

XYZ CONTRACTORS

SUBCONTRACT

XYZ Contractors
 "When you need it done right!"
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 Ca. Contr. Lic. #000000

Subcontractor's Name: JOHN Q. CONTRACTOR		Subcontractor's Address: 949 GRANT ST	
Subcontractor's City, State, Zip: BENICIA, CA 94510		Subcontractor's Phone (s): 707-747-4735	Subcontractor's Lic. No.: 337431
Subcontractor's Workmen's Comp. Carrier Name and Phone Number: STATE FUND, 510-078-4456		Subcontractor's Liability Insurance Carrier Name and Phone Number: LIBERTY MUTUAL, 415-079-1234	
Project Owner's Name: TOM CUSTOMER		Project Owner's Address: 661 JONES STREET	
Subcontractor's Tax I.D. Number: 94-2789000000			Project Owner's City, State, Zip: CONCORD, CA 94995
Project Address, City, State, Zip (if different from Project Owners): 1465 MARTIN LUTHER KING BLVD., SUITE 415B, OAKLAND, CA 94652			Project Phone:
Construction Fund Holder Name (if any): BAY VIEW FEDERAL	Construction Fund Holder Address, City, State, Zip: 1521 EL CAMINO REAL, SAN MATEO, CA 94326		File Number: 1521 EL
			Date: 07-30-03

This Subcontract is by and between XYZ Contractors hereinafter referred to as "Contractor" and John Q. Subcontractor the undersigned, hereinafter referred to as "Subcontractor"

a. Description of work: Subcontractor agrees to perform, supply and finish upon the project described above, in a thorough and workmanlike manner, to the satisfaction of Contractor, Owner, Architect (if any), and Building Department, all and everything, within the scope of Subcontractor's license and the bounds of this subcontract, called for in the plans, specifications and contract documents (copies of which have been delivered to Subcontractor and are incorporated herein by reference), according to the true intent and meaning of said plans, specifications and contract documents, with scope of work described below and shall provide at its own expense all labor, services, materials, equipment, tools, machinery, utilities, scaffolding, and anything else necessary and incident to the performance of said work.

Specifically: Tear off old built-up roof down to deck. Apply Georgia Pacific dens-deck board to entire roof. Apply Polyglass Modified Bitumen Roofing system as per manufacturer's recommendations.

b. Payment Schedule: Payment for the above work, upon satisfactory completion of this Subcontract shall be paid in accordance with paragraph (7) on page two hereunder. In consideration whereof, pursuant to the terms and conditions set forth in this subcontract which contains multiple pages, Contractor agrees to pay Subcontractor the sum of: Fourteen Thousand dollars (\$ 14,000.00) in installments as follows:

(said amount includes any applicable sales tax) By check upon receipt of invoice for the following draws: 1st draw after tearoff- \$4000.00. 2nd draw after dens-deck applied \$5000.00. Balance due on completion- \$5000.00.

c. Commencement and Completion of Work: Subcontractor agrees to complete all work in accordance with the critical path schedule set up by Contractor. Subcontractor agrees to promptly begin work as soon as notified by Contractor and complete all work as follows: Start work within 72 hours after notification and to complete the above described work within 30 days or by 8-21-03. Attention is hereby directed to the fact that time is of the essence in this subcontract. Any penalties due to the failure of Subcontractor to complete its work promptly (subject to such extensions of time as Contractor shall deem justified for delays caused by acts or neglect of Contractor, acts of God, or other unavoidable casualties beyond Subcontractor's control) will be deducted from Subcontractor's final payment.

d. Contractor's Responsibilities: This project is to be performed in compliance with Federal and California U.S.H.A. regulations and local, state, and national building codes and laws. Subcontractor is an independent, licensed contractor and is responsible for its employees, sub-Contractors (if any), materials, equipment, and all applicable taxes, benefits, and insurances. If required by Contractor, Subcontractor will furnish a faithful performance and material and labor bond, in an amount and through a bonding company acceptable to Contractor.

e. Insurance: Subcontractor will carry insurance in an amount not less than \$ 1,000,000 and as per paragraph (5) or as required by the specifications.

Is a Performance or Labor Bond Required? YES NO (if yes, specify): For full amount of the contract.

f. Continuation: The specifications, provisions, terms and conditions on the back side and on any continuing pages are expressly incorporated into this contract.

g. Acceptance: This contract is approved and accepted by the undersigned Subcontractor and Contractor for themselves, their agents, executors, and successors. Subcontractor and Contractor understand that there are no oral agreements or understandings between the parties of this document. The written terms, conditions, covenants, provisions, payment schedule, and specifications in this document, which contains multiple pages, is the entire agreement between the parties. Changes in this document shall only be done by written change order in accordance with paragraph (8) on page two hereunder.

In Witness Whereof Contractor and Subcontractor have executed this contract this 30th day of July, 2003.

Contractor: _____
 (Signature of Contractor or Contractor's Agent)

Subcontractor _____
 (Signature of Subcontractor or Subcontractor's Agent)

Contractors are required by law to be licensed and regulated by the Contractors State License Board, which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar; Contractors State License Board, P.O. Box 26000, Sacramento, CA 95826.

Terms and Conditions

1. Main Contract. Subcontractor acknowledges that they have read and understand the contract between the Owner and Contractor (hereinafter referred to as "Main Contract") and that the terms, conditions, provisions, specifications and plans which are a part of that contract also apply to this subcontract. The Main Contract documents are available for inspection by Subcontractor at the time of signing this subcontract and at Contractor's offices upon appointment. Subcontractor agrees to comply with and perform all provisions in the Main Contract that are in any way applicable to subcontractor's performance of this subcontract. The Main Contract documents are incorporated herein as part of this subcontract.

2. Work. The work to be performed by Subcontractor is as necessarily included on one particular portion of the plans or in one particular section of the specifications of the project. Subcontractor will perform all of the work that falls within the specialty and within the general area of this subcontract, regardless of the fact that the work to be performed may be scattered throughout the plans, specifications, scope and any other contract documents.

3. Individual responsibility. If Subcontractor is a corporation, the individuals or individuals who sign this subcontract on behalf of the corporation are jointly responsible for the contractor for performance of this subcontract.

4. Plans, specifications and quantities. The plans, specifications and this subcontract are intended to supplement each other but in the case of conflict, the plans shall control the specifications and this subcontract shall control both. If this subcontract is based on a unit price, all quantities or amounts mentioned are understood to be approximate and subject to change.

5. Insurance. Subcontractor, at their own expense, will maintain a workmen's compensation insurance policy and a comprehensive general liability insurance policy in amounts and form as specified in (E) on page one of this subcontract and such insurance shall be in full force and effect during the entire course of this subcontract and until final acceptance of all work under the main contract. Immediately upon signing this subcontract, Subcontractor and its sub-subcontractors of every tier will supply to Contractor duly issued certificates of Insurance naming Contractor as additional insured for all operations pertaining to this subcontract. The liability insurance policy shall be endorsed in such a way that the insurance provided by this policy shall apply to Contractor as though a separate policy had been issued to Contractor and that the coverage provided by Contractor is primary and any other insurance in force for Contractor will be excess and will not contribute to the primary policies. The certificate of insurance shall provide that Contractor will be given 30 days written notice prior to a cancellation of this policy. Subcontractor, upon demand of Contractor, will furnish satisfactory evidence to Contractor that he is conforming to all applicable Contractor and workmen's compensation laws. Failure of Subcontractor to maintain complete insurance will be deemed a material breach allowing Contractor, at his option, to terminate this subcontract or to provide insurances at Subcontractor's expense. In neither case shall Contractor's liability be lessened. The failure of Contractor to demand delivery of insurance certificate shall in no way relieve Subcontractor of any obligations under this paragraph. Contractor or Owner is not responsible for providing any protective service for Subcontractor's benefit. Subcontractor is fully responsible for all care and safekeeping and assumes the risk of damage or loss of any of Subcontractor's tools, equipment or materials on the job site or work performed and releases Contractor and Owner from any responsibility or liability thereof.

6. Indemnification. Subcontractor shall indemnify and hold harmless the Contractor, Owner, Architect, Architect's consultants and their agents and employees from and against any claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of Subcontractor's work under this subcontract, where any such claim, damage, loss or expense is ascertainable to bodily injury, disease, sickness, or death, or to the destruction or damage of tangible property (other than the actual work being done), to the extent caused by the negligent acts or omissions of Subcontractor, sub-subcontractors of any tier, and/or anyone employed by them directly or indirectly, and/or anyone for whose acts Subcontractor may be liable, even though such claim, damage, loss or expense is caused by a party indemnified hereunder. Such obligation shall have no effect on any other rights or obligations of indemnity which exist as to a party or person described in this provision. In claims against all persons or entities indemnified under this provision by an employee of the Subcontractor, sub-subcontractors of any tier, and/or anyone employed by them directly or indirectly, and/or anyone for whose acts Subcontractor may be liable, this indemnification shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the subcontractor or any Sub-subcontractors of any tier under workers' compensation, disability, or employee benefit acts. The obligations of the Subcontractor under this provision shall not extend to the liability of the Architects, Architects consultants, and their agents and employees arising out of: (1) the preparation or approval of maps, drawings, opinions, reports, surveys, change orders, designs or specifications, or (2) the giving of or the failure to give directions or instructions by the Architects, Architects consultants, and their agents and employees, provided such giving or failure to give is the primary cause of the injury or damage.

7. Payment. Subcontractor shall submit to Contractor applications for payment at such reasonable times as to allow Contractor to apply for and receive payment from owner or construction fund holder. Contractor shall have the right to withhold any payments from Subcontractor, or to pay Subcontractor's labor, and/or material bills jointly so as to include another payee, if Subcontractor fails to present satisfactory evidence that all current bills for labor and materials or other liabilities have been paid in connection with this subcontract. Contractor reserves the right to make a direct payment to any mechanics' lien claimants and deduct the amounts so paid from the subcontract price. Before any payment is made, Subcontractor shall provide Contractor with labor and material releases, in proper statutory form, signed by Subcontractor and all it's workers, all sub-subcontractors and all their workers, and all service, material, and equipment suppliers and shall release all lien rights for work performed and materials furnished through the date to which the payment applies. The fact that Contractor has made progress payments under this contract shall not be interpreted to imply that Contractor has inspected or approved the work performed by Subcontractor. Payments for extras will be made at the time of final payment.

8. Changes, alterations and substitutions. Changes to this subcontract must be made by written change order of Contractor. Contractor may at any time, without voiding this subcontract, order extra work or make other changes through executing a change order altering, adding to, or deducting from this subcontract with the subcontract price being adjusted accordingly. Upon request of Contractor, Subcontractor shall promptly submit detailed estimates of the cost of any extra work or deletions proposed by Contractor. No alteration, substitution, addition, omission, or change shall be made in the work, the materials and equipment supplied, nor in the manner and method of application or the performance of this subcontract in general, without written change order of Contractor. Subcontractor warrants that any substitution of equipment, materials, or method proposed shall be of equal or better quality and shall in all cases achieve the performance standards established by the Main Contract, this subcontract, and any contract documents. Any such change orders are a part of this subcontract and are incorporated herein and shall be executed under the conditions set forth in this subcontract. All claims for extension of time caused by a change order must be agreed upon at the time the change order is made. No one is authorized to execute a change order for any reason except Contractor.

9. Claims for extras. Subcontractor will make no claims for extras unless such extras are fully agreed upon prior to their performance by written change order with Builder's authorization and signature. Any extras that have not been approved by Contractor prior to their performance will be conclusively presumed to be included within the scope of the original subcontract and no additional compensation will be paid.

10. Supervision and Work Force. Subcontractor to remain constantly on the job during the progress of its work and to have a competent foreman, approved by Contractor, and employ sufficient workers to complete the work in the given time, except for delays caused by strike, Act-of-God, or other circumstances beyond the control of Subcontractor.

11. Permits, compliance and inspections. Subcontractor will apply for and obtain (at it's own expense) any special permits required for Subcontractor's work. Subcontractor will comply

with all applicable building codes, statutes, regulations, and ordinances of any governmental agency or authority and will be required to be present during all inspections that relate to this subcontract. Contractor shall have the right to demand production of such documents by Subcontractor, as necessary, to show the quality of materials used (and manufactured objects installed), on the job site. Subcontractor shall bear the entire expense of complying with this paragraph and shall receive no extra or additional compensation therefore.

12. Work failing any inspection. After receiving written notice from Contractor, Subcontractor, at it's own expense, will proceed to correct or remove from the site, any materials or work done by Subcontractor which is found to be improper or unsound or is in any way failing to conform to this subcontract including the plans, specifications, or any change orders. If as a result of poor or unsatisfactory work by Subcontractor, payments are withheld to Contractor, Subcontractor shall be responsible for any loss sustained by Contractor and Contractor has the right to deduct from any payment to be made to Subcontractor the amount of such loss. Failure of Contractor to immediately make a written notification on any work or materials when installed shall not in any way waive the right of Contractor to object thereto at any other time.

13. Damage, Work and Protection. Subcontractor shall protect the job site, the work of others, and Subcontractor or its own work until completion and acceptance of the Main Contract. Subcontractor to pay for all building materials, sidewalks, driveways and curbs, and anything else damaged on the site through his operation including any damage to the work of others. Subcontractor shall protect his work from any inclement weather.

14. Cleanup. Subcontractor shall clean up and remove all surplus materials and debris, (leaving work as a clean room clean), resulting from the performance of it's work. If not done within 24 hours upon notice Contractor may remove and clean up same and charge this cost to Subcontractor.

15. Default in materials and equipment. In the event of default by Subcontractor, Contractor may after 48 hours terminate the Subcontractor from the job. Subcontractor, at his option, will rescind the 48 hour notice if Subcontractor has cured the default or has adequately and efficiently to cure the default. A certificate delivered by or on account of Subcontractor and intended to be incorporated into the construction of this subcontract shall become the property of the Owner as delivered. Any surplus materials, equipment, or machinery assessed by Subcontractor at the completion of this subcontract. All scaffolding apparatus, tools, equipment or machinery brought onto the site by Subcontractor shall remain the contractor's property. In the case of default and the completion of this subcontract by Contractor, all said scaffolding, apparatus, tools, works, equipment or machinery may be used by Contractor without cost or liability for depreciation or damage and without prejudicing Contractor's other rights or remedies for any damage or loss sustained by reason of said Subcontractor's default.

16. Schedule. Subcontractor will provide Contractor with scheduling information promptly when requested to enable Contractor to efficiently schedule the components of the work. If necessary, Subcontractor will provide additional crews and work overtime without additional compensation in order to comply with the requirements of the Main Contract as to timely completion. If Subcontractor fails to provide sufficient competent help to complete the several portions and items of the subcontract in the given time to enable Contractor to fully comply with the Main Contract, Contractor may, after giving forty-eight hours written notice, eject the Subcontractor from the job, take over all supplies, materials, and equipment, and complete this subcontract and charge the cost of completion to Subcontractor's account without prejudice to Contractor's other rights or remedies for any loss or damage sustained. If Contractor takes over the completion of this subcontract from Subcontractor and the cost of completion is greater than those sums available from Subcontractor's account, even if the cost of completion is greater than the entire amount of this subcontract, Subcontractor herein agrees to reimburse Contractor for any expense over and above those available sums upon demand. Any remaining funds in Subcontractor's account after completion of this subcontract by Contractor will be paid to Subcontractor. At Contractor's option, if after 48 hours notice Subcontractor fails to meet Contractor's schedule, Contractor may supply such work, equipment, and materials as needed to bring Subcontractor's work up to schedule and the cost of such equipment, work and material shall be deducted from this subcontract price. If Contractor is assessed liquidated damages by Owner for failure to complete this project on time, and if this delay has been caused by Subcontractor, Subcontractor agrees to pay that portion of these liquidated damages resulting from it's actions or lack of actions and in failing to keep to the working schedule. If Subcontractor contends that any act of Owner, Contractor or other subcontractor has caused delay of Subcontractor, Subcontractor shall promptly give written notice thereof to Contractor in sufficient time to enable Contractor to comply with any requirements of this notice, (and in no event shall presentation of such written notice exceed three working days from the time of commencement of delay).

17. Guarantee and manufacturers warranties. Subcontractor guarantees that all work performed and all equipment and materials supplied will meet or exceed the requirements of the Main Contract with respect to quality and Subcontractor extends to Contractor and Owner the guarantees that are required of Contractor by the Main Contract. Subcontractor to furnish to Contractor and Owner a written guarantee covering all defects in labor and material, (unless specifications call for a longer period of guarantee), for a period of one year from the date of completion of this subcontract or from the date of first occupancy whichever is later. If corrective work is required, (e.g. a latent defect occurs), because of breach of contract by Subcontractor, Subcontractor will perform such corrective work even though the one year period following completion or occupancy of this project has expired. All warranties extended by the manufacturers of any products or equipment installed by Subcontractor shall be given to Contractor.

18. Arbitration. If the main contract calls for arbitration, and an arbitration concerning or relating to Subcontractor's work is commenced between Owner and Contractor, Subcontractor shall upon demand of Contractor, become a party to such arbitration and shall submit to any award that may be rendered therein. If any question arises regarding the work under this subcontract, or regarding the performance of this subcontract, or regarding rights and obligations of Contractor and Subcontractor with respect to the terms and provisions of this subcontract including any dispute over the plans and specifications or other contract documents, such questions or dispute shall be subject to arbitration. Arbitration shall be had in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, in effect at the time the arbitration is initiated, and judgment may be entered on the award. If any party does not appear at or participate in arbitration proceedings, the arbitrator is empowered to decide the controversy in accordance with whatever evidence is presented by the party(ies) that do participate. In the event arbitration is instituted by either party hereto, the arbitrator, as it shall deem proper, shall award to the prevailing party or parties reasonable attorney's fees and costs. The Owner, Contractor, Architect, all Subcontractors, and all Sub-Subcontractors are bound, each to the other, by this arbitration clause, and Subcontractor agrees that it's subcontracts will contain an arbitration provision providing that any controversy or question arising out of the performance of any subcontract or sub-subcontract including any dispute over the plans and specifications or other contract documents shall be subject to arbitration as specified in this paragraph. Subcontractor agrees that it will be liable to Contractor for all costs of suit, including reasonable attorney fees, arising of any lawsuit brought against Contractor or Owner by any sub-subcontractor of any tier whose agreement with Subcontractor does not contain like arbitration provisions to those in this paragraph, or if Subcontractor fails to enforce against its sub-subcontractors any provision of this subcontract.

19. Legal Fees. In the event litigation arises out of this subcontract or the performance thereof, prevailing party(ies) are entitled to all legal, arbitration, and attorney fees. The court shall not be bound to award fees based on any set, court fee schedule but shall if it so chooses, award the true amount of all costs, expenses and attorney fees paid or incurred.

20. Invalidity. If any provision, term, or condition in this subcontract is held to be invalid, void, or otherwise unenforceable, the remaining provisions, terms, or conditions shall nevertheless continue in full force.