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TERMS AND CONDITIONS

EXTRA WORK The contract between the parties is to perform only the scope of work outlined in the accepted Proposal. All additional work required is to be paid for on a time and materials basis plus a 20% mark-up unless specifically arranged at a pre-negotiated price. Payments for Extra Work are made concurrently with the payment made under the payment schedule. Pro-Craft Builders is entitled to be paid for Extra Work whether the request is written or oral. Either party may demand that the parties agree to an amount for the work to be performed in writing prior to the execution of Extra Work.

UNFORSEEN CONDITIONS As the construction work progresses, the subsurface and other hidden conditions may become better known. It is possible that variations in soil conditions or builder defects could exist between or beyond the points of exploration or that other conditions exist which may require investigation and analysis and may result in design changes. Design changes will usually result in additional project costs due to work changes and will be charged as Extra Work as set forth above.

MOLD AND HAZARDOUS WASTE Unless a specific part of the Work designated is, or unequivocally relates to, the abatement of toxic or hazardous materials located on the site, which shall include mold, Pro-Craft Builders has undertaken no obligation to mitigate, remove, destroy, or otherwise remedy any toxic or hazardous materials which may be found at the site. Owner shall indemnify and hold Pro-Craft Builders harmless from and against any cost, expense, liability, charge, or other obligation Pro-Craft Builders may incur as a result of the discovery of any such toxic or hazardous waste on the site. Any request by the Owner that Pro-Craft Builders remove the materials or repair the location of any such materials will be charged as Extra Work as set forth above.

DELAYS Pro-Craft Builders shall be excused from any delay in completion caused by acts of God, Owner, Owner's agents, employees, independent contractors, fire, earthquake, poor weather conditions, labor challenges, acts of public utilities, public bodies, or inspectors, Extra Work, failure of Owner to make progress payments promptly, and/or any other contingencies beyond Pro-Craft Builders' control. The price quoted in the Proposal is based upon the performance of the work, assuming there are no interruptions or inclement weather causing delays.

PAYMENTS/INVOICING Based upon an initial application for payment by Contractor, Owner shall make a payment of ten percent (10%) of the total Contract Price mobilization at the time Contractor mobilizes on site. Mobilization shall consist of Contractor's initial Work associated with preparation work necessary to commence the project.

Pro-Craft Builders provides the Owner with Applications for Payment on the First (1st) and Fifteenth (15th) of each month for work completed to date. Applications for Payment are due upon receipt. All payments not received within fifteen (15) days of the due date accrue a finance charge at the rate of 1% per month (12% per annum). Finance charges shall not apply if the invoice is rejected with just cause by the Construction Manager or Owner for non-compliance with this Contract.

Contractor shall pay all subcontractors and suppliers on a timely basis in accordance with the terms of Contractor's agreements with said subcontractors and suppliers. Contractor shall indemnify and hold Owner harmless from and against claims of lien for labor performed and materials used or furnished to be used for the Work, and for which Contractor has been compensated in full by Owner, including all costs and expenses incurred by Owner.

COMPLETION AND FINAL PAYMENT The final payment is to be made upon receipt of the 100% completion invoice. The 100% completion invoice shall be delivered to the Owner after. If minor work items remain incomplete at that time, Contractor provides an itemized list of remaining work and a commensurate amount withheld from the final payment. When completed in its entirety, the payment for the remaining work is due. Every payment made on any indebtedness evidenced by this Contract shall be applied first to finance charges computed to the effective payment date and then to principal.

LIMITED WARRANTY AND DISCLAIMER Pro-Craft Builders warrants its construction work against defects in workmanship for one (1) full year from the 100% completion invoice, subject to the terms and conditions herein. Pro-Craft Builders' exclusive obligation for any such defective construction work shall be to repair or replace such work at its option. This Limited Warranty does not cover defects caused by misuse, accidents, earthquakes, negligent maintenance, or normal wear and tear, and is expressly in lieu of any implied warranty of merchantability, implied warranty of habitability, implied warranty of fitness for a particular purpose, or any other implied or expressed warranty of any kind, written or oral.

In order for the above Limited Warranty to be effective, Owner must give Pro-Craft Builders written notice of any defect covered hereunder on or before the expiration of the thirty (30) days from the date of discovery of the defect or the expiration of one (1) year period, whichever occurs first, specifying the nature of the defect. Owner must also allow Pro-Craft Builders reasonable access to the property to inspect and repair the defect.

Pro-Craft Builders does not furnish engineering services and makes no warranty of any kind regarding any construction done that requires or required the services of an engineer. The Owner shall look only to the Owners' engineer or other third-party engineering advice regarding such matters.

WAIVER Owner waives any indirect, special, incidental, or consequential damages of any kind, including but not limited to, personal injuries or damage to personal property, loss of use, inconvenience, or diminution in value to the real property.

CONSTRUCTION DAMAGE Pro-Craft Builders shall use reasonable diligence and care to minimize incidental damage to exterior or interior walls, wall coverings, paint, glass surfaces, doors, floors, landscaping, and related areas, which may result from work performed pursuant to the Proposal. Owner understands that in the case of a distressed house or structure, some cracking of walls or floor movement may occur in the future, especially if only a portion of the structure is underpinned. This movement is most likely to occur in the first year after construction. Cosmetic work, if contemplated, should be delayed for at least one (1) year after completion of foundation work. When performing cosmetic repairs, specific strategies, workmanship, and materials are used to minimize the possibility of strain on the foundation and structure to prevent future damage.

SITE RECONNAISSANCE If the development of recommendation for construction on the structure or property which is the subject of this agreement is based on a site reconnaissance by Pro-Craft Builders only and not upon engineering reports, Owner understands and agrees that engineering has not been performed. A site reconnaissance consists only of visual observations. Upon request, Pro-Craft Builders will recommend a qualified engineer to determine suitable repairs. In the absence of such engineering, it is agreed that Pro-Craft Builders has made a good faith effort to recommend methods and procedures that have previously worked in similar situations. Pro-Craft Builders is not responsible for damages caused by Owner's failure to have engineering performed.

MEDIATION Before either party may institute any legal remedy to resolve any controversy or claim arising from or is related to this Contract, its performance, or the breach thereof, the parties shall present said controversy or claim to a mutually agreeable mediator. If the parties are unable to agree upon a mediator, then on the written request of either party, the mediator shall be selected and appointed by the administrative section of JAMS, located in Alameda County, California, from its pool of associates. Each party shall be obligated to participate in the mediation in good faith for no less than one-half day. If either party fails, without reasonable justification, to participate in the mediation, the other party shall be entitled to recover its or his/her attorney fees and costs incurred in preparing for and attending the mediation. If no resolution arises from mediation, the parties each pay half of the mediator's fees and costs, and each party bears its own costs and expenses.

ARBITRATION Any controversy arising out of this Agreement or interpretation of this Agreement shall be submitted to arbitration in Santa Clara County, California. Arbitration shall be held per the California Arbitration Statute, Sections 1280 through 1294.2 and 1296 of the California Code of Civil Procedure, including but not limited to Section 1283.05. Arbitration awards relating to this Agreement are required to be supported by the law and substantial evidence. If the court later determines the award not supported by law or substantial evidence not provided, the court may revoke the award subject to California Code of Civil Procedure Section 1286.4,

ATTORNEY FEES The prevailing party in any suit or arbitration shall be entitled to reasonable attorney fees and costs, including expert fees, in addition to any other sums to which the party is entitled.

ENTIRE AGREEMENT These Terms and Conditions and the Proposal constitute the sole and exclusive agreement of the parties hereto relating to this project and correctly set forth the rights, duties, and obligations to each other. Any prior or contemporaneous agreements, promises, negotiations, or representations not expressly set forth in the Proposal and these Terms and Conditions are no force and effect.

INVALIDITY OF ANY PROVISION Should any provision or portion of the Terms and Conditions hereof be declared invalid or in conflict with any law, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.