Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 2 of 12 Subcontractor Initials

ARTICLE 1. CONTRACT DOCUMENTS

1.1. The Contract Documents consist of the Subcontract (including the cover page, general conditions, any supplementary conditions and all exhibits thereto); all Notices to Proceed issued pursuant thereto; all Addenda issued prior to and all approved Change Orders issued after the execution of the Subcontract; the Plans and Specifications pertaining to the Work; the construction agreement between Owner and SDB (the "Prime Contract"), excluding any provisions pertaining to progress payments or arbitration, and the attached schedule.

Subcontractor shall assume and agree to perform all obligations of SDB in the Prime Contract, as duly modified from time to time, insofar as they pertain to the Work set forth in this Subcontract, and Subcontractor shall assume toward SDB all of the obligations and responsibilities which SDB assumes toward Owner under the Prime Contract. Subcontractor shall be bound by the determination of any disputed question made pursuant to the provisions of the Prime Contract. In addition to any rights and privileges granted under this Subcontract, SDB shall have the same rights and privileges as against Subcontractor as Owner has against SDB pursuant to the Prime Contract.

1.2. The Contract Documents will be construed together so as to give effect to every part, but in case of conflict or ambiguity, Subcontractor will bring the conflict or ambiguity to the attention of SDB as soon as it is discovered, and the decision of SDB as to the interpretation of the Contract Documents shall be final. In the event of any conflicts or inconsistencies among the Contract Documents (not involving any modifications), the provisions imposing the higher standard or greater obligation upon Subcontractor shall apply.

1.3. The Prime Contract between SDB and the Owner shall be made available at SDB’s office for the subcontractor’s review, during normal business hours and with reasonable notice given to SDB.

ARTICLE 2. DESCRIPTION OF WORK

2.1. The Subcontractor shall furnish all labor, materials, equipment, tools, supplies, and other items required for the performance of the Work generally described on the cover page and any exhibits to this Subcontract, in accordance with the applicable provisions of the Contract Documents. Subcontractor acknowledges that the Plans and Specifications may be subject to the approval of public or private authorities and in the event these authorities require any changes as a condition of their approval, Subcontractor shall perform the Work in accordance with such changes. Subcontractor acknowledges that it is not authorized to perform any Work other than as specified in a written Notice to Proceed or Change Order signed by SDB.

2.2. Subcontractor represents that it has carefully examined and understands the Contract Documents, has investigated the Site and observed the conditions and difficulties under which the Work is to be performed and is familiar with all applicable building codes and industry standards, and other local, state and federal governmental and agency laws, rules, regulations, requirements and agreements as may be

applicable thereto (collectively, "Legal Requirements"), and that it has entered into this Subcontract on the basis of its own examination,

investigation and evaluation of all such matters and not in reliance upon any opinions or representations of SDB or Owner, or of any of their

respective officers, agents, or employees.

2.3. Subcontractor shall notify SDB, in writing, of any discrepancy, error or omission discovered by Subcontractor in the Plans and

Specifications, or the physical conditions uncovered or revealed at the Site differing materially from that indicated, reflected or reasonably

inferred from the Contract Documents, and continuation of the Work subsequent to such discovery shall be at Subcontractor's risk. Minor

items of work or material omitted from the plans or specifications, but clearly inferable from the information presented or which are called for

by accepted trade practice, shall be provided and performed by Subcontractor at no additional charge over the original Subcontract Price.

2.4. If Subcontractor requests or recommends any revisions or substitutions, Subcontractor represents that such revisions or substitutions are

equal to the items specified in appearance, capacity, quality, efficiency, and durability, and that the use of such revisions or substitutions will

not interfere with the work of SDB or any other subcontractor.

2.5. All materials, equipment, supplies and any other items incorporated in to the Work shall be new, and all Work shall be (i) of good and

workmanlike quality, (ii) in strict conformance with the Plans and Specifications applicable thereto, all other terms and conditions hereof, all

Legal Requirements; and (iii) shall pass all applicable state, local or federal governmental or agency inspections. Designation of any

manufactured articles, implement, equipment, or series thereof in the plans or specifications by name, trade name or manufacturer's name

establishes a standard of merit and quality, and Subcontractor shall not be entitled to use a substitute of any such item unless it meets or

exceeds such standards and is first approved in writing by SDB.

ARTICLE 3. PROSECUTION OF WORK

3.1. Time is of the essence. Within ten (10) days after entering into this Subcontract, Subcontractor shall provide SDB with scheduling

information, including projected crew sizes, submittal, procurement or fabrication dates and Work completion dates. Subcontractor shall

diligently prosecute and complete the Work and each portion thereof on or before the times set forth in any Contract Schedules or

milestones that SDB may from time to time establish in order to insure timely completion of the Project. However, notwithstanding anything

herein to the contrary, Subcontractor shall not commence Work prior to the time designated in a written Notice to Proceed from SDB.

3.2. Subcontractor agrees that it will keep itself continually informed of the progress of construction at the Site and will, upon its own initiative,

confer with SDB so as to perform its Work in a coordinated sequence with the work of all other subcontractors in a manner most beneficial

to the entire Project. Subcontractor shall cooperate with SDB and subcontractors whose work may interfere with Subcontractor's Work and

participate in the preparation of coordinated drawings and work schedules in areas of congestion, specifically noting and advising SDB of

any interference by other subcontractors.

3.3. Before commencing the Work, Subcontractor shall verify the dimensions and elevations at the Site by field measurement to ensure

conformity of materials or equipment to be ordered and incorporated into the Project. Subcontractor will satisfy itself as to the location of all

utilities, and keep them operating at all times. Subcontractor shall inspect all surfaces or work to determine whether it is unsatisfactory or

unsuitable. Subcontractor shall give SDB written notice of such condition prior to commencement of the Work. Subcontractor agrees not to

cover over unsatisfactory work performed by others. By commencing the Work, Subcontract acknowledges that all related, adjacent or

dependent work, services, utilities and materials are acceptable, and waives any and all claims or defenses arising from or with respect to

any defects therein.

3.4. If SDB furnishes materials to Subcontractor, any utilization by Subcontractor of those materials shall constitute an agreement by

Subcontractor that they are fit and proper and in sufficient quantity for the use intended.

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 3 of 12 Subcontractor Initials

3.5. From time to time during the progress of the Work, SDB shall have the right to revise the Contract Schedule to accommodate changes in

conditions affecting the Work or as deemed by SDB to be necessary or convenient to the overall progress of the Work. Subcontractor shall

adjust its operations to conform to all such Contract Schedule changes, agrees to make no claim for acceleration or delay by reason of such

revisions so long as such revisions are of the type normally experienced in work of this scope and complexity, and hereby releases and

discharges SDB and Owner from any liability for damages or expenses which may be caused to or sustained by Subcontractor by reason of

any such changes; provided, however, that the time allowed for the Work in the original Contract Schedule shall not be substantially

reduced by SDB unless agreed to by Subcontractor.

3.6. In order to expedite the completion of the Project, Subcontractor agrees to work overtime or additional shifts, at SDB's request, and it is

understood that SDB is to pay only the actual cost over the rate for regular time of said overtime. Time slips covering said overtime must be

checked and approved daily by SDB's authorized agent at the Site. No overhead or profit is to be charged by Subcontractor for said

overtime, and no FICA or worker's compensation shall be charged at the overtime rate(s). Overtime work not at SDB's request, or overtime

worked as a requirement of SDB under Article 14.1, shall be at Subcontractor's sole expense and obligation.

3.7. Subcontractor shall properly protect the Work during its progress. The Work is entirely at Subcontractor's risk and shall so remain until

completion and final acceptance of the Project. Subcontractor will obtain property insurance covering Subcontractor's interest in the Work. If

Subcontractor's Work is damaged or destroyed before it is finally completed and accepted by SDB, Subcontractor will look to its insurance

carrier for compensation, and will promptly commence and diligently proceed to accomplish the Work at no expense to SDB. Subcontractor

shall bear all risk of loss associated with damage to or theft of Subcontractor's tools, supplies, equipment and other personal property left

on the Site, and waives all rights of recovery against SDB for such damage.

3.8. Subcontractor shall promptly repair any damage to the Project or any other property at the Site caused by Subcontractor and shall defend,

indemnify and hold SDB harmless from all losses, liabilities, obligations, costs and expenses (including, without limitation, to attorney's fees)

arising from such damage. SDB shall have the right to assess the cost of repairing minor damage to newly-finished interior surfaces which

is not covered by insurance and which cannot be attributed to any particular subcontractor, among all subcontractors in proportion to the

manpower at the Site when the damage was discovered.

3.9. At all times during performance of the Work, Subcontractor shall maintain at the Site a competent supervisor approved by SDB and shall

employ sufficient persons to complete the Work within the time specified in the Contract Documents. The supervisor shall represent

Subcontractor and all communications given to the supervisor shall be as binding as if given to Subcontractor. The supervisor shall attend

all coordination, scheduling, safety and other meetings where Subcontractor's work is involved and as required by SDB. Should SDB deem

such supervisor unfit, in SDB's sole discretion, Subcontractor shall replace such superintendent within five (5) days after written request by

SDB.

3.10. As requested by and in a form suitable to SDB, Subcontractor will furnish periodic progress reports on the Work, including the status of

materials or equipment that may be in the process of being produced or delivered.

3.11. Subcontractor shall maintain at the Site one copy of Plans, Specifications, Addenda, approved Shop Drawings, and Change Orders, in

good order and marked currently to record all supplemental instructions made during the progress of the Work.

3.12. Immediately upon request, SDB shall be afforded access to all Subcontractor's records, books, correspondence, instructions, drawings,

receipts, vouchers, memoranda, and similar data relating to the Work, and Subcontractor shall preserve all such records for a period of

three (3) years, or for such longer period as may be required by law. In particular, SDB shall be entitled to audit, immediately upon request,

Subcontractor's records pertaining to the direct costs included in any Work performed on a cost-plus basis or unit price basis, including

without limitation any proposals for extra work under Article 14.

3.13. Subcontractor will be responsible for supplying its own crew with drinking water, ice and cups.

3.14. If SDB agrees to allow Subcontractor to use SDB's tools or equipment, Subcontractor shall do so at its sole risk and shall hold SDB

harmless from any claims and/or expenses, including but not limited to attorney's fees and court costs, resulting from the use of such tools

and equipment by Subcontractor, regardless of whether SDB operated such tools and equipment, including any claims by any employees of

SDB used by Subcontractor.

3.15. At the end of each work day, Subcontractor will be required to move all equipment powered by an internal combustion engine or any other

equipment having a potential of providing a source of ignition, to a non-hazardous area designated by SDB. All electrical equipment left in a

hazardous area during non-working hours must be disconnected from its power source.

3.16. Subcontractor shall not place any temporary or permanent signs on any portion of the building, the property or fences except upon the prior

written authorization of SDB.

ARTICLE 4. SUBMITTALS

4.1. Subcontractor shall review, approve and submit, with reasonable promptness and in such sequence as to cause no delay in the Work or in

the work of SDB, all shop Drawings, product data and samples required by Contract Documents (collectively, "Submittals").

4.2. SDB (or the Architect) will review and approve with reasonable promptness Submittals, but such review and approval will be only for

conformance with the design concept of the Project and for compliance with the information given in the Contract Documents and shall not

extend to means, methods, techniques, sequences or procedures of construction (except where a specific means, method, technique,

sequence or procedure of construction is indicated in or required by the Contract Documents) or to safety precautions or programs incident

thereof. The review and approval of a separate item as such will not indicate approval of the assembly in which the item functions.

Subcontractor shall make corrections required by SDB (or the Architect) and shall return the required number of corrected copies of shop

drawings and submit as required new product data and samples for review and approval. Subcontractor shall direct specific attention in

writing to revisions other than the corrections called for by SDB (or the Architect) on previous Submittals.

4.3. Review and approval of Submittals shall not relieve Subcontractor from responsibility for any variation from the requirements of the Contract

Documents; nor will such approval relieve Subcontractor from responsibility for errors or omissions in the Submittals. Review and approval

of Submittals is to be regarded as a service to assist Subcontractor in the preparation of Submittals.

4.4. Where errors or omissions are later discovered on the Submittals, they shall be corrected by Subcontractor at no cost to the SDB. No claim

for extra work shall be based on items shown on Submittals, unless such claim is noted on Subcontractor's transmittal letter accompanying

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 4 of 12 Subcontractor Initials

such Submittals and SDB's written approval is secured. Subcontractor shall bear all additional costs associated with the rejection of any

Submittals, including any price increases. Submittals are not checked for quantities of materials or number of items supplied. The itemizing

of materials and quantities shall be the responsibility of Subcontractor.

ARTICLE 5. TESTING

5.1. All tests specifically required in the subcontract shall be made at Subcontractor's sole cost and expense. Any additional tests which are

required by SDB, or the Owner, not specified in the Subcontract shall be made as directed by SDB, and if performed by Subcontractor,

Subcontractor shall be paid all costs of such tests. If SDB considers it necessary or advisable that the Work be observed or inspected or

tested, then Subcontractor, at SDB's request, shall uncover, expose or otherwise make available for observation, inspection or testing as

SDB may require, that portion of the Work in question, furnishing all necessary labor, material and equipment. If it is found that such Work is

defective, Subcontractor shall bear all direct, indirect and consequential costs of such uncovering, exposure, observation, inspection, and

testing and of satisfactory reconstruction (including but not limited to fees and charges of engineers, architects, attorneys and other

professionals. If, however, such Work is not found to be defective, Subcontractor shall be allowed an increase in the Subcontract Price or

an extension of the Subcontract Time, or both, directly attributable to such uncovering, exposure, observation, inspection, testing and

reconstruction.

ARTICLE 6. CLEANING

6.1. Subcontractor shall maintain the Site in a clean condition and shall daily clean and remove from the Site any dirt, debris, and excess

materials, tools and equipment caused by the performance of the Work, strictly observing all applicable laws governing their disposal. Upon

completion of the Work, Subcontractor shall clean and wash all work surfaces, and remove protective coating thereon, and leave the Site in

a clean and acceptable condition. In the event Subcontractor fails to do so, SDB may deduct cleaning costs from the unpaid balance of the

Subcontract Price or from any other sums then due or to become due to Subcontractor from SDB for any reason or, at SDB's option, charge

the same directly to Subcontractor for payment within five (5) days.

ARTICLE 7. COMPLIANCE WITH LAWS

7.1. Subcontractor shall comply with all laws, rules, regulations, and ordinances governing the Work and shall pay all fees, give all notices, and

obtain, at its own costs and expense, all required licenses, permits, inspections, and registrations necessary for the performance of the

Work. If the Work requires consultation with public utility companies, it shall be the responsibility of the Subcontractor to communicate with

all utilities and to conduct the Work so that the property of the utilities will not be damaged.

7.2. Subcontractor shall be responsible for all payments of taxes, contributions and/or premiums payable on its employees or on its operations

under worker's compensation laws, unemployment compensation laws, the Federal Social Security Act, health and welfare benefit plans,

gross business taxes, sales and use taxes and any other taxes, contributions and/or premiums which may become payable by operation of

law or contract (whether levied under existing or subsequently enacted laws, rules or regulations), including contributions payable by the

employees, and Subcontractor shall save SDB harmless from all liability, loss and expense resulting from Subcontractor's failure to comply

with such requirements. Subcontractor shall comply with any rules and regulations at any time applicable hereto and shall, on demand,

substantiate that all taxes and other charges are being properly paid. Where law requires any tax to be stated and charged separately, the

total of all items included within the Work and the added tax shall not exceed the total Subcontract Price.

7.3. Subcontractor (and its subcontractors) shall be, and remain, licensed by the appropriate regulatory agencies to do the nature and type of

work required under this Subcontract, and shall provide prompt proof thereof upon the request of SDB.

7.4. Subcontractor shall fully comply with all the provisions of SDB's Substance Abuse Policy (which prohibits the manufacture, distribution,

dispensation, possession or use of alcohol or drugs at the Site and further prohibits employees from working at the Site with the presence of

drugs or alcohol in their systems), at all time when performing its Work under this Subcontract, and the failure to follow this policy may be

deemed by SDB to be a default under this Subcontract subject to the provisions of Article 21 of these General Conditions.

7.5. SDB is an equal employment opportunity employer. Unless exempt, Subcontractor shall comply with the Equal Employment Opportunities

and Civil Rights Act of 1964 (as amended, Executive Orders 11246 and 11375 (as amended), Age Discrimination in Employment Act of

1967, Rehabilitation Act of 1973 and the Vietnam Era Readjustment Act of 1974, and with all other governmental laws, orders and

regulations relative to wages and hours of labor and other matters which may refer to Subcontractor.

ARTICLE 8. ELIGIBILITY OF EMPLOYEES

8.1 For any subcontract issued by SDB to Subcontractor, where the contract amount exceeds $3,000 including change orders, Subcontractor

agrees to comply with Federal E-Verify rules for each employee working on the subcontracted job.

8.2 Only employees who have previously been cleared as eligible to work in the United States through the E-Verify system may work on the

subject job.

8.3 Subcontractor agrees to fully indemnify SDB against any penalties, fines, and legal costs associated with the Subcontractor’s violation of

this provision.

.

ARTICLE 9. SAFETY

9.1. Prior to commencement of the Work, Subcontractor shall have provided SDB with its current Loss Control Program, Experience Modifiers

and Incidence Rates. Subcontractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs

against injury: (i) to all persons involved in the Work and all other persons who may be affected thereby; (ii) to all the Work, along with all

materials and equipment to be incorporated therein, whether in storage on or off the Site, under the care, custody, or control of

Subcontractor or any of its sub-subcontractors; and (iii) to other property at or adjacent to the Site.

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 5 of 12 Subcontractor Initials

9.2. In furtherance thereof, Subcontractor shall give all notices and comply with all applicable federal, state, and local law bearing on the safety

of persons or property of their protection from injury, including any reasonable loss prevention or control measures that SDB may deem

appropriate. Subcontractor shall fully comply with the Hazard Communication Standard for the Construction Industry and any Right-to-Know

Legislation applicable to the performance of the Work. Subcontractor shall also post all necessary danger signs and other warnings against

hazardous conditions existing, or which might exist, on the Site. Subcontractor shall also require all of its employees and subsubcontractors

to wear appropriate safety protection, including hard hats, shoes and other equipment. Subcontractor shall further institute

an ongoing program to promote safety at the Site including taking reasonable precautions to avoid potential injury to persons or property.

Any accidents involving Subcontractor's employees, sub-subcontractors or suppliers in connection with the Work must be reported to SDB's

superintendent using a First Report of Injury form completed and submitted within twenty-four (24) hours, followed by an accident and

investigation report submitted within five (5) days after the occurrence.

9.3. Subcontractor shall promptly report to SDB in writing any injury to any of Subcontractor's employees at the Site. Subcontractor shall comply

with the Federal Occupational Safety and Health Act of 1970 (also known as the Williams Steiger Act), shall keep all records required

thereby and shall post and retain all information in accordance therewith. Subcontractor acknowledges that SDB is a participant in the

Arizona Industrial Commission's O.S.H.A. Consultation Program and agrees that it shall observe all federal and/or state O.S.H.A.

Regulations and cooperate fully with the O.S.H.A. consultant at the Site.

9.4. Subcontractor shall provide SDB with Material Safety Data Sheets (MSDS) on any materials or supplies containing hazardous substances,

prior to delivery of such materials or supplies to the Site. Subcontractor shall not use asbestos or polychlorinated biphenyl or materials

containing those substances in the performance of the Work, except with written approval of SDB, Owner and Architect.

9.5. Subcontractor shall leave the premises free from dangerous conditions or hazards and assumes liability for generation, disposal,

transportation or use of any hazardous substances in connection with its Work. Subcontractor agrees to be liable for any penalty, fines,

fees, costs to contain or dispose of any hazardous substances in connection with its Work. Subcontractor expressly recognizes and agrees

that responsibility and assumption of liability under this Subcontract may be beyond the scope of Subcontractor's insurance policies.

9.6. Subcontractor agrees to comply with any and all safety standards and rules imposed by the owner on SDB.

ARTICLE 10. INDEMNITY

10.1. To the fullest extent permitted by law, subcontractor shall defend, indemnify and hold SDB and Owner and their agents and employees

harmless from all claims, injuries, damages, liability, losses, costs, penalties, expenses and fees (including without limitation attorney fees)

in any way arising out of or resulting from Subcontractor's performance of the Work pursuant hereto, including without limitation any claims,

liabilities, losses, costs, expenses and fees associated with the furnishing of labor, materials or rental equipment to or for the benefit of

Subcontractor and from any violation or infringement or claimed violation or infringement of patent, trademark or other similar rights: (i)

caused in whole or in part by any negligent act or omission of Subcontractor or any of its agents, employees or subcontractors or anyone

directly or indirectly employed by them, or (ii) caused by any act or omission of SDB or Owner, or their agents and employees, whether

actively or passively, which may have in part contributed to any such claims, injuries, losses, damages, except for the sole negligence or

willful misconduct of SDB and/or Owner.

10.2. This indemnity shall include any damage to SDB's property or the property of others; and any personal injury to or death of SDB's or

Subcontractor's employees. THIS AGREEMENT OF INDEMNITY EXPRESSLY INDEMNIFIES SDB AND OWNER AGAINST ALL

LIABILITY, CLAIMS, SUITS, DAMAGE, LOSS, JUDGMENT OR EXPENSE, INCLUDING ATTORNEY'S FEES, WHICH SDB OR OWNER

MIGHT INCUR BECAUSE OF SDB'S OR OWNER'S NEGLIGENT FAILURE TO DISCOVER OR REMEDY A DANGEROUS CONDITION

OR OTHER PROBLEM CREATED BY SUBCONTRACTOR.

10.3. In claims against any person or entity indemnified by this subcontract by an employee of Subcontractor, another subcontractor, anyone

directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation shall not be limited in

amount or type of damages, compensation or benefits payable by or for the Subcontractor under worker's compensation laws, disability

benefit laws or other employee benefit law.

10.4. Subcontractor shall reimburse SDB and/or Owner, their agents and employees any and all legal expenses incurred by each of them in

enforcing any of the indemnities provided for in this Subcontract.

ARTICLE 11. INSURANCE

11.1. Subcontractor shall maintain at all times during the Work the following insurance, with minimum available deductibles and at or above the

minimum limits set forth below:

11.1.1. Worker's Compensation and Occupational Disease Insurance, including Employer's Liability, subject to a limit of not less than

$1,000,000, including a waiver of subrogation in favor of SDB;

11.1.2. Comprehensive General Liability Insurance covering bodily injury, accidental death and property damage, with limits of not less

than $1,000,000.00 per occurrence and $2,000,000 general aggregate. The Owner and SDB must be named as additional

insureds under ISO endorsements CG 20 10 AND CG 20 37 with an edition date of 07/04 or equivalent and endorsements

must be attached to certificate of insurance. Coverage must be provided on a primary/non-contributory basis.

11.1.3. Automobile Liability Insurance covering bodily injury, accidental death and property damage with respect to any vehicles (whether

owned, non-owned or hired) used in connection with the Work, not less than $1,000,000.00 per occurrence.

11.2. All insurance policies shall be with companies approved by SDB. Each policy shall provide that coverage thereunder shall not expires, be

reduced or canceled, or terminated until at least thirty (30) days' prior written notice has been given by the insurer to SDB. Certificates of

Insurance acceptable to the SDB shall be submitted to SDB prior to the commencement of the Work. In the event the coverage evidenced

by any such Certificate of Insurance is canceled or reduced, Subcontractor shall procure replacement coverage and furnish to SDB at least

five (5) days before the effective date of such cancellation, new Certificates of Insurance conforming to the above requirements. In the

event Subcontractor shall fail to provide such new Certificates of Insurance within the time specified, SDB shall have the right to procure

coverage and immediately deduct the cost thereof from any amounts due Subcontractor. The failure to provide evidence of, and to

maintain, the insurance required herein, shall be deemed a material breach of this Subcontract, and shall entitle SDB to the right to withhold

any payment due to Subcontractor under this Subcontract until proof of the required insurance coverage has been provided to SDB.

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 6 of 12 Subcontractor Initials

11.3. All liability insurance policies shall be endorsed as primary and non-contributory as to any insurance maintained by Owner or SDB. Such

insurance shall also provide that the insurer shall defend any suit against the named insured and the additional insureds, their officers,

agents or employees, even if such suit is frivolous or fraudulent. Such insurance shall also provide SDB with the right, but not the obligation,

to engage its own attorney for the purpose of defending any legal action against SDB, its officers, agents or employees, and that

Subcontractor shall indemnify SDB for costs and expenses, including reasonable attorney's fees incurred, arising out of, or incurred in the

defense of such action.

11.4. Insurance coverage shall be maintained on an occurrence basis without interruption from the date of commencement of the Work until five

(5) years thereafter.

11.5. The existence of insurance coverage will not be deemed to release, limit, waive or discharge Subcontractor from any of the obligations

imposed upon Subcontractor by the Subcontract or by law. Likewise, neither SDB's failure to insist upon proof of insurance from

Subcontractor nor any other forbearance shall be deemed a waiver of SDB's rights or a release of Subcontractor's obligations under this or

any other provision of the Subcontract.

11.6. Should Subcontractor suffer injury to person or property because of any act or omission of Owner or SDB, claim must be made by

Subcontractor in writing to SDB within thirty (30) days after the first observance of such injury or damage.

11.7. SDB and Subcontractor mutually waive their rights of recovery against each other and against the Owner, Architect, separate contractors

and subcontractors for damages caused by fire or other perils covered by builder's risk or any other property insurance, except for such

rights as they may have to the proceeds of such insurance.

ARTICLE 12. AIR QUALITY CONTROL

12.1. For work performed in the State of Arizona, the Subcontractor agrees to comply fully, at its own expense, with all County Air Pollution

Control Regulations and Rules. Subcontractor agrees to indemnify, defend and hold harmless SDB, Architect, Engineer, Owner, and any

lender of the Project (as an intended third party beneficiary) from and against all fines, claims, liabilities, losses, expenses, suits, actions,

damages, attorney fees, and costs arising by reason of failure of Subcontractor to comply with County Air Pollution Control Regulations and

Rules. Subcontractor’s obligation of indemnity under this Article shall be deemed a separate and distinct obligation that is not subject to

any insurance limits, remedy limitations, or contract damage limitation. Subcontractor’s obligation of indemnity under this Article shall apply

whether or not the claim or liability arises out of, in whole or in part, the joint, comparative, or contributory acts, or omissions of a

Subcontractor or its employees or any of the Subcontractor’s subcontractors, suppliers, manufacturers, or other persons or entities for

whose acts or omissions the Subcontractor is responsible or liable.

12.2. For work performed outside the State of Arizona, the Subcontractor agrees to comply fully, at its own expense, with all applicable Federal,

State, County, and Local air pollution Control Regulations and Rules. Subcontractor agrees to indemnify, defend and hold harmless SDB,

Architect, Engineer, Owner, and any lender of the Project (as an intended third party beneficiary) from and against all fines, claims,

liabilities, losses, expenses, suits, actions, damages, attorney fees, and costs arising by reason of failure of Subcontractor to comply with

such Air Pollution Control Regulations and Rules. Subcontractor’s obligation of indemnity under this Article shall be deemed a separate

and distinct obligation that is not subject to any insurance limits, remedy limitations, or contract damage limitation. Subcontractor’s

obligation of indemnity under this Article shall apply whether or not the claim or liability arises out of, in whole or in part, the joint,

comparative, or contributory acts, or omissions of a Subcontractor or its employees or any of the Subcontractor’s subcontractors, suppliers,

manufacturers, or other persons or entities for whose acts or omissions the Subcontractor is responsible or liable.

ARTICLE 13. WORK PERFORMED AT QUALIFYING HEALTH CARE ORGANIZATION FACILITIES IN ARIZONA

13.1. For any work performed where the customer is a Qualifying Health Care Organization, Subcontractor agrees to provide copies of invoices

or receipts for all material incorporated into the project. Such copies shall be unaltered, representing a clear image of the original

document. Such copies shall be provided to SDB on a monthly basis, with the Payment Application.

13.2. Subcontractor acknowledges and understands that, in accordance with ARS § 42-5061(A) 25 (b) and (c), materials incorporated into

projects where the owner is a Qualifying Health Care Organization may be exempt from Arizona Transaction Privilege Tax (sales tax).

Subcontractor further understands that such tax will not be paid by the Qualifying Health Care Organization owner to SDB.

13.3. Subcontractor agrees to provide copies of material invoices, in accordance with the provisions of this article, totaling no less than the

amount identified as material costs on page one of this Subcontract Agreement. If upon its presentation of final payment application to

SDB, the Subcontractor fails to provide copies of invoices totaling no less than the required amount, the amount of the shortage shall be

considered a deficit amount.

13.4. In the event Subcontractor fails to provide copies of invoices as required by this Article, and totaling at least the amount required, SDB may

at its discretion withhold from the final payment to Subcontractor an amount equal to the deficit amount times the appropriate sales tax rate

for the relevant State, County and City.

ARTICLE 14. CHANGES IN THE WORK

14.1. SDB reserves the right to make any such changes in the Work, within the general scope thereof, as it may deem appropriate and any such

change shall be deemed a part of this Subcontract as if originally incorporated herein, and Subcontractor shall perform all the Work after

such change in compliance therewith. Subcontractor shall review each Change Order issued by the Owner, and advise SDB in writing

within five (5) days of receipt of the Change Order as to the impact, if any, on the Work, including any adjustment in Subcontract Time or

Price. All changes shall be made by a written Change Order executed by SDB. Said Change Order shall be in the form and content

prescribed by SDB. In the event a change substantially increases or decreases Subcontractor's cost of performing the Work, the payments

authorized hereunder shall be adjusted accordingly by said Change Order. Subcontractor's charges for overhead and profit in connection

with approved changes shall not exceed those set forth in the Contract Documents. In the absence of any specific limitations in the

Contract Documents, the overhead and profit which Subcontractor may include in any Change order shall not exceed the following

percentages of Subcontractor's actual direct cost: (a) 15% of actual direct cost for extra work performed by Subcontractor's own

employees; and (b) 5% of actual direct cost for extra work performed by sub-subcontractors. SDB will not be obligated to pay for additional

Work performed by Subcontractor, even if requested by SDB's project superintendent, unless a written Change Order has been signed by

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 7 of 12 Subcontractor Initials

SDB prior to the work being performed. By commencing any additional work prior to the issuance of a Change Order, Subcontractor shall

be deemed to have waived any claim to additional compensation.

14.2. For purposes set forth in section 14.1 (above) of this agreement, “actual direct cost” shall be defined as (a) when applied to labor, the gross

wage paid by the subcontractor to the employee for the hours worked, plus payroll taxes and benefits incurred on behalf of the employee by

the subcontractor for the hours worked; and (b) when applied to materials, the amount paid by the subcontractor to the material supplier,

net of any rebate or kickback of any kind.

14.3. If SDB and Subcontractor should dispute whether any Work is within the original scope of Subcontractor's Work, Subcontractor will promptly

follow the written orders of SDB as to the performance of the Work, and will continue to perform the Work diligently to completion, and will

later negotiate in good faith for settlement of the dispute.

14.4. The time of completion of the Work shall remain unchanged unless expressly agreed to otherwise by SDB in a written Change Order.

14.5. Subcontractor hereby waives any right to compensation for any change to the Work or any extra work performed without prior written

authorization from SDB. If extra work was ordered by SDB and Subcontractor performed same but did not receive a written Change Order

therefor, Subcontractor shall be deemed to have waived any claim for extra compensation therefor, regardless of any written or verbal

protests or claims by Subcontractor. Subcontractor shall be responsible for any costs incurred by SDB for changes of any kind made by

Subcontractor that increases the cost of the Work or either SDB or other subcontractors when Subcontractor proceeds with such changes

without a written Change Order therefor. Subcontractor waives any compensation for any change to the Work performed on a time and

material basis on any day for which records of labor, material, and equipment are not kept or not submitted daily to SDB for approval.

14.6. SDB agrees to pursue reasonable claims submitted by Subcontractor against Owner under the provisions of the Contract Documents,

Subcontractor shall be responsible for preparation of the claims and for all legal and other costs incurred by SDB.

14.7. Subcontractor shall work overtime or extra shifts to overcome any delays and shall be reimbursed for overtime if and only if directed

specifically, in writing, by SDB for reasons other than delays caused by Subcontractor. Reimbursement shall further be based on hours

shown on daily time sheets which have been submitted to, and approved by SDB. Only the premium portion of such approved overtime

exclusive of any markups for overhead and/or fee shall be considered for reimbursement.

14.8. Notwithstanding any other provision in this Subcontract, if the Work for which Subcontractor claims extra compensation is determined by

Owner or Architect not to entitle SDB to a Change Order or extra compensation, then SDB shall not be liable to Subcontractor for any extra

compensation for such Work, unless SDB agreed in writing to such extra compensation.

ARTICLE 15. EXTENSION OF TIME

15.1. Should Subcontractor be delayed in the performance or completion of the Work or any portion thereof by fire, flood, earthquake, or other

casualty, acts of war or God, or other causes beyond the reasonable control and anticipation of Subcontractor, then the time for completion

shall be extended for a period equivalent to the time lost by reason of said delay as determined by SDB. Subcontractor, however, shall not

be entitled to such time extension unless it has given SDB written notification of the commencement of the delay within forty-eight (48)

hours after the occurrence thereof. Subcontractor shall not be entitled to the time extensions pursuant hereto by reason of mechanical

failure of Subcontractor's equipment, financial condition of Subcontractor, failure of suppliers to deliver materials ordered by Subcontractor

or the increase in prices for any labor or materials ordered by Subcontractor and, under no circumstances, shall Subcontractor be entitled to

any increase in Subcontract Price or any other additional payments by reason of any such delays.

ARTICLE 16. DELAY

16.1. If, in SDB's discretion, Subcontractor is not diligently prosecuting the Work or any portion thereof, or Subcontractor has not met or will not

be able to meet the Contract Schedules or milestones, then SDB shall be entitled to require Subcontractor to supply, at Subcontractor's

expense, additional labor, shifts, and overtime and to withhold any payment to Subcontractor until such time as Subcontractor has complied

with the Contract Schedules or milestones and is diligently prosecuting the Work. Subcontractor recognizes that SDB will incur severe

economic loss if the Project is not timely completed.

16.2. In view of the difficulty or impossibility of determining SDB's damages in the event Subcontractor fails to perform the Work as scheduled,

Subcontractor agrees to pay and will pay to SDB, in addition to all other sums Subcontractor is obligated to pay pursuant to this Subcontract

for each calendar day of delay beyond the date for this Substantial Completion of the Work, as liquidated damages for such delay and not

as a penalty, the sum specified on the cover sheet of this Subcontract, and said sum shall be deducted from the balance of the Subcontract

Price due Subcontractor. Should liquidated damages exceed the Subcontract Price due or to become due to Subcontractor, then in that

event Subcontractor shall pay to SDB such difference immediately upon written demand from SDB. Furthermore, Subcontractor agrees to

accept the assessment of liquidated or actual damages for delays occasioned, caused, or contributed by Subcontractor and/or its subsubcontractor's

or supplier's failure to timely perform this Subcontract on the basis and in the amounts as liquidated or actual damages are

assessed to SDB by Owner under the terms of the General Contract. In the event that liquidated or actual damages, or both, are caused by

Subcontractor, its sub-subcontractors or suppliers and other entity or person(s), SDB shall have the right to reasonably apportion said

damages between these parties, and such apportionment shall be binding upon Subcontractor.

16.3. In the event of any delay caused by Owner or SDB, Subcontractor's sole remedy shall be a timely request for equitable adjustment of the

Subcontract Time. Subcontractor shall not be entitled to any damages for delay.

ARTICLE 17. PAYMENT

17.1. The Subcontract Price for the Work shall include all local, state, county, municipal and federal taxes levied or assessed upon Subcontractor

for the Work.

17.2. Promptly upon execution hereof and prior to commencement of the Work, Subcontractor shall submit to SDB a detailed schedule of the

various portions of the Work and the total Subcontract Price allocated among these portions, separately identifying labor, materials and

equipment ("schedule of value"). This schedule of values shall be in a form prescribed by SDB and subject to SDB's approval. Upon

approval thereof by SDB, it shall be the basis for progress payments.

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 8 of 12 Subcontractor Initials

17.3. Payment Requests must be submitted on or before the date identified on Page 1 of this Subcontract, each calendar month during

performance of the Work in order to be timely. Each Payment Request shall be delivered to SDB at its business address, and shall be in the

form prescribed by SDB, certified as correct by Subcontractor, and accompanied by such supporting documentation as SDB may require,

including without limitation a Waiver of Claim and Release of Lien. In the event Subcontractor fails to deliver a Payment Request in

accordance with these requirements, SDB shall not be responsible or required to make progress payments (including payments for extra

work pursuant to Change Order) for said month and may defer such payment to the following month at which time Subcontractor shall again

be required to comply with the requirements.

17.4. Subject to the further provisions of this Article 17, any amounts due to Subcontractor will be paid no later than seven (7) days after receipt

of the corresponding payment from Owner. Each payment shall be in an amount which, when accumulated with prior payments, equals

ninety (90%) of the total Subcontract Price allocated to the Work (including labor, material and equipment) actually performed and

incorporated into the Project through the end of the period for which payment is due.

17.5. SDB may withhold monthly progress payments, or extra work payments, in whole or in part, in order to protect Owner and/or SDB from

loss because of (i) defective Work not remedied, materials not furnished, clean-up not performed or any other non-complying aspect of the

Work (ii) claims, levies, attachments, stop notices or court orders filed or which SDB on the basis of reasonable evidence believes are likely

to be filed, including claims covered by insurance until such claims are accepted by the insurance carrier (iii) failure of Subcontractor to

make payments properly to its subcontractors or for labor (including customary fringe benefits and payments due under collective

bargaining agreements), materials or equipment, transportation or shipping costs, taxes, fees or any other claims growing out of the Work

(iv) reasonable doubt in the sole and exclusive judgment of SDB, that the Work can be completed for the then-remaining unpaid balance of

the Subcontract Price (v) damage to any portion of the Work, to the work of another SDB or subcontractor, or to Owner's property (vi)

reasonable indication in SDB's opinion that the Work will not be completed in compliance with the Contract Schedule (vii) unsatisfactory

prosecution of the Work by Subcontractor (viii) failure to deliver to SDB insurance certificates, bonds, submittals, As-Built Plans, written

warranties or manuals or approvals required by SDB or by any legal authority having jurisdiction over the Work (ix) filing by or against

Subcontractor of a petition for bankruptcy or reorganization, or (x) any other conditions which arise in connection with the Work which, in

SDB's reasonable opinion, will result in loss to SDB and/or Owner. The above right of SDB to withhold monthly payments, extra or change

order payments, to Subcontractor shall remain in effect even though Subcontractor has posted a full payment and performance bond. When

the above grounds are removed by Subcontractor, to the satisfaction SDB, payments for the amounts so withheld will be made by SDB to

Subcontractor.

17.6. Subcontractor shall be entitled to final payment including the retention, extra and change order payments only if (i) the Work has been fully

completed and accepted by SDB, Owner, and any other parties entitled to inspect and accept the Work (ii) any grounds for withholding

payments provided in Article 17.5 have been removed (iii) any As-Built Plans, operating manuals, product warranties, spares, and other

Project close-out items specified in the Contract Documents have been delivered to SDB (iv) full and unconditional lien waivers and

releases by Subcontractor for any person performing labor or supplying materials, machinery, fixtures, or tools for the Work, in the form

prescribed by SDB, have been delivered to SDB (v) all conditions and requirements imposed by the General Contract or any construction

lender for final disbursement have been met (vi) satisfactory proof that all claims, including taxes and those claims arising under collective

bargaining agreements, growing out of the Work have been released, paid or resolved has been provided to SDB, and (vii) Subcontractor is

not in default hereunder or under any other subcontract with SDB.

17.7. Notwithstanding anything herein to the contrary, it is understood and agreed that the only source and fund for any payment by

SDB to Subcontractor, including progress, extra work, and final payment, shall be the corresponding payment made by Owner to

SDB under the General Contract, from funds actually received by SDB. Because payment to Subcontractor is to be made from no

other source or fund, payment by Owner to SDB is acknowledged to be a condition precedent to any payment obligation

hereunder by SDB to Subcontractor. In the event of delayed payments or non-payment by the Owner, Subcontractor further

waives any right or recourse to any bond, private or statutory, including the rights to any bond issued pursuant to 40 U.S.C.

section 270 et seq. It is further acknowledged that Subcontractor assumes the risk (and shares the risk with SDB) that Owner

may fail or refuse to make such payments, and subcontractor shall be entitled to any progress, extra work, final, interest or other

payment from SDB only if and when SDB receives the corresponding payment from Owner. SDB’s payment to Subcontractor for

either progress, change orders or final payments is not due and owing to Subcontractor until Owner has made such payments to

SDB.

17.8. SDB shall be entitled, at its sole discretion, to make any or all progress, final, or other payments prior to the time provided herein. No

payment pursuant hereto including progress and final payments (nor use or occupancy of the Project by Owner) shall be deemed

acceptance or approval of the Work or any portion thereof or a waiver of any claims, rights, or remedies by SDB or Owner. The application

for any payment by Subcontractor shall constitute a waiver of all claims against SDB arising prior to such application except those of which

Subcontractor does not have knowledge or which were made in writing and identified by Subcontractor as unsettled at the time of said

application.

17.9. SDB reserves the right to make any payments directly to Subcontractor's laborers, sub-subcontractors or materialmen and to deduct the

amount so paid from any amount due and owing to Subcontractor by SDB under this or any other subcontract.

17.10. Approved Payment Requests may include the value of materials or equipment not incorporated in the Work but delivered and suitably

stored at the Site or at some other location agreed upon in writing by the parties hereto. Unless stated otherwise in the Contract

Documents, title to all equipment and materials shall pass immediately to SDB upon payment therefor or incorporation in the Work

whichever shall first occur, and Subcontractor shall prepare and execute any and all additional documents requested by SDB to evidence

such transfer of title.

17.11. Any and all funds payable to subcontractor hereunder are hereby declared to constitute trust funds in the hands of Subcontractor, and

upon receipt of such funds Subcontractor shall apply such funds, first, to the payment of labor costs and related taxes and fringe benefits;

second, to claims of Subcontractor's subcontractor, architects, engineers, surveyors, and materialmen arising out of the Work; third, to

claims for utilities furnished and taxes imposed; fourth, to the payment of premiums of surety bonds and other bonds filed and premiums on

insurance accruing during the construction of the Work; and fifth, to the payment of all other expenses associated with the Work. All of the

foregoing shall be satisfied by Subcontractor before Subcontractor applies any funds payable to Subcontractor for any other purpose or

purposes.

17.12. Acceptance by Subcontractor of payment of the final payment and/or retention shall constitute a release and waiver by Subcontractor of all

claims that Subcontractor has or may have against SDB and Owner.

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 9 of 12 Subcontractor Initials

ARTICLE 18. LIENS

18.1. Subcontractor shall make all payments for expenses incurred while performing the Work before such payments become delinquent. Until

these expenses are fully paid, no money received by Subcontractor pursuant to the Subcontract shall be used for any purpose other than

payment of such expenses. Subcontractor shall promptly furnish SDB with such receipts, vouchers, invoices, unconditional lien releases or

waivers, affidavits or other satisfactory evidence, in form and content satisfactory to SDB, as SDB may from time to time require to insure

compliance herewith. All lien releases furnished by Subcontractor shall be effective through the date as applied for on the Payment

Request. SDB shall be entitled to withhold any payment to Subcontractor pursuant hereto until such time as said documents have been

furnished. SDB shall also be entitled, at its sole discretion, to make any payments by check jointly payable to Subcontractor and any person

supplying labor, materials, equipment, tools, and other items to Subcontractor for the performance of the Work. In the event any lien,

attachment, garnishment, lis pendens or any other matter is filed against any part of or all of the Project as a result of any act or neglect of

the Subcontractor, Subcontractor shall cause the effect thereof to be removed from the Project within ten (10) days after receipt of written

demand therefor from the SDB. In the event Subcontractor fails to do so, SDB shall be entitled, but under no obligation, to withhold from

any payment otherwise owing under this or any other subcontract with whatever action it deems necessary to cause the effect of such

matter to be removed from the Project, and all costs, expenses, and fees of such removal including without limitation, attorney's fees,

incurred by SDB shall be immediately due and payable by Subcontractor. Any payment and satisfaction of any such matter shall be prima

facie evidence of the necessity therefor.

ARTICLE 19. WARRANTIES

19.1. On or before fourteen (14) days after receipt of SDB's oral or written request therefor, Subcontractor shall execute and deliver to the SDB

any warranties regarding the Work required by the project plans and specifications. Said warranties shall be in form and content satisfactory

to SDB, Owner, and any other person entitled to approval thereof. In the absence of any requirement for warranties in the Project

specifications, Subcontractor hereby warrants that the Work performed pursuant hereto shall be free of any defect in quality or

workmanship for a period of one (1) year after the date of completion and acceptance of the Project by Owner. If, however, after the

expiration of this period, the Owner or SDB is joined as a defendant by another person, firm, corporation, or legal entity or subject to any

fines or other penalties assessed or imposed by any public authority because of a defect in quality or workmanship of the Work, then the

Subcontractor shall defend, indemnify, and hold SDB harmless from all losses, damages, costs, expenses and fees (including reasonable

attorneys' fees) arising from such liability, obligation, fines or other penalties. Nothing contained in this paragraph shall be deemed in

derogation or limitation of SDB's rights or remedies for Subcontractor's default of any of the provisions contained in this Subcontract, and

nothing herein shall be deemed to limit the time within which SDB has under applicable statutes of limitations to exercise such rights and

remedies.

19.2. The provisions of the warranties provided in this Article 19, together with any applicable warranties and guarantees of Subcontractor's

subcontractors and suppliers, shall survive inspection, approval, test and acceptance of, and payment for the subcontractor Work

performed hereunder and shall run to and inure to the benefit of SDB and Owner, their successors, assigns and customers. Any corrective

work required hereunder shall be accomplished at Subcontractor's sole expense including all labor and material costs by repairing or

replacing the defect or nonconformity at SDB's sole and exclusive discretion and SDB's designation shall be conclusive. All defective or

non-conforming materials which SDB requires to be replaced shall be removed promptly from the Site by Subcontractor and at its sole cost

and expense. If Subcontractor fails promptly to commence correcting any nonconformity or defect as directed by SDB, SDB may correct

such defect or nonconformity and charge the cost thereof to Subcontractor in the manner provided in Article 21.2 hereof in the event of a

default by Subcontractor or in any other manner.

ARTICLE 20. NOTICES

20.1. Any notice provided for herein shall be deemed given when delivered personally or sent by registered or certified United States mail,

postage prepaid, to the respective addresses set forth on the cover page hereof, or to such other addresses as either party hereto may from

time to time designate in writing and delivered in a like manner to the other party.

ARTICLE 21. REMEDIES

21.1. It is recognized that if Subcontractor becomes insolvent, or institutes or has instituted against it a case under Title 11 of the United States

Code, or makes a general assignment for the benefit of creditors, or if a receiver is appointed for the benefit of its creditors, or if a receiver

is appointed on account of its insolvency or Subcontractor's financial capability otherwise comes into question, such event or events could

impair or frustrate Subcontractor's performance of this Agreement. Accordingly, it is agreed that upon the occurrence of any such event,

SDB shall be entitled to request of Subcontractor or its successor adequate assurance of future performance. Failure to comply with such

request within twenty-four (24) hours of delivery of the request shall entitled SDB to terminate this Subcontract. Pending receipt of adequate

assurances of performance and actual performance in accordance therewith, SDB shall be entitled to proceed with the Work with its own

forces or with other subcontractors on a time and material or other appropriate basis, the cost of which will be backcharged against the

Subcontract Price as provided in Article 21.2 herein.

21.2. In the event of default by Subcontractor in the performance of any provision of this Subcontract and failure to cure such default on or before

forty-eight (48) hours after SDB gives written notice thereof or in the event Subcontractor fails to timely provide SDB with adequate

assurances of future performance as provided in Article 21.1 above, then SDB shall be entitled to the following rights and remedies, in

addition to and not in lieu of any other remedies available under applicable law:

21.2.1. the right to enjoin or restrain such default and to demand and have specific performance;

21.2.2. the right to receive and recover damages resulting therefrom;

21.2.3. the right to withhold progress, final, or other payments under this Subcontract or any other subcontract now or hereafter in

force;

21.2.4. the right to perform any act and make any payment in which Subcontractor is in default, without being deemed to have waived

or cured such breach or default, in which event all expenses, costs, losses, damages and fees (including, without limitation, to attorney's

fees) suffered or incurred in so doing, plus fifteen percent (15%) thereof for overhead and administrative costs, shall immediately

constitute indebtedness due and owing from Subcontractor; in exercising this right SDB shall be entitled to enter the Site and take

possession and use any materials, tools and equipment thereon for such purpose;

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 10 of 12 Subcontractor Initials

21.2.5. the right to offset any sums owing Subcontractor hereunder from any sums SDB owes Subcontractor under this Subcontract

or any other subcontract with Subcontractor now or hereafter in force;

21.2.6. the right to take possession of and use all or any part of Subcontractor's materials, equipment, supplies, and other property of

every kind used by Subcontractor in the performance of the Work and to use such property in the completion of the Work, or to complete

the Work in any manner it deems desirable, including engaging the services of other parties therefor. Any such act by SDB shall not be

deemed a waiver of any other right or remedy of SDB. If after exercising any such remedy, the cost to SDB of the performance of the

balance of the Work, including an overhead fee of fifteen percent (15%) of its costs in finishing the Work, plus reasonable attorney's fees

incurred by SDB in taking over and completing the Work, is in excess of that part of the Subcontract Price which has not been paid to

Subcontractor hereunder, Subcontractor shall be liable for and shall immediately reimburse SDB for such excess.

21.2.7. the right to terminate this Subcontract and any other subcontract with Subcontractor by giving written notice of such

termination to Subcontractor. In the event of such termination, SDB shall, at its option, be entitled to enter and take possession of the

Site for the purpose of completing the Work and to take possession of all materials, tools, machinery, appliances and construction

equipment thereon owned by Subcontractor, and to employee any other person to finish the Work, and to provide materials therefor to

finish the Work by whatever reasonable method SDB deems expedient. In case of such termination of the Subcontract, Subcontractor

shall not be entitled to receive any further payment 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 shall exceed the expense incurred by SDB for the balance of the Work,

including an overhead fee of fifteen percent (15%) of its costs in finishing the Work, plus reasonable attorney's fees incurred by SDB's

taking over and completing the Work, such excess shall be paid by SDB to Subcontractor, but if such expenses shall exceed such

unpaid balance, the Subcontractor shall be liable for and shall immediately pay the difference to SDB.

ARTICLE 22. BONDING

22.1. If this Subcontract requires Subcontractor to furnish a Performance or Labor and Material Payment Bond, Subcontractor shall, within ten

(10) calendar days of the execution of this Subcontract, furnish such bonds with a surety acceptable to SDB. The bond premiums will be

paid by Subcontractor and are included in the Subcontract Price, and any increases in the bond premiums, resulting from changes in the

amount of this Subcontract, shall be borne by Subcontractor, Subcontractor will not proceed with any of the Work until such bonds are

received and approved by SDB.

ARTICLE 23. TERMINATION

23.1. In the event that Owner terminates or cancels the General Contract for any cause whatsoever at any time after the date hereof, this

Subcontract shall likewise be deemed canceled and terminated. Furthermore, and notwithstanding any other clause in this contract, SDB

reserves the right to cancel or terminate this Subcontract agreement for the convenience of SDB at any time and for any reason or no

reason at all. It is understood and agreed that in the event this subcontract is cancelled or terminated the Subcontractor shall have no claim

of any kind whatsoever against SDB for breach of this Subcontract or for any cause or reason whatsoever and that SDB shall be under no

liability to Subcontractor except that SDB shall be liable to Subcontractor only for the difference between (1) the value of the labor and

materials paid for by Owner excluding such sum as Owner may add for SDB's overhead and profit, but in no event more than the scheduled

value thereof, and (2) the amount paid on account of the Subcontract by SDB to Subcontractor for work completed to date.

ARTICLE 24. SUSPENSION

24.1. In the event SDB elects for any reason to suspend the Work hereunder, SDB may do so by giving written notice of such suspension to

Subcontractor. In the event of such suspension, SDB shall, at its discretion, terminate the Work and pay Subcontractor for move-out costs

and move-on costs, or such costs as are established at the time of suspension on a negotiated basis.

ARTICLE 25. SDB DISPUTES WITH OWNER

25.1. In the event SDB and Owner or others arbitrate matters relating to this Subcontract, it shall be the responsibility of Subcontract to prepare

and present SDB's case, to the extent the proceedings are related to Subcontractor's claims under this Subcontract. If any subcontractor is

made a party to arbitration with respect to any matter which involves another subcontractor or which might affect the agreement of another

subcontractor, such other subcontractor may be made a party in and joined in that arbitration.

25.2. Should SDB enter into arbitration with Owner or others regarding matters relating to this Subcontract, Subcontractor will agree, if requested

by SDB, to join and present its claims in the arbitration proceedings with SDB and Owner, but in any event, Subcontractor shall be bound by

the result of the arbitration with Owner to the same degree as SDB.

25.3. Nothing contained herein shall be construed as an agreement between SDB and Subcontractor to submit any matters arising out of this

Subcontract to arbitration.

ARTICLE 26. NO SUBCONTRACTING WITHOUT PRIOR APPROVAL

26.1. This Subcontract is for the personal services of Subcontractor. Subcontractor shall not assign, subcontract, delegate, sublet,

hypothecate or otherwise transfer any or all rights (including without limitation the right to receive any monies due or to become

due under this Subcontract) or obligations herein, whether voluntarily or by operation of law, without the written consent of SDB,

as provided in Article 26.2. Any such assignment, delegation, subletting, hypothecation or other transfer shall be null and void.

Except as set forth above, this Subcontract shall be binding upon and inure to the benefit of the successors and assigns of the

parties hereto.

26.2. Within ten (10) days after the parties have entered into this Subcontract (if not previously required by SDB), Subcontractor shall furnish SDB

with a list of proposed sub-subcontractors and suppliers, along with a description and schedule of value for the corresponding portion of the

Work, which shall be subject to SDB's prior written approval. Subcontractor shall bind each approved sub-subcontractor and supplier to the

provisions of this Subcontract.

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 11 of 12 Subcontractor Initials

ARTICLE 27. MISCELLANEOUS

27.1. This Subcontract shall constitute the entire agreement between the parties hereto pertaining to the subject hereof and all prior and

contemporaneous agreements, representations, and understandings of the parties oral or written, are hereby suspended and merged

herein. This Subcontract shall not be modified or rescinded except by a writing signed by all parties hereto, except as otherwise expressly

provided herein.

27.2. Time shall be of the essence hereof. The term "day" as used herein and in any instructions to Subcontractor shall mean "calendar day." In

the event a time for performance, notice, or approval or any other matter occurs on a Sunday or legal holiday, the time therefor shall be

extended to the next day not a Sunday or legal holiday.

27.3. The captions of the provisions hereof are for convenience only and shall not determine, govern or influence the interpretation of the terms

and conditions hereof.

27.4. All sub-subcontracts, purchase orders, payrolls, and other commitments necessary for the performance of the Work shall be done in the

name of Subcontractor and under its responsibility.

27.5. This Subcontract is executed and delivered in the State of Arizona, and the substantive laws of the State of Arizona (without reference to

choice of law principles) shall govern their interpretation and enforcement. Any action brought to interpret or enforce any provisions of this

Subcontract, or otherwise relating to or arising from this Subcontract, shall be commenced and maintained in the Superior Court of the

State of Arizona in and for the County of Maricopa, and each of the parties consents to jurisdiction and venue in such court for such

purposes. Subcontractor shall maintain the progress of the Work pending the resolution of any dispute arising out of this Subcontract.

27.6. If either party becomes involved in litigation arising out of the Contract Documents or the performance thereof, the court in such litigation or

in separate suit, shall award reasonable attorney's fees expert fees, and witness fees to the prevailing party.

ARTICLE 28. ARIZONA BACKGROUND CHECKS AND FINGERPRINTING

28.1. The terms and requirements of this Article shall apply only to work performed within the State of Arizona.

28.2. This Subcontract agreement is subject to the provisions of Arizona Revised Statutes Title 41, Chapter 12, Article 3.1; and, if work is to be

performed at a K-12 school facility, Title 15, Chapter 5, Article 1, Section 15-512.

28.3. Sub agrees to obtain a State issued Level 1 fingerprint clearance card for each employee who will be present at the job site.

28.4. The cost of performing such background checks shall be paid by the subcontractor.

28.5. Sub agrees that criminal background checks will be performed for all of its employees performing work at the jobsite within the twelve (12)-

month period before the employee begins work, and no less frequently than once every twelve (12) months thereafter. No employee of sub

shall be permitted on the job site unless such background check has been performed and the fingerprint card has been obtained from the

Arizona Department of Public Safety.

28.6. Upon demand, Sub shall provide SDB and/or owner with copies of fingerprint clearance cards for each and employee who at any time is

present at the job site.

28.7. Sub takes full responsibility to perform background checks on each employee performing work at the job site. Sub agrees to indemnify

SDB against any and all claims, including attorneys’ fees and costs, which may be asserted against SDB arising from sub’s failure to have

the required background checks performed properly and in accordance with this article.

28.8. Notwithstanding any other provision in the subcontract agreement, Sub further agrees to comply with Federal, State, and local laws and

owner requirements with respect to all background checks of employees.

28.9. Failure of the sub to comply with any and all of this article shall be grounds for SDB to withhold payment to Sub until such time as

requirements are met.

28.10. Subcontractor certifies that the provisions of this Article relating to background checks and fingerprinting shall apply to each and every

subcontractor (e.g. second or third tier subcontractors, etc.) hired by the Subcontractor who is a party to this agreement.

ARTICLE 29. TEXAS BACKGROUND CHECKS AND FINGERPRINTING

29.1. The terms and requirements of this Article shall apply only to work performed within the State of Texas.

29.2. This Subcontract agreement is subject to the provisions of Senate Bill 9 (2007); and, if work is to be performed at a K-12 school facility,

Subcontractor agrees to adhere thoroughly and without exception to the provisions of this law.

29.3. Sub agrees to perform, or have performed, a national criminal history review in accordance with Tex. Gov’t Code § 22.081(2) and Tex.

Admin. Code § 153.1101(8) for each employee who presence may be expected at a K-12 schools district job site location (“a covered

employee”).

29.4. The cost of performing such background checks shall be paid by the subcontractor.

29.5. Sub agrees that criminal background checks will be performed for all of its employees performing work at a district jobsite within the twelve

(12)-month period before the employee begins work, and no less frequently than once every twelve (12) months thereafter. No employee of

sub shall be permitted on the job site unless such background check has been performed.

29.6. Upon demand, Sub shall provide SDB and/or owner with identifying information on covered employees.

29.7. Subcontractor agrees to prohibit covered employees with disqualifying convictions from entering school property.

29.8. Sub takes full responsibility to perform background checks on each employee performing work at the job site. Sub agrees to indemnify

SDB against any and all claims, fines, and penalties, including attorneys’ fees and costs, which may be asserted against SDB arising from

sub’s failure to have the required background checks performed properly and in accordance with this article.

Subcontract Agreement – Terms and Conditions

SDB Long Form Subcontract Agreement –

Rev. December 2012

Page 12 of 12 Subcontractor Initials

29.9. Notwithstanding any other provision in the subcontract agreement, Sub further agrees to comply with Federal, State, and local laws and

owner requirements with respect to all background checks of employees.

29.10. Failure of the sub to comply with any and all of this article shall be grounds for SDB to withhold payment to Sub until such time as

requirements are met.

29.11. Subcontractor certifies that the provisions of this Article relating to background checks and fingerprinting shall apply to each and every

subcontractor (e.g. second or third tier subcontractors, etc.) hired by the Subcontractor who is a party to this agreement. Subcontractor

agrees to hold all such sub-subcontractors to the requirements as outlined in this Article.