

SUBCONTRACT AGREEMENT FOR BUILDING CONSTRUCTION

THIS AGREEMENT is made this _____ day of _____, _____ by and between

hereinafter referred to as Owner/Builder and _____
(include trade or business name) hereinafter referred to as Subcontractor.

WITNESSETH

WHEREAS, _____, is the Owner/Builder of real estate in
the _____ of _____,
_____ County, Colorado, and more particularly described as:

WHEREAS, Owner/Builder desires to have certain buildings and improvements constructed on such
real estate: _____

WHEREAS, Subcontractor is in the building construction business and represents that he/she/it
possesses the knowledge and skills necessary to perform the services provided for under this Agreement and
understands that Owner/Builder shall not provide him/her/it with any training.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the
parties hereto agree as follows:

ARTICLE I

DESCRIPTION OF WORK AND PRICE

The Subcontractor shall provide all tools and equipment, and any materials not supplied by Owner/Builder,
and perform all work reasonably necessary to construct, supply, install and erect the following improvements on
the premises, hereinafter referred to as "the work":

In consideration for the performance of the work, the Subcontractor shall be paid in accordance with the following terms (must be a fixed or contract rate, not a salary or hourly rate):

Should any questions arise with respect to the interpretation of any drawings and specifications for the work, such questions shall be submitted to the Architect/Engineer, if any, and his decision shall be final and binding. If there is no Architect/Engineer for this project, the Owner/Builder's (or the Owner/Builder's agent) decision shall be followed by the Subcontractor.

Notwithstanding the above, in the event there are certain Agreement specifications and plans as required by Owner/Builder (or Owner/Builder's agent), said specifications and plans shall be made available to Subcontractor and made a part hereof, and shall become part of the Agreement documents. Subcontractor shall then construct, supply (for materials not supplied by Owner/Builder), install and erect the above-mentioned improvements in accordance with such Agreement specifications and plans. All Work of the Subcontractor will be performed in a good and workmanlike manner in accordance with the plans and specifications for each job and must comply with all federal, state and local laws, codes and regulations, and all county and/or municipal ordinances and regulations effective where the work is to be performed under this Agreement.

The Owner/Builder (or Owner/Builder agent) and Subcontractor agree that the Subcontractor is being hired solely as an independent Subcontractor and that neither the Subcontractor, nor his employees shall be deemed to be employees of the Owner/Builder (or the Owner/Builder agent). Subcontractor shall retain all control over the means, methods and times of performing the services, taking into consideration the possible need to coordinate with other contractors, subcontractors and tradesmen regarding the timing of work, except that the services shall be completed by the Completion Date. Owner/Builder shall not at any time require Subcontractor to work exclusively for Owner/Builder during the time Subcontractor is performing services for Owner/Builder pursuant to the terms of the Agreement, except that Subcontractor may choose to work exclusively for Owner/Builder during the time Subcontractor is performing services for Owner/Builder pursuant to the terms of this Agreement.

SUBCONTRACTOR UNDERSTANDS THAT SUBCONTRACTOR IS NOT ENTITLED TO WORKMEN'S COMPENSATION BENEFITS OR UNEMPLOYMENT INSURANCE BENEFITS FROM OWNER/BUILDER AND IS OBLIGATED TO PAY ALL FEDERAL AND STATE INCOME TAX ON ANY MONIES PAID TO SUBCONTRACTOR PURSUANT TO SUBCONTRACTOR'S CONTACTURAL RELATIONSHIP WITH OWNER/BUILDER.

Subcontractor shall notify the Owner/Builder (or Owner/Builder agent) when each portion of its work is ready for inspection.

ARTICLE II

PAYMENT

Owner/Builder shall pay Subcontractor for the performance of this Agreement as described above upon receipt of valid invoice for work in place subject to the Owner/Builder's Draw Schedule and subject to additions

and deductions as provided in any subsequent change orders. Payment shall be conditioned upon receipt by the Owner/Builder (or the Owner/Builder's agent) of such lien waiver, affidavits, warranties, guarantees or other documents reasonably required by Owner/Builder from Subcontractor. Payment shall be made only by checks payable to Subcontractor's trade or business name as set forth above in this Agreement.

ARTICLE III

START AND COMPLETION DATE

Construction under this Agreement shall begin on _____ and end on _____, or such other ending date mutually agreed upon in writing by the Owner/Builder (or Owner/Builder agent) and the Subcontractor in recognition of the work schedule inherent to the Mutual Self-Help program under USDA, RD ("Completion Date"). Both Owner/Builder (or Owner/Builder agent) and Subcontractor agree to expect consistent, timely and meaningful communication from one another to condense the construction project time duration to the greatest extent possible. If Subcontractor is delayed in the commencement or the completion of the work for any reason beyond the sole control of the Subcontractor, including, but not limited to, changes ordered in the work, then the time of commencement or completion shall be extended for a reasonable period corresponding to such delay accordingly.

ARTICLE IV

Subcontractor's or Owner/Builder (or Owner/Builder agent) obligation to perform this transaction is conditioned upon the following:

ARTICLE V

EVIDENCE OF FINANCING AND TITLE TO PREMISES

Owner/Builder (or Owner/Builder agent) shall furnish Subcontractor with a written loan commitment from a responsible lending institution or other documentation evidencing Owner/Builder's access to an amount not less than the Agreement price within 14 days of the execution of this Agreement. If such loan commitment or other documentation is in an amount less than the Agreement price, Owner/Builder (or Owner/Builder agent) shall furnish Subcontractor with other evidence satisfactory to Subcontractor within such 14 day period of Owner/Builder's ability to pay such difference. If no such evidence is provided within such 14 days, Subcontractor may terminate this Agreement.

Owner/Builder (or Owner/Builder agent) shall furnish Subcontractor, for its approval, evidence of title to the above-described real estate. If such evidence of title is unsatisfactory to Subcontractor, in its sole discretion, it may terminate this Agreement.

ARTICLE VI

INSPECTION AND DEFECTS

Owner/Builder (or Owner/Builder agent) shall exercise all reasonable diligence in inspecting, discovering and reporting to Subcontractor as, the work progresses, all materials and labor which are not satisfactory to Owner/Builder (or Owner/Builder agent), so as to avoid unnecessary trouble and cost to Subcontractor in making good defective parts; otherwise, any objection thereto shall be deemed to have been waived. Work found not in compliance with the Agreement documents shall be corrected by Subcontractor, at its sole cost and expense.

ARTICLE VII

OCCUPANCY

Owner/Builder shall not occupy or take possession of the improvements as described in Article I of this Agreement, before all provisions of this agreement have been fully performed.

ARTICLE VIII

WARRANTY

In the event the Agreement price has been paid in full, Subcontractor warrants and guarantees the work completed under this Agreement, and any change orders thereto, shall be in accordance with the plans and specifications as furnished by Owner/Builder (or Owner/Builder agent), and shall be free from defects in workmanship or materials. Subcontractor shall repair at its sole cost and expense for a period of one year from the completion date, all of the work covered under the Agreement and change orders that are not in conformance to the Agreement documents. Subcontractor shall repair at its sole cost any work that may be disturbed in repairing such nonconformity. Subcontractor agrees to fully warrant and guarantee construction tasks having a shared labor component with Owner/Builder activities that have passed both the inspection of the local Building Inspector and Subcontractor inspection prior to completion of the Subcontractor's work.

Notwithstanding the above, appliances, plumbing and heating components shall be warrantied as provided by the manufacturer and are not covered by the guarantee provided above.

ARTICLE IX

INSURANCE

A. Subcontractors Liability Insurance. Subcontractor agrees to keep in force at his own expense during the entire period of the work, such liability insurance as will protect it from claims, under workman's compensation and other employee benefit laws, for bodily injury and death, and for property damage, that may arise out of the work under this Agreement, whether directly or indirectly by Subcontractor.

B. Owner/Builder's liability Insurance. Owner/Builder agrees to maintain in force his own liability insurance (Builder's Risk Insurance) during the entire period of the work, and reserves the right to purchase such additional insurance as in the Owner/Builder's opinion is necessary to protect the Owner/Builder (and Owner/Builder agent) against claims arising out of the Subcontractor's operation, without diminishing Subcontractor's obligation to carry the insurance specified herein on its part to be carried.

C. Property Damage Insurance on Worksite. Owner/Builder agrees at all times material hereto, to maintain at his expense property damage insurance on the work at the site for its full insurable value, including the interests of Owner/Builder (and Owner/Builder agent) and Subcontractor, against fire, vandalism and other perils ordinarily included in extended coverage. Such insurance shall include Subcontractor as an additional insured as its respective interests appear.

D. Policies. Subcontractor shall procure and maintain at its cost and expense insurance policies providing the types and amounts of coverages described in Exhibit A attached hereto. The insurance policies shall be issued by companies meeting the requirements set forth in Exhibit A. Subcontractor shall cause all sub-subcontractors to procure and maintain, at no cost or expense to Owner/Builder (and Owner/Builder agent), the insurance policies described and meeting the requirements set forth in Exhibit A.

E. Certificates and Endorsements. Certificates of insurance and endorsements in a form acceptable to Owner/Builder (and Owner/Builder agent) evidencing the coverage required under Exhibit A shall be filed with Owner/Builder (and Owner/Builder agent) in accordance with requirements set forth in Exhibit A.

F. Failure to Comply; Reduction of Price for Non-Compliance. Notwithstanding the foregoing, if Subcontractor fails to provide Owner/Builder (and Owner/Builder agent) with the required evidence of insurance, in addition to all other remedies, Owner/Builder (and Owner/Builder agent), at its sole option, shall be entitled to: (a) reduce the amount due Subcontractor by the amount (established by Owner/Builder and/or Owner/Builder agent in its sole and absolute discretion) in effect at the time work is performed to compensate Owner/Builder (and Owner/Builder agent) for any additional costs of its worker's compensation and general liability insurance premiums and Owner/Builder's (and Owner/Builder agent's) increased risks and administrative costs associated with doing business with uninsured contractors, their employees or agents. This withholding is not payment for insurance and Owner/Builder (and Owner/Builder agent) is in no way an insurer of Subcontractor, and/or its employees or subcontractors, Subcontractor remains obligated to provide insurance for itself and its employees under this contract and the amount withheld may exceed the actual costs incurred by Owner/Builder (and Owner/Builder agent); or (b) accept from Owner/Builder (and Owner/Builder agent) a waiver of insurance to the extent permitted and made in accordance with the requirements of any applicable statutes or regulations.

ARTICLE X

INDEMNIFICATION

A. To the fullest extent permitted by law, Subcontractor shall indemnify, defend and hold harmless Owner/Builder (and Owner/Builder agent), its parent, affiliates, and all of their respective officers, directors, partners, agents and employees (collectively, "Indemnitees") from and against all claims, demands, causes of action, suits, other litigation of every kind and character, damages, losses and expenses, including but not limited to all costs thereof and attorney's fees (collectively, "Claims"), arising out of or resulting from the performance or non-performance of the Work or breach by Subcontractor of the Contract. This includes Claims caused in whole or in part by any intentional or negligent act or omission of Subcontractor or anyone directly or indirectly employed by him or anyone for whose acts he may be liable. Such obligation shall not be construed to negate, or abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this Article X, (A), and shall not be limited by any insurance required of or obtained by Subcontractor hereunder. This indemnity shall be enforceable even if the Indemnitee is partly at fault (whether actively or passively), but Subcontractor will not indemnify an Indemnitee for losses shown to be occasioned by the sole negligence of such Indemnitee.

B. If, in any and all claims against Owner/Builder (and Owner/Builder agent) or any other Indemnitee by an employee of Subcontractor, or by anyone for whose acts Subcontractor may be liable, then the indemnification

obligation under this Article X, (B) shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Subcontractor under workers' or workmen's compensation acts, disability benefit acts or other employee benefits acts.

ARTICLE XI

CHANGE ORDERS

Owner/Builder (or Owner/Builder agent) reserves the right to request work changes in the nature of additions, deletions or modifications, without invalidating this agreement. All changes shall be in writing signed by Owner/Builder (or Owner/Builder's duly authorized agent) and Subcontractor.

Any change order shall include reasonable conforming changes in the Agreement price and completion time. Any changes in the Agreement price resulting in a credit or a charge to Owner/Builder and any such change of the completion date shall be determined by a mutual agreement or written change orders, between the parties.

ARTICLE XII

DEFAULT and TERMINATION

Subcontractor may, on seven days written notice to Owner/Builder (or Owner/Builder agent), terminate this Agreement before the Completion date hereof if:

1. Owner/Builder is in default of any payment for a period of thirty (30) days or more; or,
2. The work is stopped by the order of the Owner/Builder (or Owner/Builder agent), Owner/Builder's (or Owner/Builder agent's) architect or engineer, any court or public authority.

On such termination, Subcontractor may recover from Owner/Builder payment for all work actually completed.

If Subcontractor defaults or persistently fails or neglects to carry out work in accordance with this Agreement, or continuously fails to perform a material provision of this Agreement, Owner/Builder, after ten (10) days written notice to Subcontractor and providing that Subcontractor has not within said ten day period begun a good-faith, diligent effort to remedy the specific default set forth in the written notice, may cause the specified deficiencies to be corrected and may deduct the cost thereof from any payment then or thereafter due to Subcontractor. Alternatively, if Subcontractor has failed to begin a good-faith, diligent effort to correct the specifically noted defect within the ten day period, Owner/Builder may, at the expiration of the ten day period, terminate Subcontractor. In the event of such termination, Owner/Builder shall finish the work in a reasonable manner and in accordance with the original description of the work. If the cost of completion and correction of any work of Subcontractor exceeds the contract sum, Subcontractor shall pay the difference to Owners

ARTICLE XIII

HEALTH AND SAFETY

Subcontractor agrees to exercise all precautions necessary to prevent accidents to himself, his workers, and all others. If applicable, Subcontractor shall supply at his own expense all protective eyewear, ear protection, head protection, etc. to his workers. The Subcontractor will at his own expense comply with all specific health and safety requirements of the Federal Occupational Safety and Health Act and any other applicable authority. The Subcontractor also agrees to defend at his own expense and be responsible for penalties of any nature assessed by such agencies for non-compliance by himself or his employees or agents. Subcontractor agrees that he and all his employees have undergone proper safety training and have been properly trained and educated with regard to any hazardous material used in conjunction with the trade as required by the State or Federal law or as mutually agreed to by both parties. Any hazardous materials, containers, or waste shall not be left on the job by the Subcontractor and shall be removed from the job site and disposed of properly at the Subcontractor's own expense.

ARTICLE XIV

GOVERNING LAW

The laws of the State of Colorado shall govern this Agreement.

ARTICLE XV

BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of each of the parties hereto, their heirs, personal representatives, successors or assigns.

ARTICLE XVI

SEVERABILITY

The provisions of this Agreement are severable. In the event that a court of competent jurisdiction holds any invalid, the remainder of this Agreement shall be interpreted as if such invalid provisions were not contained therein. This Agreement becomes null and void if for any reasons the necessary permits are denied.

ARTICLE XVII

HEADINGS

It is understood and agreed that the headings are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of this Agreement, nor in any way affect this Agreement.

With their signatures, the parties hereby acknowledge and agree to the terms of this construction Agreement as of the date and year first above written.

SUBCONTRACTOR: _____

OWNER/BUILDER: _____

EXHIBIT A
TO CONSTRUCTION CONTRACT GENERAL CONDITIONS
STANDARD INSURANCE REQUIREMENTS

General Liability: Subcontractor agrees to carry a Broad Form Commercial General Liability Insurance on an Occurrence Form (the "GCL Policy"), with completed operations coverage which contains a per occurrence limit of no less than One Million Dollars (\$1,000,000), and an aggregate limit of no less than Two Million Dollars (\$2,000,000) protecting against bodily injury, broad form property damage, and personal injury claims arising from the exposures of: (i) premises-operations; (ii) products and completed operations including materials designed, furnished, and/or modified in any way by Subcontractor (with a separate aggregate limit at least equal to the general aggregate limit); (iii) independent subcontractors; (iv) contractual liability risk covering the indemnity obligations set forth in this Contract; and (v) where applicable, property damage resulting from explosion, collapse, or underground (x, c, u) exposures. The CGL Policy shall not exclude from coverage the type of, or nature of, the Work or limit the type of structure on which the Work is to be performed. The CGL Policy shall not contain a deductible or self-insured retention of more than \$25,000. Subcontractor shall continuously maintain a commercial general liability policy covering completed operations for any applicable statute of repose for commencing lawsuits associated with the Work.

Other Insurance: Subcontractor agrees to carry (a) Worker's Compensation Insurance that provides statutory benefits and coverage imposed by applicable state or federal law for Subcontractor's personnel, employees or agents and Subcontractor shall satisfy all Worker's Compensation obligations imposed by law; (b) if Subcontractor's Work includes design, engineering or other professional services, Contractor Professional Liability Insurance or Professional Liability Insurance for Architects, Engineers, Surveyors, and other Professional Service Organization, that provides a per claim limit of no less than One Million Dollars (\$1,000,000) and an aggregate of no less than One Million Dollars (\$1,000,000) protecting against faulty design and faulty professional judgement; and (c) Commercial Automobile Liability Insurance coverage with limits of not less than One Million Dollars (\$1,000,000) per person (Bodily Injury) and One Million Dollars (\$1,000,000) property damage per occurrence specifying "all autos" coverage or "all owned, lease, hired or non-owned autos".

General Requirements Applicable to All Required Insurance: Subcontractor shall add Owner/Builder (and Owner/Builder agent), its affiliates and subsidiaries as Additional Insured's on the CGL Policy or policies required above covering both on-going operations and completed operations (equivalent to form CG20101185). Coverage obtained by Subcontractor naming Owner/Builder (and Owner/Builder agent), its affiliates and subsidiaries as additional insured's shall be primary with any insurance of Owner/Builder (and Owner/Builder agent), its affiliates and subsidiaries being excess coverage. That insurance coverage will be carried continuously during the term of this Contract and thereafter as required by this Contract with insurance companies acceptable to Owner/Builder (and Owner/Builder agent) in its sole and absolute discretion. That insurance shall provide for a waiver of subrogation. All insurance shall be with a carrier licensed to do business in the jurisdiction of the Work with a minimum financial strength rating of A and a financial size rating of VII as determined by A.M. Best.

Proof of Insured Status: Subcontractor shall provide evidence that all required insurance is in full force by furnishing Owner/Builder (and Owner/Builder agent) with a Certificate of Insurance, or certified copies of the required policies. Each Certificate of Insurance or policy shall contain an unqualified clause to the effect that the policy shall (i) not be subject to cancellation, non-renewal, adverse change, or reduction of amounts of coverage without thirty (30) days' prior written notice to Owner/Builder (and Owner/Builder agent), (ii) be carried continuously from the date of commencement of the Work until expiration of the period of the Subcontractor's warranty provided in this Contract, (iii) specifically identify Owner/Builder (and Owner/Builder agent), its affiliates and subsidiaries as Additional Insureds, and (iv) indicate that coverage applies in the state where the Work is being performed. The amounts and types of insurance required by this Contract are the minimums required by Owner/Builder (and Owner/Builder agent) and shall not be substituted for an independent determination by Subcontractor of the amounts and other types of insurance

that Subcontractor shall determine to be reasonably necessary to protect itself and the Work required to be performed under this Contract.

Subcontractor and Supplier Insurance Obligations: If Subcontractor subcontracts any of the Work to the extent permitted under this Contract, Subcontractor guarantees that each subcontractor shall carry the same insurance required to be carried by Subcontractor in this Contract, and that each subcontractor shall name Owner/Builder (and Owner/Builder agent), its affiliates and subsidiaries as Additional insured's on the required liability policy or policies to the same extent that Subcontractor is required to do so. Further, Subcontractor shall require subcontractors and material suppliers to provide to Owner/Builder (and Owner/Builder agent) evidence of satisfactory insurance in accordance with the term of this Contract.

Leased Employees: In those cases where Subcontractor is using all or some leased employees in the performance of this Agreement, Subcontractor shall provide to Owner/Builder (and Owner/Builder agent) a certificate from the leasing company's Workers' Compensation carrier evidencing the above required Workers' Compensation insurance covering the leasing company's employees used in the performance of this Contract, and further evidencing a waiver of subrogation in favor of Owner/Builder (and Owner/Builder agent) and the other Additional Insured's.