

CAD HOMES, LLC
SUBCONTRACTOR AGREEMENT

THIS SUBCONTRACTOR AGREEMENT ("Agreement") is entered into by and between CAD HOMES, LLC, a Washington limited liability company, a Washington State registered general contractor (L&I No:CADHOHL850JN) ("Contractor") and _____, (L&I No: _____) a Washington limited liability company, its successors and assigns a Washington corporation, its successors and assigns a Washington general partnership/sole proprietorship, its/their heirs, successors and assigns ("Subcontractor") who hereby agrees to perform certain subcontract work for certain "Projects" that is now or will be later identified on exhibits to this Agreement. During its term, this Agreement shall be applicable to all Projects offered by Contractor and accepted by Subcontractor with the subsequent addition of new Exhibits, numbered sequentially beginning with attached Exhibit 1 ("the Exhibit").

Subcontractor's Contact Person(s): _____.
Subcontractor's Address: _____.
Subcontractor's Contact Phone Number(s): _____.
Subcontractor's Washington State Labor & Industries Number: _____.
Subcontractor's Insurance Carrier (L&I Registered): _____.
Subcontractor's Bond/Surety Company: _____.
Subcontractor's Bond Number: _____.
Subcontractor's Federal Employer Identification Number (EIN): _____-_____
Subcontractor's Washington State Unified Business Identifier Number (UBI#) is: _____-_____-_____.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements set forth herein, the parties agree as follows:

1. **SCOPE OF WORK:** Subcontractor shall provide all supervision, materials, labor, supplies, tools, equipment, parts, materials, appliances and manuals for work on the Projects as identified on the Exhibit ("the Work"). All of the Work, including all plans, specifications, allowances, schedules, drawings, depictions and change-orders or the like, attached to the Exhibit are hereinafter "the Contract Documents".

2. **SUBCONTRACT PRICE:** For the full, complete, timely and faithful performance of the Work described in the Contract Documents, Contractor shall pay Subcontractor the "Subcontract Price" as set forth in the Contract Documents. Payment by Contractor of the Subcontract Price to Subcontractor shall be made within sixty (60) days of invoice from Subcontractor following completion of the Work, unless otherwise agreed upon, in writing, by Contractor and Subcontractor,

3. **TIME OF COMMENCEMENT AND COMPLETION:** The Work shall be commenced and completed on the dates set forth in the Contract Documents.

4. **TERM OF THIS AGREEMENT.** The Term of this Agreement shall be for one (1) year commencing on the date specified on the signature page of this Agreement and shall automatically renew on the same terms and conditions annually, unless and until either Party gives notice to the other Party at least thirty

(30) days prior to the end of the initial term or any renewal term of said Party's desire to terminate this Agreement. In the event any such notice is timely given, this Agreement shall terminate on the last day of the initial term or of any renewal term in which such notice is given, as the case may be.

5. **LICENSES/PERMITS/TESTS/TAXES/ASSESSMENTS/BONDS:** The Subcontract Price includes payment or reimbursement for all licenses, permits, fees, tests or taxes (i.e. Sales/Use taxes, Business and Occupational Taxes, etc.) required under any federal, state, county or municipal law, rule or ordinance or any contract provision (i.e. payment and/or performance bonds) in the Contract Documents, if any. Subcontractor shall pay all taxes, assessments and benefit contributions for Subcontractor's employees (i.e. Employment Security, Labor and Industries assessments, payroll taxes, etc.). Subcontractor shall maintain a current Washington State Labor & Industries Contractor's License, liability insurance and bond (RCW Ch. 18.27).

6. **INSURANCE:** Subcontractor shall, at Subcontractor's cost and expense, obtain and maintain during the term of this Agreement, the following policies of insurance:

- (a) a policy of broad-form comprehensive or commercial general liability insurance covering bodily injury, death and property damage, including pollution liability endorsements, with respect to the Work and including automobile liability insurance covering any motor vehicles and trailers used for the Work with a combined single liability limit of not less than \$1,000,000, per occurrence;
- (b) special forms or risks of direct physical loss coverage in such amounts as determined by Subcontractor, insuring all of Subcontractor's materials, appliances tools, equipment and other personal property of Subcontractor located in or about the Project;
- (c) workers compensation insurance covering all of Subcontractor's employees and such other insurance as may be required by law; and
- (d) such performance and indemnity bonds as are required by law.

All of the insurance policies required in paragraphs (a) through (c) above shall:

- (a) contain an endorsement requiring thirty (30) days written notice from the insurance company to Contractor before cancellation, non-renewal, or change in the coverage, scope or amount of any policy;
- (b) be written as primary policies, not contributing with and not supplemental to the coverage that Contractor may carry; and
- (c) shall name Contractor as additional insured.

In addition, Subcontractor shall supply Contractor with a copy of, or a certificate of, each policy and bond required to be obtained and maintained by Subcontractor under this Agreement within five (5) days of this Agreement and thereafter not less than twenty (20) prior to the expiration of any such policy. Subcontractor shall provide Contractor with a copy of, or a certificate of, each renewal policy. The obligations of Subcontractor under this Section shall survive the termination of this Agreement.

7. **DELIVERABLES:** At or before submission of Subcontractor's invoice for the Subcontract Price, and as a condition precedent to payment of the Subcontract Prices, Subcontractor shall furnish Contractor suitable submittals, shop drawings and as-built drawings of the Work, and if included in the Contract Documents, all operational and maintenance manuals, and manufacturers' warranties respecting materials, appliances and equipment included in the Work, and any other documents or instruments required of Subcontractor by the Contract Documents.

8. **CHANGES:** All “Change Orders” issued by Contractor to Subcontractor shall be part of and subject in all respects to the terms and conditions of this Agreement. Generally, Change Orders shall be in writing, but in the event Contractor verbally issues a Change Order to Subcontractor at the Project or elsewhere, and economies of the Work require the Change Order to be commenced or totally performed prior to Contractor and Subcontractor executing a Change Order, Contractor shall ratify any such Change Order immediately by notice to Subcontractor, in person, by email, fax or signing a Change Order. All Change Orders shall be included in Subcontractor’s invoice at completions of the Work as a debit or credit to the Subcontract Price. If any governmental authority or inspector requires a change to the Work, such change shall constitute a Change Order. If any governmental code changes during the Work and Subcontractor must deviate from the Contract Documents, the additional Work shall constitute a Change Order issued by governmental authority or inspector which shall be binding on Subcontractor.

9. GENERAL PROVISIONS RE:QUALITY OF WORK:

- 9.1 Covenants. Subcontractor covenants that all of the Work shall:
- (a) be completed in a clean, neat and workmanlike manner and in strict compliance with all applicable codes, laws and ordinances in accordance with generally accepted professional subcontracting standards;
 - (b) be performed by individuals duly licensed and authorized by law to perform the Work to the extent required by law;
 - (c) furnish the Contractor the appropriate releases or waivers of lien for all of the Work, including the materials and equipment provided, and provide Contractor proof of current paid status on industrial insurance premiums prior to payment of the Subcontract Price; and
 - (d) remove all waste, trash and debris from the Project and leave the Project in broom-clean condition.

In the event of a breach by Subcontractor of the foregoing covenants, Contractor may assess a \$300 penalty, per breach, which shall be deducted from the Subcontract Price.

9.1 Attendance. In addition to the foregoing, Subcontractor may, unless required by Contractor, be in attendance at Contractor’s “Walk-Through” at or near completion of the Project. Contractor shall give Subcontractor no less than forty-eight (48) hours notice of the date and time of such “Walk-Through”, which shall take place at the Project Site. During the “Walk-Through”, Subcontractor shall assist Contractor in completion of the “Punch List”.

10. **SUBCONTRACTOR’S WARRANTY:** For a period of twelve (12) months following the later of completion of the Work, closing of the sale of the Project, or issuance of a Certificate of Occupancy, Subcontractor warrants that all of the Work was completed in strict and complete compliance with the Contract Documents, free of defects and in compliance with generally accepted subcontracting standards; and, shall correct all of the Work, at the sole cost and expense of Subcontractor, which proves within the warranty period to be defective, inoperable or not to be otherwise in compliance with the Contract Documents. All warranty

work of Subcontractor shall be commenced promptly on request of Contractor and finished as quickly as is reasonably practical under the circumstances, at the sole cost and expense of Subcontractor.

11. **SUBCONTRACTOR'S DUTIES:** Subcontractor shall, when due, pay for all materials, appliances, equipment, supplies, labor and other associated costs used in, or in connection with, the performance of this Agreement and completion of the Work in accordance with the Contract Documents. Subcontractor shall prosecute the Work diligently and properly and timely complete the Work. Subcontractor shall cooperate with Contractor and other subcontractors in scheduling the Work so as not to interfere with the work of others. Subcontractor shall notify Contractor, in writing, of any additional or substitute persons and materials supplier assisting in the Work not originally listed on the Exhibit. Further, Subcontractor may not subcontract any of the Work.

12. **FAILURE TO PERFORM:** If Contractor determines, in Contractor's reasonable discretion, that Subcontractor neglects to prosecute the Work diligently, improperly or fails to perform the Work under the provisions of this Agreement or the Contract Documents, Contractor may cause other subcontractors to make good such deficiencies and may deduct the cost thereof from the Subcontract Price then or thereafter due Subcontractor. Alternatively, Contractor may, in Contractor's discretion, terminate this Agreement due to lack of prosecution or performance, after which Contractor may complete the Work or re-let the Work to another subcontractor. Subcontractor shall pay Contractor, immediately on demand, any amounts over and above the Subcontract Price required to complete the Work by another subcontractor or contractor after termination of this Agreement.

13. **NO WORK FOR OWNER.** Unless receiving the prior consent of Contractor by any means of communication from Contractor, Subcontractor shall not contract with or do work directly for the owner on the Project. All of the Work to be done on the Project by Subcontractor shall be performed pursuant to the Contract Documents, and not otherwise. In the event Subcontractor does work directly or contracts with the owner on the Project, Subcontractor shall be solely responsible for all such work at Subcontractor's sole cost and expense and Contractor shall have no responsibility or liability therefor whatsoever and Subcontractor shall defend, indemnify and hold Contractor completely harmless therefrom.

14. **INDEMNITY/WAIVER:** Subcontractor shall defend, indemnify and hold the Contractor harmless from and against all claims, damages, losses and expenses (including reasonable attorneys' fees) arising out of or related to the performance of the Work, including without limitation, bodily injury, sickness, disease or death, or to injury or destruction of tangible property, including the loss of use resulting therefrom (collectively "Claim"), caused by the negligent or intentional acts or omission of Subcontractor or Subcontractor's agents, employees, contractors or licensees ("Subcontractors Forces"). Further, Subcontractor shall defend, indemnify and hold Contractor harmless from any damages, actions, suits, claims or other costs (including reasonable attorneys' fees) arising out of any breach of any of Subcontractor's representations or warranties contained in this Agreement.

In partial consideration hereof, Subcontractor hereby voluntarily and knowingly agrees to waive any immunity under the Washington State Industrial Insurance Act, Title 51 RCW and specifically acknowledges that this provision of this Agreement was fairly bargained for.

By: _____

Print Name: _____

Its: _____

Date: _____

15. **DISPUTES:** With regard to all matters, all claims and disputes relating to or arising out of this Agreement that are less than the Small Claims jurisdictional limit shall be filed in the Small Claims Division of the District Court having jurisdiction where the Project is located, with waiver of the provisions of RCW 12.40.080, meaning that the parties may be represented by legal counsel. All claims and disputes related to or arising out of this Agreement in excess of the Small Claims jurisdictional limit or involving equitable remedies shall be first subjected to mediation within forty-five (45) days of a demand and within forty-five (45) days thereafter be subjected to binding and non-appealable arbitration as the sole and exclusive remedy. If the parties cannot agree on a mediator or an arbitrator, the Presiding Judge of the Superior Court in the County where the Project is located shall appoint a mediator or an arbitrator versed in the subject matter of the claim or dispute, which arbitrator need not be a lawyer unless legal interpretation of the Agreement is required. If the arbitrator is a lawyer, the arbitrator may engage the services of any disinterested industry expert to ascertain specialized factual determinations. Substantive discovery shall be allowed in the sole discretion of the arbitrator. The arbitrator may award damages and injunctive relief and may register a judgment in a court of competent jurisdiction. In any suit, arbitration, proceeding or action to enforce any term, condition or covenant of this Agreement or to procure an adjudication or determination of the rights of the parties hereto, the substantially prevailing party shall be entitled to recover from the other party reasonable sums as arbitrator's fees, attorney's fees and co

16. **NOTICES:** Subcontractor's Application for Periodic Payments, and any notices to be given by a Party to the other Party, shall be effective when; a) transmitted (*with confirmation*) to a Party by facsimile or electronic mail; b) personally delivered in the case of Contractor, to Drew Scott or Alan Scott; c) personally delivered in the case of Subcontractor to Subcontractor's "Contact Person" identified on page 1 of this Agreement; or d) two (2) days after mailing fully prepaid certified mail, return receipt requested, to the other Party, as follows:

Subcontractor:

Contractor:

_____, WA._____
Phone: () _____-_____
Fax: () _____-_____
Email: _____

CAD HOMES, LLC

1426 E Hunter Place, Suite A
Moses Lake, WA 98837
Phone: (509) 989-1823
Email: DrewScott@cadhomesllc.com

17. **WASHINGTON LAW:** Current Washington law requires that a notice be provided on certain construction projects. This notice is not a reflection upon the abilities or credit of Contractor.

18. **MISCELLANEOUS:**

18.1 Cooperation: Subcontractor and Contractor shall cooperate fully, and in good faith, in all matters related to or arising out of this Agreement.

18.2 Subcontractor's Stipulation: The Contract Documents were drafted by Contractor or Contractor's attorney. Subcontractor stipulates that Subcontractor has had adequate time to consider the legal, financial and practical consequences of the Contract Documents, and has had ample opportunity to have the Contract Documents reviewed by legal, financial and tax advisors. If Subcontractor has not submitted the Contract Documents to the scrutiny of Subcontractor's legal, financial and tax advisors, Subcontractor stipulates, despite having the opportunity to do so, Subcontractor has waived the same, and knowingly and voluntarily elected to proceed without the benefit of such review.

18.3 Written Waiver: Waiver by any Party of a breach of any covenant or warranty contained herein shall be made only by written waiver, and no such waiver shall operate or be construed as a waiver of any prior or subsequent breach of the same covenant or warranty.

18.4 Remedy: Except as otherwise specifically provided herein, the exercise of any remedy provided by law or otherwise and the provisions of this Agreement for any remedy, shall not exclude any other remedy.

18.5 Legal Relationships: The Parties to this Agreement execute the same solely as independent contracting parties. No partnership, joint venture or joint undertaking shall be construed from these presents, and except as herein specifically provided, neither Party shall have the right to make any representation for, act on behalf of, or be liable for the debts of the other.

18.6 Intent: Subcontractor and Contractor stipulate that each and every provision of this Agreement has been fairly bargained for, that the execution of this Agreement memorializes the intent of Subcontractor and Contractor after thoughtful consideration of all risks and knowingly and voluntarily assumed such risks.

18.7 Amendments: This Contract shall only be amended, supplemented or modified in a signed writing by Subcontractor and Contractor.

18.8 Third Party Fees: Subcontractor and Contractor agree to respectively pay for their own brokers, agents, consultants, agencies or similar person or entity which have assisted in procuring this Agreement and shall defend, indemnify and hold the other harmless from any claim to commissions.

18.9 Exhibited Documents: All documents, instruments and agreements exhibited to this Agreement are, by the references made thereto throughout this Agreement, incorporated into and made a part of this Agreement as though fully set forth herein. In the event of conflict between the terms of this Agreement and any exhibited documents, the term of this Agreement shall be controlling. All definitions or specified meanings in this Agreement shall apply to such words and terms in each Exhibit attached.

18.10 Construction: Captions and the organization of paragraphs in this Agreement are for convenience only and shall not be used in construing meaning or interpretation. The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning, strictly neither for or against any Party hereto, and without implying a presumption that the terms of this Agreement shall be more strictly construed against one Party by the reason of the Rule of Construction that a document is to be construed more strictly against the Party or such Party's representatives who drafted the same. In the event this Agreement is in conflict with the provisions of any laws, statutes or regulations governing the subject matter hereof, such laws, statutes or regulations only to the extent of such conflict shall be controlling and this Agreement shall be deemed to be modified or amended to be in conformity therewith.

18.11 Attorney's Fees: If either Party shall be in breach or default of this Agreement, the nondefaulting Party shall have the right at the defaulting Party's expense, to retain an attorney or collection agency to make any demand, enforce any remedy, or otherwise protect or enforce such Party's rights under this Agreement. The defaulting Party shall pay all costs and expenses so incurred by the nondefaulting Party, including but without limitation, arbitration and court costs, collection agency charges, notice expenses, title search expenses, and reasonable attorneys' fees (with or without arbitration or litigation), and the failure of the defaulting Party to promptly pay the same shall cause a failure of cure of the specified default and shall in itself constitute a further and additional default of this Agreement. In the event either Party hereto institutes any action (including mediation and arbitration) to enforce the provisions of this Agreement or for any cause arising out of this Agreement, the losing Party shall pay or reimburse the prevailing Party for all of its court costs and reasonable attorneys' fees and fees or costs normally charged or advanced by such attorneys for items such as title reports, photocopies, telephone tolls, mileage, travel, boarding, expert fees, accounting fees or other advanced costs and fees, including such costs and fees that are incurred on appeal and in the enforcement in any judgment. In the event it is necessary for either Party to employ counsel or incur expense, in or out of court in any bankruptcy or reorganization proceedings, to enforce, establish or protect such Party's rights hereunder, such Party who prevails therein or so protects or establishes such Party's rights hereunder is entitled to recover from the other Party all reasonable attorneys' fees and expenses so incurred. All payments and reimbursements required by this paragraph shall be due and payable on demand, and may be offset against any sums owed to the Party so liable in order of maturity, and shall bear interest at the rate of twelve percent (12%), per annum, from the date of demand to and including the date of collection or the due date of any sum against which the same is offset, as the case may be.

18.12 Successors: Subject to any applicable restrictions contained herein, the rights, duties and obligations of the Parties hereto shall inure to the benefit of and be binding upon their respective estates, heirs, personal representatives, executors, administrators, successors, successors in trust and assigns.

18.13 Applicable Law / Venue/ Currency: This Contract shall be governed and interpreted in accordance with the laws of the State of Washington. The venue of any action brought to interpret or enforce any provision of this Agreement shall be laid in Grant County. All sums herein referred to shall be calculated by and payable in the lawful currency of the United States of America.

18.14 Time of Performance: Time is specifically declared to be of the essence of this Agreement and of the payment of all sums and the performance of all acts required to be done and performed by the Parties hereto.

18.15 Entire Agreement: The Parties agree that this Agreement is the entire contract between the Parties, that all preceding and contemporaneous oral and written statements, representations and warranties, whether consistent or inconsistent herewith, are agreed to be of no force and effect unless expressly stated herein.

18.16 Effect of Signatures: Each person signing below executes this Agreement in his or her individual capacity and on behalf of any marital community of which he or she is a member, except where a signature is designated as a representative signature.

DATED this ____ day of _____, 20__.

CONTRACTOR:

SUBCONTRACTOR:

CAD HOMES, LLC.

By _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

