



ADDENDUM TO TERMS & CONDITIONS

PAYMENT TERMS

The Schedule of Values (SOV) and Progress Payments should match the scope of work previously described. A detailed SOV will be submitted for approval once the proposal is accepted. IT IS AGAINST THE LAW FOR A CONTRACTOR TO COLLECT PAYMENT FOR WORK NOT YET COMPLETED, OR FOR MATERIALS NOT YET DELIVERED. HOWEVER, A CONTRACTOR MAY REQUIRE A DEPOSIT PAYMENT. As the project progresses, Owner agrees to provide retainers to contractor to cover anticipated materials costs, based on the rates listed below, in advance of purchase of materials on Owner's behalf. Payment for all materials is due upon delivery of the materials to the job site. If Owner has any objection or problem with any billing or payment or if Owner disputes any payment that Contractor contends is due, Owner will raise the issue immediately in writing with Contractor. If Contractor receives no such written notice within five (5) business days that a charge or billing or payment request is disputed or objected to, Owner will be deemed to have waived any objection to or dispute with the charge, billing or payment request. If payments are to be made through a construction lender, Owner represents that the construction loan fund is sufficient to pay the contract price and any extra work that may be ordered by Owner, and Owner will do everything possible to expedite payments. Payments will be made to the Contractor based upon the Contractor's completion percentage as set forth in the SOV at the time of the request for progress payment submission to Owner. The Owner must make progress payments to the Contractor within three (3) days of the Owner's receipt of the request for progress payment from Contractor. Payment made via ACH will have a convenience fee of \$15.00 per transaction added at the end of the project on the final invoice. Payment made via credit card will have a convenience fee of 3% added at the end of the project on the final invoice. Payments made by handwritten check or cashier's check will not incur a fee. Final payment is due within seven (7) days after the date of substantial completion. Substantial completion is defined as the date Owner and Contractor collectively inspect the work and agree the work is substantially complete. Payments received by Contractor more than fifteen (15) days after date of billing by Contractor to Owner are charged interest at one and a half percent (1.5%) per month.

READINESS & DATES

Owner shall have job site ready for commencement of the work of improvement no later than the approximate start date and so notify the Contractor in writing when the job site is ready for commencement of the work or improvement. The approximate date when the work will begin will be determined by the Owner and the Contractor after the contract is executed and the drawings/specifications are finalized. The approximate date when work is to be completed will be

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according to industry standards. Contractor will provide and maintain a duration schedule for Owner reference.

RELEASES

Upon payment being requested or made for any portion of the work performed, Contractor shall, at owners request, furnish conditional or unconditional releases pursuant to Sections 8132-8138 of the Civil Code for that portion of the work for which payment has been requested or made and received.

CHANGE ORDERS

Change Orders become part of the Contract once the order is prepared in writing and signed by the Parties prior to the commencement of work covered by the new Change Order. The Order must describe the scope of the extra work or change, the cost to be added or subtracted from the Contract, and the effect the Order will have on the SOV. NOTICE: The Owner may not require the Contractor to perform extra work or changes without providing written authorization prior to the commencement of any work covered by the Order. Extra work or a Change Order is not enforceable against a buyer unless the Change Order identifies all the following in writing prior to the commencement of the work covered by the Change Order: 1) the scope of the work encompassed by the change order, 2) the amount to be added or subtracted from the Contract, and 3) the effect the order will make in the progress payments or completion date. However, the Contractors failure to comply with the above requirements does not preclude the recovery of compensation for work performed based upon legal or equitable remedies designed to prevent unjust enrichment. If Owner, construction lender, or any public agency or inspector directs any modification or addition to the work covered by this Agreement, the cost shall be added to the contract price plus a minimum of 25 percent for overhead and profit. Approved Change Orders will be billed in full on the next payment request, regardless of the percentage complete. Requests for extra work must be made in writing, but the Contractor is entitled to be paid for extra work whether or not the requests are in writing. Expense incurred because of unusual or unanticipated underground conditions (e.g., fill, rock, groundwater) shall be paid for by Owner as extra work. If Owner, construction lender, or any public agency or inspector requires a Change Order for the project and Owner fails or refuses to provide written authorization of the required Change Order, such failure or refusal shall be deemed a material breach of contract, entitling Contractor to stop work on the property and seek legal remedies. Contractor generally excludes from its scope of work any and all unforeseen subsurface conditions, including the time and materials necessary to diagnose and/or remedy such conditions. The discovery of unforeseen conditions may require extra work to be performed. Should unforeseen conditions be discovered, a Change Order will be executed for the performance of the extra work, if Owner requests Contractor to perform said work. The Parties shall mutually agree on the value for said extra work. At times, the

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discovery of unforeseen conditions may result in, or may include design professional approval in order for a building permit to be obtained or a design change to be approved by the local building department. In the case of such an event, any additional costs incurred by the Contractor, including time spent dealing with the condition with the Building Department, a Design Professional or any other person, will be extra work and will be the subject of a Change Order.

PERMITS & CLEARANCES

Unless otherwise stated above, Owner acknowledges and agrees that the Project may require permits or clearances from the AHJ, including but not limited to building permits, zoning permits, and other necessary permits. The Owner has been advised by the Contractor of the potential need for such permits and has elected to either obtain the necessary permits at their own expense or disregard the need for permits altogether. In the event Owner chooses not to obtain permits for the project, Contractor shall not be responsible for obtaining or ensuring the issuance of any permits required for the Project, and the Owner shall be solely responsible for any delays, costs, or consequences arising from the Owner's failure to obtain or maintain necessary permits.

BUSINESS & PROFESSIONS CODE 7159 COMPLIANCE

Joe's Construction Company, LLC is a licensed California Contractor. CSLB #907687. Classification General (B) and Swimming Pools (C-53). If the Contractor fails to fully comply with the requirements set forth in paragraph (e) of the Business and Professions Code section 7159, the failure does not preclude the recovery of compensation for work performed based upon legal or equitable remedies designed to prevent unjust enrichment.

DISPUTE RESOLUTION

If the Parties cannot agree in writing on an alternative method of resolving any dispute that may arise, then any dispute arising out of or related to this Agreement, or the interpretation or performance thereof shall be decided by litigation in a Superior Court of competent jurisdiction. The Prevailing Party in any such litigation shall be awarded reasonable attorney fees, litigation costs and expenses. The Prevailing Party shall be determined in accordance with the positions of the Parties before litigation commenced in comparison with the result achieved.

ADDITIONAL TERMS & CONDITIONS

A reasonable allowance on all dimensions shall be allowed. Site will be received free of debris and ready to commence work. Unless otherwise noted, this contract provides for no import, export, or movement of soil. Allowances are defined as estimated costs of materials, appliances, and equipment that have not yet been specifically identified, such as tile, wallpaper, and light fixtures.

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Owner will make the necessary selections promptly so as to prevent the progress of the work from being delayed. If the actual cost of an item specified as an allowance is greater or less than the amount of the allowance, then the contract price will be increased or reduced accordingly. Unless otherwise agreed upon, allowance selections are to be purchased through and installed by Contractor and its approved vendors, suppliers and subcontractors only.

Payment made via ACH will have a convenience fee of \$15 per transaction added at the end of the project on the final invoice. Payment made via Credit card will have a convenience fee of 3% added at the end of the project on the final invoice. Payment made by handwritten check or cashier's check will not incur a fee.

Should Owner or his/her agents direct or request additional work outside the scope of the attached plans and specifications, then Contractor shall perform that work so long as the cost of the additional work is added to the contract price in accordance with a signed Change Order and paid by the Owner as agreed. Contractor shall be reimbursed for any unusual or unknown conditions such as rock and high-water table, etc.

Contractor shall have the right to stop work if any payment shall not be made to Contractor as required under this Agreement and payment is more than 30 days past due. Such action by Contractor shall not, in any manner, be deemed a breach of this Agreement by Contractor. If Contractor agrees to remobilize, Owner shall pay to Contractor a reasonable remobilization fee consistent with Contractor's reasonable calculation of expense incurred in remobilizing, before remobilization takes place. Additionally, Owner agrees that if Contractor receives any bills from subcontractors or suppliers for monies not paid by Owner, and Contractor makes said payments, Owner agrees to a charge of two percent interest per month on any monies paid out by Contractor to suppliers or subcontractors for work performed or materials or equipment supplied for which Owner has not paid. This remedy shall be in addition to any other remedy Contractor has under this agreement or the law.

Contractor shall be excused for any delays or defaults by him in the performance of this Agreement caused by acts of the Owner or Owner's agents, acts of any governmental authority, acts of God, the elements, war conditions, commercial shortages of required labor or materials, litigation, labor disputes, extra work, failure of Owner to make payments when due promptly, or other contingencies unforeseeable by or beyond the control of the Contractor.

The Owner and the Contractor may terminate this Agreement by mutual written consent. In such event the Contractor shall be reimbursed from construction financing funds and funds of the Owner

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for all work completed prior to notice of termination. The total amount of money to be paid to the Contractor shall be determined using the Construction Draw Schedule as a basis for computing the money due for the work completed prior to notice of termination. Any and all deposit monies shall be retained by the Contractor. Where payment is being made from the proceeds of a property insurance claim, and in the event of a loss greater than 30% of contract value due to occurrences covered by property insurance described in paragraph 9.3, the Contractor shall be paid from combined proceeds of insurance, construction financing, and Owners funds, for all work completed. At this time the original budget shall be automatically adjusted for increases in materials costs. Should the adjustment cause an increase in the total projected contract price of more than 10%, this Agreement may, at Owner's option, be deemed null & void. At Owners option Contractor agrees to negotiate in good faith a new contract for the repair and/or completion of the project. In the event of a loss less than 30% of contract value due to occurrences covered by the property insurance claim payment, the Contractor shall prepare a written change order for the labor, materials, and profit and overhead costs required to repair the damage caused by the occurrence. Upon acceptance of the change order by the Owner, Contractor shall proceed to repair the damages caused by the occurrence. Cost of the change order shall be paid from proceeds of insurance, and funds of the Owner. Subsequent to completion of the repairs, Contractor shall continue work under the original contract. If the Owner elects to terminate the contract outside of the terms and conditions referenced above, and does so after the three (3) or five (5) day automatic right of refusal, then the Owner expressly agrees that they will be bound to pay the Contractor for thirty percent (30%) of the gross project cost or estimate, unless less than thirty percent (30%) of the gross project cost or estimate remains due and owing on the Project, then the Owner expressly agrees to pay the Contractor thirty percent (30%) of the remaining project gross cost or estimate, not including any amounts already due and owing prior to the termination. The parties expressly agree that this clause is not to be construed as a penalty, but as actual damages incurred by the Contractor by way of the early termination by Owner and the costs associated with the de-mobilization, stop in work, and other issues associated with early termination.

OWNER RESPONSIBILITIES:

1. The Owner shall furnish a copy of the deed, any existing surveys and recorded plats, CC&R's, a legal description of the building site, and the street address.
2. Contracting Party shall be responsible for the location of property lines, easements and providing access for Contractor.
3. Any work stoppage and/or change of work because of property line disputes or accessibility shall be treated as additional work and so charged. Client and/or Contracting Party shall defend,

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indemnify, and hold harmless Contractor if any claim is made, or legal action filed against Contractor for work performed outside of client/Contracting Party's property. This duty shall exist whether Contractor's liability is due to Contractor's negligence alone or due to Contractor's negligence and the negligence of client/Contracting Party or a third party.

4. Owner shall be responsible for location and depth of underground utility lines and/or systems. This Contract assumes standard excavation conditions with no subsurface solid rock, streams, springs or surface water which require additional or extraordinary excavation, special equipment, drains, pumps, tenting, waterproofing or explosives. Excavation costs above standard conditions are to be paid as an extra by Owner. In order to preserve the integrity of the schedule, authorization to proceed as necessary without signature is expressly given by Owner with the signing of this contract for amounts not to exceed 10% of the total preliminary budget amount, should such extraordinary excavation be required. This Contract assumes subsurface soil bearing conditions adequate for the footing sizes shown on plans. Additional footing costs are to be paid as an extra.

5. Unless otherwise arranged, the Owner shall secure and pay for all necessary architecture, design, engineering, blueprints, special inspections, approvals, easements, assessments, and charges required for the construction, use or occupancy of permanent structures.

6. The Owner shall forward all instructions to the Contractor in writing.

7. Depending on the circumstances, Owner may be required to sign and pay for all necessary applications required to obtain permits and bonds.

8. The Owner shall select in a timely manner all allowance items, materials, Client Selections and colors required during the construction process. Delays may result in Time and/or Price Change Orders.

9. The Owner shall obtain all necessary approvals, and/or acknowledgements from any Architectural Board or Committee whose jurisdiction is relevant to this project.

10. Owner agrees to cooperate and make every reasonable effort to assist Contractor and further agrees to permit Contractor to place signs on or about the premises during the course of construction and allow Contractor to show the jobsite to potential customers during the course of same.

11. The Owner shall provide water, utilities and snow removal at and to the site.

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12. Owner's personal property may not enter or be stored within the work areas until all construction is complete. Storage of non-construction materials results in safety problems, fire hazards, insurance liability issues and overall reduced productivity.
13. Contractor is not responsible for any property stored by Owner.
14. Owner shall arrange for or provide authorization for Contractor to enter upon private property as required for Contractor to perform the Work. Owner shall disclose, to the extent known to the Owner, the results and reports of prior tests, inspections or investigations conducted for the Project involving structural or mechanical systems, chemical, air and water pollution, hazardous materials, or other environmental and subsurface conditions. Owner shall disclose all information known to the Owner regarding the presence of pollutants at the Project's site.
15. Owner shall, at the request of the Contractor, prior to execution of this Construction Contract and promptly upon request thereafter, furnish to the Contractor reasonable evidence that financial arrangements have been made to fulfill the Owner's obligations under the Construction Contract.
16. To the extent appropriate, Owner will make sure all trees bushes and any other items around property will be removed and Contractor will not be responsible for any of the shrubbery or trees that remain within the work area of any structure that is being worked on.
17. Owner Agrees once project is completed owner agrees to allow Contractor to come back at a later date and shoot pictures and videos of the completed project.
18. Owner agrees and shall not contract with, authorize or permit, for any reason whatsoever, any individual, other contractor or subcontractor to perform, in whole or in part, any additions, changes, modifications, alterations or corrections to the plans, specifications or work unless authorized to do so by Contractor, in writing. Owner shall not communicate directly with any workman, employees, agents or subcontractors of Contractor, unless so directed by Contractor in writing.
19. As to any costs associated with ordering of wrong material by an outside source that is not ordered through Contractor, Owner agrees to pay any change orders that arise from wrong material ordered and installed. Owner agrees to pay the costs to remove and replace materials.
20. Owner agrees to turn in any invoices from subs they directly hire so Contractor can add overhead and profit on the subs invoice of 25% and project management costs associated with the job.
21. In the event of substantial damage to the project by fire, flood, earthquake, or other such risk, whether insured or not, the Contractor shall be excused from further performance under this contract, and will be paid the pro rata value of the work performed thirty-five (35) days after recording

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of a notice of cessation of work. If the damage to the work is insubstantial, Contractor shall repair the damage and the contract price will be increased by the reasonable value of the repairs. Damage will be deemed "insubstantial" if the cost of repair is less than ten percent (10%) of the contract price. As used in this paragraph, "repair" includes both repair to the work performed by Contractor, and repair to other portions of the jobsite that is necessary to enable Contractor to complete the performance of the project. If the damage to the work is substantial, Owner will process its claims with its insurance carrier and Owner and Contractor will negotiate in good faith for a change order that will make appropriate adjustments to the contract price and the schedule for performance. If the Parties are unable to agree to the terms of a change order, then Contractor will not be obliged to continue performance of the work.

CONTRACTOR RESPONSIBILITIES:

1. Upon request of Owner and satisfactory payment being made for any portion of the work performed, the Contractor shall furnish, prior to any further payment, to the Owner a full and unconditional release from any potential lien claimant claim or mechanics lien authorized pursuant to Sections 8400 and 8404 of the California Civil Code for that portion of the work for which the payment has been made.
2. At the direction of Owner, Contractor will apply for all construction permits as necessary unless itemized as an addendum. However, Owner shall be required to pay for same and all taxes, assessments, school fees, variance costs, and any other similar fees charged or required by public bodies and utilities for financing or repaying costs of the sewers, storm drains, water service, schools, other utilities, hookup charges, and the like.
3. Contractor shall provide and maintain during the continuance of this Agreement, a policy of workers' compensation (to the extent required by law) and liability insurance for the protection of its employees and Owner's property.
4. On completion of the project, Contractor shall remove all debris and surplus materials of its own making from the site of the project and leave such site in "broom clean" condition.
5. Where texture and colors are to be matched, Contractor shall make every reasonable effort to do so using standard texture colored material but does not guarantee a perfect match or that colors will not change over time or that different batches of materials will not age differently.
6. Owner understands that concrete and masonry materials can crack, and that Contractor will not be responsible for cracking unless it exceeds standards established by the American Concrete Institute. Nonstructural cracks less than 1/16th of one inch in width, color variations, or scaling

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concrete, including concrete slabs, masonry or stucco. Concrete and stucco expand with summer heat and contract with winter cold. Cracks may appear as this material naturally shrinks to its final set. These cracks do not constitute defects in either material or workmanship and do not affect the structural strength of the foundation on walls in any way. Cement and stucco work may be completed in the summer during high temperatures and cracks will appear in the winter, or vice versa. These cracks are the results of climatic conditions over which Contractor has no control.

7. Cracks that appear in grouting of ceramic tile or stone joints, or at junctions with other materials such as a bathtub or countertop. These cracks are common due to normal shrinkage or settling conditions.

8. Contractor shall not be responsible for any cracking, swelling or drying of wood due to water, weather, heat or cold, including any swelling of wood that could affect paint and/or cause cracking of wood or paint. All paint shall be applied by brush or roller, at Contractor's option, unless specifically stated in writing elsewhere herein or in an executed Change Order. Wood cracks or minor openings of wood joints such as in panel doors and mitered casings. Such cracks and openings are generally caused by normal shrinkage during the drying out process of the wood.

9. Color fastness of painting or other finishes. Color will fade over time if exposed to light. Staining and finishing of wood cabinets or other raw wood elements are subject to variations in color tone due to wood texture, density, and grain. These variations are unavoidable. These items are out of Joe's Construction Company LLC's control and do not involve Joe's Construction Company LLC workmanship.

This Agreement, the plans for the project and the specifications for the project, are intended to supplement each other so that any work mentioned in one such instrument but not the others shall be performed in the same manner as if mentioned in all such instruments. If a conflict arises between such instruments, the specifications shall control the plans and this Agreement shall control both the plans and specifications.

The Owner and Contractor must agree in writing to any modification or addition to the work covered by this Agreement. The Contractor is not required to do extra work without the written authorization of the Owner. Any written agreement shall list the agreed price and any changes in terms and be signed by both Parties. Any Change Orders for changes or extra work shall be incorporated in and become part of this Agreement. For any extra work performed, Contractor shall be compensated in an amount to be determined before the extra work is performed and such amount, including Contractor's usual fee for overhead and profit, shall be made as the extra work progresses, concurrently with payments made under the payment schedule.

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If the project or any part thereof is destroyed by fire, theft, vandalism, accident or act of God, or in any other way damaged through no fault of the Contractor, any work done or materials furnished by Contractor in restoring or rebuilding the project shall be paid for by Owner, as an "extra" if Owner elects to rebuild. If Owner elects not to rebuild, Contractor shall be reimbursed for specialty items ordered for this project in particular. This payment will include reasonable profit and overhead. Owner must elect to rebuild or not within thirty (30) days of damage or destruction of the project. If Owner fails to make such election, Contractor may terminate the Agreement, and shall be paid in the same manner as if the Owner elected not to rebuild.

Contracting Party acknowledges and agrees that Contractor is in no way responsible, either directly or indirectly, to the extent permitted by law, for defects or damage to the Project or to Contracting Party's Property caused at any time by other contractors/subcontractors, third-parties, or Contracting Party or its agent(s). Contracting Party hereby releases Contractor, its subsidiaries, respective officers, directors, employees, agents, servants, and representatives from liability of any kind, including property damage, claims, defects, losses, injuries and all incidental or consequential damages resulting to Contracting Party or its Property, arising from no fault of Contractor's.

Work performed under this contract shall be completed in a workmanlike manner meeting objective industry standards only. Contractor provides Owner with a one-year limited warranty. There is no guarantee or warranty that workmanship will meet the personal subjective satisfaction of the Contracting Party. Approval by building inspectors shall be deemed to constitute a determination that work was completed in a workmanlike manner and shall be binding on the undersigned. There are no warranties either expressed or implied except those specifically set forth in this contract, and there are absolutely no guarantees relating to pre-existing conditions, unrelated work areas and/or items, stucco and/or concrete cracking less than 1/8", vandalism and normal wear and tear and normal cleaning are not included.

Guarantees and warranties are effective only if Contracting Party has complied with all the terms and conditions, payments, and other provisions of this contract.

The liability of Contractor for defective materials or installations is hereby limited to the replacement or correction of such defect and/or installation. No other claims or demands whatsoever shall be made upon or allowed against the Contractor. This limited warranty extends only to the Contracting Party and is not transferable to subsequent purchasers of the property. There is no implied warranty of merchantability or implied warranty of fitness for any particular purpose. There are no warranties, either expressed or implied, which extend beyond the description contained in this paragraph. This warranty shall terminate one year from the date of final inspection or the date of completion, whichever is sooner.

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Contractor must be given written notice of a warranty claim before the one-year warranty period expires. Furthermore, Contractor must be given reasonable access and opportunity to correct any such warranty claim items during business hours or as otherwise agreed between the parties. No lawsuit may be filed for any warranty claim that is not delivered in writing to Contractor before the one-year warranty period expires, and unless such reasonable access and opportunity to correct have been afforded.

Full payment of Contractor's final invoice within thirty (30) days of the date on the final invoice is a condition precedent to the operation of Contractor's warranty. If Customer disputes Contractor's final invoice in good faith and Customer desires to not fully pay Contractor's final invoice, but desires to have the warranty, then Customer shall deposit the unpaid balance with a third party mutually agreed upon in writing between the parties to remain there until written agreement between the parties or the order of a court of competent jurisdiction is provided requesting release of funds. If Customer does not pay the full balance of the final invoice to Contractor or deposit said funds in the manner described within 30 days after the date of Contractor's final invoice, then Contractor's warranty is null and void and Customer forfeits any breach of warranty claim that Customer might otherwise have.

Contractor's warranty applies to Contractor's workmanship only. Contractor's warranty does not apply to any manufactured item such as appliances, fixtures or products. Such products shall be covered by the manufacturer's warranty only. Contractor is not responsible for the coloration, discoloration, oxidation, batch blending color, wood grain variation, wood tone, color and texture variation, or other aesthetic color or texture continuity of materials (either manufactured or natural) used, applied or installed.

Contractor warrants that the materials and finishes used for construction are of commonly acceptable quality at the time of installation. Weather exposure (ice, pine needles, rain, snow, sun, temperature, wind, humidity, etc.) will cause materials and finishes to change color, crack, oxidize, swell, shrink and stain. Owner is responsible to continually inspect and monitor both interior and exterior conditions and conduct maintenance and repair work as needed. Contractor does not warranty anything that is not under the direct foreseeable control of Contractor, his subcontractors, and employees, given commonly acceptable practices and conditions at the time of installation. Contractor will not be responsible for wood shrinkage and caulking cracks. Contractor does not warrant against damage caused by ice damage or snow and ice buildup on decks or around the structure.

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Any material not provided through Contractor will not be covered under warranty. If the owner or designer decide to carry the material on the project and provide to Contractor for install the providing party of the product will be responsible for the products warranty.

In compliance with Federal and State law, Owner agrees to make drinking water and toilet facilities available to all workmen or compensate Contractor the cost of rented units. Owner agrees to provide electricity and water at job site as may be required by Contractor to work herein.

Where Owner hires multiple Contractors, Owner or Owner's agent shall be responsible to coordinate the respective trades to ensure efficient and economical accomplishment of the work.

Unless specifically included in the scope of work, Owner, and not the Contractor, is responsible for any existing conditions. In the event that any existing conditions are "illegal" or not in conformity with existing building code requirements, and Contractor is required by either Owner, or anyone else, to repair, or bring those conditions up to code, then doing of the same shall be treated as an "extra."

If any items pertaining to the Construction for the Owner needs to be stored at Contractor's facility, then anything stored over thirty (30) days will be billed at a reasonable rental facility rate charge of like square footage for the area of storage. If owner decided to store any material bought for the job on the job site or any of their personal belongings Contractor is not responsible for the damage or theft of these items. If Contractor has to move Items then it will be billed at a time and material basis for such actions.

Unless the Agreement specifically calls for the removal, disturbance, or transportation of asbestos, toxic material, or other hazardous substances, the Parties acknowledge that such work requires special procedures, precautions, and/or licenses. Therefore, unless the Agreement specifically calls for same, if Contractor encounters such substances, Contractor shall immediately stop work and allow the Owner to obtain a duly licensed asbestos and/or hazardous material contractor to perform the work. Or the Contractor may do the work pursuant to a Change Order.

Contractor shall not be liable for any back charges from Owner unless provided notice and an opportunity to commence a cure at least two business days prior to any back charges being issued.

If requested, Owner agrees to sign and record a Notice of Completion within 5 days after completion of the project. If the project passes final inspection but the Owner fails to record a Notice of Completion, then Owner 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. Contractor may use such force as necessary to deny occupancy of the project by Owner or anyone

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else until Contractor has received all payments, excluding the retention payment, due under this contract, and until Notice of Completion has been received.

When the request for final payment is made, the Owner and Contractor shall conduct a walk-through inspection. All mutually agreed upon uncompleted items shall be listed in the Punch List signed by Owner & Contractor. The dollar value to be withheld by the Owner for each item shall be mutually agreed upon by the Owner and Contractor. These amounts shall be withheld from the final payment and paid to the Contractor as soon as the items have been completed upon demand. In the event the parties cannot agree on the line items or the reasonable values of such items, the parties agree to, without delay, hire and equally share the cost of a professional inspection, engineering or architecture firm to conduct the inspection and determine the reasonable values for withholding purposes.

Contractor shall be entitled to additional compensation from Owner when the price for any materials to be used on the Project increases 25 % or more between the time the agreement is signed and materials for the project are purchased. In such a case Owner shall pay to Contractor, on request, all sums by which the cost to Subcontractor for any item of materials has increased. This would apply, but not be limited to price increases in lumber, plywood, steel, sheet metal, roofing materials, fuel, manufactured products and equipment. Subcontractor is entitled to demonstrate this price increase through the use of quotes, supplier list prices, invoices or receipts, when requested.

Except with respect to payment obligations under this Agreement, no Party shall be liable for, nor shall such Party be considered in breach of this Agreement, due to any failure to perform its obligations under this Agreement as a result of a cause beyond its control, including but not limited to any act of God or a public enemy or terrorist, act of any military, civil or regulatory authority, change in any law or regulation, fire, flood, earthquake, storm or other like event, disruption or outage of communications, power or other utility, labor problem, unavailability of supplies, epidemic, pandemic, contagious illness of employee(s) causing reduction in workforce, delay or disruption, or other public health situation or resulting government actions or recommendations which restrain the ability of Contractor to commence, continue or complete performance of the Agreement. On reasonable notice, the time for performance shall be extended by the reasonable period of such delay. If the Project is delayed for more than sixty (60) continuous or intermittent days from the same Force Majeure cause, either Contractor or Owner has the discretion to terminate the agreement without liability. Contractor shall be entitled to payment for work performed and materials supplied to the work site to the date of termination and for materials ordered if the order cannot reasonably be rescinded.

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Contractor has no responsibility for security at the project site and shall bear no responsibility whatsoever for vandalism, theft or resulting damage to the project site, its work, the work of others or equipment or materials stored on site. Subcontractor shall only be responsible for its own equipment which it shall either remove or secure to its satisfaction on or off site on a daily basis. As between Contractor and Owner, any vandalism, theft or damage relating to Contractor's work shall be the sole responsibility of Owner.

In case one or more of the provisions of this Agreement or any application thereof shall be invalid, unenforceable, or illegal, the validity, enforceability and legality of the remaining provisions and any other application shall not in any way be impaired thereby. Any damages for which Contractor may be liable to Owner shall not, in any event, exceed the cash price of this contract.

This Agreement shall be construed in accordance with the laws of the State of California.

In the event the Agreement is terminated by Contractor for good cause or by Owner without good cause prior to completion, Contractor shall be entitled to payment for the work actually completed, including for any and all labor and materials provided on the Project, in addition to a lost profit charge of 15% for the work yet to complete.

The Owner, by making final payment under this contract, waives any claim that it may have against the Contractor for damages from defects that are known to the Owner or apparent from reasonable inspection at the time final payment is made.

Neither party may assign this contract, or payments due under the contract, without the other party's written consent.

This Agreement constitutes the sole and only Agreement of the Parties hereto relating to the project and correctly sets forth the rights, duties and obligations of each to the other, as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect.

The signatories to this Agreement warrant and represent that they have the authority to bind the Contractor and Owner, respectively, to the terms of this Agreement.

This Agreement and contract price is based on the assumptions that: (1) there are no physical conditions at the site differing from those ordinarily encountered and generally recognized as inhering in work of the character provided for in this Agreement; (2) there are no conditions or occurrences at the site that will impede or delay Contractor in performance of its scope of work; (3)

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the foundation, structural support and electrical system are all proper and suitable for Contractor's scope of work; (4) there is no dry rot, insect infestation, asbestos or any other condition that negatively affects Contractor's scope of work; and (5) all conditions in the premises comply with the building code. If any of these assumptions turns out to be incorrect, Customer shall be responsible to fairly compensate Contractor for all additional work performed by Contractor that is necessary to complete Contractor's original scope of work. Customer shall inform Contractor of the exact location of any items not visible to Contractor that affect Contractor's work prior to the time of contract execution.

Should the Owner perform work related to the Project with their own forces, and award separate contracts in connection with other portions of the Project or other work on the site under these or similar Conditions of the Contract, and if the Contractor claims that delay or additional cost is involved because of such action by the Owner, Contractor shall make such claim as provided elsewhere in the Contract Documents. Contractor will charge \$175 dollars per hour as a project management fee if it is under 18 hours associated with the delay or additional cost or work or a \$2,500.00 a week project management fee if the delay or additional cost is longer than one (1) week delay or one (1) week of supervision.

The Contractor shall afford the Owner and separate Contractors reasonable opportunity for the introduction and storage of their materials and equipment and the execution of their work and shall connect and coordinate Contractor's Work with the Owner or separate Contractors as required by the Contract Documents.

All sub-contractors on site to be contracted thru Contractor unless owners request and get it writing from Contractor that it is ok for owner to use their own sub-contractors. The owner hired sub-contractors INSURANCES will have to be turned into Contractor with Contractor sub-contractor contract insurance requirements at owners expense. Contractor is not responsible for any of the work performed by the other contractors hired by the Owner. No claims can be brought against Contractor associated with the work performed by the other contractors hired by the Owner. Contractor will be held harmless associated with any claims arising from the work performed by the other contractors hired by the Owner. If Owner decides to hire their own contractor without Contractor's consent in writing then Owner agrees to pay Contractor 25% of the total amount paid to the other contractor(s) to compensate Contractor for overhead and profit associated with the work performed by Owner's contractors. . If Owner does not agree to this term, then the Owner shall not hire other contractors until Contractor has completed its Contract work.

Information about the Contractors' State License Board (CSLB): CSLB is the state consumer protection agency that licenses and regulates construction contractors. Contact CSLB for

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information about the licensed contractor you are considering, including information about disclosable complaints, disciplinary actions and civil judgments that are reported to CSLB. Use only licensed contractors. If you file a complaint against a licensed contractor within the legal deadline (usually four years), CSLB has authority to investigate the complaint. If you use an unlicensed contractor, CSLB may not be able to help you resolve your complaint. Your only remedy may be in a civil court, and you may be liable for damages arising out of any injuries to the unlicensed contractor or the unlicensed contractor's employees.

For more information, visit CSLB's Web Site at www.cslb.ca.gov or call CSLB at 800-321-CSLB (2752) or write CSLB at P.O. Box 26000, Sacramento, CA 95826.

MECHANICS' LIEN WARNING: Anyone who helps improve your property, but who is not paid, may record what is called a mechanics' lien on your property. A mechanics' lien is a claim, like a mortgage, 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 property to pay the lien. Liens can also affect your credit. To preserve their right to record a lien, each subcontractor and materials supplier 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 Notices. You will not get Preliminary Notices from your prime contractor or from laborers who work on your project. The law assumes 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 and 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 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 PROPERTY.** This can mean that you may have to pay twice or face the forced sale of your property to pay what you owe.

PAYMENT BOND: The Owner has the right to require that the Contractor have a performance and payment bond. The expense of the bond will be borne by the Owner, if applicable.

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Notice of "Three-Day Right to Cancel" (For Contracting Parties Less than 65 Years of Age) "You, the buyer, have the right to cancel this contract within three business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the third business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice. If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor, in substantially as good condition as you received them, goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract." Notice of "Five-Day Right to Cancel" (For Contracting Parties 65 Years or Older) "You, the buyer, have the right to cancel this contract within five business days. You may cancel by e-mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the fifth business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice. If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor, in substantially as good condition as you received them, goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract."

LIQUIDATED DAMAGES FOR LATE CANCELLATION: If Contracting Party cancels the Agreement AFTER Contracting Party's right to cancel under the "Three Day Right to Cancel" or "Five Day Right to Cancel" (whichever applies) has expired, the cancellation shall be deemed a material breach of this Agreement by Contracting Party, requiring Contracting Party to pay Contractor liquidated damages in the sum of fifteen percent (15%) of any part of the Total Contract Price which has not been paid by

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Contracting Party at the time of cancellation. You are entitled to a completely filled in copy of this agreement, signed by both you and the Contractor, before any work may be started.

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 ALLEGED VIOLATION. ANY QUESTIONS CONCERNING A CONTRACTOR MAY BE REFERRED TO THE REGISTRAR, CONTRACTORS' STATE LICENSE BOARD, P.O. BOX 26000, SACRAMENTO, CA 95826.

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