

ABC Construction, Incorporated

1874 Agenda Aragon, Destrehan, California 94023

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SUBCONTRACT AGREEMENT #: 21-0628521-701

This agreement is made at Destrehan, California on Wednesday, December 12, 2001 between CONTRACTOR ABC Construction, Incorporated with principal office at 1874 Agenda Aragon, Destrehan, California 94023 and SUBCONTRACTOR, Sea Tech, Incorporated with principal office at 830 Crane Blvd, Sugarloaf Key, Florida 33042.

On or about , the CONTRACTOR entered into a prime contract with the Carl Vinson VA Medical Center, 20 Sagamore Hill Road, Dublin, California 93403-8104 herein called Government, to perform the following work:

Project Title: Replace Carpet and Paint Building 1234

Prime Contract Number: W912LA-04-0016

Said work is to be performed in accordance with the prime contract including all attachments, and the plans and specifications.

SECTION 1. ENTIRE CONTRACT

The phrase "Contract Documents" is defined to mean and include: this Subcontract, and any exhibits, attached hereto, the prime contract between the Government and the CONTRACTOR, General Provisions, General and Special Conditions, the specifications, the drawings, all addenda issued prior to and all modifications issued after execution of this Subcontract or repeated herein;

SUBCONTRACTOR certifies that he is fully familiar with all of the terms of the Contract Documents, the location of the job site, and the conditions under which the work is to be performed and that he enters into this Subcontract based upon his investigation of all such matters and is not relying on any opinions or representations of CONTRACTOR. This Subcontract represents the entire agreement. The Contract Documents incorporated in this Subcontract by reference, have the same force and effect as if they were given in full text, and SUBCONTRACTOR and his SUBCONTRACTORS will be and are bound by the Contract Documents insofar as they relate in any way, directly or indirectly, to the work covered by the Subcontract.

SUBCONTRACTOR agrees to be bound to the CONTRACTOR in the same manner and to the same extent as CONTRACTOR is bound to Government under the Contract Documents, to the extent of the work provided for in this Subcontract, and that where, in the Contract Documents reference is made to CONTRACTOR, and the work or specifications therein pertains to SUBCONTRACTOR'S trade, craft, or type of work, then such work or specifications shall be interpreted to apply to SUBCONTRACTOR instead of CONTRACTOR.

SECTION 2. SCOPE OF WORK

SPECIFICATION SECTION AND DRAWING

EXCLUSIONS:

In the event of any dispute between CONTRACTOR and SUBCONTRACTOR over the scope of SUBCONTRACTOR'S work under the Contract Documents, SUBCONTRACTOR will not stop work but will prosecute the work diligently to completion, the dispute to be submitted for resolution in accordance with Section 17 below.

SECTION 3. CONTRACT PRICE

CONTRACTOR agrees to pay SUBCONTRACTOR for the strict performance of his work, the sum of _____

Teresa Mattix initial _____, Robin Szmansky initial _____,

subject to additions and deductions for changes in the work as may be directed in writing by CONTRACTOR, and to make payment in accordance with the Payment Schedule, Section 4. Unless otherwise specified, title to and risk of loss of or damage to conforming contract products shall pass to CONTRACTOR upon final acceptance or delivery at destination, whichever occurs later. Notwithstanding the preceding provision, title to and risk of loss or damage to contract product which so fail to conform to the Subcontract as to give a right of rejection, shall remain with the SUBCONTRACTOR until cure or final acceptance.

SECTION 4. PAYMENT SCHEDULE

The SUBCONTRACTOR agrees to submit within two weeks of fully executing this Subcontract to the CONTRACTOR a Schedule of Prices (See Attachment "A") of the various parts of the work aggregating the total sum of this Subcontract, made out in such detail as the SUBCONTRACTOR and CONTRACTOR may agree upon, and supported by such evidence as to its correctness as the CONTRACTOR may direct. The Schedule with the Subcontractor Contract Performance Statement (See Attachment "B"), Subcontractor's Invoice (See Attachment "C"), and Contractor Payment Certification (See Attachment "D") when approved by the CONTRACTOR, shall be used as a basis for applications for payment, unless it be found to be in error. CONTRACTOR agrees to pay to SUBCONTRACTOR in monthly progress payments of ninety percent (90%) of labor and materials with funds received by Government for work performed by SUBCONTRACTOR. The CONTRACTOR shall reduce the retention being withheld against the SUBCONTRACTOR from time to time to that percentage of retention being withheld against the CONTRACTOR by the Government. Such monthly progress payments shall be made two (2) days after receipt of payment from the Government and in accordance with the Payment Authorization Form (See Attachment "E") executed by CONTRACTOR, Tripartite Escrow Corporation (ESCROW MANAGER), and SUBCONTRACTOR, (PARTIES). Each request shall set forth the amount of the disbursement and any notice of last and final billing.

The Bank of the Sierra (ESCROW AGENT) shall release funds from the escrow account for payment to SUBCONTRACTOR in accordance with the Payment Authorization Form executed by CONTRACTOR, Tripartite Escrow Corporation (ESCROW MANAGER), and SUBCONTRACTOR. Each request shall set forth the amount of the disbursement and any notice of last and final billing of applicable party. Disbursement of each payment from the escrow account shall be via either cashier's check or wire transfer within two (2) business days of receipt of funds, if no dispute between SUBCONTRACTOR and CONTRACTOR exists. If a disagreement arises between the PARTIES, the funds that are in dispute shall remain in the escrow account until the dispute is resolved.

ESCROW AGENT shall not pass upon bills or receipts for payment, to determine the propriety of architects and contractor's payment requests, to compare request against project budget or trade breakdowns or to procure performance and labor and material payment bonds. In addition, ESCROW AGENT shall not be concerned with any applicable laws, ordinances, rules and regulations of federal, state, county or municipal government or agencies now enforced or that may be enacted hereafter, and with any directions, rules and regulations of the fire marshal, health officer, building inspector or other officers of any governmental agency now having or hereafter acquiring jurisdiction.

The duties of ESCROW AGENT hereunder consist solely of holding funds provided by Government and disbursing those funds from the escrow account in accordance with joint written instructions (Payment Authorization Forms) from the PARTIES out of escrow account. ESCROW AGENT is not to be concerned with inspections or over/under-billing payments to CONTRACTOR or the construction work progress of the project. ESCROW AGENT is not to be concerned with any matters pertaining to the possibility of mechanics or material men's lien claims, and is relieved of any responsibility or liability concerning same. The duties of ESCROW MANAGER hereunder consist solely of facilitating the required paperwork, i.e., Payment Authorization Forms, etc., for ESCROW AGENT to safe-keep funds in and the disbursement of same from escrow account.

ESCROW MANAGER is responsible for the facilitation of all CONTRACTOR and SUBCONTRACTOR controversies regarding Payment Authorization Forms, if any. If CONTRACTOR and SUBCONTRACTOR are unsatisfied with the resolution of their dispute by the ESCROW MANAGER and have not resolved the dispute within 60 days upon written notice of the dispute to ESCROW MANAGER, the matter is then sent to dispute resolution, an arbitration process administered by the American Arbitration Association, in accordance with the provisions of its Construction Arbitration Rules and Mediation Procedures. The decision of the Arbitrator shall be final and binding upon all parties to the proceeding and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. The arbitration results shall be binding on the parties of the arbitration proceedings. (These rules are available at www.adr.org or www.TripartiteEscrow.com/aaa.htm). The arbitration under this subcontractor agreement shall be in the county of the CONTRACTOR for controversies regarding Payment Authorization Forms. CONTRACTOR is responsible to start arbitration resolution. If CONTRACTOR has not started in 30 days, subcontractor(s) and/or supplier(s) can start arbitration in their county.

If at any time any controversy should arise between the ESCROW MANAGER, CONTRACTOR, SUBCONTRACTOR regarding this subcontractor agreement upon which these two or more parties cannot agree, the matter is sent to dispute resolution, an arbitration process administered by the American Arbitration Association in accordance with the provisions of

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its Construction Arbitration Rules and Mediation Procedures. The decision of the Arbitrator shall be final and binding upon all parties to the proceeding and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. The arbitration results shall be binding on the parties of the arbitration proceedings (These rules are available at www.adr.org or www.TripartiteEscrow.com/aaa.htm). The arbitration under this subcontractor agreement and the filing of the final award of judgment shall be in the county of the ESCROW MANAGER for controversies regarding this ESCROW AGREEMENT. ESCROW MANAGER is responsible to start arbitration resolution. If arbitration has not started in 30 days from the date of written notice of the dispute

SECTION 5. TIME

Time is of the essence of the Subcontract. SUBCONTRACTOR shall provide CONTRACTOR with scheduling information and a proposed schedule for performance of his work in a form acceptable to CONTRACTOR. SUBCONTRACTOR shall conform to CONTRACTOR'S progress schedule and all revisions or changes made thereto. SUBCONTRACTOR shall prosecute his work in a prompt and diligent manner in accordance with CONTRACTOR'S progress schedule without delaying or hindering CONTRACTOR'S work or the work of other CONTRACTORS or this Subcontract with that of all other CONTRACTORS, SUBCONTRACTORS, and of the CONTRACTOR, in a manner that will facilitate the efficient completion of the entire work. In the event SUBCONTRACTOR fails to maintain his part of the CONTRACTOR'S schedule, he shall, without additional compensation, accelerate the work as CONTRACTOR may direct until SUBCONTRACTOR'S work is in accordance with such schedule. CONTRACTOR shall have complete control of the premises on which is to be performed and shall have the right to decide the time and order in which various portions of the work shall be installed and the relative priority of the work of SUBCONTRACTOR and other SUBCONTRACTORS, and, in general, all other matters pertaining to the timely and orderly conduct of the work of SUBCONTRACTOR on the premises. No claims for additional compensation or damages for delays, whether caused in whole or in part by any conduct on the part of CONTRACTOR, including, but not limited to, conduct amounting to a breach of this Agreement, or delays by other SUBCONTRACTORS or Government, shall be recoverable from CONTRACTOR, and the subsequent-mentioned extension of time for completion shall be the sole remedy of SUBCONTRACTOR. Should SUBCONTRACTOR be delayed written request for time extension shall be made within 48 hours of the commencement of such delay, and under no circumstances shall the time of completion be extended to a date which will prevent CONTRACTOR from completing the entire project within the time allowed to the CONTRACTOR by the Government.

SUBCONTRACTOR shall prepare and obtain approval as required by the Contract Documents for all shop drawings, details, samples, and do all other things necessary and incidental to the prosecution of his work in conformance with CONTRACTOR'S progress schedule.

SUBCONTRACTOR shall submit a completed copy of our Subcontractor Daily Report to CONTRACTOR (See Attachment "F") at the end of each work day by your crew foreman. Your foreman is required to check in at the field office daily, both when arriving and prior to departure to pick up any correspondence or special instructions CONTRACTOR may have.

SUBCONTRACTOR shall submit a completed Request for Information (See Attachment "G") form to the CONTRACTOR for any and all questions SUBCONTRACTOR may have that requires the approval or review by the Government.

SECTION 6. CHANGES IN THE WORK

SUBCONTRACTOR shall make any and all changes in the work in accordance with the Contract Documents and this Subcontract as directed by CONTRACTOR in writing. Such change or written direction shall not invalidate this Agreement. The SUBCONTRACTOR shall submit Change Order Requests in accordance with the Changes Clause of the General Provisions and be bound by the Government's decision on an equitable adjustment.

If necessary, the contract price stated in Section 3 and the time for SUBCONTRACTOR'S performance shall be adjusted by appropriate additions or deductions mutually agreed upon before SUBCONTRACTOR performs the changed work. SUBCONTRACTOR shall supply CONTRACTOR with all documentation necessary to substantiate the amount of the addition to or deduction from the price and time. If CONTRACTOR and SUBCONTRACTOR cannot agree on the amount of the addition or deletion, SUBCONTRACTOR shall nonetheless timely perform the work as changed by CONTRACTOR'S written direction. Once SUBCONTRACTOR receives CONTRACTOR'S written direction, SUBCONTRACTOR is solely responsible for timely performance of the work as changed by the written direction. Payment for changed work shall be made in accordance with Section 4.

SUBCONTRACTOR shall not make any changes in the work described in Section 2 or in any way cause or allow that work to deviate from the Contract Documents without written direction from CONTRACTOR. If SUBCONTRACTOR makes any changes in the work described in Section 2 without written direction from CONTRACTOR, such change constitutes an agreement by SUBCONTRACTOR that he will not be paid for that changed work, even if he received verbal direction from CONTRACTOR or any person or entity. In addition, SUBCONTRACTOR shall be liable for any and all losses, costs, expenses, damages and liability of any nature whatsoever associated with or in any way arising out of any such change he makes without written direction from the CONTRACTOR.

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If a dispute arises between CONTRACTOR and SUBCONTRACTOR about whether particular work is a change in the work described in Section 2, SUBCONTRACTOR shall timely perform the disputed work and may give written notice of a claim for additional compensation for that work. Such written notice of claim must be given ten (10) days after such work is performed. SUBCONTRACTOR'S failure to give written notice within the ten (10) days constitutes an agreement by him that he will not be paid for the disputed work.

No change, alteration, or modification to or deviation from this Subcontract, the Contract Documents, prime contract, plans or specifications, whether made in the manner provided in this provision or not, shall release or exonerate, in whole or in part, any bond or any surety on any bond given in connection with this Subcontract, and no notice is required to be given to such surety of any change, alteration, modification, or deviation.

SECTION 7. DAMAGES CAUSED BY DELAYS

If SUBCONTRACTOR should default in performance of the work described in Section 2 or should otherwise commit any act which causes delay to the prime contract work, SUBCONTRACTOR shall be liable for all losses, costs, expenses, liabilities and damages including consequential damages and liquidated damages, sustained by CONTRACTOR, or for which CONTRACTOR may be liable to Government or to any other party because of SUBCONTRACTOR'S default.

SECTION 8. SUBMITTALS

SUBCONTRACTOR must submit in a timely manner for approval from Government or CONTRACTOR submittals of materials and equipment for performance of the work described in Section 2. In the event SUBCONTRACTOR is in noncompliance under this section, SUBCONTRACTOR shall be liable for damages caused by delays as provided in Section 7.

SECTION 9. LIENS

In case suit is brought on any claim or liens for labor performed or materials used on or furnished to the project on behalf of SUBCONTRACTOR, SUBCONTRACTOR shall pay and satisfy any such lien or judgment as may be established by the decision of the court in said suit. SUBCONTRACTOR agrees within ten (10) days after written demand to cause the effect of any such suit or lien to be removed, and in the event SUBCONTRACTOR shall fail so to do, CONTRACTOR is authorized to use whatever means in its discretion it may deem appropriate to cause said lien or suit to be terminated or dismissed and the costs thereof, together with actual attorney's fees shall be immediately due and payable to CONTRACTOR by SUBCONTRACTOR. SUBCONTRACTOR may litigate any such lien or suit provided he causes the effect thereof to be removed, promptly in advance, and shall further do such things as may be necessary to cause Government not to withhold any monies due to CONTRACTOR from Government by reason of such liens or suits.

It is understood and agreed that the full and faithful performance of the Subcontract on the part of SUBCONTRACTOR (including the payment of any obligations due from SUBCONTRACTOR to CONTRACTOR, and any amounts due to labor or material men furnishing labor or material for said work) is a condition precedent to SUBCONTRACTOR'S right to receive payment for the work performed, and any monies paid by CONTRACTOR to SUBCONTRACTOR under the terms of this Agreement shall be impressed with a trust in favor of labor and material men furnishing labor and material to SUBCONTRACTOR on the work herein subcontracted.

SECTION 10. PROVISIONS FOR INSPECTION

SUBCONTRACTOR shall at all times furnish to CONTRACTOR and his representatives safe and ample facilities for inspecting materials at the site of construction, shops, factories or any place of business of SUBCONTRACTOR and his SUBCONTRACTORS and material men where materials under this Agreement may be in course of preparation, process, manufacture or treatment. SUBCONTRACTOR shall furnish to CONTRACTOR as often as required by CONTRACTOR, full reports of the progress of the work at any place where materials under this Subcontract may be in the course of preparation or manufacture. Such reports shall show the progress of such preparation and manufacture in such details as may be required by CONTRACTOR, including but not limited to any plans, drawings or diagrams in the course of preparation.

SECTION 11. MATERIALS AND WORK FURNISHED BY OTHERS

In the event the scope of work includes installation of materials or equipment furnished by others or work to be performed in areas to be constructed or prepared by others, it shall be the responsibility of the SUBCONTRACTOR to examine and accept, at the time of delivery or first access, the items so provided and thereupon handle, store and complete work. Use of such items or commencement of work by SUBCONTRACTOR in such areas shall be deemed to constitute acceptance thereof by SUBCONTRACTOR. Loss or damage due to acts of SUBCONTRACTOR shall be charged to the account of SUBCONTRACTOR and deducted from monies otherwise due under this Subcontract.

SECTION 12. PROTECTION OF WORK

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SUBCONTRACTOR shall effectually secure and protect the work done hereunder and assume full responsibility for the condition thereof until final acceptance by Government and CONTRACTOR. SUBCONTRACTOR further agrees to provide such protection as is necessary to protect the work and the workmen of CONTRACTOR, Government and other SUBCONTRACTORS from his operations.

SUBCONTRACTOR shall be liable for any loss or damage to any work in place or to any equipment and materials on the job site caused by him or his agents, employees or guests.

SECTION 13. LABOR RELATIONS

13.1 SUBCONTRACTOR shall keep a representative at the job site during all times when SUBCONTRACTOR'S work is in progress, and such representatives shall be authorized to represent SUBCONTRACTOR as to all phases of the work. Prior to commencement of the work, SUBCONTRACTOR shall notify CONTRACTOR who SUBCONTRACTOR'S representative is to be, and in the event of any change of Representative SUBCONTRACTOR shall notify CONTRACTOR who the new representative is to be prior to such change becoming effective.

13.2 SUBCONTRACTOR shall comply with all equal employment opportunity and affirmative action requirements promulgated by any governmental authority, including, without limitation, the requirements of the Civil Rights Act of 1964.

13.3 SUBCONTRACTOR shall comply with and agrees to be bound by Davis-Bacon Act, Compliance with Copeland Regulations, contract Work Hours and Withholding of Funds, Safety Standards Acts, Subcontracts, Overtime Compensation, Contract Termination-Debarment, Apprentices and Trainees, Payroll and Basic Records, all applicable Federal, State and local laws and regulations, including but not limited to all Fair Labor Standard Act provisions and California Labor Code provisions covering the work. SUBCONTRACTOR agrees to submit weekly certified payroll reports to CONTRACTOR no later than three (3) working days after labor has been paid.

SECTION 14. RECOURSE BY CONTRACTOR

14.1 Failure of Performance

14.1.1 Notice to Cure. If SUBCONTRACTOR at any time refuses or neglects to supply enough properly skilled workers and proper materials, or fails to properly and diligently prosecute the work covered by this Subcontract, or fails to make prompt payment to his workers, sub-SUBCONTRACTORS or suppliers, or becomes delinquent with respect to contributions or payments required to be made to any health and welfare, pension, vacation, apprenticeship or other employee benefit program or trust, or is otherwise guilty of a material breach of a provision of the Subcontract, and fails within forty-eight (48) hours after receipt of written notice to commence and continue satisfactory correction of such default with diligence and promptness, then CONTRACTOR, without prejudice to any rights or remedies, shall have the right to any or all of the following remedies:

(a) supply such number of workers and quantity of materials, equipment and other facilities as CONTRACTOR deems necessary for the equipment and other facilities as CONTRACTOR deems necessary for the completion of SUBCONTRACTOR'S work, or any part thereof which SUBCONTRACTOR has failed to complete or perform, and charge the cost thereof to SUBCONTRACTOR, who shall be liable for the payment of same including reasonable overhead, profit, and actual attorney's fees incurred as a result of SUBCONTRACTOR'S failure of performance:

(b) contract with one or more additional CONTRACTORS to perform such part of SUBCONTRACTOR'S work as CONTRACTOR shall determine will provide the most expeditious completion of the total work and charge the cost thereof to SUBCONTRACTOR;

(c) withhold payment of any monies due to SUBCONTRACTOR pending corrective action to the extent required by and to the satisfaction of CONTRACTOR.

In the event of any emergency affecting the safety of persons or property, CONTRACTOR may proceed as above without notice.

14.1.2 Termination for Default. If SUBCONTRACTOR fails to commence and satisfactorily continue correction of a default within forty-eight (48) hours after receipt by SUBCONTRACTOR of the notice issued under Section 14.1.1, then CONTRACTOR may terminate SUBCONTRACTOR'S right to perform under this Subcontract and use any materials, implements, equipment, appliances or tools furnished by or belonging to SUBCONTRACTOR to complete SUBCONTRACTOR'S work without any further compensation to SUBCONTRACTOR for such use. CONTRACTOR also may furnish those materials and equipment, and/or employ such workers or SUBCONTRACTORS as CONTRACTOR deems necessary to maintain the orderly progress of the work.

In such case, SUBCONTRACTOR shall be entitled to no further payment until the balance of the SUBCONTRACTOR'S work has been completed. At that time all of the costs incurred by CONTRACTOR in performing SUBCONTRACTOR'S

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work, including a markup for overhead and profit on such expenses, plus actual attorney's fees as provided above, shall be deducted from any monies due or to become due to SUBCONTRACTOR. SUBCONTRACTOR shall be liable for the payment of any amount by which such expenses may exceed the unpaid balance of the CONTRACTOR price.

14.1.3 Termination for Convenience. CONTRACTOR may at any time and for any reason terminate SUBCONTRACTOR'S service and work at CONTRACTOR'S convenience. Cancellations shall be by service of written notice to SUBCONTRACTOR'S place of business.

Upon receipt of such notice, SUBCONTRACTOR shall, unless the notice directs otherwise, immediately discontinue the work and placing of orders for materials, facilities and supplies in connection with the performance of this Subcontract, and shall, if requested, make every reasonable effort to procure cancellation of all existing orders or contracts upon terms satisfactory to CONTRACTOR, or at the option of CONTRACTOR, give CONTRACTOR the right to assume those obligations directly, including all benefits to be derived there from. SUBCONTRACTOR shall thereafter do only such work as may be necessary to preserve and protect the work already in progress and to protect material and equipment on the jobsite or in transit thereto.

Upon such termination, SUBCONTRACTOR shall be entitled to payment in accordance with Section 4 only as follows: (1) the actual cost of the work completed in conformity with this Subcontract; plus, (2) such other costs actually incurred by SUBCONTRACTOR as are permitted by the prime contract; plus (3) not more than fifteen percent (15%) of the cost of the work referred to in subparagraph (1) above for overhead and profit. There shall be deducted from such sums as provided in this subparagraph the amount of any payments made to SUBCONTRACTOR prior to the date of the termination of this Subcontract. SUBCONTRACTOR shall not be entitled to any claim of lien against CONTRACTOR or Government for any additional compensation or damages in the event of such termination and payment.

14.1.4 Grounds for Withholding payment. CONTRACTOR may withhold, or on account of subsequently discovered evidence, nullify the whole or part of any payment to the extent necessary to protect CONTRACTOR from loss, including costs and attorney's fees, on account of (1) defective work not remedied; (2) claims filed or reasonable evidence indicating probable filing of claim; (3) failure of SUBCONTRACTOR to make payments properly to his SUBCONTRACTORS or for material, labor or fringe benefits; (4) a reasonable doubt that this Subcontract can be completed for the balance then unpaid; (5) damage to another SUBCONTRACTOR; (6) penalties assessed against CONTRACTOR or SUBCONTRACTOR for failure of SUBCONTRACTOR to comply with state, federal or local laws and regulations; or (7) any other ground for withholding payment allowed by state or federal law, or as otherwise provided in this Subcontract. When the above matters are rectified, such amounts as then due and owing shall be paid or credited to SUBCONTRACTOR.

14.2 BANKRUPTCY

14.2.1 Termination absent Cure. Upon the appointment of a receiver for SUBCONTRACTOR or upon SUBCONTRACTOR making an assignment for the benefit of creditors or if SUBCONTRACTOR seeks protection under the Bankruptcy Code or commits any other act of insolvency, CONTRACTOR may terminate this Subcontract upon giving forty-eight (48) hours written notice, by certified mail, to SUBCONTRACTOR and its surety, if any. If an order for relief is entered under the Bankruptcy code with respect to SUBCONTRACTOR, CONTRACTOR may terminate this Subcontract by giving forty-eight (48) hours written notice, by certified mail, to SUBCONTRACTOR, its trustee, and its surety, if any, unless SUBCONTRACTOR, the surety, or the trustee:

- (a) promptly cures all defaults
- (b) provide adequate assurance of future performances;
- (c) compensates CONTRACTOR for actual pecuniary loss resulting from such defaults; and
- (d) assumes the obligation of SUBCONTRACTOR within the statutory time limits.

14.2.2 Interim Remedies: If SUBCONTRACTOR is not performing in accordance with the schedule of work at the time of entering an order for relief, or at any subsequent time, CONTRACTOR, while awaiting the decision of SUBCONTRACTOR or its trustees to reject or to accept this Subcontract and provide adequate assurance of its ability to perform hereunder, may avail itself of such remedies under this Section as are reasonably necessary to maintain the schedule of work.

CONTRACTOR may offset against any sums due or to become due SUBCONTRACTOR all costs incurred in pursuing any of the remedies provided hereunder, including, but not limited to, reasonable overhead, profit and actual attorney's fees incurred as a result of SUBCONTRACTOR'S non-performance.

SUBCONTRACTOR shall be liable for the payment of any amount by which such expense may exceed the unpaid balance of the Contract Price.

SECTION 15. INDEMNIFICATION

Teresa Mattix initial _____, Robin Szmansky initial _____,

15.1.1 SUBCONTRACTOR'S Performance

SUBCONTRACTOR shall indemnify and save harmless Government and CONTRACTOR, including their officers, agents, employees, affiliates, parents and subsidiaries, and each of them, of and from any and all claims, demands, causes of action, damages, costs, expenses, actual attorney's fees, losses or liability, in law or in equity, of every kind and nature whatsoever ("Claims") arising out of or in connection with SUBCONTRACTOR'S operations to be performed under this Subcontract for, but not limited to:

(a) Personal injury, including, but not limited to, bodily injury, emotional injury, sickness or disease, or death to persons, including, but not limited to, any employees or agents of SUBCONTRACTOR, Government, CONTRACTOR, or any other SUBCONTRACTOR and/or damage to property of anyone (including loss of use thereof), caused or alleged to be caused in whole or in part by any negligent act or omission of SUBCONTRACTOR or anyone directly or indirectly employed by SUBCONTRACTOR or anyone for whose acts SUBCONTRACTOR may be liable regardless of whether such personal injury or damage is caused by a party indemnified hereunder.

(b) Penalties imposed on account of the violation of any law, order, citation, rule, regulation, standard, ordinance or statute caused by the action or inaction of SUBCONTRACTOR.

(c) Infringement of any patent rights which may be brought against the CONTRACTOR or Government arising out of SUBCONTRACTOR'S work.

(d) Claims and liens (see Section 9) for labor performed or materials used or furnished to be used on the job, including all incidental or consequential damages resulting to CONTRACTOR or Government from such claims or liens.

(e) SUBCONTRACTOR'S failure to fulfill the covenants set forth in each subpart of Section 13, Labor Relations.

(f) Failure of SUBCONTRACTOR to comply with the provisions of Section 16.1, Casualty Insurance.

(g) Any violation or infraction by SUBCONTRACTOR of any law, order, citation, rule, regulation, standard, ordinance or statute in any way relating to the occupational health or safety of employees, including but not limited to the use of CONTRACTOR'S or others equipment, hoist, elevators, or scaffolds (see Sections 16 and 20).

The indemnification provisions of (a) through (g) above shall extend to Claims occurring after this Subcontract is terminated as well as while it is in force. Such indemnity provisions apply regardless of any active and/or passive negligent act or omission of Government or CONTRACTOR or their agents or employees. SUBCONTRACTOR, however, shall not be obligated under this Subcontract to indemnify Government or CONTRACTOR for Claims arising from the sole negligence or willful misconduct of Government or CONTRACTOR or their agents, employees or independent CONTRACTORS who are directly responsible to CONTRACTOR, or for defects in design furnished by such persons.

15.1.2 SUBCONTRACTOR shall:

(a) At SUBCONTRACTOR'S own cost, expense and risk, defend all Claims as defined in Section 15.1.1 that may be brought or instituted by third persons, including, but not limited to, governmental agencies or employees of SUBCONTRACTOR, against CONTRACTOR or Government or their agents or employees or any of them;

(b) Pay and satisfy any judgment or decree that may be rendered against CONTRACTOR or Government or their agents or employees, or any of them, arising out of any such Claims; and/or

(c) Reimburse CONTRACTOR or Government or their agents, or employees for any and all legal expense herewith in connection herewith or in enforcing the indemnity granted in this Section 15.

15.2 Risk of Loss

All work covered by this Subcontract done at the site or in preparation or delivering materials or equipment, or any or all of them, to the site shall be at the risk of SUBCONTRACTOR exclusively until the completed work is accepted by CONTRACTOR.

15.3 No Limitation of Liability

The indemnities set forth in this Section 15 shall not be limited by the insurance requirements set forth in Section 16.

SECTION 16. INSURANCE

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16.1 Casualty Insurance. SUBCONTRACTOR shall, at his expense, procure and maintain insurance on all of his/her operations. Each policy shall have a certificate evidencing the insurance coverage. The insurance companies acceptable to CONTRACTOR shall provide an endorsement to notify CONTRACTOR 30 days prior to the effective date of cancellation or termination of the policy or certificate; or modification of the policy or certificate which may adversely affect the interest of the Government in such insurance. The insurance is as follows:

16.1.1 Workers' Compensation and Employer's Liability Insurance. Workers' Compensation insurance shall be provided as required by any applicable law or regulation. Employer's Liability insurance shall be provided in amounts not less than:

\$500,000 each accident for bodily injury by accidents
\$500,000 policy limit for bodily injury by disease
\$500,000 each employee for bodily injury by disease

If there is an exposure of injury to SUBCONTRACTOR'S employees under U.S. Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or under laws, regulations or statutes applicable to maritime employees, coverage shall be included for such injuries or claims.

16.1.2 General Liability Insurance. SUBCONTRACTOR shall carry comprehensive General Liability Insurance covering all operations by or on behalf of SUBCONTRACTOR, and maintain during the term of this Subcontract and any extension thereof in form satisfactory to the CONTRACTOR by an insurance company, providing insurance for bodily injury liability and property damage liability for the limits of liability indicated below and including coverage for:

- (1) premises and operations;
- (2) products and completed operations;
- (3) contractual liability insuring the obligations assumed by SUBCONTRACTOR in this Subcontract;
- (4) broad form property damage (including completed operations);
- (5) explosion, collapse;
- (6) \$500,000 each person;
- (7) \$500,000 each occurrence; and
- (8) \$500,000 property damage.

16.1.3 Automobile Insurance. The SUBCONTRACTOR shall procure and maintain during the term of this Subcontract and any extension thereof automotive insurance for each and every vehicle utilized for purposes of satisfying this Subcontract in form satisfactory to the CONTRACTOR by an insurance company. The named insured party under the policy shall be the SUBCONTRACTOR and the amount and coverage of the insurance shall be not less than what is required by any applicable law or regulation.

16.1.4 Payment and Performance Bonds. If Payment and Performance Bonds are part of SUBCONTRACTOR'S Scope of Work as listed in Section 2 above, the bonds shall be in the form of firm commitment, supported by corporate sureties whose names appear on the list contained in Treasury Department Circular 570, (list are available at http://www.fms.treas.gov/c570/c570_a-z.html).

17. Statement and Acknowledgment. SUBCONTRACTOR shall submit to CONTRACTOR within two weeks of execution of this Subcontract a completed Statement and Acknowledgment, Standard Form 1413, per GSA/FAR (48 CFR) 53.222(3) (See Attachment "H") for purposes of acknowledging and including certain clauses of the prime contract.

18. Arbitration: Any controversy or claim arising out of or relating to this Subcontract, or the breach thereof, between the CONTRACTING PARTIES regarding this Subcontract upon which these two parties can not agree, the matter is sent to dispute resolution, an arbitration process administered by the American Arbitration Association in accordance with the provisions of its Construction Arbitration Rules and Mediation Procedures. The decision of the Arbitrator shall be final and binding upon all parties to the proceeding and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. These rules are available at www.adr.org. If applicable within a Performance Bond or Payment Bond, each bond form will refer to this Subcontract and incorporate this Subcontract by reference. The incorporation of this Subcontract includes this arbitration clause and the surety is bound to arbitrate. CONTRACTING PARTIES agree to reimburse the prevailing party's reasonable attorney's fees and all other expenses, whether or not taxable by the arbitrator as costs, in addition to any other relief to which the prevailing party may be entitled. The arbitration under this Subcontract and the filing of the final award of judgment shall be in the county of the CONTRACTOR for controversies regarding Agreement. CONTRACTOR is responsible to start arbitration resolution. If CONTRACTOR has not started in 60 days from the date of written notice of the dispute to CONTRACTING PARTIES and if applicable, surety company, SUBCONTRACTOR can start arbitration in their county.

Teresa Mattix initial _____, Robin Szmansky initial _____,

"CONTRACTOR"
ABC Construction, Incorporated

Sign:

Dated:

Teresa Mattix, President
1874 Agenda Aragon
Destrehan, California 94023

"SUBCONTRACTOR"
Sea Tech, Incorporated

Sign:

Dated:

Robin Szmansky, General Manager
830 Crane Blvd
Sugarloaf Key, Florida 33042

Teresa Mattix initial _____,

Robin Szmansky initial _____,

Attachment "C"

Sea Tech, Incorporated

830 Crane Blvd, Sugarloaf Key, Florida 33042

SUBCONTRACTOR'S INVOICE

Invoice Date: _____

Invoice Number: _____

ABC Construction, Incorporated
1874 Agenda Aragon
Destrehan, California 94023

Attention: Teresa Mattix

Project: Replace Carpet and Paint Building 1234, Subcontract #21-0628521-701.

Below is a Statement of Performance under subcontract number: 21-0628521-701.

The enclosure provides breakdown of this statement of performance.

- | | |
|---|---------|
| 1. Contract amount | _____ |
| 2. Total value of contract change | _____ |
| 3. Total value of contract with changes | _____ |
| 4. Percentage of performance complete | _____ % |
| 5. Value of completed performance | _____ |
| 6. Less total of prior invoices | _____ |
| 7. Less retainage | _____ |
| 8. Amount of this invoice | _____ |

SIGN: _____

Robin Szmansky, General Manager.

DATE: _____

Attachment "D"

Sea Tech, Incorporated

830 Crane Blvd, Sugarloaf Key, Florida 33042

CONTRACTOR PAYMENT CERTIFICATION

FAR 52.232-5 Payments Under Fixed-Price Construction Contracts (SEPT 2002)

Invoice Date: _____

Invoice Number: _____

Project: Replace Carpet and Paint Building 1234, Subcontract Number: 21-0628521-701.

Below is a Statement of Performance under subcontract number: 21-0628521-701.

I hereby certify, to the best of my knowledge and belief, that

(1) The amounts requested are only for performance in accordance with the specifications, terms, and conditions for Replace Carpet and Paint Building 1234, contract #W912LA-04-0016.

(2) All payments due to subcontractors and suppliers from previous payments received under the subcontract have been made, and timely payments will be made from the proceeds of the payment covered by this certification, in accordance with subcontract agreements and the requirements of chapter 39 of Title 31, United States Code;

(3) This request for progress payments does not include any amounts which ABC Construction, Incorporated intends to withhold or retain from Sea Tech, Incorporated in accordance with the terms and conditions of the subcontract; and

(4) This certification is not to be construed as final acceptance of a subcontractor's performance.

(5) In consideration of the promise to be paid by ABC Construction, Incorporated under the Replace Carpet and Paint Building 1234, Contract #W912LA-04-0016, Sea Tech, Incorporated, and by the receipt of this paid Invoice shall, for itself, its successors and assigns, remise, release and forever discharge the Government, Carl Vinson VA Medical Center, ABC Construction, Incorporated, and SURETY their officers, agents, and employees, up to date of this Invoice of and from all liabilities, obligations and claims whatsoever in law and in equity under or arising out of Replace Carpet and Paint Building 1234, contract #W912LA-04-0016.

(6) Sea Tech, Incorporated waives all rights to bring a civil action or claim on payment bond to date of this invoice.

(7) No dispute exists between ABC Construction, Incorporated and Sea Tech, Incorporated.

SIGN: _____

DATE: _____

Robin Szmansky, General Manager.

Attachment "E"
Payment Authorization Form
Sea Tech, Incorporated
830 Crane Blvd, Sugarloaf Key, Florida 33042
Tel: (305) 872-0888 Fax: (305) 872-8898
Subcontract #21-0628521-701

This Payment Authorization Form, (PAF), dated _____ is executed for the purpose of disbursing funds pertaining to the Replace Carpet and Paint Building 1234 for Carl Vinson VA Medical Center, Contract # W912LA-04-0016. Funds shall be disbursed from the escrow account # 21-0628521-701, (ACCOUNT), established by Bank of the Sierra, (ESCROW AGENT), and between Tripartite Escrow Corporation, (ESCROW MANAGER), SURETY, ABC Construction, Incorporated, (CONTRACTOR), and Sea Tech, Incorporated.

Bank of the Sierra, shall disburse funds from the ACCOUNT upon the following:

1. Completion and submission of each PAF by ESCROW MANAGER;
2. Review and approval of all documents establishing payment for each PAF by ESCROW MANAGER; and
3. Signatures by ESCROW MANAGER, SURETY, CONTRACTOR and Sea Tech, Incorporated for each PAF, provided requisite labor and/or material are furnished.

Upon receipt of PAF, ESCROW AGENT shall disburse a separate cashier's check or wire transfer to Sea Tech, Incorporated. Provided, no dispute between Sea Tech, Incorporated and CONTRACTOR exists. Disbursement of each payment shall be via either cashier's check or wire transfer of funds from Carl Vinson VA Medical Center, Contract # W912LA-04-0016.

Sum due to Sea Tech, Incorporated

\$

I hereby certify, to the best of my knowledge and belief, that:

(a) The amounts requested are only for performance in accordance with the specifications, terms and conditions of Replace Carpet and Paint Building 1234 for Carl Vinson VA Medical Center, Contract # W912LA-04-0016.

(b) Sea Tech, Incorporated has rendered all services to date of PAF.

(c) No dispute exists between CONTRACTOR and Sea Tech, Incorporated.

(d) In consideration of the promise to be paid by ESCROW AGENT under the Replace Carpet and Paint Building 1234 for Carl Vinson VA Medical Center, Contract # W912LA-04-0016, Sea Tech, Incorporated, and by the receipt of said sum shall, for itself, its successors and assigns, remise, release and forever discharge the Government, Carl Vinson VA Medical Center, ESCROW AGENT, ESCROW MANAGER, SURETY, and CONTRACTOR their officers, agents, and employees, of and from all liabilities, obligations and claims whatsoever in law and in equity under or arising out of Replace Carpet and Paint Building 1234 for Carl Vinson VA Medical Center, Contract # W912LA-04-0016 up to date of this PAF.

(e) Sea Tech, Incorporated waives all rights to bring a civil action or claim on payment bond to date of this PAF.

FINAL BILLING NOTICE

Please check the following box and sign if this Payment Authorization Form is the last and final billing for this Contract # W912LA-04-0016 and Subcontract #21-0628521-701.

This PAF is the last and final billing. Sign _____ Robin Szmansky, General Manager

THE WILLFUL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY BE SUBJECT TO CIVIL OR CRIMINAL PROSECUTION. REFERENCE SECTION 1001 OF TITLE 16 AND SECTION 231 OF TITLE 31 OF THE UNITED STATES CODE.

Sign: _____ DATE: _____ INVOICE #: _____
Robin Szmansky, General Manager

METHOD OF PAYMENT

Check either the following Item Number 1 or 2:

____ 1. Cashier's check mailed to 830 Crane Blvd, Sugarloaf Key, Florida 33042

____ 2. Electronic Transfer (Note: Account and bank information is needed before any electronic transfers. With each electronic transfer a fee of \$27.50 will be deducted from payee's total disbursement.)

Attachment "F"

Sea Tech, Incorporated

830 Crane Blvd, Sugarloaf Key, Florida 33042
Tel: (305) 872-0888 Fax: (305) 872-8898

REQUEST FOR INFORMATION

Date _____

R.F.I. #-_____

ABC Construction, Incorporated
1874 Agenda Aragon
Destrehan, California 94023

Attention: Teresa Mattix

Subcontract #: W912LA-04-0016

Project: Replace Carpet and Paint Building 1234

INFORMATION REQUIRED

Robin Szmansky

REPLY

Teresa Mattix

Attachment "H"

STATEMENT AND ACKNOWLEDGMENT

OMB No.: 9000-0014
Expires: 05/31/2011

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the FAR Secretariat (VIR), Regulatory and Federal Acquisition Policy Division, GSA, Washington, D.C. 20405; and to the Office of Management and Budget, Paperwork Reduction Project (9000-0014), Washington, DC 20503.

PART I - STATEMENT OF PRIME CONTRACTOR

1. PRIME CONTRACT NO. W912LA-04-0016		2. DATE SUBCONTRACT AWARDED		3. SUBCONTRACT NUMBER 21-0628521-701	
4. PRIME CONTRACTOR				5. SUBCONTRACTOR	
a. NAME ABC Construction, Incorporated			a. NAME Sea Tech, Incorporated		
b. STREET ADDRESS 1874 Agenda Aragon			b. STREET ADDRESS 830 Crane Blvd		
c. CITY Destrehan		d. STATE California	E. ZIP CODE 94023	c. CITY Sugarloaf Key	
		d. STATE Florida			E. ZIP CODE 33042
6. The prime contract <input checked="" type="checkbox"/> does, <input type="checkbox"/> does not contain the clause entitled "Contract Work Hours and Safety Standards Act-- Overtime Compensation."					
7. The prime contractor states that under the contract shown in Item 1, a subcontract was awarded on date shown in item 2 to the subcontractor identified in item 5 by the following firm:					
a. NAME OF AWARDFIRM ABC Construction, Incorporated					
b. DESCRIPTION OF WORK BY SUBCONTRACTOR					

8. PROJECT Replace Carpet and Paint Building 1234		9. LOCATION	
10a. NAME OF PERSON SIGNING Teresa Mattix		11. BY (Signature)	12. DATE SIGNED 12-Dec-2001
10b. TITLE OF PERSON SIGNING President			

PART II - ACKNOWLEDGMENT OF SUBCONTRACTOR

13. The subcontractor acknowledges that the following clauses of the contract shown in Item 1 are included in this subcontract:

Contract Work Hours and Safety Standards Act - Overtime Compensation - (If included in prime contract see Block 6)	Davis - Bacon Act
Payrolls and Basic Records	Apprentices and Trainees
Withholding of Funds	Compliance with Copeland Act Requirements
Disputes Concerning Labor Standards	Subcontracts (Labor Standards)
Compliance with Davis-Bacon and Related Act Regulations	Contract Termination - Debarment
	Certification of Eligibility

14. NAME (S) OF ANY INTERMEDIATE SUBCONTRACTORS, IF ANY

A	Sea Tech, Incorporated	C	
B		D	
15a. NAME OF PERSON SIGNING Robin Szmansky		16. BY (Signature)	
15b. TITLE OF PERSON SIGNING General Manager			
		17. DATE SIGNED	

AUTHORIZED FOR LOCAL REPRODUCTION
PREVIOUS EDITION IS NOT USABLESTANDARD FORM 1413 (REV. 7/2005)
Prescribed by GSA/ FAR (48CFR) 53.222 (e)

Request for Taxpayer Identification Number and Certification

Give form to the
requester. Do not
send to the IRS.

Name (See Specific Instructions on page 2)

Sea Tech, Incorporated

Business Name, if different from above (See Specific Instructions on page 2)

Check appropriate box Individual/Sole proprietor Corporation Partnership Other _____

Address (number, street, and apt. or suite no.)

830 Crane Blvd

City, state, and ZIP code

Sugarloaf Key, Florida 33042

Requester's name and address (optional)

ABC Construction, Incorporated
830 Crane Blvd
Destrehan, California 94023

Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 2.

Employer Identification Number:

or

Social Security Number:

Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

List account number(s) here (optional)

**For U.S. Payees Exempt From
Backup Withholding**
(See the instruction on page 2.)

Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

Certification instruction. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

<p>Sign Here Signature of U.S. person</p> <p style="text-align: center;">Robin Szmansky, General Manager</p>	<p>Date</p>
--	-------------

Purpose of Form

A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify the TIN you are giving is correct (or you are waiting for a number to be issued)
2. Certify you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

If you are a foreign person, use the appropriate Form W-8. See Pub. 515,

Withholding of Tax on Nonresident Aliens and Foreign Corporations.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

What is backup withholding? Person making certain payments to you must withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, payments you receive will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part III instructions on page 2 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or 7

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the Part II instructions and the separate Instructions for the Requester of Form W-9.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certification or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.