

SUBCONTRACTOR AND MATERIAL SUPPLIER AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 20__ between AZ General Contracting, LLC, an Arizona CORP or LLC, (“Contractor”) and _____ (“Subcontractor/Material Supplier”) for AZ General Contracting, LLC.

RECITALS

WHEREAS, Contractor and Subcontractor/Material Supplier wish to engage in a business relationship for their mutual benefit; and

WHEREAS, Contractor and Subcontractor/Material Supplier wish to memorialize this business relationship with an agreement, which will govern their present and future business dealings; and

WHEREAS, Contractor and Subcontractor/Material Supplier intend that this Agreement will control and supersede any prior written or oral agreements or understandings.

NOW, THEREFORE, Contractor and Subcontractor/Material Supplier, in consideration of the following mutual promises and other good and valuable consideration, the receipt of which is hereby acknowledged, do agree as follows:

1. **CONTRACT DOCUMENTS.** The Contract Documents consist of this Agreement and related third party Agreement between the relevant Parties (Contractor, Subcontractor, and customer), performance standards and base specifications, architectural drawings and specifications, and any change orders made during the construction process as agreed upon by the parties to this AGREEMENT. All of these documents form this contract and are fully part of this contract and SUBCONTRACTOR agrees to perform all work in accordance with these documents. Any change or modification to any of the documents must first be approved in writing by the CONTRACTOR as an Addendum to this Contract. *should we have a section that says “estimates” and “purchase orders” or “invoices”?

2. **SCOPE OF WORK.** The SUBCONTRACTOR shall perform all work and provide all materials for the SUBCONTRACTOR’S trade including but not limited to work described in the Contract Documents. The scope of the Subcontractor’s/Material Supplier’s Work/Product shall be defined by the written purchase order (“Purchase Order”) in the form of an estimate, accepted in writing via text message, print, or email by Contractor. Subcontractor/Material Supplier agrees to commence work and/or supply materials authorized by the Purchase Order within the time set out in the contract documents for the project. Subcontractor/Material Supplier shall include all labor and materials or just materials necessary or incidental to completing the work in a manner, which complies with this Agreement and the Contract Documents, and is in a professional and workmanlike manner, meets product and material manufacturer’s requirements, is in accordance with acceptable building trade practices, is in accordance with all requirements as set forth by the Arizona Registrar of Contractors, and complies with applicable laws, regulations, and ordinances.

3. **TIME OF COMMENCEMENT AND SUBSTANTIAL COMPLETION.** Once CONTRACTOR issues a written and signed Purchase Order for SUBCONTRACTOR to commence work, SUBCONTRACTOR will sign and accept the Purchase Order by returning a signed copy with an authorized signature within three (3) business days of sending by CONTRACTOR. If it is not returned signed within three (3) business days or SUBCONTRACTOR commences work, the Purchase Order will be deemed accepted by SUBCONTRACTOR. SUBCONTRACTOR may reject a Purchase Order by giving written notice to CONTRACTOR during the three (3) business day period

after it was sent by CONTRACTOR. The SUBCONTRACTOR will proceed and complete all work and provide all materials per the Contractor's schedule. The SUBCONTRACTOR agrees to access and review the job schedules on a regular basis. SUBCONTRACTOR shall immediately notify CONTRACTOR of any change in schedule or delay in delivery of materials. Any substantial delay after a Purchase Order is accepted that causes additional expenses as a direct result of the delay shall be the responsibility of the SUBCONTRACTOR. It is the sole responsibility of the SUBCONTRACTOR to verify the availability and delivery of materials prior to accepting the Purchase Order.

4. **CONTRACT PRICE.** The Contract Price shall be the amount agreed to by CONTRACTOR and SUBCONTRACTOR as defined in the Purchase Order. Additionally, the right to payment will not begin until the SUBCONTRACTOR has a signed Purchase Order from the CONTRACTOR for a specific project. Once a Purchase Order is signed, the Subcontractor's prices will be fixed for that Purchase Order. No payment will be made by the CONTRACTOR to the SUBCONTRACTOR for any work or materials provided or claimed unless the CONTRACTOR agrees in a written authorization, given prior to the providing of such labor or materials. All approvals must be in writing and given prior to the commencement of the work or materials provided. The SUBCONTRACTOR shall notify the CONTRACTOR and the SUBCONTRACTOR shall receive written approval of any price change to any contract no less than thirty (30) days prior to accepting a Purchase Order from CONTRACTOR. SUBCONTRACTOR understands that unapproved price changes will not be honored and that it is the SUBCONTRACTOR'S sole responsibility to verify price changes are and secure approval by CONTRACTOR at least thirty (30) days prior to accepting a Purchase Order for the work and/or materials. Estimating errors including omissions will not be paid. **Purchase Order information such as Job Name, Job Address, and PO Number (if available) must appear on all invoicing and be emailed to accounting@azvh.com in order to be paid.**

5. **CHANGE ORDERS.** Contractor and Subcontractor/Material Supplier agree that Contractor shall not be liable for any amount greater than the amount set out in the Purchase Order. In the event Subcontractor's/Material Supplier's scope of work is decreased or increased, such change shall be evidenced by a written change order, and the increase or decrease shall be set out in the change order and further, emailed to accounting@azvh.com. Subcontractor/Material Supplier agrees that it will not take direction or requests from the Contractor's customers, and will not agree to any additional work, or materials, incur any additional expenses requested by customer unless approved by Contractor through a signed change order. Contractor shall not be liable for any labor, materials, expenses, services or other items, which Subcontractor/Material Supplier provides or agrees to provide without Contractor's prior written consent.

6. **PAYMENTS.** The CONTRACTOR shall pay invoices, including draw payments, to the SUBCONTRACTOR according to the pay scheduled outlined on the accepted Purchase Order. The Subcontractor shall submit billing invoices by the 1st of each month for payment on the 30th of that month (if the 30th of the month falls on a Saturday the payment will be processed on Friday prior and if the 30th falls on a Sunday the payment will be processed on the following Monday). Payments shall be made for work performed, completed, and accepted in accordance to the Purchase Order and Change Orders. All invoices must be emailed to accounting@azvh.com for payment. CONTRACTOR will make every effort to pay SUBCONTRACTOR on the following Friday after receipt of invoice, but CONTRACTOR is under no obligation to pay prior to the final Friday of the month. No invoices will be paid without a W9, Insurance, and Subcontractor Agreement on file.

The SUBCONTRACTOR shall not invoice later than sixty (60) days after completion of work or delivery of materials or CONTRACTOR will not be obligated to pay for the work or materials. Any invoices submitted after sixty (60) days of completion of each month's work or provision of materials will not be billable to CONTRACTOR nor will CONTRACTOR be obligated to pay for such labor, work or materials. It is important to CONTRACTOR

that all invoices be submitted within sixty (60) days of the date the work or materials were provided so the CONTRACTOR can properly prepare its accounting. All invoices must be emailed to accounting@azvh.com for payment. CONTRACTOR will make every effort to pay SUBCONTRACTOR on the following Friday after receipt of invoice, but CONTRACTOR is under no obligation to pay prior to the final Friday of the month. No invoices will be paid without a W9, Insurance, and Subcontractor Agreement on file.

SUBCONTRACTOR will not be entitled to receive payment so long as the insurance requirements of this Agreement are not complied with and proof of current insurance is not on file with CONTRACTOR. If CONTRACTOR is required to be licensed by the State of Arizona, CONTRACTOR will have all appropriate licenses for the trade or work to be performed or materials provided and proof of that license will be given to CONTRACTOR prior to commencement of work and no payment will be due to SUBCONTRACTOR so long as any license has been suspended, revoked or not issued.

7. INSURANCE. Subcontractor/Material Supplier shall procure and maintain in force prior to the start of any work under this contract and for the duration and completion of this contract, insurance to protect and defend the SUBCONTRACTOR/supplier and AZ General Contracting LLC against liability due to alleged or actual injury or death of persons or damages to property arising from or out of the subcontractors or material suppliers' operations or products in connection with the performance of this contract. Such insurance shall be written by insurers authorized to do so in the state of operations and shall maintain a minimum rating of A-: VII by A.M. Best. SUBCONTRACTOR shall provide CONTRACTOR with a Certificate of Insurance and additional insured endorsement, naming CONTRACTOR as an additional named insured. SUBCONTRACTOR will further provide Certificates of Insurance and additional insured endorsements on an annual basis, which names the CONTRACTOR as additional insured's, through the applicable statute of limitations period that a construction defect suit can be properly filed. Except for Professional Liability insurance, all policies shall provide a Waiver of Subrogation to the Owner and any additional entities as they may request or be required to name pursuant to any lease, contract or permit as it relates to the Contract, unless specifically approved by Owner. Except for Professional or Pollution Liability insurance, coverage shall be on an Occurrence form only, no claims made, or modified occurrence form acceptable.

Workers Compensation

- i. Statutory benefits
- ii. Employers Liability. \$100,000 Each Accident, \$500,000 policy limit, \$100,000 each employee
- iii. Federal Acts as applicable to the project (e.g. Longshoremen's and Harbor Workers Act, Jones Act, or Admiralty Act)
- iv. All employees, partners, individuals, sole proprietors and any managers on the project site shall be included for coverage, unless specifically excluded on the policy for officers / members / owner.
- v. Subcontractors also agree to indemnify, defend, and hold harmless the Owner from and against all claims arising from Workers' Compensation coverage.

Commercial General Liability

Coverage consistent with ISO occurrence form CG0001, providing for coverage for completed operations, products liability, and contractual liability.

- i. \$1,000,000 Each Occurrence and Personal Injury limits
- ii. \$2,000,000 General Aggregate (to apply per project)
- iii. \$1,000,000 Products Completed Operations Aggregate

If operations include or may in the future include residential construction (including multi-family, apartments, condominium, or assisted living facility). Exterior Finish Insulation Systems, or losses due to Explosion, Collapse and Underground Hazards policy shall not include any exclusions relating to those applicable to the work.

Commercial Automobile Liability Insurance

Coverage consistent with ISO form number CA0001, providing coverage on all owned, non-owned and hired vehicle. With MCS90 and CA9948 endorsements attached if hazardous materials or waste are to be transported.

- i. \$1,000,000 combined single limit for Bodily injury and Property damage any one accident

Professional Liability coverage (where applicable)

- i. \$1,000,000.00 each claim. Waiver of subrogation: insuring party shall obtain from each of its insurers a waiver of subrogation in favor of CONTRACTOR with respect to losses, claims or costs arising out of or in connection with the work.

Property Insurance

The Subcontractor assumes all risk of loss for their owned, leased or borrowed property. SUBCONTRACTOR shall maintain full and complete insurance on their work, equipment, and materials until final acceptance of AZ General Contracting LLC. Should the subcontractor be allowed to use any equipment or temporary structures provided by AZ General Contracting LLC, Subcontractor agrees to insure such items while in their care, custody or control. Such insurance shall include a waiver of subrogation in favor of AZ General Contracting LLC as respects to use of project equipment and/or damage to subcontractor supplied.

Subcontractor/material supplier shall endorse General Liability, and/or Umbrella policies to include as an additional insured on a primary, noncontributory basis, "SUBCONTRACTOR" and Owner as respects to work performed or materials supplied. In addition, all policies above shall maintain a waiver of subrogation in favor of "SUBCONTRACTOR"

The above limits are minimum acceptable insurance limits and should not be construed in any way to limit the subcontractor's liability to the contractor nor the indemnification provisions of the contract documents.

8. SITE CONDITIONS. The SUBCONTRACTOR is to keep its work site broom clean and environment safe on a daily basis. Subcontractor shall remove all debris from each project related to its work or keep debris in onsite dumpsters (or remove in the appropriate manner as related to the type of debris) if provided by the CONTRACTOR as the debris is generated. Failure to clean up or control trash and debris will result in a back charge to the SUBCONTRACTOR by the CONTRACTOR for all costs or delays incurred.

9. TERMINATION. The CONTRACTOR may terminate this Agreement for cause, if in the CONTRACTOR'S determination the SUBCONTRACTOR is failing to timely carry out scheduled work, perform or repair punch list items, perform warranty work, or is in violation of any term or provision of this contract. In addition, the Agreement may be terminated by either the CONTRACTOR or the SUBCONTRACTOR upon the giving of written notice to the other party no less than two weeks prior to termination date. If the SUBCONTRACTOR is terminated for cause the CONTRACTOR shall have the right to finish any ongoing construction and the SUBCONTRACTOR will have the duty and obligation to perform all warranty work for work completed by the SUBCONTRACTOR. If SUBCONTRACTOR fails to perform non-emergency corrective work within 72 hours of request or if SUBCONTRACTOR has indicated an unwillingness to do further work CONTRACTOR may complete work at SUBCONTRACTOR'S expense and back charge or collect the cost thereof from SUBCONTRACTOR. If this Agreement is terminated pursuant to the notice provision as stated herein the SUBCONTRACTOR shall be bound to the terms of this contract as to the finishing of all work under construction and all work for which the SUBCONTRACTOR has signed Purchase Orders and start orders. All work to complete this Agreement by the SUBCONTRACTOR will be done in strict accordance with the terms and provision of this Agreement.

10. SITE DAMAGE AND MATERIALS. Any damage caused to the construction site, curbs, gutters, sidewalks or any building being construction by the SUBCONTRACTOR, its employees, or suppliers shall be repaired and paid for by the SUBCONTRACTOR upon the written request of the CONTRACTOR. Any work or materials which do not meet building codes, FHA, or VA standards and requirements and do not pass inspection will be promptly removed and replaced at the SUBCONTRACTOR'S sole expense. If the CONTRACTOR suspects unacceptable or improper labor, materials or contract performance and the work has been covered, the CONTRACTOR may uncover the work and if the labor, materials, or performance by the SUBCONTRACTOR is determined not be up to standards of this contract, then the SUBCONTRACTOR shall pay all costs of uncovering, repair, replacement and the recovering of any damage done. All work is to be performed in a workmanlike manner. Materials used in any construction for the CONTRACTOR are to be new and of first quality. If SUBCONTRACTOR fails to make repairs in a timely fashion CONTRACTOR may have the repairs made at SUBCONTRACTOR'S cost, which shall be promptly paid by SUBCONTRACTOR to CONTRACTOR.

11. DELAYS. The SUBCONTRACTOR agrees that it will use its best efforts and due diligence to see that all work under this contract is performed in a timely manner and the SUBCONTRACTOR agrees to be responsible for and pay for any damages, injuries or losses incurred by the CONTRACTOR due to delays in construction caused by the SUBCONTRACTOR. The SUBCONTRACTOR will not be responsible for any delays resulting from acts of nature, strikes, war, or matters beyond the SUBCONTRACTOR'S control. This does not exclude items in Section 3 above whereby SUBCONTRACTOR is responsible for verifying the timing and availability of materials.

12. INDEPENDENT CONTRACTOR/COMPLIANCE WITH LAW/NON-AGENCY. The SUBCONTRACTOR acknowledges that it is a business independent of the CONTRACTOR'S business and shall at all times comply with all laws governing the operation of its business, its employees and the performance of its work under this contract. It shall be the SUBCONTRACTOR'S responsibility to comply with all appropriate laws, ordinances and rules regulating performance under this contract. Subcontractor/Material Supplier is an independent contractor and not an employee of Contractor. Subcontractor/Material Supplier represents and warrants to Contractor that:

a. Separate Business Office: Subcontractor/Material Supplier maintains a separate office with its own equipment, materials, and other facilities.

b. Federal Identification Number: Subcontractor's/Materials Supplier's

Federal Identification Number is _____;

c. Subcontractor/Material Supplier Control: Subcontractor/Material Supplier controls the means of performing the services or work, which it performs on behalf of Contractor, and is paid a specific amount of money for specific services or work as described under this agreement.

d. Expenses: Subcontractor/Material Supplier is responsible for the payment of all expenses related to the services or work that it performs on behalf of contractor.

e. Completion of Work: Subcontractor/Material Supplier is responsible for completing the work or services under this Agreement in a professional and workmanlike manner. Subcontractor/Material Supplier is responsible for completing the work and will be liable for any failure to complete the work, as hereinafter provided.

f. Compensation: The compensation for Subcontractor's/Material Supplier's work or services is as described above, and is determined on a commission or per-job or competitive bid basis and not on any other basis;

g. Profit or Loss: Subcontractor/Material Supplier will realize a profit or loss under this Agreement with Contractor depending upon its performance.

h. Business Obligations: Subcontractor/Material Supplier represents to Contractor that it has continuing or recurring business liabilities and obligations; and

i. Success of Business: Subcontractor/Material Supplier acknowledges that the success or failure of its business depends upon its relationship of business receipts to expenditures, and that it is in no way guaranteed continuing work with Contractor.

13. INDEMNIFICATION. The work performed by SUBCONTRACTOR shall be at the risk of SUBCONTRACTOR and its employees, exclusively. To the fullest extent permitted by law, SUBCONTRACTOR shall indemnify, defend (at SUBCONTRACTOR'S sole expense) and hold harmless CONTRACTOR, and Owner, from and against any and all claims for bodily injury or death, damage to property, demands, damages, actions, causes of action, suits, losses judgments, obligations and any liabilities, costs and expenses (including, but not limited to investigative and repair costs, attorney fees and costs, and consultant's fees and costs), which arise or are in any way connected with the work performed, materials furnished, or services provided under this agreement, by SUBCONTRACTOR or its agents. Said indemnity and defense obligations shall further apply, whether or not said claims arise out of the concurrent act, omission, or negligence of the indemnified parties, whether active or passive. SUBCONTRACTOR shall not be obligated to indemnify or defend CONTRACTOR or Owner for claims found to be due to the sole negligence or willful misconduct of indemnified parties. The defense and indemnity set forth in this section shall not be limited by any insurance requirements, or by any other provision of this Agreement. All work done at a site or in preparing or delivering materials or equipment to the site shall be at the sole risk of the SUBCONTRACTOR until the work is accepted by the CONTRACTOR.

14. WARRANTY. The SUBCONTRACTOR represents and warrants that it is licensed by the Registrar of Contractors for the State of Arizona to provide services and materials in the performance of this contract. At all times during the term of this contract the SUBCONTRACTOR shall maintain its license and license bond in full force and effect. The SUBCONTRACTOR shall be bound to provide the two-year warranty required by the Registrar of Contractors, along with all warranties imposed by law, rule, or regulation, on all labor and materials provided and if there is an extended warranty beyond the two-years required by the Registrar of Contractors offered by the SUBCONTRACTOR or any supplier warranties on materials and equipment extended by the SUBCONTRACTOR'S suppliers they shall be passed on to the CONTRACTOR on/or the ultimate property owner

for the full extent of time allowed by that warranty. The SUBCONTRACTOR shall provide copies of such warranties to the CONTRACTOR.

By signing this document, Subcontractor hereby guarantees that the work and/or materials that will be provided and/or installed for projects it works at will be completed in accordance with the Contract documents. Subcontractor agrees to repair or replace any or all of the work it provides that may prove to be defective within a period of 2 years from the date it completes its work; ordinary wear and tear, unusual abuse or neglect and acts of God excluded.

15. HOLD BACK AND COMPLETION. Upon the termination of this Agreement for any reason the CONTRACTOR may hold back all unpaid funds until proper completion of work and full provision of labor and materials by the SUBCONTRACTOR. If the CONTRACTOR must complete work or hire others to complete any work begun or contracted for by the SUBCONTRACTOR, the SUBCONTRACTOR shall be fully liable for pay for the full cost of completing such work. The CONTRACTOR will hold back an amount determined by its management for all warranty work to be completed after termination of Agreement. This amount will be held for the full warranty period on all houses.

16. SEVERABILITY AND SURVIVABILITY. If any term or provision of this Agreement is deemed by a court of law to be unenforceable or invalid, the remainder of this Agreement shall be fully enforceable. The terms of this Agreement shall be binding upon the heirs, executors, assigns, trustees and successors of the parties hereto.

17. TIME OF THE ESSENCE. Time is of the essence in the performance of this Agreement.

18. NO CHANGES. This Agreement must be signed without change or modification unless each change or modification is initialed by both parties. Failure to have both parties initial any change will invalidate this Agreement.

19. ATTORNEYS FEES AND COSTS. If this Agreement must be enforced by legal action the prevailing party shall be entitled to recover reasonable attorney's fees and costs as established by the Court.

20. SAFETY. SUBCONTRACTOR, prior to commencement of work, will provide CONTRACTOR with an acceptable safety plan using standard practices for the performance of its work. All work and safety plans must conform to applicable Federal and State safety laws and work rules for all work performed on CONTRACTOR'S project. SUBCONTRACTOR will also comply with any OSHA requirements applicable to the project. Any OSHA fines based upon Subcontractor's/Material Supplier's safety violations which are assessed against Contractor shall be offset against any amounts due Subcontractor/Material Supplier.

21. DRUG/ALCOHOL USE. SUBCONTRACTOR will ensure that the Subcontractor/Material Supplier, its employees, sub-subcontractors, and others within Subcontractor's/Material Supplier's control who are present on the job site will be free of alcohol and other mind-altering substances, including all controlled substances.

22. DUST CONTROL. SUBCONTRACTOR, its employees, agents and suppliers will be responsible at all times to comply with dust control laws, regulations and permits at SUBCONTRACTOR'S expense and if any compliance cost, fine, penalty, loss or damage is incurred by CONTRACTOR as a result of SUBCONTRACTOR'S failure to comply with dust and particulate laws, regulations and permits or there is a violation related to dust and/or particulate releases SUBCONTRACTOR will be liable for the same and promptly pay CONTRACTOR for all costs incurred.

23. CHOICE OF LAW. This Agreement shall be governed by and construed under the laws of the State of Arizona, irrespective of the domicile of the parties, the state in which this Agreement was entered into, or other conflict of law principles. The parties further agree that in the event of dispute concerns on a construction project, the laws applicable to the project including, by the way of example and without limitation, building codes, energy codes and warranty laws, shall govern any dispute with respect to such project.

24. BINDING EFFECT. This Agreement shall bind the parties hereto, their successive, heirs, successors and assigns.

25. NON-ASSIGNMENT. This Agreement may not be assigned by Subcontractor/Material Supplier without the express written consent of Contractor.

26. CONFLICT IN DOCUMENTS. The terms of this Agreement shall control in the event of any conflict between the terms of this Agreement and any other agreement or document.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date herein first appearing above.

SUBCONTRACTOR AND MATERIAL SUPPLIER AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 20__ between AZ General Contracting LLC, an Arizona Corporation, ("Contractor") and _____ ("Subcontractor/Material Supplier") for AZ General Contracting LLC.

RECITALS

WHEREAS, Contractor and Subcontractor/Material Supplier wish to engage in a business relationship for their mutual benefit; and

WHEREAS, Contractor and Subcontractor/Material Supplier wish to memorialize this business relationship with an agreement, which will govern their present and future business dealings; and

WHEREAS, Contractor and Subcontractor/Material Supplier intend that this Agreement will control and supersede any prior written or oral agreements or understandings.

NOW, THEREFORE, Contractor and Subcontractor/Material Supplier, in consideration of the following mutual promises and other good and valuable consideration, the receipt of which is hereby acknowledged, do agree as follows:

1. **CONTRACT DOCUMENTS.** The Contract Documents consist of this Agreement, and related third party Agreement between the relevant Parties (Contractor, Subcontractor, and Buyer), Performance Standards and Base Specifications, architectural drawings and specifications, and any change orders made during the construction process as agreed upon by the parties to this AGREEMENT. All of these documents form this contract and are fully part of this contract and SUBCONTRACTOR agrees to perform all work in accordance with these documents. Any change or modification to any the documents must first be approved in writing by the CONTRACTOR.
2. **SCOPE OF WORK.** The SUBCONTRACTOR shall perform all the work and provide all the materials for the SUBCONTRACTOR'S trade including but not limited to work described in the Contract Documents. The scope of the Subcontractor's/Material Supplier's Work/Product shall be defined by the written purchase order ("Purchase Order"). Subcontractor/Material Supplier agrees to commence work and or supply materials authorized by the Purchase Order within the time set out in the contract documents for the project. Subcontractor/Material Supplier shall include all labor and materials or just materials necessary or incidental to completing the work in a manner, which complies with this Agreement and the Contract Documents, and is in a professional and workmanlike manner, meets product and material manufacturer's requirements, is in accordance with acceptable building trade practices, is in accordance with all requirements as set forth by the Arizona Registrar of Contractors, and complies with applicable laws, regulations, and ordinances.
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SUBCONTRACTOR will not be entitled to receive payment so long as the insurance requirements of this Agreement are not complied with and proof of current insurance is not on file with CONTRACTOR. If CONTRACTOR is required to be licensed by the State of Arizona CONTRACTOR will have all appropriate licenses for the trade or work to be performed or materials provided and proof of that license will be given to CONTRACTOR prior to commencement of work and no payment will be due to SUBCONTRACTOR so long as any license has been suspended, revoked or not issued.

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- ii. Employers Liability. \$100,000 Each Accident, \$500,000 policy limit, \$100,000 each employee
- iii. Federal Acts as applicable to the project (e.g. Longshoremen's and Harbor Workers Act, Jones Act, or Admiralty Act)
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- i. \$1,000,000 Each Occurrence and Personal Injury limits
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Providing coverage on all owned, non-owned and hired vehicle. With MCS90 and CA9948 endorsements attached if hazardous materials or waste are to be transported.

- i. \$1,000,000 combined single limit for Bodily injury and Property damage any one accident.
- ii. Excess Liability – Umbrella
- iii. \$1,000,000 each occurrence
- iv. \$2,000,000 Aggregate

Professional Liability coverage (where applicable)

- i. \$1,000,000.00 each claim. Waiver of subrogation: insuring party shall obtain from each of its insurers a waiver of subrogation in favor of CONTRACTOR with respect to losses, claims or costs arising out of or in connection with the work.

Property Insurance

The Subcontractor assumes all risk of loss for their owned, leased or borrowed property. Subcontractor shall maintain full and complete insurance on their work, equipment, and materials until final acceptance of AZ General Contracting LLC. Should the subcontractor be allowed to use any equipment or temporary structures provided by AZ General Contracting LLC., Subcontractor agrees to insure such items while in their care, custody or control. Such insurance shall include a waiver of subrogation in favor of AZ General Contracting LLC. as respects to use of project equipment and/or damage to subcontractor supplied materials and equipment.

Subcontractor/material supplier shall endorse General Liability policy to include as an additional insured on a primary, noncontributory basis, AZ General Contracting LLC., as respects to work performed or materials supplied. In addition, all policies above shall maintain a waiver of subrogation in favor of AZ General Contracting LLC.

The above limits are minimum acceptable insurance limits and should not be construed in any way to limit the subcontractor's liability to the contractor nor the indemnification provisions of the contract documents.

8. SITE CONDITIONS. The SUBCONTRACTOR is to keep clean (broom clean) its work site and environment on a daily basis. Subcontractor shall remove all debris from each project related to its work or keep debris in onsite dumpsters (or remove in the appropriate manner as related to the type of debris) if provided by the

CONTRACTOR as the debris is generated. Failure to clean up or control trash and debris will result in a back charge to the SUBCONTRACTOR by the CONTRACTOR for all costs or delays incurred.

9. TERMINATION. The CONTRACTOR may terminate this Agreement for cause, if in the CONTRACTOR'S determination the SUBCONTRACTOR is failing to timely carry out scheduled work, perform or repair punch list items, perform warranty work, or is in violation of any term or provision of this contract. In addition, the Agreement may be terminated by either the CONTRACTOR or the SUBCONTRACTOR upon the giving of written notice to the other party. If the SUBCONTRACTOR is terminated for cause the CONTRACTOR shall have the right to finish any ongoing construction and the SUBCONTRACTOR will have the duty and obligation to perform all warranty work for work completed by the SUBCONTRACTOR. If SUBCONTRACTOR fails to perform non-emergency corrective work within 72 hours of request or if SUBCONTRACTOR has indicated an unwillingness to do further work CONTRACTOR may complete work at SUBCONTRACTOR'S expense and back charge or collect the cost thereof from SUBCONTRACTOR. If this Agreement is terminated pursuant to the notice provision as stated herein the SUBCONTRACTOR shall be bound to the terms of this contract as to the finishing of all work under construction and all work for which the SUBCONTRACTOR has signed Purchase Orders and start orders. All work to complete this Agreement by the SUBCONTRACTOR will be done in strict accordance with the terms and provision of this Agreement.

10. SITE DAMAGE AND MATERIALS. Any damage caused to the construction site, curbs, gutters, sidewalks or any building being construction by the SUBCONTRACTOR, its employees, or suppliers shall be repaired and paid for by the SUBCONTRACTOR upon the request of the CONTRACTOR. Any work or materials, which do not meet building codes, F.H.A. or V.A. standards and requirements and do not pass inspection will be promptly removed and replaced at the SUBCONTRACTOR'S sole expense. If the CONTRACTOR suspects unacceptable or improper labor, materials or contract performance and the work has been covered, the CONTRACTOR may uncover the work and if the labor, materials, or performance by the SUBCONTRACTOR is determined not be up to standards of this contract, then the SUBCONTRACTOR shall pay all costs of uncovering, repair, replacement and the recovering of any damage done. All work is to be performed in a workmanlike manner. Materials used in any construction for the CONTRACTOR are to be new and of first quality. If SUBCONTRACTOR fails to make repairs in a timely fashion CONTRACTOR may have the repairs made at SUBCONTRACTOR'S cost, which shall be promptly paid by SUBCONTRACTOR to CONTRACTOR.

11. DELAYS. The SUBCONTRACTOR agrees that it will use its best efforts and due diligence to see that all work under this contract is performed in a timely manner and the SUBCONTRACTOR agrees to be responsible for and pay for any damages, injuries or losses incurred by the CONTRACTOR due to delays in construction caused by the SUBCONTRACTOR. The SUBCONTRACTOR will not be responsible for any delays resulting from acts of nature, strikes, war, or matters beyond the SUBCONTRACTOR'S control. This does not exclude items in Section 3 above whereby SUBCONTRACTOR is responsible for verifying the timing and availability of materials.

12. INDEPENDENT CONTRACTOR/COMPLIANCE WITH LAW/NON-AGENCY. The SUBCONTRACTOR acknowledges that it is a business independent of the CONTRACTOR'S business and shall at all times comply with all laws governing the operation of its business, its employees and the performance of its work under this contract. It shall be the SUBCONTRACTOR'S responsibility to comply with all appropriate laws, ordinances and rules regulating performance under this contract. Subcontractor/Material Supplier is an independent contractor and not an employee of Contractor. Subcontractor/Material Supplier represents and warrants to Contractor that:

- a. Separate Business Office: Subcontractor/Material Supplier maintains a separate office with its own equipment, materials, and other facilities.
- b. Federal Identification Number: Subcontractor's/Materials Supplier's
Federal identification number is _____;
- c. Subcontractor/Material Supplier Control: Subcontractor/Material Supplier controls the means of performing the services or work, which it performs on behalf of Contractor, and is paid a specific amount of money for specific services or work as described under this agreement.
- d. Expenses: Subcontractor/Material Supplier is responsible for the payment of all expenses related to the services or work that it performs on behalf of contractor.
- e. Completion of Work: Subcontractor/Material Supplier is responsible for completing the work or services under this Agreement in a professional and workmanlike manner. Subcontractor/Material Supplier is responsible for completing the work and will be liable for any failure to complete the work, as hereinafter provided.
- f. Compensation: The compensation for Subcontractor's/Material Supplier's work or services is as described above, and is determined on a commission or per-job or competitive bid basis and not on any other basis;
- g. Profit or Loss: Subcontractor/Material Supplier will realize a profit or loss under this Agreement with Contractor depending upon its performance.
- h. Business Obligations: Subcontractor/Material Supplier represents to Contractor that it has continuing or recurring business liabilities and obligations; and
- i. Success of Business: Subcontractor/Material Supplier acknowledges that the success or failure of its business depends upon its relationship of business receipts to expenditures, and that it is in no way guaranteed continuing work with Contractor.

13. INDEMNIFICATION. The work performed by SUBCONTRACTOR shall be at the risk of SUBCONTRACTOR and its employees, exclusively. To the fullest extent permitted by law, SUBCONTRACTOR shall indemnify, defend (at SUBCONTRACTOR'S sole expense) and hold harmless CONTRACTOR, and Owner, from and against any and all claims for bodily injury or death, damage to property, demands, damages, actions, causes of action, suits, losses judgments, obligations and any liabilities, costs and expenses (including, but not limited to investigative and repair costs, attorney fees and costs, and consultant's fees and costs), which arise or are in any way connected with the work performed, materials furnished, or services provided under this agreement, by SUBCONTRACTOR or its agents. Said indemnity and defense obligations shall further apply, whether or not said claims arise out of the concurrent act, omission, or negligence of the indemnified parties, whether active or passive. SUBCONTRACTOR shall not be obligated to indemnify or defend CONTRACTOR or Owner for claims found to be due to the sole negligence or willful misconduct of indemnified parties. The defense and indemnity set forth in this section shall not be limited by any insurance requirements, or by any other provision of this Agreement. All work done at a site or in preparing or delivering materials or equipment to the site shall be at the sole risk of the SUBCONTRACTOR until the work is accepted by the CONTRACTOR.

14. WARRANTY. The SUBCONTRACTOR represents and warrants that it is licensed by the Registrar of Contractors for the State of Arizona to provide services and materials in the performance of this contract. At all times during the term of this contract the SUBCONTRACTOR shall maintain its license and license bond in full force and effect. The SUBCONTRACTOR shall be bound to provide the two-year warranty required by the Registrar of Contractors, along with all warranties imposed by law, rule, or regulation, on all labor and materials provided and if there is an extended warranty beyond the two-years required by the Registrar of Contractors offered

by the SUBCONTRACTOR or any supplier warranties on materials and equipment extended by the SUBCONTRACTOR'S suppliers they shall be passed on to the CONTRACTOR on/or the ultimate property owner for the full extent of time allowed by that warranty. The SUBCONTRACTOR shall provide copies of such warranties to the CONTRACTOR.

By signing this document, Subcontractor hereby guarantees that the work and/or materials that will be provided and/or installed for projects it works at will be completed in accordance with the Contract documents. Subcontractor agrees to repair or replace any or all of the work it provides that may prove to be defective within a period of 2 years from the date it completes its work; ordinary wear and tear, unusual abuse or neglect and acts of God excluded.

15. HOLD BACK AND COMPLETION. Upon the termination of this Agreement for any reason the CONTRACTOR may hold back all unpaid funds until proper completion of work and full provision of labor and materials by the SUBCONTRACTOR. If the CONTRACTOR must complete work or hire others to complete any work begun or contracted for by the SUBCONTRACTOR, the SUBCONTRACTOR shall be fully liable for pay for the full cost of completing such work. The CONTRACTOR will hold back an amount determined by its management for all warranty work to be completed after termination of Agreement. This amount will be held for the full warranty period on all houses.

16. SEVERABILITY AND SURVIVABILITY. If any term or provision of this Agreement is deemed by a court of law to be unenforceable or invalid, the remainder of this Agreement shall be fully enforceable. The terms of this Agreement shall be binding upon the heirs, executors, assigns, trustees and successors of the parties hereto.

17. TIME OF THE ESSENCE. Time is of the essence in the performance of this Agreement.

18. NO CHANGES. This Agreement must be signed without change or modification unless each change or modification is initialed by both parties. Failure to have both parties initial any change will invalidate this Agreement.

19. ATTORNEYS FEES AND COSTS. If this Agreement must be enforced by legal action the prevailing party shall be entitled to recover reasonable attorney's fees and costs as established by the Court.

20. SAFETY. SUBCONTRACTOR, prior to commencement of work, will provide CONTRACTOR with an acceptable safety plan using standard practices for the performance of its work. All work and safety plans must conform to applicable Federal and State safety laws and work rules for all work performed on CONTRACTOR'S project. SUBCONTRACTOR will also comply with any OSHA requirements applicable to the project. Any OSHA fines based upon Subcontractor's/Material Supplier's safety violations which are assessed against Contractor shall be offset against any amounts due Subcontractor/Material Supplier.

21. DRUG/ALCOHOL USE. SUBCONTRACTOR will ensure that the Subcontractor/Material Supplier, its employees, sub-subcontractors, and others within Subcontractor's/Material Supplier's control who are present on the job site will be free of alcohol and other mind-altering substances, including all controlled substances.

22. DUST CONTROL. SUBCONTRACTOR, its employees, agents and suppliers will be responsible at all times to comply with dust control laws, regulations and permits at SUBCONTRACTOR'S expense and if any compliance cost, fine, penalty, loss or damage is incurred by CONTRACTOR as a result of SUBCONTRACTOR'S failure to comply with dust and particulate laws, regulations and permits or there is a violation related to dust and/or particulate releases SUBCONTRACTOR will be liable for the same and promptly pay CONTRACTOR for all costs incurred.

23. CHOICE OF LAW. This Agreement shall be governed by and construed under the laws of the State of Arizona, irrespective of the domicile of the parties, the state in which this Agreement was entered into, or other conflict of law principles. The parties further agree that in the event of dispute concerns on a construction project, the laws applicable to the project including, by the way of example and without limitation, building codes, energy codes and warranty laws, shall govern any dispute with respect to such project.

24. BINDING EFFECT. This Agreement shall bind the parties hereto, their successive, heirs, successors and assigns.

25. NON-ASSIGNMENT. This Agreement may not be assigned by Subcontractor/Material Supplier without the express written consent of Contractor.

26. CONFLICT IN DOCUMENTS. The terms of this Agreement shall control in the event of any conflict between the terms of this Agreement and any other agreement or document.

SIGNATURES TO FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date herein first appearing above.

SUBCONTRACTOR

AUTHORIZED PARTY, PRINTED NAME & TITLE

ADDRESS

CITY, STATE, ZIP

PHONE

ROC #

AZ General Contracting LLC. (CONTRACTOR)

AUTHORIZED PARTY, Curtis Allan Owner