

SECTION 7. CLAIMS. If any dispute shall arise between Contractor and Subcontractor regarding performance of the work, or any alleged change in the work, Subcontractor shall timely perform the disputed work and shall give written notice of a claim for additional compensation for the work within ten (10) days after commencement of the disputed work. Subcontractor's failure to give written notice within the ten (10) day period constitutes an agreement by Subcontractor that it will receive no extra compensation for the disputed work.

SECTION 8. INSPECTION AND PROTECTION OF WORK. Subcontractor shall make the work accessible at all reasonable times for inspection by the Contractor. Subcontractor shall, at the first opportunity, inspect all material and equipment delivered to the job site by others to be used or incorporated in the Subcontractor's work and give prompt notice of any defect therein. Subcontractor assumes full responsibility to protect the work done hereunder until final acceptable by the Architect, Owner and Contractor.

SECTION 9. LABOR RELATIONS. Subcontractor shall maintain labor relations policies in conformity with the direction of the Contractor and shall comply with those labor agreements applicable to the work performed under this Agreement, to the extent required by the Contractor.

SECTION 10. TERMINATION. (i) Should Subcontractor fail to rectify any contractual deficiencies, including failure to pay its creditors, within three (3) working days from receipt of Contractor's written notice, Contractor shall have the right to take whatever steps he deems necessary to correct said deficiencies and charge the cost thereof to the Subcontractor, who shall be liable for the full cost of Contractor's corrective action, including reasonable overhead, profit and attorneys' fees. (ii) Contractor may at any time and for any reason terminate Subcontractor's services hereunder at Contractor's convenience; in the event of termination for convenience, Subcontractor shall recover only the actual cost of work completed to the date of termination plus fifteen percent (15%) of the actual cost of the work for overhead and profit. Subcontractor shall not be entitled to any claim or lien against Contractor or Owner for any additional compensation or damages in the event of such termination.

SECTION 11. INDEMNIFICATION. To the fullest extent permitted by law, Subcontractor shall indemnify and hold harmless Owner and Contractor and their agents and employees from claims, demands, causes of actions and liabilities of every kind and nature whatsoever arising out of or in connection with Subcontractor's operations performed under this Agreement. This indemnification shall extend to claims occurring after this Agreement is terminated as well as while it is in force. The indemnity shall apply regardless of any active and/or passive negligent act or omission of Owner or Contractor, or their agents or employees, but Subcontractor shall not be obligated to indemnify any party for claims arising from the sole negligence or willful misconduct of Owner or Contractor or their agents or employees or caused solely by the designs provided by such parties. The indemnity set forth in this Section shall not be limited to by insurance requirements or by any other provision of this Agreement. All work covered by this Agreement done at the site or in preparing or delivering materials or equipment to the site shall be at the sole risk of Subcontractor until the completed work is accepted by Contractor.

SECTION 12. INSURANCE. Subcontractor shall, at its expense, procure and maintain insurance on all of its operations, with carriers acceptable to Contractor, and in amounts acceptable to Contractor and as required by the prime contract, including the following coverages:

- a. Workers' Compensation and Employer's Liability insurance:
- b. Comprehensive General Liability:
- c. Automobile Liability insurance, including coverage for all owned, hired and non-owned automobiles:

All insurance coverages shall be in amounts and for durations acceptable to Contractor and as required by the prime contract. Subcontractor shall, when required by Contractor, name Contractor as an additional insured under the General Liability policy. Subcontractor shall provide certificates of insurance to Contractor. The certificates of insurance shall provide that there will be no cancellation nor reduction of coverage without thirty (30) days prior written notice to Contractor. The failure of Contractor to enforce in a timely manner any of the provisions of this Section 12 shall not act as a waiver to enforcement of any of these provisions at a later date in the performance of this Agreement.

SECTION 13. CLAIMS RESOLUTION. Any claims resolution procedure incorporated in the prime contract shall be deemed incorporated in this Agreement, and shall apply to any disputes arising hereunder. In the absence of a claims resolution procedure in the prime contract, the parties hereto shall not be obligated to utilize arbitration or any other non-judicial method of dispute resolution. In any dispute resolution proceeding between the parties to this Subcontract, the prevailing party shall be entitled to recover its attorneys' fees.

SECTION 14. WARRANTY. Subcontractor warrants to Owner, Architect and Contractor that all materials and equipment furnished shall be new, free from faults and defects and of good quality. Subcontractor hereby warrants its work against all deficiencies and defects for the period required by the prime contract or the longest period permitted by the law of this State, whichever is less.

SECTION 15. ATTORNEYS' FEES. In the event the parties become involved in litigation or arbitration with each other arising out of this Agreement or other performance thereof in which the services of an attorney or other expert are reasonably required, the prevailing party shall be fully compensated for the cost of its participation in such proceedings, including the cost incurred for attorneys' fees and experts' fees. Unless judgment goes by default, the attorneys' fee award shall not be computed in accordance with any court schedule, but shall be such as to fully reimburse all attorneys' fees actually incurred in good faith, regardless of the size of a judgment, it being the intention of the parties to fully compensate for all attorneys' fees and experts' fees paid or incurred in good faith. In the case of a dispute under the prime contract dispute resolution provisions, Subcontractor shall be entitled to such attorneys fees and other costs as may be provided for under the prime contract.

SECTION 16. SPECIAL PROVISIONS.

CONTRACTORS ARE REQUIRED BY LAW TO BE LICENSED AND REGULATED BY THE CONTRACTORS STATE LICENSE BOARD. ANY QUESTIONS CONCERNING A CONTRACTOR MAY BE REFERRED TO THE REGISTRAR OF THE BOARD, WHOSE ADDRESS IS:

Contractors State License Board
3132 Bradshaw Road
Post Office Box 26000
Sacramento, California 95826

Dated: _____

Dated: _____

CONTRACTOR

SUBCONTRACTOR

By _____
(Name)

By _____
(Name)

(Address)

(Address)

(Contractor's License No.)