTRACTOR in writing. Should the Contractor enter into arbitration with the OWNER or other with regard to issues relating to this Agreement, the SUBCONTRACTOR shall be bound by the result of the arbitration to the same degree as the CONTRACTOR.

13.2 Choice of Arbitrators. The CONTRACTOR shall permit the SUBCONTRACTOR to exercise whatever rights the CONTRACTOR may have under the Contract Documents in choice of arbitrators in any dispute, with OWNER, if the sole cause of dispute is the work, materials, equipment, rights or responsibilities of the SUBCONTRACTOR. If the dispute solely involves the SUBCONTRACTOR and any other subcontractor or subcontractors jointly, the CONTRACTOR shall permit them to exercise such rights jointly.

13.3 Attorneys' Fees. In the event that either CONTRACTOR or SUBCONTRACTOR institutes suit in court or in arbitration against the other party, or against the surety of such party, in connection with any dispute or matter arising under this Subcontract, the party which prevails in that suit shall be entitled to recover from the other its Attorneys' fees in reasonable amount.

13.4 Licensing Notice. Contractors are required by law to be licensed under California law and are regulated by the Contractor's State License Board. Any questions concerning a contractor may be referred to the registrar of the Board whose address is:

Contractor's State License Board
1020 "N" Street
Sacramento, California 95814

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

SUBCONTRACTOR:

CONTRACTOR:

Condon-Johnson & Assoc., Inc.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

- Corporation
- Partnership
- Proprietorship

California Contractor's License
No. _____

Expiration Date: _____

Classification: _____

Federal Tax I.D. # or Social Security Number _____

THIS CONTRACT HAS IMPORTANT LEGAL CONSEQUENCES. CONSULTATION WITH AN ATTORNEY IS ENCOURAGED WITH RESPECT TO ITS COMPLETION OR MODIFICATION.