

SUBCONTRACT AGREEMENT

PROJECT: Existing Project No. 01

OWNER: Owner No. 01

LENDER: Lender No. 01

ARCHITECT: Architect No. 01

CONTRACTOR: Morley Builders

SUBCONTRACTOR: Painting Co.

CONTRACTOR and SUBCONTRACTOR, for the considerations hereinafter named, do contract and agree as follows:

1. Scope of Work

1.1 The work to be performed under this Subcontract Agreement (hereinafter, "this Agreement") shall be satisfactory to CONTRACTOR, Owner, and Architect, and shall be pursuant to the general contract between the Owner and CONTRACTOR, including the plans, specifications, general and special conditions, and addenda, all of which said documents are hereinafter jointly referred to as the General Contract Documents.

1.2 SUBCONTRACTOR hereby agrees to furnish all labor, materials, services and equipment necessary to perform and complete all of the work (hereinafter, "the work") described below. Such work shall be performed in a timely, workmanlike manner and in full compliance with all requirements of the General Contract Documents. SUBCONTRACTOR and its lower tiered subcontractors and material suppliers will be and are bound by the General Contract Documents insofar as they relate in any way, directly or indirectly, to the work covered by this Agreement. SUBCONTRACTOR agrees to perform its scope of work in the same manner and to the same extent required of CONTRACTOR in the General Contract Documents and where reference is made to CONTRACTOR, and the work or specifications therein pertain to SUBCONTRACTOR'S trade, craft, or type of work, then such work or specifications shall be interpreted to apply to SUBCONTRACTOR and define its obligations under this Agreement and to the Owner.

The full scope of the work required herein shall be performed for the lump sum price of:

Residential Painting Subcontract Price \$1,116,648

SUBCONTRACTOR shall not be entitled to any escalation costs due to expected or unexpected increases in the costs of material, labor or equipment except to the extent allowed by the General Contract Documents.

1.3 SUBCONTRACTOR acknowledges that in some instances the plans and specifications are not fully complete and some if these drawings are little more than scope documents. There is no representation that each and every detail of the total work required for each and every trade are In fact shown, or noted. However, SUBCONTRACTOR has included all costs necessary to perform and furnish a complete job.

2. Contract Documents

2.1 This Agreement consists of all information shown herein as well as the terms and conditions, herein, plus exhibits attached, which are made a part hereof as fully as if such terms and conditions were set forth in full preceding the signatures of the parties. The Contract Documents are incorporated in this Agreement by reference, and made a part of this Agreement. This Agreement, plus exhibits and all documents incorporated herein (including the General Contract Documents) constitute the "Contract Documents." This Agreement supersedes all prior negotiations, proposals, and understandings, if any, of the parties hereto, and constitutes the entire understanding of the parties with reference to the work to be performed. This Agreement shall not be modified except in writing signed by the parties.

2.2 If SUBCONTRACTOR is a sole proprietor or a partnership, this Agreement must be signed by Owner or by one of the Partners. If SUBCONTRACTOR is a corporation, this Agreement must be signed on behalf of the corporation by an officer of the corporation having authority to sign. If the SUBCONTRACTOR is a joint venture, this Agreement must be signed by each of the Joint Ventures having authority to sign.

3. Insurance

3.1 SUBCONTRACTOR shall, at its own expense, maintain in effect at all times required under the Contract, all insurance coverages, policies and limits specified in Exhibit D to this Agreement.

3.2 All requirements of this section apply to SUBCONTRACTOR and SUBCONTRACTOR shall require in writing that all tiers of SUBCONTRACTOR'S Subcontractors doing any portion of work on this Project comply with the insurance requirements specified in Exhibit D.

3.3 Prior to SUBCONTRACTOR'S performance of any work on the jobsite, evidence of current proper insurance coverage shall be on file at the CONTRACTOR'S office. SUBCONTRACTOR will not be allowed on the jobsite if this procedure is not followed.

4. Bond

4.1 If CONTRACTOR requires, SUBCONTRACTOR shall furnish payment and performance bonds. They shall be executed by SUBCONTRACTOR as principal and by a corporate surety company, with a "Best Rating" of A:X or better, satisfactory to CONTRACTOR and shall designate the CONTRACTOR and Owner as obligee. The penalty of such bond shall be 100% of the agreed or estimated subcontract price hereunder. SUBCONTRACTOR agrees to obtain the express written agreement of said surety company that changes, alterations or modifications in, or deviations from, the Agreement and the Contract Documents, whether made in the manner herein provided or not, shall not release or exonerate, in whole or in part, the surety on such bond. Unless stated otherwise in the Agreement, the cost of said bonds is included in the Subcontract Price. The subcontractor bond forms shall incorporate this subcontract therein in its entirety. If CONTRACTOR includes a mark-up for bond costs in any change order issued to SUBCONTRACTOR, the principal amount of the bond shall automatically increase commensurate with the value of any additive change orders issued to SUBCONTRACTOR regardless of whether the bond surety is given notice of such change orders or SUBCONTRACTOR pass on the bond premium payment to the surety.

5. Licenses, Taxes, Permits, Laws

5.1 SUBCONTRACTOR certifies that it is properly licensed by the applicable public agencies. Contractors are required by law to be licensed and regulated by the Contractors State License Board.

5.2 SUBCONTRACTOR shall give adequate notices to authorities concerning SUBCONTRACTOR'S work, and shall secure all necessary permits and business license for the City where the project is located, obtain all approvals and pay all fees in connection with its work from all governmental departments having jurisdiction thereof. SUBCONTRACTOR is to obtain Fire Underwriters' Certificates where required. Copies of all licenses must be submitted to CONTRACTOR prior to commencement of work.

5.3 SUBCONTRACTOR agrees to pay all taxes assessed on materials to be furnished pursuant to this Agreement until the same are installed and until final acceptance of the project by Owner. CONTRACTOR may deduct from SUBCONTRACTOR, in full, the amount of any such taxes assessed to and paid by CONTRACTOR.

5.4 SUBCONTRACTOR agrees to be bound by, and at its own cost to comply with, all federal, state and local laws, ordinances, codes and regulations (hereinafter collectively referred to as "laws") applicable to SUBCONTRACTOR'S work including, but not limited to, equal employment opportunity, minority/women's/disadvantaged business enterprise, safety and all other laws with which CONTRACTOR must comply according to the Contract Documents. SUBCONTRACTOR shall be liable to CONTRACTOR and Owner for all loss, cost and expense attributable to any acts of commission or omission by SUBCONTRACTOR, its employees and agents resulting from the failure to comply therewith, including, but not limited to, any fines, penalties or corrective measures.

6. Independent Investigation by SUBCONTRACTOR

6.1 SUBCONTRACTOR certifies that it is fully familiar with all the terms of the Contract Documents, the location of the jobsite, and the conditions under which the work is to be performed and that it enters into this Agreement based upon its investigation of all such matters and is not relying on any opinions or representations of CONTRACTOR.

6.2 SUBCONTRACTOR is to notify the CONTRACTOR in writing if there are any apparent errors or omissions in the drawings or specifications. This written notice must be received by the CONTRACTOR within 5 days of SUBCONTRACTOR becoming aware of such error or omission. Should SUBCONTRACTOR fail to give written notification of such errors and omissions prior to fabrication or installation of its work, SUBCONTRACTOR shall not be compensated to rectify or modify its work caused by these errors or omissions.

6.3 Quantity estimates provided in the General Contract Documents and quantity estimate sheets are for the convenience of the SUBCONTRACTOR only. Actual quantities required to complete the SUBCONTRACTOR'S scope of work described in the General Contract Documents shall be the responsibility of the SUBCONTRACTOR.

6.4 Claims related to unforeseen site conditions including any hazardous waste discovered after work commences, shall be addressed in accordance with the procedures set forth in the General Contract Documents. In addition to the procedural requirements in the General Contract Documents, SUBCONTRACTOR shall immediately stop work in the area where the hazardous conditions are found and provide immediate notice to CONTRACTOR. SUBCONTRACTOR shall not disturb, disperse, dispose, and/or move any hazardous materials.

7. Labor Matters

7.1 CONTRACTOR is a party to a current labor agreement with the Carpenters that may require certain Subcontractors also to be parties to such an agreement. A SUBCONTRACTOR who performs work claimed by this union may be required to represent that both SUBCONTRACTOR and its Subcontractors are parties to a current labor agreement with the appropriate union affiliated with the Building and Construction Trades Council of the AFL-CIO. Such SUBCONTRACTOR will require its Subcontractors, if any, to impose identical requirements on their Subcontractors. If the presence of SUBCONTRACTOR or its Subcontractors or their Subcontractors on the job should cause a strike, picketing, union claims against CONTRACTOR, fringe benefit trust claims against CONTRACTOR or Owner, or other labor difficulties, then SUBCONTRACTOR has breached this Agreement.

7.2 SUBCONTRACTOR accepts and agrees to be bound by the procedural rules and regulations and decisions of the appropriate tribunals, specified in the appropriate labor agreements for the settlement of jurisdictional disputes, and will comply immediately with any decisions of said tribunals. SUBCONTRACTOR agrees to bind, by written contract, all of its Subcontractors of every tier to said procedural rules and regulations and decisions of said tribunals in the same manner and to the same effect as provided herein with respect to SUBCONTRACTOR.

7.3 SUBCONTRACTOR is hereby notified that CONTRACTOR is signatory to a labor agreement which permits, in most circumstances, the subcontracting by CONTRACTOR to non-signatory Subcontractors in many trades. Should there be picketing, it shall be the obligation of SUBCONTRACTOR to continue the proper performance of its work. If CONTRACTOR establishes a reserve gate for SUBCONTRACTOR'S purposes during any picketing, SUBCONTRACTOR agrees to comply with the instructions given for the entry and exit of SUBCONTRACTOR, SUBCONTRACTOR'S employees and suppliers. However, CONTRACTOR is under no obligation to establish a reserve gate system, and it shall be the obligation of SUBCONTRACTOR to continue the proper performance of its work, even if SUBCONTRACTOR'S gate or point of entry is picketed.

7.4 If SUBCONTRACTOR is listed by the administrative office of any of the fringe benefit trusts as being delinquent in payment, then CONTRACTOR may assume that the listing is correct, and that SUBCONTRACTOR has therefore breached this Agreement. CONTRACTOR may pay any amounts which CONTRACTOR believes due to such trusts, and CONTRACTOR may offset the amounts paid to the trusts against any amounts then or thereafter due to SUBCONTRACTOR. Any amounts paid by CONTRACTOR to the trusts which are not reimbursed to CONTRACTOR, by offset, shall become immediately due and owing by SUBCONTRACTOR to CONTRACTOR.

CONTRACTOR, at its sole option, may issue checks for the payment of work performed under this Agreement payable jointly to SUBCONTRACTOR and the appropriate fringe benefit trusts. SUBCONTRACTOR agrees to allow CONTRACTOR or its agent to inspect, during business hours, all records relating to fringe benefit obligations.

8. Safety, OSHA, Accidents

8.1 SUBCONTRACTOR, SUBCONTRACTOR'S employees, SUBCONTRACTOR'S Subcontractors and their employees shall comply with CONTRACTOR'S Safety Program (attached hereto as Exhibit C) and all applicable State and Federal safety and health standards, orders, rules or regulations. SUBCONTRACTOR shall bear full financial responsibility for compliance. Should SUBCONTRACTOR, SUBCONTRACTOR'S employees, SUBCONTRACTOR'S Subcontractors or their employees fail to comply, within 24 hours of the time CONTRACTOR issues SUBCONTRACTOR a written notice of non-compliance, or within the time of an abatement period specified by any government agency, whichever period is shorter, then CONTRACTOR may give notice of default to SUBCONTRACTOR. In an emergency or life threatening situation, SUBCONTRACTOR shall act immediately, but only to the extent needed to abate the immediate danger.

8.2 Failure to comply with and follow CONTRACTOR'S Safety Program is not only considered a breach of contract, but may subject SUBCONTRACTOR to additional fines and penalties.

8.3 SUBCONTRACTOR and its Subcontractors who engage in any excavation or trenching work shall contact Underground Service Alert (Dig Alert) at 800/422-4133 or 800/227-2600 at least two working days prior to commencement of any such work, and update the Dig Alert reference number as required to keep it current.

9. Shop Drawings, Submittals, As-Builts

9.1 Unless otherwise stated in the Contract Documents, within fifteen (15) days from the date hereof, SUBCONTRACTOR agrees to submit its shop drawings and/or submittals as required, and to take any necessary action to make provision for anchorage, embedded items, etc. These shop drawings will be submitted in an acceptable electronic format and in a hard copy and reproducible format in a quantity as determined by the CONTRACTOR. SUBCONTRACTOR shall check all the documents, including the architectural, mechanical, electrical, landscape, civil and structural plans, and advise CONTRACTOR, in writing, if any of the items of equipment to be furnished by SUBCONTRACTOR will not enter or fit in the space provided, and/or if any special sequence of construction is necessary in order to place such equipment. SUBCONTRACTOR agrees to pay any extra cost incurred by its failure to comply with these provisions and the provisions of the related Contract Documents. SUBCONTRACTOR will be charged for any extra costs incurred by CONTRACTOR due to variances between the shop drawings and the Contract Documents, notwithstanding approvals of these items. CONTRACTOR may cancel this Agreement if SUBCONTRACTOR fails to submit shop drawings in a timely manner.

9.2 SUBCONTRACTOR agrees that shop drawing and other submittals processed by the CONTRACTOR, Architect, and/or Engineer do not become Contract Documents. The purpose of the shop drawing review is to generally verify the material quality, installed position and finish, and is intended for the SUBCONTRACTOR'S convenience in organizing its work and to permit the Architect to monitor the CONTRACTOR'S progress and understanding of the design. SUBCONTRACTOR understands that review or approval of shop drawings and/or submittals does not constitute approval for substitutions or deviations from Contract Documents. SUBCONTRACTOR must clearly identify any and all substitutions and/or deviations from Contract Documents on shop drawings and submittals. SUBCONTRACTOR must obtain written direction or approval for a substitution or deviation to the Contract Documents prior to proceeding with the work. If any substitution made by SUBCONTRACTOR is not accepted, then SUBCONTRACTOR shall provide the specified product at no additional cost and continue with diligence to complete the Subcontract without delay to the Construction Schedule.

9.3 SUBCONTRACTOR shall coordinate its work with that of other trades. Should this coordination require obtaining and review of shop drawings or submittals from other trades, it is this SUBCONTRACTOR'S responsibility to request such information from the CONTRACTOR. The SUBCONTRACTOR shall participate in the preparation of coordination drawings and schedules in areas of congestion, specifically noting and advising CONTRACTOR of any such areas of actual or potential interference. In the event that the work of any trades has to be removed, replaced, or modified or other trades must accelerate their work due to this SUBCONTRACTOR'S failure to coordinate or complete its work as required, the cost for such remedial activities will be charged to the SUBCONTRACTOR'S account in proportion to the SUBCONTRACTOR'S responsibility for such failure.

9.4 All costs to prepare and complete shop drawings are included in the Subcontract Price.

9.5 SUBCONTRACTOR agrees to maintain an up-to-date set of "as-built" or "record" drawings on the jobsite as required by the General Contract Documents. In addition to all changes, these drawings are to reflect the exact location of underground conduits, pipes, etc. Payments will be withheld if the "as-builts" are not current or in a format not acceptable to the CONTRACTOR or Owner.

10. Jobsite Provisions

10.1 SUBCONTRACTOR shall furnish all temporary services and/or facilities necessary to perform its work. CONTRACTOR is not responsible for providing parking facilities for SUBCONTRACTOR'S employees in connection with this work, nor for any charges or expenses in connection therewith. If parking is made available at or near the project, SUBCONTRACTOR may then only park in designated Subcontractor parking areas. SUBCONTRACTOR shall not erect any signs on the jobsite without prior written consent of CONTRACTOR.

10.2 CONTRACTOR shall establish principal axis lines of the building and site whereupon the SUBCONTRACTOR shall layout and be strictly responsible for the accuracy of the SUBCONTRACTOR'S Work and for any loss or damage to CONTRACTOR or others by reason of SUBCONTRACTOR'S failure to set out or perform its work correctly.

10.3 SUBCONTRACTOR shall deposit into CONTRACTOR'S waste containers, unless otherwise stated herein, sorted if required

and as often as required to maintain a safe and clean work area, all rubbish and surplus material which may accumulate from the prosecution of the work covered by this Agreement. Should SUBCONTRACTOR fail to comply, then CONTRACTOR may cause the same to be deposited and charge the expense to SUBCONTRACTOR, and offset such expense against amounts due to SUBCONTRACTOR. All work performed by the SUBCONTRACTOR shall be left in new condition, "broom-clean" and "dust-free."

10.4 SUBCONTRACTOR will provide two (2) hours of labor for every ten (10) workers for each day worked on the project, or a minimum of one (1) man-day of labor per week, to clean-up the project (general clean-up) per the direction of the CONTRACTOR'S Project Superintendent. This requirement is in addition to the SUBCONTRACTOR'S duty to remove on a daily basis all debris generated by SUBCONTRACTOR'S activities. If SUBCONTRACTOR fails to adhere to these requirements, CONTRACTOR may perform this general clean-up and charge the SUBCONTRACTOR accordingly.

10.5 SUBCONTRACTOR shall provide flagmen and traffic control, comply with air quality rules and regulations, and shall obtain approval for traffic control plans and haul routes, as required from agencies having jurisdiction.

10.6 SUBCONTRACTOR shall provide all hoisting and scaffolding required for its work.

10.7 Where appropriate, the SUBCONTRACTOR has the responsibility to field measure the areas of its work and fabricate its material accordingly.

10.8 SUBCONTRACTOR is responsible for all materials until final installation and acceptance by Owner. Any loss due to theft or breakage prior to acceptance by Owner shall be replaced by SUBCONTRACTOR at no additional cost to the CONTRACTOR.

10.9 Customer service warranty and all pick up work are the contractual responsibility of the SUBCONTRACTOR, and will be completed in a timely, professional manner.

10.10 A labor and equipment report shall be submitted to CONTRACTOR daily, quantifying personnel such as superintendents, foremen, trades people, sub-subcontractor personnel and equipment (excluding hand tools). This report will also identify the areas of activity for the reported day.

10.11 SUBCONTRACTOR'S field representative shall meet as required with the CONTRACTOR at the site to discuss scheduling, coordination, shop drawings, progress, safety, and general job conditions.

10.12 Construction water, and electricity for small hand tools, shall be provided at the jobsite by CONTRACTOR at no cost to the SUBCONTRACTOR. SUBCONTRACTOR shall provide necessary hoses, water trucks, task lighting and extension cords, ventilation and any other equipment, tools, or materials required for the performance of the work, from the source provided to perform its work. Drinking water will be supplied and distributed by each SUBCONTRACTOR.

10.13 Smoking will not be allowed at the job site unless there is a place designated by the CONTRACTOR'S superintendent.

10.14 Eating or drinking will not be allowed in any building on the job site unless there is a place designated by the CONTRACTOR'S superintendent.

10.15 In accordance with the CONTRACTOR'S Project Schedule, SUBCONTRACTOR shall schedule, coordinate and obtain all inspections required by any building inspector or applicable governing agency for SUBCONTRACTOR'S Work. SUBCONTRACTOR shall give CONTRACTOR'S Superintendent 24 hours notice of scheduled inspections. Any revisions/rework required by such inspections shall be made at no additional cost to CONTRACTOR and shall not delay the Work.

10.16 SUBCONTRACTOR will take special care in the execution of its work. Should SUBCONTRACTOR damage any surfaces or finishes, it will bear the costs for all touch-up and repairs.

10.17 If SUBCONTRACTOR utilizes any of CONTRACTOR'S equipment or facilities in connection with the work, whether furnished with or without charge, SUBCONTRACTOR assumes responsibility for such equipment and facilities. SUBCONTRACTOR accepts such equipment or facilities of CONTRACTOR upon its own examination as to the condition thereof, and "as is". Except to the extent expressly provided in writing to the contrary, SUBCONTRACTOR shall pay CONTRACTOR a reasonable rental for the use of any of CONTRACTOR'S equipment or facilities. SUBCONTRACTOR shall be fully responsible for the operation of the equipment and all associated work in the area of the equipment to assure complete safety of all workers, equipment and structures in the area in which the equipment is being used by SUBCONTRACTOR.

10.18 SUBCONTRACTOR agrees to keep a superintendent acceptable to CONTRACTOR at the jobsite during all times that its work is in progress, and the superintendent shall be authorized to represent the SUBCONTRACTOR as to all phases of the work. If the superintendent designated by SUBCONTRACTOR is unacceptable to CONTRACTOR, the SUBCONTRACTOR agrees to appoint another representative who meets the approval of CONTRACTOR.

10.19 SUBCONTRACTOR is aware that the applicable governmental agencies having jurisdiction may have set working hours. All work performed by this SUBCONTRACTOR shall occur only during the set working hours.

10.20 SUBCONTRACTOR must ensure that all trucks, vehicles, etc. used for SUBCONTRACTOR'S work are free and clean of mud or debris prior to exiting jobsite onto public streets. SUBCONTRACTOR includes street clean/wash down, as required on a daily basis. Street cleaning and/or repairs undertaken by the CONTRACTOR in connection with damage to and/or debris left in the streets resulting from SUBCONTRACTOR'S work will be charged to the SUBCONTRACTOR.

10.21 If CONTRACTOR determines that space is available onsite for SUBCONTRACTOR'S temporary offices or trailers, the CONTRACTOR must approve the size and location of these temporary facilities before they are brought to the jobsite. If temporary offices or trailers are subject to relocation or removal at the direction of the CONTRACTOR, SUBCONTRACTOR is responsible for all costs related to the relocation or removal, as well as the utility service for their respective offices/trailers. Subject to on site space availability and approval by the CONTRACTOR'S Project Superintendent, SUBCONTRACTOR may provide temporary storage bins/containers to store materials and products on site. SUBCONTRACTOR shall be responsible for the proper storage of any materials and/or products and its sole risk.

10.22 SUBCONTRACTOR storage space will be determined and assigned by the CONTRACTOR based on the needs of the Project. SUBCONTRACTOR will provide all storage facilities required to secure and protect their stored materials. A representative of the SUBCONTRACTOR shall be present to receive all deliveries. SUBCONTRACTOR will provide all equipment necessary to receive deliveries. Loading and unloading of material onsite must be approved by and coordinated with the CONTRACTOR. SUBCONTRACTOR will coordinate its deliveries and installations with the CONTRACTOR'S schedule and progress of work. SUBCONTRACTOR shall be responsible for any offsite storage costs.

10.23 SUBCONTRACTOR and its Subcontractors are required to provide their own fire extinguishers and/or protection for specific work activities such as welding, cutting, etc. in addition to what is provided by CONTRACTOR.

10.24 SUBCONTRACTOR shall provide all special barricades as required to perform its work. If the SUBCONTRACTOR requires removal, modifications, or relocation of the CONTRACTOR'S barricades or fencing, such changes will be made at SUBCONTRACTOR'S expense and only with the prior consent of CONTRACTOR. At a minimum, all barricades and fences must be secure and safe at the end of each workday and to the satisfaction of CONTRACTOR. If the SUBCONTRACTOR fails to promptly replace same, the CONTRACTOR may do the replacement and charge the SUBCONTRACTOR for all costs involved.

10.25 All move-ins to complete the work, unless specifically stated otherwise, are included.

10.26 SUBCONTRACTOR is aware that the project may be adjacent to facilities, residences, schools, and/or businesses. SUBCONTRACTOR shall take measures to minimize any impact to those facilities, neighbors, and public, including but not limited to:

- No radios or music of any kind is allowed on the jobsite
- Refrain from loud noises
- Shall not engage in rude and offensive behavior
- Shall not have any contact with the public (other than in an emergency)
- Shall not trespass on nor use any facilities of the neighboring properties

Failure to comply by the guidelines will result in immediate termination and removal from the jobsite.

10.27 SUBCONTRACTOR agrees to participate in the CONTRACTOR'S Quality Assurance Program for the Project, if applicable. SUBCONTRACTOR understands that quality control of SUBCONTRACTOR'S work is the responsibility of the SUBCONTRACTOR. SUBCONTRACTOR shall at their own expense immediately correct any work that is not in accordance with the Contract Documents.

11. Changes

11.1 Except as otherwise provided herein, SUBCONTRACTOR shall make no changes and shall be responsible for all deviations from the Contract Documents that it may make or cause. SUBCONTRACTOR shall cause all work to conform strictly to the Contract Documents unless a written authorization by CONTRACTOR shall be given, setting forth, in detail, what changes shall be made.

11.2 CONTRACTOR or Owner may, at any time, order extra Work, as well as deviations or omissions from the Contract Documents. Such changes can be directed without notice to or consent from sureties for SUBCONTRACTOR. This shall not void this Agreement or SUBCONTRACTOR'S bonds. SUBCONTRACTOR shall perform in accordance with such order and the Subcontract Price shall be adjusted equitably in accordance with this Agreement and the General Contract Documents when such request for change is initiated by Owner. The parties shall agree promptly in writing to the amount to be added to, or deducted from, the Subcontract Price. If CONTRACTOR and SUBCONTRACTOR cannot agree on the cost or time of performance for the extra work, SUBCONTRACTOR shall nevertheless perform the extra work as directed by CONTRACTOR in a timely manner.

11.3 If SUBCONTRACTOR claims extra compensation for any reason, such claim shall be made in writing to CONTRACTOR. In addition to any requirements of the General Contract Documents for an Owner initiated change request or other change for which the Owner is responsible ("Owner Change"), SUBCONTRACTOR shall include a specific statement of the nature and basis for such claim, together with an itemized breakdown of the extra compensation claimed. Such notice shall be given within five days of the occurrence of the event which caused the claim. If SUBCONTRACTOR is unable to furnish the itemized breakdown of additional compensation claimed within the time prescribed, SUBCONTRACTOR will furnish written notice of such claim within the time prescribed and will furnish an itemized breakdown as soon thereafter as SUBCONTRACTOR is reasonably able to do so, but in no event later than 15 days. CONTRACTOR will not be required to recognize any claim not made as prescribed herein.

11.4 In the event SUBCONTRACTOR submits a Change Order Request seeking extra compensation, this request shall be in a format reasonably acceptable to CONTRACTOR. CONTRACTOR'S preferred template is available upon request. Any request for a change order shall, at a minimum, consist of an itemized cost estimate outlining the change in the Work and detailed documentation justifying any proposed change in time. Costs reflected for material and labor should be actual amounts paid by SUBCONTRACTOR. In addition to the actual direct costs, SUBCONTRACTOR shall be reimbursed for Overhead (including supervision, all small tools, etc.) and Fee. The total amount for both Overhead and Fee ("Overhead and Fee") shall not exceed fifteen percent (15%) or what is allowed in the General Contract Documents for Owner Changes. Any mark-ups for insurance, bonds or other purposes shall be shown separately. Notices of changes or potential changes shall be provided by U.S. Mail to the CONTRACTOR job site address or if submitted electronically,

shall come via email with the words "Notice of Change Order Request" in the email subject line.

11.5 If any work or materials are to be furnished by SUBCONTRACTOR under time and material orders, or under change orders for which no agreed written adjustment has been made to the Subcontract Price, then SUBCONTRACTOR shall submit to the Project Superintendent each day a daily work report for approval and the work performed for that day confirmed in writing by the Project Superintendent within 24 hours. CONTRACTOR may confirm work was completed, but note that the validity of the change request is still in dispute. The daily report shall show the names and quantities of workers, including foremen, if any, employed on such work, excluding all other supervisory employees, whose compensation shall not be considered an element of cost hereunder. The report shall show the actual number of hours employed on such work, the character of the work that each person is doing, the wage rate paid or to be paid, and the total amount paid or to be paid. In addition to rendering these daily work reports, SUBCONTRACTOR shall, when any item of work has been completed, render an itemized statement to CONTRACTOR showing the total amount expended for each class of labor and each kind of material. Compensation for additional SUBCONTRACTOR'S Overhead and Fee shall be included only if agreed upon in writing prior to the commencement of the work. All unit prices shall include direct labor, payroll taxes, fringe benefits, union costs, small tools, equipment, and Overhead and Fee.

11.6 All requests for change orders related to Owner Changes shall comply with the changes provisions of the General Contract Documents and shall be submitted to CONTRACTOR in a timely fashion in order to satisfy the time requirements in the General Contract Documents. In addition, in the event of a pending change order instituted by CONTRACTOR or Owner:

- A) CONTRACTOR will send out a "Potential Change Order" (PCO) or other similar request to all concerned Subcontractors.
- B) Within ten (10) days, the PCO will be returned to CONTRACTOR with a complete cost breakdown. If the PCO does not apply to a particular SUBCONTRACTOR for that particular change, it shall submit a letter so stating. If the PCO is not returned within ten (10) days, a cost will be determined by CONTRACTOR unless SUBCONTRACTOR confirms that a price could not be reasonably provided within 10 days and that a price is forthcoming promptly.
- C) CONTRACTOR will submit a Change Order Request to the Owner, if appropriate, when all PCOs have been returned to CONTRACTOR.
- D) Upon receipt of the Change Order from Owner, Change Orders will be issued to the SUBCONTRACTOR involved.
- E) If a particular change does not involve the Owner, CONTRACTOR will review the PCO and, if approved, issue a Change Order to the SUBCONTRACTOR.

12. Payment and Lien Releases

12.1 Within 15 days of the date of execution of this Agreement, SUBCONTRACTOR shall provide a schedule of values for its work, in a form satisfactory to CONTRACTOR, Architect and Owner, dividing the work into components for billing purposes.

12.2 Prior to each billing, SUBCONTRACTOR will have the CONTRACTOR approve the percentage completed (or in the case of a unit price contract, the quantities completed), in writing. One copy of this approval will accompany the billing. Failure to follow this procedure will delay payment. SUBCONTRACTOR shall submit its monthly progress payment request no later than the date reasonably set by CONTRACTOR and which date will reasonably allow CONTRACTOR to include SUBCONTRACTOR'S payment request with its monthly request to Owner. Failure to submit a payment request by the specified date may result in the monthly request being deferred until the next month's payment application.

12.3 After CONTRACTOR has approved the payment request and determined that SUBCONTRACTOR has complied with all of CONTRACTOR'S monthly progress payment requirements, and provided that Owner shall have made payment to CONTRACTOR for SUBCONTRACTOR'S Work, CONTRACTOR shall pay SUBCONTRACTOR the amount due in full minus any retention withheld by Owner. Progress Payments shall be paid no later than 10 days following receipt of payment from Owner by CONTRACTOR as long as SUBCONTRACTOR is in compliance with the terms of this Agreement. To the extent permitted by California law or any other applicable law and without infringing upon, reducing or waiving any mechanic's lien or payment bond rights of SUBCONTRACTOR, it is expressly acknowledged that receipt of payment by the CONTRACTOR from the Owner on account of the work performed by the SUBCONTRACTOR shall be a condition precedent to any obligation by CONTRACTOR to make any payment to the SUBCONTRACTOR. To the extent Owner holds SUBCONTRACTOR'S retention until the completion of the Project and there are otherwise no disputes related to SUBCONTRACTOR'S work, the parties stipulate and agree that a reasonable time for payment of such retention will be measured from the date the Project is completed and such time will be no less than the time Owner has to make the retention payment after the Completion of the Project. No payment made under this Agreement shall be considered an acceptance of the work, in whole or in part.

12.4 The balance retained shall become due and payable from CONTRACTOR to SUBCONTRACTOR after receipt of retention by CONTRACTOR from Owner, provided SUBCONTRACTOR has submitted: 1) Conditional full and final lien release of SUBCONTRACTOR and any other sub-Subcontractors who have performed work on the project, 2) Unconditional lien releases for all prior payments received, 3) Warranty, 4) As-builts, 5) Final Unconditional Lien releases from all Union Trust Funds, if appropriate, 6) City Business License, 7) Operation and Maintenance Manuals, 8) Prevailing Wage Documentation, if appropriate and 9) other information as may be set forth elsewhere in this Agreement or the General Contract Documents.

12.5 SUBCONTRACTOR agrees to turn over the work to CONTRACTOR free and clear of all claims, encumbrances, and liens, including, but not limited to, those for taxes, labor, fringe benefits and/or materials. If CONTRACTOR has reason to believe that labor, material or other obligations incurred in the performance of SUBCONTRACTOR'S Work are not being paid, then CONTRACTOR shall give notice to the SUBCONTRACTOR and may take any steps deemed necessary to ensure that any progress payment shall be utilized to pay such obligations. Upon receipt of said notice, SUBCONTRACTOR shall:

- A) Supply evidence to the satisfaction of CONTRACTOR that the monies owing to the claimant have been paid , or
- B) Post a bond indemnifying Owner, CONTRACTOR, CONTRACTOR'S surety, and the premises from such claim or lien.

12.6 If SUBCONTRACTOR fails to furnish (A) or (B) above, then CONTRACTOR shall have the right to satisfy said claim, and to retain out of any payments due or to become due to SUBCONTRACTOR a reasonable amount to protect CONTRACTOR from any loss, damage or expense, including attorneys' fees, arising out of or relating to any such claim or lien, until the claim or lien has been satisfied by SUBCONTRACTOR.

12.7 It is understood and agreed that the full and faithful performance of this Agreement (including this section), is a condition precedent to SUBCONTRACTOR'S right to receive payment for the work performed. Accordingly, any monies paid by CONTRACTOR to SUBCONTRACTOR under this Agreement shall be impressed with a trust in favor of sub-subcontractors, labor, and material suppliers who have served SUBCONTRACTOR in connection with the work and CONTRACTOR is not required to pay such sums to SUBCONTRACTOR'S assignees or creditors without confirmation that such sub-subcontractors and vendors have received payment in full.

12.8 In case suit to establish a lien is brought by any person, firm or corporation by reason of any act or omission of SUBCONTRACTOR, and SUBCONTRACTOR wishes to oppose such suit, then it may do so at its own cost and expense (including attorneys' fees) provided that it shall first give bond or otherwise release the property to the satisfaction of the CONTRACTOR against any such liens as may be established in court.

12.9 To the extent Owner withholds payment from CONTRACTOR or fails to make payment for work by SUBCONTRACTOR because of a dispute pertaining to SUBCONTRACTOR'S work, CONTRACTOR and SUBCONTRACTOR shall work together to attempt an informal resolution of such dispute with Owner. If such dispute cannot be resolved informally with Owner, SUBCONTRACTOR agrees to cooperate with CONTRACTOR to pursue recovery of such funds jointly in accordance with the procedures set forth herein and in the General Contract Documents. SUBCONTRACTOR agrees to participate in any such dispute resolution process and to accept and be bound by any judgment or arbitration award resulting from that dispute resolution process. CONTRACTOR is not obligated to pay SUBCONTRACTOR disputed funds withheld by Owner during the period of time the Parties seek to resolve the dispute and while Owner withholds such funds. Neither this section nor any other provision of this Subcontract impairs any mechanic's lien or payment bond rights SUBCONTRACTOR may be entitled to pursue. Prior to initiating a claim against CONTRACTOR and/or its sureties for nonpayment of funds, SUBCONTRACTOR further agrees to pursue and exhaust with CONTRACTOR all available remedies against Owner (including mechanic's lien rights) for any claim related to SUBCONTRACTOR'S work that CONTRACTOR has not received payment from Owner. CONTRACTOR agrees to work with SUBCONTRACTOR in this effort and to facilitate efforts to resolve claims with the Owner. SUBCONTRACTOR agrees that exhaustion of all mechanic lien and other rights available against the Owner shall be a condition precedent to pursuing a claim against CONTRACTOR and/or its sureties. To the extent that SUBCONTRACTOR is required to file an action against CONTRACTOR before exhausting its remedies against Owner, SUBCONTRACTOR stipulates to stay such litigation until CONTRACTOR and SUBCONTRACTOR have fully pursued their claims against Owner. The Parties acknowledge that their agreement to cooperate with each other in the resolution of claims pertaining to the Owner or the General Contract Documents is specifically bargained for by each Party and is a material term upon which each relies in entering into this Subcontract. Accordingly, the Parties agree to work with each other to litigate and resolve such claims against the Owner rather than prosecute such claims against each other while such claims are unresolved with the Owner.

12.10 SUBCONTRACTOR shall cooperate fully with CONTRACTOR in securing payment to CONTRACTOR by the Owner including but not limited to providing such supporting documentation as the Owner, CONTRACTOR or General Contract Documents may require.

12.11 At any time that all monies due CONTRACTOR from the Owner are not paid, CONTRACTOR shall, in its reasonable discretion, apportion the nonpayment equitably and reduce the payments otherwise due SUBCONTRACTOR until the remaining funds are released by Owner. Such reductions shall continue until CONTRACTOR is paid all monies due it, provided however, if the withholdings do not relate to SUBCONTRACTOR'S work, SUBCONTRACTOR shall be paid in full when CONTRACTOR receives such funds from Owner and only if there is no reasonable dispute that funds withheld by Owner do not pertain to SUBCONTRACTOR'S work or actions on the Project. SUBCONTRACTOR acknowledges that this Article establishes a reasonable time for payment and that CONTRACTOR'S obligation to pay SUBCONTRACTOR shall be deferred until 30 days following the conclusion of such litigation or arbitration.

12.12 If CONTRACTOR has provided payment or performance bonds or a combination of payment and performance bonds, the obligations of CONTRACTOR and its surety to make payment (whether a progress payment or final payment) pursuant to such bonds are similarly subject to the conditions and timing set forth above.

12.13 Neither partial nor final payment to SUBCONTRACTOR shall constitute or imply acceptance of work or materials .

12.14 Payment will only be made for stored material in accordance with the General Contract Documents and as allowed by Owner.

13. Commencement and Prosecution of Work, Delays, Damages

13.1 Time is of the essence in this Agreement. SUBCONTRACTOR shall provide CONTRACTOR with any requested scheduling information for SUBCONTRACTOR'S Work. SUBCONTRACTOR agrees to commence work within 24 hours after receipt of notice to proceed from CONTRACTOR, and to prosecute its work with all diligence and efficiency, in accordance with CONTRACTOR'S time schedule, without delaying or interfering with other branches of work and to assure that the project critical path is not delayed by SUBCONTRACTOR in anyway. Should SUBCONTRACTOR fall behind CONTRACTOR'S schedule, all extra costs required to recover lost time shall be at SUBCONTRACTOR'S expense.

13.2 SUBCONTRACTOR shall cooperate and coordinate with the CONTRACTOR'S scheduling of other trades and strictly adhere to the Project Schedule outlined in Exhibit E. SUBCONTRACTOR acknowledges that this is a preliminary schedule for planning purposes and as construction progresses it may be necessary for the CONTRACTOR to make reasonable changes to the sequence and duration of various activities, including those contemplated by this Agreement, to account for unanticipated conditions and other factors which may alter CONTRACTOR'S original schedule.

13.3 If the progress of SUBCONTRACTOR'S work is substantially delayed without the fault or responsibility of SUBCONTRACTOR, then the time for SUBCONTRACTOR'S work shall be extended by Change Order to the extent obtained by CONTRACTOR under the General Contract Documents, and the Schedule of Work shall be revised accordingly. SUBCONTRACTOR will notify CONTRACTOR within three (3) days of the onset of any delay affecting SUBCONTRACTOR'S work.

13.4 It is expressly understood and agreed that the scheduling and sequence of the work is an exclusive right of the CONTRACTOR and the CONTRACTOR reserves such right to reasonably reschedule and re-sequence SUBCONTRACTOR'S work from time to time as the demands of the project require without any additional cost or expense to be paid to SUBCONTRACTOR.

13.5 CONTRACTOR, if it deems necessary, may accelerate SUBCONTRACTOR'S work by directing SUBCONTRACTOR to work overtime and if so instructed, SUBCONTRACTOR will work said overtime and CONTRACTOR will pay SUBCONTRACTOR for the actual proved incremental portion of such wages paid (the premium portion only) at rates which have been approved by the CONTRACTOR.

13.6 CONTRACTOR shall not be liable to SUBCONTRACTOR for any damages or additional compensation as a consequence of delays or interference caused by any person not a party to this Agreement, unless CONTRACTOR has first recovered the same on behalf of SUBCONTRACTOR from said person. It is understood and agreed by SUBCONTRACTOR that, apart from recovery from said person, SUBCONTRACTOR'S sole and exclusive remedy for delay of or interference with SUBCONTRACTOR'S Work shall be an extension in the time for performance of SUBCONTRACTOR'S Work.

13.7 If the General Contract Documents provide for liquidated or other damages for delay beyond the completion date set forth in the Contract Documents, and such damages are assessed, then the CONTRACTOR may assess same against SUBCONTRACTOR in proportion to SUBCONTRACTOR'S share of the responsibility for such delay. However, the amount of such assessment shall not exceed the amount assessed against CONTRACTOR. SUBCONTRACTOR shall be obligated to indemnify Contractor pursuant to Section 15 for any liquidated damages it incurs to Owner as a result of delays to the project caused by SUBCONTRACTOR'S delays in the performance of its work.

14. Acceptance, Inspection, Replacement

14.1 When SUBCONTRACTOR'S Work is applied to, or performed in conjunction with, work by others, SUBCONTRACTOR agrees not to commence such work until and unless all such related, adjacent or dependent work, services, utilities and/or materials are acceptable to it. By its commencement of work, SUBCONTRACTOR acknowledges that all said related, adjacent or dependent work, services, utilities and/or materials are acceptable to it, and waives any and all claims for damages and/or extras arising therefrom.

14.2 SUBCONTRACTOR shall furnish to CONTRACTOR, Owner and Architect ample facilities at all times for inspecting materials at the site, at the shops, or any place where materials intended to be utilized pursuant to this Agreement may be in preparation. SUBCONTRACTOR shall furnish to CONTRACTOR, as often as CONTRACTOR may require, full reports of the progress of such work. Reports shall be in such detail as may be required by CONTRACTOR.

14.3 The cost of any reinspection and/or retesting by any person having the right to make reinspection, whether by law or otherwise, shall be borne by SUBCONTRACTOR if such reinspection and/or retesting was made necessary by failure of SUBCONTRACTOR to perform the work in accordance with the Contract Documents.

14.4 SUBCONTRACTOR agrees to repair or replace promptly any or all defects in workmanship or material furnished by SUBCONTRACTOR, together with any other related, adjacent or dependent work, which may be displaced or damaged in so doing, and to be responsible for any other damages, starting no more than 24 hours after notice by CONTRACTOR of any such defect or damage. If SUBCONTRACTOR fails to comply, CONTRACTOR may proceed to have the work done at the expense of SUBCONTRACTOR. CONTRACTOR may offset the same against any amounts then or thereafter to become due to SUBCONTRACTOR, or bill SUBCONTRACTOR if SUBCONTRACTOR has been fully paid.

14.5 Quality control of subtrade work is the responsibility of the SUBCONTRACTOR. If the SUBCONTRACTOR fails to provide quality control or fails to cure its deficiencies after a 24 hour written notice, the CONTRACTOR will provide quality control of the SUBCONTRACTOR'S trade work on the SUBCONTRACTOR'S behalf. The cost of this quality control will be deducted from the SUBCONTRACTOR'S contract, or paid by SUBCONTRACTOR to CONTRACTOR if there is no contract balance remaining.

15. Indemnification

15.1 To the fullest extent permitted by law, SUBCONTRACTOR hereby agrees to indemnify and hold CONTRACTOR, the Owner, CONTRACTOR'S Client if other than Owner, and any other entities or individuals the CONTRACTOR is required to indemnify pursuant to the contract between Owner and Contractor, harmless from any and all claims, demands, liabilities, judgments, liens, encumbrances, penalties, arbitration awards, lawsuits, costs and expenses (including attorneys' fees) whether or not they are well founded arising out of, resulting from or in anyway related to SUBCONTRACTOR'S work under or performance of this Agreement and the scope of work set forth herein. They shall include, but not be limited to: (A) Those with respect to performance of obligations imposed by law, royalties or patents, for public liability, property damage, injury or death of persons, and (B) those against CONTRACTOR by reason of or in connection with any breach by SUBCONTRACTOR concerning work to be performed, including but not limited to product quality and performance. This indemnity agreement shall apply without regard to whether or not CONTRACTOR is passively negligent in respect to the claim, demand,

loss, judgment or liability. If requested by CONTRACTOR, SUBCONTRACTOR will undertake to provide the defense of any such actions subject to the limitations of Civil Code section 2782.05 (when applicable). CONTRACTOR may defend such actions at SUBCONTRACTOR'S expense, and SUBCONTRACTOR shall pay upon demand and/or CONTRACTOR may offset the same against any amounts then or thereafter to become due to SUBCONTRACTOR. CONTRACTOR agrees to cooperate with SUBCONTRACTOR in connection with the defense of any such actions. SUBCONTRACTOR will not provide indemnity against liability or loss caused by the sole or active negligence or sole willful misconduct of CONTRACTOR. This indemnity agreement shall be interpreted so as to comply with and be enforceable under the California Civil Code including Sections 2782 and 2782.05 and any provisions that are found to be inconsistent with those sections shall be read to meet the requirements of such code sections, or other applicable California Law.

15.2 This indemnification agreement shall survive any termination of this Agreement and remain in full force even after final payment is made by CONTRACTOR to SUBCONTRACTOR and the limitations in this indemnity agreement are not intended to and do not limit the scope of additional insured coverage required of SUBCONTRACTOR which is set forth in Exhibit D to this Agreement.

15.3 To the extent not prohibited by law at the time this Agreement is executed, SUBCONTRACTOR and each indemnitor identified in Section 15.1 agrees to further indemnify each of the indemnities identified in Section 15.1 for their concurrent active negligence for all claims that come within the scope of such indemnity obligation.

16. Warranty

16.1 SUBCONTRACTOR shall remove, replace and/or repair, at its own expense, any faulty, defective or improper work, materials or equipment discovered within one (1) year or for such longer period as may be provided in the General Contract Documents or by statutory limitations. Without limitation by the foregoing, SUBCONTRACTOR shall pay for all damage to the Project resulting from defects in its work and all costs and expenses necessary to correct, remove, replace and/or repair the work and any other work or property which may be damaged in correcting, removing, replacing or repairing the work. SUBCONTRACTOR will rectify any loss or damage sustained because of a breach of contract by SUBCONTRACTOR, even if the loss or damage is discovered after more than one year. Prior to final payment, SUBCONTRACTOR shall submit to CONTRACTOR a warranty on CONTRACTOR'S form. Warranties on all products and equipment shall begin on the date established by the General Contract Documents, regardless of when the equipment was started for temporary use, testing or permanent use, unless Owner executes a special acceptance agreement for each piece of equipment relinquished for Owner's beneficial use.

17. Arbitration, Dispute Resolution

17.1 All questions concerning the validity, interpretation or performance of this Agreement and any of its terms or provisions or of any rights or obligations of the Parties hereto shall be governed by and resolved in accordance with the laws of the State of California. To the extent a dispute arises under the terms of this Agreement, it shall be deemed to have been executed in Los Angeles County, State of California. The SUBCONTRACTOR agrees that venue for any action brought to enforce any of the terms and provisions of this Agreement shall be brought in Los Angeles County, State of California.

17.2 In case of any dispute between CONTRACTOR and SUBCONTRACTOR, in any way relating to or arising from any act, omission or claim of the Owner or involving the Contract Documents, SUBCONTRACTOR agrees to be bound to CONTRACTOR to the same extent that CONTRACTOR is bound to the Owner, by the terms of the General Contract Documents, and by any and all preliminary and final decisions or determinations made thereunder by the party, board, arbitrator or court so authorized in the General Contract Documents or by law, whether or not SUBCONTRACTOR is a party to such proceedings. In case of such dispute, SUBCONTRACTOR will comply with all provisions of the General Contract Documents allowing a reasonable time for CONTRACTOR to analyze and forward to the Owner any required communications or documentation. CONTRACTOR will, at its option, (1) present to the Owner, in CONTRACTOR'S name, or (2) authorize SUBCONTRACTOR to present to the Owner, in CONTRACTOR'S name, all of SUBCONTRACTOR'S claims and answer the Owner's claims involving SUBCONTRACTOR'S work, whenever CONTRACTOR is permitted to do so by the terms of the Contract Documents. CONTRACTOR will further invoke on behalf of SUBCONTRACTOR, or allow SUBCONTRACTOR to invoke, those provisions in the Contract Documents for determining disputes. Nothing herein shall require CONTRACTOR to certify a claim under a government contract when it cannot do so in good faith. If such dispute is prosecuted or defended by CONTRACTOR, SUBCONTRACTOR, at its own expense, agrees to furnish all documents, statements, witnesses, and other information required by CONTRACTOR and to pay or reimburse CONTRACTOR for all costs incurred by CONTRACTOR in connection with the dispute including that portion of CONTRACTOR'S attorneys' fees incurred to present and prosecute SUBCONTRACTOR'S claim or defend against that portion of Owner's claim related to SUBCONTRACTOR'S work. The Subcontract Price shall be adjusted by SUBCONTRACTOR'S allocable share determined in accordance with the payment provisions herein.

17.3 If any dispute that is not covered by the preceding paragraph arises regarding the work required under this Subcontract, or regarding the rights and obligations of SUBCONTRACTOR under the terms of this Agreement or the Contract Documents, or if any dispute arises between SUBCONTRACTOR and one or more Subcontractors regarding the Contract Documents or the work to be performed on this project, such dispute shall be subject to arbitration.

17.4 Subject to Section 17.3 above, arbitration shall be in accordance with the Construction Industry Rules of the American Arbitration Association in effect at the time the arbitration is held, and a judgment shall be entered on the award upon request by any party to the arbitration. The arbitration shall be conducted in Los Angeles County, California. Should any Party refuse or neglect to appear or participate in arbitration proceedings, the arbitrator is empowered to decide the controversy in accordance with whatever evidence is presented by the Parties who do appear. The arbitrator is also authorized to make an award in favor of one SUBCONTRACTOR and against another. If CONTRACTOR notifies SUBCONTRACTOR that CONTRACTOR contends any litigation brought under this paragraph involves a controversy within the scope of the previous paragraph (Owner related issues) the dispute process shall be stayed until the dispute resolution process with the Owner is completed and it is determined that the controversy, or any portion of it, was not resolved in the Owner related proceedings.

18. Default, Breach of Contract

18.1 In the event (A) SUBCONTRACTOR is, or in CONTRACTOR'S sole discretion appears to be unable to complete the work on schedule or in the manner called for; or (B) SUBCONTRACTOR is unable or fails for any reason to perform fully any and all of the agreements herein contained; or (C) any of the warranties given by SUBCONTRACTOR are breached; or (D) SUBCONTRACTOR is adjudged bankrupt or becomes insolvent or takes advantage of state or federal insolvency laws; or (E) SUBCONTRACTOR fails, refuses or neglects to supply a sufficient number of properly skilled workers, or a sufficient quantity of materials of proper quality; or (F) SUBCONTRACTOR fails to correct a safety deficiency; or (G) SUBCONTRACTOR fails in any respect to prosecute the work covered by this Subcontract Agreement with promptness or diligence; or (H) SUBCONTRACTOR otherwise is in material breach of this Agreement, then CONTRACTOR may, at its option (i) withhold payment for work performed on this Project or payment of any other obligation of CONTRACTOR to SUBCONTRACTOR until there has been a compliance with the terms hereof; and/or (ii) after giving a 24 hour notice to SUBCONTRACTOR, take over all or a portion of the work of SUBCONTRACTOR (subject to reinstatement thereof if CONTRACTOR so elects) and provide any labor and materials as, in CONTRACTOR'S sole discretion, may be needed to complete all or any portion of the work of SUBCONTRACTOR hereunder; or (iii) terminate SUBCONTRACTOR'S performance under this Agreement.

18.2 In the event of either taking over under subsection (ii) above, or a termination under subsection (iii) above, CONTRACTOR shall have the right to enter upon the premises and take possession of all materials thereon and any equipment unique to the Project, for the purpose of completing SUBCONTRACTOR'S work hereunder, and CONTRACTOR may employ any other person or persons to complete the work and furnish the materials therefore. CONTRACTOR shall have a lien upon such materials, to secure the payment by SUBCONTRACTOR of any amounts which may then or thereafter become due from SUBCONTRACTOR to CONTRACTOR pursuant to the provisions of this Agreement. SUBCONTRACTOR shall be entitled to reimbursement for any use of SUBCONTRACTOR'S equipment and such equipment shall be returned upon completion of SUBCONTRACTOR'S work. SUBCONTRACTOR shall cooperate with CONTRACTOR to facilitate an orderly transition.

18.3 If CONTRACTOR, by reason of default on the part of SUBCONTRACTOR, suffers any expense, then SUBCONTRACTOR agrees to reimburse CONTRACTOR for such expense. This expense may be caused by damages (actual or liquidated), penalties, costs of effecting compliance with Contract Documents, attorneys' fees incurred in defending claim by other parties arising out of SUBCONTRACTOR'S default, loss of profits by CONTRACTOR, or other causes not listed here. Damages may be evidenced by CONTRACTOR'S out-of-pocket expenditures, or by refunds, adjustments, reductions in contract price, or other offsets against monies otherwise due CONTRACTOR under Contract Documents.

18.4 If SUBCONTRACTOR is unable or unwilling to pay CONTRACTOR, then CONTRACTOR shall have the right to retain the amounts out of any payments due or to become due to the SUBCONTRACTOR from this or any other Agreement between CONTRACTOR or other Morley Builders entity and SUBCONTRACTOR.

19. Termination Without Cause

19.1 In addition to CONTRACTOR'S other rights hereunder, CONTRACTOR reserves the right to terminate this Subcontract Agreement or any portion of this Agreement without cause, by written notice to SUBCONTRACTOR. In the event of such termination without cause, subject to the requirements of the General Contract Documents, SUBCONTRACTOR shall be entitled only to payment as follows: (A) for the out-of-pocket cost of the work actually completed or the value of such portion of work as set forth in SUBCONTRACTOR'S schedule of values, whichever is less; (B) for other out-of-pocket costs actually incurred by SUBCONTRACTOR to comply with the direction to terminate this Agreement and assure an orderly transition of its work back to CONTRACTOR and (C) 10% of the costs specified in subsections (A) and (B) above, to cover Overhead and Fee on reimbursable costs. There shall be deducted from such sums the amount of any payments made to SUBCONTRACTOR prior to the effective date of such termination.

19.2 SUBCONTRACTOR shall not be entitled to any claim or lien against CONTRACTOR or Owner for additional compensation or damages in the event of such termination and shall not be entitled to any unearned profits on work not performed or material not provided to the project. In the event of any default termination by CONTRACTOR under the other provisions of this Subcontract Agreement, and a determination that CONTRACTOR did not have a right to so terminate, then such termination shall automatically be deemed to have been undertaken by CONTRACTOR pursuant to the provisions of this Section as of the date of the purported termination under another provision hereof. SUBCONTRACTOR'S rights in such event shall be limited to those provided for the benefit of SUBCONTRACTOR in this Section.

20. Miscellaneous Provisions

20.1 All rights and remedies of CONTRACTOR hereunder are cumulative and in addition to those existing at law or in equity, and the exercise of any one or more thereof by CONTRACTOR shall not be construed to constitute a waiver of any others. Waiver by CONTRACTOR of any breach or default on the part of SUBCONTRACTOR shall not be construed to constitute a waiver of any other breach or default on the part of SUBCONTRACTOR.

20.2 This Agreement shall inure to the benefit of, and shall be binding upon the assigns of CONTRACTOR. SUBCONTRACTOR shall not subcontract, assign or transfer this Agreement, or any other part thereof, without the written consent of CONTRACTOR. The provisions of this Agreement shall apply to SUBCONTRACTOR under any change of name or association or joint venture, including any person who may have been a principal financially associated with SUBCONTRACTOR.

20.3 All notices which either CONTRACTOR or SUBCONTRACTOR may be required or desire to serve upon the other pursuant to this Agreement, shall be in writing and shall be deemed given (except as otherwise expressly herein provided) when 1) deposited, postage prepaid, in a receptacle authorized by the United States Postal Service, addressed as shown on Page One, or at such other address provided in writing by CONTRACTOR to SUBCONTRACTOR; or 2) by fax; or 3) by email with corresponding email confirmation receipt.

20.4 If the General Contract for the Project is not awarded to CONTRACTOR, or if an award is revoked or the project abandoned, this Agreement shall be null and void from the beginning.

20.5 This Agreement shall not be effective for any purpose, and SUBCONTRACTOR is not authorized to perform any of the work hereunder, until this contract has been executed by both parties. If SUBCONTRACTOR fails to return an executed copy of this Agreement to CONTRACTOR within ten (10) days after the date shown hereon, CONTRACTOR may terminate any and all rights of SUBCONTRACTOR to perform the work herein. CONTRACTOR shall have the right, at its own option, to enter into an agreement with another SUBCONTRACTOR for the performance of the said work, or any portion thereof, or to perform such work itself, without prejudice to CONTRACTOR'S right to recover any damages suffered by reason of SUBCONTRACTOR'S failure to execute this Agreement.

20.6 SUBCONTRACTOR'S commencement of the work, including the ordering of materials, shall be deemed an effective mode of acceptance of this Agreement. Any acceptance of this Agreement is limited to acceptance of the express terms contained in this Agreement and these attached terms.

20.7 In the event CONTRACTOR incurs any cost or expense due to the failure of the SUBCONTRACTOR to comply with any of the terms or provisions included herein, SUBCONTRACTOR agrees to directly reimburse CONTRACTOR for the actual cost or expense as called for above, attorneys' fees, plus a 15% administrative charge.

20.8 CONTRACTOR employs various programs for submitting and exchanging information in an electronic format rather than in paper form. SUBCONTRACTOR agrees to acquire and employ all equipment and software required to submit and exchange such electronic documentation with CONTRACTOR including electronic copies of drawings, change order request, RFIs and other project documentation. The Parties also agree that this Agreement and other documentation pertaining to the Project or this Agreement can be signed electronically using a generally accepted industry program for executing documents by electronic signature.

20.9 SUBCONTRACTOR acknowledges and agrees to comply with any confidentiality requirements imposed by Owner in the General Contract Documents or otherwise and that no photographs or other information taken from the Project site will be shared with persons not on the project team in hard copy or electronic copy including posting of photographs on websites, bulletin boards or similar means of sharing photographs on the internet.

21. List of Exhibits

21.1 The Contract Documents include each of the following Exhibits:

- Exhibit A.012 - List of Documents
 - Exhibit B - Project Brochure
 - Exhibit C - Safety Requirements
 - Exhibit D - Insurance Requirements and Procedures
 - Exhibit E.001 - Project Schedule
 - Exhibit F - General Clauses
 - Exhibit G - Inclusions
 - Exhibit H - Exclusions
 - Exhibit I - Alternates
 - Exhibit J - Payment & Performance Bond Forms
 - Exhibit K - MEP Coordination Requirements
 - Exhibit L.001 - Site Logistics Plan_02.05.2016
 - Exhibit M - Project Performance and Liquidated Damages
 - Exhibit N - Job Closeout
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Exhibit A.012 - List of Documents (See Attached)

Exhibit B - Project Brochure (See Attached)

Exhibit C - Safety Requirements (See Attached)

Exhibit D - Insurance Requirements and Procedures (See Attached)

Exhibit E.001 - Project Schedule (See Attached)

Exhibit F - General Clauses

1. This is intended to be a lump sum SUBCONTRACT AGREEMENT. Therefore, SUBCONTRACTOR includes any and all materials, labor, equipment, and cost escalation necessary to complete the work in accordance with the Contract Documents. SUBCONTRACTOR includes, but is not limited to, the following list of items. This list is for clarification only and not intended to be "all-inclusive".
2. ARTICLE No. 3 - "Insurance" - Add the following paragraph:
 - a. Refer to Exhibit "D", General Liability Owner-Controlled Insurance Program (OCIP), for project insurance requirement information. All Subcontractors and their subcontractors of any tier will be required to enroll in the Owner-Controlled Insurance Program (OCIP). SUBCONTRACTOR is still required to provide insurance coverage for those areas not covered by the OCIP, such as Worker's Compensation & Employer's Liability Insurance, E and O, Auto, etc. as outlined in the exhibit.
3. ARTICLE No. 4 - "BOND" - Add the following paragraph:
 - a. SUBCONTRACTOR to provide payment and performance BOND for all scope of work included, unless specifically noted otherwise.
4. ARTICLE No. 8 - "Safety, OSHA, Accidents" - Add the following paragraph:
 - a. SUBCONTRACTOR to conform to the following code requirement: California Code of Regulations Article 3, Section 1509, Par. (a-e) and Article 110, Section 5194 requires that every employer participating on this project must have on file at the jobsite prior to commencing work the following: (1) Code of Safe Practices, and (2) Job Specific Safety Program. Provide a copy to the job office to ensure compliance and to maintain a ready reference prior to starting work on-site.
 - b. SAFETY IS OF UTMOST IMPORTANCE! SUBCONTRACTOR to report any injuries, unsafe working conditions or damage to the jobsite to the Jobsite Superintendent immediately. SUBCONTRACTOR to comply with all Federal and state regulations with respect to safety procedures.
 - c. SUBCONTRACTOR shall cooperate fully with CONTRACTOR's Subcontractor Drug Testing Policy (see Exhibit "C"). Proper forms must be signed prior to working on site.
 - d. SUBCONTRACTOR shall perform fire watch on a daily basis per OSHA regulations if welding, torching, etc.
 - e. SUBCONTRACTOR shall participate in CONTRACTOR'S Click Safety Program. Workers assigned to the project will have completed the online program and have certificate prior to arriving to jobsite.
5. ARTICLE No. 9 "Shop Drawings, Submittals, As-Builts" - Add the following paragraphs:
 - a. SUBCONTRACTOR shall provide electronic copies in PDF format AND four (4) hard copies of all shop drawings and submittals and four (4) samples of all sample submittals to CONTRACTOR for approval, or more as requested by CONTRACTOR. Shop drawings and submittals shall typically be returned to SUBCONTRACTOR electronically (via email or FTP site).
 - b. SUBCONTRACTOR to provide As-Built drawings, Operations and Maintenance Manuals, and OWNER Training sessions in accordance with Exhibit N, the Contract Documents, and Specification Sections 01 78 23, 17 78 39, and 01 79 00. As-Built Drawings to be created using the most current version of AutoCAD. Electronic copies of final As-Built AutoCAD files shall be turned over to the OWNER during closeout period. Closeout documents will consist of one (1) electronic copy and two (2) hard copies.
6. ARTICLE No. 10 - "Jobsite Provisions" - Add the following paragraphs:
 - a. All work shall be performed during Project's work hours of 7:00 A.M. - 9:00 P.M., Monday through Friday, and 8:00 a.m. - 6:00 p.m. on Saturday. No work on Sundays. Hauling and deliveries are limited to 7:00 A.M - 3:30 P.M. Work shall not be performed on weekends or holidays without prior approval from the Project Superintendent. Approval will require seventy-two (72) hour notification from SUBCONTRACTOR. The durations indicated on the Project Schedule are based upon five (5) working days per week. All other time durations in this Agreement are calendar days.
 - b. Employee Parking - Parking costs are the responsibility of the SUBCONTRACTOR. SUBCONTRACTOR understands that parking will not be available on site. SUBCONTRACTOR also understands that no parking is permitted on surrounding residential streets per the conditions of approval. Loading and unloading of equipment and/or delivery trucks must be approved and coordinated by the CONTRACTOR'S Jobsite Superintendent.
 - c. The CONTRACTOR'S phones, fax machines, copiers, and other temporary office facilities are not available for use by SUBCONTRACTOR.

d. SUBCONTRACTOR to participate in on-site recycling program through proper sorting and disposal of construction debris and trash as designated by waste hauling company. Except as otherwise noted, bins provided by CONTRACTOR.

e. SUBCONTRACTOR will provide temporary ventilation systems, as required by OSHA, or other appropriate governmental agencies, for their specific scope of work or task as required to maintain a safe environment and the Project Schedule. Coordinate system installation and locations with Project Superintendent.

f. Use of CONTRACTOR'S tower cranes will be available during the structural concrete and structural wood framing phases of the project only (to be erected during concrete slab on grade operation and to be removed after framing and drywall stocking). Hoisting before and after this time period will be the responsibility of the SUBCONTRACTOR. SUBCONTRACTOR'S use of tower cranes will be limited to major deliveries of heavy equipment only. Small deliveries, daily loading, and forklifts for loading of deliveries will remain the responsibility of the SUBCONTRACTOR. Limits of tower crane capabilities are shown in Exhibit L. SUBCONTRACTOR to coordinate and schedule the use of tower cranes with CONTRACTOR'S Superintendent 72 hours in advance. Use of CONTRACTOR'S manlift/material-hoist will be available during construction of the residential buildings (to be removed after plaster is complete). SUBCONTRACTOR is responsible for all hoisting related costs such as rigging, hookmen, after hour crane use, etc. All other hoisting to be provided by SUBCONTRACTOR. Elevators will not be available for SUBCONTRACTOR'S use.

g. All operations, material deliveries, staging and building access is based on Benchmark Contractors, Inc. Site Access & Phasing Plan (refer to Exhibit L). No staging or jobsite access will be permitted on Hollywood Blvd. SUBCONTRACTOR must coordinate and schedule all material deliveries and unloading of material with CONTRACTOR on a daily basis. Materials to be ordered and available for delivery per the CONTRACTOR'S schedule. Deliveries to site on an as-needed-basis, stockpiling or storage is subject to approval by the Project Superintendent. SUBCONTRACTOR agrees to purchase all necessary material in a timely manner to ensure the supply of such material for the subject work.

h. Delivery of materials includes unloading and distribution/spreading of the products to each building and each floor level. Includes removal of all packing materials and debris into CONTRACTOR'S BINS. SUBCONTRACTOR to load and spread materials so as not to overload or cause excessive deflection to supporting structure. Prior to first shipments, SUBCONTRACTOR to submit a stocking plan for review and approval by CONTRACTOR and Structural Engineer. SUBCONTRACTOR will be responsible for all required changes to the submitted stocking plan.

i. No deliveries shall be made without specific approval from the CONTRACTOR'S Project Superintendent. A representative of the SUBCONTRACTOR shall be present to receive all deliveries. Any unloading or distribution work performed by the CONTRACTOR on SUBCONTRACTOR'S behalf shall be performed on a time and material basis, whose cost will be the responsibility of SUBCONTRACTOR.

j. Employee vehicles and delivery trucks are prohibited from staging on city streets, except as noted on approved haul route or staging plans. SUBCONTRACTOR will schedule all material and equipment deliveries during nonpeak travel periods as required. SUBCONTRACTOR to obtain and pay for all special permits (street use/encroachment permits, etc.) required for SUBCONTRACTOR'S loading and unloading of materials beyond CONTRACTOR'S permitted staging areas.

k. CONTRACTOR to provide temporary electrical power and (spider) boxes for use by the SUBCONTRACTOR (120 volt, 20 amp, single phase). SUBCONTRACTOR to coordinate relocation/distribution of boxes as required for their work. No power for welding will be provided, SUBCONTRACTOR is responsible to provide all power associated with the operation of welding equipment.

l. The CONTRACTOR will provide temporary lighting per OSHA minimum requirements. Additional task lighting, if required, shall be the responsibility of the SUBCONTRACTOR.

m. SUBCONTRACTOR understands that some final building finishes will have exposed structural concrete floors throughout. SUBCONTRACTOR is responsible for protecting all concrete floors from damage from their work. Includes replacing existing protection damaged by SUBCONTRACTOR during SUBCONTRACTOR'S work. BLUE Chalk only layout lines only are allowed (no spray paint). Any equipment (i.e., forklifts, scissor lifts, etc.) used within the building must be approved in advance by CONTRACTOR; if approved, such equipment shall have white tires to protect slabs from damage.

n. There will be no onsite SUBCONTRACTOR temporary offices or trailers allowed. SUBCONTRACTOR shall be responsible for all costs for own offsite offices/trailers.

7. ARTICLE No. 11 - "Extras, Credits, Modifications" - Add the following paragraphs:

a. If CONTRACTOR and SUBCONTRACTOR cannot agree on the cost or time of performance for the Change Order work, SUBCONTRACTOR shall nevertheless perform the work as directed by CONTRACTOR in a timely manner as required to not delay the work.

b. SUBCONTRACTOR change order requests (CORs) shall be submitted by SUBCONTRACTOR in a format acceptable to CONTRACTOR. CONTRACTOR'S preferred template is available upon request. This format shall include, at a minimum, labor hours and direct hourly rates by labor classification, direct material costs, and direct equipment rental costs. All markups, including but not limited to overhead, profit, and bond (if applicable), shall be shown separately. Backup from second-tier subcontractors and/or vendors is required. Failure to submit COR in an acceptable format with all price breakdowns requested shall be grounds for denial of COR.

c. Any work performed on a "time-and-materials" basis must be verified in writing by CONTRACTOR that work day. SUBCONTRACTOR is responsible for requesting such verification on a daily basis in the form of a time ticket, extra work authorization, etc. If verification is not requested within 24 hours, SUBCONTRACTOR may not be compensated for work. If verification is requested but is disputed by CONTRACTOR, CONTRACTOR will make note on ticket and this work will be subject to further review.

d. The total amount for both Overhead and Fee on any requests for extra compensation (SUBCONTRACTOR'S change order requests) shall not exceed ten percent (10%) (in lieu of 15% as stated in the fourth paragraph of Article 11) as defined in the prime contract.

8. ARTICLE No. 12 - "Payment and Lien Releases" - Add the following paragraphs:

a. SUBCONTRACTOR understands that as-built drawings, warranties, guarantees, operation and maintenance manuals, certificate of compliance, union clearance letters stating the required union benefit accounts are current, etc., are required to be submitted prior to final payment. In the SUBCONTRACTOR'S Schedule of Values, two percent (2%) of the total Subcontract amount will be established as the value of these items.

b. Retention shall be ten percent (10%). Early release of retention for specific trades must be approved by CONTRACTOR, OWNER, and LENDERS.

c. SUBCONTRACTOR understands that Subcontractor Daily Reports (required to be submitted daily), Jobsite Weekly Safety Meeting Reports, and other required submittals must be current in order for progress payments to be processed.

9. ARTICLE No. 13 - "Commencement and Prosecution of Work, Delays, Damages" - Add the following:

a. Project Schedule - SUBCONTRACTOR shall cooperate and coordinate with the CONTRACTOR'S scheduling of other trades and strictly adhere to the Project Schedule outlined in Exhibit E and performance criteria outlined in Exhibit M.

b. SUBCONTRACTOR understands that maintaining of the Project Schedule is critical and SUBCONTRACTOR'S scope will require multiple phases of the project to be ongoing simultaneously with multiple phased turnover dates as outlined in Exhibit E. SUBCONTRACTOR further understands that there are liquidated damages associated with these phased turnover dates as outlined in Exhibit M and SUBCONTRACTOR will be responsible for such liquidated damages for delays in achieving phased turnover dates as outlined in Exhibit E and as allowed under paragraph 6 of Section B of the Subcontract Agreement and defined in Exhibit M. SUBCONTRACTOR has included all costs (including but not limited to shop drawing detailing, submittals, workmen, materials, and supervision for all phases) associated with appropriately sequencing the construction and temporary facilities as required to accommodate the multiple Temporary Certificates of Occupancy required for this project. This includes Temporary Certificates of Occupancy at a minimum for the following phase of work: Parking Structure, Retail, Building 5, Building 6, Building 7, and Building 8.

c. It is SUBCONTRACTOR'S responsibility to submit all product data, shop drawings, and to release material for fabrication in a timely manner as not to have a negative impact or delay the schedule. Submission times to include adequate time for proper review and corrections, if necessary, of such submittals.

10. ARTICLE No. 16 - "Guarantee, Warranty" - Add the following paragraph:

a. All equipment warranties shall begin on the date of Substantial Completion of the final phase (last TCO), as defined by the Contract Documents, regardless of when the equipment was started for temporary use, testing or permanent use.

11. ARTICLE No. 20 - "Miscellaneous Provisions" - Add the following paragraphs:

a. Assignment of Contract - Pursuant to the General Conditions of the OWNER'S General Contractor Agreement, this Subcontract/Purchase Order is freely assignable by CONTRACTOR to OWNER or OWNER'S designee. The SUBCONTRACTOR shall continue to perform under this Subcontract Agreement in the event the OWNER-CONTRACTOR Contract is terminated, and the OWNER shall take an assignment of said Subcontract Agreement/Purchase Order and request such SUBCONTRACTOR to continue such performance.

SUBCONTRACTOR further acknowledges that by signing this Agreement, that the OWNER is an express third party beneficiary of the Subcontract Agreement.

b. SUBCONTRACTOR agrees that it will not, without prior written approval of the OWNER, publicize the fact that it has entered into the Contract Documents, or disclose, confirm, or deny any details of the Contract Documents. SUBCONTRACTOR agrees that it will not use the OWNER'S name in connection with SUBCONTRACTOR'S publicity with respect to the Project without prior review and written approval in each instance by the OWNER. SUBCONTRACTOR shall also insert the terms of this provision in all contracts and/or agreements executed in connection with the services to be performed under the Contract Documents and require that its Subcontractors of all tiers and Suppliers of all tiers do the same.

c. MODEL UNITS - SUBCONTRACTOR understands that it is anticipated the OWNER will require several apartment units be designated as "Models". SUBCONTRACTOR agrees that these Models shall be constructed out of sequence, at an accelerated schedule dictated by OWNER, and that SUBCONTRACTOR will build them as such at no additional cost to the OWNER or CONTRACTOR. There will be a total of four (4) Residential units and one (1) Live/Work unit mocked-up with exact units to be determined.

d. All labor, material, and equipment costs to remain unchanged throughout the duration of the project. SUBCONTRACTOR has included all costs associated with any escalation as required to accommodate the Project Schedule.

e. SUBCONTRACTOR is aware that they are working around existing facilities and services and shall take appropriate measures not to impact said facilities and services, including required coordination with the existing underground MTA system, Hollywood Walk-of-Fame, surrounding businesses and neighbors, etc.

f. Project documentation and correspondence may be sent electronically. SUBCONTRACTOR is capable of receiving and sending electronic documentation and correspondence as an adequate form of communication. SUBCONTRACTOR includes all reprographic costs for drawings sent electronically throughout construction.

g. SUBCONTRACTOR will notify CONTRACTOR immediately should there be any evidence of unexpected soil conditions, hazardous wastes, or unexpected obstructions. SUBCONTRACTOR will take full responsibility for any event that occurs if these conditions are known and work proceeds without authorization.

h. Install flexible materials and connections as required across all seismic/expansion joints to allow for movement.

i. Includes caulking/acoustical sealant as required for SUBCONTRACTOR'S work.

j. SUBCONTRACTOR is aware that MTA vents and vaults directly adjacent to the demolition must remain operable at all times. This includes keeping the vents and vaults clean and clear from all debris and demolition activities.

k. All products supplied by SUBCONTRACTOR shall have L.A. City Research Reports as required. Ensure full compliance with all governing agency requirements including UL devices, samples and test certificates.

l. It is understood by the parties hereto that the Drawings and Specifications necessary for construction of the Project are complete enough so as to enable SUBCONTRACTOR to complete the project for the lump sum price, and that although the Drawings and Specifications are adequate for pricing and, in certain respects, performance of the Work, completion of the Drawings and Specifications will be accomplished from time to time. No adjustment in the lump sum price or Contract Time shall be made unless completion of the Contract Documents results in a "Scope Change". A "Scope" Change shall be a change which (i.) was not reasonably foreseeable or inferable by a SUBCONTRACTOR of SUBCONTRACTOR'S experience and expertise from the Drawings and Specifications and (ii.) commits SUBCONTRACTOR to utilize more or special labor, supervisory personnel or construction materials than originally intended or requires additional time or a change in Schedule or sequence.

Exhibit G - Inclusions

Specific Requirements

001. SUBCONTRACTOR shall provide all labor, materials, tools, equipment, supervision, etc., to provide the complete Painting scope of work for The Blvd 6200 - South project in accordance with the Plans (including all plan revisions through BULLETIN #10, all exhibits, subcontract boilerplate, drawings, specifications, reports, RFC's, RFI's and MBD's, etc.) and Specifications and other documents identified in Exhibit A.012. The scope of work includes, but is not limited to the following items. This list is for clarification only and not intended to be "all-inclusive".
002. Subcontractor is aware that Garage and Building were split into two contracts and awarded to two Subcontractors. All Garage and Building estimates are considered stand alone and were awarded separately. Painting contractors are required to coordinate all transitions.
003. SUBCONTRACTOR to furnish and install all interior scaffold and/or ladders for own work. CONTRACTOR will provide scaffold around exterior facades. Prior to using any scaffolding the SUBCONTRACTOR will perform a daily inspection with written documentation by a certified Scaffolding Competent Person. Scaffold will only be used by employees with proof of Scaffold User Training and no one can alter change or remove any parts of the scaffolding unless deemed safe by a designated Scaffolding Competent Person.
004. Samples for each color/sheen/type of paint system. Samples are on rigid backing, in "step" coats and labeled for application location.
005. Number of coats specified is the minimum number acceptable. If none specified, figure three coats. If full coverage is not obtained, apply additional coats until proper coverage as acceptable to Contractor, Owner and Architect. Cost for additional coverage is at no charge to contract.
006. Materials are stored in a well-ventilated area not less than 45 degrees F. Containers are tightly covered, free of foreign material and residue. Rags and waste material are NOT be stored or kept with paint material.
007. Verify substrates for conformance with Maximum Moisture Content as outlined in Specification. If necessary, measure with electronic moisture meter.
008. Paints meet or exceed VOC emissivity requirements of SCAQMD and City of Los Angeles.
009. Verify compatibility of field finish paint with factory primers.
010. All required surface preparation prior to paint application.
011. Prepare ferrous metal surfaces as recommended by paint manufacturer.
012. Remove grease and oil residue from galvanized steel metals prior to painting where applicable.
013. Apply paint only when temperatures are between 50 and 95 degree F.
014. Finish surfaces are free of cloudiness, spotting, holidays, laps, brush marks, roller tracking, runs, sags or other surface imperfections. All lines are 'cut-in' at color breaks and transitions as shown on drawings.
015. Apply finish caulking, including but not limited to:
 - Base trim at all floors.
 - Casing corners, and casing to wood frames.
 - Between door frames and painted walls (interior and exterior).
016. Remove discarded paint materials, dirty rags and empty containers at the end of each work day. Properly dispose of material and take additional precautionary measures to prevent fire.

017. Touch-up incidental painting damage caused by Others:
 - Prior to production pick-up;
 - Prior to and during final punch list;[Major repair or re-painting replaced drywall is not considered incidental damage and would be reimbursed to Subcontractor.]
018. As per Spec Section 099113, for all EXTERIOR coatings furnish 5%, but not less than one (1) gallon, of each material or color paint and/or stain to the owner for Attic Stock. As per Spec Section 099123, for all INTERIOR coatings furnish 5%, but not less than Two (2) gallons, of each material or color paint and/or stain to the owner for Attic Stock. Each unit to be properly labeled with all of the paint code designations.
019. Paint is per specifications.
020. Mock-ups to be provided per Specifications.
021. SUBCONTRACTOR to paint with flat black fire-retardant the inside of all inlet and outlet mechanical ductwork to the extent visible beyond the face of the opening such as grilles, diffuser, register, etc. ., in finished rooms and spaces.
022. Five Contractor Model Units in Building 8 will be built-out ahead of sequence. All finish Subcontractors to furnish and install all of their trade's work for Model Units right after wood framing according to Contractor's Model Schedule. Finishes may remain as final work. PAINTERS TO INCLUDE ALL NECESSARY LABOR AND MATERIALS TO PROTECT AND REPAINT ALL MODEL UNITS PRIOR TO FINAL TURNOVER.

Protection

001. Protect scaffold/ladder feet from damaging floors and/or finished concrete surfaces. Includes all of the concrete floors that must be protected from damage, staining and paint during all of this trade's operations.
002. Furnish and install all necessary protection of all pre-finished surfaces/items/hardware/etc. prior to painting. At a minimum, finish items are protected with masking tape and visqueen, with the understanding that the SUBCONTRACTOR is ultimately responsible for protection methods and final condition of items protected. At completion of painting operation, remove protection and/or overspray to restore items to their previous condition, free of debris and paint. SUBCONTRACTOR understands that paint overspray must be thoroughly cleaned in such a way as to not scratch finishes. Includes protection of all fire rated door and frame labels throughout.
003. Protection during exterior painting to prevent overspray from reaching adjacent properties, vehicles and sidewalks.
004. Mask-off or protect UL and FM labels, equipment identification, performance identification, nomenclature plates or signage.
005. When painting adjacent to any installed finishes provide, furnish, install and remove protection for all lights, fire sprinkler lines/heads, ductwork, plumbing piping, fencing, flooring, etc. .
006. Furnish and install protection at all landscape and hardscape during application of anti-graffiti.

Residential - Type III

001. Prep and paint all Residence Buildings complete. Including but not limited to all painting scope at the interiors/exterior, all common areas, utility closets, corridors, stair towers, railings, roof tops, etc.

002. Paint types as follows:
 - Unit interior walls and ceilings are flat finish.
 - All Unit interior doors and trim are to be painted the same color and sheen.
 - Common/Amenity interiors (except corridors) are eggshell finish.
 - Bathrooms/restrooms are semi-gloss finish.
 - Corridor walls are semi-gloss below chair rail & eggshell above chair rail.
 - Finish carpentry is semi-gloss paint.
 - Wood and hollow metal doors/frames are semi-gloss paint.
 - Elevator doors/frames are semi-gloss finish.
 - Access and electrical panels match adjacent wall.
 - Unit Entry doors and base are semi-gloss per RFC-049.
003. Prep and paint all stairs and railings in all of the Residential Buildings complete. Including all stairs and stair towers ABOVE the Podium level as well as all exposed steel throughout – including stringers, treads, risers, posts, beams, rails, landings, undersides, etc. all stairs and railings complete. (All stairs are steel, except for inside L5-L6 lofts.)
004. Paint particle board shelf and wood pole at closets.
005. Second painting of all Unit entry doors after punchlist.
006. Paint exposed Misc. Iron throughout as necessary.
007. Seal wood doors immediately after delivery to jobsite and prior to installation. Includes all door top and bottom edges. All fire rating labels must be protected during all painting applications and removed after final coat.
008. Prime wood base prior to installation.
009. Paint exposed sheet metal to match stucco - including: parapet & balcony caps and rails, edge flashing, drip edges, reveals, counter flashing, downspouts and gutters.
010. Paint with flat black fire-retardant 3' inside of inlet and outlet mechanical ducts in occupied rooms.
011. Each building will have a color scheme; same for all floors in each building.
012. Paint plaster walls and ceilings at 'exterior' corridor (field paint over integral color). Work done near end of project.
013. Paint louvers at facades and Dog Run.
014. Wood base in public areas and corridors is field-stained and/or painted by Subcontractor where noted. Reference RFC-068 & RFC-92.
015. Metal channels at Paseo, Argyle Entrance ceiling and elevator ceiling per ID110, ID120. ID121 & ID130 will be provide to Painter prior to installation by Others. Painter must still touch up paint PT-05 after channels are installed.
016. Paint all elevator lobby walls and wood trim throughout with exterior grade paints as per RFI-242. Includes all exterior grade wood base, chair rail and ceiling light trim panel assemblies.
017. Paint all balconies in place at all buildings throughout as per RFC-227. Includes all required protection as necessary for all adjacent finishes. Note the Building 5 & 8 railing details shown to be installed close to the finished exterior walls.
018. Include 160 hours of labor for touch-up as directed by project Superintendent. Unused hours to be credited back to the owner.
019. Adhere to Project Schedule outlined in Exhibit E.
020. Includes painting all of the Unit Base out of sequence - after flooring installtion is complete.

Anti-Graffiti

-
001. Conduct an on-site pre-installation meeting with material Supplier, Contractor, Architect and Owner.
 002. Submit for approval a diagram to identify where anti-graffiti coating is to be applied and where it terminates at all elevations.
 003. Anti-graffiti coatings are non-yellowing, contain NO waxes, nor urethane and must be compatible with all proposed brick veneers.
 004. Application consists of multiple base coats and anti-graffiti coats.
 005. Coatings to ensure that there are no signs of deterioration or change (such as ghosting, shadowing or staining) after removal of graffiti coating.
 006. Coating is capable of removing 100% of all types of graffiti without damage to substrate or finish coatings.
 007. Coating is capable of withstanding a minimum of 100 cleaning cycles without deterioration.
 008. Coatings meet or exceed Chemical Spot test results per Specification 099623-1.10-N.
 009. Apply coatings in a "saturating flood application" from the bottom up. Apply coatings in overlapping passes to build a heavy film and evenly coat all surfaces per Specification 099623-3.2.
 010. When used on horizontal surfaces, allow coating 24-hours to thoroughly dry.
 011. Provide Owner with 5 gallons of manufacturer's recommended graffiti remover with application instructions along with Anti-Graffiti coating attic stock.
 012. Samples including:
 - anti-graffiti coating applied over paint colors and brick samples;
 - anti-graffiti coating applied over clear waterproofing,
 - anti-graffiti removal test sample.
 013. Anti-graffiti coating to a minimum of 10' high above grade on plaster and brick. Anti-graffiti coating terminates at construction joint or separation to provide clean and uniform appearance.
 014. Furnish and install own scaffolding, lifts or ladders to install final coatings.

Exhibit H - Exclusions

- 001. WD-06: pre-finished.
- 002. Perimeter plaster. [integral color]
- 003. Wall covering. [none]
- 004. Wood wainscot and chair is pre-finished by Others. [RFC-131]
- 005. Louvers in Garage [pre-finished]
- 006. Anti-graffiti/scratch coating on storefront.
- 007. Amenity Spaces: By Others -
 - Building 5 - Fitness Center, Locker Room, Sauna
 - Building 7 - Business Center, Club Room

Exhibit I - Alternates

Alternates are inclusive of all applicable labor, materials, tools, equipment, supervision, engineering, detailing, testing, permits, taxes, insurance, licensing, fees, overhead and profit, unless otherwise noted. Amounts shall remain fixed for the duration of the project and may be exercised at the CONTRACTOR'S option for the determination of changes to the Subcontract Agreement Amount.

001. UNIT PRICE: Painter- Labor rates (includes direct labor, payroll taxes, fringe benefits, small tools, maintenance, overhead, and profit):	Straight Time - \$55.00/hour Over Time - \$66.00/hour
002. UNIT PRICE: Painter Foreman- Labor rates (includes direct labor, payroll taxes, fringe benefits, small tools, maintenance, overhead, and profit):	Straight Time - \$55.00/hour Over Time - \$66.00/hour
003. UNIT PRICE: Painter Apprentice- Labor rates (includes direct labor, payroll taxes, fringe benefits, small tools, maintenance, overhead, and profit):	Straight Time - \$55.00/hour Over Time - \$66.00/hour
004. UNIT PRICE: Material Rates (includes materials/tools required to complete all aspects of SUBCONTRACTOR's work):	Prime Coat - \$.30/sf Finish Coat - Interior - \$1.40/sf Finish Coat - Exterior - \$.80/sf Block Filler - \$.25/sf
005. ALT ADD: Paint interior Unit Entry doors different color than trim paint	\$60,266.00
006. ALT ADD: Paint Touch-up - 1 Hour per Unit	\$28,050.00
007. ALT ADD: Provide Eggshell finish at all Type III walls and ceilings in lieu of flat.	\$120,532.00
008. ALT DEDUCT: Building 7 Metallic Balcony Railing Paint	(\$26,362.00)
009. ALT DEDUCT: Building 8 Metallica Balcony Railing Paint	(\$7,966.00)
010. ALT DEDUCT: Omit painting wood base out of sequence at Units	(\$84,879.00)
011. ALT DEDUCT: Omit Bond	(\$38,190.00)

Exhibit J - Payment & Performance Bond Forms (See Attached)

Exhibit K - MEP Coordination Requirements (See Attached)

Exhibit L.001 - Site Logistics Plan_02.05.2016 (See Attached)

Exhibit M - Project Performance and Liquidated Damages (See Attached)

Exhibit N - Job Closeout (See Attached)
