

Sample Company 2005

XXXX Main St
Anywhere CA 99999
800 555-5555

SUBCONTRACT

Contract#: 921
Contract Date: 08/20/2008

SUBCONTRACTOR:

Baxter Heating & Cooling
4320 Eucalyptus Way
Santa Rosa CA 95401

PROJECT: 186

Williams Post Office
19420 Williams Rd.
Monte Rio CA 95462

You are hereby directed to perform the following work per the plans and specifications for project.

Retention Rate: 0 %

Plans Attached

Specifications Attached

Amount of Contract

\$19,369.00

Description of Work	Cost Code	Description	Amount
Sheetmetal Subcontractor	15700.000	HVAC	2,482.00
HVAC Subcontract	15700.000	HVAC	9,045.00
HVAC Equipment	15700.000	HVAC	7,842.00

CONTRACT ARTICLES ON FOLLOWING PAGES / SIGNATURE PAGE AT END OF CONTRACT:

ARTICLE 1 - THE SUBCONTRACT DOCUMENTS
 ARTICLE 2 - CONTRACTOR
 ARTICLE 3 - SUBCONTRACTOR
 ARTICLE 4 - CHANGES IN THE WORK
 ARTICLE 5 - TERMINATION, SUSPENSION OR
 ASSIGNMENT OF THE SUBCONTRACT

ARTICLE 6 - THE WORK OF THE SUBCONTRACT
 ARTICLE 7 - DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
 ARTICLE 8 - SUBCONTRACT SUM
 ARTICLE 9 - PROGRESS PAYMENT
 ARTICLE 10 - FINAL PAYMENT
 ARTICLE 11 - INSURANCE AND BONDS

**PREFACE
CHANGES TO THIS DOCUMENT**

**ANY CHANGES TO THIS DOCUMENT WILL NULLIFY AND VOID ITS AUTHENTICITY.
ALL CHANGES SHALL BE HANDLED THROUGH CHANGE ORDERS AS PROVIDED IN ARTICLE 4.**

**ARTICLE 1
THE SUBCONTRACT DOCUMENTS**

1.1 The Subcontract Documents consist of (1) this Agreement, (2) the other Contract Documents enumerated therein, including Conditions of the Contract, Drawings, Specifications, Addenda issued prior to execution of the Agreement between the Owner and Contractor and Modifications issued subsequent to the execution of the Agreement between the Owner and Contractor, whether before or after the execution of this Agreement, and other Contract Documents, if any. These form the Subcontract, and are as fully a part of the Subcontract as if attached to this Agreement or repeated herein. The Subcontract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. An enumeration of the Subcontract Documents, other than Modifications issued subsequent to the execution of this Agreement.

**ARTICLE 2
CONTRACTOR**

2.1 SERVICES PROVIDED BY THE CONTRACTOR

2.1.1 The Contractor shall cooperate with the Subcontractor in scheduling and performing the Contractor's Work to avoid conflicts or interfere in the Subcontractor's Work and shall expedite written responses to submittals made by the Subcontractor in accordance with Paragraph 3.1 and Article 5. As soon as practicable after execution of this Agreement, the Contractor shall provide the Subcontractor copies of the Contractor's construction schedule and schedule of submittals, together with such additional scheduling details as will enable the Subcontractor to plan and perform the Subcontractors Work properly. The Subcontractor shall be notified promptly of subsequent changes in the construction and submittal schedules and additional scheduling details.

2.1.2 The Contractor shall provide suitable areas for storage of Subcontractor's materials and equipment during the course of the work.

2.2 COMMUNICATIONS

2.2.1 The Contractor shall promptly make available to the Subcontractor information which affects this Subcontract and which becomes available to the Contractor subsequent to execution of the Subcontract.

2.2.2 The Contractor shall not give instructions or orders directly to employees or workmen of the Subcontractor, except to persons designated as authorized representatives of the Subcontractor.

2.2.3 If hazardous substances of a type of which an employer is required by law to notify its employees are being used on the site by the Contractor, a subcontractor or anyone directly or indirectly employed by them (other than the Subcontractor), the Contractor shall, prior to harmful exposure of the Subcontractor's employees to such substance, give written notice of the chemical composition thereof to the Subcontractor in sufficient detail and time to permit the Subcontractor's compliance with such laws.

2.3 CLAIMS BY THE CONTRACTOR

2.3.2 Except as may be indicated in the Agreement, the Contractor agrees that no claim for payment for services rendered or materials and equipment furnished by the contractor to the Subcontractor shall be valid without prior notice to the Subcontractor and unless written notice thereof is given by the Contractor to the Subcontractor not later than the tenth day of the calendar month following that in which the claim originated.

2.4 CONTRACTOR'S REMEDIES

2.4.1 If the Subcontractor defaults or neglects to carry out the Work in accordance with this Agreement and fails within three working days after receipt of written notice from the Contractor to commence and continue correction of such default or

neglect with diligence and promptness, the Contractor may, after three days following receipt by the Subcontractor of an additional written notice, and without prejudice to any other remedy the Contractor may have, make good such deficiencies and may deduct the cost thereof from the payments then or thereafter due the Subcontractor, provided, however, that if such action is based upon faulty workmanship or materials and equipment, the Architect shall first have determined that the workmanship or materials and equipment are not in accordance with requirements of the Prime Contract.

ARTICLE 3 SUBCONTRACTOR

3.1 EXECUTION AND PROGRESS OF THE WORK

3.1.1 The Subcontractor shall cooperate with the Contractor in scheduling and performing the Subcontractor's Work to avoid conflict, delay in or interference with the Work of the Contractor, other subcontractors or Owner's own forces.

3.1.2 The Subcontractor shall promptly submit Shop Drawings, Product Data, Samples and similar submittals required by the Subcontract Documents with reasonable promptness and in such sequence as to cause no delay in the Work or in the activities of the Contractor or other subcontractors.

3.1.3 The Subcontractor shall submit to the Contractor a schedule of values allocated to the various parts of the Work of this Subcontract, aggregating the Subcontract Sum, made out in such detail as the Contractor and Subcontractor may agree upon or as required by the Owner, and supported by such evidence as the Contractor may direct. In applying for payment, the Subcontractor shall submit statements based upon this schedule.

3.1.4 The Subcontractor shall furnish to the Contractor periodic progress reports on the Work of this Subcontract as mutually agreed, including information on the status of materials and equipment which may be in the course of preparation or manufacture.

3.1.5 The Subcontractor agrees that the Owner will have the authority to reject Work which does not conform to the Prime Contract. The Owner's decisions on matters relating to aesthetic effect shall be final if consistent with the intent expressed in the Prime Contract.

3.1.6 The Subcontractor shall pay for materials, equipment and labor used in connection with the performance of this Subcontract through the period covered by previous payments received from the Contractor, and shall furnish satisfactory evidence, when requested by the Contractor, to verify compliance with the above requirements.

3.1.7 The Subcontractor shall take necessary precautions to protect properly the Work of other subcontractors from damage caused by operations under this Subcontract.

3.1.8 The Subcontractor shall cooperate with the Contractor, other subcontractors and the Owner's own forces whose work might interfere with the Subcontractor's Work. The Subcontractor shall participate in the preparation of coordinated drawings in areas of congestion, if required by the Prime Contract, specifically noting and advising the Contractor of potential conflicts between the Work of the Subcontractor and that of the Contractor, other subcontractors or the Owner's own force.

3.2 LAWS, PERMITS, FEES AND NOTICES

3.2.1 The Subcontractor shall give notices and comply with laws, ordinances, rules, regulations and orders of public authorities bearing on performance of the Work of this Subcontract. The Subcontractor shall secure and pay for licenses necessary for proper execution and completion of the Subcontractor's Work.

3.2.2 The Subcontractor shall comply with Federal, State and Local tax laws, social security acts, unemployment compensation acts and workers or workmen's compensation acts insofar as applicable to performance of this Subcontract.

3.3 SAFETY PRECAUTIONS AND PROCEDURES

3.3.1 The Subcontractor shall take reasonable safety precautions with respect to performance of this Subcontract, shall comply with safety measures initiated by the Contractor and with applicable laws, ordinances, rules, regulations and orders of public authorities for the safety of persons or property in accordance with requirements of the Prime Contract. The Subcontractor shall report to the Contractor within three days an injury to an employee or agent of the Subcontractor which occurred at the site.

3.3.2 If hazardous substances of a type of which an employer is required by law to notify its employees are being used on the site by the Subcontractor, the Subcontractor's Sub-Subcontractors or anyone directly or indirectly employed by them, the Subcontractor shall, prior to harmful exposure of any employees on the site to such substance, give written notice of the chemical composition thereof to Contractor in sufficient detail and time to permit compliance with such laws by the Contractor, other subcontractors and other employers on the site.

3.4 CLEANING UP

3.4.1 The subcontractor shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations performed under this Subcontract. The Subcontractor shall not be held responsible for unclean conditions caused by other contractors or subcontractors.

3.5 WARRANTY

3.5.1 The Subcontractor warrants to the Owner, and Contractor that materials and equipment furnished under this Subcontract will be of good quality and new unless otherwise required or permitted by the Subcontract Documents, that the Work of this Subcontract will be free from defects not inherent in the quality required or permitted, and that the Work will conform with the requirements of the Subcontract Documents. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. The Subcontract's warranty excludes remedy for damage or defect caused by abuse, modifications not executed by the Subcontractor, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage. This warranty shall be in addition to and not in limitation of any other warranty or remedy required by law or by the Subcontract Documents.

3.6 INDEMNIFICATION

3.6.1 To the fullest extent permitted by law, the Subcontractor shall indemnify and hold harmless the Owner, and Contractor, and agents and employees of any of them from and against claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or resulting from performance of the Subcontract's Work under this Subcontract, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the work itself) including loss of use resulting therefrom, but only to the extent caused in whole or in part by negligent acts or omissions of the Subcontractor, the Subcontractor's Sub-Sub contractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by party indemnified thereunder. Such obligation shall not be constructed to negate, abridge, or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in the Paragraph 3.6.

3.6.2 In claims against any person or entity indemnified under the Paragraph 3.6 by an employee of the Subcontractor, the Subcontractors' Sub-subcontractors, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under this Paragraph 3.6 shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Subcontractor or the Subcontract's Sub-subcontract under workers' or workmen's compensation acts, disability benefit acts or other employee benefit acts.

ARTICLE 4 CHANGES IN THE WORK

4.1 The Owner may make changes in the Work by issuing Modifications to the Prime Contract. Upon receipt of such a Modification issued subsequent to the execution of the Subcontract Agreement, the Contractor shall promptly notify the Subcontractor of the Modification. Unless otherwise directed by the Contractor, the Subcontractor shall not thereafter order materials or perform Work which would be inconsistent with the changes made by the Modifications to the Prime Contract.

4.2 The Subcontractor may be ordered in writing by the Contractor, without invalidating this Subcontract, to make changes in the Work within the General scope of the Subcontract consisting of additions, deletions or other revisions, including those required by Modifications to the Prime Contract issued subsequent to the execution of this Agreement, the Subcontract Sub and Subcontract Time being adjusted accordingly. The Subcontractor, prior to the commencement of such changed or revised Work, shall submit promptly to the Contractor written copies of a claim for adjustment to the Subcontract Sum and Subcontract Time for such revised Work in a manner consistent with requirements of the Subcontract Documents.

4.3 The Subcontractor shall make claims promptly to the Contractor for additional cost, extensions of item and damages for delays or other causes in accordance with the Subcontract Documents. A claim which will affect or become part of a claim which the Contractor is required to make under the Prime Contract within a specified time period or in a specified manner shall be made in sufficient time to permit the Contractor to satisfy the requirements of the Prime Contract. Such claims shall be received by the Contractor not less than two working days preceding the time by which the Contractor's claim must be made. Failure of the Subcontractor to make such a timely claim shall bind the Subcontractor to the same consequence as those to which the Contractor is bound.

**ARTICLE 5
TERMINATION, SUSPENSION OR ASSIGNMENT
OF THE SUBCONTRACT**

5.1 TERMINATION BY THE SUBCONTRACTOR

5.1.1 The Subcontractor may terminate the Subcontract for the same reasons and under the same circumstances and procedures with respect to the Contractor as the Contractor may terminate with respect to the Owner under the Prime Contract, or for nonpayment of amounts due under this Subcontract for 60 days or longer. In the event of such termination by the Subcontractor, Sub-subcontractors or their agents or employees or other persons performing portions of the Work under contract with the Subcontractor, the Subcontractor shall be entitled to recover from the Contractor payment for Work executed and for proven loss with respect to materials, equipment and machinery, including reasonable overhead, profit and damages.

5.2 TERMINATION BY THE CONTRACTOR

5.2.1 If the Subcontractor persistently or repeatedly fails or neglects to carry out the Work in accordance with the Subcontract Documents or otherwise to perform in accordance with this Agreement and fails within seven days following receipt by the Subcontractor of an additional written notice and without prejudice to any other remedy the Contractor may have, terminate the Subcontract and finish the Subcontractor's Work by whatever method the Contractor may deem expedient. If the unpaid balance of the Subcontract Sum exceed the expenses of finishing the Subcontractor's Work, such excess shall be paid to the Subcontractor, but if such expense exceeds such unpaid balance, the Subcontractor shall pay the difference to the Contractor.

5.3 ASSIGNMENT OF THE SUBCONTRACT

5.3.1 The Subcontractor shall not assign the Work of this Subcontract without the written consent of the Contractor, nor subcontract the whole of the Subcontract without the written consent of the Contractor, not further subcontract portions of the Subcontract without written notification to the Contractor when such notification is requested by the Contractor.

**ARTICLE 6
THE WORK OF THE SUBCONTRACT**

6.1 The Subcontractor shall execute the following portion of the Work described in the Subcontract Documents, including all labor, materials, equipment, service and other items required to complete such portion of the Work, except to the extent specifically indicated in the Subcontract Documents to be the responsibility of other mentioned above:

**ARTICLE 7
DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION**

7.1 The Work to be performed under this Subcontract shall be commenced as soon as required and, subject to authorized adjustment, shall be substantially completed not later than.

7.2 Time is of the essence of this Subcontract.

7.3 No extension of time will be valid without the Contractor's written consent after claim made by the Subcontractor.

**ARTICLE 8
SUBCONTRACT SUM**

8.1 The Contractor shall pay the Subcontractor in current funds for performance of the Subcontract the Subcontract Sum of 19,369.00, subject to additions and deductions as provided in the Subcontract Documents.

**ARTICLE 9
PROGRESS PAYMENT**

- 9.1 The Contractor shall pay the Subcontractor monthly progress payments in accordance with this Subcontract.
- 9.2 Application for progress payment shall be submitted to the Contractor on the 20th of each month.
- 9.3 When the Subcontractor's Work or a designated portion thereof is substantially complete and in accordance with the Contract Documents, the Contractor shall upon application by the Subcontractor, make prompt application for payment of such Work. Within seven days after the Contractor receives payment from the Owner, the Contractor shall, to the full extent provided in the Contract Documents, make payment to the Subcontractor of the entire unpaid balance of the Contract Sum or of that portion of the Contract Sum attributable to the substantially completed Work, less any portion of the funds for the Subcontractors Work withheld in accordance with the Certificate to cover costs of items to be completed or corrected by the Subcontractor.

**ARTICLE 10
FINAL PAYMENT**

- 10.1 Final payment, constituting the entire unpaid balance of the Contract Sum, Shall be due when the Work described in the Subcontract is fully completed and performed in accordance with the Contract Documents and is satisfactory to the Owner.
- 10.2 Before issuance of the final payment, the Subcontractor shall submit evidence satisfactory to the Contractor that all payrolls, bills for materials and equipment, and all known indebtedness connected with the Subcontractor's Work have been satisfied.

**ARTICLE 11
INSURANCE AND BONDS**

- 11.1 The Subcontractor shall purchase and maintain insurance of the following types of coverage and limits of Liability
- | | |
|------------------------|-------------|
| LIABILITY | \$1,000,000 |
| VEHICLE | \$1,000,000 |
| WORKMAN'S COMPENSATION | |

11.2 Coverage's, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of the Subcontractor's Work until date of final payment and termination of any coverage required to be maintained after final payment.

11.3 Certificates of insurance acceptable to the Contractor shall be filed with the Contractor prior to commencement of the Subcontractor's Work. The certificates and the insurance policies required by this Article 11 shall contain a provision that coverage afforded under the policies will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Contractor. If any of the foregoing insurance coverage are required to remain in force after final payment and are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the final application for payment as required in Article 10. If any information concerning reduction of coverage is not furnished by the insurer, it shall be furnished by the Subcontractor with reasonable promptness according to the Subcontractor's information and belief.

This Agreement entered into as of the this date:

08/20/2008

Sample Company 2005

Baxter Heating & Cooling

Signature