



SUBCONTRACT PROCESS

PLEASE READ ENTIRELY: CONTAINS IMPORTANT INFORMATION

Please ensure that the following information is enclosed in your subcontract package:

- ❑ Preliminary Information
- ❑ Subcontract Agreement
- ❑ Exhibit 1A: Application for Payment
- ❑ Exhibit 1B: Standard Billing Form
- ❑ Exhibit 2: Subcontract Proposed Change Order
- ❑ Insurance Requirements Checklist
- ❑ Exhibit 3: Subcontractor Billing Checklist
- ❑ W-9 Request for Taxpayer Identification Number and Certification (required only for subcontractors not previously contracted with Danco Builders Northwest)

Subcontract Agreement: Please sign and return your **Subcontract Agreement**. You may mail the contract to the Danco Office or scan and email it to the sender. This means that you have reviewed and understand the documents that are provided in this package. The subcontract agreement will be reviewed by the Project Manager, signed and returned to your office or via email. An Executed Subcontract Agreement does not permit work on site to begin. All proper Insurance Certificates must be received at the Danco Office prior to commencement of work on the jobsite.

Exhibit One (A&B): Keep the original of these forms. A copy of each is to be completed and attached to each billing invoice. **All invoices must be received in our office by the 20th of each month approved and signed by the Danco Superintendent in charge of your project.** Invoices meeting this deadline will be submitted for payment to the owner. Please note any invoice received after the 20th will be returned for resubmission the following month. Payments will be made accordingly. Once payment is received from the owner, the General Contractor will make payment to the Subcontractor under the conditions above. See the Subcontractor Billing Checklist included in this package.

Exhibit Two: Keep the original of this form. A completed copy is to be attached to each proposed change order before the change will be considered.

Insurance Requirements: Please read the insurance portion (Article XVIII) of the subcontract agreement **thoroughly** and forward the enclosed Insurance Requirements Checklist to your insurance agent for review. Insurance documents must be approved before work on site begins. Upon the receipt of the correct insurance documents, including Workers Compensation,

Automobile Liability, and General Liability, Danco Builders Northwest will then allow your company to work onsite.

W-9 Request for Taxpayer Identification Number and Certification (required only for subcontractors not previously contracted with Danco Builders Northwest): Please complete the enclosed W-9 Form and return to our office for our records.

If for any reason, you are unable to comply with the above requests please contact the project manager immediately.

Please consider this letter an official notice to begin your Submittal process. Be prepared to issue your Submittal Package per the project's specification within (10) days after the execution of this Subcontract.

Please mail or email the following to Danco Builders Northwest within 10 days:

- Subcontract Agreement
- Insurance Documents
- Submittal Package
- Completed W-9 Form (required only for subcontractors not previously contracted with Danco Builders Northwest)

Feel free to contact our office for copies of plan sheets and/or specification sections to process submittals.

If you have any further questions please contact our office at (707) 822-9000.

Preliminary Information

PROJECT	Name: Address:	Job #:
OWNER	Name: Address: Phone:	
BONDING CO.	Name: Address:	
LENDER	Name: Address:	
ARCHITECT	Name: Address: Phone:	Fax:
GENERAL CONTRACTOR	Name: Danco Builders Northwest Address: 5251 Ericson Way Arcata, CA 95521 Phone: 707-822-9000	Fax: 707-822-9596
CPM	Name: Address: 5251 Ericson Way Arcata, CA 95521 Phone: 707-822-9000	Fax: 707-822-9596

CONSTRUCTION SUB-CONTRACT AGREEMENT

Contractor: Danco Builders Northwest
5251 Ericson Way
Arcata, California 95521
Telephone: (707) 822-9000
Fax: (707) 822-9596

Project Contact Person:

Sub-Contractor:

The Project:
The Project Owner:

The Architect/Engineer:

Sub-Contractor's Price:

This Agreement is between the above named the Contractor and the above named Sub-Contractor and is dated as of July 11, 2017.

1. The Prime Contract. The Contractor has entered into or expects to enter into an agreement with the Project Owner, providing for the construction of the Project, both as generally identified above. However, if this Agreement is signed before Project Owner awards the Prime Contract to Contractor and if the Project Owner and the Contractor fail to enter into a Prime Contract, this Agreement shall be of no effect.

2. Description of Sub-Contractor's Work. Construction will be in accordance with drawings and specifications prepared by the Architect/Engineer. The Sub-Contractor agrees to furnish at its own cost and expense all labor, equipment, scaffolding, power, taxes, fees, materials, supplies, and other things necessary to perform and complete, in accordance with the Prime Contract and its drawings, specifications, general conditions, addendums, and modifications those portions of the Prime Contract, and all work incident to it, as described on Exhibit A, which is attached hereto and is a part hereof (the "Sub-Contractor's Work").

The Sub-Contractor shall perform all of the Sub-Contractor's Work in a **good** and substantial manner using the materials of the quality specified and the highest quality workmanship and shall provide competent supervision of its employees and subcontractors. All materials and equipment incorporated into the Project shall be new, unless the Principle Contract allows otherwise.

3. Sub-Contractor Investigations. The Sub-Contractor has thoroughly examined all of the Project's drawings and specifications and has examined the job site and ascertained the conditions for itself. The Sub-Contractor enters into this Agreement relying on its own information and investigation and not on any statements or representations that may have been made by the Contractor, the Project Owner or the Architect/Engineer or any of their officers, agents or employees.

4. Incorporation of the Prime Contract. To the extent that they apply to the Sub-Contractor's Work, the provisions of the Prime Contract, which when referenced herein includes all drawings, specifications, addendums, change orders, and other documents forming a part of or referenced by the Prime Contract, are incorporated into this Agreement with the same force and effect as though set forth in full. The Sub-Contractor shall be bound to the Contractor to the same extent that the Contractor is bound to the Project Owner by all terms and provisions of the Prime Contract, and by all decisions, rulings, and interpretations of the Project Owner or its authorized representative. Copies of the Prime Contract are available for review at the Contractor's office. If a conflict occurs between the Prime Contract and this Agreement, this Agreement shall control.

5. Cancellation of the Principal Contract. Notwithstanding anything to the contrary in this Agreement, even though the Sub-Contractor is not in default hereunder, if the Project Owner cancels the Prime Contract, or reduces the scope of the Contractor's work under the Prime Contract, with or without the Contractor's consent, the Contractor may cancel this Agreement and shall not be liable to pay for any work except to the extent that such work has been performed before such cancellation or reduction in scope, and then only to the extent that payment would be due in absence of such cancellation or reduction.

6. Agreement Payment. The Contractor shall pay the above the Sub-Contractor's Price to the Sub-Contractor to perform all work and services as well as furnish all material and appliances, equipment, and tools that constitute the Sub-Contractor's Work.

7. Payment Schedule. Payments are to be made in monthly installments for work performed the preceding month on or before ten (10) calendar days after payment is received by the Contractor from the Project Owner, in an amount equal to the value of the work performed by the Sub-Contractor during the preceding calendar month, less the retention established under the Prime Contract. The value of the work shall be determined by reference to the Sub-Contractor's Price but shall not exceed the Project Owner's allowance for the work for which payment has been received by the Contractor. The Project Owner's estimate of the amount of work done by the Sub-Contractor, or the Contractor's estimate if the Project Owner makes no separate estimate of such work, shall be binding on the Sub-Contractor. The retention, less any deductions permitted by this Agreement, shall be paid ten (10) calendar days after completion and acceptance by the Project Owner of all work under the Prime Contract and payment by the Project Owner of all Prime Contract retentions.

8. Effect of Payments. No payment made under this Agreement shall operate as an acceptance of any part of the Sub-Contractor's Work or as admission of the Contractor that this Agreement, or any part of it, has been complied with if the facts are deemed to be otherwise.

9. Payments in Trust. All sums received by the Sub-Contractor from the Contractor under this Agreement will be held in trust by the Sub-Contractor for the express use and purposes of (i) paying in full for all labor, material, equipment, and appliances furnished to the Sub-Contractor by others in performing this Agreement and, (ii) if required, making payments to labor union trust funds established under a collective bargaining agreement. No title to any payment or any part of it shall be vested in the Sub-Contractor or be used for any other purpose until the Sub-Contractor has first paid in full the obligations described in the preceding sentence.

10. Commencement and Progress of Work; Delay. The Sub-Contractor will keep itself fully informed of the progress of the work under the Prime Contract, and as soon as the Project requires work to be performed under this Agreement for its continued progress, the Sub-Contractor will promptly begin work. The Sub-Contractor will prosecute the work diligently to completion and will conform to any progress schedule established by the Contractor. The Sub-Contractor will coordinate work with the Contractor and other Sub-Contractors so that there will be no delay to or interference with other work on the Project. If the Sub-Contractor fails to comply with any requirement of this paragraph and the Contractor incurs loss or damage because of delay or disruption or becomes liable for damages or liquidated damages because of delay in completing the Project, then the Sub-Contractor shall reimburse the Contractor for the portion of the loss, damage, or liability incurred by the Contractor in connection with the Project as may be attributable to the Sub-Contractor's delay or lack of coordination in performance. When the Contractor's liability for damages or liquidated damages is attributable to more than one Sub-Contractor, the Contractor shall allocate the total of such damages between the various sub-contractors responsible for it, and the Contractor's allocation made in good faith shall be binding on all parties. If the Sub-Contractor contends that any act of the Project Owner or of the Contractor or any other job condition or event not within the Sub-Contractor's responsibility has caused the Sub-Contractor to experience delay, disruption, or inefficiency in performing the work, then the Sub-Contractor shall immediately give written notice of such conditions to the Contractor.

11. Submission of Data. The Sub-Contractor, at its own expense, shall prepare and submit for prior approval to the Contractor or as required in the Prime Contract, the Project Owner or the Architect/Engineer all samples, shop drawings, field measurements, certifications, technical data, schedules, and explanations as may be required, and in such form as may be required by the Prime Contract, or as the Contractor may request, to detail and illustrate the Sub-Contractor's Work. Submissions shall be made sufficiently in advance to obtain review and approval without delaying any work under the Prime Contract but in no case later than 30 days after notice of award. All samples, drawings and other data will become the property of the Contractor. The Contractor may charge the Sub-Contractor a reasonable administrative fee to review re-submittals in the case of incomplete submittals rejected by the Contractor, the Project Owner or the Architect/Engineer. If all submittals are not complete within the required period the Contractor may complete the submittals and the Sub-Contractor shall pay the Contractor for completion for said items at 150% of the Contractor's actual cost plus a 25% profit. This amount shall be immediately due and payable and may, at the Contractor's option be offset against any sums remaining due to the Sub-Contractor.

If the Prime Contract requires that an independent laboratory perform tests related to the Sub-Contractor's Work, the Sub-Contractor shall pay for such tests. The Sub-Contractor shall be

reimbursed for such tests beyond the Sub-Contractor's price only to the extent that such reimbursement is specifically provided in the Prime Contract. The Sub-Contractor shall participate in the preparation of coordinated drawings as deemed needed or beneficial by the Contractor.

12. Protection of Work and Property. The Sub-Contractor shall protect its work and be responsible in all circumstances for its good condition until final acceptance of the entire Project. The Sub-Contractor shall also protect adjacent property from injury arising from its work. The Sub-Contractor at its own expense, shall do all cutting and patching necessary for the Sub-Contractor's Work, including repairs of all damage caused by the Sub-Contractor as required for the installation or completion of other sub-contractors' work. If the Contractor or the Architect/Engineer disapproves of the substance or appearance of any patch, the Sub-Contractor shall promptly re-patch to the satisfaction of the Contractor or the Architect/Engineer.

13. Extra Work, Changes, and Deletions. The Sub-Contractor shall make no changes in the Sub-Contractor's Work required to be performed under this Agreement, nor shall the Sub-Contractor perform any extra work without the prior issuance of a written change order signed by the Contractor. Nothing in this Agreement shall be construed to modify the Contractor's right to eliminate any part of the Sub-Contractor's Work or to make such changes as the Project Owner may require. The Contractor's obligation to increase the amount to be paid to the Sub-Contractor under this Agreement shall be limited to the amount the Contractor receives from the Project Owner for such work, less any amounts allowed to the Contractor for the Contractor's overhead, profit, bond premium, and work performed by the Contractor or others in connection with this Agreement. Any deduction from the Sub-Contractor's Price shall be limited to the reduction made under the Prime Contract for deleted, eliminated, or reduced work.

14. Sub-Contractor's Claims. If Sub-Contractor claims that it is entitled to additional compensation under this Agreement, then, within the time allowed by the Prime Contract, but in no case less than 10 days following the first day such claim could be made, it shall prepare a written claim, in such form as may be required by the Prime Contract, for presentation through the Contractor to the Project Owner. The Sub-Contractor shall be bound by the Project Owner's decision on all such matters to the same extent that the Contractor is bound, and the Sub-Contractor shall have no right to receive payment from the Contractor on any such claim or in any sum greater than that allowed and paid to the Contractor by the Project Owner, less any amounts allowed to the Contractor for the Contractor's overhead, profit, bond premium, and work performed by the Contractor or others in connection with this Agreement between the Contractor and the Sub-Contractor.

15. Guaranty of Work. The Sub-Contractor guarantees its work and shall hold the Project Owner and the Contractor harmless against all loss or damage arising from any defect in materials, equipment, or workmanship furnished under this Agreement for the same period of time as stated in the Prime Contract or the Contractor's guaranty. Upon the Contractor's notification, the Sub-Contractor shall promptly replace defective material and perform labor necessary to correct any such defect in the work. The Sub-Contractor shall pay for all work and expense that may be incurred in correcting the defects under the Contractor's guaranty. If the Sub-Contractor

fails to make necessary repairs and replacements promptly, the Project Owner or the Contractor may, at the Sub-Contractor's expense, furnish necessary materials or labor, and the Sub-Contractor shall pay their cost on demand.

16. Bond Requirements. The Sub-Contractor shall promptly furnish, on the Contractor's written request, a corporate surety bond written by a surety company, authorized to write surety business, to guarantee the faithful performance of this Agreement and the payment for all work and materials furnished under this Agreement. The bond shall be in an amount required by the Contractor but shall not exceed the full amount of the Sub-Contractor's Price. The Contractor shall pay for the surety bond if its premium does not exceed standard industry rates. If the Contractor notifies the Sub-Contractor before a bid is submitted that a surety bond will be required, then the Sub-Contractor shall include the premium of that bond in the Sub-Contractor's price. The Contractor shall have the right to demand such surety bond at any time during the job, and if the Sub-Contractor fails to furnish a surety bond within ten (10) calendar days after the Contractor's written demand, then the Sub-Contractor shall be deemed to be materially in default under this Agreement.

17. Sub-Contractor Superintendent. The Sub-Contractor shall at all times have a competent Superintendent on the job site who shall be authorized to receive instructions from the Contractor and make such decisions as may be necessary for the prompt and efficient performance of this Agreement.

18. Cleanup. The Sub-Contractor shall at all times keep the job site free from its accumulations of waste material or rubbish. On completion of the Sub-Contractor's Work, the Sub-Contractor shall promptly remove all of its rubbish, surplus material, tools, scaffolding, and equipment from the job site, and the premises shall be left "broom-clean" or its equivalent unless cleanup is more exactly specified in the Prime Contract and in that case the Sub-Contractor shall clean the site to that standard. In a dispute about the responsibility for cleanup, the Contractor may charge clean-up costs to the various Sub-Contractors responsible for the waste material and/or rubbish in such ratio as the Contractor shall decide to be just, and this allocation shall be binding on all Sub-Contractors.

19. Job Safety. The Sub-Contractor, the Sub-Contractor's employees, the second tier sub-contractors, and their employees shall comply with all applicable federal, state, local, and any other legally required safety and health standards, orders, rules, regulations, and other laws. The Sub-Contractor shall bear full financial responsibility, as between the parties to this Agreement, for the compliance by all persons mentioned in the previous sentence. If the Sub-Contractor, the Sub-Contractor's employees, the second tier sub-contractors, or their employees fail to comply, then the Contractor may give Notice of Default to the Sub-Contractor, and the Sub-Contractor shall correct improper conditions within 24 hours after the Contractor issues the Sub-Contractor a Notice of Noncompliance or within the time of an abatement period specified by any government agency, whichever period is shorter. The Sub-Contractor's failure to cure the default within 24 hours after Notice shall give Contractor the following options:

- (a) Without terminating this Agreement or the Sub-Contractor's obligation, the Contractor may perform such portion of the work or may furnish any material, equipment, or other item required as the Contractor in its sole discretion may deem

necessary to avoid noncompliance with any applicable safety or health laws. The cost of materials, equipment, or other items shall be deducted from the Sub-Contractor's price, and, if the cost of such work or materials or other items exceeds the unpaid balance, then the excess shall be immediately due and owing from the Sub-Contractor to the Contractor.

(b) With or without terminating this Agreement, the Contractor may eject the Sub-Contractor from the job site, and the Contractor shall have the further option of performing all or a portion of the work itself or having the work performed wholly or partly by others. This right to eject the Sub-Contractor shall not be construed to deny the Contractor any other right or remedy at law or in equity.

The Sub-Contractor shall be liable for all damages suffered by the Contractor by reason of the Sub-Contractor's default, and the Contractor's exercise of the option to eject the Sub-Contractor shall not relieve the Sub-Contractor of that liability or its liability for breach of this Agreement.

20. Taxes, Licenses, and Fees. The Sub-Contractor shall pay all taxes, licenses, and fees of every nature that may be imposed or charged by any governmental authority on labor, material, or other things used by the Sub-Contractor in performing the work or on the transaction between the Contractor and the Sub-Contractor. If the Sub-Contractor fails to pay any tax, license, or fee required to be paid by this paragraph, then the Contractor may pay it and the Sub-Contractor shall repay the sum to the Contractor on demand.

21. Labor Matters. In the event that labor agreements cover work at the Project with a labor union, the Sub-Contractor and its second tier sub-contractors will contract only with persons or entities that are parties to the appropriate covered labor agreement with the appropriately labor union. If the Sub-Contractor or any second tier sub-contractor causes or is the subject of any picketing or other economic action or labor trouble on the Project or is listed by the administrative office of a health and welfare, pension, vacation, or apprenticeship fund as being delinquent in payment to that fund, regardless of the job in connection with which the alleged delinquency occurred, then the Sub-Contractor will be deemed to be in default under this Agreement and may be ejected from the job.

22. Arbitration. Any controversy arising from or related to the performance or interpretation of this Agreement is subject to arbitration. The Project Owner, the Contractor, and all Sub-Contractors, second tier sub-contractors, material suppliers, and other parties concerned with the construction of the Project are bound, each to the other, by this arbitration clause, as long as the party has signed this Agreement or any contract that incorporates this Agreement by reference, or any other Agreement to be bound by this arbitration clause.

If the Prime Contract or any other agreement between the Project Owner and the Contractor contains an arbitration provision applicable to the Project, arbitration shall be held in accordance with that provision. On demand of the arbitrator or any party to an arbitration initiated under such provisions, the Sub-Contractor and all parties bound by this provision agree to join in and become parties to and be bound by such arbitration proceedings. Otherwise, disputes shall be resolved under the Construction Industry Rules of the American Arbitration

Association that are in effect at the time of the arbitration, and judgment may be entered on the award.

If any party refuses or neglects to appear at or to participate in arbitration proceedings after reasonable notice, the Arbitrator may decide the controversy in accordance with whatever evidence is presented by the participating party or parties. The arbitrator shall award costs and reasonable attorney fees to the prevailing party or parties.

23. Alternative Equipment, Material, or Method. The Sub-Contractor shall not deviate from the project drawings and specifications as to material and equipment to be furnished or the method of performing the Sub-Contractor's Work unless prior written approval has been obtained from Project Owner. The Sub-Contractor warrants that any alternative equipment, material, or method proposed by the Sub-Contractor will achieve all performance standards established by the Prime Contract and will perform to the Project Owner's satisfaction.

24. Insurance. The Sub-Contractor shall, at its own expense, shall obtain and maintain insurance on all their operations with carriers acceptable to the Contractor, including the following coverages:

- (a) Workers' compensation and employer's liability insurance;
- (b) Commercial general liability insurance covering all operations with a limit of at least \$1,000,000 each occurrence (combined single limit for bodily injury and property damage), \$1,000,000 personal injury liability, \$2,000,000 aggregate for products-completed operations and \$2,000,000 general aggregate; and
- (c) Automobile liability insurance, including coverage for all owned, hired, and non-owned automobiles with a limit of at least \$1,000,000 each occurrence (combined single limit for bodily injury and property damage).

The Sub-Contractors' deductibles shall not exceed \$5,000 without advance written consent by the Contractor. The Sub-Contractor shall furnish a certificate of insurance and an endorsement executed by its insurers, showing compliance with this requirement before the Sub-Contractor receives any payment for work performed. The certificates and endorsements shall provide for a 30 day notice to the Contractor before canceling any policy. The certificates and endorsements shall show that the Contractor and the Project Owner are named as additional insureds on the commercial general liability policy on claims arising from operations or from work performed by or on behalf of the Sub-Contractor and that the Sub-Contractor's insurance is primary to insurance held by the Contractor and the Project Owner.

ADDITIONAL INSURANCE COVERAGE IS REQUIRED AND IS DESCRIBED ON ATTACHMENT A.

25. Indemnity. The Sub-Contractor shall indemnify the Contractor and the Project Owner against all claims, demands, costs, attorney fees, and liability of every nature arising from injury to person or property or the economic interests of any party resulting from or alleged to result from the Sub-Contractor's operations performance or nonperformance of this Agreement.

Such indemnity shall extend to all claims, demands, and liability arising from the activities of the Sub-Contractor and its sub-contractors and suppliers while engaged in performing the work to be done under this Agreement. This indemnity applies to claims, demands, and liability for injuries occurring after completion of the Project, as well as, during the performance of the Project and extends to claims, demands, and liability for injury contributed to by the negligence or other misconduct of the Project Owner or the Contractor, if the injury is alleged to be or is caused in part by the negligence or misconduct of the Sub-Contractor or of its sub-contractors, employees, agents, or suppliers. No indemnity will be provided against claims, demands, or liability (1) to the extent the claims, demands, or liability arise out of, pertain to, or relate to the active negligence or willful misconduct of the Project Owner; (2) for defects in design furnished by the Project Owner; or (3) to the extent the claims, demands, or liability do not arise out of the scope of work of the Contractor pursuant to the Prime Contract. Defense obligations are limited by California Civil Code 2782.05(e)(1) and (2).

26. Default and Termination. If the Sub-Contractor fails to perform in accordance with this Agreement, the Contractor shall give the Sub-Contractor Notice of such default, including a description of the default. If the Sub-Contractor fails to cure the default within 72 hours after the giving of the Notice (time being of the essence), then the Contractor, with or without terminating this Agreement or the Sub-Contractor's obligations, may eject the Sub-Contractor from the Project site and perform the Sub-Contractor's Work itself or have it performed by others, and the cost of the work shall be deducted from the Sub-Contractor's Price. If the cost of such work exceeds the difference between the Sub-Contractor's Price and the amount paid to the Sub-Contractor, that excess shall be immediately due and owing from the Sub-Contractor to the Contractor.

The Sub-Contractor shall be liable for all damages suffered by the Contractor because of the default, and the Contractor's exercise of the option to eject the Sub-Contractor shall not relieve the Sub-Contractor of such liability. The Sub-Contractor shall have no right to receive any further payment after default until the work has been completed and the Contractor's damages, if any, have been ascertained and paid.

27. Releases and Proof of Payment. Before the Contractor is required to make any payment under this Agreement, the Sub-Contractor will furnish to the Contractor, in a statutory form satisfactory to the Contractor, releases showing that all work, equipment, and materials furnished under the Agreement have been paid in full or that claims for such payments have been properly released. The Sub-Contractor will permit the Contractor to audit its payroll accounts periodically to determine whether amounts for fringe benefits and payroll taxes have been paid.

28. Attorney Fees. If either party becomes involved in arbitration or litigation arising from this Agreement or the performance of it, the court or tribunal in such arbitration or litigation or in a separate suit shall award reasonable costs and expenses of arbitration and litigation, including expert witness fees and attorney fees, to the prevailing party or parties.

29. Assignment. The Sub-Contractor shall not assign, sublet, or transfer this Agreement, or any part of it, nor shall the Sub-Contractor make any assignment or transfer of funds payable to Sub-

Contractor under this Agreement without the Contractor's prior written consent which may be granted or withheld at the Contractor's discretion.

30. Bankruptcy. If the Sub-Contractor becomes bankrupt or makes an assignment for the benefit of creditors, or if a receiver is appointed, then the Sub-Contractor shall be deemed to be materially in default under this Agreement.

31. Notices. All notices and demands ("Notices") shall be given in writing and maybe served personally on the superintendent, foreman, or other person in charge of work for either party at the project site or may be served by fax (to the number identified above) or by certified mail or overnight service sent to the address identified above, which may be changed from time to time by Notice. If Notice is by personal delivery it is deemed given on the day of deliver, if by fax it is deemed given on the next business day, if by certified mail it shall be deemed given on the date appearing on the return receipt, but if the receipt is not returned within five (5) days, then three (3) days after mailed or two (2) days after sent by overnight delivery service, for overnight delivery.

32. Integration. This Agreement shall supersede all written or oral Agreements, if any, between the parties and constitutes the entire and only Agreement pertaining to the Sub-Contractor's Work to be performed and all other matters concerning the subject of this Agreement. Except as provided for change orders, this Agreement can be modified only in writing signed by both the Contractor and the Sub-Contractor.

33. Governing Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of California. This paragraph does not prevent the application of the Federal Arbitration Act to any dispute that may arise under this Agreement.

34. Counting of Days. Any reference to a number of days herein is a reference to calendar days. If a party is required to complete the performance of an obligation under this Agreement by a date certain or within a fixed number of days and such a date or last day is a Saturday, Sunday, or Federal bank holiday (collectively, a Nonbusiness Day), then the date for the completion of such performance will be the next succeeding day that is not a Nonbusiness Day.

35. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement, including those provisions for which no definite time for performance is specified; provided, however, that the foregoing shall not be construed to limit or deprive either party of the benefits of any grace or use period provided for in this Agreement.

36. Contractors' License Notice. Contractors are required by law to be licensed and regulated by the Contractor's State License Board, which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four (4) years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors State License Board, P.O. Box 26000, Sacramento, California 95826.

37. Representation on Authority of Parties/Signatories. Each person signing this Agreement on behalf of an entity represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement on behalf of said entity, that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement that is binding on such entity and is and will be enforceable in accordance with its terms.

38. Signatures, Counterparts and Use of Faxed or E Mailed Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original. This Agreement shall not be effective until the execution and delivery between each of the parties of at least one set of counterparts. Delivery of executed counterparts may occur by fax or e mail and shall be, upon such delivery, as binding as the delivery of the original signatures. The parties authorize each other to detach and combine such signature pages and consolidate them into a single original. Any one of such completely executed counterparts shall be sufficient proof of this Agreement.

Contractor

Date: _____

Sub-Contractor

Date: _____

EXHIBIT A

DESCRIPTION OF SUB-CONTRACTOR'S WORK

The portion of the work on the Project to be performed by the Sub-Contractor is described below.

The description of the work to be performed or material to be furnished by the Sub-Contractor by reference to a section or sections of the drawings or specifications shall not limit the Sub-Contractor's obligation to perform only such work or furnish only such materials as are described in that section or sections if work or material that is within the general description of the section or sections is required of the Sub-Contractor by trade practice or by any other provision or section of the drawings or specifications. The Sub-Contractor shall furnish all material and perform all work coming within the general description of the designated section or sections, and reference to such section or sections is solely for convenience in describing the Sub-Contractor's work. Any dispute between sub-contractors over responsibility for divisions or categories of work shall be resolved by the Contractor, whose decision shall be final.

Danco Builders Northwest
SUBCONTRACTOR INSURANCE REQUIREMENTS – Attachment A

****Recommendations****

- Certificate on Standard Accord Form
- "Endeavor To" and "But Failure To" language struck out

****General Liability Requirements****

Certificate

- Occurrence Policy
- Per Project Aggregate
- Policy Period Current
- Limits (\$1M Per Claim, \$2M Aggregate, \$2M Products Completed Operations)
- Name and Address of Certificate Holder Correct
- Project Name / Number identified or All CA ops
- "30" Days Notice except 10-Days for Non-payment

Endorsements

- Additional Insured Form Attached
- All Additional Insured(s) Named (Danco Builders Northwest & Project Owner) on certificate itself
- Additional Insured Form CG 2010 1185 or Equivalent. (Look for Phrase "Your Work")
- If Additional Insured is a Blanket then GL Description to include endorsement number
- Primary Language
- Waiver of Subrogation

****Auto Liability Requirements****

- Any Auto, Owned Auto or Scheduled Auto Checked
- Hired & Non-Owned Auto Checked
- Limits \$1M Combined Single Limit
- List Job Name on Certificate

****Workers Compensation****

Certificate

- CA Limits \$1M Each Accident, Each Disease Each EE, Disease Policy limit
- List Job Name on Certificate

Endorsements

- Waiver of Subrogation

****Other Insurance****

Certificate

- \$10M Excess Required for Trenching more than 4 feet deep
- Professional Liability Required for Design Build of \$1,000,000
- Pollution Liability of \$3M/\$5M for Hazardous Materials

Exhibit 1A



APPLICATION FOR PAYMENT

DATE:
PROJECT:
CONSTRUCTION PM:
PAYMENT REQUEST NO.:
BILLING PERIOD FROM:
BILLING PERIOD TO:
SUBCONTRACTOR:

PLEASE MAIL TO:
5251 Ericson Way
Arcata, CA 95521

STATEMENT OF CONTRACT AMOUNT:

- 1. Original Contract Amount
2. Approved Change Orders (Net)Add/Deduct
3. Adjusted Contract Amount
4. Value of Work Completed to Date
5. Materials Stored on Site
6. Sub-Total (Lines 4 and 5)
7. Less Amount Previously billed
8. Balanced Due this Billing
9. Less retention (10%)
10. Amount Due this Request

CERTIFICATE OF THE SUBCONTRACTOR:

I hereby certify that under penalty of perjury under the laws of the State of California that the work performed and the materials supplied to date, as shown on the above represent the actual value of accomplishment under the terms of the Contract (and all authorized changes thereto) between the undersigned and Danco Builders Northwest-Builders relating to the above project. I also certify that payments, less applicable retention, have been made through the period covered by previous payments received from Danco Builders North West to (1) all my sub-contractors (sub-subcontractors) and (2) for all materials and labor used in or in connection with the performance of this Contract.

Subcontractor Signature Corporate Officer Date

ALL PAY REQUESTS ARE DUE TO THE DANCO CORPORATE OFFICE BY THE 20TH OF EACH MONTH ALREADY APPROVED AND SIGNED BY THE ONSITE SUPERINTENDENT

Exhibit 1B

PROJECT: PROJECT NAME
 SUBCONTRACTOR: SUBCONTRACTOR
 INVOICE NUMBER: _____

WORK COMPLETED FROM _____ 20__ TO _____ 20__

DESCRIPTION OF WORK	Task #	A CURRENT CONTRACT	B % COMPLETE	C GROSS BILLINGS TO DATE AxB=C	D PRIOR GROSS BILLINGS Prev. Billing	E CURRENT GROSS BILLING C-D=E	F 10% CURRENT RETENTION Ex10%=F	G CURRENT NET BILLING E-F=G

TOTAL CONTRACT:

DESCRIPTION OF CHANGE	CO #	CO AMOUNT	% COMPLETE	GROSS BILLINGS TO DATE	PRIOR GROSS BILLINGS	CURRENT GROSS BILLING	10% CURRENT RETENTION	CURRENT NET BILLING

(ONLY APPROVED CHANGE ORDERS ARE TO BE LISTED ON THE BILLING FORM)

CHANGE ORDER/S TOTAL _____

CONTRACT AMOUNT _____

 Danco Superintendent Signature Date

***If you do not get the Danco CPM's Signature your request will be rejected.**

ALL PAY REQUESTS ARE DUE TO THE DANCO CORPORATE OFFICE BY THE 20TH OF EACH MONTH ALREADY APPROVED AND SIGNED BY THE ONSITE SUPERINTENDENT

Exhibit 2



Subcontractors Proposed Change Order

Date: _____
Project: _____
Super: _____

This is NOT an invoice. Please submit this form prior to receiving a change order. Once you receive an approved change order on a Danco Builders Northwest form requesting your signature you may bill. Please reference the change order number listed on the for in your invoice.

A. Description of Work:

B. Danco Builders Northwest may request additional breakdown of labor. _____

C. Materials:
Please attach Material breakdown. _____

D. **TOTAL REQUESTED CHANGE ORDER** _____
(Add B, C, D & E)

E. Total number of additional working days to existing prime _____

F. Date shop drawings will be ready for submission (if applicable) _____

PCO#

Company Name:

Representative Date

Exhibit 3



SUBCONTRATOR BILLING CHECKLIST

- Pay Application sheets (Exhibit 1A and 1B) approved and signed by the Danco onsite Superintendent prior to sending to the corporate office by the 20th of each month. Send via one of the following methods:
 - Mail to:
 - The Danco Group
 - 5251 Ericson Way, Suite A
 - Arcata, CA 95521
 - Fax to:
 - 707-825-1911
 - Email to:
 - accountspayable@danco-group.com
- Note all lien releases for current and previous month must be received with your pay request (i.e. unconditional progress for last month's payment received and conditional progress for current billing)
- If applicable, certified payroll reports for the current month must be received with your pay request.