

**CARBON RIVER CONSTRUCTION CO.  
GENERAL CONDITIONS  
Revised March 1, 2010**

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**CARBON RIVER CONSTRUCTION CO., a Washington corporation, "Contractor" and "Subcontractor", agree as follows:**

1. **WORK.** Subcontractor agrees to furnish all equipment and labor under supervision satisfactory to the Contractor to complete the Work of the Contract in all respects as is required by the Contractor, and all work incidental thereto.
  
2. **INSPECTION AND REPRESENTATION.** Subcontractor certifies that it has carefully examined the Work Site and all the applicable plans and specifications, prepared for the entire Work, of which the Work covered by this Subcontract is a part. Said plans and specifications are hereby referred to and made a part of this Subcontract. The Subcontractor and its Subcontractors will be and are bound by said plans and specifications insofar as they are applicable to the Work undertaken herein. Subcontractor also certifies that the Work Site is satisfactory for the commencement of the Work.
  
3. **PRICE.** It is mutually understood by the Contractor and Subcontractor that this agreement is a fixed price Subcontract, and the Contractor agrees to pay the Subcontractor for such labor and material furnished for the Work described above for the fixed sum. Unit prices, if applicable, are stated in the Subcontract. The Contractor and Subcontractor shall establish a schedule of values for the Work. Partial progress payments shall be paid monthly by the Contractor to the Subcontractor as the Work progresses, less any retainage until final payment is made. Monthly billings submitted on or before the twenty-fifth day of the month shall include only work performed through the end of the month and if approved for payment, shall be paid by the fifteenth of the following month with the exception of those that offer discounts if paid by the tenth day of the following month. Bills submitted after the twenty-fifth day of the month shall be included in the next monthly billing cycle. Subcontractor must bill contractor for any and all work not more than ninety (90) days after the work is completed in order to be paid.
  
4. **SCHEDULE.** The time for completion of the work shall be as stated in the Subcontract. Notice to Proceed with the Work shall be given by the Contractor, and the Subcontractor agrees to commence the Work by the fifth day following the Notice to Proceed, or this Subcontract may be terminated by the Contractor without penalty.
  
5. **CHANGES.** All changes to the Work that increase the Contract Price or time for completion must be approved in writing, signed by both parties, prior to the Work changes being commenced. The Contractor shall not be responsible for changes or extras that are not agreed to by written change order.
  
6. **AGREEMENT.** This agreement represents the full and entire agreement between the parties affecting the Work provided for herein. No other agreements or understanding of any nature concerning the same has been made. No oral modification of this Subcontract shall have any force or effect.
  
7. **DEFAULT.** Should the Subcontractor at any time refuse or neglect to supply a sufficient number of properly skilled workers, or a sufficient quantity of materials of proper quality, or fail in any respect to execute the work covered by this Subcontract, with promptness and diligence, or fail in the performance of any of the agreements herein contained, the Contractor may, at his option, after forty-eight hours

written notice to the Subcontractor, provide any such labor and materials and deduct the costs thereof from any money then due or thereafter to become due the Subcontractor under this Subcontract; or the Contractor may at his option, terminate the employment of the Subcontractor for the said work, and shall have the right to enter upon the premises and take possession, for the purpose of completing the work included under this Subcontract, of all the materials, tools, and appliances thereon, and may employ any other person or persons to finish the Work and provide the materials therefore; and in case of such discontinuance of the employment by the said Contractor, said Subcontractor shall not be entitled to receive any further payments under this Subcontract until the Work shall be wholly finished; at which time, if the unpaid balance of the amount to be paid under this Subcontract exceeds the expenses incurred by the Contractor in finishing the work, such excess shall be paid by the Contractor to the Subcontractor, but, if such expenses shall exceed the unpaid balance, then the Subcontractor shall pay the difference to the Contractor. The expense incurred by the Contractor, as herein provided, either for furnishing materials or for finishing the work and any damages incurred by such default shall be chargeable to, and paid by, said Subcontractor, and the Contractor shall have a lien upon all materials, tools, and appliances, taken possession of as aforesaid to secure the payment thereof.

8. INDEMNITY. 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 (if different from Contractor), 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. These indemnity and defense obligations shall apply to any acts or omissions, or negligence of indemnified parties, whether active or passive. 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.

9. INSURANCE. Prior to Subcontractor commencing any work or services, Subcontractor shall show evidence to Contractor that Subcontractor carries general liability insurance. 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 an additional named insured, through the applicable statute of limitations period that a construction defect suit can properly be filed. The coverage available to Contractor as an additional named insured shall not be less than \$500,000 combined single limit per occurrence and \$1,000,000 in the general aggregate, providing for coverage for completed operations, products liability, and contractual liability. The insurance carriers must be AM Best "A-" rated or better. Subcontractor shall also provide proof of workers' compensation coverage.

10. LIENS. The said Subcontractor agrees to turn said work over to the Contractor in good condition, and free and clear from all claims, encumbrances, patent royalties, and liens growing out of the performance of this Subcontract. Said Subcontractor shall, as often as requested in writing by the Owner or by the Contractor, make out and give to said Owner or Contractor a sworn statement of persons furnishing labor or materials to the Subcontractor or its Subcontractors, giving their names and how much, if any, is due or will be due to each. In the event that any lien is filed against the project for work performed by the Subcontractor, or its employees, agents, or subcontractors, Subcontractor shall, upon

notice of lien and request of the Contractor, remove such lien or provide evidence of payment or written explanation to Contractor. In accordance with paragraph 8, INDEMNITY, above, Subcontractor shall defend, indemnify, and hold harmless the Contractor from any and all claims of lien arising out of the Subcontractor's work on the Project.

11. TAXES. It is hereby specifically and expressly agreed that with respect to labor requirements and wage scales, the Subcontractor will comply with all statutory and specification requirements, will pay all taxes assessed against its labor and material, and will also comply with all statutory and specification requirements as to labor reports, payroll taxes, and the like. Subcontractor agrees to conform with all State and Federal Labor Law and to the labor policy of the Contractor. The Subcontractor agrees to pay any fines assessed against the Contractor on account of labor law violation by the Subcontractor or its Subcontractors, employees or laborers, and to indemnify the Contractor for any claims of unpaid taxes, insurance, and L&I. Subcontractor shall individually and personally guarantee this indemnity to the Contractor.

12. EXTENSION OF TIME. Should the Subcontractor be delayed in the execution or completion of the Work by the act, neglect, or default of the Architect, Engineer, or of the Contractor, or by damage caused by fire or other casualty for which the Subcontractor is not responsible, then the time agreed upon for the completion of the Work shall be extended the number of days that Subcontractor has been delayed, but no allowance or extension shall be made unless the claim therefore is presented in writing to the Contractor within forty-eight hours of the occurrence of such delay.

13. FINAL PAYMENT. Final payment shall be made after satisfactory completion of the Work included in this Subcontract. Payment of any installment or final payment shall be withheld until Subcontractor furnishes satisfactory proof of payment of all bills for labor, materials, taxes, services and other expenses in connection with this Subcontract, if applicable. Subcontractor must bill contractor for final payment not more than ninety (90) days after the work is completed in order to be paid.

14. ACCEPTANCE. It is further mutually agreed between the parties hereto that no payment made under this contract, except the final payment, shall be conclusive evidence of the performance of this Subcontract, either in whole or in part, and that no payment shall be construed to be an acceptance of defective work or improper materials.

15. MISCELLANEOUS. Subcontractor shall, at its own expense:

(a) Obtain all necessary permits and licenses and comply with all statutes, ordinances, rules, regulations and orders, of any governmental or quasi-governmental authority, applicable to the performance of the Work; and be responsible for and correct any violations thereof;

(b) Conform to the basic safety policy of Contractor and comply with all specific safety requirements promulgated by Owner or Contractor, including WISHA. Subcontractor shall provide immediate written notice to the Contractor of any unsafe condition on the job and shall be responsible for and indemnify Contractor for any safety violations or fines; and

(c) Furnish a copy of its certificate of insurance.

16. WARRANTY. Subcontractor warrants that the Work shall be free from defects and shall conform to and meet the requirements of the Contract and the Contract Document(s) and shall furnish any separate guarantee for the Work or portions thereof, required under the Contract or Contract Document(s). Subcontractor agrees to make good, to the satisfaction of the Home Buyer, any portion or portions of the Work which prove defective within one year after purchase by the Home Buyer or such longer period as may be specified by law.

17. **ASSIGNMENT.** The Subcontractor will not sublet, assign, or transfer this contract or any part thereof without the written consent of the Contractor, nor will the Subcontractor assign any monies to become due it hereunder, without prior written consent of the Contractor.

18. **WAIVER OF SUBROGATION.** Owner and Contractor hereby release each other and any subcontractors, suppliers or their agents or employees from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage to the insured real or personal property caused by fire or any other insured peril, even if such fire or other casualty shall have been caused by the fault or negligence of the other party or anyone for whom such party may be responsible, to the extent such loss or damage is covered by insurance policies actually maintained by the parties or which would have been covered by the policies required hereunder to be maintained. Owner and Contractor shall each procure insurance policies with such a waiver of subrogation and with a clause or endorsement to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasor to recover thereunder.

19. **CLEANUP.** Subcontractors are responsible for knowing and following these rules and regulations. Subcontractor shall cleanup all garbage and debris generated by its work and place into Contractor provided jobsite dumpster. Subcontractor shall leave the site in broom-clean condition. Subcontractors are not allowed to drive on dirt, they must use the construction spalls at all times. Contact site superintendent if spalls were not provided. Tracking or staining of the roads is prohibited not only by the Contractor but by new Federal and State Erosion laws that took effect as of October 1<sup>st</sup>, 2006. Subcontractors are required to be familiar with The State of Washington Water Pollution Control Law Chapter 90.48 Revised Code of Washington and The Federal Water Pollution Control Act (The Clean Water Act) Title 33 United States Code, Section 1251 et seq.

20. **DISPUTE RESOLUTION.** The Parties agree that any claim or dispute between them or against any agent, employee, successor, or assign of the other, whether related to this agreement or otherwise, and any claim or dispute related to this agreement or the relationship or duties contemplated under this contract, including the validity of this arbitration clause, shall be resolved by binding arbitration by the American Arbitration Association, under the Arbitration Rules then in effect. Any award of the arbitrator(s) may be entered as a judgment in any court of competent jurisdiction. Information may be obtained and claims may be filed at any office of the American Arbitration Association or at Corporate Headquarters, 335 Madison Avenue, Floor 10, New York, New York 10017-4605. Telephone: 212-716-5800, Fax: 212-716-5905, Website: [www.adr.org](http://www.adr.org). This agreement shall be interpreted under the Federal Arbitration Act, (9. USC 1 – 18).

21. **ADDENDUM.** The following additions, deletions and modifications constitute a part of this Subcontract: