



CONTRACT

CONTRACT between estimate addressee (hereinafter "OWNER") and Homesteady Solutions, Inc. ("CONTRACTOR") whose address is 1336 N Moorpark Road #180, Thousand Oaks, CA 91360 for certain construction work as defined in attached estimate ("Project").

The OWNER and the CONTRACTOR agree as set forth below:

1. **Contract Documents:** The Contract Documents, which constitute the entire Contract between OWNER and CONTRACTOR for the labor, services, materials and equipment described in paragraph 2, specifically include this Contract, any other documents set forth in Exhibit A attached hereto, and all Modifications issued after execution of the Contract. These form the Contract, and all are as fully part of the Contract as if attached to the Contract or repeated herein. If anything in the Contract Documents is inconsistent with the Contract, the terms of the Contract shall govern.

2. **Scope of Work:** CONTRACTOR shall furnish to OWNER the construction labor, services, materials and equipment at the Project as described on the document attached hereto as Exhibit B ("the Work") in accordance with the Contract Documents identified in Exhibit A attached hereto subject to the terms and conditions hereinafter set forth. In addition to any exclusions identified in Exhibit B, the following are excluded from the Scope of Work under this Contract: architectural or engineering services; surveying; special inspections; testing, removal or disposal of any materials containing mold, asbestos or other hazardous substances; correction of defects or deficiencies existing prior to commencement of the Work regardless of when discovered; and repair of roadways, driveways, sidewalks, curbs or landscaping damaged by construction equipment or vehicles used in the normal course of construction.

3. **Approximate Start Date and Approximate Completion Date:** At the time that this Contract is signed, the parties contemplate that the Approximate Start Date for the Work to be performed under the Contract shall be agreed upon by both Parties. The Work shall be completed by an approximate completion date: agreed upon by both Parties and defined in the Project. Should OWNER, or any public body or inspector direct any modification or addition to the Work and/or if the Work is delayed through no fault of CONTRACTOR, the Approximate Completion Date will be adjusted as agreed and specified in a change order signed by OWNER and CONTRACTOR.

4. **Contract Price:** In consideration for all labor, services, materials and equipment furnished by CONTRACTOR for the Work, OWNER shall pay CONTRACTOR the contract price listed in the estimate ("Contract Price"). If payments are to be made from a construction loan, OWNER represents that the proceeds of the construction loan are sufficient to pay the

Contract Price plus a reasonable contingency for Extra Work, as that term is defined in paragraph 11 below.

5. **Allowances**: The Contract Price may include allowances for certain materials, finishes, fixtures and/or other items which have not yet been selected or identified by OWNER. Allowances are specific dollar amounts that CONTRACTOR has allocated for the purchase of the materials, finishes, fixtures and/or other items to be selected or identified by OWNER. These allowances include all overhead and profit, plus all applicable sales taxes. If the final cost of any item covered by an allowance is greater or less than the specified allowance, the Contract Price will be increased or decreased accordingly by a written change order to be issued by CONTRACTOR.

6. **Invoices**: Invoices will be presented to OWNER on a regular, periodic basis. Each invoice shall include an amount determined by CONTRACTOR to be the total value of Work performed in accordance with the Contract Documents through the tenth (10th) working day preceding the date that the invoice is presented to OWNER, including the value of all material and equipment suitably stored at the Project site or other location, less the aggregate of all of OWNER's previous payments. For purposes of this paragraph 6, the date that the invoices are presented to OWNER shall be the date that CONTRACTOR hand-delivers the invoices to OWNER or transmits the invoices to OWNER via email or the next business day after CONTRACTOR places the invoices in a sealed envelope addressed to OWNER at the address appearing on page one of this Contract and delivers said envelope to the United States Post Office, postage prepaid. Payment for said invoices shall be due ten (10) days after the invoices are presented to OWNER ("the invoice due date").

7. **Down Payment**: Prior to commencement of the Work, OWNER shall pay the sum of 10% plus some material expenses as outlined in the estimate to CONTRACTOR.

8. **Final Payment**: The balance of the Contract Price shall be paid by the OWNER to CONTRACTOR within fifteen (15) days after Substantial Completion of the Project except for amounts OWNER may withhold as provided in this paragraph 8. Promptly upon receipt of CONTRACTOR's request for final payment, OWNER shall conduct a walk-through inspection with CONTRACTOR to identify uncompleted work. At the conclusion of this inspection, CONTRACTOR shall prepare a list identifying all mutually agreed-upon uncompleted work items. OWNER may withhold from final payment the reasonable value of the uncompleted items on this list. OWNER shall pay any withheld amounts to CONTRACTOR within three (3) business days following completion of these items. The date of Substantial Completion of the Project is the date when construction is sufficiently complete so that the OWNER can occupy or utilize the Project for the use for which it is intended.

9. **Late Payment**: Payments due and unpaid shall bear interest from the invoice due date at the rate of one and one-half percent (1½%) per month but not more than the maximum amount allowed by the laws of the state of California in effect on the date this Contract is entered into.

10. **Release of Mechanics' Liens**: Upon satisfactory payment being made for any portion of the work performed, CONTRACTOR shall, prior to any further payment being made, furnish to OWNER a full and unconditional release from any claim or mechanic's lien for that portion of

the work for which payment has been made.

11. **Extra Work and Change Orders:** Should OWNER, OWNER's agents, employees or representatives, or any public body or inspector direct any modification or addition to the Work, or should OWNER direct CONTRACTOR to perform or furnish labor, services, materials or equipment not contemplated by the parties hereto at the time this Contract is signed, or should any "Changed Conditions" exist as that term is defined in paragraph 13 below, (collectively "Extra Work"), the cost of the Extra Work shall be added to the Contract Price. CONTRACTOR shall perform Extra Work provided that the parties execute a change order obligating OWNER to pay the cost of the Extra Work in addition to the Contract Price ("Change Order"). For the purpose of this paragraph, "cost" is defined as the cost of extra subcontracts, labor and materials, plus 25% of such "cost" for overhead and profit. CONTRACTOR shall not be obligated to perform any Extra Work until and unless OWNER shall have first signed and delivered a Change Order to CONTRACTOR. Invoicing and payments for Extra Work shall be governed by paragraphs 6, 8 and 9 above.

12. **Damage to the Work:** In the event the Work is substantially damaged or destroyed by war, fire, storm, lightning, flood, earthquake, surface or subsurface water, mob violence, vandalism or other casualty at the Project not due to CONTRACTOR's negligence or default before final completion of the Project, CONTRACTOR shall proceed to replace and/or repair the Work in accordance with the Contract Documents, and the provisions of this Contract shall remain in full force and effect except that the time for completion of the Work shall be adjusted pursuant to paragraph 3 herein and CONTRACTOR shall be entitled to additional compensation pursuant to paragraph 11 herein.

13. **Changed Conditions:** In the event physical conditions differ materially from those indicated or identified in the Contract Documents or in the event there exists unknown physical conditions at the Project site of an unusual nature differing materially from those ordinarily encountered in work of the character provided for or contemplated by the Contract Documents ("Changed Conditions"), CONTRACTOR shall advise OWNER of the existence of such conditions and the parties shall adjust the Contract Price to provide for any increase in CONTRACTOR's costs resulting from such conditions.

14. **Delays:** CONTRACTOR shall be excused for delay in the timely completion of the Work caused by acts of God, delays of OWNER or OWNER's agent or agents, stormy weather, labor trouble, acts of public utilities, public bodies or inspectors, the unavailability of materials, a material change in the scope of the Work, failure of OWNER to make payments promptly, or other contingencies which are both unforeseen by CONTRACTOR and beyond the reasonable control of CONTRACTOR.

15. **Right to Stop Work:** CONTRACTOR shall have the right to stop work if any payment shall not be made to CONTRACTOR in accordance with the provisions of the Contract provided that CONTRACTOR delivers written notice to OWNER not less than three (3) business days prior to stopping work; CONTRACTOR may keep the job idle until all payments due are received. The foregoing procedure shall be in lieu of and shall be deemed to satisfy any and all requirements set forth in California Civil Code sections 8830 et seq. in order for CONTRACTOR to stop the Work.

16. **Owner Insurance**: OWNER shall purchase and maintain property insurance in a form acceptable to CONTRACTOR upon the entire Project for the full cost of replacement as of the time of any loss. This insurance shall insure against loss from the perils of fire, extended coverage, and shall include "All Risk" insurance for physical loss or damage including, without duplication of coverage, at least theft, vandalism, malicious mischief, transit, collapse, testing, and damage resulting from defective design, workmanship or material. OWNER will increase limits of coverage, if necessary, to reflect estimated replacement costs. OWNER will be responsible for any co-insurance penalties or deductibles. OWNER shall obtain certificates and endorsements identifying CONTRACTOR as an additional insured under any property insurance policy identified in and required by this paragraph including a policy covering all buildings and structures at the Project site, any building or structure adjacent to the Project site, and the contents of any such building or structure. The insurance obligations in this paragraph 16 are in addition to, and shall not in any way be limited by, the defense and indemnification obligations set forth in this Contract, including but not limited to defense and indemnification obligations set forth in paragraph 22 herein.

17. **Contractor Insurance**: CONTRACTOR shall maintain in full force and effect for the entire term of this Contract the following types of insurance:

- a. Worker's Compensation Insurance (including employers' liability) with minimum limits of \$1,000,000 per occurrence for bodily injury.
- b. Commercial general liability insurance written on an occurrence basis, covering all operations performed by or on CONTRACTOR's behalf providing coverage for bodily injury and property damage, including products and completed operations, with a combined single limit of not less than one million dollars (\$1,000,000) per occurrence and one million dollars (\$1,000,000) in the aggregate. OWNER shall be named as additional insured under CONTRACTOR's commercial general liability policy.
- c. Automobile liability insurance, including liability for all owned, hired and non-owned vehicles, with minimum limits of \$1,000,000 for bodily injury per person, \$1,000,000 property damage and \$1,000,000 combined single limit per occurrence.
- d. The insurance obligations in this paragraph 17 are in addition to, and shall not in any way be limited by, the defense and indemnification obligations set forth in this Contract, including but not limited to defense and indemnification obligations set forth in paragraph 22 herein.

18. **Waiver of Subrogation**: CONTRACTOR and OWNER each must require their respective insurers issuing insurance described in and required by paragraphs 16 and 17 herein to waive all rights of subrogation as against CONTRACTOR and OWNER, and all certificates and endorsements described in paragraphs 16 and 17 shall provide a waiver of subrogation rights endorsement in favor of the CONTRACTOR and OWNER. CONTRACTOR and OWNER hereby waive all rights of subrogation against each other.

19. **Permits and Tests:** Unless otherwise agreed to in writing by both parties, the CONTRACTOR shall procure the necessary permits for the Work. OWNER shall pay the governmental fees and CONTRACTOR's charges for said permits. If any tests or inspections are required by the plans and specifications or by the orders of any public authority having jurisdiction, OWNER agrees to procure said tests and inspections and to pay all costs and fees associated with them.

20. **Subcontracts:** All portions of the Work that CONTRACTOR's employees do not or cannot perform directly shall be performed by subcontractors. Unless OWNER has agreed in advance in writing, all subcontracts shall be on a fixed price basis.

21. **Recordkeeping:** CONTRACTOR shall prepare and maintain detailed accounts and records as may be necessary for proper financial management of the Project. OWNER shall be afforded reasonable access to CONTRACTOR's records relating directly to this Contract, and CONTRACTOR shall preserve all such records for three years after receipt of final payment.

22. **Indemnity:**

- a. CONTRACTOR will defend and indemnify OWNER against all claims, demands, and liability for damages for death or bodily injury to persons and for damage to property arising out of or connected with the active negligence of CONTRACTOR, any of its subcontractors or any persons for whom CONTRACTOR is legally responsible. However, this indemnity will not extend to any loss, damage, or expense arising out or related to the active negligence or willful misconduct of the OWNER or the OWNER's agents, representatives, employees or other persons or entities hired or retained by OWNER to perform construction work at the property where the Project is located.
- b. OWNER acknowledges that CONTRACTOR did not prepare the plans, specifications, drawings, reports and/or other documents described in Exhibit "A" attached hereto ("Plans"). Therefore, OWNER acknowledges that CONTRACTOR is not responsible or liable for, and OWNER specifically waives and releases any and all claims that OWNER may have against CONTRACTOR, as a direct or indirect result of any damages or injuries that may be sustained by OWNER, OWNER's agents, employees, representatives, heirs, beneficiaries, successors or assigns, or invitees or trespassers, to the extent that such damages or injuries are related to or connected with any deficiency or defect in the Plans. In recognition of the foregoing and in the event that CONTRACTOR shall have a claim made against it, or become involved in litigation, arbitration or mediation proceedings because of claims, damages, injury or loss arising out of or related to any actual or alleged deficiency or defect in the Plans, then OWNER shall indemnify and defend CONTRACTOR against and hold CONTRACTOR harmless from all such claims, loss, liability, and expense, including attorney's fees and the executive and administrative expenses of CONTRACTOR incurred as a result. This indemnity shall be provided by OWNER even if CONTRACTOR is partly responsible for the claim, damage, injury or loss, but

OWNER shall not provide indemnity for claims or losses caused by the active negligence or willful misconduct of CONTRACTOR or its employees.

- c. In the event that CONTRACTOR shall have a claim made against it, or become involved in litigation or arbitration, because of claims, damages, injury or loss arising out of or related to the activities of or the work performed by other contractors or subcontractors who are not in privity of contract with CONTRACTOR or its subcontractors and who furnish portions of the construction work at the Project, the OWNER shall defend and indemnify CONTRACTOR against and hold it harmless from all such claims, loss, liability, and expense, including attorney's fees and the executive and administrative expenses of CONTRACTOR incurred as a result. This indemnity shall be provided by OWNER even if CONTRACTOR is partly responsible for the claim, damage, injury or loss, but OWNER shall not provide indemnity for claims or losses caused by the active negligence or willful misconduct of CONTRACTOR or its employees.
- d. The defense and indemnification obligations set forth in this paragraph 22 and elsewhere in the Contract shall survive the termination or completion of the Project for the full period of time allowed by California law. Furthermore, the defense and indemnification obligations in this paragraph 22 and elsewhere in this Contract are in addition to, and shall not in any way be limited by, the insurance obligations set forth in paragraphs 16 and 17 herein.

23. **Attorney Fees:** In the event that legal action or arbitration is instituted in order to interpret or enforce any provision contained in the Contract, or other legal proceeding is initiated arising out of or related to the subject matter of the Contract, the prevailing party to such action shall be entitled, in addition to any other remedy available by applicable law or the Contract, to an award as and for any attorney fees, expert witness fees, or any other costs normally associated with such an action, in an amount so as to compensate said prevailing party for any actual attorney fees, expert fees or other such costs incurred in good faith. Said award shall be entered separately or as a portion of the award of a judge or arbitrator in any such action.

24. **Arbitration:**

- a. Any controversy arising out of or related to the Work referred to in this Contract or regarding the interpretation of this Contract or any subcontract is subject to arbitration. OWNER, CONTRACTOR and all subcontractors are bound, each to the other, by this arbitration clause, provided such party has signed this Contract or has signed another contract which incorporates this Contract by reference, or signs any other agreement to be bound by this arbitration clause. Arbitration shall be had in accordance with the applicable rules of the American Arbitration Association which are in effect at the time the demand for arbitration is filed. Should any party refuse or neglect to appear or participate in arbitration proceedings, the arbitrator is empowered to decide the controversy in accordance with whatever evidence is presented. The arbitrator is authorized to award any party or parties such sums as he shall deem proper for the time, expense and

trouble of arbitration. The parties hereto shall have the right to discovery in accordance with Code of Civil Procedure section 1283.05. In addition to the grounds for vacation or correction of an arbitration award set forth in Code of Civil Procedure sections 1285 et seq., a court of competent jurisdiction shall vacate the award if the court determines that an error of law appears on the face of the award.

- b. **NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION (PARAGRAPH 24a) DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE BUSINESS AND PROFESSIONS CODE OR OTHER APPLICABLE LAWS. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.**

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

25. **Licensing:** Contractors are required by law to be licensed and regulated by the Contractors' State License Board, which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act, or omission is filed within four 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 date 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.

26. **Notice of Completion:** OWNER agrees to sign and record a Notice of Completion within five (5) days after completion of the Work. If the Work passes final inspection by the public body but OWNER fails to record a Notice of Completion, OWNER hereby appoints CONTRACTOR as OWNER's agent to sign and record a Notice of Completion on behalf of OWNER. This agency is irrevocable and is an agency coupled with an interest.

27. **Invalidity and Waiver:** The partial or complete invalidity of any one or more provisions of the Contract shall not affect the validity or continuing force and effect of any other provision.

The failure of either party hereto to insist, in any one or more instances, upon the performance of any of the terms, covenants or conditions of the Contract, or to exercise any right herein, shall not be construed as a waiver or relinquishment of such term, covenant, condition or right as respects further performance.

28. **Entire Agreement**: The Contract is solely for the benefit of the signatories hereto and represents the entire and integrated Contract between the parties hereto and supersedes all prior negotiations, representations, or contracts, either written or oral.

29. **Notice**: Any notice required or permitted under the Contract may be given by ordinary mail at the address contained in this Contract; but such address may be changed by written notice given by one party to the other from time to time. After a notice is deposited in the mail, postage prepaid, it shall be deemed received in the ordinary course of the mails.

The Contract is entered into as of the date first written above.

By approving the estimate, OWNER acknowledges that he or she has read all the documents referenced in or attached to this Contract.

MECHANIC'S LIEN WARNING

Anyone who helps improve your property, but who is not paid, may record what is called a mechanic's lien on your property. A mechanic's lien is a claim, like a mortgage or home equity loan, made against your property and recorded with the county recorder.

Even if you pay your contractor in full, unpaid subcontractors, suppliers, and laborers who helped to improve your property may record mechanics' liens and sue you in court to foreclose the lien. If a court finds the lien is valid, you could be forced to pay twice or have a court officer sell your home to pay the lien. Liens can also affect your credit.

To preserve their right to record a lien, each subcontractor and material supplier must provide you with a document called a "Preliminary Notice." This notice is not a lien. The purpose of the notice is to let you know that the person who sends you the notice has the right to record a lien on your property if he or she is not paid.

BE CAREFUL. The Preliminary Notice can be sent up to 20 days after the subcontractor starts work or the supplier provides material. This can be a big problem if you pay your contractor before you have received the Preliminary Notice.

You will not get Preliminary Notices from your prime contractor or from laborers who work on your project. The law assumes that you already know they are improving your property. PROTECT YOURSELF FROM LIENS. You can protect yourself from liens by getting a list from your contractor of all the subcontractors and material suppliers that work on your project. Find out from your contractor when these subcontractors started work and when these suppliers delivered goods or materials. Then wait 20 days, paying attention to the Preliminary Notices you receive.

PAY WITH JOINT CHECKS. One way to protect yourself is to pay with a joint check. When your contractor tells you it is time to pay for the work of a subcontractor or supplier who has provided you with a Preliminary Notice, write a joint check payable to both the contractor and the subcontractor or material supplier.

For other ways to prevent liens, visit CSLB's Internet Web site at www.cslb.ca.gov or call CSLB at 800-321-CSLB (2752).

REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING A LIEN PLACED ON YOUR HOME. This can mean that you may have to pay twice, or face the forced sale of your home to pay what you owe.

EXHIBIT "A"
(Contract Documents)

1. See attached estimate for details.

2.

EXHIBIT "B"

Scope of Work

The following work is included in this Contract:

1. See attached estimate for details.

The following work is excluded from this Contract:

1. See attached estimate for details.