

Section 6. Payment: The Contractor agrees that he will pay the Subcontractor, as set forth below, and subject to any increase or decrease resulting from any Subcontract Modification or Change Order, the sum of TWO THOUSAND EIGHT HUNDRED DOLLARS (\$2,800.00). Contractor agrees to pay the Subcontractor for monthly estimates on or about the 10th day of each and every month, or upon receipt of payment from the Owner for the Contractor's periodic billing in which the Subcontractor's monthly billing is incorporated, which ever is later, less the following:

- A. 10% Retainage
- B. Previous payments.
- C. Charges for materials or supplies or service supplied by Contractor to Subcontractor.
- D. Any set-off for sums paid, liens pending or claims in dispute against Subcontractor. Before any amount is disbursed, however, the payment request must be approved by Contractor and the Owner or Owner's Representative. Such payment request must be received by the 25th of the preceding month or date previously specified.

Final payment to Subcontractor shall be made upon receipt of final payment from Owner, such payment from Owner being a condition precedent to final payment, provided upon the further conditions that:

- A. All work is accepted by Contractor, the Owner, and the Architect or Engineer.
- B. Subcontractor provides Contractor with a General Release holding Contractor and Owner free and harmless from all claims arising out of or in connection with this Subcontract. Subcontractor agrees to furnish, if and when requested by the Contractor, affidavits that all bills for materials and labor have been paid, such affidavits to be supported by receipted bills if required by the Contractor. Prior to any payment to the Subcontractor, a release of liens and all claims is to be furnished to the Contractor together with any affidavits which may be required. The Contractor reserves the right to pay any outstanding past due obligations of the Subcontractor arising on this job by checks made payable jointly to the Subcontractor and his vendor or Subcontractor. Any such payments shall apply as a payment on this Subcontract.

Section 7. Failure or Disability of Subcontractor: If the Subcontractor should be adjudged a bankrupt, or if it should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of its insolvency, or if the Subcontractor should fail to carry forward and complete its work as provided in this Subcontract as rapidly as the Contractor may judge that the progress of the structure or structures will permit, or if the Subcontractor becomes involved in any labor difficulties which in the opinion of the Contractor impede or slow down the work, or if it should become insolvent or should fail to make prompt payment for material or labor used on the job, or should fail to comply with instructions or applicable laws, or if it should otherwise be guilty of a breach of this Subcontract, then the Contractor may without prejudice to any other right or remedy terminate the employment of the Subcontractor after giving it three (3) days written notice of its intention to do so, such notice to run from time deposited in U.S. Mail with sufficient postage attached, or from time telegram dispatched, sent to the Subcontractor's address as shown in this Subcontract or last known address; Contractor may thereupon take control of the Work covered by this Subcontract and may take possession of all materials and instruments thereon and complete the work, in which case the Subcontractor shall not be entitled to receive any further payments until the work is completed. If the unpaid balance under this Subcontract shall exceed the expense of finishing the work, including compensation for additional managerial and administrative services and all other expenses made necessary by the termination of the Subcontract, the excess shall be paid to the Subcontractor. If such expense is greater than such unpaid balance, Subcontractor shall pay the difference to the Contractor. Contractor, however, shall not be limited to such right and remedy of termination but shall have and be entitled to such other rights and remedies as the Owner may be entitled to assert against Contractor, and Contractor shall further have the right to supplement the work of Subcontractor by furnishing necessary materials, equipment, supervision and/or employing additional workmen necessary to remedy the situation. All costs incurred by Contractor in performing all or part of the work of Subcontractor shall be borne by Subcontractor.

Section 8. Deferment or Termination: In the event the Project is deferred or terminated by Owner, or if Contractor shall elect to defer or terminate the work of Subcontractor, Subcontractor shall be paid: (1) the price earned for work completed and accepted, (2) a proportionate part of the price allocated to the portion of the work partially completed, (3) the reasonable cost incurred by Subcontractor in securing and protecting the work in progress against loss, damage or deterioration, and (4) unamortized mobilization and demobilization costs; standby costs, cancellation or deferment charges of suppliers; the cost of materials and equipment not sold or disposed of; and other special costs for terminating or suspending work or preserving the work accomplished and turning it over to Contractor but (5) no compensation for the portion of the work not performed. Contractor shall notify Subcontractor whether the work of Subcontractor is terminated or deferred to an indefinite or specified date and the deferment shall not exceed six months without the consent of Subcontractor. If deferred, the work of Subcontractor may thereafter be terminated and shall be terminated upon expiration of the maximum period of deferment without notice to resume. Following deferment and notice to resume given by Contractor to Subcontractor in writing, Subcontractor shall resume the work in accordance with the terms hereof with a Subcontract Modification or Change Order, if required, in the price and time of completion, determined as in the case of changes. In case of any such termination or deferment, Subcontractor shall, as directed by Contractor, secure, safeguard, remove or deliver to Contractor all material, equipment, supplies, work in progress, and contract rights.

Section 9. Changes:

- A. Authority for Changes: Contractor may at any time, and without notice to Subcontractor's sureties, if any, make changes in, additions to and omissions from the Work of Subcontractor by issuance of a Subcontract Modification or Change Order. Subcontractor shall promptly proceed with the performance of its Subcontract as so changed. Notification of any claim for adjustment of Subcontract price under this section must be made in writing within ten (10) days from the date such changes are ordered, and such subsequent claim shall be itemized and supported by such documents or information as Contractor or Owner may require and be submitted within an additional ten (10) days. No increase or decrease in the Contract amount shall be binding on Contractor unless agreed to in a Subcontract Modification or Change Order signed by the Contractor's Project Manager or Purchasing Agent.
- B. Verbal Notices/Instructions: Any verbal notice or instructions from Contractor shall be confirmed in writing before any work pursuant to such notice or instruction is performed. Such written instructions will subsequently be incorporated into a Subcontract Modification or Change Order and signed by Contractor's Project Manager or Purchasing Agent.
- C. Price Breakdown: Subcontractor, in connection with any Subcontract Modification or Change Order, shall furnish a price breakdown as required by Contractor. Unless otherwise directed, the breakdown shall be in sufficient detail to permit an analysis of all labor, material and equipment, and shall cover all work involved in the Modification and Change Order, whether such work was deleted, added or changed. Any amount claimed for lower-tier Subcontractors shall be supported by a similar price breakdown. If the proposal includes a time extension, a justification therefore shall also be furnished.
- D. Changes in Schedules Due to Subcontract Modification or Change Order: All request for changes in schedules due to modifications requested by Contractor or Subcontractor shall be included in the Subcontract Modification or Change Order issued reflecting the change.

Section 10. Responsibility: Subcontractor assumes exclusive responsibility for:

- A. Permits, city license taxes or fees, other applicable fees, inspection costs, use taxes, and all other applicable taxes.
- B. Scheduling inspections and obtaining approval of governmental agencies.
- C. Release of liens for materials and labor used together with a General Release upon completion.
- D. Requested corrections in any work within 24 hours of notification by Contractor.
- E. Risk of loss until approved and accepted by Contractor and the Owner or Owner's representative.
- F. Notifying Contractor of any defects in workmanship or materials not part of this Subcontract that come to the attention of Subcontractor, prior to proceeding with work which may depend in whole or in part on the quality of said defective work.
- G. Prevention of accidents to workmen engaged in work under this Subcontract.
- H. All equipment, tools, machinery and materials used in connection with this work.
- I. Performance of all work in conformance with all local, state and federal code requirements.