

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
Building Materials Holdings	:	Case No. 09-12074 (KJC)
Corporation, <i>et al.</i> ,	:	
	:	Jointly Administered
	:	
Debtors.	:	Objection Deadline: April 14, 2010 at 4:00 p.m. (EST)
	:	Hearing Date: April 21, 2010 at 11:00 a.m. (EST)

**MOTION OF BROOKFIELD HOMES SAN DIEGO INC. FOR
RELIEF FROM AUTOMATIC STAY**

Brookfield Homes San Diego Inc. (“Brookfield”) hereby moves (the “Motion”) this Court for an order granting relief from the automatic bankruptcy stay so that it may proceed *only* against the available insurance assets of debtor H.N.R. Framing Systems, Inc. (“HNR”) pursuant to section 362 of title 11 of the United States Code (the “Bankruptcy Code”). In support of this Motion, Brookfield relies upon the Declaration of Mark Uremovich and states as follows:

BACKGROUND

1. On or about June 16, 2009, HNR filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Declaration of Mark Uremovich, ¶2.
2. Brookfield is a creditor of HNR and, therefore, qualifies as a party in interest in this case. Declaration of Mark Uremovich, ¶3.
3. On or about June 25, 2008, Mary Donn and various homeowners (collectively, the “Homeowners”) commenced litigation against Brookfield relating to a certain housing development located in Carlsbad, California (the “Project”), and alleging numerous causes of action and seeking damages based upon strict liability, strict product liability, negligence, and negligence per se. On or about August 18, 2008, the Homeowners filed a first amended complaint (“the Complaint”) alleging causes of action and seeking damages based upon strict

liability, strict products liability, negligence, and negligence per se. A true and correct copy of the Complaint is attached as Exhibit “A” to the declaration of Mark Uremovich. The matter is known as Case No. 37-2008-00086579 in the San Diego County Superior Court (the “Litigation”). Declaration of Mark Uremovich, ¶4.

4. On or about November 7, 2008, Brookfield filed a Cross-Complaint for express indemnity, implied indemnity, equitable indemnity, breach of contract (indemnity), breach of contract (insurance), breach of contract (warranty), breach of express and implied warranties, negligence, apportionment, and declaratory relief (the “Cross-Complaint”) against HNR, among others, based upon the alleged construction defects caused by HNR during HNR's performance of work and/or services, and/or providing of materials which were incorporated into the development, construction, and/or sale of the Project. A true and correct copy of the Cross-Complaint is attached as Exhibit “B” to the Declaration of Mark Uremovich. Declaration of Mark Uremovich, ¶ 5.

5. A trial call date for this Litigation has been set for May 21, 2010. Based on the information produced in discovery in the Litigation, it appears that each of the 20 Homeowners’ claims implicate HNR. Declaration of Mark Uremovich, ¶ 6.

6. Brookfield seeks recovery from HNR for indemnification and payment of the total amount of any judgment rendered against Brookfield based upon the Complaint, together with Brookfield’s attorneys' fees, expenses, and costs of suit incurred in defending the Litigation. Additionally, Brookfield seeks recovery for any and all attorneys' fees, experts' fees, costs, and discovery expenses incurred by Brookfield in its defense of the Litigation and in its pursuit of the Cross-Complaint. Declaration of Mark Uremovich, ¶ 7.

7. Brookfield states, on information and belief, that HNR is insured under one or

more general liability and excess liability insurance policies and that Brookfield's claims have been tendered under those liability insurance policies. Declaration of Mark Uremovich, ¶8.

8. The Project consists of two sub-projects known as Brookfield Barrington and Brookfield Sheffield, with Brookfield Barrington having been completed in stages Models through Phase 12, and Brookfield Sheffield having been completed in stages Models through Phase 10. Each of the homes in the litigation is in either Brookfield Barrington or Brookfield Sheffield. Brookfield states, on information and belief, that on or about March 12, 1999, HNR and Brookfield executed a Subcontract Agreement whereby HNR agreed to provide materials and labor at the Brookfield Barrington portion of the Project. A true and correct copy of the subcontract is attached as Exhibit "C" to the Declaration of Mark Uremovich. This subcontract was later amended to include all phases of the Brookfield Barrington portion of the Project, which also encompasses all the Brookfield Barrington related homes in the Litigation. Brookfield states, on information and belief, that on or about June 14, 1999, HNR and Brookfield executed a Subcontract Agreement whereby HNR agreed to provide materials and labor at the Brookfield Sheffield portion of the Project. A true and correct copy of the subcontract is attached as Exhibit "D" to the Declaration of Mark Uremovich. This subcontract was later amended to include all phases of the Brookfield Sheffield portion of the Project, which encompasses all the Brookfield Sheffield related homes in the Litigation. Additionally, pursuant to the subcontracts for both the Brookfield Barrington and Brookfield Sheffield portion of the Project, HNR agreed to obtain commercial general liability insurance with a limit of combined bodily injury and property damage of not more than \$ 2,000,000.00. Pursuant to the subcontracts, HNR also agreed to name Brookfield Homes San Diego Inc. as an additional insured under HNR's commercial general liability insurance. Declaration of Mark Uremovich,

¶9.

9. Brookfield states, on information and belief, that HNR obtained a general liability insurance policy, wherein the insurers agreed to pay all sums, not more than a general aggregate amount of \$2,000,000.00, should HNR become liable to pay for damages imposed by law that are related to property damage sustained as a result of HNR's operations (including HNR's work relating to the Project). Declaration of Mark Uremovich, ¶10.

10. Brookfield states, on information and belief, that said insurance policies provide that insolvency or bankruptcy of HNR shall not release the insurance company from the payment of damages for injuries sustained during the term within the area of coverage of said policies. Declaration of Mark Uremovich, ¶11.

11. Brookfield states, on information and belief, that the insurance policies at issue are not required or otherwise necessary to HNR for an effective debt liquidation under chapter 11 of the Bankruptcy Code. Declaration of Mark Uremovich, ¶12.

12. Brookfield states, on information and belief, that its instant pending lawsuit against HNR will be defended at no expense to HNR. Declaration of Mark Uremovich, ¶13.

13. If Movant Brookfield is not permitted to pursue its interests in the insurance policies, then Brookfield will suffer irreparable injury, loss, and damage. Declaration of Mark Uremovich, ¶14.

14. No issues of federal or bankruptcy laws are involved in the pending lawsuit against HNR, only questions of California state law. Declaration of Mark Uremovich, ¶15.

RELIEF REQUESTED

15. Brookfield seeks a modification of the automatic stay imposed by Bankruptcy Code section 362, and to the extent necessary, the permanent injunction, for the limited purpose

of allowing Brookfield to pursue its claims for indemnification and damages against HNR's liability insurance policies while waiving any deductibles.

16. Brookfield agrees not to proceed against HNR's bankruptcy estate in the event of judgment against HNR in the Litigation in excess of HNR's insurance coverage.

17. Should HNR be found liable for Brookfield's damages in the Litigation, to the extent that HNR's insurance coverage does not satisfy such liability, Brookfield agrees to waive its right to satisfaction of its claim and participation in any distribution of assets of HNR's estate.

BASIS FOR RELIEF REQUESTED

18. The purpose of the automatic stay is “to prevent certain creditors from gaining a preference for their claims against the debtor; to forestall the depletion of the debtor's assets due to legal costs in defending proceedings against it; and, in general, to avoid interference with the orderly liquidation or rehabilitation of the debtor.” *Assoc. Of St. Croix Condominium Owners v. St. Croix Hotel*, 682 F.2d 446, 448 (3d Cir. 1982). “However, the automatic stay is not meant to be absolute, and in appropriate instances relief may be granted.” *In re The SCO GROUP, INC.*, 395 B.R. 852, 856 (Bankr. D. Del. 2007), citing *Wedgewood Inv. Fund, Ltd. v. Wedgewood Realty Group, Ltd. (In re Wedgewood)*, 878 F.2d 693, 697 (3d Cir. 1989).

19. Section 362(d)(1) of the Bankruptcy Code provides that “[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying or conditioning such stay - (1) for cause, including the lack of adequate protection of an interest in property of such party in interest....” “Cause [, as defined in Section 362(d)(1),] is a flexible concept and courts often conduct a fact intensive, case-by-case balancing test, examining the totality of the circumstances to determine whether sufficient cause exists to lift the [automatic] stay.” *In re The*

SCO GROUP, INC., 395 B.R. 852, 856 (Bankr. D. Del. 2007) (internal citations omitted). This Court utilizes the following "three-prong balancing test to determine whether to grant relief from the stay: (1) whether any great prejudice to either the bankrupt estate or the debtor will result from continuation of the civil suit; (2) whether the hardship to the non-bankrupt party by maintenance of the stay considerably outweighs the hardship to the debtor; and (3) the probability of the creditor prevailing on the merits." *Id.* at 857; citing *Izzarelli v. Rexene (In re Rexene Prods. Co.)*, 141 B.R. 574, 576 (Bankr. D. Del. 1992). In particular, this Court confirmed that the legislative intent of Section 362(d)(1) was to emphasize the "importance of allowing a case to continue in the original tribunal so long as there is no prejudice to the estate." *Id.*

20. Here, application of the Court's balancing test favors granting Brookfield relief from the automatic stay for three reasons. First, there will be no great prejudice to HNR or HNR's bankrupt estate because Brookfield agrees not to proceed against either HNR or its estate in excess of HNR's insurance coverage. In addition, to the extent that HNR's insurance coverage does not satisfy such liability of HNR, if any, Brookfield agrees to waive its right to satisfaction of its claim and participation in any distribution of assets of HNR's estate. Second, Brookfield will suffer considerable hardship if the stay is not lifted because it will affect its ability to continue prosecution of its Cross-Complaint and fund its own defense. The hardship to the debtor is non-existent because HNR's insurer's obligations are unrelated to the bankrupt estate's assets. Third, the likelihood of Brookfield prevailing on the merits is extremely high because HNR's obligations to defend, indemnify, and name Brookfield as an additional insured were agreed to and formalized by written contract, to which HNR has never objected. Therefore, relief from the automatic stay should be granted.

WHEREFORE, Brookfield respectfully requests:

- i. That the automatic stay imposed pursuant to 11 U.S.C. § 362, and to the extent necessary, the permanent injunction, be modified forthwith to permit Brookfield to proceed with its claims for indemnification and damages against HNR's liability insurance policies while waiving any deductibles;
- ii. That Brookfield be allowed to assert its claims against the liability insurance policies of HNR;
- iii. That in the event Brookfield obtains a judgment against HNR or otherwise resolves the Litigation, Brookfield may receive HNR's insurance policy proceeds without any further approval by this Court; and
- iv. For such other and further relief as the Court may deem proper, just and equitable.

Dated: April 14, 2010
Wilmington, Delaware

CIARDI CIARDI & ASTIN

/s/ Carl D. Neff

Daniel K. Astin (No. 4068)
Mary E. Augustine (No. 4477)
Carl D. Neff (No. 4895)
919 Market Street, Suite 700
Wilmington, DE 19801
Telephone: (302) 658-1100
Facsimile: (302) 658-1300
dastin@ciardilavv.com
maugustine@ciardilaw.com
cneff@cirdilavv.com

-and-

MORRIS, SULLIVAN & LEMKUL, LLP
Shawn D. Morris, Bar No. 134855
Mark F. Uremovich, Bar No. 253351
9915 Mira Mesa Blvd, Suite 300
San Diego, CA 92131

Telephone: (858) 566-7600
Facsimile: (858) 566-6602

*Attorneys for Brookfield Homes San Diego
Inc.*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
Building Materials Holdings	:	Case No. 09-12074 (KJC)
Corporation, <i>et al.</i> ,	:	
	:	Jointly Administered
	:	
Debtors.	:	Objection Deadline: April 14, 2010 at 4:00 p.m. (EST)
	:	Hearing Date: April 21, 2010 at 11:00 a.m. (EST)

NOTICE OF MOTION

PLEASE TAKE NOTICE that on April 4, 2010, Brookfield Homes San Diego Inc., (“Brookfield”) filed the Motion of Brookfield Homes San Diego Inc. for Relief from the Automatic Stay (the "Motion") with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 5th Floor, Wilmington, Delaware 19801 (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE that any objections to the Motion must be made in writing, filed with the Bankruptcy Court, and served upon, so as to actually be received by the undersigned, on or before **April 14, 2010 at 4:00 p.m. (EST).**

PLEASE TAKE FURTHER NOTICE that if an objection is filed, a hearing on the Motion may be held before the Honorable Kevin J. Carey in the Bankruptcy Court, 824 Market Street, 5th Floor, Courtroom #5, Wilmington, Delaware 19801, on **April 21, 2010 at 11:00 a.m. (EST)**

PLEASE TAKE FURTHER NOTICE that if no objection to the Motion is timely filed in accordance with the above procedures, the Bankruptcy Court may enter an Order granting the relief sought in the Motion without further notice or hearing.

Dated: April 4, 2010
Wilmington, Delaware

CIARDI CIARDI & ASTIN

/s/ Carl D. Neff

Daniel K. Astin (No. 4068)
Mary E. Augustine (No. 4477)
Carl D. Neff (No. 4895)
919 Market Street, Suite 700
Wilmington, DE 19801
Telephone: (302) 658-1100
Facsimile: (302) 658-1300
dastin@ciardilavv.com
maugustine@ciardilaw.com
cneff@cirdilavv.com

-and-

MORRIS, SULLIVAN & LEMKUL, LLP
Shawn D. Morris, Bar No. 134855
Mark F. Uremovich, Bar No. 253351
9915 Mira Mesa Blvd, Suite 300
San Diego, CA 92131
Telephone: (858) 566-7600
Facsimile: (858) 566-6602

*Attorneys for Brookfield Homes San Diego
Inc.*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	:	Chapter 11
	:	
Building Materials Holdings	:	Case No. 09-12074 (KJC)
Corporation, <i>et al.</i> ,	:	
	:	Jointly Administered
	:	
Debtors.	:	Re: Docket No. _____
	:	

**ORDER GRANTING BROOKFIELD HOMES SAN DIEGO INC.'S
MOTION FOR RELIEF FROM STAY**

Upon the motion (the “Motion”)¹ of Brookfield Homes San Diego Inc. (“Brookfield”) for relief from the automatic stay, and due and adequate notice of the Motion having been provided; and cause appearing therefor; it is hereby

ORDERED that the Motion is granted; and it is further

ORDERED that the automatic stay imposed pursuant to 11 U.S.C. § 362, and to the extent necessary, the permanent injunction, be modified forthwith to permit Brookfield to proceed with its claims for indemnification and damages against HNR’s liability insurance policies while waiving any deductibles; and it is further

ORDERED that Brookfield be allowed to assert its claims against the liability insurance policies of HNR; and it is further

ORDERED that in the event Brookfield obtains a judgment against HNR or otherwise resolves the Litigation, Brookfield may receive HNR’s insurance policy proceeds without any further approval by this Court; and it is further

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

ORDERED that the Court shall retain jurisdiction over any matter concerning, or in any way relating to, the Motion, this Order, or the relief granted herein.

Dated: _____, 2010

The Honorable Kevin J. Carey
Chief United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re	:	Chapter 11
	:	
Building Materials Holdings Corporation, <i>et</i>	:	Case No. 09-12074 (KJC)
<i>al</i> ,	:	
	:	Jointly Administered
Debtors.	:	
	:	

**DECLARATION OF MARK UREMOVICH IN SUPPORT OF BROOKFIELD HOMES
SAN DIEGO INC.'S MOTION FOR RELIEF FROM STAY**

I, Mark Uremovich, declare:

1. I am an attorney duly licensed to practice law before all courts of the State of California and I am an associate in the law firm of Morris, Sullivan & Lemkul, LLP, attorneys of record Brookfield Homes San Diego Inc. ("Brookfield") in the matter known as Case No. 37-2008-00086579 in the San Diego County Superior Court. As such, and by virtue of my personal participation in the resolution of this case, I have personal knowledge of all facts contained herein and, if called upon to testify with respect thereto, could and would competently do so.

2. On or about June 16, 2009, H.N.R. Framing Systems, Inc. ("HNR") filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, Delaware Bankruptcy Court Case No. 09-12081 (which has since been consolidated into Case No. 09-12074).

3. Brookfield is a creditor of HNR and, therefore, qualifies as a party in interest in this case.

4. On or about June 25, 2008, Mary Donn and various homeowners (collectively, the "Homeowners") commenced litigation against Brookfield relating to a certain housing development located in Carlsbad, California (the "Project"), and alleging numerous causes of

action and seeking damages based upon strict liability, strict product liability, negligence, and negligence per se. On or about August 18, 2008, the Homeowners filed a first amended complaint (the "Complaint") alleging causes of action and seeking damages based upon strict liability, strict products liability, negligence, and negligence per se. A true and correct copy of the Complaint is attached hereto as Exhibit "A". The matter is known as Case No. 37-2008-00086579 in the San Diego County Superior Court (the "Litigation").

5. On or about November 7, 2008, Brookfield filed a Cross-Complaint for express indemnity, implied indemnity, equitable indemnity, breach of contract (indemnity), breach of contract (insurance), breach of contract (warranty), breach of express and implied warranties, negligence, apportionment, and declaratory relief (the "Cross-Complaint") against HNR, among others, based upon the alleged construction defects caused by HNR during HNR's performance of work and/or services and/or providing of materials which were incorporated into the development, construction, and/or sale of the Project. A true and correct copy of the Cross-Complaint is attached hereto as Exhibit "B".

6. A trial call date for this Litigation has been set for May 21, 2010. Based on the information produced in discovery in the Litigation, it appears that each of the 21 Homeowners' claims implicate HNR.

7. Brookfield seeks recovery from HNR for indemnification and payment of the total amount of any judgment rendered against Brookfield based upon the Complaint, together with Brookfield's attorneys' fees, expenses and costs of suit incurred in defending the Litigation. Additionally, Brookfield seeks recovery for any and all attorneys' fees, experts' fees, costs, and discovery expenses incurred by Brookfield in its defense of the Litigation and in its pursuit of the Cross-Complaint.

8. Brookfield states, upon information and belief, that HNR is insured under one or more general liability and excess liability insurance policies and that Brookfield's claims have been tendered under those liability insurance policies.

9. The Project consists of two sub-projects known as Brookfield Barrington and Brookfield Sheffield, with Brookfield Barrington having been completed in stages Models through Phase 12, and Brookfield Sheffield having been completed in stages Models through Phase 10. Each of the homes in the litigation is in either Brookfield Barrington or Brookfield Sheffield. Brookfield states, on information and belief, that on or about March 12, 1999, HNR and Brookfield executed a Subcontract Agreement whereby HNR agreed to provide materials and labor at the Brookfield Barrington portion of the Project. A true and correct copy of the subcontract is attached hereto as Exhibit "C". This subcontract was later amended to include all phases of the Brookfield Barrington portion of the Project, which also encompasses all the Brookfield Barrington related homes in the Litigation. Brookfield states, on information and belief, that on or about June 14, 1999, HNR and Brookfield executed a Subcontract Agreement whereby HNR agreed to provide materials and labor at the Brookfield Sheffield portion of the Project. A true and correct copy of the subcontract is attached hereto as Exhibit "D". This subcontract was later amended to include all phases of the Brookfield Sheffield portion of the Project, which encompasses all the Brookfield Sheffield related homes in the Litigation. Additionally, pursuant to the subcontracts for both the Brookfield Barrington and Brookfield Sheffield portion of the Project, HNR agreed to obtain commercial general liability insurance with a limit of combined bodily injury and property damage of not less than \$2,000,000.00. Pursuant to the subcontracts, HNR also agreed to name Brookfield Homes San Diego Inc. as an additional insured under HNR's commercial general liability insurance.

10. Brookfield states, on information and belief, that HNR obtained a general liability insurance policy, wherein the insurers agreed to pay all sums, not less than a general aggregate amount of \$2,000,000.00, should HNR become liable to pay for damages imposed by law that are related to property damage sustained as a result of HNR's operations (including HNR's work relating to the Project).

11. Brookfield states, on information and belief, that said insurance policies provide that insolvency or bankruptcy of HNR shall not release the insurance company from the payment of damages for injuries sustained during the term within the area of coverage of said policies.

12. Brookfield states, on information and belief, that the insurance policies at issue are not required or otherwise necessary to HNR for an effective debt liquidation under chapter 11 of the Bankruptcy Code.

13. Brookfield states, on information and belief, that its instant pending lawsuit against HNR will be defended at no expense to HNR.

14. If Movant Brookfield is not permitted to pursue its interests in the insurance policies, then Brookfield will suffer irreparable injury, loss, and damage.

15. No issues of federal or bankruptcy laws are involved in the pending lawsuit against HNR, but only questions of California state law.


16. Brookfield seeks a modification of the automatic stay imposed by Bankruptcy Code section 362, and to the extent necessary, the permanent injunction, for the limited purpose of allowing Brookfield to pursue its claims for indemnification and damages against HNR's liability insurance policies while waiving any deductibles.

17. Brookfield agrees not to proceed against HNR's bankruptcy estate in the event of judgment against HNR in the Litigation in excess of HNR's insurance coverage.

18. Should HNR be found liable for Brookfield's damages in the Litigation, to the extent that HNR's insurance coverage does not satisfy such liability, Brookfield agrees to waive its right to satisfaction of its claim and participation in any distribution of assets of HNR's estate.

I declare under penalty of perjury under the laws of the United States of America and under the laws of the State of California that the foregoing is true and correct.

Executed this 26 day of March, 2010, at San Diego, California.



Mark Uremovich, Esq.

EXHIBIT A

First Amended
Complaint

SUMMONS
(CITACION JUDICIAL)

SUM-100

NOTICE TO DEFENDANT:

(AVISO AL DEMANDADO):

Brookfield Barrington, Inc., a California Corporation;
Brookfield Barrington, LLC, a Delaware Limited
Liability Co.; Brookfield Sheffield, Inc., a
California Corporation; Brookfield Sheffield, LLC, a
Delaware Limited Liability Company; Brookfield Homes
San Diego, Inc., a California Corporation, DOES 1-
100, inclusive

YOU ARE BEING SUED BY PLAINTIFF:

(LO ESTÁ DEMANDANDO EL DEMANDANTE):

Mary Donn; Susan Smith; Rod Hatefi and Azin Hatefi;
Paul Burak; Johnny Dang; Ehab Gerges and Nevin Gerges;
Bradley Rubottom; Duane Conder and Jennifer Conder;
Patricia Mullen; Steven Green; Asad Ashraf; Michael
Hartshorn and Melinda Hartshorn; Christopher Vonhuben
and Stefani Vonhuben; Zhila Zaboori;

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.courtinfo.ca.gov/selfhelp/espanol/), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.courtinfo.ca.gov/selfhelp/espanol/) o poniéndose en contacto con la corte o el colegio de abogados locales.

The name and address of the court is:

(El nombre y dirección de la corte es):

Superior Court of California
330 W. Broadway
County of San Diego
P.O. Box 122724
Central

CASE NUMBER:

(Número del Caso): 2008-00086579-CU-CD-CTI

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

Mary Crenshaw Tyler, Esq. SBN:153924
ANDERSON & KRIGER

(619) 464-5414

8220 University Avenue, 2nd Floor
La Mesa, CA 91941

DATE:

(Fecha)

SEP 23 2008

Clerk, by

(Secretario)

Deputy

(Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of (specify):

3. ☐ on behalf of (specify):

under: ☐ CCP 416.10 (corporation)

☐ CCP 416.20 (defunct corporation)

☐ CCP 416.40 (association or partnership)

☐ other (specify):

4. ☐ by personal delivery on (date):

☐ CCP 416.60 (minor)

☐ CCP 416.70 (conservatee)

☐ CCP 416.80 (authorized person)

Page 1 of 1

SHORT TITLE: Donn vs. Brookfield Barrington, Inc.	CASE NUMBER: 2008-00086579-CU-CD-CTL
---	---

INSTRUCTIONS FOR USE

- This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

☒ Plaintiff ☐ Defendant ☐ Cross-Complainant ☐ Cross-Defendant

Raymond Palileo and Christine Palileo; Troy Rice and Melissa Rice; Michael Flickinger and Jane Flickinger; Steven Donovan and Melissa Krone; Marcia Venegas-Garcia; Diane Dinucci; Brooks Townsend and Jeannie Townsend; Darren Rashkin and Tiffany Rashkin; Sima Saeidi and Mehrdad Saeidi; Individuals.

1 CLAYTON M. ANDERSON (BAR NO. 069988)
MARY CRENSHAW TYLER (BAR NO. 153924)
2 ANDERSON & KRIGER
8220 University Ave., 2nd Floor
3 La Mesa, CA 91941
Tel: (619) 589-8800
4 Fax: (619) 464-5414

5 Attorneys for Plaintiff Mary Donn, et al.

6
7
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF SAN DIEGO**

10 MARY DONN; SUSAN SMITH; ROD HATEFI)
and AZIN HATEFI; PAUL BURAK; JOHNNY)
11 DANG; EHAB GERGES and NEVIN GERGES;)
12 BRADLEY RUBOTTOM; DUANE CONDER and)
JENNIFER CONDER; PATRICIA MULLEN;)
13 STEVEN GREEN; ASAD ASHRAF; MICHAEL)
HARTSHORN and MELINDA)
14 HARTSHORN; CHRISTOPHER VONHUBEN and)
STEFANI VONHUBEN; ZHILA ZABOORI;)
15 RAYMOND PALILEO and CHRISTINE)
PALILEO; TROY RICE and MELLISA RICE;)
16 MICHAEL FLICKINGER and JANE)
FLICKINGER; STEVEN DONOVAN and)
17 MELISSA KRONE; MARCIA VENEGAS -)
GARCIA; DIANE DINUCCI; BROOKS)
18 TOWNSEND and JEANNIE TOWNSEND;)
DARREN RASHKIN and TIFFANY RASHKIN;)
19 SIMA SAEIDI and MEHRDAD SAEIDI;)
Individuals,)

20
21 Plaintiffs,

22 vs.

23 BROOKFIELD BARRINGTON, INC., a California
Corporation; BROOKFIELD BARRINGTON,
24 LLC, a Delaware Limited Liability Co.;
BROOKFIELD SHEFFIELD, INC., a California
Corporation; BROOKFIELD SHEFFIELD, LLC, a
25 Delaware Limited Liability Company;
BROOKFIELD HOMES SAN DIEGO, INC., a
26 California Corporation; DOES 1 - 100, inclusive,

27 Defendants.
28

CASE NO.
2008-00086579-CU-CD-CTL

**CONSTRUCTION DEFECT
FIRST AMENDED COMPLAINT
FOR:**

- 1) Strict Liability;
- 2) Strict Products Liability;
- 3) Negligence; and
- 4) Negligence Per Se

1 Plaintiffs allege:

2 **IDENTIFICATION OF PARTIES**

3 **Original Owners:**

4 1. At all times herein mentioned, Plaintiff **MARY DONN** was and is the original
5 owner of a single-family residence located on **Lot 85 of Tract 12950** in the City of Carlsbad,
6 County of San Diego, State of California.

7 2. At all times herein mentioned, Plaintiff **SUSAN SMITH** was and is the original
8 owner of a single-family residence located on **Lot 66 of Tract 12950** in the City of Carlsbad,
9 County of San Diego, State of California.

10 3. At all times herein mentioned, Plaintiffs **ROD HATEFI and AZIN HATEFI**
11 were and are the original owners of a single-family residence located on **Lot 3 of Tract 12950** in
12 the City of Carlsbad, County of San Diego, State of California.

13 4. At all times herein mentioned, Plaintiff **PAUL BURAK** was and is the original
14 owner of a single-family residence located on **Lot 111 of Tract 12950** in the City of Carlsbad,
15 County of San Diego, State of California.

16 5. At all times herein mentioned, Plaintiff **JOHNNY DANG** was and is the original
17 owner of a single-family residence located on **Lot 59 of Tract 12951** in the City of Carlsbad,
18 County of San Diego, State of California.

19 6. At all times herein mentioned, Plaintiffs **EHAB GERGES and**
20 **NEVIN GERGES** were and are the original owners of a single-family residence located on **Lot**
21 **166 of Tract 12951** in the City of Carlsbad, County of San Diego, State of California.

22 7. At all times herein mentioned, Plaintiff **BRADLEY RUBOTTOM** was and is the
23 original owner of a single-family residence located on **Lot 30 of Tract 12950** in the City of
24 Carlsbad, County of San Diego, State of California.

25 8. At all times herein mentioned, Plaintiffs **DUANE CONDER and JENNIFER**
26 **CONDER** were and are the original owners of a single-family residence located on **Lot 23 of**
27 **Tract 12950** in the City of Carlsbad, County of San Diego, State of California.

28 9. At all times herein mentioned, Plaintiff **PATRICIA MULLEN** was and is the

1 original owner of a single-family residence located on **Lot 85 of Tract 12950** in the City of
2 Carlsbad, County of San Diego, State of California.

3 10. At all times herein mentioned, Plaintiff **STEVEN GREEN** was and is the
4 original owner of a single-family residence located on **Lot 29 of Tract 12951** in the City of
5 Carlsbad, County of San Diego, State of California.

6 11. At all times herein mentioned, Plaintiff **ASAD ASHRAF** was and is the
7 original owner of a single-family residence located on **Lot 47 of Tract 12951** in the City of
8 Carlsbad, County of San Diego, State of California.

9 12. At all times herein mentioned, Plaintiff **MICHAEL HARTSHORN and**
10 **MELINDA HARTSHORN** were and are the original owners of a single-family residence located
11 on **Lot 101 of Tract 12950** in the City of Carlsbad, County of San Diego, State of California.

12 13. At all times herein mentioned, Plaintiff **CHRISTOPHER VONHUBEN and**
13 **STEFANI VONHUBEN** were and are the original owners of a single-family residence located on
14 **Lot 180 of Tract 12951** in the City of Carlsbad, County of San Diego, State of California.

15 14. At all times herein mentioned, Plaintiff **ZHILA ZABOORI** was and is the original
16 owner of a single-family residence located on **Lot 90 of Tract 12951** in the City of Carlsbad,
17 County of San Diego, State of California.

18 **Subsequent Owners:**

19 15. At all times herein mentioned, Plaintiffs **RAYMOND PALILEO and CHRISTINE**
20 **PALILEO** were and are the subsequent owners of a single-family residence located on **Lot 1 of**
21 **Tract 12951** in the City of Carlsbad, County of San Diego, State of California.

22 16. At all times herein mentioned, Plaintiffs **TROY RICE and MELLISA RICE** were
23 and are the subsequent owners of a single-family residence located on **Lot 89 of Tract 12950** in the
24 City of Carlsbad, County of San Diego, State of California.

25 17. At all times herein mentioned, Plaintiffs **MICHAEL FLICKINGER and JANE**
26 **FLICKINGER** were and are the subsequent owners of a single-family residence located on **Lot 59**
27 of **Tract 12950** in the City of Carlsbad, County of San Diego, State of California.
28

1 18. At all times herein mentioned, Plaintiff **STEVEN DONOVAN and MELISSA**
2 **KRONE** were and are the subsequent owners of a single-family residence located on Lot 52 of Tract
3 **12950** in the City of Carlsbad, County of San Diego, State of California.

4 19. At all times herein mentioned, Plaintiff **MARCIA VENEGAS - GARCIA** was and
5 is the subsequent owner of a single-family residence located on Lot 296 of Tract **12951** in the City
6 of Carlsbad, County of San Diego, State of California.

7 20. At all times herein mentioned, Plaintiff **DIANE DINUCCI** was and is the subsequent
8 owner of a single-family residence located on Lot 283 of Tract **12951** in the City of Carlsbad,
9 County of San Diego, State of California.

10 21. At all times herein mentioned, Plaintiffs **BROOKS TOWNSEND and JEANNIE**
11 **TOWNSEND** were and are the subsequent owners of a single-family residence located on Lot 16
12 of Tract **12950** in the City of Carlsbad, County of San Diego, State of California.

13 22. At all times herein mentioned, Plaintiffs **DARREN RASHKIN and TIFFANY**
14 **RASHKIN** were and are the subsequent owners of a single-family residence located on Lot 46 of
15 Tract **12951** in the City of Carlsbad, County of San Diego, State of California.

16 23. At all times herein mentioned, Plaintiffs **SIMA SAEIDI and MEHRDAD SAEIDI**
17 were and are the subsequent owners of a single-family residence located on Lot 93 of Tract **12951**
18 in the City of Carlsbad, County of San Diego, State of California.

19 24. All parties identified above as Plaintiffs, or who may be named as Plaintiffs by
20 subsequent amendment(s) to this Complaint, are collectively referred to as "PLAINTIFFS."

21 25. PLAINTIFFS are informed and believe, and thereon allege, that all residences
22 identified above are located in City of Carlsbad.

23 26. PLAINTIFFS are informed and believe, and thereon allege, that at all times herein
24 mentioned, Defendant **BROOKFIELD BARRINGTON, INC.**, is and at all relevant times was, a
25 California Corporation, organized and existing under the laws of the State of California, and was and
26 is doing business in the County of San Diego, State of California. PLAINTIFFS are informed and
27 believe, and thereon allege, that **BROOKFIELD BARRINGTON, INC.**, also owned, planned,
28 developed, constructed, manufactured, maintained, marketed and sold the residences within the
DEVELOPMENT. **BROOKFIELD BARRINGTON, INC.** will be referred to as the ("Developer").

1 27. PLAINTIFFS are informed and believe, and thereon allege, that at all times herein
2 mentioned, Defendant **BROOKFIELD BARRINGTON, LLC**, is and at all relevant times was, a
3 Delaware Limited Liability Company, organized and existing under the laws of the State of
4 California, and was and is doing business in the County of San Diego, State of California.
5 PLAINTIFFS are informed and believe, and thereon allege, that **BROOKFIELD BARRINGTON,**
6 **LLC**, also owned, planned, developed, constructed, manufactured, maintained, marketed and sold
7 the residences within the DEVELOPMENT. **BROOKFIELD BARRINGTON, LLC** will also be
8 referred to as the ("Developer")

9 28. PLAINTIFFS are informed and believe, and thereon allege, that at all times herein
10 mentioned, Defendant **BROOKFIELD SHEFFIELD, INC.**, is and at all relevant times was, a
11 California Corporation, organized and existing under the laws of the State of California, and was and
12 is doing business in the County of San Diego, State of California. PLAINTIFFS are informed and
13 believe, and thereon allege, that **BROOKFIELD SHEFFIELD, INC.**, also owned, planned,
14 developed, constructed, manufactured, maintained, marketed and sold the residences within the
15 DEVELOPMENT. **BROOKFIELD SHEFFIELD, INC.** will also be referred to as the
16 ("Developer")

17 29. PLAINTIFFS are informed and believe, and thereon allege, that at all times herein
18 mentioned, Defendant **BROOKFIELD SHEFFIELD, LLC**, is and at all relevant times was, a
19 Delaware Limited Liability Company, organized and existing under the laws of the State of
20 California, and was and is doing business in the County of San Diego, State of California.
21 PLAINTIFFS are informed and believe, and thereon allege, that **BROOKFIELD SHEFFIELD,**
22 **LLC**, also owned, planned, developed, constructed, manufactured, maintained, marketed and sold
23 the residences within the DEVELOPMENT. **BROOKFIELD SHEFFIELD, LLC**, will also be
24 referred to as the ("Developer").

25 30. PLAINTIFFS are informed and believe, and thereon allege, that at all times herein
26 mentioned, Defendant **BROOKFIELD HOMES SAN DIEGO, INC.**, is and at all relevant times
27 was, a California Corporation, organized and existing under the laws of the State of California, and
28 was and is doing business in the County of San Diego, State of California. PLAINTIFFS are
informed and believe, and thereon allege, that **BROOKFIELD HOMES SAN DIEGO, INC.**, also

1 owned, planned, developed, constructed, manufactured, maintained, marketed and sold the residences
2 within the DEVELOPMENT. **BROOKFIELD HOMES SAN DIEGO, INC.**, will be referred to
3 as the ("General Contractor").

4 31. PLAINTIFFS are further informed and believe, and thereon allege, that at all times
5 herein mentioned, DEVELOPERS owned, planned, developed, constructed, manufactured,
6 maintained, marketed and sold the residences within the CALAVERA HILLS VILLAGE
7 Development, ("Development").

8 32. The true names or capacities, whether individual, corporate, associate, or otherwise,
9 of Defendants named herein fictitiously as DOES 1 through 100, inclusive, are unknown to Plaintiffs.
10 Plaintiffs are informed and believe, and based thereon allege, that each of the fictitiously named
11 Defendants is in some way liable to Plaintiffs for defectively constructing their homes and therefore
12 sue these Defendants by such fictitious names. Specifically, but without limitation, these fictitious
13 Defendants include corporations, partnerships, and individuals acting as developers, general
14 contractors, subcontractors, architects, engineers, and material manufacturers and/or suppliers.
15 Plaintiffs will amend this Complaint to show the true and correct names and capacities of these
fictitiously named Defendants when they have been ascertained.

16 33. Defendants, and each of them, were the agents, employees and representatives of each
17 other in doing the things alleged herein and in so doing were acting within the scope of their
18 respective authority and agency as agents, employees, and representatives, and are jointly and
19 severally liable to Plaintiffs. Alternatively, each Defendant ratified, condoned, and approved of the
20 activities of every other Defendant. Further, any reference to a specifically named Defendant includes
21 a reference to each fictitiously named Defendant.

22 34. Plaintiffs are also informed and believe, and based thereon allege, that:

23 A. DEVELOPERS and DOES 1 through 25, inclusive, were developers of mass-
24 produced residential housing and subject to construction defect liability under strict liability and
25 negligence causes of action;

26 B. DOES 26 through 50, inclusive, were manufacturers, suppliers or distributors of
27 products and/or component parts, used in the construction of the homes and subject to strict liability;
28

1 C. DOES 51 through 100, inclusive, were contractors, subcontractors, or professionals
2 engaged in the construction of residential housing and subject to liability for negligence;

3 D. The soil grading reports, site grading plans, and grading operations performed on the
4 DEVELOPMENT affect all of the homes;

5 E. The DEVELOPMENT consisted of various models, with standard components and
6 fixtures as referenced to in this Complaint;

7 F. The construction defects complained of concern standard components for the
8 DEVELOPMENT including, as an example only and without limitation, leaking roofs, leaking
9 windows, leaking showers/tubs, stucco cracks, cracks in concrete slabs, defective or leaking plumbing
10 and plumbing fixtures, defective HVAC units, electrical systems failures, and similar type
11 components, defective chimneys, defective fencing, and similar types of components; and

12 G. At Plaintiffs' request, Defendants, have in many cases, attempted repairs on the
13 standard components without success.

14 BACKGROUND FACTS

15 35. Plaintiffs are informed and believe, and thereon allege, that the Sycamore Springs
16 Development consists of approximately 110 homes built in 1999-2001, inclusive, in the City of
17 Carlsbad, County of San Diego, State of California, including Plaintiffs' homes (collectively
18 "Homes").

19 36. Plaintiffs purchased their Homes within 10 years of the filing of this Complaint.

20 37. Within the time allowed under the Civil Code of Procedure, Plaintiffs became aware
21 of construction defects as alleged herein.

22 38. Defendants attempted repairs on some of the defective conditions, which repairs have
23 tolled the statute of limitations. DEVELOPERS repeatedly promised to repair the defective
24 conditions, causing Plaintiffs to delay the filing of this Complaint and therefore, DEVELOPERS are
25 equitably estopped to now assert a statute of limitations as a defense.

26 FIRST CAUSE OF ACTION

27 (Strict Liability - Against All Developer Defendants)

28 39. Plaintiffs incorporate by reference each allegation contained in all previous
paragraphs as though fully set forth herein.

1 40. At all times prior to the sale of the Homes, the Defendants, and each of them, were
2 involved in the planning, construction, marketing, inspection, mass distribution and sale of the Homes
3 to the public, or were manufacturers of component parts used in the manufacturing of Homes.

4 41. The Defendants, and each of them, were and now are builders, developers, merchants,
5 manufacturers, mass-producers, dealers, sellers and mass-distributors of housing to the public for
6 profit. Buyers of the Homes were led to and reasonably did conclude that the Defendants, and each
7 of them, were skilled in the task and effort of building, developing, manufacturing, inspecting,
8 creating, marketing, selling and distributing residential housing, or manufacturing the component
9 parts that would be used in the construction of Homes.

10 42. Defendants, and each of them, knew that the Homes, including their various
11 components, would be purchased and used by the owners without sufficient inspection to determine
12 the existence of any defects.

13 43. It was the intent of the Defendants, and each of them, to accomplish, and Defendants
14 accomplished, the planning, construction, marketing, inspection, mass distribution and sale of the
15 DEVELOPMENT Homes to the public. Plaintiffs are informed and believe that the Defendants, and
16 each of them, had an interest in the outcome of the DEVELOPMENT Homes and the subsequent sale
17 and distribution of the Homes to members of the public.

18 44. Plaintiffs are also informed and believe, and based thereon allege, that Defendants, and
19 each of them, knew and intended that the Homes would be used as family residences, and knew and
20 intended that the various component parts as alleged in the preceding paragraphs would be
21 incorporated into the DEVELOPMENT Homes so that purchasers of the Homes would have
22 watertight, stable, secure, useful and otherwise habitable dwelling residences.

23 45. Plaintiffs are further informed and believe, and based thereon allege, that the Homes
24 have and are experiencing the following construction failures and deficiencies:

25 A. Substantial cracking of concrete slabs, exterior stucco cracking and interior drywall
26 due to continuous shifting, settling and/or expansion of surface and subgrade soils;

27 B. Substantial cracking and/or efflorescence of concrete driveways, walkways and patios
28 due to continuous shifting, settling and/or expansion of surface and subgrade soils;

 C. Interior and exterior floor surfaces and door frames have warped and become uneven

1 due to shifting, settling and/or expansion of surface and subgrade soils;

2 D. Defective windows and window installation, including window condensation, sliding
3 glass doors, sliding windows, and other windows, resulting in staining and/or deterioration of drywall,
4 mildew, and collection of water within the wall framing itself;

5 E. Inadequate design of shower and bath enclosures, causing leakage and severe water
6 damage to the adjacent dry wall and other building components, resulting in mold, mildew, dry rot and
7 other deterioration;

8 F. Defective plumbing and sinks, causing leakage, rusting and chipping of the porcelain
9 and water stains and deterioration to the drywall and other building components;

10 G. Cracked and defective toilets, causing leakage, rusting and chipping of the porcelain
11 and water stains on the drywall;

12 H. Defective bathroom and kitchen tile counter top and cabinetry installation, causing
13 cracks and gaps in the grout and tile;

14 I. Defective, cracked and poorly installed roofing, causing leaks, structural damage,
15 moisture damage to adjacent components and building materials and potential physical harm from
16 materials falling from the roof;

17 J. Warped, stained, and water damaged garage and other exterior doors;

18 K. HVAC and electrical systems failure; and

19 L. Other construction and product defects, unknown at this time, that may be
20 discovered during the pendency of this action.

21 46. PLAINTIFFS are informed and believe, and based thereon allege, that other
22 construction deficiencies exist throughout the DEVELOPMENT Homes. PLAINTIFFS are
23 investigating the extent of these presently unknown construction deficiencies and, when identified,
24 will include them in this action by amendment or by proof at trial.

25 47. The construction deficiencies set forth in the preceding paragraphs continue to
26 deteriorate and to degrade, and the damages will continue in the future. PLAINTIFFS have also
27 suffered damage to personal property to an extent and in an amount to be shown according to proof
28 at trial.

1 48. PLAINTIFFS are informed and believe, and based thereon allege, that Defendants, and
2 each of them, at all times herein mentioned, knew that the Homes, including the various components
3 as alleged in this Complaint, would be conveyed and purchased for use by PLAINTIFFS without
4 sufficient inspection to determine the existence of any defects.

5 49. PLAINTIFFS are also informed and believe, and based thereon allege, that the
6 construction deficiencies described in the preceding paragraphs were and are latent deficiencies
7 within the meaning of California Code of Civil Procedure §337.15 and were not apparent by
8 reasonable inspection at the time the DEVELOPMENT Homes were sold, or three years prior to the
9 filing of this Complaint.

10 50. PLAINTIFFS have given notice to the Defendants of the construction deficiencies set
11 forth in the preceding paragraphs within a reasonable time after discovery and on more than one
12 occasion. Defendants have failed and refused to complete necessary repairs and/or made inadequate
13 repairs since completion of the Homes. Defendants have assured PLAINTIFFS that their complaints
14 were improper, that the defective conditions were "normal" and not defective or that the Defendants
15 had adequately and properly repaired and resolved the problems, thereby estopping PLAINTIFFS
16 from taking action prior to the filing of this Complaint. It was only shortly before the filing of this
17 Complaint that PLAINTIFFS appreciated the nature and extent of these conditions.

18 51. As a result of the construction deficiencies identified in the preceding paragraphs,
19 PLAINTIFFS have or will sustain damages as set forth in the prayer.

20 **SECOND CAUSE OF ACTION**
21 **(Strict Product Liability - Against All Defendants)**

22 52. PLAINTIFFS incorporate by reference each allegation contained in all previous
23 paragraphs as though fully set forth herein.

24 53. PLAINTIFFS are informed and believe, and based thereon allege that at all times
25 herein mentioned, Defendants were manufacturers of finished products and component parts which
26 were placed into the stream of commerce by Defendants, including but not limited to, windows and
27 window components, bathroom and kitchen sinks, shower pans, HVAC components, fireplace boxes,
28 electrical components, and other products not presently identified. Some of the DOE Defendants
manufactured the products to their own plans and specifications and sold them to real estate

1 developers and contractors. These products were then placed into the stream of commerce as alleged
2 above.

3 54. PLAINTIFFS are informed and believe, and based thereon allege, that these DOE
4 Defendants, and each of them, knew that the various manufactured products and components would
5 be incorporated into the construction of the DEVELOPMENT and would be purchased and used
6 without sufficient inspection to determine the existence of any defects.

7 55. PLAINTIFFS are informed and believe, and based thereon allege that it was the intent
8 of these Defendants, and each of them, to accomplish, and Defendants eventually did accomplish, the
9 manufacturing, supplying and distributing, mass distribution and sale of component parts. These
10 products were ultimately sold to the public upon sale of the individual homes in the
11 DEVELOPMENT.

12 56. PLAINTIFFS are informed and believe, that Defendants, and each of them, knew and
13 intended that the various component parts as alleged in the preceding paragraphs would be
14 incorporated into single family residences such as the Homes in the DEVELOPMENT.

15 57. PLAINTIFFS are also informed and believe, and based thereon allege, that there may
16 be further defective conditions associated with the components in the DEVELOPMENT which may
17 be discovered prior to trial and which will be the subject of further proof.

18 58. PLAINTIFFS are further informed and believe, and based thereon allege, that the
19 above-referenced defects with the manufactured products and components have no relationship to the
20 manner of installation or the workmanship used in installation.

21 59. PLAINTIFFS are also informed and believe, and based thereon allege, that the
22 construction deficiencies described in the preceding paragraphs were and are latent deficiencies
23 within the meaning of California Code of Civil Procedure § 337.15 and were not apparent by
24 reasonable inspection at the time the Homes were sold, or three years prior to the filing of this
25 Complaint.

26 60. PLAINTIFFS are informed and believe, and based thereon allege, that the above-
27 referenced products and conditions are the result of defects in design and/or manufacture and
28 assembly, or some combination of both, and that they were present when the manufactured products
left the control of the Defendants, and each of them.

1 61. As a result of the defective products and components identified in the preceding
2 paragraphs, PLAINTIFFS have or will sustain damages as set forth in the prayer.

3 **THIRD CAUSE OF ACTION**
4 **(Negligence - Against All Defendants)**

5 62. PLAINTIFFS incorporate by reference each allegation contained in all previous
6 paragraphs as though fully set forth herein.

7 63. Defendants, and each of them, were under a duty to exercise ordinary care as
8 developers, designers, engineers and/or contractors to avoid reasonably foreseeable injury to users
9 and purchasers of the Homes. Defendants, and each of them, knew or should have foreseen with
10 reasonable certainty that purchasers and/or users would suffer monetary and non-monetary damages,
11 as set forth herein, if Defendants failed to perform their duties to cause the Homes to be constructed
12 in a proper and workmanlike manner.

13 64. PLAINTIFFS are informed and believe, and based thereon allege, that Defendants, and
14 each of them, negligently built, inspected, tested, designed, graded or otherwise constructed the
15 Homes including soil building pads, concrete slabs, concrete foundations, windows, sliding glass
16 doors, shower and tubs, plumbing, fencing, exterior stucco and related portions of the structures.

17 65. As a result of the Defendants' negligent performance of their services as alleged
18 herein, the Homes have failed, become defective, and been damaged.

19 66. PLAINTIFFS discovered these damages, and negligent design and construction, within
20 the time allowed under Code of Civil Procedure §337.15.

21 67. As a result of the negligence of the Defendants, and each of them, as alleged herein,
22 PLAINTIFFS, have sustained and will sustain damages as alleged in the prayer.

23 **FOURTH CAUSE OF ACTION**
24 **(Negligence Per Se Against All Defendants)**

25 68. The Plaintiffs allege and incorporate by reference each and every allegation contained
26 in all previous paragraphs as though fully set forth herein.

27 69. The Plaintiffs are informed and believe, and based thereon allege, that the Defendants,
28 and each of them, violated one or more building code regulations or ordinances in the design or
construction of the homes.

1 70. The Plaintiffs are further informed and believe, and based thereon allege, that said
2 building code regulations and ordinances, including but not limited to the Uniform Building Code,
3 are mandated by various governmental and quasi-governmental entities having jurisdiction over the
4 construction of residential housing in the city of Carlsbad, County of San Diego, State of California,
5 for the purpose of ensuring that residential housing, including the homes, is constructed in a
6 watertight, stable, secure, sanitary, useful and otherwise habitable manner. By the way of example
7 and without limitation, and Defendants violated certain codes and ordinances, as to which discovery
8 and investigation are continuing, including Sec. 1707 (a), 1985 Ed. Uniform Building Code, relating
9 to the water intrusion around sliding glass doors; Sec. 1707 (a), 1985 Uniform Building Code, relating
10 to window leaks; Chapter 32, 1985 Ed. Uniform Building Code and Manufacturer's Specifications,
11 relating to loose tiles at valleys, sidewalls and around penetrations; Chapter 32, 1985 Ed. Uniform
12 Building Code, relating to the omittance of flexible flashing at soil and 'B' vent penetrations.

13 71. As a result of the violation of one or more building code regulations or ordinances by
14 the Defendants, and each of them, as alleged herein above, the Plaintiffs have sustained and will
15 sustain damages as set forth in the prayer.

16 ///

17 ///

18 ///

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

1 PRAYER

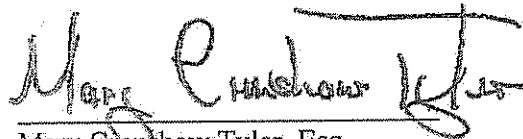
2 WHEREFORE, PLAINTIFFS pray for judgment against Defendants, and each of them, jointly and
3 severally, as follows:

- 4
- 5 A. For compensatory damages for repairs and resulting damage in excess of \$1,000,000;
- 6 B. For investigative expenses including, but not limited to, architectural and engineering
7 investigation, in excess of \$1,500,000.
- 8 C. For compensation for damages to personal property, according to proof at trial;
- 9 D. For cost of prior repairs, according to proof at trial;
- 10 E. For interest thereon at the maximum legal rate; and
- 11 F. For costs of suit herein incurred.

12 DATED: August 18, 2008

ANDERSON & KRIGER

13
14
15 By:



16 Mary Crenshaw Tyler, Esq.
17 Attorney for Plaintiff Mary Donn, et al.

EXHIBIT B

1 SHAWN D. MORRIS./ BAR NO. 134855
2 ALISA N. KERR/BAR NO. 222500
3 MORRIS, SULLIVAN & LEMKUL LLP
4 9915 Mira Mesa Boulevard, Suite 300
5 San Diego, CA 92131
6 (858) 566-7600/ FAX (858) 566-6602

7 Attorneys for Defendants BROOKFIELD BARRINGTON INC., a California Corporation;
8 BROOKFIELD BARRINGTON LLC, a Delaware Limited Liability Company; BROOKFIELD
9 SHEFFIELD INC., a California Corporation; BROOKFIELD SHEFFIELD LLC, a Delaware
10 Limited Liability Company; and BROOKFIELD HOMES SAN DIEGO INC., a California
11 Corporation

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN DIEGO

MARY DONN, et al.

Plaintiffs,

v.

BROOKFIELD BARRINGTON, INC., a
California Corporation; et al.

Defendants.

BROOKFIELD BARRINGTON INC., a
California Corporation; BROOKFIELD
BARRINGTON LLC, a Delaware Limited
Liability Company; BROOKFIELD
SHEFFIELD INC., a California
Corporation; BROOKFIELD SHEFFIELD
LLC, a Delaware Limited Liability
Company; and BROOKFIELD HOMES
SAN DIEGO INC., a California Corporation

Cross-Complainants,

v.

A.J.K. INSTALLATIONS; ABC WINDOW
COMPANY; ADVANTAGE ELECTRIC;
ALL SECURE CUSTOM HOME
ELECTRONICS; BARDON
ENTERPRISES; BENCHMARK
LANDSCAPE, INC.; BURNEY & SON
PLUMBING, INC.; CMD GROUP, INC.;

CASE NO. 2008-00086579-CU-CD-CTL

**BROOKFIELD BARRINGTON INC.'S,
BROOKFIELD BARRINGTON LLC'S,
BROOKFIELD SHEFFIELD INC.'S,
BROOKFIELD SHEFFIELD LLC'S, AND
BROOKFIELD HOMES SAN DIEGO
INC.'S CROSS-COMPLAINT FOR:**

- 1) EXPRESS INDEMNITY
- 2) IMPLIED INDEMNITY
- 3) EQUITABLE INDEMNITY
- 4) BREACH OF CONTRACT,
INDEMNITY
- 5) BREACH OF CONTRACT,
INSURANCE
- 6) BREACH OF CONTRACT,
WARRANTY
- 7) BREACH OF EXPRESS
AND IMPLIED
WARRANTIES
- 8) NEGLIGENCE
- 9) APPORTIONMENT
- 10) DECLARATORY RELIEF

Complaint filed: September 23, 2008

I/C Judge: Hon. Ronald L. Styn
Dept: 62

1 CREATIVE TOUCH INTERIORS;
CROWTHER PRENTISS
2 CORPORATION; D.L. OLSEN &
ASSOCIATES, INC.; DAVE NORTON
3 GRADING; DON ELECTRIC, INC.;
EXCEL PLUMBING, INC.; FOOTHILL
4 DRYWALL, INC.; GARRIS PLASTERING;
GOLDEN STATE FENCE; HL MASONRY
5 BUILDERS, INC.; HNR FRAMING
SYSTEMS; HOMESTEAD SHEET
6 METAL; HOUSE SUPPLY, INC.;
INTERIOR SPECIALIST; JENSTAR
7 ENTERPRISES, INC., DBA WESTERN
DOOR; JUST-STAR CONSTRUCTION;
8 MACORD CONSTRUCTION, INC.;
MAYER ROOFING, INC.; MJB HEATING
9 & AIR CONDITIONING; MOUNTAIN AIR,
INC.; MUELLER LEWIS CONCRETE,
10 INC.; NORTH COUNTY TILE; PARADISE
ELECTRIC; PARAGON INSULATION;
11 PETERSEN-DEAN, INC.; PETERSON
BROTHERS CONSTRUCTION, INC.;
12 QUALITY PLASTERING COMPANY; RAY
WHITE CEMENT; REGAL CULTURED
13 MARBLE, INC.; SAN DIEGO MIRROR &
TRIM; SCHMID INSULATION
14 CONTRACTORS; SIERRA PAINTING;
SUNSTATE TILE CONTRACTORS, INC.;
15 TERRA FIRMA LANDSCAPE COMPANY;
THE SHOWER PAN MAN; TOMKINS
16 INDUSTRIES, INC. DBA LASCO
BATHWARE; WESTERN OVERHEAD
17 DOORS, and ROES 1 - 100,

18 Cross-Defendants.

19
20 Defendants BROOKFIELD BARRINGTON INC., a California Corporation;
21 BROOKFIELD BARRINGTON LLC, a Delaware Limited Liability Company; BROOKFIELD
22 SHEFFIELD INC., a California Corporation; BROOKFIELD SHEFFIELD LLC, a Delaware
23 Limited Liability Company; and BROOKFIELD HOMES SAN DIEGO INC., a California
24 Corporation,, (hereinafter collectively referred to as "BROOKFIELD"), allege as follows:

25 ///

26 ///

27 ///

I.

FIRST CAUSE OF ACTION

(Express Indemnity Against All Cross-Defendants)

1. Cross-Complainant, BROOKFIELD BARRINGTON INC., a California Corporation, is and at all times herein mentioned was a corporation organized and existing under the laws of the State of California.

2. Cross-Complainant, BROOKFIELD BARRINGTON LLC, a Delaware Limited Liability Company, is and at all times herein mentioned was a corporation organized and existing under the laws of the State of California.

3. Cross-Complainant, BROOKFIELD SHEFFIELD INC., a California Corporation, is and at all times herein mentioned was a corporation organized and existing under the laws of the State of California.

4. Cross-Complainant, BROOKFIELD SHEFFIELD LLC, a Delaware Limited Liability Company, is and at all times herein mentioned was a corporation organized and existing under the laws of the State of California.

5. Cross-Complainant BROOKFIELD HOMES SAN DIEGO INC., a California Corporation, is and at all times herein mentioned was a corporation organized and existing under the laws of the State of California.

7. BROOKFIELD is informed and believes and thereupon alleges that Plaintiffs are all individuals who own single-family residences located in one of two developments located in the Carlsbad area of San Diego County, including the developments called Barrington and Sheffield.

9. BROOKFIELD is presently unaware of the true names or capacities of Cross-Defendants named herein as ROES 1-100, inclusive, ("Cross-Defendants") and BROOKFIELD will seek leave of Court to allege their true names and capacities after they have been ascertained. BROOKFIELD is informed and believes and thereupon alleges that each of the Cross-Defendants disputes BROOKFIELD's contentions that they are in

1 some manner legally responsible for the acts and omissions alleged herein and that Cross-
2 Defendants actually and legally caused and contributed to various injuries and damages
3 referred to herein.

4 10. BROOKFIELD is informed and believes and thereon alleges that at all times
5 mentioned herein, each of the Cross-Defendants was the agent, servant, partner, joint
6 venturer, and/or employee of each of the other Cross-Defendants, and in doing the things
7 hereinafter alleged, were acting within the course and scope of said agency and/or
8 employment, and with the permission and consent, express and/or implied, of the other
9 Cross-Defendants herein, and each of them, with respect to all matters referred to herein.
10 BROOKFIELD is informed and believes and thereon alleges that Cross-Defendants, A.J.K.
11 INSTALLATIONS; ABC WINDOW COMPANY; ADVANTAGE ELECTRIC; ALL SECURE
12 CUSTOM HOME ELECTRONICS; BARDON ENTERPRISES; BENCHMARK
13 LANDSCAPE, INC.; BURNEY & SON PLUMBING, INC.; CMD GROUP, INC.; CREATIVE
14 TOUCH INTERIORS; CROWTHER PRENTISS CORPORATION; D.L. OLSEN &
15 ASSOCIATES, INC.; DAVE NORTON GRADING; DON ELECTRIC, INC.; EXCEL
16 PLUMBING, INC.; FOOTHILL DRYWALL, INC.; GARRIS PLASTERING; GOLDEN STATE
17 FENCE; HL MASONRY BUILDERS, INC.; HNR FRAMING SYSTEMS; HOMESTEAD
18 SHEET METAL; HOUSE SUPPLY, INC.; INTERIOR SPECIALIST; JENSTAR
19 ENTERPRISES, INC., DBA WESTERN DOOR; JUST-STAR CONSTRUCTION; MACORD
20 CONSTRUCTION, INC.; MAYER ROOFING, INC.; MJB HEATING & AIR CONDITIONING;
21 MOUNTAIN AIR, INC.; MUELLER LEWIS CONCRETE, INC.; NORTH COUNTY TILE;
22 PARADISE ELECTRIC; PARAGON INSULATION; PETERSEN-DEAN, INC.; PETERSON
23 BROTHERS CONSTRUCTION, INC.; QUALITY PLASTERING COMPANY; RAY WHITE
24 CEMENT; REGAL CULTURED MARBLE, INC.; SAN DIEGO MIRROR & TRIM; SCHMID
25 INSULATION CONTRACTORS; SIERRA PAINTING; SUNSTATE TILE CONTRACTORS,
26 INC.; TERRA FIRMA LANDSCAPE COMPANY; THE SHOWER PAN MAN; TOMKINS
27 INDUSTRIES, INC. DBA LASCO BATHWARE; WESTERN OVERHEAD DOORS, and

1 ROES 1-100, inclusive, are and at all times herein mentioned were, either individuals, sole
2 proprietorships, partnerships, registered professionals, corporations, or other legal entities
3 which were licensed to do, and were doing business in, San Diego County, State of
4 California.

5 11. BROOKFIELD has denied the allegations of the Plaintiffs' First Amended
6 Complaint for Construction Defects, however, without admitting the allegations contained
7 therein, BROOKFIELD alleges that if it is found liable for any such damage to Plaintiffs,
8 then BROOKFIELD is informed and believes and thereupon alleges that such damage(s)
9 was primarily and ultimately caused by the acts, breaches, and omissions of
10 Cross-Defendants, and each of them; whereas in contrast to the acts of Cross-Defendants,
11 BROOKFIELD's acts, if any, were secondary, passive, or derivative in nature.

12 12. BROOKFIELD is informed and believes and thereupon alleges that it entered
13 into written agreements with Cross-Defendants, and each of them, attached as Exhibits "A"
14 and "B" which provide, in pertinent part, that all Cross-Defendants as subcontractors, will
15 defend and indemnify BROOKFIELD relative to claims arising from the work performed by
16 Cross-Defendants.

17 13. BROOKFIELD asserts that the contracts between BROOKFIELD and
18 Cross-Defendants contain express indemnity provisions. There were two contract used by
19 BROOKFIELD at the two developments at which Cross-Defendants performed their work.
20 A true and correct copy of the subcontracts are attached hereto as Exhibit "A" and Exhibit
21 "B", incorporated herein by reference. The work performed by Cross-defendants was
22 governed by one of these two agreements, depending on the particular project on which
23 each particular subcontractor worked. Each of the subcontract agreements provides that
24 Cross-Defendants shall indemnify BROOKFIELD against any and all claims arising out of
25 Cross-Defendants' work, and that Cross-Defendants will obtain certificates of insurance
26 naming Cross-Complainant BROOKFIELD as an additional named insured (with completed
27
28

1 operations coverage) under Cross-Defendants own insurance policies. Specifically,
2 Section H of Exhibit "A" states in relevant part as follows:

3
4 **R. INDEMNITY:** SUBCONTRACTOR shall at all times
5 indemnify and save BUILDER and OWNER harmless against
6 any and all liability through claims and liens for labor performed
7 or materials or equipment used on the job, including any costs
8 and expense for attorney fees and all incidental or
9 consequential damages resulting to BUILDER and OWNER
10 from such claims or liens. Further, in case suit on such claim is
11 brought. SUBCONTRACTOR shall defend said suit at
12 SUBCONTRACTOR's sole cost and expense and will pay and
13 satisfy any such claim or judgment as may be established by
14 the decision of the court in said suit. SUBCONTRACTOR
15 agrees within ten days after written demand to cause the effect
16 of any suit or lien to be removed from the premises, and in the
17 event SUBCONTRACTOR shall fail to do so, BUILDER is
18 authorized to use whatever means in its discretion it may deem
19 appropriate to cause said lien or suit to be removed or
20 dismissed and the cost thereof, together with any reasonable
21 attorney fees, shall be immediately due and payable to
22 BUILDER or OWNER by SUBCONTRACTOR.
23 SUBCONTRACTOR may litigate any such lien or suit provided
24 SUBCONTRACTOR causes the effect thereof to be removed,
25 promptly in advance, from the premises, and shall further do
26 such things as may be necessary to cause any monies due to
27 BUILDER by reason of such liens or suits not be withheld.

16 With the exception that the following provisions shall in no event
17 be construed to require indemnification by SUBCONTRACTOR
18 in excess of that permitted under the public policy of the State
19 of California. SUBCONTRACTOR shall indemnify, defend, and
20 save harmless BUILDER and OWNER and their agents and
21 servants, and each of them of and from:

20 1) any and all claims, demands, causes of action,
21 damages, costs, expenses, losses or liabilities, in
22 law or in equity, of every kind and nature
23 whatsoever (for, but not limited to, injury to or
24 death of SUBCONTRACTOR, any
25 SUBCONTRACTOR hereunder, or any employees
26 of BUILDER, SUBCONTRACTOR or any such
27 SUBCONTRACTOR, and damage to or
28 destruction of property of OWNER and BUILDER
arising out of or in any manner directly or indirectly
connected with the work to be performed under
this Condensed Subcontract Agreement,
howsoever caused, regardless of any negligence
of BUILDER or its agents or servants, be it active
or passive, except the sole negligence or wilful
misconduct of BUILDER or OWNER or its agents
or servants; and,

1 2) any and all penalties imposed on account of the
2 violation of any law or regulation, compliance with
3 which is left by this contract to the part of the
4 SUBCONTRACT.

5 SUBCONTRACTOR shall, at
6 SUBCONTRACTOR'S own cost, expense and
7 risk, defend any and all suits, actions or other
8 legal proceedings that may be brought or
9 instituted by third persons against BUILDER or
10 OWNER, their agents or servants, or any two or
11 more of them, on any such claim, demand or
12 cause of action of such third person, or to enforce
13 any such penalty, shall pay and satisfy any
14 judgement or decree that may be rendered
15 against BUILDER or OWNER and their agents
16 and servants for any and all legal expense
17 incurred by each of them in connection therewith
18 or in enforcing the indemnity granted in this
19 paragraph

20 Section 13 of Exhibit "B" states in relevant part as follows:

21 **SECTION 13: INDEMNITY.**

22 **13.1 INDEMNIFICATION AND DEFENSE OF BUILDER AND**
23 **PROJECT OWNER.** In connection with the performance of this
24 Subcontract Agreement, to the extent permitted by law, and
25 subject to the provision of Section 13.3 below, Subcontractor
26 shall indemnify, defend and hold harmless Builder and Project
27 owner and their officers, agents and employees from and
28 against any and all claims, losses, damages, demands, suits,
injuries and liabilities (regardless of legal theory alleged),
including all costs of litigation, mediation, arbitration and
attorney's fees, arising from or relating to (1) any failure by
Subcontractor to perform its obligations under this Subcontract
Agreement, (2) any damage suffered by Builder and/or Project
Owner and their officers, agents and employees relating to the
work performed by Subcontractor, (3) the death of or injury to
any person, or the damage to, or, loss of use of, loss of income
from, or destruction of any property however caused, regardless
of any negligence by Builder or the Project Owner and their
officers, agents, and employees be it active or passive, or by
the use of Builder's equipment, labor or facilities regardless of
whether (a) Builder shall have consented to such use, or (b) the
death, injury or damage shall have been caused by unsafe
conditions. The duty to defend herein shall arise immediately
upon such claim, loss, damage, demand, suit, injury or liability
being asserted against Builder and/or the Project Owner, and
their officers, agents and employees.

///

///

1 **13.2 RELEASE AND WAIVER OF CLAIMS.** To the extent
2 permitted by law, and subject to the provisions of Section 13.3
3 below, neither Builder nor the Project Owner or their officers,
4 agents or employees shall be liable to Subcontractor (and
5 Subcontractor hereby releases Builder and Project owner and
6 their officers, agents and employees therefrom, and
7 Subcontractor hereby waives all such claims against Builder
8 and/or the Project Owner and/or their officers, agents and
9 employees) for death of or injury to any person, or damage to or
10 loss of use off, loss of income from, or destruction or any
11 property, from any cause during the performance of this
12 Subcontract Agreement (including without limitation fire, earth
13 settlement, earthquake, theft, embezzlement, riot, or civil
14 commotion).

15 **13.3 SOLE NEGLIGENCE OR WILLFUL MISCONDUCT.** The
16 provisions of Sections 13.1 and 13.2 above shall not apply to
17 any claim or liability arising by reason of the sole negligence or
18 willful misconduct of Builder, the Project Owner or their officers,
19 agents or employees.

20 **13.4** Should any monetary claim legal action be instituted against Builder
21 within ten years, or thereafter if permitted by law, after completion of the
22 project by a homeowner or renter or the homeowners' or renters' assignee or
23 successor, or other person or entity, wherein the claim or action alleges a
24 breach of warranty or defect or poor workmanship in the construction,
25 express or implied, or concerns any claim or complaint as to the work
26 performed by Subcontractor, or not performed by Subcontractor where the
27 work should have been performed by Subcontractor, then Subcontractor shall
28 indemnify and reimburse Builder and be held strictly liable to Builder for any
money paid by Builder or Owner, or Builder's or Owner's insurance company,
by way of an adverse award or judgement or settlement, to any claimant pr
plaintiff should claimant or plaintiff prevail against Builder, and Subcontractor
shall pay to Builder its attorney fees actually incurred in the defense of such
claim or action. No release issued by Builder may or shall be considered a
defense of the claim or complaint alleging construction defects, or faulty
workmanship and/or faulty or defective materials, or problems in construction
not discovered during the course of construction.

1 14. BROOKFIELD is informed and believes and thereon alleges that the defects
2 and damages alleged by Plaintiffs in the underlying action involve defects and damages to
3 personal property, and BROOKFIELD is further informed and believes and thereon alleges
4 that all damages were caused by the acts or omissions of the Cross-Defendants, and
5 each of them, arising out of and in connection with the performance of Cross-Defendants'
6 obligations pursuant to the written contracts entered into by each of them with
7 BROOKFIELD.

15. As a result of the foregoing, BROOKFIELD is entitled to express indemnity, attorney's fees and costs from Cross-Defendants, and each of them.

16. BROOKFIELD has retained the services of MORRIS, SULLIVAN & LEMKUL LLP to defend the underlying action, and to prosecute this cross-action for, *inter alia*, indemnity, thereby incurring costs and attorney's fees in the defense of the underlying action and in the prosecution of this Cross-Complaint. BROOKFIELD will seek leave of Court to amend this Cross-Complaint to show the amount of costs and attorney's fees when that amount becomes known to BROOKFIELD; or BROOKFIELD will present such sums at the time of trial.

II.

SECOND CAUSE OF ACTION

(Implied Indemnity against all Cross-Defendants)

17. BROOKFIELD refers to and incorporates herein by reference paragraphs 1 through 16 as though fully set forth herein.

18. BROOKFIELD is informed and believes and thereon alleges that BROOKFIELD entered into written and/or oral agreements with Cross-Defendants, and each of them, to perform work and supply materials for the construction of Plaintiffs' homes. In connection with that retention and work, it was understood as between BROOKFIELD and its various subcontractors that the subcontractors and/or Cross-Defendants were experts in their respective trades, and would be primarily and solely responsible for their own work.

19. By reason of the foregoing, if Plaintiffs recover against BROOKFIELD, then BROOKFIELD is entitled to implied contractual indemnity from Cross-Defendants, and each of them, for injuries and damages sustained by BROOKFIELD, if any, for sums paid by way of settlement, or in the alternative, judgment rendered against BROOKFIELD in the underlying action based upon Plaintiffs' Complaint for Construction Defects.

///

1 III.

2 **THIRD CAUSE OF ACTION**

3 **(Equitable Indemnity Against All Cross-Defendants)**

4 20. BROOKFIELD refers to and incorporates by reference paragraphs 1 through
5 19, above, as though fully set forth herein.

6 21. In equity and good conscience, if Plaintiffs recover against BROOKFIELD,
7 then BROOKFIELD is entitled to equitable indemnity, apportionment of liability and
8 contribution among and from Cross-Defendants, and each of them, according to their
9 respective faults, for the injuries and damages allegedly sustained by BROOKFIELD, if
10 any, by way of sums paid by settlement, or in the alternative, judgment rendered against
11 BROOKFIELD in the underlying action based upon Plaintiffs' Complaint.

12 IV.

13 **FOURTH CAUSE OF ACTION**

14 **(Breach of Contract [Count One] Against All Cross-Defendants)**

15 22. BROOKFIELD refers to and incorporates by reference paragraphs 1 through
16 21, above, as though fully set forth herein.

17 23. BROOKFIELD is informed and believes and based thereon alleges that
18 pursuant to the terms of the written subcontract agreements entered between
19 BROOKFIELD and each Cross-Defendant, Cross-Defendants, and each of them,
20 undertook the obligation to perform their work in strict conformity with the plans and
21 specifications, the standards of the County of San Diego and other applicable governing
22 codes, rules and/or regulations. True and correct copies of the representative subcontract
23 agreements are attached hereto as Exhibit "A" and Exhibit "B" , and the subcontract
24 agreements are incorporated herein by reference.

25 24. BROOKFIELD has fully and faithfully performed all conditions, covenants,
26 and promises required to be performed by it in accordance with the terms and conditions of
27 these (representative) written contracts.

25. BROOKFIELD is informed and believes and based thereon alleges that Cross-Defendants, and each of them, have breached the terms of their written agreements by failing to comply with their contractual obligations including but not limited to, failing to perform their work in conformity with the written reports, plans, other contract documents and amendments thereto, specifications, and in conformance with the standards of the County of San Diego and any other applicable governing codes, rules and/or regulations.

26. As a direct and legal result of Cross-Defendants' breach of contract, BROOKFIELD has been damaged in a sum which is currently unascertainable. BROOKFIELD will seek leave of Court to amend this Cross-Complaint once such sums can be reasonably ascertained, or will present such information at the time of trial.

V.

FIFTH CAUSE OF ACTION

(Breach of Contract [Count Two] Against All Cross-Defendants)

27. BROOKFIELD refers to and incorporates by reference paragraphs 1 through 26 as though fully set forth herein.

28. BROOKFIELD is informed and believes and thereon alleges that pursuant to the terms of said written subcontract agreements as alleged above, Cross-Defendants, and each of them, undertook obligations per the Agreements attached hereto as Exhibit "A" and Exhibit "B", including but not limited to maintaining insurance policies naming Cross-Complainants as additional insureds under their respective policies of liability insurance. Specifically, Section K of representative subcontract agreement attached as Exhibit "A" provides in pertinent part as follows:

K. INSURANCE.

As evidence of specified insurance coverage, SUBCONTRACTOR shall deliver and BUILDER will accept certificates issued by SUBCONTRACTOR'S insurance carrier applicable to BUILDER showing such policies in force for the specified period, but BUILDER has the right to require SUBCONTRACTOR to submit for BUILDER'S review certified policies. Such evidence shall be delivered to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, California, 92014, promptly upon execution of this Condensed Subcontract Agreement or prior to commencement of work, whichever occurs first. Each policy and certificate

1 shall be subject to reasonable approval by BUILDER and shall provide that
2 such policy shall not be subject to material alteration to the detriment of
3 BUILDER or SUBCONTRACTOR or cancellation without thirty days' notice in
4 writing to be delivered by registered mail to BUILDER's corporate office
5 located at 12865 Pointe Del Mar, Suite 200, Del Mar, California, 92014. In
6 the cancellation section of the certificate of insurance, the
7 SUBCONTRACTOR shall delete the words "endeavor to" and "but failure to
8 mail such notice shall impose no obligation or liability of any kind upon the
9 company, its agents or representative." Should any policy expire or be
10 canceled before the expiration of this Condensed Subcontract Agreement
11 and SUBCONTRACTOR fails immediately to procure other insurance as
12 specified. BUILDER reserves the right, but shall have no obligation, to
13 procure such insurance and to deduct the cost thereof from any sum due
14 SUBCONTRACTOR under the this Condensed Subcontract Agreement.
15 BUILDER reserves the right to withhold payment should SUBCONTRACTOR
16 fail to comply with all of the insurance provisions described in this section

10 SUBCONTRACTOR shall maintain comprehensive or commercial general
11 liability insurance on an "occurrence" basis, with reasonably acceptable
12 deductibles, not to exceed Ten Thousand Dollars (\$10,000.00) with a
13 combined single limit for bodily injury and property damage of at least Five
14 Hundred Thousand Dollars (\$500,000.00), covering all operations,
15 independent SUBCONTRACTORS, products and completed operations,
16 contractual liability specifically covering liability assumed under this contract,
17 broad form property damage including completed operations, severability of
18 interest and cross-liability clauses, prior acts exclusion stating the general
19 liability shall not include any limitation of coverage and/or exclusion including
20 but not limited to prior acts exclusion and/or condominium/detached housing
21 exclusion, personal injury and explosion, collapse and underground hazards.
22 The limits of liability specified in this paragraph may be provided by any
23 combination of primary and excess liability insurance policies.

17 BUILDER and OWNER to be named as additional insured under all
18 requested policies and areas of coverage. We will only accept additional
19 insured endorsements that cover completed operations. SUBCONTRACTOR
20 shall promptly provide certificates and endorsements evidencing such
21 insurance coverage. The endorsements shall not be canceled for any reason
22 without 30 days' written notice to BUILDER. All insurance obtained by
23 SUBCONTRACTOR under this section shall be primary and non-contributing
24 with any insurance carried by BUILDER and/or OWNER.

22 SUBCONTRACTOR shall maintain any and all owned, hired and non-owned
23 automobile liability insurance covering all use of all automobiles, trucks and
24 other motor vehicles utilized by SUBCONTRACTOR in connection with this
25 Condensed Subcontract Agreement with a combined single limit for bodily
26 injury and property damage of One Million Dollars (\$1,000,000.00).

25 SUBCONTRACTOR shall maintain worker's compensation insurance,
26 including (a) employer's liability at a minimum limit of One Million Dollars
27 (\$1,000,000.00)
28 for all persons who it employs in carrying out the work under this Condensed
Subcontract Agreement. Such insurance shall be in strict accordance with
the requirements in the most current and applicable worker's compensation
insurance laws in effect from time to time at the project site.

SUBCONTRACTOR hereby waives all rights against BUILDER for damages caused by fire and other perils and risks to the extent covered by SUBCONTRACTOR's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to BUILDER and OWNER and such other parties as specifically listed as additional insureds identified herein.

Additionally, Section 14 of Exhibit "B" states:

SECTION 14: INSURANCE.

Prior to commencement of any Work under this Agreement, Subcontractor shall, at its sole expense, fully comply with the terms of this Section 14

14.1 GENERAL INSURANCE REQUIREMENTS . . .

All Insurance described under this Section 14 to be carried by Subcontractor will be maintained by Subcontractor at its sole expense with insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than an 'A' and financial rating of not less than '8' in the most current Best's Key Rating Guide. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of the subcontract Agreement or such longer period as may be specified herein. Should Subcontractor fail in whole or in part to comply with any of the requirements set forth in this Section 14, such a failure shall be deemed a material breach to this Subcontract Agreement thereby entitling Builder to all available legal remedies including, but not limited to, those set forth in Section 6. Subcontractor may provide the insurance described in this Section 14 in whole or in part through a policy or policies covering other liabilities and projects of Subcontractor: provided, however, that any such policy or policies shall: (a) allocate to the Project the full amount of insurance required hereunder, and (b) contain, permit or otherwise unconditionally authorize the waiver contained in Paragraph 14 of this Section 14.

///

///

///

///

///

///

///

///

1 **14.5 COMPREHENSIVE OR COMMERCIAL**
2 **GENERAL LIABILITY INSURANCE.** Subcontractor shall
3 maintain Comprehensive or Commercial General Liability
4 Insurance on an "occurrence" basis, with reasonably acceptable
5 deductibles, not to exceed \$10,000, with a combined single limit
6 for bodily injury and property damage of Two Million Dollars
7 (\$2,000,000), or limit carried whichever is greater, covering
8 Operations, Independent Subcontractors, Products and
9 Completed Operations (for 10 years after Final Acceptance),
10 Contractual Liability specifically covering the indemnification
11 contained in Section 13 of the Agreement, Broad Form Property
12 Damage including Completed Operations, Severability of
13 Interest and Cross Liability clauses, Prior Acts Exclusions
14 stating the General Liability policy shall not include any
15 limitation of coverage and/or exclusion including but not limited
16 to Prior Acts Exclusion and/or condominium/detached housing
17 exclusion, Personal Injury and Explosion, Collapse and
18 Underground Hazards (X,C,U). The limits of liability specified in
19 this paragraph may be provided by any combination of primary
20 and excess liability insurance policies.

21 **14.8 ADDITIONAL INSURED.** We will only accept
22 Additional Insured Endorsements that cover completed
23 operations. Builder shall be included as an additional insured
24 under the coverage specified in Paragraph 14.5, of this Section
25 14 with the following language included on the endorsement: It
26 is understood and agreed that coverage afforded by this policy
27 shall also apply to Brookfield Homes San Diego Inc., its officers,
28 directors, agents, employees, divisions, subsidiaries,
shareholders, partners, affiliated companies and owners, any
lender with an interest in said Project, and all other parties listed
as Indemnified Parties under the Subcontract Agreement with
Brookfield Homes San Diego Inc., all as additional insureds, but
only with respect to alleged legal liabilities or alleged claims
caused by, arising out of or resulting from the acts or omissions
of the named insured or of others performed on behalf of the
named insured.

29 **14.9 PRIMARY ENDORSEMENT.** The following
30 language must be included on endorsement: This Insurance is
31 primary and any other insurance maintained by such additional
32 insureds is noncontributing with this insurance as respects
33 claims or liability arising out of or resulting from the acts or
34 omissions of the named insured, or of others performed on
35 behalf of the named insured.

36 ///

37 ///

38 ///

39 ///

1 **14.11 RELATIONSHIP OF INSURANCE COVERAGE.**

2 The insurance required pursuant to this Section 14, shall, as far
3 as applicable, specifically insure Subcontractor's obligations
4 pursuant to Section 13, Indemnity, and, in particular and without
5 limitation, the liability insurance required pursuant to Section 14
6 shall insure Subcontractor's obligations pursuant to Section 13.
7 However, Subcontractor's obligations pursuant to Section 13
8 shall not be limited to the amount of insurance required of or
9 carried by Subcontractor pursuant to Section 14.

10 30. BROOKFIELD has fully performed all conditions, covenants, and promises
11 required to be performed by it in accordance with the terms and conditions of said written
12 agreements.

13 31. BROOKFIELD is informed and believes and based thereon alleges that
14 Cross- Defendants, and each of them, have breached said written contracts by refusing
15 and failing to comply with the contractual obligations to maintain liability insurance naming
16 BROOKFIELD as additional insureds under said policies.

17 32. As a direct and legal result of Cross-Defendants' breach of contract,
18 BROOKFIELD has been damaged in a sum which is currently unascertainable.
19 BROOKFIELD will seek leave of Court to amend this Cross-Complaint when such sums
20 can be reasonably ascertained, or will present such sums at the time of trial.

21 **VI.**

22 **SIXTH CAUSE OF ACTION**

23 **(Breach of Contract [Count Three] Against All Cross-Defendants)**

24 33. BROOKFIELD refers to and incorporates by reference paragraphs 1 through
25 32 as though fully set forth herein.

26 34. BROOKFIELD is informed and believes, and thereon alleges, that pursuant to
27 the terms of said written contracts as set forth in 13, *supra*, of this Cross-Complaint and
28 Section H of Exhibit "A" and Section 13 of Exhibit "B" Cross-Defendants, and each of them,
 undertook the obligation to defend BROOKFIELD against any and all suits, actions or legal
 proceedings brought by third persons against BROOKFIELD.

35. BROOKFIELD has fully performed all conditions, covenants, and promises required to be performed by it in accordance with the terms and conditions of said written agreements.

36. BROOKFIELD has tendered or hereby tenders the defense to said Cross-Defendants requesting a defense and said Cross-Defendants have refused said request.

37. BROOKFIELD is informed and believes, and based thereon alleges, that Cross-Defendants have breached said written contracts by refusing and failing to comply with their contractual obligations to defend BROOKFIELD for the allegations contained in Plaintiffs' Complaint.

38. As a direct and legal result of Cross-Defendants' breach of contract, BROOKFIELD has been damaged in a sum which is currently unascertainable. BROOKFIELD will seek leave to amend their Cross-Complaint once such sums can be reasonably ascertained, or will present such sums at the time of trial.

VIL

SEVENTH CAUSE OF ACTION

(Breach of Express and Implied Warranties Against All Cross-Defendants)

39. BROOKFIELD refers to and incorporates by reference paragraphs 1 through 38 as though fully set forth herein.

40. BROOKFIELD is informed and believes, and based thereon alleges, that Cross- Defendants, and each of them, impliedly and expressly warranted that all work performed pursuant to their written and/or oral agreements would be performed in a first class, workmanlike manner and in full compliance with the provisions and conditions of the oral and/or written agreements, written reports, plans, specifications, other contract documents, and amendments thereto.

41. BROOKFIELD relied upon said warranties and believed that said work was to be performed pursuant to said agreements and would be of first class, workmanlike

1 manner and in full compliance with the provisions and conditions of the oral and/or written
2 agreements, written reports, plans, specifications, other contract documents, and
3 amendments thereto.

4 42. BROOKFIELD is informed and believes and based thereon alleges that
5 Cross-Defendants, and each of them, breached said warranties by failing to perform in said
6 manner in that it has been alleged by Plaintiffs that the subject property is not of /
7 merchantable quality, but is defective in various respects as alleged in the Complaint.

8 43. As a legal result of the breach of express and implied warranties by
9 Cross-Defendants, and each of them, BROOKFIELD alleges that it will suffer damages in a
10 sum equal to any sums paid by settlement, or in the alternative, judgment rendered against
11 BROOKFIELD in the underlying action based upon Plaintiffs' Complaint.

12 44. If this Cross-Complaint will serve as notice of such conditions, then
13 BROOKFIELD is informed and believes and based thereon alleges that Cross-Defendants,
14 and each of them, will decline to acknowledge the responsibilities to repair the alleged
15 defects as referenced above.

16 **VIII.**

17 **EIGHTH CAUSE OF ACTION**

18 **(Negligence Against All Cross-Defendants)**

19 45. BROOKFIELD refers to and incorporates by reference paragraphs 1 through
20 44 as though fully set forth herein.

21 46. BROOKFIELD alleges that Cross-Defendants, and each of them, owed a
22 duty to BROOKFIELD to exercise reasonable care in performing their respective work at
23 the projects known as, Sheffield and Barrington, located in San Diego County, California.
24 Notwithstanding this duty, BROOKFIELD is informed and believes, and based thereon
25 alleges, that Cross-Defendants, and each of them, breached their duties to BROOKFIELD
26 by negligently, carelessly and wrongfully failing to use reasonable care in connection with
27 their work performance in the construction of the subject property. BROOKFIELD is further
28

1 informed, believes, and based thereon alleges, that Cross-Defendants, and each of them,
2 carelessly, negligently, and wrongfully failed to use reasonable care in discharging their
3 duties in the performance of their work and supply of their respective products in a
4 workmanlike manner in connection with the construction of the subject property.

5 47. As a direct and legal result of Cross-Defendants' negligence, BROOKFIELD
6 has been damaged in a sum which is currently unascertainable. BROOKFIELD will seek
7 leave of Court to amend this Cross-Complaint once such sums can be reasonably
8 ascertained, or will present such information at the time of trial.

9 IX.

10 NINTH CAUSE OF ACTION

11 (Apportionment Against All Cross-Defendants)

12 48. BROOKFIELD refers to and incorporates herein by reference paragraphs 1
13 through 47 as though fully set forth herein.

14 49. BROOKFIELD is entitled to apportionment of liability among
15 Cross-Defendants and ROE Defendants, and each of them.

16 ///

17 ///

18 ///

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

1 X.

2 **TENTH CAUSE OF ACTION**

3 **(Declaratory Relief Against All Cross-Defendants)**

4 50. BROOKFIELD refers to and incorporates herein by reference paragraphs 1
5 through 49 as though fully set forth herein.

6 51. A dispute has arisen and an actual controversy now exists between
7 BROOKFIELD and Cross-Defendants, and each of them, inasmuch as BROOKFIELD
8 contends it is entitled to express indemnity, implied indemnity, equitable indemnity,
9 contribution, apportionment; damages for breach of contract, damages for breach of
10 express and implied warranties, and damages for negligence, and all Cross-Defendants,
11 and each of them, deny such obligations.

12 52. BROOKFIELD desires a judicial determination of the respective rights and
13 duties of said Cross-Defendants in connection with the matters herein alleged, and a
14 judgment in BROOKFIELD's favor, as to any obligation by said Cross-Defendants, and
15 each of them, to BROOKFIELD herein.

16 **WHEREFORE**, BROOKFIELD prays for judgment as follows:

17 1. That BROOKFIELD be entitled to express indemnity from Cross-Defendants
18 and each of them;

19 2. That BROOKFIELD be entitled to implied indemnity from Cross-Defendants
20 and each of them;

21 3. That BROOKFIELD be entitled to equitable indemnity, apportionment and
22 contribution from Cross-Defendants, and each of them, in accordance with the respective
23 faults of each;

24 4. That BROOKFIELD be entitled to damages for breach of contract by the
25 Cross-Defendants, and each of them;

26 5. That BROOKFIELD be entitled to damages for breach of express and implied
27 warranties from the Cross-Defendants, and each of them;

1 6. That BROOKFIELD be entitled to damages for negligence from all
2 Cross-Defendants, and each of them;

3 7. That BROOKFIELD be entitled to apportionment of liability among
4 Cross-Defendants, and each of them;

5 8. That BROOKFIELD be granted a judicial declaration of its rights and
6 liabilities, as more fully set forth *supra*;

7 9. That BROOKFIELD be awarded attorney's fees based on contract and
8 pursuant to Civil Code Section 1717, Code of Civil Procedure Sections 1021, 1032 and
9 1021.6, as well as any other available remedy;

10 10. For costs of suit incurred herein; and

11 11. For such other and further relief as the court may deem just and proper.

12
13 Dated: 11/7/08

MORRIS, SULLIVAN & LEMKUL LLP

14
15 By: 

16 Shawn D. Morris
17 Alisa N. Kerr
18 Attorneys for Defendants
19 BROOKFIELD BARRINGTON INC., a
20 California Corporation; BROOKFIELD
21 BARRINGTON LLC, a Delaware Limited
22 Liability Company; BROOKFIELD
23 SHEFFIELD INC., a California Corporation;
24 BROOKFIELD SHEFFIELD LLC, a Delaware
25 Limited Liability Company; and BROOKFIELD
26 HOMES SAN DIEGO INC., a California
27 Corporation
28

Exhibit “A”

CONDENSED SUBCONTRACT AGREEMENT FOR CONSTRUCTION

This Agreement, made this 15th day of May, 2002, by and between BROOKFIELD HOMES SAN DIEGO INC., a California corporation, acting as General Contractor and hereinafter referred to as "Builder", and Bardon Enterprises, as a Subcontractor, is for the performance of part of the work in the following project:

PROJECT NAME & ADDRESS: Sheffield – Village "T"
Calavera Hills

PROJECT DESCRIPTION: Tracts #12951

PROJECT OWNER: Brookfield Sheffield Inc.

CONSTRUCTION LENDER: Wells Fargo Bank
ADDRESS & LOAN NUMBER: 401 "B" Street, Suite 304
San Diego, CA 92101

PROJECT BUILDER: BROOKFIELD HOMES SAN DIEGO INC.
12865 Pointe del Mar, Suite 200
Del Mar, California 92014
(619) 481-8500
(619) 794-6186

RECEIVED

MAY 29 2002

BROOKFIELD HOMES

PROJECT ARCHITECT: Case Group Architects

GEOTECHNICAL ENGINEER: Geosoils Inc.

PROJECT CIVIL ENGINEER: Hunsaker & Associates

ENERGY CONSULTANT: Haynal & Company, Inc.

PROJECT STRUCTURAL ENGINEER: Swanson & Associates

PROJECT LANDSCAPE ARCHITECT: Land Concern, Ltd.

SUBCONTRACTOR NAME, ADDRESS: Bardon Enterprises
9429 Abraham Way
Santee, CA 92071

SUBCONTRACTOR PHONE/FAX: 619.562.7100

SUBCONTRACTOR CONTACT:
GENERAL SUPERINTENDENT:
CUSTOMER SERVICE:
EMERGENCY AFTER HOURS PHONE:

TRADE: 51250 Plumbing

CONTRACT DOCUMENTS: Attachment "K" General Terms and Conditions
Contract Payment Schedule

BARDON ENTERPRISES

By: [Signature]
Title: [Signature]
Date: 5-24-02

Subcontractor
Initials [Signature] Date 5-24-02

BROOKFIELD HOMES SAN DIEGO INC.
A California corporation

By: [Signature]
Title: V.P. of Operations
Date: 5/23/02

Builders
Initials [Signature] Date [Signature]

B/D

The following GENERAL TERMS AND CONDITIONS are an express part of the agreement except where otherwise specifically noted and initialed by the parties.

A. WORK TO BE PERFORMED: The work subject to this Condensed Subcontract Agreement and materials furnished shall be in strict conformity with any and all applicable codes and specifications. SUBCONTRACTOR represents that he is thoroughly familiar with the scope and description of work to be performed pursuant to this contract and in the event that the work performed by the SUBCONTRACTOR does not meet the applicable building requirements and/or specifications, and a re-inspection is required as a result thereof, SUBCONTRACTOR agrees to pay the cost of such re-inspection and authorizes BUILDER to deduct said costs of such re-inspection from any monies due to SUBCONTRACTOR. No work is to be deemed completed until final inspection and approval by appropriate public agencies, as well as acceptance by BUILDER. Such acceptance and/or payment by BUILDER shall not bar any claims against SUBCONTRACTOR for defects in workmanship or materials or deviations from any applicable building codes and/or specifications. BUILDER assumes no liability for failure by the SUBCONTRACTOR to meet the applicable building codes and/or specifications and it is conclusively presumed that SUBCONTRACTOR is familiar with all said requirements and that the work to be performed or the materials to be furnished hereunder by SUBCONTRACTOR are to be in strict accordance with said building requirements and/or specifications. SUBCONTRACTOR shall bear the entire expense of complying with this paragraph and shall receive no extra or additional compensation therefor.

B. CONDITION OF PAYMENT: Before SUBCONTRACTOR shall be entitled to any intermediate or final payment under the terms of this Condensed Subcontract Agreement, SUBCONTRACTOR shall, if requested by BUILDER, first submit evidence in such forms as BUILDER may designate that everything in connection with the subcontract work, whether or not the same may have been furnished at the job site or elsewhere, has been fully paid for by the date of application for any payment and which shall cover the materials furnished, labor performed, services rendered, and equipment supplied, by all persons engaged in the execution of this subcontract work, whether or not such persons be agents, servants, or employees of SUBCONTRACTOR, and regardless of any contractual relationship between SUBCONTRACTOR and such persons furnishing labor and materials or equipment. In the event any such persons furnishing anything in connection with the subcontract work herein are unpaid or should such persons notify BUILDER of any unpaid amounts therefor, BUILDER, in addition to all other rights provided herein, shall have the right to withhold such unpaid amount of claim or claims out of the payments next becoming due to the SUBCONTRACTOR, and BUILDER shall have the right to make payments of said unpaid amounts and/or said claims and to deduct the sums thereof out of the next payments which may become due to the SUBCONTRACTOR. In lieu of furnishing such evidence as may be required by BUILDER, SUBCONTRACTOR may, at its option, furnish BUILDER with a surety company bond, satisfactory as to form, amount and surety which shall fully indemnify BUILDER against any loss or liability in connection with any of the foregoing matters.

C. CHANGES IN BASIC AGREEMENT: No extra work or changes under this Condensed Subcontract Agreement will be recognized or paid, unless agreed to in writing before the work is done or the change is made, and which writing shall be specified in detail the extra work or changes desired, the price to be paid, or the amount to be deducted should said change decrease the amount to be paid hereunder.

D. ALTERNATES: If SUBCONTRACTOR wishes to deviate from the requirements of any specifications as to materials and equipment to be furnished and the method of doing the work, SUBCONTRACTOR will obtain the written approval of BUILDER before proceeding with alternate methods of construction. If BUILDER approves any alternate proposed by SUBCONTRACTOR, SUBCONTRACTOR warrants that the alternate methods of performing the work or the materials to be used will achieve all performance standards established by the contract documents.

E. ARBITRATION: If any question arises out of the work required under this Condensed Subcontract Agreement, or

regarding the rights and obligations of BUILDER and SUBCONTRACTOR under the terms and conditions of this agreement (including the right to rescind) or the applicable building codes and/or specifications, such question(s) shall be subject to arbitration. The arbitrator's fees shall be borne equally by the parties to the arbitration.

F. RESPONSIBILITY FOR OTHER TRADES: SUBCONTRACTOR shall assume full responsibility for the defective work of others, if it accepts said work, or materials, and proceeds with its phase of the work without written notification to BUILDER.

G. CORRECTION OF WORK AFTER COMPLETION: If within one year of occupancy or completion, whichever occurs last, any work by SUBCONTRACTOR is found to be defective, SUBCONTRACTOR shall correct it at SUBCONTRACTOR's sole cost and expense promptly after receipt of written notification from BUILDER. Should SUBCONTRACTOR fail to correct said work within two weeks of notice, BUILDER may repair or replace said defect and charge SUBCONTRACTOR for the reasonable amount of said repair or replacement.

H. INDEMNITY: SUBCONTRACTOR shall at all times indemnify and save BUILDER and OWNER harmless against any and all liability through claims and liens for labor performed or materials or equipment used on the job, including any costs and expenses for attorney fees and all incidental or consequential damages resulting to BUILDER and OWNER from such claims or liens. Further, in case suit on such claim is brought, SUBCONTRACTOR shall defend said suit at SUBCONTRACTOR's sole cost and expense and will pay and satisfy any such claim or judgment as may be established by the decision of the court in said suit. SUBCONTRACTOR agrees within ten days after written demand to cause the effect of any suit or lien to be removed from the premises, and in the event SUBCONTRACTOR shall fail to do so, BUILDER is authorized to use whatever means in its discretion it may deem appropriate to cause said lien or suit to be removed or dismissed and the costs thereof, together with any reasonable attorney fees, shall be immediately due and payable to BUILDER or OWNER by SUBCONTRACTOR. SUBCONTRACTOR may litigate any such lien or suit provided SUBCONTRACTOR causes the effect thereof to be removed, promptly in advance, from the premises, and shall further do such things as may be necessary to cause any monies due to BUILDER by reason of such liens or suits not be withheld.

With the exception that the following provisions shall in no event be construed to require indemnification by SUBCONTRACTOR in excess of that permitted under the public policy of the State of California, SUBCONTRACTOR shall indemnify, defend and save harmless BUILDER and OWNER and their agents and servants, and each of them, of and from:

1) any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind and nature whatsoever (for, but not limited to, injury to or death of SUBCONTRACTOR, any SUBCONTRACTOR hereunder, or any employees of BUILDER, SUBCONTRACTOR or any such SUBCONTRACTOR, and damage to or destruction of property of OWNER and BUILDER), arising out of or in any manner directly or indirectly connected with the work to be performed under this Condensed Subcontract Agreement, howsoever caused, regardless of any negligence of BUILDER or its agents or servants, be it active or passive, except the sole negligence or wilful misconduct of BUILDER or OWNER or its agents or servants; and,

2) any and all penalties imposed on account of the violation of any law or regulation, compliance of which is left by this contract to be part of the SUBCONTRACT.

SUBCONTRACTOR shall, at SUBCONTRACTOR's own cost, expense and risk, defend any and all suits, actions or other legal proceedings that may be brought or instituted by third persons against BUILDER or OWNER, their agents or servants, or any two or more of them, on any such claim, demand or cause of action of such third persons, or to enforce any such penalty, shall pay and satisfy any judgment or decree that may be rendered against BUILDER or OWNER and their agents and servants for any and all legal expense incurred by each of them in connection therewith or in enforcing the indemnity granted in this paragraph.

MAY 29 2002

Subcontractor
Initials [Signature]

Date 5/24/02

Builders
Initials [Signature] Date [Signature]

I. **ATTORNEY FEES:** In the event either party becomes involved in litigation or arbitration arising out of this agreement or the performance thereof, the court shall award attorney(s)' fees to the prevailing party. Unless judgment goes by default, the attorney(s)' fees award shall not be computed in accordance with any court schedule, but shall be such as to fully reimburse all attorney(s)' fees actually incurred in good faith, it being the intention of the parties to fully compensate for all of the attorney(s)' fees, paid or incurred in good faith.

J. **SAFETY RULES AND REGULATIONS:** SUBCONTRACTOR shall be responsible to BUILDER and OWNER for the compliance with all safety rules and regulations, including specifically, but not by way of limitation, the Occupational Safety and Health Act of 1970, and any amendments thereof, during the conduct of SUBCONTRACTOR's performance on and in connection with the project. SUBCONTRACTOR shall fully indemnify BUILDER and OWNER for any and all expenses incurred by BUILDER and OWNER for fines, penalties and corrective measures that result from acts of commission or omission by SUBCONTRACTOR, or SUBCONTRACTOR's agents, employees, and assigns, in failure to comply with such safety rules and regulations.

K. **INSURANCE:** As evidence of specified insurance coverage, SUBCONTRACTOR shall deliver and BUILDER will accept certificates issued by SUBCONTRACTOR's insurance carrier applicable to BUILDER showing such policies in force for the specified period, but BUILDER has the right to require SUBCONTRACTOR to submit for BUILDER's review certified policies. Such evidence shall be delivered to BUILDER's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, California, 92014, promptly upon execution of this Condensed Subcontract Agreement or prior to commencement of work, whichever occurs first. Each policy and certificate shall be subject to reasonable approval by BUILDER and shall provide that such policy shall not be subject to material alteration to the detriment of BUILDER or SUBCONTRACTOR or cancellation without thirty days' notice in writing to be delivered by registered mail to BUILDER's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, California, 92014. In the cancellation section of the certificate of insurance, the SUBCONTRACTOR shall delete the words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives." Should any policy expire or be canceled before the expiration of this Condensed Subcontract Agreement and SUBCONTRACTOR fails immediately to procure other insurance as specified, BUILDER reserves the right, but shall have no obligation, to procure such insurance and to deduct the cost thereof from any sum due SUBCONTRACTOR under the this Condensed Subcontract Agreement. BUILDER reserves the right to withhold payment should SUBCONTRACTOR fail to comply with all of the insurance provisions described in this section.

SUBCONTRACTOR shall maintain comprehensive or commercial general liability insurance on an "occurrence" basis, with reasonably acceptable deductibles, not to exceed Ten Thousand Dollars (\$10,000.00) with a combined single limit for bodily injury and property damage of at least Five Hundred Thousand Dollars (\$500,000.00), covering all operations, independent SUBCONTRACTORS, products and completed operations. contractual liability specifically covering liability assumed under this contract, broad form property damage including completed operations, severability of interest and cross-liability clauses, prior acts exclusion stating the general liability policy shall not include any limitation of coverage and/or exclusion including but not limited to prior acts exclusion and/or condominium/detached housing exclusion, personal injury and explosion, collapse and underground hazards. The limits of liability specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

BUILDER and OWNER to be named as additional insured under all requested policies and areas of coverage. We will only accept additional insured endorsements that cover completed operations. SUBCONTRACTOR shall promptly provide certificates and endorsements evidencing such insurance coverage. The endorsements shall not be canceled for any reason without 30 days' written notice to BUILDER. All insurance obtained by SUBCONTRACTOR

under this section shall be primary and non-contributing with any insurance carried by BUILDER and/or OWNER.

SUBCONTRACTOR shall maintain any and all owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by SUBCONTRACTOR in connection with this Condensed Subcontract Agreement with a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000.00).

SUBCONTRACTOR shall maintain worker's compensation insurance, including (a) employer's liability at a minimum limit of One Million Dollars (\$1,000,000.00) for all persons who it employs in carrying out the work under this Condensed Subcontract Agreement. Such insurance shall be in strict accordance with the requirements in the most current and applicable worker's compensation insurance laws in effect from time to time at the project site.

SUBCONTRACTOR hereby waives all rights against BUILDER for damages caused by fire and other perils and risks to the extent covered by SUBCONTRACTOR's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to BUILDER and OWNER and such other parties as specifically listed as additional insureds identified herein.

L. **TERMINATION OF AGREEMENT:** In the event this Condensed Subcontract Agreement is terminated prior to its completion, SUBCONTRACTOR shall be entitled only to payment for the work actually completed by it at a pro-rated price unless the BUILDER receives additional compensation or damages on account of such termination; in which event, SUBCONTRACTOR shall be entitled to such proportion of the additional compensation or damages actually received as is equitable under all of the circumstances.

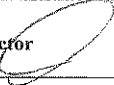
M. **MODIFICATION AND PRIOR AGREEMENTS:** All negotiations and agreements are included herein and any agreements, representations or negotiations not included herein are hereby voided and no modification may be made herein except in writing signed by all parties hereto. It is further agreed that no waiver of any right hereunder shall constitute a continuing waiver, nor a waiver of any other similar or subsequent claim or right.

N. **SPECIFIC SCOPE:**

Ref. Job request dated 5/3/02: Replace damaged cabinet skin due to leak under sink in bath #2 - Cabinet below may be damaged.

Total Cost \$55.00

MAY 29 2002

Subcontractor
Initials 

Date 5/24/02

Builders
Initials 

Date

General Contractor: Brookfield Homes San Diego II
Owner: Brookfield Sheffield LLC
12865 Pointe Del Mar, Suite 200
Del Mar, CA 92014
858.481.8500 Phone
858.794.6186 Fax

Payment Schedule



As of: 5/15/02
Addendum # 5

To: Bardon Enterprises BA0111
9429 Abraham Way
Santee, CA 92071
619.562.7100 Phone

Contract ID 49490

Original Contract Data					
Contract ID:	49490	Contract Amount:	\$55.00	Trade Code:	51250
Date Effective:	05/15/02	Retention:	0.00%	Trade Description:	Plumbing
Date Expires:	05/15/03	Number of Draws:	1	Community Code:	6666105
				Community Description:	Sheffield Phase 6

Seq Number	Lot	Description	Quantity	Unit Cost	Draw Amt	Retention Amt	Total Amount
1	005B	Ref. Job request dated 5/3/02: Replace damaged cabinet skin due to leak under sink in bath #2 - Cabinet below may be damaged.	1.00	\$55.00	\$55.00	\$0.00	\$55.00
					\$55.00	\$0.00	\$55.00

Ref. Job request dated 5/3/02: Replace damaged cabinet skin due to leak under sink in bath #2 - Cabinet below may be damaged.

MAY 29 2002

By:

Brookfield Homes

Date:

By:

Bardon Enterprises

Date:

5/24/02

Comments:

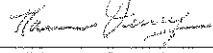
1. A copy of this form must accompany all invoices with the portion of the work being billed highlighted.
2. Progress Billing number must be indicated on each monthly invoice.
3. Lien Releases for ALL suppliers must be attached with your invoice for proper payment.


4. Payment will be made 30 days after receipt date upon receipt of a complete billing package.
5. Retention requires a separate complete billing package and shall be released either:
 - a) 30 days from receipt of a complete billing package, or
 - b) 30 days from payment of the 90% complete invoice, whichever is the later date.


DISTRIBUTION: 1 = Original, 2 = Subcontractor, 3 = Superintendent, 4 = Accounting

BUILDER: Brookfield Homes San Diego Inc.

Date: _____

BY: 
Norm Drury, Director/Operations

SUBCONTRACTOR:  Date: 5-24-02

BY: 
Signature

PRINT NAME: Dennis Sloan

PRINT TITLE: President

Subcontractor
Initials  Date 5/24/02

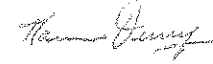
MAY 29 2002
Builders
Initials  Date _____

Exhibit “B”

SUBCONTRACT AGREEMENT FOR CONSTRUCTION

This Agreement, made this 11th day of March 1999, by and between BROOKFIELD HOMES SAN DIEGO INC., a California corporation, acting as General Contractor and hereinafter referred to as "Builder", and Schmid Insulation Contractors, as a Subcontractor, is for the performance of part of the work in the following project:

PROJECT NAME & ADDRESS:	Barrington Carlsbad, California	
PROJECT DESCRIPTION:	Tract # 12950	
PROJECT OWNER:	Brookfield Barrington Inc.	
CONSTRUCTION LENDER:	Wells Fargo	
ADDRESS & LOAN NUMBER:	101 West Broadway, Suite 300 San Diego, CA 92101 310/335-9437 - Angela Meick	
PROJECT BUILDER:	BROOKFIELD HOMES SAN DIEGO INC. 12865 Pointe Del Mar, Suite 200 Del Mar, California 92014 (619) 481-8500 (619) 794-6186	
PROJECT ARCHITECT:	Dahlin Group	
GEOTECHNICAL ENGINEER:	Geosoils	
PROJECT CIVIL ENGINEER:	Hunsaker & Associates	
ENERGY CONSULTANT:	Haynal & Company, Inc.	
PROJECT STRUCTURAL ENGINEER:	Horowitz Taylor Engineering	
PROJECT LANDSCAPE ARCHITECT:	Land Concern, Ltd.	
SUBCONTRACTOR NAME, ADDRESS:	Schmid Insulation Contractors 13000 Kirkman Way Suite 101 POWAY, CA 92064	
SUBCONTRACTOR PHONE/FAX:	619-679-0199	
SUBCONTRACTOR CONTACT:	Paul Hurdle	
GENERAL SUPERINTENDENT:	Mike Campbell	
CUSTOMER SERVICE:	John Graham	
EMERGENCY AFTER HOURS PHONE:	619-486-9155	
TRADE:	Metal Fireplaces	
SUBCONTRACT AMOUNT:	Cost Code	Amount
	51555	\$1,574.00 - Models
		\$6,749.00 - Phase 1
		\$6,210.00 - Phase 2
CONTRACT DOCUMENTS:	Attachment "A"	General Terms and Conditions
	Attachment "B"	General Scope of Work
	Attachment "C"	Specific Scope of Work
	Attachment "D"	Option Pricing
	Attachment "E"	Sequence Sheet
	Attachment "I"	Production Schedule
	Attachment "J"	Contract Payment Schedule

SCHMID INSULATION CONTRACTORS

By: [Signature]
 Title: WILLIAM D. RANEY, Vice President
 Date: MAR 31 1999

BROOKFIELD HOMES SAN DIEGO INC.
A California Corporation

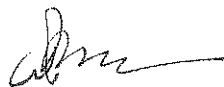
By: [Signature]
 Title: Sup
 Date: 4/19/99

SUBCONTRACTOR: SCHMID INSULATION CONTRACTORS BARRINGTON
TRADE: FIREPLACES - METAL
CONTRACT NO: #24918, 24919 & 24920
SOLOMON CODE: 1600-5159/62-62-190-0000-000-51555
1600-5159/62-62-101-0000-000-51555
1600-5159/62-62-102-0000-000-51555
DATE: March 11, 1999

ATTACHMENT "A"
GENERAL TERMS AND CONDITIONS

Rev. 9/30/97

1. The Subcontractor is made aware that presence on the jobsite without all insurance requirements fulfilled and approved by Brookfield Homes San Diego Inc. is strictly prohibited.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. The acceptance by Subcontractor of final payment shall be and shall operate as a release to the Builder of all claims and all liability to Subcontractor for all things done or furnished in connection with this work. No payment, however, final or otherwise, shall operate to release Subcontractor or his sureties from any obligations under this Agreement or any performance and payment bond in connection with the work.
4. Subcontractor work orders signed at the project site by the Builder's Project Superintendent will serve only as acknowledgement that the work has been performed, not as a guarantee for payment.
5. Builder may back charge Subcontractor at any time for cost of corrective work plus \$100 for administration charges. In the event back charges are encountered, the Subcontractors involved shall negotiate the cost and payment with each other. Should the Subcontractors involved be unable to agree as to fault and cost of repair (back charges), Builder's representative shall arbitrate to reach an agreeable solution between the Subcontractors involved. Should Builder have to hold monies from one Subcontractor to pay another for back charges, a \$100 charge shall be assessed by Builder.
6. Subcontractor will protect the work of other trades and shall repair and correct any damages incurred to the work of other trades.
7. Alcohol, drugs, loud music, children and dogs are prohibited on the jobsite. Any written violations from Builder may result in termination of Subcontractor's contract.
8. Architectural intent shall take precedence should conflicts arise within architectural and structural documents, at the direction of the Builder's Project Superintendent, architect, and structural engineer.
9. Any and all layout required within the respective portions of the work shall be included.
10. Project shall be manned at all times with competent, English speaking supervision.
11. Prior to start of work, Subcontractor shall meet with Builder's Project Superintendent and related trades to coordinate all details, including contracts, plans, specifications, dimensions, schedules, models, prior production units and the like. Subcontractor agrees that he has inspected and accepted all conditions, and is aware of all details for which he is responsible.
12. Subcontractor's designated representative shall be present at weekly jobsite safety meetings to be scheduled by Builder's Project Superintendent.
13. Subcontractor is responsible for controlling dust, if appropriate, during the course of Subcontractor's work.
14. Subcontractor shall furnish and maintain any necessary barricades and warning signs/caution tape and shall control traffic as necessary.
15. Subcontractor or Subcontractor's employees, agents, or representatives shall not contract directly for any work or additions with a prospective or current homebuyer prior to close of escrow of Builder's homes. Contracting directly with the homebuyer will be considered a violation of Builder's contract and may result in termination of the contract.
16. Subcontractor shall keep site clean and provide for a safe work place. Debris shall be stacked inside each garage to be removed by others. Units shall be kicked out and swept by others after framing is complete.

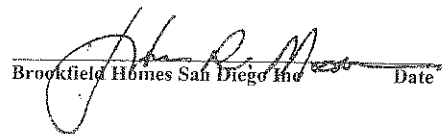


Schmid Insulation Contractors

WILLIAM D. RANEY, Vice President

MAR 31 1999

Date



Brookfield Homes San Diego Inc.

Date

SECTION 1: DESCRIPTION OF WORK, COST PER UNIT AND CONTRACT PRICE

Subcontractor agrees to furnish all labor, materials, installation, supplies, equipment, services, machinery, tools and other facilities of every kind and description required for the prompt and efficient execution of the work necessary to complete the described duties at the price specified. The job shall be completed in strict accordance with the terms and conditions of this Subcontract Agreement, any Performance Schedule provided by Builder, and the general conditions, specifications, plans and drawings prepared for Builder, all of which constitute and are referred to hereinafter as the "Contract Documents," and all applicable codes, ordinances, regulations and policies and to the full satisfaction and acceptance of Builder and applicable inspecting jurisdiction, including all cartage and applicable taxes of any nature whatsoever. The contract price shall be paid by Builder to the Subcontractor in accordance with payment provisions of this Subcontract Agreement. If the Contract Documents and/or codes are silent, the work shall be done in accordance with accepted industry standards.

SECTION 2: PAYMENT

2.1 Subcontractor will not be paid unless it has fully performed to the extent billed and until it has complied with all of the provisions of this section. Subcontractor shall submit all invoices for work and materials furnished, in duplicate, to Builder for approval. All invoices shall be accompanied by appropriate waiver and release documents in forms satisfactory to Builder, executed by Subcontractor, its laborers, subcontractors and all suppliers who furnished materials to said job to the date of the invoice(s). No payment made hereunder shall be construed as evidence of acceptance of any part of Subcontractor's work, nor a waiver of any claim by Builder or Project Owner arising out of faulty workmanship or materials or from failure of Subcontractor to comply strictly with the Contract Documents.

2.2 Pay-When Paid: Subcontractor shall be paid in accordance with the schedule and rate of retention set forth in the contract documents made by Owner to Builder, after each payment has been received by Builder from Owner, and only to the extent that the payment received by Builder from Owner includes payment for work performed by Subcontractor. Subcontractor understands that Subcontractor will be paid only from a special fund, and that such special fund is monies paid to the Builder by the Owner. If for any reason that fund does not come into existence, Subcontractor shall not be entitled to payment. The receipt of funds by Builder from Owner allocable to work performed by Subcontractor is a condition precedent to the Builder's obligation to make any progress payment to Subcontractor.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials MM Date 3-31-99 Builder
Initials MM Date _____

2.3 Terms of Payment: See Contract Payment Schedule in Attachment "I."

SECTION 3: INDEPENDENT INVESTIGATION

3.1 Subcontractor hereby warrants that it has made its own careful and independent investigation and review of the jobsite conditions, plans, specifications, reports, Performance Schedule, and relevant statutes, codes, ordinances, regulations and policies and is fully familiar with the requirements and difficulties presented. Subcontractor hereby warrants and agrees it is not relying upon any opinion or representation of Builder not contained in this Subcontract Agreement or other documents incorporated herein. Subcontractor warrants that it has found no ambiguity or conflict in the plans and specifications other than those which have been disclosed in writing prior to the execution of this Subcontract Agreement.

3.2 Subcontractor also warrants that it has verified that all materials and equipment necessary to perform its work are available when and as needed pursuant to the Agreement and the Performance Schedule.

3.3 Subcontractor has visited the site and is familiar with the work completed, if any, including but not limited to, all work in the models and the most recent phase of production. Subcontractor is aware of all changes that have been made including those which may not be incorporated into the current set of plans and specifications, and it agrees that the contract price for the Scope of Work includes all previous changes. The Subcontractor understands that no additional compensation will be considered unless consistent with Section 9 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials MM Date 3-31-99 Builder
Initials MM Date _____

SECTION 4: CLEAN UP/HAZARDOUS MATERIALS

4.1 Subcontractor agrees to clean up and remove from premises all waste materials, debris and spoil of every description which may accumulate in the building (if applicable) or about the premises as a result of its work. The

Subcontractor
Initials MM Date 3-31-99 Builder
Initials MM Date _____

premises must be left in a clean and acceptable manner as determined at Builder's sole discretion. Should the Subcontractor refuse or neglect to clean up or remove waste materials, debris and spoil upon being directed to do so by Builder, Builder may remove same or cause it to be removed by others and the Subcontractor shall suffer a deduction from its contract price for the expense incurred.

4.2 Subcontractor represents and warrants to Builder that it, its employees and agents will not release, discard, discharge or dispose of at the Project, on the ground or in the surface water thereof, any hazardous substance hereinafter defined. In the event Subcontractor breaches this representation or warranty, said breach shall, (i) constitute a material breach of this Subcontract Agreement, (ii) entitle Builder to the remedies provided in Section 6.1 of this Subcontract Agreement, and (iii) constitute damage to or destruction of property requiring the indemnification of Builder and Project Owner pursuant to Section 13 of this Subcontract Agreement. For purposes of this Subcontract Agreement, the term hazardous substance shall mean any chemical substance, oil, waste, petroleum or petroleum product, or other material which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant," under any Federal, State or local law, regulation or ordinance.

SECTION 5: WORK COMMENCEMENT AND PROGRESS

5.1 Time is of the essence in this Subcontract Agreement. Subcontractor agrees to commence work to be performed hereunder within twenty-four (24) hours of receipt of notice to commence from Builder and to complete its work in accordance with Builder's Performance Schedule and all modifications thereto, which schedule is incorporated herein by reference and made a part hereof. Subcontractor warrants that it has reviewed the Performance Schedule and is satisfied with it and hereby agrees to review as necessary all modifications to that schedule which will be maintained in the jobsite office of Builder. Builder and Subcontractor recognize that from time-to-time final plans, schedules and specifications for a project may not be complete at the time of execution of the Subcontract Agreement. In such event, Subcontractor agrees to advise Builder of any objections within seventy-two (72) hours of notice from Builder that the plans, schedules or specifications have been finalized. If, in the opinion of Builder, at its sole discretion, Subcontractor is not furnishing sufficient men, materials or equipment to meet the Performance Schedule, Builder may exercise the options available to it in Section 6 of this Subcontract Agreement.

5.2 Builder shall maintain observation of the premises on which the work hereunder is to be performed and shall have the right to determine the Project working hours, the time and the priority of the work of other Subcontractors and all matters concerning the timely and orderly conduct of the work of the Subcontractor. Unless specifically noted herein, there are no assumptions relative to or limitations upon the number of move-ins required by the Subcontractor.

5.3 No Damage for Delay: It being expressly contemplated by the parties that in the event Subcontractor is delayed at any time in its performance of the work by act or neglect of the Owner, Architect, Builder, or any employee of Owner, Architect, Builder, or of a separate Contractor employed by Owner, or by changes ordered in the work, or by labor disputes, severe weather, fire, unusual delay in deliveries, work suspensions, acceleration, design defects, changes, unavoidable casualties, or other causes beyond Builder's control, or by delay authorized by Owner pending arbitration, or by other causes which Builder determines may justify delay, then Subcontractor's sole and exclusive remedy for delay shall be an extension of time for performance of the Subcontractor's work, except and unless such delay is the result of active intentional interference by the Builder and Owner. No claims for additional compensation or damages for delays, whether in the furnishing of material by Builder or delays by other subcontractors or Owner will be allowed by the Builder and said extension of time for completion shall be the sole remedy of Subcontractor. No allowance or extent of time referenced above shall be made unless a claim therefore is presented in writing to the Builder 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 Builder from completion of the entire project within the time that Owner allows Builder for such completion.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials LM Date 3-31-99 Builder Initials [Signature] Date _____

5.4 Subcontractor shall schedule its work and the presence of its employees at the jobsite and any deliveries of supplies or material by its materialmen and suppliers to the jobsite on such days, and at such times and during such hours, as may be directed by Builder. Subcontractor shall assume responsibility for such schedule compliance not only for its employees, but also for its materialmen and suppliers.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials LM Date 3-31-99 Builder Initials [Signature] Date _____

5.5 Subcontractor shall be responsible for the delivery, unloading, storing and protecting of all equipment, supplies and materials. All materials stored on the site must be stored in a container supplied by the Subcontractor. Garages or any other storage will not be supplied by Builder. Builder shall approve or disapprove Subcontractor's storage location at its sole discretion.

Subcontractor Initials LM Date 3-31-99 Builder Initials [Signature] Date _____

5.6 The Subcontractor shall abide by and conform to any procedures and schedules established by Builder which may be necessitated by Acts of God, Subcontractor's failure to comply with this Subcontract Agreement, or other factors which affect completion. Subcontractor covenants and agrees to coordinate its work with other subcontractors and to cooperate with other subcontractors working on the Project.

5.7 Subcontractor shall examine the surface or area to which its work is to be attached or performed and shall report in writing any related work which is not suitable to accommodate its work. Subcontractor shall not proceed with the installation until same has been corrected. Commencement of work shall constitute an acceptance by Subcontractor of surfaces and conditions to which its work relates and it shall be fully responsible for obtaining proper and satisfactory results.

5.8 Responsibility for Other Trades: Subcontractor shall assume full responsibility for the defective work of others, if said Subcontractor accepts the work, or materials, and proceeds with its scope of work without written notification to Builder.

5.9 Liquidated Damages: The parties acknowledge and agree that Builder will suffer substantial damages if Subcontractor fails to complete the scope of work contemplated by the Subcontract Agreement within the duration of time and working days as specified by the Performance Schedule attached hereto. The parties realize that it will be extremely difficult and impractical, if not impossible, to ascertain with any degree of certainty the actual amount of Builder's damages in the event of such failure to perform by Subcontractor. Therefore, the parties hereby agree that \$ _____ per day represents a reasonable estimate of such damages considering all of the circumstances existing on the date of execution of the Subcontract Agreement and that Builder shall have the right to retain the full amount of said sum against Subcontractor funds owed on this Subcontract Agreement, as a remedy to Builder's potential damages should Subcontractor default.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JA Date 3-31-99 Builder Initials [Signature] Date _____

5.10 In the event a dispute arises between Builder and Subcontractor during Subcontractor's performance of the work, Subcontractor shall continue to perform its obligations under this Subcontract Agreement unless otherwise notified in writing by Builder.

SECTION 6: TERMINATION

6.1 Subcontractor shall perform the work in a prompt and diligent manner so as to promote the general progress at the entire project and shall not interfere with nor hinder the work of Builder or any other subcontractor. Subcontractor agrees to reimburse Builder for any and all damages which may be assessed against and collected from Builder, which are attributable to or caused by Subcontractor's failure to furnish the materials and perform the work required by the Subcontract Agreement in the manner provided for herein. If Builder shall deem it necessary, Subcontractor, on demand of Builder, shall provide additional workforces, overtime, additional shifts, and shall expedite the furnishing of materials so as to meet the Performance Schedule.

6.2 In the event the Subcontractor, at any time, refuses or neglects to supply a sufficient number of properly skilled workers or a sufficient quantity of materials of proper quality, or is adjudicated a bankrupt, or files a reorganization proceeding, or commits any act of insolvency, or makes an assignment for benefit of creditors without Builder's consent, or fails to make prompt payment to his materialmen and/or laborers, or fails in any respect to promptly and diligently prosecute the work covered by this Subcontract Agreement, 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 fails to fulfill any of the provisions by him to be performed, or otherwise fails to fully perform any and all of the Subcontract Agreement herein contained, Builder may, at his option:

(a) After giving 24 hours written notice to Subcontractor to cure, provide any such labor and materials as may be necessary and deduct the cost thereof from any money then due or thereafter to become due to the Subcontractor under this Subcontract Agreement; or

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JA Date 3-31-99 Builder Initials [Signature] Date _____

(b) Should Subcontractor fail to cure the default referenced above within 24 hours, the builder may, at its option, terminate Subcontractor's right to proceed with the work and in that event, builder shall have the right to enter upon the premises of the project and take possession, for the purpose of completing the work under this Subcontract Agreement, of all materials, tools, equipment, and appliances of Subcontractor, and may employ any other person(s) to finish the work and provide the materials therefore.

Subcontractor Initials JA Date 3-31-99

Builder Initials [Signature] Date _____

6.3 In the event of such termination of Subcontractor's right to proceed with the work, said Subcontractor shall not be entitled to receive any further payment under this Subcontract Agreement until the work undertaken by Builder in its prime contract is completely finished. At that time, if the unpaid balance of the amount to be paid under this Subcontract Agreement exceeds the expenses incurred by Builder in finishing Subcontractor's work, such excess shall be paid by Builder to Subcontractor; but, if such expense shall exceed such unpaid balance, then Subcontractor shall promptly pay to Builder the amount by which such expense exceeds such unpaid balance. The term "expense" referred to in the last sentence shall include expenses incurred by Builder for furnishing materials, labor, equipment, and other expenses for finishing the work, for any attorney's fees incurred by Builder effectuating the instant termination or interpreting the instant Subcontract Agreement, and any damages sustained by Builder by reason of Subcontractor's default, plus a markup of 15 percent for general and administrative expense, and a 10 percent profit on any and all of such expenses. Builder shall have a lien upon all materials, tools and appliances taken possession of, as aforesaid, to secure the payment thereof. The notice referred to in this section will be sufficient and complete if written notification is given at the project site or when faxed or mailed to Subcontractor at his fax number or address as shown in this Subcontract Agreement.

6.4 Builder may withhold, or on account of subsequently discovered evidence, nullify the whole or part of any payment due to Subcontractor to such extent as may be necessary to protect Builder from loss, including costs and attorney's fees, on account of:

- (a) Defective work not remedied;
- (b) Claims filed or reasonable evidence indicating the probable filing thereof;
- (c) Failure of Subcontractor to make payments promptly to a subcontractor or for materials, labor, or fringe benefits;
- (d) A reasonable doubt that this Subcontract Agreement will be completed for the balance then unpaid; or
- (e) Damage to Builder or other subcontractors.

6.5 Subcontractor reserves the absolute right to terminate this Subcontract Agreement for any reason, including its own convenience. In the event of termination without cause, Subcontractor shall be entitled to payment only as follows:

- (a) Cost of the work actually performed in conformity with this Subcontract Agreement; plus
- (b) Ten percent (10%) of costs referred to in subparagraph (a) above, for overhead and profit.

However, in no event shall the Subcontractor be entitled to any amount that exceeds sections (a) and (b) above.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials MC Date 3-31-99 Builder Initials [Signature] Date _____

SECTION 7: LABOR

7.1 The parties agree and declare that the Subcontractor and Builder are separate, independent entities and that the Subcontractor has full responsibility for the performance of the work and the direction of its work force, subject only to the duty of the Subcontractor to cooperate with Builder and other subcontractors.

7.2 Subcontractor recognizes that in the performance of its work, it will be required to work side-by-side with other subcontractors and representatives of Builder on the Project. Builder and/or other subcontractors may not be signatory to collective bargaining agreements with the various labor organizations.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials MC Date 3-31-99 Builder Initials [Signature] Date _____

7.3 Subcontractor agrees that should there be picketing or a threat of picketing by any labor organization at or near the Project, Builder shall establish a reserved gate for use by the Subcontractor's employees and suppliers. In that event, it shall be the affirmative obligation of the Subcontractor, as a material consideration of this Subcontract Agreement and each and every other agreement between the parties hereto, to insure that its employees and other suppliers use only the gate or entryway designated by Builder. Notwithstanding the establishment or non-establishment

Subcontractor Initials MC Date 3-31-99

Builder Initials [Signature] Date _____

of a reserved gate, it shall be the continuing obligation of the Subcontractor to properly staff the job with qualified employees without interruption or delay.

7.4 In the event the Subcontractor's employees refuse to work because of a labor dispute or grievance with the Subcontractor, Builder or some other subcontractor, it shall not relieve Subcontractor of its obligations to supply enough properly skilled workers to perform the work undertaken by it without interruption.

7.5 Subcontractor hereby warrants that it is not now nor will it be delinquent in the payment or reporting to any labor-management fringe benefit trust fund, and further that Subcontractor is not now nor will it appear on any delinquency list published by any labor-management fringe benefit trust fund.

7.6 When, in the judgment of Builder, Subcontractor shall have refused, neglected or failed to supply enough properly skilled workers, or otherwise shall have refused, neglected or failed to comply with the provisions of this Section 7, Builder shall be able to exercise its rights in accordance with Section 6 of this Subcontract Agreement.

7.7 Subcontractor also agrees to comply with all of the terms and provisions of any Equal Opportunities requirements imposed upon Builder, to the same extent as though said requirements were imposed upon Subcontractor, provided Builder informs Subcontractor of said requirements; and Subcontractor's refusal to do so within forty-eight (48) hours of notice by Builder shall permit Builder to exercise its rights and remedies set forth in Section 6 of this Subcontract Agreement.

SECTION 8: TAXES

Subcontractor agrees to pay any and all taxes, including specifically, but not by way of limitation, sales taxes, use taxes, gross receipt taxes, excise taxes, old age benefits, withholding taxes, and unemployment compensation taxes under all State, local and Federal laws with respect to all materials furnished and employees engaged in the performance of this Subcontract Agreement.

SECTION 9: EXTRAS

9.1 It is understood and agreed that all labor and/or materials furnished by Subcontractor, even though said labor and/or materials are not specifically required or demanded by this Subcontract Agreement or the Contract Documents, shall nevertheless be deemed to be included within the scope of labor and/or materials properly and necessarily required for the performance hereof and not warranting additional compensation, subject only to the following exception and none other, to wit: that any labor and/or materials furnished hereunder that are authorized by Builder in writing, together with a definite statement in said authorization that said labor and/or materials shall be deemed an "Extra" and shall be paid for in addition to the subcontract price at a sum specified in said authorization. Builder may, at any time during the progress of said Project, order in writing, deviations, additions or omissions and the same shall not void this Subcontract Agreement, but the value thereof, as agreed upon in such written authorization, shall be added to, or deducted from, the contract price hereof. Any modifications in the work to be done by the Subcontractor that are changes requiring the substitution of certain work and/or materials for other work and/or materials originally required by this Subcontract Agreement, or by the plans and specifications incorporated into this Subcontract Agreement, will not entitle the Subcontractor to additional compensation unless the change order is in writing and specifically provides that it authorizes an "Extra" in a stated amount.

9.2 It is expressly agreed and understood by and between Builder and the Subcontractor that no "Extra" charge(s) will be paid without written authorization; that the subcontract price includes performing all work specified according to specification (when applicable) and that said work must comply with all City, County, State and Federal building codes and requirements.

9.3 An authorization for any extra work shall be obtained in writing by the use of the "Committing Document" form, a sample of which is attached hereto as Attachment "H". Attachment "H" is hereby incorporated by reference as part of this Subcontract Agreement, and wherever said forms are utilized and executed by the parties to this Subcontract Agreement, the terms thereof shall be fully enforceable as part of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials AK Date 3-31-99

Builder
Initials [Signature] Date _____

SECTION 10: DEVIATIONS

Subcontractor shall make no changes and shall be responsible for any deviation from the plans, specifications and/or drawings that it may make, and it may be required to re-do any non-conforming work to conform strictly to the plans, specifications and/or drawings unless a written authorization by Builder, addressed to the Subcontractor, shall be given setting forth specifically in detail what changes shall be made. The cost of changes, unless otherwise specifically agreed upon in writing, shall not exceed a credit for any work not required to be done as a result of such changes.

Subcontractor
Initials AK Date 3-31-99

Builder
Initials [Signature] Date _____

SECTION 11: SAFETY (CAL/OSHA) AND DISCIPLINE

11.1 Subcontractor, Subcontractor's employees and agents, and any other party contracting with Subcontractor shall comply with all applicable Federal, State, local and any other legally required safety, environmental and health standards, orders, rules, regulations or other laws. Subcontractor shall bear full financial responsibility for the compliance of those persons referenced therein.

11.2 Should Subcontractor, Subcontractor's employees, Subcontractor's subcontractors, or their employees fail to comply within twenty-four (24) hours from the time Builder or any governmental agency issues Subcontractor a written notice of noncompliance, or within the time of an abatement period specified by any government agency, whichever period is shorter, Builder may exercise any of the remedies available to it under Section 6 of this Subcontract Agreement.

11.3 All equipment used on or near the Project shall be regularly inspected and certified as reliable and dependable and shall be maintained to ensure the safety of the operator and all others on or near the project. All electrical devices (such as cords, connectors, plugs, etc.), shall be in good condition and properly grounded. All injuries, regardless of severity, will be reported in writing to Builder within twenty-four (24) hours of occurrence.

11.4 All vehicles and/or persons driving vehicles on the Project must be licensed, properly insured and registered.

11.5 Drinking of alcoholic beverages or the use of any controlled substance at the Project is strictly prohibited. While Subcontractor's employees are prohibited from using the interior of any unit for coffee or lunch breaks, and no food or beverages are allowed inside the units, garages and other areas designated by Builder may be used. No dogs are permitted at the Project and radio volume will be controlled at the discretion of Builder. Subcontractor shall comply with all applicable noise abatement ordinances.

11.6 Subcontractor warrants it is aware of the OSHA Hazard Communication Standard and its requirements. Subcontractor is to supply Builder with a Material Safety Data Sheet (MSDS) for every hazardous substance Subcontractor has delivered or uses on the Project. The MSDS is required for any material(s) container label using the word(s) "DANGER," "CAUTION," "FLAMMABLE," or "WARNING." Subcontractor is to insure that all hazardous products are in a container with a label clearly identifying the chemical(s) with appropriate hazard warnings. All labels are to be in English, easily understandable and not defaced. When any substance is transferred from one container to another and is not immediately used solely by the person making the transfer, that container must be labeled with the hazard information from its source. Subcontractor is responsible for the control and disposal of all substance containers and their contents. No empty or partially empty container will be permitted to remain on the site after Subcontractor has finished using it. All empty containers shall be removed from the Project by the Subcontractor immediately.

SECTION 12: PROTECTION OF WORK AGAINST DAMAGE OR INJURY

Subcontractor shall be responsible for protecting its own work, material and equipment and shall be responsible for the correction, replacement or repair of any of its work which is damaged prior to final completion of the Project. Subcontractor shall be responsible to Builder or third party subcontractors, as appropriate, for any damage to Builder's work or that of third party subcontractor to Builder whose work is damaged by Subcontractor. Subcontractor shall also protect adjacent property from injury or damage arising out of its work and shall repair or accept responsibility for any such injury or damage.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials MC Date 3-31-99

Builder
Initials [Signature] Date _____

SECTION 13: INDEMNITY.

13.1 INDEMNIFICATION AND DEFENSE OF BUILDER AND PROJECT OWNER. In connection with the performance of this Subcontract Agreement, to the extent permitted by law, and subject to the provision of Section 13.3 below, Subcontractor shall indemnify, defend and hold harmless Builder and Project Owner and their officers, agents and employees from and against any and all claims, losses, damages, demands, suits, injuries and liabilities (regardless of legal theory alleged), including all costs of litigation, mediation, arbitration and attorney's fees, arising from or relating to (1) any failure by Subcontractor to perform its obligations under this Subcontract Agreement, (2) any damage suffered by Builder and/or Project Owner and their officers, agents and employees relating to the work performed by Subcontractor, (3) the death of or injury to any person, or the damage to, or, loss of use of, loss of income from, or destruction of any property however caused, regardless of any negligence by Builder or the Project Owner and their officers, agents and employees be it active or passive, or by the use of Builder's equipment, labor or facilities regardless of whether (a) Builder shall have consented to such use, or (b) the death, injury or damage shall have been caused by unsafe conditions. The duty to defend herein shall arise immediately upon such claim, loss, damage, demand, suit, injury or liability being asserted against Builder and/or the Project Owner, and their officers, agents and employees.

Subcontractor
Initials MC Date 3-31-99

Builder
Initials [Signature] Date _____

13.2 RELEASE AND WAIVER OF CLAIMS. To the extent permitted by law, and subject to the provisions of Section 13.3 below, neither Builder nor the Project Owner or their officers, agents or employees shall be liable to Subcontractor (and Subcontractor hereby releases Builder and Project Owner and their officers, agents and employees therefrom, and Subcontractor hereby waives all such claims against Builder and/or the Project Owner and/or their officers, agents and employees) for death of or injury to any person, or damage to or loss of use of, loss of income from, or destruction of any property, from any cause during the performance of this Subcontract Agreement (including without limitation fire, earth settlement, earthquake, theft, embezzlement, riot, or civil commotion).

13.3 SOLE NEGLIGENCE OR WILLFUL MISCONDUCT. The provisions of Sections 13.1 and 13.2 above shall not apply to any claim or liability arising by reason of the sole negligence or willful misconduct of Builder, the Project Owner or their officers, agents or employees.

13.4 Should any monetary claim or legal action be instituted against Builder within ten years, or thereafter if permitted by law, after completion of the project by a homeowner or renter or the homeowners' or renters' assignee or successor, or other person or entity, wherein the claim or action alleges a breach of warranty or defect or poor workmanship in the construction, express or implied, or concerns any claim or complaint as to the work performed by Subcontractor, or not performed by Subcontractor where the work should have been performed by Subcontractor, then Subcontractor shall indemnify and reimburse Builder and be held strictly liable to Builder for any money paid by Builder or Owner, or Builder's or Owner's insurance company, by way of an adverse award or judgment or settlement, to any claimant or plaintiff should claimant or plaintiff prevail against Builder, and Subcontractor shall pay to Builder its attorney fees actually incurred in the defense of such claim or action. No release issued by Builder may or shall be considered a defense of the claim or complaint alleging construction defects, or faulty workmanship and/or faulty or defective materials, or problems in construction not discovered during the course of construction.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials LM Date 3-31-99 Builder Initials [Signature] Date _____

SECTION 14: INSURANCE

Prior to commencement of any Work under this Agreement, Subcontractor shall, at its sole expense, fully comply with the terms of this Section 14.

14.1 GENERAL INSURANCE REQUIREMENTS Subcontractor shall not commence any work until it obtains all insurance required to be obtained by Subcontractor under this Subcontract Agreement. Builder will not permit Subcontractor to commence any portion of the work on the Project until Subcontractor has complied with all of the insurance requirements described in this Section 14.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials LM Date 3-31-99 Builder Initials [Signature] Date _____

All Insurance described under this Section 14 to be carried by Subcontractor will be maintained by Subcontractor at its sole expense with insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than an 'A' and financial rating of not less than '8' in the most current Best's Key Rating Guide. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of the Subcontract Agreement or such longer period as may be specified herein. Should Subcontractor fail in whole or in part to comply with any of the requirements set forth in this Section 14, such a failure shall be deemed a material breach to this Subcontract Agreement thereby entitling Builder to all available legal remedies including, but not limited to, those set forth in Section 6. Subcontractor may provide the insurance described in this Section 14 in whole or in part through a policy or policies covering other liabilities and projects of Subcontractor; provided, however, that any such policy or policies shall: (a) allocate to the Project the full amount of insurance required hereunder, and (b) contain, permit or otherwise unconditionally authorize the waiver contained in Paragraph 14 of this Section 14.

14.2 EVIDENCE OF INSURANCE. As evidence of specified insurance coverage, Subcontractor shall deliver and Builder will accept certificates issued by Subcontractor's insurance carrier applicable to Builder showing such policies in force for the specified period, but Builder has the right to require Subcontractor to submit for Builder's review certified policies. Such evidence shall be delivered to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014, promptly upon execution of this Subcontract Agreement or prior to commencement of work, whichever occurs earliest. Each policy and certificate shall be subject to reasonable approval by Builder and shall provide that such policy shall not be subject to material alteration to the detriment of Builder or Subcontractor or cancellation without thirty (30) days notice in writing to be delivered by registered mail to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014. In the cancellation section of the Certificate of Insurance the Subcontractor shall delete the words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the Company, its agents or representatives." Should any policy expire or be canceled before the expiration of this Subcontract Agreement and Subcontractor fails immediately to procure other insurance as specified, Builder reserves the right, but shall have no obligation, to procure such insurance and to deduct

Subcontractor Initials LM Date 3-31-99

Builder Initials [Signature] Date _____

the cost thereof from any sum due Subcontractor under this Subcontract Agreement. Builder reserves the right to withhold payment should Subcontractor fail to comply with all the insurance provisions described in this Section 14.

14.3 DAMAGES. Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Subcontractor should maintain or the extent of Subcontractor's responsibility or liability for payment of damages resulting from its operations under this Subcontract Agreement. The carrying of the insurance as specified herein shall not be construed to be a limitation of liability on the part of the Subcontractor, nor shall it relieve Subcontractor from any liability under this Subcontract Agreement as a matter of law.

14.4 WORKERS' COMPENSATION INSURANCE. Subcontractor shall maintain Workers' Compensation Insurance, including (a) Employer's Liability at a minimum limit of One Million Dollars (\$1,000,000) for all persons whom it employs in carrying out the work under this Subcontract Agreement. Such insurance shall be in strict accordance with the requirements of the most current and applicable Workers' Compensation Insurance Laws in effect from time to time at the Project site.

14.5 COMPREHENSIVE OR COMMERCIAL GENERAL LIABILITY INSURANCE. Subcontractor shall maintain Comprehensive or Commercial General Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, not to exceed \$10,000, with a combined single limit for bodily injury and property damage of Two Million Dollars (\$2,000,000), or limit carried whichever is greater, covering Operations, Independent Subcontractors, Products and Completed Operations (for 10 years after Final Acceptance), Contractual Liability specifically covering the indemnification contained in Section 13 of the Agreement, Broad Form Property Damage including Completed Operations, Severability of Interest and Cross Liability clauses, Prior Acts Exclusion stating the General Liability policy shall not include any limitation of coverage and/or exclusion including but not limited to Prior Acts Exclusion and/or condominium/detached housing exclusion, Personal Injury and Explosion, Collapse and Underground Hazards (X,C,U). The limits of liability specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

14.6 AUTOMOBILE LIABILITY INSURANCE. Subcontractor shall maintain any and all owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Subcontractor in connection with this Subcontract Agreement with a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or limit carried, whichever is greater.

14.7 WAIVER OF SUBROGATION. Subcontractor hereby waives all rights against Builder for damages caused by fire and other perils and risks to the extent covered by Subcontractor's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to Builder and Owner such other parties specifically listed as additional insureds in Paragraph 14.8 below.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor

Initials MM

Date 3-31-99

Builder

Initials [Signature]

Date _____

14.8 ADDITIONAL INSURED. We will only accept Additional Insured Endorsements that cover completed operations. Builder shall be included as an additional insured under the coverage specified in Paragraph 14.5, of this Section 14 with the following language included on the endorsement: It is understood and agreed that coverage afforded by this policy shall also apply to Brookfield Homes San Diego Inc., its officers, directors, agents, employees, divisions, subsidiaries, shareholders, partners, affiliated companies and owners, any lender with an interest in said Project, and all other parties listed as Indemnified Parties under the Subcontract Agreement with Brookfield Homes San Diego Inc., all as additional insureds, but only with respect to alleged legal liabilities or alleged claims caused by, arising out of or resulting from the acts or omissions of the named insured or of others performed on behalf of the named insured.

14.9 PRIMARY ENDORSEMENT. The following language must be included on endorsement: This Insurance is primary and any other insurance maintained by such additional insureds is noncontributing with this insurance as respects claims or liability arising out of or resulting from the acts or omissions of the named insured, or of others performed on behalf of the named insured.

14.10 AIRCRAFT LIABILITY INSURANCE. If the work involves aircraft, Subcontractor shall maintain a combined single limit for bodily injury and property damage liability of not less than Ten Million Dollars (\$10,000,000) per occurrence, or limit carried, whichever is greater, covering owned and non-owned aircraft. The whole of the aircraft shall be insured as required by Subcontractor or Builder.

14.11 RELATIONSHIP OF INSURANCE COVERAGE. The insurance required pursuant to this Section 14, shall, as far as applicable, specifically insure Subcontractor's obligations pursuant to Section 13, Indemnity, and, in particular and without limitation, the liability insurance required pursuant to Section 14 shall insure Subcontractor's obligations pursuant to Section 13. However, Subcontractor's obligations pursuant to Section 13 shall not be limited to the amount of insurance required of or carried by Subcontractor pursuant to Section 14.

Subcontractor

Initials MM

Date 3-31-99

Builder

Initials [Signature]

Date _____

14.12 If builder fails to enforce any of these insurance requirements, such failure shall not constitute a waiver of such requirements nor shall any waiver of any provision hereof be effective unless made in writing and signed by the President or Chief Financial Officer of Brookfield Homes San Diego Inc.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials LM Date 3-31-99 Builder Initials AK Date _____

SECTION 15: SUBCONTRACTOR'S PERMITS AND LICENSES

Except as otherwise expressed and provided in this Agreement, Subcontractor will obtain all consents, approvals, licenses or permits required by any governmental authority having jurisdiction over the Project or any part thereof, including plans and specifications. The costs of all consents, approvals, licenses or permits and the payment of all fees relating thereto shall be paid by Subcontractor except those as to which Builder has expressly agreed in writing either to obtain and pay for, or to reimburse Subcontractor therefor. In jurisdictions where Builder has been required to obtain a master permit covering, in part, work to be performed by Subcontractor, Builder may deduct the pro rata cost of Subcontractor's portion of said permit from the contract price.

SECTION 16: INSPECTION AND RE-INSPECTION

An authorized representative of the Subcontractor will accompany Builder on any inspection tours which may be required by Builder or any governmental agency having jurisdiction thereof. Subcontractor shall be charged for all re-inspections resulting from unacceptable materials and workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials LM Date 3-31-99 Builder Initials AK Date _____

SECTION 17: PREVENTION OF LIENS

17.1 Subcontractor agrees to pay when due all claims for labor and/or materials supplied or furnished hereunder, and to prevent the filing of any lien by mechanics or materialmen, or the institution of any attachments, garnishments or suits involving the title of the property upon which the improvements are erected. Subcontractor agrees within five (5) days after receipt of written notice, by certified mail or comparable means of delivery, to cause the effect of any such suit or lien to be removed from the premises, and in the event the Subcontractor shall fail to do so, Builder is authorized to use whatever means it may deem best to cause said lien, attachment or suit, together with its effect upon the title, to be removed, discharged, compromised or dismissed, and the costs thereof, together with reasonable attorney's fees, shall become immediately due Builder. Builder shall be entitled to withhold 150 percent of all outstanding liens filed by Subcontractor's subcontractors and/or suppliers until appropriate Mechanic's Lien Release Bonds or recordable releases of the same have been provided to Builder. Subcontractor may litigate any such lien or suit, provided it causes the effect thereof to be removed from the premises and executes and delivers to Builder such affidavits, contracts, bills, records, accounts, etc., as Builder may deem necessary for its protection in such event.

17.2 In the event Builder is served with any Writ of Attachment, Writ of Execution, Notice of Levy (Federal or State), or other legal process for any debt or alleged debt of Subcontractor at any time during the period of this Subcontract Agreement prior to completion, Builder shall automatically be entitled to keep and retain any funds or monies then due Subcontractor for work and materials furnished and/or previously billed and approved but unpaid to Subcontractor. It is understood and agreed that the purpose of the preceding sentence is to guarantee that Builder shall have sufficient funds with which to complete Subcontractor's duties under this Subcontract Agreement if the suit or levy out of which the above legal process arose should, in Builder's opinion, make it difficult or impossible for Subcontractor to finish the work herein required. Service upon Builder of such process shall be deemed a breach of this Subcontract Agreement and Builder shall give Subcontractor five (5) days written notice to remove said levy, and Subcontractor's failure to do so shall entitle Builder to the same rights as set forth in Section 6 of this Subcontract Agreement.

SECTION 18: ASSIGNMENT OR SUBCONTRACTING

Subcontractor shall not assign or subcontract any portion of this Subcontract Agreement, or the proceeds thereof, without first obtaining permission in writing from Builder and then only subject to the provisions of this Subcontract Agreement.

SECTION 19: ATTORNEY'S FEES

If either party to this Subcontract Agreement institutes litigation or arbitration with the other party, or against the surety of such party, arising out of the terms and conditions of this Subcontract Agreement, or performance under

Subcontractor Initials LM Date 3-31-99

Builder Initials AK Date _____

the obligation of the Subcontractor to give notice in writing to Builder of the deviation. In the absence of such notice, any approval by Builder or its Architect of a submittal which deviates from the Contract Documents shall be void at the sole discretion of Builder and the Subcontractor shall be responsible to Builder to bring its work into compliance with the Contract Documents and for any cost or damage which results from the deviation.

SECTION 23: QUALITY, MATERIALS AND WORKMANSHIP

23.1 Whenever any manufactured article, implement or series of articles or implements is mentioned in the specifications by name, trade or manufacturer's name, it is intended to establish a standard of merit and quality. The intent of this definition is to require quality materials and workmanship; however, substitutes of equal merit may be used by the Subcontractor, but only upon the written consent of Builder or its authorized representative. Under no circumstances shall a substitute material be used which will not conform to requirements set forth in the Contract Documents.

23.2 It is the responsibility of the Subcontractor to inspect all materials for manufacturer's defects or transport damage prior to installation. All defective or damaged materials will be rejected. Upon the completion of each unit, Subcontractor shall inspect all work performed and repair immediately any and all unacceptable workmanship. Subcontractor shall notify Builder or its representative of the completion of each unit, and Subcontractor will repair or replace any workmanship or materials Builder deems in its sole discretion unacceptable.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials ME

Date 3-31-99

Builder
Initials [Signature] Date _____

SECTION 24: CHANGES TO PLANS AND SPECIFICATIONS

24.1 Should any changes to the plans and the specifications be required after the signing of the Contract Documents, it shall be the responsibility of the Subcontractor to advise Builder in writing of the effects upon its portion of the work under this Subcontract Agreement. The Subcontractor shall perform no additional work nor shall it decrease its obligation under the Subcontract Agreement without the written consent of and compensation adjustment from Builder. In the event of any dispute arising between Builder and Subcontractor over the value of extra work, or whether certain work is "Extra" or within the scope of this Subcontract Agreement, it shall be the obligation of Subcontractor to complete the disputed work under protest. Any refusal to perform disputed work shall constitute a material breach of this Subcontract Agreement authorizing Builder to resort to its remedies set forth in Section 6 of this Subcontract Agreement.

24.2 In the event the Subcontractor proposes a change or deviation from the plans and specifications and Builder agrees with the proposed change or deviation, it shall be the obligation of the Subcontractor to indemnify Builder for any increased costs incurred by a Builder as a result of any such change or deviation proposed by Subcontractor including, but not limited to, architectural or engineering fees.

SECTION 25: GUARANTEES

25.1 Subcontractor does hereby expressly guarantee the Project Owner, Builder, and their successors in interest in the work, against any loss or damage arising from any defect in materials furnished or workmanship performed under or pursuant to this Subcontract Agreement for a period coterminous with Builder's responsibility to its successors in interest, whether express or implied by law. Subcontractor acknowledges that it is familiar with and has reviewed the Builder's homeowner limited warranty and is aware that it is available in Builder's corporate office for review. A longer period may be required by (i) specifications; (ii) the Veterans Administration (VA) or the Federal Housing Administration (FHA); or (iii) applicable law; in which case the guarantee period shall correspond with the guarantee required by VA, FHA and/or applicable law. In no event, however, shall the guarantee period be less than one (1) year from the date of filing the Notice of Completion or occupancy, whichever occurs later.

25.2 It shall be the responsibility of the Subcontractor, during construction of all phases of the Project, to contact Builder or its representative daily to receive any and all notices of discrepancies. The Subcontractor shall immediately arrange for the correction of any and all such discrepancies and shall notify Builder upon completion of the work necessary to correct the discrepancy within two (2) business days after notification. Payments may be withheld pursuant to Section 2 until such time as the discrepancies are eliminated. If the Subcontractor does not act promptly to correct such deficiencies, Builder may independently arrange for the correction of any and/or all such discrepancies and for payment of the cost thereof. Builder shall have the right to back charge such costs or setoff the amount thereof against any sums owing Subcontractor hereunder or otherwise.

25.3 It shall be the responsibility of the Subcontractor, after the completion of the last phase of the Project on which the Subcontractor performed work and during the guarantee period, to correct any and all discrepancies and defects in workmanship and/or materials performed or supplied by Subcontractor on the work of construction, within five (5) business days after notification of such discrepancies and defects by Builder. Subcontractor shall notify Builder immediately upon completion of work performed or materials supplied necessary to eliminate the discrepancies and defects. Should the Subcontractor fail to comply with the Builder discrepancy notice within five (5) business days after

Subcontractor
Initials [Signature]

Date 3-31-99

11

Builder
Initials [Signature] Date _____

this Subcontract Agreement, the prevailing party shall be entitled to recovery from the other party, all associated costs, including but not limited to, costs of investigation, court costs and all reasonable attorneys' fees incurred in good faith. Unless judgment goes by default, the attorneys' fees incurred by the prevailing party shall be presumed reasonable and shall be awarded. It is the intention of the parties to fully compensate the prevailing party for all attorneys' fees paid or incurred in good faith.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials ML Date 3-31-99 Builder Initials [Signature] Date _____

SECTION 20: SURETY BOND

If requested by Builder for any reason whatsoever, Subcontractor further agrees that it will, within ten (10) days from written notification by Builder, provide Builder with a bond, conditioned upon faithful performance of this Subcontract Agreement in all its particulars and/or a labor and material bond, duly executed with a surety company acceptable to Builder, as surety, and in form and content acceptable to Builder. Builder will reimburse Subcontractor for the expense of such bond up to one percent (1%) of the total contract price. If a bond is required and Subcontractor fails or refuses to provide such a bond within ten (10) days after request, such refusal shall be sufficient grounds for termination as set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials ML Date 3-31-99 Builder Initials [Signature] Date _____

SECTION 21: SUPERVISION

21.1 The Subcontractor, or its representatives, shall exercise full time general supervision in and over all phases of its operation to ensure correct performance of the Scope of Work. Builder, or its representatives, shall have access to any and all parts of the Subcontractor's storage facilities, including but not limited to the construction grounds, and may at any time inspect, sample, test or require tests to be taken on any materials furnished or ordered to be used in the construction of the units described in the Contract Documents.

21.2 The Subcontractor shall be responsible to and answer directly to Builder, or its representatives, for the acts or omissions of its employees and of all persons directly or indirectly employed or retained by it in connection with its work under the Contract Documents.

21.3 The Subcontractor shall at all times respect the judgment and authority of Builder representatives acting in the capacity of job superintendent. The Subcontractor shall report to Builder representatives in writing any and all criticism, materials shortages, labor trouble or other conditions or circumstances which in any way affect the performance of its duties or completion of the job.

SECTION 22: PLANS AND SPECIFICATIONS

22.1 Subcontractor will comply with all City, County and Federal ordinances, statutes including the applicable building codes and manufactured specifications and requirements. No work is to be deemed complete until final inspection and approval by appropriate public agencies, as well as acceptance by Builder. Such acceptance and/or payment by Builder shall not bar any claim against Subcontractor for defects in workmanship or materials or deviations from said plans, drawings or specifications or from said rules, regulations and requirements. If a conflict or ambiguity occurs between the Subcontract Agreement, Scope of Work, Addenda, plans & specifications, or applicable codes or regulations, the more stringent, as determined by Builder, shall apply. Builder assumes no liability for failure of the plans and/or specifications to comply with such requirements, and it is conclusively presumed that Subcontractor is familiar with all of said requirements and that the work to be performed or the materials to be furnished hereunder by the Subcontractor are to be in strict accordance with said requirements, irrespective of the provisions of the plans and/or specifications.

22.2 Subcontractor shall bear the entire expense of complying with this section of the Subcontract Agreement and shall receive no extra or additional compensation therefor.

22.3 It shall be the responsibility of the Subcontractor to check all figures, measurements and any work of a prior Subcontractor (contracted to perform the same Scope of Work) prior to commencing work, and any discrepancies apparent to him must be reported in writing to Builder immediately for adjustment. Failure to comply in this respect, and any additional costs resulting from noncompliance, shall be the responsibility of the Subcontractor.

22.4 It shall be the responsibility of the Subcontractor to submit for approval by Builder and/or its Architect any necessary shop drawings, diagrams, samples, material lists, brochures, etc., at Subcontractor's sole expense. Said submittal shall conform to the Contract Documents. If the submittal deviates from the Contract Documents, it shall be

Subcontractor Initials ML Date 3-31-99

Builder Initials [Signature] Date _____

notification, Builder may independently arrange for the correction of any and/or all such discrepancies and the Subcontractor shall reimburse Builder for the cost thereof. Builder shall have the right to back charge such costs or offset the amount thereof against any sums owing Subcontractor hereunder or arising out of other projects or phases of this Project.

25.4 Nothing contained in Sections 25.1 through 25.3 shall limit Subcontractor's liability to Builder as provided for in Sections 13.

SECTION 26: WARRANTY

Subcontractor agrees to perform all work in a first class, workmanlike manner. At a minimum, work shall be equal to the HUD/FHA Minimum Property Standards; in accordance with all Municipal, County, and State building codes, and in accordance with the terms and dates as outlined in the Builder's limited warranty.

Unless otherwise specified herein, Subcontractor guarantees his work against all defects of materials and workmanship for a period of one year from the date of the certificate of occupancy as issued by the governmental agency having jurisdiction over the construction. This warranty shall be in addition to all other rights and privileges which the Builder may have under any other law. Neither the final payment nor any provision in the contract documents shall relieve the Subcontractor of responsibility for faulty materials or workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials MM Date 3-31-99 Builder Initials MM Date _____

Subcontractor shall remedy, as its sole cost and expense, any defects due to its faulty materials or workmanship and pay for any damage to other work or materials resulting therefrom, within ten (10) working days after being notified by the Builder.

In an emergency, as defined in the Builder limited warranty documents, notification of the Subcontractor will be by phone with a written service order to follow.

_____ Subcontractor shall provide a 24-hour emergency number and service.

_____ 24-hour number and service not required

Subcontractor will be notified of non-emergency items by written service order. Service order forms indicating the completion of remedial work must be signed and dated by the Subcontractor or Subcontractor's representative who performs the work and returned to the Builder. Until the signed service order is received in the Builder office, the work will be considered to be incomplete.

The Builder retains the right to assign remedial work that is not completed within the established time frame to another Subcontractor and charge the cost of such work to Subcontractor. Adequate funds may be retained at the Builder's option, from any payments then due to Subcontractor until all remedial work over ten (10) days old is completed.

SECTION 27: NOTICES

Any and all notices or other communications required or permitted by this Subcontract Agreement or by law to be served on, given to or delivered to either party hereto (Builder and Subcontractor), by the other party shall be in writing and shall be deemed duly served, given or delivered when (i) personally delivered to the party to whom it is addressed; (ii) deposited in the U.S. Mail, first class postage prepaid, addressed to Builder or Subcontractor at the addresses herein before set forth; or (iii) sent by telegram to Builder or Subcontractor at the addresses hereinbefore set forth.

SECTION 28: MISCELLANEOUS

28.1 Subcontractor further agrees to hold Builder and the Project Owner and their officers, directors, agents and employees harmless from any expense of any nature arising out of any and all claims (including, but not limited to, claims that may be presented by virtue of any contract or employment under the Subcontractor) for union welfare, pension, vacation, apprenticeship, owner-operator, health and welfare, and related types of payment obligations connected with the job herein referred to, whether or not well-founded.

28.2 In addition to the provisions and remedies contained in Section 6, or any other provisions hereinbefore stated, Builder may terminate this Subcontract Agreement with the Subcontractor or its subcontractors (and the Subcontractor shall so provide in contracts with its subcontractors), in the event that the Subcontractor or its subcontractors are listed by the administrative office of the appropriate health and welfare, pension, vacation or apprentice funds as being delinquent in payment, or payments, to said fund or funds regardless of the job in connection with which the alleged delinquency occurred (which termination shall be considered "for cause"). If this Subcontract

Subcontractor Initials MM Date 3-31-99

Builder Initials MM Date _____

Agreement is terminated pursuant to this provision, Subcontractor shall be obliged to pay the entire cost of completion of work called for by this Subcontract Agreement and/or subcontractor contract(s) whether Builder has said work completed on a time and material basis or lets a new contract for completion of the work. If Builder elects not to terminate, pursuant to this provision, Subcontractor appoints Builder (and Subcontractor shall similarly bind his subcontractors to do so) as Subcontractor's agent to use Builder's judgment and discretion to pay such amounts as Builder believes is due and owing, pursuant to then existing collective bargaining agreements to the appropriate administrative office, out of funds Builder would otherwise be required to pay to Subcontractor. Builder's determination as to amount(s) to be paid, if any, shall be final.

28.3 The Contract Documents should be considered complimentary to each other, and what is called for in one shall be binding and enforceable as if called for in all.

28.4 The term "Subcontractor" refers to the firm or individual, or series of individuals, or corporation, who is obligated to perform the obligations set forth in any phase of the Subcontract Agreement so endorsed by it or under its power of attorney.

28.5 If any provision of this Subcontract Agreement, or portion thereof, is determined by a court to be invalid, that determination shall not serve to invalidate the remainder of this Agreement or the remainder of provisions.

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

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials WR Date 3-31-99 Builder Initials JB Date _____

28.7 There are no understandings or agreements except as herein expressly stated. Time is of the essence for this Subcontract Agreement. This Subcontract Agreement shall not be interpreted for or against either party, but in accordance with its fair meaning. No court has the power or discretion to do anything other than to enforce the plain meaning of each contract provision. No legal theory shall or may ever be applied to avoid, circumvent or "get around" the plain meaning of this Subcontract Agreement.

28.8 Subcontractor's Agreement not to Contract: The parties acknowledge that Subcontractor may come into contact with Owners of specific lots. Subcontract agrees that Subcontractor or Subcontractor's employees, agents or representatives shall not contract directly with any prospective or current homeowner prior to close of escrow of Builder's homes. Subcontractor further acknowledges that violation of this provision is grounds for termination as is defined in Section 6 herein.

SUBCONTRACTOR

BROOKFIELD HOMES SAN DIEGO INC.

BY: WR
TITLE: WILLIAM D. RANEY, Vice President
DATE: MAR 31 1999

BY: JB
TITLE: _____
DATE: 4/19/99

STATE LICENSE NO. 221517

CONTRACT NO.: _____

CITY
BUSINESS LICENSE NO. 74003992

WORKERS' COMPENSATION POLICY
NO. 7081905

WORKERS' COMPENSATION
EXPIRATION DATE 6/1/99

GENERAL LIABILITY POLICY
NO. 9330092

FEDERAL I.D. NO. 95-2266784

Subcontractor Initials WR Date 3-31-99

Builder Initials JB Date _____

EXHIBIT C

SUBCONTRACT AGREEMENT FOR CONSTRUCTION

This Agreement, made this 12th day of March 1999, by and between BROOKFIELD HOMES SAN DIEGO INC., a California corporation, acting as General Contractor and hereinafter referred to as "Builder", and HNR FRAMING SYSTEMS, INC., as a Subcontractor, is for the performance of part of the work in the following project:

PROJECT NAME & ADDRESS:	Barrington Carlsbad, California	HNR FRAMING MAR 31 1999 RECEIVED																		
PROJECT DESCRIPTION:	Tract # 12950																			
PROJECT OWNER:	Brookfield Barrington Inc.																			
CONSTRUCTION LENDER:	Wells Fargo																			
ADDRESS & LOAN NUMBER:	401 "B" Street, Suite 304 San Diego, CA 92101 310/335-9437 - Angela Meick																			
PROJECT BUILDER:	BROOKFIELD HOMES SAN DIEGO INC. 12865 Pointe Del Mar, Suite 200 Del Mar, California 92014 (619) 481-8500 (619) 794-6186																			
PROJECT ARCHITECT:	Dahlin Group																			
GEOTECHNICAL ENGINEER:	Geosols Inc.																			
PROJECT CIVIL ENGINEER:	Hunsaker & Associates																			
ENERGY CONSULTANT:	Haynal & Company																			
PROJECT STRUCTURAL ENGINEER:	Horowitz Taylor Engineering																			
PROJECT LANDSCAPE ARCHITECT:	Land Concern Ltd.																			
SUBCONTRACTOR NAME, ADDRESS:	HNR Framing Systems Inc. 12345 Crosthwaite Circle Poway, CA 92064 619/486-2471 - 619/486-7351 Fax																			
SUBCONTRACTOR PHONE/FAX:																				
SUBCONTRACTOR CONTACT:	Robert Thomas	RECEIVED																		
GENERAL SUPERINTENDENT:	Dave Marsh																			
CUSTOMER SERVICE:	Ruben Don																			
EMERGENCY AFTER HOURS PHONE:	619-486-2471	APR 29 1999																		
TRADE:	Rough Carpentry	BROOKFIELD HOMES																		
SUBCONTRACT AMOUNT:	<table border="0"> <tr> <td><u>Cost Code</u></td> <td><u>Amount</u></td> </tr> <tr> <td>51235/51240</td> <td>\$ 82,516.00 - Models</td> </tr> <tr> <td></td> <td>\$366,238.00 - Phase 1</td> </tr> <tr> <td></td> <td>\$338,376.00 - Phase 2</td> </tr> </table>	<u>Cost Code</u>	<u>Amount</u>	51235/51240	\$ 82,516.00 - Models		\$366,238.00 - Phase 1		\$338,376.00 - Phase 2											
<u>Cost Code</u>	<u>Amount</u>																			
51235/51240	\$ 82,516.00 - Models																			
	\$366,238.00 - Phase 1																			
	\$338,376.00 - Phase 2																			
CONTRACT DOCUMENTS:	<table border="0"> <tr> <td>Attachment "A"</td> <td>General Terms and Conditions</td> </tr> <tr> <td>Attachment "B"</td> <td>General Scope of Work</td> </tr> <tr> <td>Attachment "C"</td> <td>Specific Scope of Work</td> </tr> <tr> <td>Attachment "D"</td> <td>Option Pricing</td> </tr> <tr> <td>Attachment "E"</td> <td>Sequence Sheet</td> </tr> <tr> <td>Attachment "F"</td> <td>Plan List</td> </tr> <tr> <td>Attachment "G"</td> <td>Site Map</td> </tr> <tr> <td>Attachment "H"</td> <td>Production Schedule</td> </tr> <tr> <td>Attachment "I"</td> <td>Contract Payment Schedule</td> </tr> </table>	Attachment "A"	General Terms and Conditions	Attachment "B"	General Scope of Work	Attachment "C"	Specific Scope of Work	Attachment "D"	Option Pricing	Attachment "E"	Sequence Sheet	Attachment "F"	Plan List	Attachment "G"	Site Map	Attachment "H"	Production Schedule	Attachment "I"	Contract Payment Schedule	
Attachment "A"	General Terms and Conditions																			
Attachment "B"	General Scope of Work																			
Attachment "C"	Specific Scope of Work																			
Attachment "D"	Option Pricing																			
Attachment "E"	Sequence Sheet																			
Attachment "F"	Plan List																			
Attachment "G"	Site Map																			
Attachment "H"	Production Schedule																			
Attachment "I"	Contract Payment Schedule																			
HNR FRAMING SYSTEMS INC.	BROOKFIELD HOMES SAN DIEGO INC. A California corporation																			
By: <u>Robert R. Thomas</u>	By: <u>[Signature]</u>																			
Title: <u>President</u>	Title: <u>[Signature]</u>																			
Date: <u>4/26/99</u>	Date: <u>6/15/99</u>																			

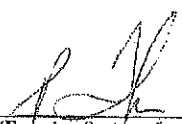

SUBCONTRACTOR: HNI FRAMING SYSTEMS INC.
TRADE: ROUGH CARPENTRY
CONTRACT NO: 24939 thru 24944
SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
1600-5129/62-62-101-0000-000-51235 & 51240
1600-5129/62-62-102-0000-000-51235 & 51240
DATE: March 12, 1999

BARRINGTON


ATTACHMENT "A"
GENERAL TERMS AND CONDITIONS

Rev. 9/30/97

1. The Subcontractor is made aware that presence on the jobsite without all insurance requirements fulfilled and approved by Brookfield Homes San Diego Inc. is strictly prohibited.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. The acceptance by Subcontractor of final payment shall be and shall operate as a release to the Builder of all claims and all liability to Subcontractor for all things done or furnished in connection with this work. No payment, however, final or otherwise, shall operate to release Subcontractor or his sureties from any obligations under this Agreement or any performance and payment bond in connection with the work.
4. Subcontractor work orders signed at the project site by the Builder's Project Superintendent will serve only as acknowledgement that the work has been performed, not as a guarantee for payment.
5. Builder may back charge Subcontractor at any time for cost of corrective work plus \$100 for administration charges. In the event back charges are encountered, the Subcontractors involved shall negotiate the cost and payment with each other. Should the Subcontractors involved be unable to agree as to fault and cost of repair (back charges), Builder's representative shall arbitrate to reach an agreeable solution between the Subcontractors involved. Should Builder have to hold monies from one Subcontractor to pay another for back charges, a \$100 charge shall be assessed by Builder.
6. Subcontractor will protect the work of other trades and shall repair and correct any damages incurred to the work of other trades.
7. Alcohol, drugs, loud music, children and dogs are prohibited on the jobsite. Any written violations from Builder may result in termination of Subcontractor's contract.
8. Architectural intent shall take precedence should conflicts arise within architectural and structural documents, at the direction of the Builder's Project Superintendent, architect, and structural engineer.
9. Any and all layout required within the respective portions of the work shall be included.
10. Project shall be manned at all times with competent, English speaking supervision.
11. Prior to start of work, Subcontractor shall meet with Builder's Project Superintendent and related trades to coordinate all details, including contracts, plans, specifications, dimensions, schedules, models, prior production units and the like. Subcontractor agrees that he has inspected and accepted all conditions, and is aware of all details for which he is responsible.
12. Subcontractor's designated representative shall be present at weekly jobsite safety meetings to be scheduled by Builder's Project Superintendent.
13. Subcontractor is responsible for controlling dust, if appropriate, during the course of Subcontractor's work.
14. Subcontractor shall furnish and maintain any necessary barricades and warning signs/caution tape and shall control traffic as necessary.
15. Subcontractor or Subcontractor's employees, agents, or representatives shall not contract directly for any work or additions with a prospective or current homebuyer prior to close of escrow of Builder's homes. Contracting directly with the homebuyer will be considered a violation of Builder's contract and may result in termination of the contract.
16. Subcontractor shall keep site clean and provide for a safe work place. Debris shall be stacked inside each garage to be removed by others. Units shall be kicked out and swept by others after framing is complete.


HNI Framing Systems Inc. 4-26-99 
Date

BH-B5-005493


Brookfield Homes San Diego Inc.
Date

SECTION 1: DESCRIPTION OF WORK, COST PER UNIT AND CONTRACT PRICE

Subcontractor agrees to furnish all labor, materials, installation, supplies, equipment, services, machinery, tools and other facilities of every kind and description required for the prompt and efficient execution of the work necessary to complete the described duties at the price specified. The job shall be completed in strict accordance with the terms and conditions of this Subcontract Agreement, any Performance Schedule provided by Builder, and the general conditions, specifications, plans and drawings prepared for Builder, all of which constitute and are referred to hereinafter as the "Contract Documents," and all applicable codes, ordinances, regulations and policies and to the full satisfaction and acceptance of Builder and applicable inspecting jurisdiction, including all carriage and applicable taxes of any nature whatsoever. The contract price shall be paid by Builder to the Subcontractor in accordance with payment provisions of this Subcontract Agreement. If the Contract Documents and/or codes are silent, the work shall be done in accordance with accepted industry standards.

SECTION 2: PAYMENT

2.1 Subcontractor will not be paid unless it has fully performed to the extent billed and until it has complied with all of the provisions of this section. Subcontractor shall submit all invoices for work and materials furnished, in duplicate, to Builder for approval. All invoices shall be accompanied by appropriate waiver and release documents in forms satisfactory to Builder, executed by Subcontractor, its laborers, subcontractors and all suppliers who furnished materials to said job to the date of the invoice(s). No payment made hereunder shall be construed as evidence of acceptance of any part of Subcontractor's work, nor a waiver of any claim by Builder or Project Owner arising out of faulty workmanship or materials or from failure of Subcontractor to comply strictly with the Contract Documents.

2.2 Pay-When Paid: Subcontractor shall be paid in accordance with the schedule and rate of retention set forth in the contract documents made by Owner to Builder, after each payment has been received by Builder from Owner, and only to the extent that the payment received by Builder from Owner includes payment for work performed by Subcontractor. Subcontractor understands that Subcontractor will be paid only from a special fund, and that such special fund is monies paid to the Builder by the Owner. If for any reason that fund does not come into existence, Subcontractor shall not be entitled to payment. The receipt of funds by Builder from Owner allocable to work performed by Subcontractor is a condition precedent to the Builder's obligation to make any progress payment to Subcontractor.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 4-26-99 Builder Initials [Signature] Date _____

2.3 Terms of Payment: See Contract Payment Schedule in Attachment "1."

SECTION 3: INDEPENDENT INVESTIGATION

3.1 Subcontractor hereby warrants that it has made its own careful and independent investigation and review of the jobsite conditions, plans, specifications, reports, Performance Schedule, and relevant statutes, codes, ordinances, regulations and policies and is fully familiar with the requirements and difficulties presented. Subcontractor hereby warrants and agrees it is not relying upon any opinion or representation of Builder not contained in this Subcontract Agreement or other documents incorporated herein. Subcontractor warrants that it has found no ambiguity or conflict in the plans and specifications other than those which have been disclosed in writing prior to the execution of this Subcontract Agreement.

3.2 Subcontractor also warrants that it has verified that all materials and equipment necessary to perform its work are available when and as needed pursuant to the Agreement and the Performance Schedule.

3.3 Subcontractor has visited the site and is familiar with the work completed, if any, including but not limited to, all work in the models and the most recent phase of production. Subcontractor is aware of all changes that have been made including those which may not be incorporated into the current set of plans and specifications, and it agrees that the contract price for the Scope of Work includes all previous changes. The Subcontractor understands that no additional compensation will be considered unless consistent with Section 9 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 4-26-99 Builder Initials [Signature] Date _____

SECTION 4: CLEAN UP/HAZARDOUS MATERIALS

BH-BS-005494

4.1 Subcontractor agrees to clean up and remove from premises all waste materials, debris and spoil of every description which may accumulate in the building (if applicable) or about the premises as a result of its work. The

Subcontractor Initials [Signature] Date 4-26-99 Builder Initials [Signature] Date _____

premises must be left in a clean and acceptable manner as determined at Builder's sole discretion. Should the Subcontractor refuse or neglect to clean up or remove waste materials, debris and spoil upon being directed to do so by Builder, Builder may remove same or cause it to be removed by others and the Subcontractor shall suffer a deduction from its contract price for the expense incurred.

4.2 Subcontractor represents and warrants to Builder that it, its employees and agents will not release, discard, discharge or dispose of at the Project, on the ground or in the surface water thereof, any hazardous substance hereinafter defined. In the event Subcontractor breaches this representation or warranty, said breach shall, (i) constitute a material breach of this Subcontract Agreement, (ii) entitle Builder to the remedies provided in Section 6.1 of this Subcontract Agreement, and (iii) constitute damage to or destruction of property requiring the indemnification of Builder and Project Owner pursuant to Section 13 of this Subcontract Agreement. For purposes of this Subcontract Agreement, the term hazardous substance shall mean any chemical substance, oil, waste, petroleum or petroleum product, or other material which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant," under any Federal, State or local law, regulation or ordinance.

SECTION 5: WORK COMMENCEMENT AND PROGRESS

5.1 Time is of the essence in this Subcontract Agreement. Subcontractor agrees to commence work to be performed hereunder within twenty-four (24) hours of receipt of notice to commence from Builder and to complete its work in accordance with Builder's Performance Schedule and all modifications thereto, which schedule is incorporated herein by reference and made a part hereof. Subcontractor warrants that it has reviewed the Performance Schedule and is satisfied with it and hereby agrees to review as necessary all modifications to that schedule which will be maintained in the jobsite office of Builder. Builder and Subcontractor recognize that from time-to-time final plans, schedules and specifications for a project may not be complete at the time of execution of the Subcontract Agreement. In such event, Subcontractor agrees to advise Builder of any objections within seventy-two (72) hours of notice from Builder that the plans, schedules or specifications have been finalized. If, in the opinion of Builder, at its sole discretion, Subcontractor is not furnishing sufficient men, materials or equipment to meet the Performance Schedule, Builder may exercise the options available to it in Section 6 of this Subcontract Agreement.

5.2 Builder shall maintain observation of the premises on which the work hereunder is to be performed and shall have the right to determine the Project working hours, the time and the priority of the work of other Subcontractors and all matters concerning the timely and orderly conduct of the work of the Subcontractor. Unless specifically noted herein, there are no assumptions relative to or limitations upon the number of move-ins required by the Subcontractor.

5.3 No Damage for Delay: It being expressly contemplated by the parties that in the event Subcontractor is delayed at any time in its performance of the work by act or neglect of the Owner, Architect, Builder, or any employee of Owner, Architect, Builder, or of a separate Contractor employed by Owner, or by changes ordered in the work, or by labor disputes, severe weather, fire, unusual delay in deliveries, work suspensions, acceleration, design defects, changes, unavoidable casualties, or other causes beyond Builder's control, or by delay authorized by Owner pending arbitration, or by other causes which Builder determines may justify delay, then Subcontractor's sole and exclusive remedy for delay shall be an extension of time for performance of the Subcontractor's work, except and unless such delay is the result of active intentional interference by the Builder and Owner. No claims for additional compensation or damages for delays, whether in the furnishing of material by Builder or delays by other subcontractors or Owner will be allowed by the Builder and said extension of time for completion shall be the sole remedy of Subcontractor. No allowance or extent of time referenced above shall be made unless a claim therefore is presented in writing to the Builder 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 Builder from completion of the entire project within the time that Owner allows Builder for such completion.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials Date 4-26-99 Builder Initials Date

5.4 Subcontractor shall schedule its work and the presence of its employees at the jobsite and any deliveries of supplies or material by its materialmen and suppliers to the jobsite on such days, and at such times and during such hours, as may be directed by Builder. Subcontractor shall assume responsibility for such schedule compliance not only for its employees, but also for its materialmen and suppliers.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials Date 4-26-99 Builder Initials Date

BH-BS-005495

5.5 Subcontractor shall be responsible for the delivery, unloading, storing and protecting of all equipment, supplies and materials. All materials stored on the site must be stored in a container supplied by the Subcontractor. Garages or any other storage will not be supplied by Builder. Builder shall approve or disapprove Subcontractor's storage location at its sole discretion.

Subcontractor Initials Date 4-26-99 Builder Initials Date

5.6 The Subcontractor shall abide by and conform to any procedures and schedules established by Builder which may be necessitated by Acts of God, Subcontractor's failure to comply with this Subcontract Agreement, or other factors which affect completion. Subcontractor covenants and agrees to coordinate its work with other subcontractors and to cooperate with other subcontractors working on the Project.

5.7 Subcontractor shall examine the surface or area to which its work is to be attached or performed and shall report in writing any related work which is not suitable to accommodate its work. Subcontractor shall not proceed with the installation until same has been corrected. Commencement of work shall constitute an acceptance by Subcontractor of surfaces and conditions to which its work relates and it shall be fully responsible for obtaining proper and satisfactory results.

5.8 Responsibility for Other Trades: Subcontractor shall assume full responsibility for the defective work of others, if said Subcontractor accepts the work, or materials, and proceeds with its scope of work without written notification to Builder.

5.9 Liquidated Damages: The parties acknowledge and agree that Builder will suffer substantial damages if Subcontractor fails to complete the scope of work contemplated by the Subcontract Agreement within the duration of time and working days as specified by the Performance Schedule attached hereto. The parties realize that it will be extremely difficult and impractical, if not impossible, to ascertain with any degree of certainty the actual amount of Builder's damages in the event of such failure to perform by Subcontractor. Therefore, the parties hereby agree that \$ 426.99 per day represents a reasonable estimate of such damages considering all of the circumstances existing on the date of execution of the Subcontract Agreement and that Builder shall have the right to retain the full amount of said sum against Subcontractor funds owed on this Subcontract Agreement, as a remedy to Builder's potential damages should Subcontractor default.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 4/26/99 Builder Initials [Signature] Date _____

5.10 In the event a dispute arises between Builder and Subcontractor during Subcontractor's performance of the work, Subcontractor shall continue to perform its obligations under this Subcontract Agreement unless otherwise notified in writing by Builder.

SECTION 6: TERMINATION

6.1 Subcontractor shall perform the work in a prompt and diligent manner so as to promote the general progress at the entire project and shall not interfere with nor hinder the work of Builder or any other subcontractor. Subcontractor agrees to reimburse Builder for any and all damages which may be assessed against and collected from Builder, which are attributable to or caused by Subcontractor's failure to furnish the materials and perform the work required by the Subcontract Agreement in the manner provided for herein. If Builder shall deem it necessary, Subcontractor, on demand of Builder, shall provide additional workforces, overtime, additional shifts, and shall expedite the furnishing of materials so as to meet the Performance Schedule.

6.2 In the event the Subcontractor, at any time, refuses or neglects to supply a sufficient number of properly skilled workers or a sufficient quantity of materials of proper quality, or is adjudicated a bankrupt, or files a reorganization proceeding, or commits any act of insolvency, or makes an assignment for benefit of creditors without Builder's consent, or fails to make prompt payment to his materialmen and/or laborers, or fails in any respect to promptly and diligently prosecute the work covered by this Subcontract Agreement, 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 fails to fulfill any of the provisions by him to be performed, or otherwise fails to fully perform any and all of the Subcontract Agreement herein contained, Builder may, at his option:

(a) After giving 24 hours written notice to Subcontractor to cure, provide any such labor and materials as may be necessary and deduct the cost thereof from any money then due or thereafter to become due to the Subcontractor under this Subcontract Agreement; or

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 4/26/99 Builder Initials [Signature] Date _____

(b) Should Subcontractor fail to cure the default referenced above within 24 hours, the builder may, at its option, terminate Subcontractor's right to proceed with the work and in that event, builder shall have the right to enter upon the premises of the project and take possession, for the purpose of completing the work under this Subcontract Agreement, of all materials, tools, equipment, and appliances of Subcontractor, and may employ any other person(s) to finish the work and provide the materials therefore.

Subcontractor Initials RL Date 4/26/99 Builder Initials [Signature] Date _____

BH-BS-005496

6.3 In the event of such termination of Subcontractor's right to proceed with the work, said Subcontractor shall not be entitled to receive any further payment under this Subcontract Agreement until the work undertaken by Builder in its prime contract is completely finished. At that time, if the unpaid balance of the amount to be paid under this Subcontract Agreement exceeds the expenses incurred by Builder in finishing Subcontractor's work, such excess shall be paid by Builder to Subcontractor; but, if such expense shall exceed such unpaid balance, then Subcontractor shall promptly pay to Builder the amount by which such expense exceeds such unpaid balance. The term "expense" referred to in the last sentence shall include expenses incurred by Builder for furnishing materials, labor, equipment, and other expenses for finishing the work, for any attorney's fees incurred by Builder effectuating the instant termination or interpreting the instant Subcontract Agreement, and any damages sustained by Builder by reason of Subcontractor's default, plus a markup of 15 percent for general and administrative expense, and a 10 percent profit on any and all of such expenses. Builder shall have a lien upon all materials, tools and appliances taken possession of, as aforesaid, to secure the payment thereof. The notice referred to in this section will be sufficient and complete if written notification is given at the project site or when faxed or mailed to Subcontractor at his fax number or address as shown in this Subcontract Agreement.

6.4 Builder may withhold, or on account of subsequently discovered evidence, nullify the whole or part of any payment due to Subcontractor to such extent as may be necessary to protect Builder from loss, including costs and attorney's fees, on account of:

- (a) Defective work not remedied;
- (b) Claims filed or reasonable evidence indicating the probable filing thereof;
- (c) Failure of Subcontractor to make payments promptly to a subcontractor or for materials, labor, or fringe benefits;
- (d) A reasonable doubt that this Subcontract Agreement will be completed for the balance then unpaid; or
- (e) Damage to Builder or other subcontractors.

6.5 Subcontractor reserves the absolute right to terminate this Subcontract Agreement for any reason, including its own convenience. In the event of termination without cause, Subcontractor shall be entitled to payment only as follows:

- (a) Cost of the work actually performed in conformity with this Subcontract Agreement; plus
- (b) Ten percent (10%) of costs referred to in subparagraph (a) above, for overhead and profit.

However, in no event shall the Subcontractor be entitled to any amount that exceeds sections (a) and (b) above.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 4/26/99 Builder Initials [Signature] Date _____

SECTION 7: LABOR

7.1 The parties agree and declare that the Subcontractor and Builder are separate, independent entities and that the Subcontractor has full responsibility for the performance of the work and the direction of its work force, subject only to the duty of the Subcontractor to cooperate with Builder and other subcontractors.

7.2 Subcontractor recognizes that in the performance of its work, it will be required to work side-by-side with other subcontractors and representatives of Builder on the Project. Builder and/or other subcontractors may not be signatory to collective bargaining agreements with the various labor organizations.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 4/26/99 Builder Initials [Signature] Date _____

7.3 Subcontractor agrees that should there be picketing or a threat of picketing by any labor organization at or near the Project, Builder shall establish a reserved gate for use by the Subcontractor's employees and suppliers. In that event, it shall be the affirmative obligation of the Subcontractor, as a material consideration of this Subcontract Agreement and each and every other agreement between the parties hereto, to insure that its employees and other suppliers use only the gate or entryway designated by Builder. Notwithstanding the establishment or non-establishment

Subcontractor Initials [Signature] Date 4/26/99

Builder Initials [Signature] Date _____

BH-B5-005497

of a reserved gate, it shall be the continuing obligation of the Subcontractor to properly staff the job with qualified employees without interruption or delay.

7.4 In the event the Subcontractor's employees refuse to work because of a labor dispute or grievance with the Subcontractor, Builder or some other subcontractor, it shall not relieve Subcontractor of its obligations to supply enough properly skilled workers to perform the work undertaken by it without interruption.

7.5 Subcontractor hereby warrants that it is not now nor will it be delinquent in the payment or reporting to any labor-management fringe benefit trust fund, and further that Subcontractor is not now nor will it appear on any delinquency list published by any labor-management fringe benefit trust fund.

7.6 When, in the judgment of Builder, Subcontractor shall have refused, neglected or failed to supply enough properly skilled workers, or otherwise shall have refused, neglected or failed to comply with the provisions of this Section 7, Builder shall be able to exercise its rights in accordance with Section 6 of this Subcontract Agreement.

7.7 Subcontractor also agrees to comply with all of the terms and provisions of any Equal Opportunities requirements imposed upon Builder, to the same extent as though said requirements were imposed upon Subcontractor, provided Builder informs Subcontractor of said requirements; and Subcontractor's refusal to do so within forty-eight (48) hours of notice by Builder shall permit Builder to exercise its rights and remedies set forth in Section 6 of this Subcontract Agreement.

SECTION 8: TAXES

Subcontractor agrees to pay any and all taxes, including specifically, but not by way of limitation, sales taxes, use taxes, gross receipt taxes, excise taxes, old age benefits, withholding taxes, and unemployment compensation taxes under all State, local and Federal laws with respect to all materials furnished and employees engaged in the performance of this Subcontract Agreement.

SECTION 9: EXTRAS

9.1 It is understood and agreed that all labor and/or materials furnished by Subcontractor, even though said labor and/or materials are not specifically required or demanded by this Subcontract Agreement or the Contract Documents, shall nevertheless be deemed to be included within the scope of labor and/or materials properly and necessarily required for the performance hereof and not warranting additional compensation, subject only to the following exception and none other, to wit: that any labor and/or materials furnished hereunder that are authorized by Builder in writing, together with a definite statement in said authorization that said labor and/or materials shall be deemed an "Extra" and shall be paid for in addition to the subcontract price at a sum specified in said authorization. Builder may, at any time during the progress of said Project, order in writing, deviations, additions or omissions and the same shall not void this Subcontract Agreement, but the value thereof, as agreed upon in such written authorization, shall be added to, or deducted from, the contract price hereof. Any modifications in the work to be done by the Subcontractor that are changes requiring the substitution of certain work and/or materials for other work and/or materials originally required by this Subcontract Agreement, or by the plans and specifications incorporated into this Subcontract Agreement, will not entitle the Subcontractor to additional compensation unless the change order is in writing and specifically provides that it authorizes an "Extra" in a stated amount.

9.2 It is expressly agreed and understood by and between Builder and the Subcontractor that no "Extra" charge(s) will be paid without written authorization; that the subcontract price includes performing all work specified according to specification (when applicable) and that said work must comply with all City, County, State and Federal building codes and requirements.

9.3 An authorization for any extra work shall be obtained in writing by the use of the "Committing Document" form, a sample of which is attached hereto as Attachment "H". Attachment "H" is hereby incorporated by reference as part of this Subcontract Agreement, and wherever said forms are utilized and executed by the parties to this Subcontract Agreement, the terms thereof shall be fully enforceable as part of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date [Signature]

Builder
Initials [Signature] Date _____

SECTION 10: DEVIATIONS

Subcontractor shall make no changes and shall be responsible for any deviation from the plans, specifications and/or drawings that it may make, and it may be required to re-do any non-conforming work to conform strictly to the plans, specifications and/or drawings unless a written authorization by Builder, addressed to the Subcontractor, shall be given setting forth specifically in detail what changes shall be made. The cost of changes, unless otherwise specifically agreed upon in writing, shall not exceed a credit for any work not required to be done as a result of such changes.

Subcontractor
Initials [Signature] Date [Signature]

Builder
Initials [Signature] Date _____

BH-BS-005498

SECTION 11: SAFETY (CAL/OSHA) AND DISCIPLINE

11.1 Subcontractor, Subcontractor's employees and agents, and any other party contracting with Subcontractor shall comply with all applicable Federal, State, local and any other legally required safety, environmental and health standards, orders, rules, regulations or other laws. Subcontractor shall bear full financial responsibility for the compliance of those persons referenced therein.

11.2 Should Subcontractor, Subcontractor's employees, Subcontractor's subcontractors, or their employees fail to comply within twenty-four (24) hours from the time Builder or any governmental agency issues Subcontractor a written notice of noncompliance, or within the time of an abatement period specified by any government agency, whichever period is shorter, Builder may exercise any of the remedies available to it under Section 6 of this Subcontract Agreement.

11.3 All equipment used on or near the Project shall be regularly inspected and certified as reliable and dependable and shall be maintained to ensure the safety of the operator and all others on or near the project. All electrical devices (such as cords, connectors, plugs, etc.), shall be in good condition and properly grounded. All injuries, regardless of severity, will be reported in writing to Builder within twenty-four (24) hours of occurrence.

11.4 All vehicles and/or persons driving vehicles on the Project must be licensed, properly insured and registered.

11.5 Drinking of alcoholic beverages or the use of any controlled substance at the Project is strictly prohibited. While Subcontractor's employees are prohibited from using the interior of any unit for coffee or lunch breaks, and no food or beverages are allowed inside the units, garages and other areas designated by Builder may be used. No dogs are permitted at the Project and radio volume will be controlled at the discretion of Builder. Subcontractor shall comply with all applicable noise abatement ordinances.

11.6 Subcontractor warrants it is aware of the OSHA Hazard Communication Standard and its requirements. Subcontractor is to supply Builder with a Material Safety Data Sheet (MSDS) for every hazardous substance Subcontractor has delivered or uses on the Project. The MSDS is required for any material(s) container label using the word(s) "DANGER," "CAUTION," "FLAMMABLE," or "WARNING." Subcontractor is to insure that all hazardous products are in a container with a label clearly identifying the chemical(s) with appropriate hazard warnings. All labels are to be in English, easily understandable and not defaced. When any substance is transferred from one container to another and is not immediately used solely by the person making the transfer, that container must be labeled with the hazard information from its source. Subcontractor is responsible for the control and disposal of all substance containers and their contents. No empty or partially empty container will be permitted to remain on the site after Subcontractor has finished using it. All empty containers shall be removed from the Project by the Subcontractor immediately.

SECTION 12: PROTECTION OF WORK AGAINST DAMAGE OR INJURY

Subcontractor shall be responsible for protecting its own work, material and equipment and shall be responsible for the correction, replacement or repair of any of its work which is damaged prior to final completion of the Project. Subcontractor shall be responsible to Builder or third party subcontractors, as appropriate, for any damage to Builder's work or that of third party subcontractor to Builder whose work is damaged by Subcontractor. Subcontractor shall also protect adjacent property from injury or damage arising out of its work and shall repair or accept responsibility for any such injury or damage.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 1/26/99

Builder
Initials [Signature] Date _____

SECTION 13: INDEMNITY.

13.1 INDEMNIFICATION AND DEFENSE OF BUILDER AND PROJECT OWNER. In connection with the performance of this Subcontract Agreement, to the extent permitted by law, and subject to the provision of Section 13.3 below, Subcontractor shall indemnify, defend and hold harmless Builder and Project Owner and their officers, agents and employees from and against any and all claims, losses, damages, demands, suits, injuries and liabilities (regardless of legal theory alleged), including all costs of litigation, mediation, arbitration and attorney's fees, arising from or relating to (1) any failure by Subcontractor to perform its obligations under this Subcontract Agreement, (2) any damage suffered by Builder and/or Project Owner and their officers, agents and employees relating to the work performed by Subcontractor, (3) the death of or injury to any person, or the damage to, or loss of use of, loss of income from, or destruction of any property however caused, regardless of any negligence by Builder or the Project Owner and their officers, agents and employees be it active or passive, or by the use of Builder's equipment, labor or facilities regardless of whether (a) Builder shall have consented to such use, or (b) the death, injury or damage shall have been caused by unsafe conditions. The duty to defend herein shall arise immediately upon such claim, loss, damage, demand, suit, injury or liability being asserted against Builder and/or the Project Owner, and their officers, agents and employees.

Subcontractor
Initials [Signature] Date 1/26/99

Builder
Initials [Signature] Date _____

BH-B5-005499

13.2 RELEASE AND WAIVER OF CLAIMS. To the extent permitted by law, and subject to the provisions of Section 13.3 below, neither Builder nor the Project Owner or their officers, agents or employees shall be liable to Subcontractor (and Subcontractor hereby releases Builder and Project Owner and their officers, agents and employees therefrom, and Subcontractor hereby waives all such claims against Builder and/or the Project Owner and/or their officers, agents and employees) for death of or injury to any person, or damage to or loss of use of, loss of income from, or destruction of any property, from any cause during the performance of this Subcontract Agreement (including without limitation fire, earth settlement, earthquake, theft, embezzlement, riot, or civil commotion).

13.3 SOLE NEGLIGENCE OR WILLFUL MISCONDUCT. The provisions of Sections 13.1 and 13.2 above shall not apply to any claim or liability arising by reason of the sole negligence or willful misconduct of Builder, the Project Owner or their officers, agents or employees.

13.4 Should any monetary claim or legal action be instituted against Builder within ten years, or thereafter if permitted by law, after completion of the project by a homeowner or renter or the homeowners' or renters' assignee or successor, or other person or entity, wherein the claim or action alleges a breach of warranty or defect or poor workmanship in the construction, express or implied, or concerns any claim or complaint as to the work performed by Subcontractor, or not performed by Subcontractor where the work should have been performed by Subcontractor, then Subcontractor shall indemnify and reimburse Builder and be held strictly liable to Builder for any money paid by Builder or Owner, or Builder's or Owner's insurance company, by way of an adverse award or judgment or settlement, to any claimant or plaintiff should claimant or plaintiff prevail against Builder, and Subcontractor shall pay to Builder its attorney fees actually incurred in the defense of such claim or action. No release issued by Builder may or shall be considered a defense of the claim or complaint alleging construction defects, or faulty workmanship and/or faulty or defective materials, or problems in construction not discovered during the course of construction.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 4/26/99 Builder Initials [Signature] Date _____

SECTION 14: INSURANCE

Prior to commencement of any Work under this Agreement, Subcontractor shall, at its sole expense, fully comply with the terms of this Section 14.

14.1 GENERAL INSURANCE REQUIREMENTS Subcontractor shall not commence any work until it obtains all insurance required to be obtained by Subcontractor under this Subcontract Agreement. Builder will not permit Subcontractor to commence any portion of the work on the Project until Subcontractor has complied with all of the insurance requirements described in this Section 14.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 4/26/99 Builder Initials [Signature] Date _____

All Insurance described under this Section 14 to be carried by Subcontractor will be maintained by Subcontractor at its sole expense with insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than an 'A' and financial rating of not less than '8' in the most current Best's Key Rating Guide. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of the Subcontract Agreement or such longer period as may be specified herein. Should Subcontractor fail in whole or in part to comply with any of the requirements set forth in this Section 14, such a failure shall be deemed a material breach to this Subcontract Agreement thereby entitling Builder to all available legal remedies including, but not limited to, those set forth in Section 6. Subcontractor may provide the insurance described in this Section 14 in whole or in part through a policy or policies covering other liabilities and projects of Subcontractor; provided, however, that any such policy or policies shall: (a) allocate to the Project the full amount of insurance required hereunder, and (b) contain, permit or otherwise unconditionally authorize the waiver contained in Paragraph 14 of this Section 14.

14.2 EVIDENCE OF INSURANCE. As evidence of specified insurance coverage, Subcontractor shall deliver and Builder will accept certificates issued by Subcontractor's insurance carrier applicable to Builder showing such policies in force for the specified period, but Builder has the right to require Subcontractor to submit for Builder's review certified policies. Such evidence shall be delivered to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014, promptly upon execution of this Subcontract Agreement or prior to commencement of work, whichever occurs earliest. Each policy and certificate shall be subject to reasonable approval by Builder and shall provide that such policy shall not be subject to material alteration to the detriment of Builder or Subcontractor or cancellation without thirty (30) days notice in writing to be delivered by registered mail to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014. In the cancellation section of the Certificate of Insurance the Subcontractor shall delete the words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the Company, its agents or representatives." Should any policy expire or be canceled before the expiration of this Subcontract Agreement and Subcontractor fails immediately to procure other insurance as specified, Builder reserves the right, but shall have no obligation, to procure such insurance and to deduct

Subcontractor Initials [Signature] Date 4/26/99

Builder Initials [Signature] Date _____ BH-BS-005500

the cost thereof from any sum due Subcontractor under this Subcontract Agreement. Builder reserves the right to withhold payment should Subcontractor fail to comply with all the insurance provisions described in this Section 14.

14.3 DAMAGES. Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Subcontractor should maintain or the extent of Subcontractor's responsibility or liability for payment of damages resulting from its operations under this Subcontract Agreement. The carrying of the insurance as specified herein shall not be construed to be a limitation of liability on the part of the Subcontractor, nor shall it relieve Subcontractor from any liability under this Subcontract Agreement as a matter of law.

14.4 WORKERS' COMPENSATION INSURANCE. Subcontractor shall maintain Workers' Compensation Insurance, including (a) Employer's Liability at a minimum limit of One Million Dollars (\$1,000,000) for all persons whom it employs in carrying out the work under this Subcontract Agreement. Such insurance shall be in strict accordance with the requirements of the most current and applicable Workers' Compensation Insurance Laws in effect from time to time at the Project site.

14.5 COMPREHENSIVE OR COMMERCIAL GENERAL LIABILITY INSURANCE. Subcontractor shall maintain Comprehensive or Commercial General Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, not to exceed \$10,000, with a combined single limit for bodily injury and property damage of Two Million Dollars (\$2,000,000), or limit carried whichever is greater, covering Operations, Independent Subcontractors, Products and Completed Operations (for 10 years after Final Acceptance), Contractual Liability specifically covering the indemnification contained in Section 13 of the Agreement, Broad Form Property Damage including Completed Operations, Severability of Interest and Cross Liability clauses, Prior Acts Exclusion stating the General Liability policy shall not include any limitation of coverage and/or exclusion including but not limited to Prior Acts Exclusion and/or condominium/detached housing exclusion, Personal Injury and Explosion, Collapse and Underground Hazards (X,C,U). The limits of liability specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

14.6 AUTOMOBILE LIABILITY INSURANCE. Subcontractor shall maintain any and all owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Subcontractor in connection with this Subcontract Agreement with a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or limit carried, whichever is greater.

14.7 WAIVER OF SUBROGATION. Subcontractor hereby waives all rights against Builder for damages caused by fire and other perils and risks to the extent covered by Subcontractor's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to Builder and Owner such other parties specifically listed as additional insureds in Paragraph 14.8 below.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials RL Date 4/26/99

Builder
Initials [Signature] Date _____

14.8 ADDITIONAL INSUREDS. We will only accept Additional Insured Endorsements that cover completed operations. Builder shall be included as an additional insured under the coverage specified in Paragraph 14.5, of this Section 14 with the following language included on the endorsement: It is understood and agreed that coverage afforded by this policy shall also apply to Brookfield Homes San Diego Inc., its officers, directors, agents, employees, divisions, subsidiaries, shareholders, partners, affiliated companies and owners, any lender with an interest in said Project, and all other parties listed as Indemnified Parties under the Subcontract Agreement with Brookfield Homes San Diego Inc., all as additional insureds, but only with respect to alleged legal liabilities or alleged claims caused by, arising out of or resulting from the acts or omissions of the named insured or of others performed on behalf of the named insured.

14.9 PRIMARY ENDORSEMENT. The following language must be included on endorsement: This Insurance is primary and any other insurance maintained by such additional insureds is noncontributing with this insurance as respects claims or liability arising out of or resulting from the acts or omissions of the named insured, or of others performed on behalf of the named insured.

14.10 AIRCRAFT LIABILITY INSURANCE. If the work involves aircraft, Subcontractor shall maintain a combined single limit for bodily injury and property damage liability of not less than Ten Million Dollars (\$10,000,000) per occurrence, or limit carried, whichever is greater, covering owned and non-owned aircraft. The whole of the aircraft shall be insured as required by Subcontractor or Builder.

14.11 RELATIONSHIP OF INSURANCE COVERAGE. The insurance required pursuant to this Section 14, shall, as far as applicable, specifically insure Subcontractor's obligations pursuant to Section 13, Indemnity, and, in particular and without limitation, the liability insurance required pursuant to Section 14 shall insure Subcontractor's obligations pursuant to Section 13. However, Subcontractor's obligations pursuant to Section 13 shall not be limited to the amount of insurance required of or carried by Subcontractor pursuant to Section 14.

Subcontractor
Initials RL Date 4/26/99

Builder
Initials [Signature] Date _____

BH-BS-005501

14.12 If builder fails to enforce any of these insurance requirements, such failure shall not constitute a waiver of such requirements nor shall any waiver of any provision hereof be effective unless made in writing and signed by the President or Chief Financial Officer of Brookfield Homes San Diego Inc.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials BL Date 4-26-99 Builder Initials [Signature] Date _____

SECTION 15: SUBCONTRACTOR'S PERMITS AND LICENSES

Except as otherwise expressed and provided in this Agreement, Subcontractor will obtain all consents, approvals, licenses or permits required by any governmental authority having jurisdiction over the Project or any part thereof, including plans and specifications. The costs of all consents, approvals, licenses or permits and the payment of all fees relating thereto shall be paid by Subcontractor except those as to which Builder has expressly agreed in writing either to obtain and pay for, or to reimburse Subcontractor therefor. In jurisdictions where Builder has been required to obtain a master permit covering, in part, work to be performed by Subcontractor, Builder may deduct the pro rata cost of Subcontractor's portion of said permit from the contract price.

SECTION 16: INSPECTION AND RE-INSPECTION

An authorized representative of the Subcontractor will accompany Builder on any inspection tours which may be required by Builder or any governmental agency having jurisdiction thereof. Subcontractor shall be charged for all re-inspections resulting from unacceptable materials and workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials BL Date 4-26-99 Builder Initials [Signature] Date _____

SECTION 17: PREVENTION OF LIENS

17.1 Subcontractor agrees to pay when due all claims for labor and/or materials supplied or furnished hereunder, and to prevent the filing of any lien by mechanics or materialmen, or the institution of any attachments, garnishments or suits involving the title of the property upon which the improvements are erected. Subcontractor agrees within five (5) days after receipt of written notice, by certified mail or comparable means of delivery, to cause the effect of any such suit or lien to be removed from the premises, and in the event the Subcontractor shall fail to do so, Builder is authorized to use whatever means it may deem best to cause said lien, attachment or suit, together with its effect upon the title, to be removed, discharged, compromised or dismissed, and the costs thereof, together with reasonable attorney's fees, shall become immediately due Builder. Builder shall be entitled to withhold 150 percent of all outstanding liens filed by Subcontractor's subcontractors and/or suppliers until appropriate Mechanic's Lien Release Bonds or recordable releases of the same have been provided to Builder. Subcontractor may litigate any such lien or suit, provided it causes the effect thereof to be removed from the premises and executes and delivers to Builder such affidavits, contracts, bills, records, accounts, etc., as Builder may deem necessary for its protection in such event.

17.2 In the event Builder is served with any Writ of Attachment, Writ of Execution, Notice of Levy (Federal or State), or other legal process for any debt or alleged debt of Subcontractor at any time during the period of this Subcontract Agreement prior to completion, Builder shall automatically be entitled to keep and retain any funds or monies then due Subcontractor for work and materials furnished and/or previously billed and approved but unpaid to Subcontractor. It is understood and agreed that the purpose of the preceding sentence is to guarantee that Builder shall have sufficient funds with which to complete Subcontractor's duties under this Subcontract Agreement if the suit or levy out of which the above legal process arose should, in Builder's opinion, make it difficult or impossible for Subcontractor to finish the work herein required. Service upon Builder of such process shall be deemed a breach of this Subcontract Agreement and Builder shall give Subcontractor five (5) days written notice to remove said levy, and Subcontractor's failure to do so shall entitle Builder to the same rights as set forth in Section 6 of this Subcontract Agreement.

SECTION 18: ASSIGNMENT OR SUBCONTRACTING

Subcontractor shall not assign or subcontract any portion of this Subcontract Agreement, or the proceeds thereof, without first obtaining permission in writing from Builder and then only subject to the provisions of this Subcontract Agreement.

SECTION 19: ATTORNEY'S FEES

BH-BB-005502

If either party to this Subcontract Agreement institutes litigation or arbitration with the other party, or against the surety of such party, arising out of the terms and conditions of this Subcontract Agreement, or performance under

Subcontractor Initials BL Date 4-26-99

Builder Initials [Signature] Date _____

the obligation of the Subcontractor to give notice in writing to Builder of the deviation. In the absence of such notice, any approval by Builder or its Architect of a submittal which deviates from the Contract Documents shall be void at the sole discretion of Builder and the Subcontractor shall be responsible to Builder to bring its work into compliance with the Contract Documents and for any cost or damage which results from the deviation.

SECTION 23: QUALITY, MATERIALS AND WORKMANSHIP

23.1 Whenever any manufactured article, implement or series of articles or implements is mentioned in the specifications by name, trade or manufacturer's name, it is intended to establish a standard of merit and quality. The intent of this definition is to require quality materials and workmanship; however, substitutes of equal merit may be used by the Subcontractor, but only upon the written consent of Builder or its authorized representative. Under no circumstances shall a substitute material be used which will not conform to requirements set forth in the Contract Documents.

23.2 It is the responsibility of the Subcontractor to inspect all materials for manufacturer's defects or transport damage prior to installation. All defective or damaged materials will be rejected. Upon the completion of each unit, Subcontractor shall inspect all work performed and repair immediately any and all unacceptable workmanship. Subcontractor shall notify Builder or its representative of the completion of each unit, and Subcontractor will repair or replace any workmanship or materials Builder deems in its sole discretion unacceptable.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 4-26-99

Builder
Initials [Signature] Date _____

SECTION 24: CHANGES TO PLANS AND SPECIFICATIONS

24.1 Should any changes to the plans and the specifications be required after the signing of the Contract Documents, it shall be the responsibility of the Subcontractor to advise Builder in writing of the effects upon its portion of the work under this Subcontract Agreement. The Subcontractor shall perform no additional work nor shall it decrease its obligation under the Subcontract Agreement without the written consent of and compensation adjustment from Builder. In the event of any dispute arising between Builder and Subcontractor over the value of extra work, or whether certain work is "Extra" or within the scope of this Subcontract Agreement, it shall be the obligation of Subcontractor to complete the disputed work under protest. Any refusal to perform disputed work shall constitute a material breach of this Subcontract Agreement authorizing Builder to resort to its remedies set forth in Section 6 of this Subcontract Agreement.

24.2 In the event the Subcontractor proposes a change or deviation from the plans and specifications and Builder agrees with the proposed change or deviation, it shall be the obligation of the Subcontractor to indemnify Builder for any increased costs incurred by a Builder as a result of any such change or deviation proposed by Subcontractor including, but not limited to, architectural or engineering fees.

SECTION 25: GUARANTEES

25.1 Subcontractor does hereby expressly guarantee the Project Owner, Builder, and their successors in interest in the work, against any loss or damage arising from any defect in materials furnished or workmanship performed under or pursuant to this Subcontract Agreement for a period coterminous with Builder's responsibility to its successors in interest, whether express or implied by law. Subcontractor acknowledges that it is familiar with and has reviewed the Builder's homeowner limited warranty and is aware that it is available in Builder's corporate office for review. A longer period may be required by (i) specifications; (ii) the Veterans Administration (VA) or the Federal Housing Administration (FHA); or (iii) applicable law; in which case the guarantee period shall correspond with the guarantee required by VA, FHA and/or applicable law. In no event, however, shall the guarantee period be less than one (1) year from the date of filing the Notice of Completion or occupancy, whichever occurs later.

25.2 It shall be the responsibility of the Subcontractor, during construction of all phases of the Project, to contact Builder or its representative daily to receive any and all notices of discrepancies. The Subcontractor shall immediately arrange for the correction of any and all such discrepancies and shall notify Builder upon completion of the work necessary to correct the discrepancy within two (2) business days after notification. Payments may be withheld pursuant to Section 2 until such time as the discrepancies are eliminated. If the Subcontractor does not act promptly to correct such deficiencies, Builder may independently arrange for the correction of any and/or all such discrepancies and for payment of the cost thereof. Builder shall have the right to back charge such costs or setoff the amount thereof against any sums owing Subcontractor hereunder or otherwise.

25.3 It shall be the responsibility of the Subcontractor, after the completion of the last phase of the Project on which the Subcontractor performed work and during the guarantee period, to correct any and all discrepancies and defects in workmanship and/or materials performed or supplied by Subcontractor on the work of construction, within five (5) business days after notification of such discrepancies and defects by Builder. Subcontractor shall notify Builder immediately upon completion of work performed or materials supplied necessary to eliminate the discrepancies and defects. Should the Subcontractor fail to comply with the Builder discrepancy notice within five (5) business days after

Subcontractor
Initials [Signature] Date 4-26-99

Builder
Initials [Signature] Date _____ BH-BS-005503

this Subcontract Agreement, the prevailing party shall be entitled to recovery from the other party, all associated costs, including but not limited to, costs of investigation, court costs and all reasonable attorneys' fees incurred in good faith. Unless judgment goes by default, the attorneys' fees incurred by the prevailing party shall be presumed reasonable and shall be awarded. It is the intention of the parties to fully compensate the prevailing party for all attorneys' fees paid or incurred in good faith.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 4-26-99 Builder Initials [Signature] Date _____

SECTION 20: SURETY BOND

If requested by Builder for any reason whatsoever, Subcontractor further agrees that it will, within ten (10) days from written notification by Builder, provide Builder with a bond, conditioned upon faithful performance of this Subcontract Agreement in all its particulars and/or a labor and material bond, duly executed with a surety company acceptable to Builder, as surety, and in form and content acceptable to Builder. Builder will reimburse Subcontractor for the expense of such bond up to one percent (1%) of the total contract price. If a bond is required and Subcontractor fails or refuses to provide such a bond within ten (10) days after request, such refusal shall be sufficient grounds for termination as set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 4-26-99 Builder Initials [Signature] Date _____

SECTION 21: SUPERVISION

21.1 The Subcontractor, or its representatives, shall exercise full time general supervision in and over all phases of its operation to ensure correct performance of the Scope of Work. Builder, or its representatives, shall have access to any and all parts of the Subcontractor's storage facilities, including but not limited to the construction grounds, and may at any time inspect, sample, test or require tests to be taken on any materials furnished or ordered to be used in the construction of the units described in the Contract Documents.

21.2 The Subcontractor shall be responsible to and answer directly to Builder, or its representatives, for the acts or omissions of its employees and of all persons directly or indirectly employed or retained by it in connection with its work under the Contract Documents.

21.3 The Subcontractor shall at all times respect the judgment and authority of Builder representatives acting in the capacity of job superintendent. The Subcontractor shall report to Builder representatives in writing any and all criticism, materials shortages, labor trouble or other conditions or circumstances which in any way affect the performance of its duties or completion of the job.

SECTION 22: PLANS AND SPECIFICATIONS

22.1 Subcontractor will comply with all City, County and Federal ordinances, statutes including the applicable building codes and manufactured specifications and requirements. No work is to be deemed complete until final inspection and approval by appropriate public agencies, as well as acceptance by Builder. Such acceptance and/or payment by Builder shall not bar any claim against Subcontractor for defects in workmanship or materials or deviations from said plans, drawings or specifications or from said rules, regulations and requirements. If a conflict or ambiguity occurs between the Subcontract Agreement, Scope of Work, Addenda, plans & specifications, or applicable codes or regulations, the more stringent, as determined by Builder, shall apply. Builder assumes no liability for failure of the plans and/or specifications to comply with such requirements, and it is conclusively presumed that Subcontractor is familiar with all of said requirements and that the work to be performed or the materials to be furnished hereunder by the Subcontractor are to be in strict accordance with said requirements, irrespective of the provisions of the plans and/or specifications.

22.2 Subcontractor shall bear the entire expense of complying with this section of the Subcontract Agreement and shall receive no extra or additional compensation therefor.

22.3 It shall be the responsibility of the Subcontractor to check all figures, measurements and any work of a prior Subcontractor (contracted to perform the same Scope of Work) prior to commencing work, and any discrepancies apparent to him must be reported in writing to Builder immediately for adjustment. Failure to comply in this respect, and any additional costs resulting from noncompliance, shall be the responsibility of the Subcontractor.

22.4 It shall be the responsibility of the Subcontractor to submit for approval by Builder and/or its Architect any necessary shop drawings, diagrams, samples, material lists, brochures, etc., at Subcontractor's sole expense. Said submittal shall conform to the Contract Documents. If the submittal deviates from the Contract Documents, it shall be

Subcontractor Initials [Signature] Date 4-26-99

Builder Initials [Signature] Date _____ BH-B3-0055

notification, Builder may independently arrange for the correction of any and/or all such discrepancies and the Subcontractor shall reimburse Builder for the cost thereof. Builder shall have the right to back charge such costs or offset the amount thereof against any sums owing Subcontractor hereunder or arising out of other projects or phases of this Project.

25.4 Nothing contained in Sections 25.1 through 25.3 shall limit Subcontractor's liability to Builder as provided for in Sections 13.

SECTION 26: WARRANTY

Subcontractor agrees to perform all work in a first class, workmanlike manner. At a minimum, work shall be equal to the HUD/FHA Minimum Property Standards; in accordance with all Municipal, County, and State building codes, and in accordance with the terms and dates as outlined in the Builder's limited warranty.

Unless otherwise specified herein, Subcontractor guarantees his work against all defects of materials and workmanship for a period of one year from the date of the certificate of occupancy as issued by the governmental agency having jurisdiction over the construction. This warranty shall be in addition to all other rights and privileges which the Builder may have under any other law. Neither the final payment nor any provision in the contract documents shall relieve the Subcontractor of responsibility for faulty materials or workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 4-26-99 Builder Initials [Signature] Date _____

Subcontractor shall remedy, as its sole cost and expense, any defects due to its faulty materials or workmanship and pay for any damage to other work or materials resulting therefrom, within ten (10) working days after being notified by the Builder.

In an emergency, as defined in the Builder limited warranty documents, notification of the Subcontractor will be by phone with a written service order to follow.

_____ Subcontractor shall provide a 24-hour emergency number and service.

_____ 24-hour number and service not required

Subcontractor will be notified of non-emergency items by written service order. Service order forms indicating the completion of remedial work must be signed and dated by the Subcontractor or Subcontractor's representative who performs the work and returned to the Builder. Until the signed service order is received in the Builder office, the work will be considered to be incomplete.

The Builder retains the right to assign remedial work that is not completed within the established time frame to another Subcontractor and charge the cost of such work to Subcontractor. Adequate funds may be retained at the Builder's option, from any payments then due to Subcontractor until all remedial work over ten (10) days old is completed.

SECTION 27: NOTICES

Any and all notices or other communications required or permitted by this Subcontract Agreement or by law to be served on, given to or delivered to either party hereto (Builder and Subcontractor), by the other party shall be in writing and shall be deemed duly served, given or delivered when (i) personally delivered to the party to whom it is addressed; (ii) deposited in the U.S. Mail, first class postage prepaid, addressed to Builder or Subcontractor at the addresses herein before set forth; or (iii) sent by telegram to Builder or Subcontractor at the addresses hereinbefore set forth.

SECTION 28: MISCELLANEOUS

28.1 Subcontractor further agrees to hold Builder and the Project Owner and their officers, directors, agents and employees harmless from any expense of any nature arising out of any and all claims (including, but not limited to, claims that may be presented by virtue of any contract or employment under the Subcontractor) for union welfare, pension, vacation, apprenticeship, owner-operator, health and welfare, and related types of payment obligations connected with the job herein referred to, whether or not well-founded.

28.2 In addition to the provisions and remedies contained in Section 6, or any other provisions hereinbefore stated, Builder may terminate this Subcontract Agreement with the Subcontractor or its subcontractors (and the Subcontractor shall so provide in contracts with its subcontractors), in the event that the Subcontractor or its subcontractors are listed by the administrative office of the appropriate health and welfare, pension, vacation or apprentice funds as being delinquent in payment, or payments, to said fund or funds regardless of the job in connection with which the alleged delinquency occurred (which termination shall be considered "for cause"). If this Subcontract

Subcontractor Initials RL Date 4-26-99

Agreement is terminated pursuant to this provision, Subcontractor shall be obliged to pay the entire cost of completion of work called for by this Subcontract Agreement and/or subcontractor contract(s) whether Builder has said work completed on a time and material basis or lets a new contract for completion of the work. If Builder elects not to terminate, pursuant to this provision, Subcontractor appoints Builder (and Subcontractor shall similarly bind his subcontractors to do so) as Subcontractor's agent to use Builder's judgment and discretion to pay such amounts as Builder believes is due and owing, pursuant to then existing collective bargaining agreements to the appropriate administrative office, out of funds Builder would otherwise be required to pay to Subcontractor. Builder's determination as to amount(s) to be paid, if any, shall be final.

28.3 The Contract Documents should be considered complimentary to each other, and what is called for in one shall be binding and enforceable as if called for in all.

28.4 The term "Subcontractor" refers to the firm or individual, or series of individuals, or corporation, who is obligated to perform the obligations set forth in any phase of the Subcontract Agreement so endorsed by it or under its power of attorney.

28.5 If any provision of this Subcontract Agreement, or portion thereof, is determined by a court to be invalid, that determination shall not serve to invalidate the remainder of this Agreement or the remainder of provisions.

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

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials PSH Date 4-26-99 Builder Initials [Signature] Date _____

28.7 There are no understandings or agreements except as herein expressly stated. Time is of the essence for this Subcontract Agreement. This Subcontract Agreement shall not be interpreted for or against either party, but in accordance with its fair meaning. No court has the power or discretion to do anything other than to enforce the plain meaning of each contract provision. No legal theory shall or may ever be applied to avoid, circumvent or "get around" the plain meaning of this Subcontract Agreement.

28.8 Subcontractor's Agreement not to Contract: The parties acknowledge that Subcontractor may come into contact with Owners of specific lots. Subcontract agrees that Subcontractor or Subcontractor's employees, agents or representatives shall not contract directly with any prospective or current homeowner prior to close of escrow of Builder's homes. Subcontractor further acknowledges that violation of this provision is grounds for termination as is defined in Section 6 herein.

SUBCONTRACTOR

BROOKFIELD HOMES SAN DIEGO INC.

BY: [Signature]
TITLE: President
DATE: 4-26-99

BY: _____
TITLE: _____
DATE: _____

STATE LICENSE NO. 612393

CONTRACT NO.: _____

CITY _____
BUSINESS LICENSE NO. _____

WORKERS' COMPENSATION POLICY
NO. 00125-97

WORKERS' COMPENSATION
EXPIRATION DATE 10-1-99

GENERAL LIABILITY POLICY
NO. 33-3801245

FEDERAL I.D. NO. 33-2464329

Subcontractor Initials PSH Date 4-26-99

Builder Initials [Signature] Date _____

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 24939 thru 24944
 SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
 1600-5129/62-62-101-0000-000-51235 & 51240
 1600-5129/62-62-102-0000-000-51235 & 51240
 DATE: March 12, 1999

BARRINGTON

ATTACHMENT "B"
 GENERAL SCOPE OF WORK
 Rev. 9/17/97

1. Subcontractor shall furnish all required labor, supervision, material, equipment, supplies, transportation, insurance, licenses and special permits to install all FRAMING, LABOR, HARDWARE, LUMBER AND TRUSSES, complete, in accordance with all specifications and requirements of the Builder, City, County and other governing agencies having jurisdiction, and in accordance with all specifications outlined in this contract, and all plans and related documents referenced in Attachment "F", Plan Lst, attached herein.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. Subcontractor is aware that slabs are post-tensioned and understands that any saw-cutting, coring, jack hammering, or any other penetration of the concrete slab is specifically prohibited without prior written permission of the Builder.
4. Subcontractor shall furnish all labor, rough hardware, shots, discs, pins, nails, bolts, washers for anchor bolts, clip hangers, and any other necessary fasteners, post anchors and caps, hold down anchors, caulking, sealants and adhesives, "Moistop" flashing, bituthene, building paper, tools, services, equipment, ~~all required temporary power distribution, including cords,~~ (through framing inspection of last house from Builder supplied power source), and necessary supervision to provide complete framed structures including securing framing inspection and all carpentry work required for other trades.
5. All framing shall be straight, plumb, level and true and well nailed, bolted or otherwise fastened as required. All horizontal members shall be placed crown up (if wood) and shall not be spliced between bearings. All members shall have solid bearing without being shimmed. If excess deviation is found, at the option of the Builder, any and all structures may be checked and necessary corrections shall be made at the Subcontractor's expense. String line top plate and shim mudsill as needed to ensure straight plates.
6. ~~If applicable, Subcontractor shall install all windows and exterior jambs, and shall be responsible for any leaks due to faulty window installation.~~
7. BACKING AND/OR BLOCKING:
 - a. All work shall be coordinated with others including, but not limited to, finish carpenter (hardware), plumber, electrician, drywall, heating, stucco, tubs and showers and cabinet Subcontractors to determine proper backing or cutting.
 - b. Joints of all paneling, siding, sheathing, etc. shall occur at studs or shall be solidly blocked.
 - c. Subcontractor shall install all backing required for other trades including, but not limited to, drywall, cabinets, stucco, z-bar, plumbing valves and boxes, tub and shower enclosures, handrails, hardware, wardrobe door tracks, garage door optical sensors, wall and ceiling mounted light fixtures, window popouts and penetrations for sheetmetal, plumbing, electrical, cable and phone service panels.
 - d. Special backing shall be installed at dining room fixture outlet area with location to be determined by Builder.
8. Subcontractor shall install putty sill seal between slab and bottom plate at all perimeter walls.
9. Subcontractor's foreman shall attend any pre-job meetings and inspections pertaining to this Subcontractor's work which may be required by the Builder, the City, County or other governing agencies having jurisdiction.
10. Subcontractor shall store all lumber and bins at location approved by Builder's Project Superintendent and shall relocate lumber and bins as requested by Project Superintendent when necessary to prevent construction delays for other trades. All distribution from such storage areas, and relocation of storage areas shall be done by Subcontractor at no additional cost to Builder.
11. In the event that an area is required by Subcontractor for prefabrication and/or storage of materials, the Builder shall provide a location only if one is available. Security fencing or any other items necessary for such area shall be furnished by Subcontractor. Subcontractor shall be responsible for cleaning the area and stockpile any debris at the site, as designated by Project Superintendent.
12. All materials, installations and hardware shall be done in a good and workmanlike manner in accordance with manufacturer's and structural engineer's recommendations and meet or exceed minimum requirements of the City, County, other governing agencies having jurisdiction, and the Builder.
13. It is the Subcontractor's responsibility to ensure that only current approved drawings are being used. Any errors created by using wrong plans are Subcontractor's responsibility. Plans dated 3-1-99

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 24939 thru 24944
 SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
 1600-5129/62-62-101-0000-000-51235 & 51240
 1600-5129/62-62-102-0000-000-51235 & 51240
 DATE: March 12, 1999

BARRINGTON

14. Subcontractor agrees that contract amount includes the total scope of all rough carpentry operations through framing inspections, ready for drywall and stucco. Siding, arches, shutters, handrails, shadow boards and all wood trim on the exterior is included as part of this contract.
15. Subcontractor shall obtain from Builder's Project Superintendent and adhere to written rough opening dimensions from window, tub, fireplace, finish carpentry subcontractors and air conditioning and plumbing layouts for proper opening sizes.
16. All plumb and align material shall span from plate to plate. DO NOT "shoot" temporary blocks or braces into slabs.
17. All trim over garage door header shall be full length only. Fascia shall be one piece unless longer than 20'. Fascia splices shall never occur over entries, windows or garage doors. Leave 2" space between end of fascia and framed wall for lath and plaster.
18. Subcontractor shall install all window frames and exterior wood door jambs supplied by the Builder. All window frames, plant-ons, gable vents and pot shelves shall have 12" "Moistop" flashing and "Tops 900" or "Sikaflex" caulking to assure a leak-free installation. Subcontractor shall protect all windows, frames and jambs from damage prior to installation. Subcontractor shall not install any broken or otherwise damaged vinyl window frames, or shall be responsible for all such windows at completion of installation. Sliding glass doors shall be installed by others. Windows shall be installed as scheduled by Builder's Project Superintendent.
19. All door frames shall be installed by carpenters who are experienced with finish work and shall be solidly blocked behind hinges and latch keepers and fitted tightly to the floor.
20. Subcontractor shall install handrails in all open second story conditions in accordance with all safety codes and shall maintain such handrails as required at all times until Subcontractor is completed with all contract work. Handrails shall be located on second floor sheathing or in such a manner that drywall and other trades can proceed without removing the handrails.
21. Subcontractor shall chamfer all exposed beam ends per details, and bevel the lower pop-out window trim to allow positive water flow.
22. Subcontractor shall install joist hangers flush to bottom of support beam and, if applicable, plane joists and beams flush prior to installation of subfloor. Fill all rim joist voids for shear panels.
23. Subcontractor shall correct any and all crooked, twisted, bent or bowed studs and any other imperfect framing as required for a proper drywall installation. Any such repair work causing damage to the work of others shall be at this Subcontractor's expense.
24. All subflooring shall be completely screwed immediately after applying adhesives to joists, beams and hangers to prevent hardening prior to subfloor set. All such floors shall be guaranteed against squeaks for one year after occupancy. Subcontractor shall be responsible for cost of flooring contractor one time per lot to remove, replace, or repair flooring for access to floor squeaks during the guarantee period.
25. Subcontractor shall place and nail all roof sheathing and clip and countersink any and all roof sheathing nails exposed at roof overhangs. "Shiners" are not acceptable.
26. Subcontractor shall fill all bummer marks in trim materials, caulk and smooth any splits, and spackle rafter tails where roof sheathing nails have been clipped or counter sunk. All trim and siding shall be left in a "ready to paint" condition.
27. Install 1x2 resawn cedar at face of threshold extending one inch beyond rough opening at all aluminum sliders. (2x wolmanized in slab below slider by others.)
28. Skilled mechanics shall do all cutting and framing of wood members required to accommodate structural members, routing of plumbing, conduits, ducts and installation of mechanical and electrical apparatus.
29. Build and install all F.A.U. platforms. Build and install water heater platforms. Cut plywood covers to be installed over drywall by others. Drywall installed by others. Plywood material shall be same as floor sheathing material. Install catwalks for attic F.A.U. units where required.
30. Any drops added or changed during Model construction shall be included in future phases whether or not shown on the plans, at a price agreed to after completion of the models.

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

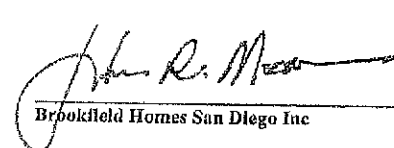
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC BARRINGTON
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 24939 thru 24944
 SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
 1600-5129/62-62-101-0000-000-51235 & 51240
 1600-5129/62-62-102-0000-000-51235 & 51240
 DATE: March 12, 1999

31. If applicable, balconies and decks shall be installed with positive drainage in strict accordance with the plans. Balcony and deck underlayments shall be in strict accordance with "Materials Schedule" as referenced in Attachment "C" so as to maintain established decking warranty. (OSB is not an acceptable material for decks.) No material changes shall be permitted without prior written consent from Builder's Purchasing Department.
32. All lumber and plywood shall bear the grade stamp of a recognized lumber grading association.
33. All lumber and plywood shall be to the satisfaction of the Builder, governing agencies, structural cales and contract specifications prior to authorization of payments.
34. All lumber and plywood deliveries shall be coordinated with the Builder's Project Superintendent.
35. Payments on framing lumber, plywood and trusses shall be made in the form of a joint check made payable to the Subcontractor and the supplier.
36. Exposed exterior wood siding, trim and fascia shall be selected by Subcontractor to eliminate imperfections or damages prior to installation so that all siding, trim and fascia will be in a "ready to paint" condition.
37. Subcontractor shall pre-cut and tack in place all ridge, hip and 1x4 shadow boards required for tile roofing. Permanent installation shall be done by roofer during roofing operations.
38. Subcontractor shall furnish and install all floor and roof truss systems complete, and all related transitional framing such as valley fills, jack rafters, headouts, etc.
39. Subcontractor shall furnish and install all wood architectural details per plan elevations such as siding, plant-ons, window surrounds, pot shelves, corbels, outlookers, seab-on rafter tails, interior popouts and niches. Subcontractor shall install 12" Moistop flashing, minimum 1" reveal at all wood surrounds. All horizontal surfaces shall be sloped to prevent holding water. All surrounds shall have square cuts, no miters. Bottom horizontal boards at surrounds shall be cut to fit between side boards which run through the joints.
40. Prices include all elevations per plans. There will be no extras paid for work related to "vague" plans, or "blind elevations" such as recessed entries, or for "general difficulty" factors which Subcontractor failed to observe during the bid process. There will be NO EXTRAS unless the plans change.
41. Subcontractor shall carefully frame all interior arches to true round, or install "Arch-Rite" in lieu of ripped plywood and blocks.


 HNR Framing Systems Inc.


 Date


 Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 24939 thru 24944
 SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
 1600-5129/62-62-101-0000-000-51235 & 51240
 1600-5129/62-62-102-0000-000-51235 & 51240
 DATE: March 12, 1999

BARRINGTON

ATTACHMENT "C"
 SPECIFIC SCOPE OF WORK
 Rev. 9/17/97

1. This contract shall include, but shall not be limited to, the following:

- a. Labor, lumber, floor trusses, and roof trusses.
- b. All catalog hardware, sealants, caulk, flashing, building paper and fasteners.
- c. All required tools and equipment.
- d. All backing, cutting, notching, chases, platforms and attic catwalks.
- e. All dropped ceilings for plumbing, electric, HVAC, and cabinets.
- f. If applicable, installation of windows and exterior wood jambs.
- g. Screwed deck subflooring.
- h. 1" x 2" cedar or redwood face below sliding glass door thresholds.
- i. Ridge and hip boards pre-cut and tacked in place for roofer.
- j. All plant-ons, pot shelves, corbels and outlookers, per plans.
- k. All scab-on rafter tails 2x6, resawn and shaped ends per details.
- l. All interior popouts, niches.
- m. Shutters and false clay pipe projections by others.
- n. Furnish all plywood protecting tub covers at \$35 each.
- o. 1 x 6 ship lap starter boards over exposed rafter tails.

2. MATERIALS SCHEDULE:

Subcontractor shall furnish and install all lumber in the following grades and species, unless a higher grade is shown on plans, and shall bear all direct and indirect costs to "fix" or replace incorrect lumber:

<u>Sills:</u>	Per Structural Drawings.
<u>Plate:</u>	Per Structural Drawings.
<u>Blocking/Backing:</u>	Per Structural Drawings.
<u>Studs:</u>	Per Structural Drawings.
<u>Joists & Rafters:</u>	Per Structural Drawings.
<u>Headers & Beams:</u>	Per Structural Drawings.
<u>Plywood Subfloor:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" o.c. Group 1 (Pine or Douglas Fir) Exposure 1 plywood. No OSB or other composites shall be acceptable.
<u>Waterproof Decks:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" span index Group 1 (Pine or Douglas Fir) Exterior plywood. No OSB or other composites shall be acceptable.
<u>Open Decks:</u>	2x6 DF, #1, Select, S4S. OR TRX <i>sl</i>
<u>Stairs:</u>	Interior: 1/2" plywood. Exterior: Same as Exterior Decks.
<u>Plywood Roof:</u>	APA rated sheathing, OSB or plywood, Exposure 1, span index and thickness per Architectural plans and notes.
<u>Fascia:</u>	Select Spruce- 1 X 8 (VJT) starter board. DF select for fascia, 1x6 spruce SLVJ starter board
<u>Garage Jambs:</u>	#1 DF #2 Resawn 1 sided 2 edges
<u>Overhang:</u>	Same as roof sheathing, stucco over, except at exposed rafter tails, then 1x 6 SL starter boards.
<u>Siding:</u>	Subcontractor to supply and install Cedarnill 1/2" x 8 1/4" Hardiplank siding in all "C" plans per manufacturers recommendations and specifications.

NOTE: No substitutions for grades or species shall be permitted without prior written authorization from Builder's Purchasing Department.

sl
 HNR Framing Systems Inc.

42699
 Date

John R. Mason
 Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC BARRINGTON
TRADE: ROUGH CARPENTRY
CONTRACT NO: 24939 thru 24944
SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
1600-5129/62-62-101-0000-000-51235 & 51240
1600-5129/62-62-102-0000-000-51235 & 51240
DATE: March 12, 1999

3. It is further agreed that any increase in the cost of labor and/or material by Subcontractor subsequent to the expiration of prices as set forth in the Price Guarantee shall constitute termination and cancellation of the subcontract at the option of Builder.

4. PAYMENT SCHEDULE shall be as follows:

Lumber	--	100%	Upon complete delivery.
Trusses	--	100%	Upon complete delivery.
Labor	--	30%	Walls framed.
		20%	Floor joist.
		20%	Roof sheathed.
		20%	Framing pickup and inspection.
		10%	Retention - payable 30 days after approved completion.


HNR Framing Systems Inc. 4/26/99 Date


Brookfield Homes San Diego Inc Date

SUBCONTRACTOR:

HNR FRAMING SYSTEMS INC

BARRINGTON

TRADE:

ROUGH CARPENTRY

CONTRACT NO:

24939 thru 24944

SOLOMON CODE:

1600-5129/62-62-190-0000-000-51235 & 51240

1600-5129/62-62-101-0000-000-51235 & 51240

1600-5129/62-62-102-0000-000-51235 & 51240

DATE:

March 12, 1999

ATTACHMENT "D"
OPTION PRICE LIST

Rev. 9/17/97

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 24939 thru 24944
 SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
 1600-5129/62-62-101-0000-000-51235 & 51240
 1600-5129/62-62-102-0000-000-51235 & 51240
 DATE: March 12, 1999

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET
 Rev. 9/16/97

C.F.
 M.P.
 L.H.
 D.S.

Approvals:
 Fred Planching
 Dir. of Construction
 V.P. of Sales & Mktg
 Operations Dept.

CO- 3/18/99
 3/18/99
 3/18/99

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Models

Lot No.: 111 thru 113
 Community: 62-62-190
 Tract: 12950

Original: 01/11/99
 Revised: 03/18/99 * Color scheme added

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	FENCES, DECKS
1	0111	1AR	3556 Bluff Court	3	Balluca Blond	R-420		8253M
2	0112	2B	3560 Bluff Court	2	San Mateo Blend	R-511	Tuscany Country Rubble	8754D
3	0113	3CR	3564 Bluff Court	1	Chesnut Brown Blend	WS-411	Antique Red	8243M

PRODUCTION MIX RECAP:

PLAN 1A	0	PLAN 2A	0	PLAN 3A	0
PLAN 1AR	1	PLAN 2AR	0	PLAN 3AR	0
PLAN 1B	0	PLAN 2B	1	PLAN 3B	0
PLAN 1BR	0	PLAN 2BR	0	PLAN 3BR	0
PLAN 1C	0	PLAN 2C	0	PLAN 3C	0
PLAN 1CR	0	PLAN 2CR	0	PLAN 3CR	1
TOTAL 1:	1	TOTAL 2:	1	TOTAL 3:	1

MANUFACTURERS

Frazee Paints
 Pioneer Tile
 El Dorado Stone (Stone Veneer)
 Cultured Stone Products (Brick Veneer)

SQUARE FOOTAGE:

	HOUSE	GARAGE	OPTIONAL DECK	TOTAL
Plan 1	1,957	508	128	2,593
Plan 2	2,160	430	160	2,750
Plan 3	2,287	458	128	2,873
Total	6,404	1,396	416	8,216

PLAN RECAP:

	HOUSE	GARAGE	TOTAL
Plan 1	1,957	1	1,957
Plan 2	2,160	1	2,160
Plan 3	2,287	1	2,287
Total	6,404	3	6,404

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 24939 thru 24944
 SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
 1600-5129/62-62-101-0000-000-51235 & 51240
 1600-5129/62-62-102-0000-000-51235 & 51240
 DATE: March 12, 1999

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET

Rev. 9/16/97

C.F.
 L.H.
 M.P.
 D.S.

Approvals:
 Fred Planning
 V.P. of Sales & Mktg
 Dir. of Construction
 Operations Dept.

3/18/99
 3/18/99
 3/18/99

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 1

Lot No.: 66 thru 78
 Community: 62-62-101
 Tract: 12950

Original: 03/26/99
 Revised: 03/18/99 * Color scheme added

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE VENEER	FENCES & DECKS
1	0066	2BR	3624 Barranca Court	2	San Mateo Blend	R-511	Tuscany County Rubble	8745D
2	0067	3C	3620 Barranca Court	1	Chestnut Brown Blend	WS-411	Antique Red	8743M
3	0068	2A	3616 Barranca Court	2	San Mateo Blend	R-511		8753M
4	0069	3B	3612 Barranca Court	3	Baltica Blend	R-420	Mt. Blend Stacked Stone	8253M
5	0070	2CR	3608 Barranca Court	1	Chestnut Brown Blend	WS-411	Antique Red	8743M
6	0071	3A	3604 Barranca Court	2	San Mateo Blend	R-511		8753M
7	0072	2AR	3600 Barranca Court	1	San Mateo Blend	R-511		8743M
8	0073	3B	3603 Barranca Court	3	Baltica Blend	R-420	Mt. Blend Stacked Stone	8253M
9	0074	2BR	3607 Barranca Court	2	San Mateo Blend	R-511	Tuscany County Rubble	8745D
10	0075	3C	3611 Barranca Court	1	Chestnut Brown Blend	WS-411	Antique Red	8743M
11	0076	1AR	3615 Barranca Court	3	Baltica Blend	R-420		8253M
12	0077	3A	3619 Barranca Court	1	San Mateo Blend	R-511		8743M
13	0078	2C	3623 Barranca Court	2	Chestnut Brown Blend	WS-411	Antique Red	8754D

PRODUCTION MIX RECAP:

PLAN 1A	0	PLAN 2A	1	PLAN 3A	2
PLAN 1AR	1	PLAN 2AR	1	PLAN 3AR	0
PLAN 1B	0	PLAN 2B	0	PLAN 3B	2
PLAN 1BR	0	PLAN 2BR	2	PLAN 3BR	0
PLAN 1C	0	PLAN 2C	1	PLAN 3C	2
PLAN 1CR	0	PLAN 2CR	1	PLAN 3CR	0
TOTAL 1:	1	TOTAL 2:	6	TOTAL 3:	6

MANUFACTURERS

Frazee Points
 Pioneer Tile
 El Dorado Stone (Stone Veneer)
 Cultured Stone Products (Brick Veneer)

SQUARE FOOTAGE:

	HOUSE	GARAGE	OPTIONAL DECK	TOTAL
Plan 1	1,957	508	128	2,593
Plan 2	2,160	430	160	2,750
Plan 3	2,287	458	128	2,873
Total	6,404	1,396	416	8,216

PLAN RECAP:

	HOUSE	# UN.	TOTAL
Plan 1	1,957	1	1,957
Plan 2	2,160	6	12,960
Plan 3	2,287	6	13,722
Total	6,404	13	28,639

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 24939 thru 24944
 SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
 1600-5129/62-62-101-0000-000-51235 & 51240
 1600-5129/62-62-102-0000-000-51235 & 51240
 DATE: March 12, 1999

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET

Rev. 9/16/97

Approvals:
 C.F. Fwd Planning
 M.P. Dir. of Construction
 L.H. V.P. of Sales & Mktg
 D.S. Operations Dept.

3/18/99
 3/18/99
 3/19/99

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 2

Lot No.: 54 thru 65
 Community: 62-62-102
 Tract: 12950

Original: 03/04/99
 Revised: 03/18/99 * Color scheme added

S &
CS

M
M
M
M
D
M
D
M
D
M
IM
IM

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	FENCE DECI
1	0054	3BR	3631 Barranca Court	3	Balboa Blend	R-420	Mt. Blend Stacked Stone	8253
2	0055	2A	3635 Barranca Court	2	San Mateo Blend	R-511		8743
3	0056	3A	3639 Barranca Court	3	Balboa Blend	R-420		8253
4	0057	1AR	3643 Barranca Court	1	San Mateo Blend	R-511		8743
5	0058	2C	3647 Barranca Court	2	Chestnut Brown Blend	WS-411	Antique Blend	8754
6	0059	3AR	3651 Barranca Court	1	San Mateo Blend	R-511		8743
7	0060	3C	3652 Barranca Court	2	Chestnut Brown Blend	WS-411	Antique Blend	8754
8	0061	1CR	3648 Barranca Court	3	Solano Blend	WS-540	California Drift	8254
9	0062	2B	3644 Barranca Court	2	San Mateo Blend	R-511	Tuscany Country Rubble	8754
10	0063	3C	3640 Barranca Court	1	Chestnut Brown Blend	WS-411	Antique Blend	8743
11	0064	2C	3636 Barranca Court	3	Solano Blend	WS-540	California Drift	8254
12	0065	3A	3632 Barranca Court	1	San Mateo Blend	R-511		8743

PRODUCTION MIX RECAP:

PLAN 1A	0	PLAN 2A	1	PLAN 3A	2
PLAN 1AR	1	PLAN 2AR	1	PLAN 3AR	1
PLAN 1B	0	PLAN 2B	0	PLAN 3B	0
PLAN 1BR	0	PLAN 2BR	0	PLAN 3BR	1
PLAN 1C	0	PLAN 2C	2	PLAN 3C	2
PLAN 1CR	1	PLAN 2CR	0	PLAN 3CR	0
TOTAL 1:	2	TOTAL 2:	4	TOTAL 3:	6

MANUFACTURERS

Frozen Pains
 Pioneer Tile
 El Dorado Stone (Stone Veneer)
 Cultured Stone Products (Brick Veneer)

SQUARE FOOTAGE:

	HOUSE		GARAGE		DECK		TOTAL	
	HOUSE	GARAGE	HOUSE	GARAGE	DECK	TOTAL	HOUSE	TOTAL
Plan 1	1,957	508	128			2,593	Plan 1	1,957
Plan 2	2,160	430	160			2,750	Plan 2	2,160
Plan 3	2,287	458	128			2,873	Plan 3	2,287
Total	6,404	1,396	416			8,216	Total	6,404

PLAN RECAP:

HOUSE	# UN.	TOTAL
Plan 1	2	3,914
Plan 2	4	8,640
Plan 3	6	13,722
Total	12	26,276

HNR Framing Systems Inc.

Date:

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 24939 thru 24944
SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
1600-5129/62-62-101-0000-000-51235 & 51240
1600-5129/62-62-102-0000-000-51235 & 51240
DATE: March 12, 1999

BARRINGTON

ATTACHMENT "F"
PLAN LIST
Rev. 9/16/97

HNR Framing Systems Inc.

Date

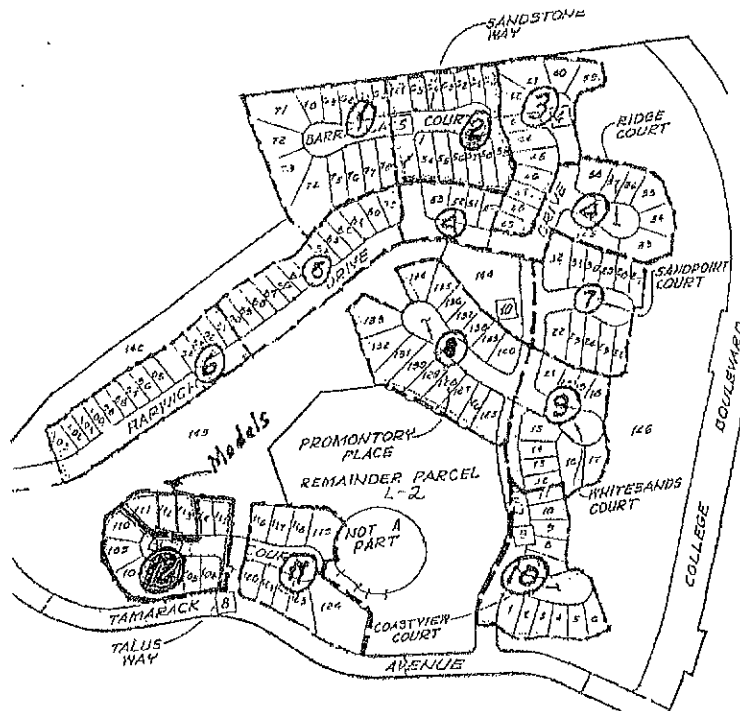
Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 24939 thru 24944
 SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
 1600-5129/62-62-101-0000-000-51235 & 51240
 1600-5129/62-62-102-0000-000-51235 & 51240
 DATE: March 12, 1999

BARRINGTON

ATTACHMENT "G"
 SITE MAP
 Rev. 9/16/97



BARRINGTON
 (Village Q @ Calavera Hills)
 DRE PHASING
 Tr. 12950, CT 83-32

Phase No.	Lot Nos.	Qtr.	Common Area Easements
1	1-11	1	7.1
2	12-21	1	7.1
3	22-31	1	7.1
4	32-41	1	7.1
5	42-51	1	7.1
6	52-61	1	7.1
7	62-71	1	7.1
8	72-81	1	7.1
9	82-91	1	7.1
10	92-101	1	7.1
11	102-111	1	7.1
12	112-121	1	7.1
Totals:	140	12	

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 24939 thru 24944
SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
1600-5129/62-62-101-0000-000-51235 & 51240
1600-5129/62-62-102-0000-000-51235 & 51240
DATE: March 12, 1999

BARRINGTON

ATTACHMENT "H"
SAMPLE COMMITTING DOCUMENTS
Rev. 9/16/97

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 24939 thru 24944
SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
1600-5129/62-62-101-0000-000-51235 & 51240
1600-5129/62-62-102-0000-000-51235 & 51240
DATE: March 12, 1999

BARRINGTON

ATTACHMENT "I"
PRODUCTION SCHEDULE
Rev. 9/16/97

It is specifically understood that the Subcontractor hereby guarantees to complete a minimum of two (2) living units and garages each working day to the complete satisfaction and requirements of the Builder and all jurisdictional agencies, and shall maintain this production rate during the entire tenure of the contract. Failure on the part of the Subcontractor to maintain said minimum daily production rate for any reason whatsoever shall result in the Builder dismissing the Subcontractor from the jobsite and employing another Subcontractor to complete the required work. Any differences in cost as a result of said change shall be borne by the original Subcontractor.



HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc.

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 24939 thru 24944
SOLOMON CODE: 1600-5129/62-62-190-0000-000-51235 & 51240
1600-5129/62-62-101-0000-000-51235 & 51240
1600-5129/62-62-102-0000-000-51235 & 51240
DATE: March 12, 1999

BARRINGTON

ATTACHMENT "J"
CONTRACT PAYMENT SCHEDULE
Rev. 9/22/97

SEE ATTACHED ADDENDUM "5"

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACT AGREEMENT FOR CONSTRUCTION

This Agreement, made this 12th day of November 1999, by and between BROOKFIELD HOMES SAN DIEGO INC., a California corporation, acting as General Contractor and hereinafter referred to as "Builder", and HNR FRAMING SYSTEMS, INC., as a Subcontractor, is for the performance of part of the work in the following project:

PROJECT NAME & ADDRESS: Barrington
Carlsbad, California

PROJECT DESCRIPTION: Tract # 12950

PROJECT OWNER: Brookfield Barrington Inc.

CONSTRUCTION LENDER: Wells Fargo
ADDRESS & LOAN NUMBER: 401 "B" Street, Suite 304
San Diego, CA 92101
310/335-9437 - Angela Meick

PROJECT BUILDER: BROOKFIELD HOMES SAN DIEGO INC.
12865 Pointe Del Mar, Suite 200
Del Mar, California 92014
(619) 481-8500
(619) 794-6186

PROJECT ARCHITECT: Dahlin Group

GEOTECHNICAL ENGINEER: Geosols Inc.

PROJECT CIVIL ENGINEER: Hunsaker & Associates

ENERGY CONSULTANT: Haynal & Company

PROJECT STRUCTURAL ENGINEER: Horowitz Taylor Engineering

PROJECT LANDSCAPE ARCHITECT: Land Concern Ltd.

SUBCONTRACTOR NAME, ADDRESS: HNR Framing Systems Inc.
12345 Crosthwaite Circle
Poway, CA 92064
619/486-2471 - 619/486-7351 Fax

SUBCONTRACTOR PHONE/FAX:

SUBCONTRACTOR CONTACT: Robert Thomas
GENERAL SUPERINTENDENT: Dave Marsh
CUSTOMER SERVICE: Ruben Don
EMERGENCY AFTER HOURS PHONE: 619-486-2471

TRADE: *BB*
Rough Carpentry

SUBCONTRACT AMOUNT:	Cost Code	Amount
	51235/51240	\$327,294.00 - Phase 3
		\$304,457.00 - Phase 4

CONTRACT DOCUMENTS:

Attachment "A"	General Terms and Conditions
Attachment "B"	General Scope of Work
Attachment "C"	Specific Scope of Work
Attachment "D"	Option Pricing
Attachment "E"	Sequence Sheet
Attachment "F"	Plan List
Attachment "G"	Site Map
Attachment "I"	Production Schedule
Attachment "J"	Contract Payment Schedule

HNR FRAMING SYSTEMS INC.

By: *[Signature]*Title: *[Signature]*Date: 12-15-99

BROOKFIELD HOMES SAN DIEGO INC.

A California corporation

By: *[Signature]*Title: *[Signature]*Date: 12/23/99

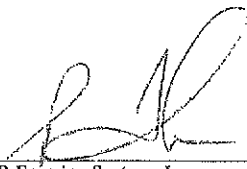
SUBCONTRACTOR: HNR FRAMING SYSTEMS INC.
TRADE: ROUGH CARPENTRY
CONTRACT NO: 28000 thru 28003
SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
1600-5129/62-62-104-0000-000-51235 & 51240
DATE: November 12, 1999

BARRINGTON

ATTACHMENT "A"
GENERAL TERMS AND CONDITIONS

Rev. 9/30/97

1. The Subcontractor is made aware that presence on the jobsite without all insurance requirements fulfilled and approved by Brookfield Homes San Diego Inc. is strictly prohibited.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. The acceptance by Subcontractor of final payment shall be and shall operate as a release to the Builder of all claims and all liability to Subcontractor for all things done or furnished in connection with this work. No payment, however final or otherwise, shall operate to release Subcontractor or his sureties from any obligations under this Agreement on any performance and payment bond in connection with the work.
4. Subcontractor work orders signed at the project site by the Builder's Project Superintendent will serve only as acknowledgement that the work has been performed, not as a guarantee for payment.
5. Builder may back charge Subcontractor at any time for cost of corrective work plus \$100 for administration charges. In the event back charges are encountered, the Subcontractors involved shall negotiate the cost and payment with each other. Should the Subcontractors involved be unable to agree as to fault and cost of repair (back charges), Builder's representative shall arbitrate to reach an agreeable solution between the Subcontractors involved. Should Builder have to hold monies from one Subcontractor to pay another for back charges, a \$100 charge shall be assessed by Builder.
6. Subcontractor will protect the work of other trades and shall repair and correct any damages incurred to the work of other trades.
7. Alcohol, drugs, loud music, children and dogs are prohibited on the jobsite. Any written violations from Builder may result in termination of Subcontractor's contract.
8. Architectural intent shall take precedence should conflicts arise within architectural and structural documents, at the direction of the Builder's Project Superintendent, architect, and structural engineer.
9. Any and all layout required within the respective portions of the work shall be included.
10. Project shall be manned at all times with competent, English speaking supervision.
11. Prior to start of work, Subcontractor shall meet with Builder's Project Superintendent and related trades to coordinate all details, including contracts, plans, specifications, dimensions, schedules, models, prior production units and the like. Subcontractor agrees that he has inspected and accepted all conditions, and is aware of all details for which he is responsible.
12. Subcontractor's designated representative shall be present at weekly jobsite safety meetings to be scheduled by Builder's Project Superintendent.
13. Subcontractor is responsible for controlling dust, if appropriate, during the course of Subcontractor's work.
14. Subcontractor shall furnish and maintain any necessary barricades and warning signs/caution tape and shall control traffic as necessary.
15. Subcontractor or Subcontractor's employees, agents, or representatives shall not contract directly for any work or additions with a prospective or current homebuyer prior to close of escrow of Builder's homes. Contracting directly with the homebuyer will be considered a violation of Builder's contract and may result in termination of the contract.
16. Subcontractor shall keep site clean and provide for a safe work place. Debris shall be stacked inside each garage to be removed by others. Units shall be kicked out and swept by others after framing is complete.


HNR Framing Systems Inc. 12-15-99
Date


Brookfield Homes San Diego Inc. 12/23/99
Date

SECTION 1: DESCRIPTION OF WORK, COST PER UNIT AND CONTRACT PRICE

Subcontractor agrees to furnish all labor, materials, installation, supplies, equipment, services, machinery, tools and other facilities of every kind and description required for the prompt and efficient execution of the work necessary to complete the described duties at the price specified. The job shall be completed in strict accordance with the terms and conditions of this Subcontract Agreement, any Performance Schedule provided by Builder, and the general conditions, specifications, plans and drawings prepared for Builder, all of which constitute and are referred to hereinafter as the "Contract Documents," and all applicable codes, ordinances, regulations and policies and to the full satisfaction and acceptance of Builder and applicable inspecting jurisdiction, including all cartage and applicable taxes of any nature whatsoever. The contract price shall be paid by Builder to the Subcontractor in accordance with payment provisions of this Subcontract Agreement. If the Contract Documents and/or codes are silent, the work shall be done in accordance with accepted industry standards.

SECTION 2: PAYMENT

2.1 Subcontractor will not be paid unless it has fully performed to the extent billed and until it has complied with all of the provisions of this section. Subcontractor shall submit all invoices for work and materials furnished, in duplicate, to Builder for approval. All invoices shall be accompanied by appropriate waiver and release documents in forms satisfactory to Builder, executed by Subcontractor, its laborers, subcontractors and all suppliers who furnished materials to said job to the date of the invoice(s). No payment made hereunder shall be construed as evidence of acceptance of any part of Subcontractor's work, nor a waiver of any claim by Builder or Project Owner arising out of faulty workmanship or materials or from failure of Subcontractor to comply strictly with the Contract Documents.

2.2 Pay-When Paid: Subcontractor shall be paid in accordance with the schedule and rate of retention set forth in the contract documents made by Owner to Builder, after each payment has been received by Builder from Owner, and only to the extent that the payment received by Builder from Owner includes payment for work performed by Subcontractor. Subcontractor understands that Subcontractor will be paid only from a special fund, and that such special fund is monies paid to the Builder by the Owner. If for any reason that fund does not come into existence, Subcontractor shall not be entitled to payment. The receipt of funds by Builder from Owner allocable to work performed by Subcontractor is a condition precedent to the Builder's obligation to make any progress payment to Subcontractor.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/15/99 Builder Initials [Signature] Date 12/23/99

2.3 Terms of Payment: See Contract Payment Schedule in Attachment "I."

SECTION 3: INDEPENDENT INVESTIGATION

3.1 Subcontractor hereby warrants that it has made its own careful and independent investigation and review of the jobsite conditions, plans, specifications, reports, Performance Schedule, and relevant statutes, codes, ordinances, regulations and policies and is fully familiar with the requirements and difficulties presented. Subcontractor hereby warrants and agrees it is not relying upon any opinion or representation of Builder not contained in this Subcontract Agreement or other documents incorporated herein. Subcontractor warrants that it has found no ambiguity or conflict in the plans and specifications other than those which have been disclosed in writing prior to the execution of this Subcontract Agreement.

3.2 Subcontractor also warrants that it has verified that all materials and equipment necessary to perform its work are available when and as needed pursuant to the Agreement and the Performance Schedule.

3.3 Subcontractor has visited the site and is familiar with the work completed, if any, including but not limited to, all work in the models and the most recent phase of production. Subcontractor is aware of all changes that have been made including those which may not be incorporated into the current set of plans and specifications, and it agrees that the contract price for the Scope of Work includes all previous changes. The Subcontractor understands that no additional compensation will be considered unless consistent with Section 9 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/15/99 Builder Initials [Signature] Date 12/23

SECTION 4: CLEAN UP/HAZARDOUS MATERIALS

4.1 Subcontractor agrees to clean up and remove from premises all waste materials, debris and spoil of every description which may accumulate in the building (if applicable) or about the premises as a result of its work. The

Subcontractor Initials [Signature] Date 12/15/99 Builder Initials [Signature] Date 12/23

premises must be left in a clean and acceptable manner as determined at Builder's sole discretion. Should the Subcontractor refuse or neglect to clean up or remove waste materials, debris and spoil upon being directed to do so by Builder, Builder may remove same or cause it to be removed by others and the Subcontractor shall suffer a deduction from its contract price for the expense incurred.

4.2 Subcontractor represents and warrants to Builder that it, its employees and agents will not release, discard, discharge or dispose of at the Project, on the ground or in the surface water thereof, any hazardous substance hereinafter defined. In the event Subcontractor breaches this representation or warranty, said breach shall, (i) constitute a material breach of this Subcontract Agreement, (ii) entitle Builder to the remedies provided in Section 6.1 of this Subcontract Agreement, and (iii) constitute damage to or destruction of property requiring the indemnification of Builder and Project Owner pursuant to Section 13 of this Subcontract Agreement. For purposes of this Subcontract Agreement, the term hazardous substance shall mean any chemical substance, oil, waste, petroleum or petroleum product, or other material which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant," under any Federal, State or local law, regulation or ordinance.

SECTION 5: WORK COMMENCEMENT AND PROGRESS

5.1 Time is of the essence in this Subcontract Agreement. Subcontractor agrees to commence work to be performed hereunder within twenty-four (24) hours of receipt of notice to commence from Builder and to complete its work in accordance with Builder's Performance Schedule and all modifications thereto, which schedule is incorporated herein by reference and made a part hereof. Subcontractor warrants that it has reviewed the Performance Schedule and is satisfied with it and hereby agrees to review as necessary all modifications to that schedule which will be maintained in the jobsite office of Builder. Builder and Subcontractor recognize that from time-to-time final plans, schedules and specifications for a project may not be complete at the time of execution of the Subcontract Agreement. In such event, Subcontractor agrees to advise Builder of any objections within seventy-two (72) hours of notice from Builder that the plans, schedules or specifications have been finalized. If, in the opinion of Builder, at its sole discretion, Subcontractor is not furnishing sufficient men, materials or equipment to meet the Performance Schedule, Builder may exercise the options available to it in Section 6 of this Subcontract Agreement.

5.2 Builder shall maintain observation of the premises on which the work hereunder is to be performed and shall have the right to determine the Project working hours, the time and the priority of the work of other Subcontractors and all matters concerning the timely and orderly conduct of the work of the Subcontractor. Unless specifically noted herein, there are no assumptions relative to or limitations upon the number of move-ins required by the Subcontractor.

5.3 No Damage for Delay: It being expressly contemplated by the parties that in the event Subcontractor is delayed at any time in its performance of the work by act or neglect of the Owner, Architect, Builder, or any employee of Owner, Architect, Builder, or of a separate Contractor employed by Owner, or by changes ordered in the work, or by labor disputes, severe weather, fire, unusual delay in deliveries, work suspensions, acceleration, design defects, changes, unavoidable casualties, or other causes beyond Builder's control, or by delay authorized by Owner pending arbitration, or by other causes which Builder determines may justify delay, then Subcontractor's sole and exclusive remedy for delay shall be an extension of time for performance of the Subcontractor's work, except and unless such delay is the result of active intentional interference by the Builder and Owner. No claims for additional compensation or damages for delays, whether in the furnishing of material by Builder or delays by other subcontractors or Owner will be allowed by the Builder and said extension of time for completion shall be the sole remedy of Subcontractor. No allowance or extent of time referenced above shall be made unless a claim therefore is presented in writing to the Builder 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 Builder from completion of the entire project within the time that Owner allows Builder for such completion.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 12/5/99 Builder Initials RP Date 12/23

5.4 Subcontractor shall schedule its work and the presence of its employees at the jobsite and any deliveries of supplies or material by its materialmen and suppliers to the jobsite on such days, and at such times and during such hours, as may be directed by Builder. Subcontractor shall assume responsibility for such schedule compliance not only for its employees, but also for its materialmen and suppliers.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 12/5/99 Builder Initials RP Date 12/23

5.5 Subcontractor shall be responsible for the delivery, unloading, storing and protecting of all equipment, supplies and materials. All materials stored on the site must be stored in a container supplied by the Subcontractor. Garages or any other storage will not be supplied by Builder. Builder shall approve or disapprove Subcontractor's storage location at its sole discretion.

Subcontractor Initials RL Date 12/5/99 Builder Initials RP Date 12/23

5.6 The Subcontractor shall abide by and conform to any procedures and schedules established by Builder which may be necessitated by Acts of God, Subcontractor's failure to comply with this Subcontract Agreement, or other factors which affect completion. Subcontractor covenants and agrees to coordinate its work with other subcontractors and to cooperate with other subcontractors working on the Project.

5.7 Subcontractor shall examine the surface or area to which its work is to be attached or performed and shall report in writing any related work which is not suitable to accommodate its work. Subcontractor shall not proceed with the installation until same has been corrected. Commencement of work shall constitute an acceptance by Subcontractor of surfaces and conditions to which its work relates and it shall be fully responsible for obtaining proper and satisfactory results.

5.8 Responsibility for Other Trades: Subcontractor shall assume full responsibility for the defective work of others, if said Subcontractor accepts the work, or materials, and proceeds with its scope of work without written notification to Builder.

5.9 Liquidated Damages: The parties acknowledge and agree that Builder will suffer substantial damages if Subcontractor fails to complete the scope of work contemplated by the Subcontract Agreement within the duration of time and working days as specified by the Performance Schedule attached hereto. The parties realize that it will be extremely difficult and impractical, if not impossible, to ascertain with any degree of certainty the actual amount of Builder's damages in the event of such failure to perform by Subcontractor. Therefore, the parties hereby agree that \$ 500 per day represents a reasonable estimate of such damages considering all of the circumstances existing on the date of execution of the Subcontract Agreement and that Builder shall have the right to retain the full amount of said sum against Subcontractor funds owed on this Subcontract Agreement, as a remedy to Builder's potential damages should Subcontractor default.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 12-15-99 Builder Initials GB Date 12/29

5.10 In the event a dispute arises between Builder and Subcontractor during Subcontractor's performance of the work, Subcontractor shall continue to perform its obligations under this Subcontract Agreement unless otherwise notified in writing by Builder.

SECTION 6: TERMINATION

6.1 Subcontractor shall perform the work in a prompt and diligent manner so as to promote the general progress at the entire project and shall not interfere with nor hinder the work of Builder or any other subcontractor. Subcontractor agrees to reimburse Builder for any and all damages which may be assessed against and collected from Builder, which are attributable to or caused by Subcontractor's failure to furnish the materials and perform the work required by the Subcontract Agreement in the manner provided for herein. If Builder shall deem it necessary, Subcontractor, on demand of Builder, shall provide additional workforces, overtime, additional shifts, and shall expedite the furnishing of materials so as to meet the Performance Schedule.

6.2 In the event the Subcontractor, at any time, refuses or neglects to supply a sufficient number of properly skilled workers or a sufficient quantity of materials of proper quality, or is adjudicated a bankrupt, or files a reorganization proceeding, or commits any act of insolvency, or makes an assignment for benefit of creditors without Builder's consent, or fails to make prompt payment to his materialmen and/or laborers, or fails in any respect to promptly and diligently prosecute the work covered by this Subcontract Agreement, 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 programs or trust, or fails to fulfill any of the provisions by him to be performed, or otherwise fails to fully perform any and all of the Subcontract Agreement herein contained, Builder may, at his option:

(a) After giving 24 hours written notice to Subcontractor to cure, provide any such labor and materials as may be necessary and deduct the cost thereof from any money then due or thereafter to become due to the Subcontractor under this Subcontract Agreement; or

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 12-15-99 Builder Initials GB Date 12/29

(b) Should Subcontractor fail to cure the default referenced above within 24 hours, the builder may, at its option, terminate Subcontractor's right to proceed with the work and in that event, builder shall have the right to enter upon the premises of the project and take possession, for the purpose of completing the work under this Subcontract Agreement, of all materials, tools, equipment, and appliances of Subcontractor, and may employ any other person(s) to finish the work and provide the materials therefore.

Subcontractor Initials RL Date 12-15-99 Builder Initials GB Date 12/29

6.3 In the event of such termination of Subcontractor's right to proceed with the work, said Subcontractor shall not be entitled to receive any further payment under this Subcontract Agreement until the work undertaken by Builder in its prime contract is completely finished. At that time, if the unpaid balance of the amount to be paid under this Subcontract Agreement exceeds the expenses incurred by Builder in finishing Subcontractor's work, such excess shall be paid by Builder to Subcontractor; but, if such expense shall exceed such unpaid balance, then Subcontractor shall promptly pay to Builder the amount by which such expense exceeds such unpaid balance. The term "expense" referred to in the last sentence shall include expenses incurred by Builder for furnishing materials, labor, equipment, and other expenses for finishing the work, for any attorney's fees incurred by Builder effectuating the instant termination or interpreting the instant Subcontract Agreement; and any damages sustained by Builder by reason of Subcontractor's default, plus a markup of 15 percent for general and administrative expense, and a 10 percent profit on any and all of such expenses. Builder shall have a lien upon all materials, tools and appliances taken possession of, as aforesaid, to secure the payment thereof. The notice referred to in this section will be sufficient and complete if written notification is given at the project site or when faxed or mailed to Subcontractor at his fax number or address as shown in this Subcontract Agreement.

6.4 Builder may withhold, or on account of subsequently discovered evidence, nullify the whole or part of any payment due to Subcontractor to such extent as may be necessary to protect Builder from loss, including costs and attorney's fees, on account of:

- (a) Defective work not remedied;
- (b) Claims filed or reasonable evidence indicating the probable filing thereof;
- (c) Failure of Subcontractor to make payments promptly to a subcontractor or for materials, labor, or fringe benefits;
- (d) A reasonable doubt that this Subcontract Agreement will be completed for the balance then unpaid; or
- (e) Damage to Builder or other subcontractors.

6.5 Subcontractor reserves the absolute right to terminate this Subcontract Agreement for any reason, including its own convenience. In the event of termination without cause, Subcontractor shall be entitled to payment only as follows:

- (a) Cost of the work actually performed in conformity with this Subcontract Agreement; plus
- (b) Ten percent (10%) of costs referred to in subparagraph (a) above, for overhead and profit.

However, in no event shall the Subcontractor be entitled to any amount that exceeds sections (a) and (b) above.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 12/15/99 Builder Initials JD Date 12/23

SECTION 7: LABOR

7.1 The parties agree and declare that the Subcontractor and Builder are separate, independent entities and that the Subcontractor has full responsibility for the performance of the work and the direction of its work force, subject only to the duty of the Subcontractor to cooperate with Builder and other subcontractors.

7.2 Subcontractor recognizes that in the performance of its work, it will be required to work side-by-side with other subcontractors and representatives of Builder on the Project. Builder and/or other subcontractors may not be signatory to collective bargaining agreements with the various labor organizations.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 12/15/99 Builder Initials JD Date 12/23

7.3 Subcontractor agrees that should there be picketing or a threat of picketing by any labor organization at or near the Project, Builder shall establish a reserved gate for use by the Subcontractor's employees and suppliers. In that event, it shall be the affirmative obligation of the Subcontractor, as a material consideration of this Subcontract Agreement and each and every other agreement between the parties hereto, to insure that its employees and other suppliers use only the gate or entryway designated by Builder. Notwithstanding the establishment or non-establishment

Subcontractor Initials RL Date 12/15/99

Builder Initials JD Date 12/23

of a reserved gate, it shall be the continuing obligation of the Subcontractor to properly staff the job with qualified employees without interruption or delay.

7.4 In the event the Subcontractor's employees refuse to work because of a labor dispute or grievance with the Subcontractor, Builder or some other subcontractor, it shall not relieve Subcontractor of its obligations to supply enough properly skilled workers to perform the work undertaken by it without interruption.

7.5 Subcontractor hereby warrants that it is not now nor will it be delinquent in the payment or reporting to any labor-management fringe benefit trust fund, and further that Subcontractor is not now nor will it appear on any delinquency list published by any labor-management fringe benefit trust fund.

7.6 When, in the judgment of Builder, Subcontractor shall have refused, neglected or failed to supply enough properly skilled workers, or otherwise shall have refused, neglected or failed to comply with the provisions of this Section 7, Builder shall be able to exercise its rights in accordance with Section 6 of this Subcontract Agreement.

7.7 Subcontractor also agrees to comply with all of the terms and provisions of any Equal Opportunities requirements imposed upon Builder, to the same extent as though said requirements were imposed upon Subcontractor, provided Builder informs Subcontractor of said requirements; and Subcontractor's refusal to do so within forty-eight (48) hours of notice by Builder shall permit Builder to exercise its rights and remedies set forth in Section 6 of this Subcontract Agreement.

SECTION 8: TAXES

Subcontractor agrees to pay any and all taxes, including specifically, but not by way of limitation, sales taxes, use taxes, gross receipt taxes, excise taxes, old age benefits, withholding taxes, and unemployment compensation taxes under all State, local and Federal laws with respect to all materials furnished and employees engaged in the performance of this Subcontract Agreement.

SECTION 9: EXTRAS

9.1 It is understood and agreed that all labor and/or materials furnished by Subcontractor, even though said labor and/or materials are not specifically required or demanded by this Subcontract Agreement or the Contract Documents, shall nevertheless be deemed to be included within the scope of labor and/or materials properly and necessarily required for the performance hereof and not warranting additional compensation, subject only to the following exception and none other, to wit: that any labor and/or materials furnished hereunder that are authorized by Builder in writing, together with a definite statement in said authorization that said labor and/or materials shall be deemed an "Extra" and shall be paid for in addition to the subcontract price at a sum specified in said authorization. Builder may, at any time during the progress of said Project, order in writing, deviations, additions or omissions and the same shall not void this Subcontract Agreement, but the value thereof, as agreed upon in such written authorization, shall be added to, or deducted from, the contract price hereof. Any modifications in the work to be done by the Subcontractor that are changes requiring the substitution of certain work and/or materials for other work and/or materials originally required by this Subcontract Agreement, or by the plans and specifications incorporated into this Subcontract Agreement, will not entitle the Subcontractor to additional compensation unless the change order is in writing and specifically provides that it authorizes an "Extra" in a stated amount.

9.2 It is expressly agreed and understood by and between Builder and the Subcontractor that no "Extra" charge(s) will be paid without written authorization; that the subcontract price includes performing all work specified according to specification (when applicable) and that said work must comply with all City, County, State and Federal building codes and requirements.

9.3 An authorization for any extra work shall be obtained in writing by the use of the "Committing Document" form, a sample of which is attached hereto as Attachment "H". Attachment "H" is hereby incorporated by reference as part of this Subcontract Agreement, and wherever said forms are utilized and executed by the parties to this Subcontract Agreement, the terms thereof shall be fully enforceable as part of this Subcontract Agreement.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/15/97
Builder Initials [Signature] Date 12/27

SECTION 10: DEVIATIONS

Subcontractor shall make no changes and shall be responsible for any deviation from the plans, specifications and/or drawings that it may make, and it may be required to re-do any non-conforming work to conform strictly to the plans, specifications and/or drawings unless a written authorization by Builder, addressed to the Subcontractor, shall be given setting forth specifically in detail what changes shall be made. The cost of changes, unless otherwise specifically agreed upon in writing, shall not exceed a credit for any work not required to be done as a result of such changes.

Subcontractor Initials [Signature] Date 12-15-97
Builder Initials [Signature] Date 12/27

SECTION 11: SAFETY (CAL/OSHA) AND DISCIPLINE

11.1 Subcontractor, Subcontractor's employees and agents, and any other party contracting with Subcontractor shall comply with all applicable Federal, State, local and any other legally required safety, environmental and health standards, orders, rules, regulations or other laws. Subcontractor shall bear full financial responsibility for the compliance of those persons referenced therein.

11.2 Should Subcontractor, Subcontractor's employees, Subcontractor's subcontractors, or their employees fail to comply within twenty-four (24) hours from the time Builder or any governmental agency issues Subcontractor a written notice of noncompliance, or within the time of an abatement period specified by any government agency, whichever period is shorter, Builder may exercise any of the remedies available to it under Section 6 of this Subcontract Agreement.

11.3 All equipment used on or near the Project shall be regularly inspected and certified as reliable and dependable and shall be maintained to ensure the safety of the operator and all others on or near the project. All electrical devices (such as cords, connectors, plugs, etc.), shall be in good condition and properly grounded. All injuries, regardless of severity, will be reported in writing to Builder within twenty-four (24) hours of occurrence.

11.4 All vehicles and/or persons driving vehicles on the Project must be licensed, properly insured and registered.

11.5 Drinking of alcoholic beverages or the use of any controlled substance at the Project is strictly prohibited. While Subcontractor's employees are prohibited from using the interior of any unit for coffee or lunch breaks, and no food or beverages are allowed inside the units, garages and other areas designated by Builder may be used. No dogs are permitted at the Project and radio volume will be controlled at the discretion of Builder. Subcontractor shall comply with all applicable noise abatement ordinances.

11.6 Subcontractor warrants it is aware of the OSHA Hazard Communication Standard and its requirements. Subcontractor is to supply Builder with a Material Safety Data Sheet (MSDS) for every hazardous substance Subcontractor has delivered or uses on the Project. The MSDS is required for any material(s) container label using the word(s) "DANGER," "CAUTION," "FLAMMABLE," or "WARNING." Subcontractor is to insure that all hazardous products are in a container with a label clearly identifying the chemical(s) with appropriate hazard warnings. All labels are to be in English, easily understandable and not defaced. When any substance is transferred from one container to another and is not immediately used solely by the person making the transfer, that container must be labeled with the hazard information from its source. Subcontractor is responsible for the control and disposal of all substance containers and their contents. No empty or partially empty container will be permitted to remain on the site after Subcontractor has finished using it. All empty containers shall be removed from the Project by the Subcontractor immediately.

SECTION 12: PROTECTION OF WORK AGAINST DAMAGE OR INJURY

Subcontractor shall be responsible for protecting its own work, material and equipment and shall be responsible for the correction, replacement or repair of any of its work which is damaged prior to final completion of the Project. Subcontractor shall be responsible to Builder or third party subcontractors, as appropriate, for any damage to Builder's work or that of third party subcontractor to Builder whose work is damaged by Subcontractor. Subcontractor shall also protect adjacent property from injury or damage arising out of its work and shall repair or accept responsibility for any such injury or damage.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 12-15-23

Builder
Initials [Signature] Date 12/23

SECTION 13: INDEMNITY.

13.1 INDEMNIFICATION AND DEFENSE OF BUILDER AND PROJECT OWNER. In connection with the performance of this Subcontract Agreement, to the extent permitted by law, and subject to the provision of Section 13.3 below, Subcontractor shall indemnify, defend and hold harmless Builder and Project Owner and their officers, agents and employees from and against any and all claims, losses, damages, demands, suits, injuries and liabilities (regardless of legal theory alleged), including all costs of litigation, mediation, arbitration and attorney's fees, arising from or relating to (1) any failure by Subcontractor to perform its obligations under this Subcontract Agreement, (2) any damage suffered by Builder and/or Project Owner and their officers, agents and employees relating to the work performed by Subcontractor, (3) the death of or injury to any person, or the damage to, or, loss of use of, loss of income from, or destruction of any property however caused, regardless of any negligence by Builder or the Project Owner and their officers, agents and employees be it active or passive, or by the use of Builder's equipment, labor or facilities regardless of whether (a) Builder shall have consented to such use, or (b) the death, injury or damage shall have been caused by unsafe conditions. The duty to defend herein shall arise immediately upon such claim, loss, damage, demand, suit, injury or liability being asserted against Builder and/or the Project Owner, and their officers, agents and employees.

Subcontractor
Initials [Signature] Date 12-15-23

Builder
Initials [Signature] Date 12/23

13.2 RELEASE AND WAIVER OF CLAIMS. To the extent permitted by law, and subject to the provisions of Section 13.3 below, neither Builder nor the Project Owner or their officers, agents or employees shall be liable to Subcontractor (and Subcontractor hereby releases Builder and Project Owner and their officers, agents and employees therefrom, and Subcontractor hereby waives all such claims against Builder and/or the Project Owner and/or their officers, agents and employees) for death of or injury to any person, or damage to or loss of use of, loss of income from, or destruction of any property, from any cause during the performance of this Subcontract Agreement (including without limitation fire, earth settlement, earthquake, theft, embezzlement, riot, or civil commotion).

13.3 SOLE NEGLIGENCE OR WILLFUL MISCONDUCT. The provisions of Sections 13.1 and 13.2 above shall not apply to any claim or liability arising by reason of the sole negligence or willful misconduct of Builder, the Project Owner or their officers, agents or employees.

13.4 Should any monetary claim or legal action be instituted against Builder within ten years, or thereafter if permitted by law, after completion of the project by a homeowner or renter or the homeowners' or renters' assignee or successor, or other person or entity, wherein the claim or action alleges a breach of warranty or defect or poor workmanship in the construction, express or implied, or concerns any claim or complaint as to the work performed by Subcontractor, or not performed by Subcontractor where the work should have been performed by Subcontractor, then Subcontractor shall indemnify and reimburse Builder and be held strictly liable to Builder for any money paid by Builder or Owner, or Builder's or Owner's insurance company, by way of an adverse award or judgment or settlement, to any claimant or plaintiff should claimant or plaintiff prevail against Builder, and Subcontractor shall pay to Builder its attorney fees actually incurred in the defense of such claim or action. No release issued by Builder may or shall be considered a defense of the claim or complaint alleging construction defects, or faulty workmanship and/or faulty or defective materials, or problems in construction not discovered during the course of construction.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials HL Date 12-15-99 Builder Initials PH Date 12/23

SECTION 14: INSURANCE

Prior to commencement of any Work under this Agreement, Subcontractor shall, at its sole expense, fully comply with the terms of this Section 14.

14.1 GENERAL INSURANCE REQUIREMENTS Subcontractor shall not commence any work until it obtains all insurance required to be obtained by Subcontractor under this Subcontract Agreement. Builder will not permit Subcontractor to commence any portion of the work on the Project until Subcontractor has complied with all of the insurance requirements described in this Section 14.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials HL Date 12-15-99 Builder Initials PH Date 12/23

All Insurance described under this Section 14 to be carried by Subcontractor will be maintained by Subcontractor at its sole expense with insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than an 'A' and financial rating of not less than '8' in the most current Best's Key Rating Guide. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of the Subcontract Agreement or such longer period as may be specified herein. Should Subcontractor fail in whole or in part to comply with any of the requirements set forth in this Section 14, such a failure shall be deemed a material breach to this Subcontract Agreement thereby entitling Builder to all available legal remedies including, but not limited to, those set forth in Section 6. Subcontractor may provide the insurance described in this Section 14 in whole or in part through a policy or policies covering other liabilities and projects of Subcontractor; provided, however, that any such policy or policies shall: (a) allocate to the Project the full amount of insurance required hereunder, and (b) contain, permit or otherwise unconditionally authorize the waiver contained in Paragraph 14 of this Section 14.

14.2 EVIDENCE OF INSURANCE. As evidence of specified insurance coverage, Subcontractor shall deliver and Builder will accept certificates issued by Subcontractor's insurance carrier applicable to Builder showing such policies in force for the specified period, but Builder has the right to require Subcontractor to submit for Builder's review certified policies. Such evidence shall be delivered to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014, promptly upon execution of this Subcontract Agreement or prior to commencement of work, whichever occurs earliest. Each policy and certificate shall be subject to reasonable approval by Builder and shall provide that such policy shall not be subject to material alteration to the detriment of Builder or Subcontractor or cancellation without thirty (30) days notice in writing to be delivered by registered mail to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014. In the cancellation section of the Certificate of Insurance the Subcontractor shall delete the words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the Company, its agents or representatives." Should any policy expire or be canceled before the expiration of this Subcontract Agreement and Subcontractor fails immediately to procure other insurance as specified, Builder reserves the right, but shall have no obligation, to procure such insurance and to deduct

Subcontractor Initials HL Date 12-15-99 Builder Initials PH Date 12/23

the cost thereof from any sum due Subcontractor under this Subcontract Agreement. Builder reserves the right to withhold payment should Subcontractor fail to comply with all the insurance provisions described in this Section 14.

14.3 DAMAGES Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Subcontractor should maintain or the extent of Subcontractor's responsibility or liability for payment of damages resulting from its operations under this Subcontract Agreement. The carrying of the insurance as specified herein shall not be construed to be a limitation of liability on the part of the Subcontractor, nor shall it relieve Subcontractor from any liability under this Subcontract Agreement as a matter of law.

14.4 WORKERS' COMPENSATION INSURANCE. Subcontractor shall maintain Workers' Compensation Insurance, including (a) Employer's Liability at a minimum limit of One Million Dollars (\$1,000,000) for all persons whom it employs in carrying out the work under this Subcontract Agreement. Such insurance shall be in strict accordance with the requirements of the most current and applicable Workers' Compensation Insurance Laws in effect from time to time at the Project site.

14.5 COMPREHENSIVE OR COMMERCIAL GENERAL LIABILITY INSURANCE. Subcontractor shall maintain Comprehensive or Commercial General Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, not to exceed \$10,000, with a combined single limit for bodily injury and property damage of Two Million Dollars (\$2,000,000), or limit carried whichever is greater, covering Operations, Independent Subcontractors, Products and Completed Operations (for 10 years after Final Acceptance), Contractual Liability specifically covering the indemnification contained in Section 13 of the Agreement, Broad Form Property Damage including Completed Operations, Severability of Interest and Cross Liability clauses, Prior Acts Exclusion stating the General Liability policy shall not include any limitation of coverage and/or exclusion including but not limited to Prior Acts Exclusion and/or condominium/detached housing exclusion, Personal Injury and Explosion, Collapse and Underground Hazards (X,C,U). The limits of liability specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

14.6 AUTOMOBILE LIABILITY INSURANCE. Subcontractor shall maintain any and all owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Subcontractor in connection with this Subcontract Agreement with a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or limit carried, whichever is greater.

14.7 WAIVER OF SUBROGATION. Subcontractor hereby waives all rights against Builder for damages caused by fire and other perils and risks to the extent covered by Subcontractor's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to Builder and Owner such other parties specifically listed as additional insureds in Paragraph 14.8 below.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials RL Date 12/23/99

Builder
Initials JD Date 12/23

14.8 ADDITIONAL INSUREDS. We will only accept Additional Insured Endorsements that cover completed operations. Builder shall be included as an additional insured under the coverage specified in Paragraph 14.5, of this Section 14 with the following language included on the endorsement: It is understood and agreed that coverage afforded by this policy shall also apply to Brookfield Homes San Diego Inc., its officers, directors, agents, employees, divisions, subsidiaries, shareholders, partners, affiliated companies and owners, any lender with an interest in said Project, and all other parties listed as Indemnified Parties under the Subcontract Agreement with Brookfield Homes San Diego Inc., all as additional insureds, but only with respect to alleged legal liabilities or alleged claims caused by, arising out of or resulting from the acts or omissions of the named insured or of others performed on behalf of the named insured.

14.9 PRIMARY ENDORSEMENT. The following language must be included on endorsement: This Insurance is primary and any other insurance maintained by such additional insureds is noncontributing with this insurance as respects claims or liability arising out of or resulting from the acts or omissions of the named insured, or of others performed on behalf of the named insured.

14.10 AIRCRAFT LIABILITY INSURANCE. If the work involves aircraft, Subcontractor shall maintain a combined single limit for bodily injury and property damage liability of not less than Ten Million Dollars (\$10,000,000) per occurrence, or limit carried, whichever is greater, covering owned and non-owned aircraft. The whole of the aircraft shall be insured as required by Subcontractor or Builder.

14.11 RELATIONSHIP OF INSURANCE COVERAGE. The insurance required pursuant to this Section 14, shall, as far as applicable, specifically insure Subcontractor's obligations pursuant to Section 13, Indemnity, and, in particular and without limitation, the liability insurance required pursuant to Section 14 shall insure Subcontractor's obligations pursuant to Section 13. However, Subcontractor's obligations pursuant to Section 13 shall not be limited to the amount of insurance required of or carried by Subcontractor pursuant to Section 14.

Subcontractor
Initials RL Date 12/23/99

Builder
Initials JD Date 12/23

14.12 If builder fails to enforce any of these insurance requirements, such failure shall not constitute a waiver of such requirements nor shall any waiver of any provision hereof be effective unless made in writing and signed by the President or Chief Financial Officer of Brookfield Homes San Diego Inc.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12-15-99 Builder Initials [Signature] Date 12/23

SECTION 15: SUBCONTRACTOR'S PERMITS AND LICENSES

Except as otherwise expressed and provided in this Agreement, Subcontractor will obtain all consents, approvals, licenses or permits required by any governmental authority having jurisdiction over the Project or any part thereof, including plans and specifications. The costs of all consents, approvals, licenses or permits and the payment of all fees relating thereto shall be paid by Subcontractor except those as to which Builder has expressly agreed in writing either to obtain and pay for, or to reimburse Subcontractor therefor. In jurisdictions where Builder has been required to obtain a master permit covering, in part, work to be performed by Subcontractor, Builder may deduct the pro rata cost of Subcontractor's portion of said permit from the contract price.

SECTION 16: INSPECTION AND RE-INSPECTION

An authorized representative of the Subcontractor will accompany Builder on any inspection tours which may be required by Builder or any governmental agency having jurisdiction thereof. Subcontractor shall be charged for all re-inspections resulting from unacceptable materials and workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12-15-99 Builder Initials [Signature] Date 12/23

SECTION 17: PREVENTION OF LIENS

17.1 Subcontractor agrees to pay when due all claims for labor and/or materials supplied or furnished hereunder, and to prevent the filing of any lien by mechanics or materialmen, or the institution of any attachments, garnishments or suits involving the title of the property upon which the improvements are erected. Subcontractor agrees within five (5) days after receipt of written notice, by certified mail or comparable means of delivery, to cause the effect of any such suit or lien to be removed from the premises, and in the event the Subcontractor shall fail to do so, Builder is authorized to use whatever means it may deem best to cause said lien, attachment or suit, together with its effect upon the title, to be removed, discharged, compromised or dismissed, and the costs thereof, together with reasonable attorney's fees, shall become immediately due Builder. Builder shall be entitled to withhold 150 percent of all outstanding liens filed by Subcontractor's subcontractors and/or suppliers until appropriate Mechanic's Lien Release Bonds or recordable releases of the same have been provided to Builder. Subcontractor may litigate any such lien or suit, provided it causes the effect thereof to be removed from the premises and executes and delivers to Builder such affidavits, contracts, bills, records, accounts, etc., as Builder may deem necessary for its protection in such event.

17.2 In the event Builder is served with any Writ of Attachment, Writ of Execution, Notice of Levy (Federal or State), or other legal process for any debt or alleged debt of Subcontractor at any time during the period of this Subcontract Agreement prior to completion, Builder shall automatically be entitled to keep and retain any funds or monies then due Subcontractor for work and materials furnished and/or previously billed and approved but unpaid to Subcontractor. It is understood and agreed that the purpose of the preceding sentence is to guarantee that Builder shall have sufficient funds with which to complete Subcontractor's duties under this Subcontract Agreement if the suit or levy out of which the above legal process arose should, in Builder's opinion, make it difficult or impossible for Subcontractor to finish the work herein required. Service upon Builder of such process shall be deemed a breach of this Subcontract Agreement and Builder shall give Subcontractor five (5) days written notice to remove said levy, and Subcontractor's failure to do so shall entitle Builder to the same rights as set forth in Section 6 of this Subcontract Agreement.

SECTION 18: ASSIGNMENT OR SUBCONTRACTING

Subcontractor shall not assign or subcontract any portion of this Subcontract Agreement, or the proceeds thereof, without first obtaining permission in writing from Builder and then only subject to the provisions of this Subcontract Agreement.

SECTION 19: ATTORNEY'S FEES

If either party to this Subcontract Agreement institutes litigation or arbitration with the other party, or against the surety of such party, arising out of the terms and conditions of this Subcontract Agreement, or performance under

Subcontractor Initials [Signature] Date 12-15-99 Builder Initials [Signature] Date 12/23

BH-BS-00556

this Subcontract Agreement, the prevailing party shall be entitled to recovery from the other party, all associated costs, including but not limited to, costs of investigation, court costs and all reasonable attorneys' fees incurred in good faith. Unless judgment goes by default, the attorneys' fees incurred by the prevailing party shall be presumed reasonable and shall be awarded. It is the intention of the parties to fully compensate the prevailing party for all attorneys' fees paid or incurred in good faith.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials SH Date 12-5-97 Builder Initials GH Date 12/23

SECTION 20: SURETY BOND

If requested by Builder for any reason whatsoever, Subcontractor further agrees that it will, within ten (10) days from written notification by Builder, provide Builder with a bond, conditioned upon faithful performance of this Subcontract Agreement in all its particulars and/or a labor and material bond, duly executed with a surety company acceptable to Builder, as surety, and in form and content acceptable to Builder. Builder will reimburse Subcontractor for the expense of such bond up to one percent (1%) of the total contract price. If a bond is required and Subcontractor fails or refuses to provide such a bond within ten (10) days after request, such refusal shall be sufficient grounds for termination as set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials SH Date 12-5-99 Builder Initials GH Date 12/23

SECTION 21: SUPERVISION

21.1 The Subcontractor, or its representatives, shall exercise full time general supervision in and over all phases of its operation to ensure correct performance of the Scope of Work. Builder, or its representatives, shall have access to any and all parts of the Subcontractor's storage facilities, including but not limited to the construction grounds, and may at any time inspect, sample, test or require tests to be taken on any materials furnished or ordered to be used in the construction of the units described in the Contract Documents.

21.2 The Subcontractor shall be responsible to and answer directly to Builder, or its representatives, for the acts or omissions of its employees and of all persons directly or indirectly employed or retained by it in connection with its work under the Contract Documents.

21.3 The Subcontractor shall at all times respect the judgment and authority of Builder representatives acting in the capacity of job superintendent. The Subcontractor shall report to Builder representatives in writing any and all criticism, materials shortages, labor trouble or other conditions or circumstances which in any way affect the performance of its duties or completion of the job.

SECTION 22: PLANS AND SPECIFICATIONS

22.1 Subcontractor will comply with all City, County and Federal ordinances, statutes including the applicable building codes and manufactured specifications and requirements. No work is to be deemed complete until final inspection and approval by appropriate public agencies, as well as acceptance by Builder. Such acceptance and/or payment by Builder shall not bar any claim against Subcontractor for defects in workmanship or materials or deviations from said plans, drawings or specifications or from said rules, regulations and requirements. If a conflict or ambiguity occurs between the Subcontract Agreement, Scope of Work, Addenda, plans & specifications, or applicable codes or regulations, the more stringent, as determined by Builder, shall apply. Builder assumes no liability for failure of the plans and/or specifications to comply with such requirements, and it is conclusively presumed that Subcontractor is familiar with all of said requirements and that the work to be performed or the materials to be furnished hereunder by the Subcontractor are to be in strict accordance with said requirements, irrespective of the provisions of the plans and/or specifications.

22.2 Subcontractor shall bear the entire expense of complying with this section of the Subcontract Agreement and shall receive no extra or additional compensation therefor.

22.3 It shall be the responsibility of the Subcontractor to check all figures, measurements and any work of a prior Subcontractor (contracted to perform the same Scope of Work) prior to commencing work, and any discrepancies apparent to him must be reported in writing to Builder immediately for adjustment. Failure to comply in this respect, and any additional costs resulting from noncompliance, shall be the responsibility of the Subcontractor.

22.4 It shall be the responsibility of the Subcontractor to submit for approval by Builder and/or its Architect any necessary shop drawings, diagrams, samples, material lists, brochures, etc., at Subcontractor's sole expense. Said submittal shall conform to the Contract Documents. If the submittal deviates from the Contract Documents, it shall be

Subcontractor Initials SH Date 12-5-99

Builder Initials GH Date 12/23

the obligation of the Subcontractor to give notice in writing to Builder of the deviation. In the absence of such notice, any approval by Builder or its Architect of a submittal which deviates from the Contract Documents shall be void at the sole discretion of Builder and the Subcontractor shall be responsible to Builder to bring its work into compliance with the Contract Documents and for any cost or damage which results from the deviation.

SECTION 23: QUALITY, MATERIALS AND WORKMANSHIP

23.1 Whenever any manufactured article, implement or series of articles or implements is mentioned in the specifications by name, trade or manufacturer's name, it is intended to establish a standard of merit and quality. The intent of this definition is to require quality materials and workmanship; however, substitutes of equal merit may be used by the Subcontractor, but only upon the written consent of Builder or its authorized representative. Under no circumstances shall a substitute material be used which will not conform to requirements set forth in the Contract Documents.

23.2 It is the responsibility of the Subcontractor to inspect all materials for manufacturer's defects or transport damage prior to installation. All defective or damaged materials will be rejected. Upon the completion of each unit, Subcontractor shall inspect all work performed and repair immediately any and all unacceptable workmanship. Subcontractor shall notify Builder or its representative of the completion of each unit, and Subcontractor will repair or replace any workmanship or materials Builder deems in its sole discretion unacceptable.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 12/27/11 Builder Initials JD Date 12/27

SECTION 24: CHANGES TO PLANS AND SPECIFICATIONS

24.1 Should any changes to the plans and the specifications be required after the signing of the Contract Documents, it shall be the responsibility of the Subcontractor to advise Builder in writing of the effects upon its portion of the work under this Subcontract Agreement. The Subcontractor shall perform no additional work nor shall it decrease its obligation under the Subcontract Agreement without the written consent of and compensation adjustment from Builder. In the event of any dispute arising between Builder and Subcontractor over the value of extra work, or whether certain work is "Extra" or within the scope of this Subcontract Agreement, it shall be the obligation of Subcontractor to complete the disputed work under protest. Any refusal to perform disputed work shall constitute a material breach of this Subcontract Agreement authorizing Builder to resort to its remedies set forth in Section 6 of this Subcontract Agreement.

24.2 In the event the Subcontractor proposes a change or deviation from the plans and specifications and Builder agrees with the proposed change or deviation, it shall be the obligation of the Subcontractor to indemnify Builder for any increased costs incurred by a Builder as a result of any such change or deviation proposed by Subcontractor including, but not limited to, architectural or engineering fees.

SECTION 25: GUARANTEES

25.1 Subcontractor does hereby expressly guarantee the Project Owner, Builder, and their successors in interest in the work, against any loss or damage arising from any defect in materials furnished or workmanship performed under or pursuant to this Subcontract Agreement for a period coterminous with Builder's responsibility to its successors in interest, whether express or implied by law. Subcontractor acknowledges that it is familiar with and has reviewed the Builder's homeowner limited warranty and is aware that it is available in Builder's corporate office for review. A longer period may be required by (i) specifications; (ii) the Veterans Administration (VA) or the Federal Housing Administration (FHA); or (iii) applicable law; in which case the guarantee period shall correspond with the guarantee required by VA, FHA and/or applicable law. In no event, however, shall the guarantee period be less than one (1) year from the date of filing the Notice of Completion or occupancy, whichever occurs later.

25.2 It shall be the responsibility of the Subcontractor, during construction of all phases of the Project, to contact Builder or its representative daily to receive any and all notices of discrepancies. The Subcontractor shall immediately arrange for the correction of any and all such discrepancies and shall notify Builder upon completion of the work necessary to correct the discrepancy within two (2) business days after notification. Payments may be withheld pursuant to Section 2 until such time as the discrepancies are eliminated. If the Subcontractor does not act promptly to correct such deficiencies, Builder may independently arrange for the correction of any and/or all such discrepancies and for payment of the cost thereof. Builder shall have the right to back charge such costs or setoff the amount thereof against any sums owing Subcontractor hereunder or otherwise.

25.3 It shall be the responsibility of the Subcontractor, after the completion of the last phase of the Project on which the Subcontractor performed work and during the guarantee period, to correct any and all discrepancies and defects in workmanship and/or materials performed or supplied by Subcontractor on the work of construction, within five (5) business days after notification of such discrepancies and defects by Builder. Subcontractor shall notify Builder immediately upon completion of work performed or materials supplied necessary to eliminate the discrepancies and defects. Should the Subcontractor fail to comply with the Builder discrepancy notice within five (5) business days after

Subcontractor Initials RL Date 12/27/11 Builder Initials JD Date 12/27

notification, Builder may independently arrange for the correction of any and/or all such discrepancies and the Subcontractor shall reimburse Builder for the cost thereof. Builder shall have the right to back charge such costs or offset the amount thereof against any sums owing Subcontractor hereunder or arising out of other projects or phases of this Project.

25.4 Nothing contained in Sections 25.1 through 25.3 shall limit Subcontractor's liability to Builder as provided for in Sections 13.

SECTION 26: WARRANTY

Subcontractor agrees to perform all work in a first class, workmanlike manner. At a minimum, work shall be equal to the HUD/FHA Minimum Property Standards; in accordance with all Municipal, County, and State building codes, and in accordance with the terms and dates as outlined in the Builder's limited warranty.

Unless otherwise specified herein, Subcontractor guarantees his work against all defects of materials and workmanship for a period of one year from the date of the certificate of occupancy as issued by the governmental agency having jurisdiction over the construction. This warranty shall be in addition to all other rights and privileges which the Builder may have under any other law. Neither the final payment nor any provision in the contract documents shall relieve the Subcontractor of responsibility for faulty materials or workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/15/99 Builder Initials [Signature] Date 12/15/99

Subcontractor shall remedy, as its sole cost and expense, any defects due to its faulty materials or workmanship and pay for any damage to other work or materials resulting therefrom, within ten (10) working days after being notified by the Builder.

In an emergency, as defined in the Builder limited warranty documents, notification of the Subcontractor will be by phone with a written service order to follow.

_____ Subcontractor shall provide a 24-hour emergency number and service.

_____ 24-hour number and service not required

Subcontractor will be notified of non-emergency items by written service order. Service order forms indicating the completion of remedial work must be signed and dated by the Subcontractor or Subcontractor's representative who performs the work and returned to the Builder. Until the signed service order is received in the Builder office, the work will be considered to be incomplete.

The Builder retains the right to assign remedial work that is not completed within the established time frame to another Subcontractor and charge the cost of such work to Subcontractor. Adequate funds may be retained at the Builder's option, from any payments then due to Subcontractor until all remedial work over ten (10) days old is completed.

SECTION 27: NOTICES

Any and all notices or other communications required or permitted by this Subcontract Agreement or by law to be served on, given to or delivered to either party hereto (Builder and Subcontractor), by the other party shall be in writing and shall be deemed duly served, given or delivered when (i) personally delivered to the party to whom it is addressed; (ii) deposited in the U.S. Mail, first class postage prepaid, addressed to Builder or Subcontractor at the addresses herein before set forth; or (iii) sent by telegram to Builder or Subcontractor at the addresses hereinbefore set forth.

SECTION 28: MISCELLANEOUS

28.1 Subcontractor further agrees to hold Builder and the Project Owner and their officers, directors, agents and employees harmless from any expense of any nature arising out of any and all claims (including, but not limited to, claims that may be presented by virtue of any contract or employment under the Subcontractor) for union welfare, pension, vacation, apprenticeship, owner-operator, health and welfare, and related types of payment obligations connected with the job herein referred to, whether or not well-founded.

28.2 In addition to the provisions and remedies contained in Section 6, or any other provisions hereinbefore stated, Builder may terminate this Subcontract Agreement with the Subcontractor or its subcontractors (and the Subcontractor shall so provide in contracts with its subcontractors), in the event that the Subcontractor or its subcontractors are listed by the administrative office of the appropriate health and welfare, pension, vacation or apprentice funds as being delinquent in payment, or payments, to said fund or funds regardless of the job in connection with which the alleged delinquency occurred (which termination shall be considered "for cause"). If this Subcontract

Subcontractor Initials [Signature] Date 12/15/99

Builder Initials [Signature] Date 12/15/99

Agreement is terminated pursuant to this provision, Subcontractor shall be obliged to pay the entire cost of completion of work called for by this Subcontract Agreement and/or subcontractor contract(s) whether Builder has said work completed on a time and material basis or lets a new contract for completion of the work. If Builder elects not to terminate, pursuant to this provision, Subcontractor appoints Builder (and Subcontractor shall similarly bind his subcontractors to do so) as Subcontractor's agent to use Builder's judgment and discretion to pay such amounts as Builder believes is due and owing, pursuant to then existing collective bargaining agreements to the appropriate administrative office, out of funds Builder would otherwise be required to pay to Subcontractor. Builder's determination as to amount(s) to be paid, if any, shall be final.

28.3 The Contract Documents should be considered complimentary to each other, and what is called for in one shall be binding and enforceable as if called for in all.

28.4 The term "Subcontractor" refers to the firm or individual, or series of individuals, or corporation, who is obligated to perform the obligations set forth in any phase of the Subcontract Agreement so endorsed by it or under its power of attorney.

28.5 If any provision of this Subcontract Agreement, or portion thereof, is determined by a court to be invalid, that determination shall not serve to invalidate the remainder of this Agreement or the remainder of provisions.

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

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 12-15-99 Builder Initials RD Date 12/23

28.7 There are no understandings or agreements except as herein expressly stated. Time is of the essence for this Subcontract Agreement. This Subcontract Agreement shall not be interpreted for or against either party, but in accordance with its fair meaning. No court has the power or discretion to do anything other than to enforce the plain meaning of each contract provision. No legal theory shall or may ever be applied to avoid, circumvent or "get around" the plain meaning of this Subcontract Agreement.

28.8 Subcontractor's Agreement not to Contract: The parties acknowledge that Subcontractor may come into contact with Owners of specific lots. Subcontract agrees that Subcontractor or Subcontractor's employees, agents or representatives shall not contract directly with any prospective or current homeowner prior to close of escrow of Builder's homes. Subcontractor further acknowledges that violation of this provision is grounds for termination as is defined in Section 6 herein.

SUBCONTRACTOR

BROOKFIELD HOMES SAN DIEGO INC.

BY: [Signature]
TITLE: President
DATE: 12-15-99

BY: [Signature]
TITLE: Director of Purchasing
DATE: 12/23/99

STATE LICENSE NO. 617393

CONTRACT NO.: 28000 28003

CITY _____
BUSINESS LICENSE NO. _____

WORKERS' COMPENSATION CARRIER
State Fund

WORKERS' COMPENSATION POLICY
NO. 035000124596

WORKERS' COMPENSATION
EXPIRATION DATE 10/1/00

GENERAL LIABILITY POLICY
NO. WCE 063990015

GENERAL LIABILITY
EXPIRATION DATE 10/1/00

FEDERAL I.D. NO. 33-0464329

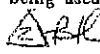
Subcontractor Initials RL Date 12-15-99

Builder Initials RD Date 12/23/99

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 28000 thru 28003
 SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
 1600-5129/62-62-104-0000-000-51235 & 51240
 DATE: November 12, 1999

BARRINGTON

ATTACHMENT "B"
 GENERAL SCOPE OF WORK
 Rev. 9/17/97

1. Subcontractor shall furnish all required labor, supervision, material, equipment, supplies, transportation, insurance licenses and special permits to install all FRAMING, LABOR, HARDWARE, LUMBER AND TRUSSES, complete, in accordance with all specifications and requirements of the Builder, City, County and other governing agencies having jurisdiction, and in accordance with all specifications outlined in this contract, and all plans and related documents referenced in Attachment "F", Plan List, attached herein.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. Subcontractor is aware that slabs are post-tensioned and understands that any saw-cutting, coring, jack hammering or any other penetration of the concrete slab is specifically prohibited without prior written permission of the Builder.
4. Subcontractor shall furnish all labor, rough hardware, shots, discs, pins, nails, bolts, washers for anchor bolts, clip hangers, and any other necessary fasteners, post anchors and caps, hold down anchors, caulking, sealants and adhesives, "Moistop" flashing, bituthene, building paper, tools, services, equipment, ~~all required temporary power distribution, including cords, (through framing inspection of last house from Builder supplied power source), and necessary supervision to provide complete framed structures including securing framing inspection and all carpentry work required for other trades.~~
5. All framing shall be straight, plumb, level and true and well nailed, bolted or otherwise fastened as required. All horizontal members shall be placed crown up (if wood) and shall not be spliced between bearings. All members shall have solid bearing without being shimmed. If excess deviation is found, at the option of the Builder, any and all structures may be checked and necessary corrections shall be made at the Subcontractor's expense. String line top plate and shim mudsill as needed to ensure straight plates.
6. ~~If applicable, Subcontractor shall install all windows and exterior jambs, and shall be responsible for any leaks due to faulty window installation.~~
7. BACKING AND/OR BLOCKING:
 - a. All work shall be coordinated with others including, but not limited to, finish carpenter (hardware), plumber, electrician, drywall, heating, stucco, tubs and showers and cabinet Subcontractors to determine proper backing or cutting.
 - b. Joints of all paneling, siding, sheathing, etc. shall occur at studs or shall be solidly blocked.
 - c. Subcontractor shall install all backing required for other trades including, but not limited to, drywall, cabinets, stucco, z-bar, plumbing valves and boxes, tub and shower enclosures, handrails, hardware, wardrobe door tracks, garage door optical sensors, wall and ceiling mounted light fixtures, window popouts and penetrations for sheetmetal, plumbing, electrical, cable and phone service panels.
 - d. Special backing shall be installed at dining room fixture outlet area with location to be determined by Builder.
8. Subcontractor shall install putty sill seal between slab and bottom plate at all perimeter walls.
9. Subcontractor's foreman shall attend any pre-job meetings and inspections pertaining to this Subcontractor's work which may be required by the Builder, the City, County or other governing agencies having jurisdiction.
10. Subcontractor shall store all lumber and bins at location approved by Builder's Project Superintendent and shall relocate lumber and bins as requested by Project Superintendent when necessary to prevent construction delays for other trades. All distribution from such storage areas, and relocation of storage areas shall be done by Subcontractor at no additional cost to Builder.
11. In the event that an area is required by Subcontractor for prefabrication and/or storage of materials, the Builder shall provide a location only if one is available. Security fencing or any other items necessary for such area shall be furnished by Subcontractor. Subcontractor shall be responsible for cleaning the area and stockpile any debris at the site, as designated by Project Superintendent.
12. All materials, installations and hardware shall be done in a good and workmanlike manner in accordance with manufacturer's and structural engineer's recommendations and meet or exceed minimum requirements of the City, County, other governing agencies having jurisdiction, and the Builder.
13. It is the Subcontractor's responsibility to ensure that only current approved drawings are being used. Any error created by using wrong plans are Subcontractor's responsibility. Plans dated 3/1/99 

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 28000 thru 28003
 SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
 1600-5129/62-62-104-0000-000-51235 & 51240
 DATE: November 12, 1999

BARRINGTON

14. Subcontractor agrees that contract amount includes the total scope of all rough carpentry operations through framing inspections, ready for drywall and stucco. Siding, arches, shutters, handrails, shadow boards and all wood trim on the exterior is included as part of this contract.
15. Subcontractor shall obtain from Builder's Project Superintendent and adhere to written rough opening dimensions from window, tub, fireplace, finish carpentry subcontractors and air conditioning and plumbing layouts for proper opening sizes.
16. All plumb and align material shall span from plate to plate. DO NOT "shoot" temporary blocks or braces into slabs.
17. All trim over garage door header shall be full length only. Fascia shall be one piece unless longer than 20'. Fascia splice shall never occur over entries, windows or garage doors. Leave 2" space between end of fascia and framed wall for lat and plaster.
18. Subcontractor shall install all window frames and exterior wood door jambs supplied by the Builder. All window frames, plant-ons, gable vents and pot-shelves shall have 12" "Moistop" flashing and "Tops 900" or "SikaFlex" caulking to assure a leak-free installation. Subcontractor shall protect all windows, frames and jambs from damage prior to installation. Subcontractor shall not install any broken or otherwise damaged vinyl window frames, or shall be responsible for all such windows at completion of installation. Sliding glass doors shall be installed by others. Window shall be installed as scheduled by Builder's Project Superintendent.
19. All door frames shall be installed by carpenters who are experienced with finish work and shall be solidly blocked behind hinges and latch-keepers and fitted tightly to the floor.
20. Subcontractor shall install handrails in all open second story conditions in accordance with all safety codes and shall maintain such handrails as required at all times until Subcontractor is completed with all contract work. Handrails shall be located on second floor sheathing or in such a manner that drywall and other trades can proceed without removing the handrails.
21. Subcontractor shall chamfer all exposed beam ends per details, and bevel the lower pop-out window trim to allow positive water flow.
22. Subcontractor shall install joist hangers flush to bottom of support beam and, if applicable, plane joists and beams flush prior to installation of subfloor. Fill all rim joist voids for shear panels.
23. Subcontractor shall correct any and all crooked, twisted, bent or bowed studs and any other imperfect framing as required for a proper drywall installation. Any such repair work causing damage to the work of others shall be at the Subcontractor's expense.
24. All subflooring shall be completely screwed immediately after applying adhesives to joists, beams and hangers to prevent hardening prior to subfloor set. All such floors shall be guaranteed against squeaks for one year after occupancy. Subcontractor shall be responsible for cost of flooring contractor one time per lot to remove, replace, or repair flooring for access to floor squeaks during the guarantee period.
25. Subcontractor shall place and nail all roof sheathing and clip and countersink any and all roof sheathing nails exposed a roof overhangs. "Shiners" are not acceptable.
26. Subcontractor shall fill all hammer marks in trim materials, caulk and smooth any splits, and spackle rafter tails where roof sheathing nails have been clipped or counter sunk. All trim and siding shall be left in a "ready to paint" condition.
27. Install 1x2 resawn cedar at face of threshold extending one inch beyond rough opening at all aluminum sliders. (2: wolmanized in slab below slider by others.)
28. Skilled mechanics shall do all cutting and framing of wood members required to accommodate structural members routing of plumbing, conduits, ducts and installation of mechanical, and electrical apparatus.
29. Build and install all F.A.U. platforms. Build and install water heater platforms. Cut plywood covers to be installed over drywall by others. Drywall installed by others. Plywood material shall be same as floor sheathing material. Install catwalks for attic F.A.U. units where required.
30. Any drops added or changed during Model construction shall be included in future phases whether or not shown on the plans, at a price agreed to after completion of the models.

i587

3/99

HNR Framing Systems Inc.

Date

BH-B5-005

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 28000 thru 28003
 SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
 1600-5129/62-62-104-0000-000-51235 & 51240
 DATE: November 12, 1999

BARRINGTON

31. If applicable, balconies and decks shall be installed with positive drainage in strict accordance with the plans. Balcony and deck underlayments shall be in strict accordance with "Materials Schedule" as referenced in Attachment "C" so as to maintain established decking warranty. (OSB is not an acceptable material for decks.) No material changes shall be permitted without prior written consent from Builder's Purchasing Department.
32. All lumber and plywood shall bear the grade stamp of a recognized lumber grading association.
33. All lumber and plywood shall be to the satisfaction of the Builder, governing agencies, structural codes and contract specifications prior to authorization of payments.
34. All lumber and plywood deliveries shall be coordinated with the Builder's Project Superintendent.
35. Payments on framing lumber, plywood and trusses shall be made in the form of a joint check made payable to the Subcontractor and the supplier.
36. Exposed exterior wood siding, trim and fascia shall be selected by Subcontractor to eliminate imperfections or damages prior to installation so that all siding, trim and fascia will be in a "ready to paint" condition.
37. Subcontractor shall pre-cut and tack in place all ridge, hip and 1x4 shadow boards required for tile roofing. Permanent installation shall be done by roofer during roofing operations.
38. Subcontractor shall furnish and install all floor and roof truss systems complete, and all related transitional framing such as valley fills, jack rafters, headouts, etc.
39. Subcontractor shall furnish and install all wood architectural details per plan elevations such as siding, plant-ons window surrounds, pot shelves, corbels, outlookers, scab-on rafter tails, interior popouts and niches. Subcontractor shall install 12" Moistop flashing, minimum 1" reveal at all wood surrounds. All horizontal surfaces shall be sloped to prevent holding water. All surrounds shall have square cuts, no miters. Bottom horizontal boards at surrounds shall be cut to fit between side boards which run through the joints.
40. Prices include all elevations per plans. There will be no extras paid for work related to "vague" plans, or "blind elevations" such as recessed entries, or for "general difficulty" factors which Subcontractor failed to observe during the bid process. There will be NO EXTRAS unless the plans change.
41. Subcontractor shall carefully frame all interior arches to true round, or install "Arch-Rite" in lieu of ripped plywood and blocks.

1/99
 HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 28000 thru 28003
 SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
 1600-5129/62-62-104-0000-000-51235 & 51240
 DATE: November 12, 1999

BARRINGTON

ATTACHMENT "C"
 SPECIFIC SCOPE OF WORK
 Rev. 9/17/97

1. This contract shall include, but shall not be limited to, the following:

- a. Labor, lumber, floor trusses, and roof trusses.
- b. All catalog hardware, sealants, caulk, flashing, building paper and fasteners.
- c. All required tools and equipment.
- d. All backing, cutting, notching, chases, platforms and attic catwalks.
- e. All dropped ceilings for plumbing, electric, HVAC, and cabinets.
- f. If applicable, installation of windows and exterior wood jambs.
- g. Screwed deck subflooring.
- h. 1" x 2" cedar or redwood face below sliding glass door thresholds.
- i. Ridge and hip boards pre-cut and tacked in place for roofer.
- j. All plant-ons, pot shelves, corbels and outlookers, per plans.
- k. All scab-on rafter tails 2x6, resawn and shaped ends per details.
- l. All interior popouts, niches.
- m. Shutters and false clay pipe projections by others.
- n. Furnish all plywood protecting tub covers at \$35 each.
- o. 1 x 6 shiplap starter boards over exposed rafter tails.

2. MATERIALS SCHEDULE:

Subcontractor shall furnish and install all lumber in the following grades and species, unless a higher grade is shown on plans, and shall bear all direct and indirect costs to "fix" or replace incorrect lumber:

<u>Sills:</u>	Per Structural Drawings.
<u>Plate:</u>	Per Structural Drawings.
<u>Blocking/Backing:</u>	Per Structural Drawings.
<u>Studs:</u>	Per Structural Drawings.
<u>Joists & Rafters:</u>	Per Structural Drawings.
<u>Headers & Beams:</u>	Per Structural Drawings.
<u>Plywood Subfloor:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" o.e. Group 1 (Pine or Douglas Fir) Exposure 1 plywood. No OSB or other composites shall be acceptable.
<u>Waterproof Decks:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" span index Group 1 (Pine or Douglas Fir) Exterior plywood shall be acceptable.
<u>Open Decks:</u>	2x6 DF, #1, Select, S4S or TREX.
<u>Stairs:</u>	Interior: 10" plywood. Exterior: Same as Exterior Decks.
<u>Plywood Roof:</u>	APA rated sheathing, OSB or plywood, Exposure 1, span index and thickness per Architectural plans and notes.
<u>Fascia:</u>	Select Spruce- 1 X 8 (VJT) starter board. DF select for fascia, 1x6 spruce S4S starter board
<u>Garage Jambs:</u>	#1 DF #2 Resawn 1 sided 2 edges
<u>Overhang:</u>	Same as roof sheathing, stucco over, except at exposed rafter tails, then 1x6 SL starter boards.
<u>Siding:</u>	Subcontractor to supply and install Cedar mill 1/2" x 8 1/4" Hard plank siding, install per plans per manufacturers recommendations and specifications.

NOTE: No substitutions for grades or species shall be permitted without prior written authorization from Builder's Purchasing Department.

1/99
 HNR Framing Systems Inc.

12-15-99
 Date

Brookfield Homes San Diego Inc.
 Date

BH-B5-005569

MORRIS CHRISTMAS

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 28000 thru 28003
SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
1600-5129/62-62-104-0000-000-51235 & 51240
DATE: November 12, 1999

BARRINGTON

3. It is further agreed that any increase in the cost of labor and/or material by Subcontractor subsequent to the expiration of prices as set forth in the Price Guarantee shall constitute termination and cancellation of the subcontract at the option of Builder.

4. PAYMENT SCHEDULE shall be as follows:

Lumber	--	100%	Upon complete delivery.
Trusses	--	100%	Upon complete delivery.
Labor	--	30%	Walls framed.
		20%	Floor joist.
		20%	Roof sheathed.
		20%	Framing pickup and inspection.
		10%	Retention - payable 30 days after approved completion.

3/9,

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

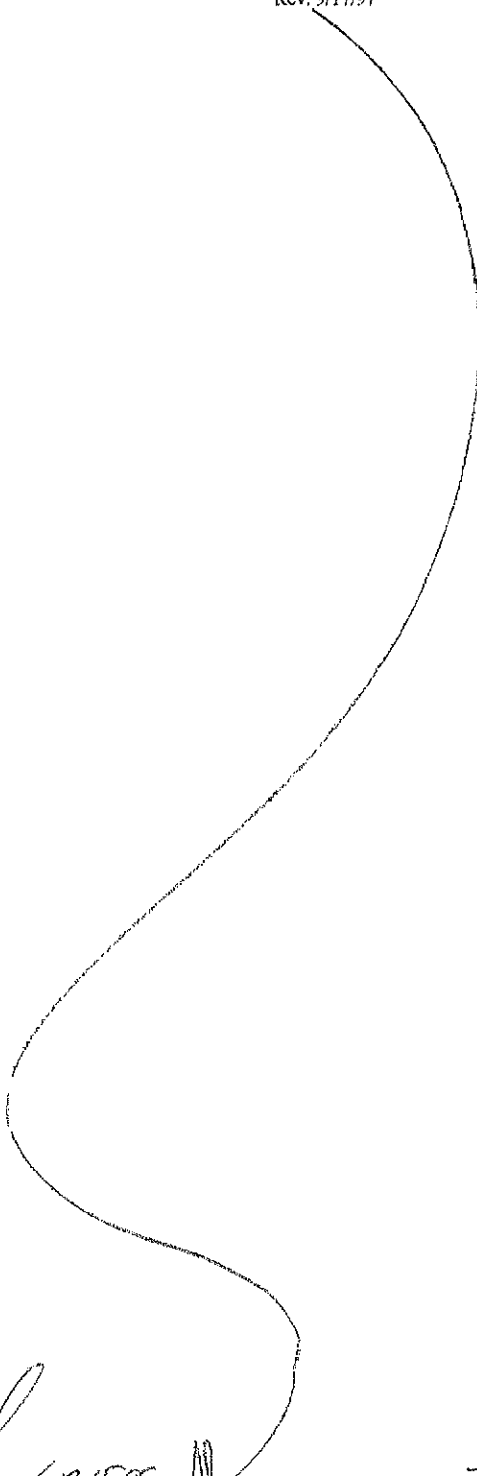
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 28000 thru 28003
SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
1600-5129/62-62-104-0000-000-51235 & 51240
DATE: November 12, 1999

BARRINGTON

ATTACHMENT "D"
OPTION PRICE LIST
Rev. 9/17/97


N/A




1

23

BH-BS-00557


HNR Framing Systems Inc. Date 12-15-99


Brookfield Homes San Diego Inc. Date 12/

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 28000 thru 28003
 SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
 1600-5129/62-62-104-0000-000-51235 & 51240
 DATE: November 12, 1999

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET

Rev. 9/16/97

Approvals:
 C.F. Fwd Planning
 M.P. Dir. of Construction
 L.H. V.P. of Sales & Mktg
 D.S. Operations Dept.

CF 9/23/99
 M.P. 9/23/99
 L.H. 9/23/99
 D.S. 9/23/99

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 3

Lot No.: 39 thru 49
 Community: 62-62-103
 Tmet: 12950

Original: 09/08/99
 Revised: 09/23/99 Color Scheme added

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	DECK
1	0039	2AR	3501 Cay Drive	A-1	Espana Casa Grande	1120	N/A	
2	0040	1B	3505 Cay Drive	B-3	Espana Tangelo	1952	Mtn. Blend Stacked	
3	0041	3AR	3509 Cay Drive	A-2	Espana Casa Grande	1120	N/A	Deck
4	0042	2C	3513 Cay Drive	C-1	Shake Brown Bushed	712	Morocco	
5	0043	1A	3517 Cay Drive	A-3	Espana Tangelo	1952	N/A	
6	0044	2B	3521 Cay Drive	B-2	Espana Casa Grande	1120	Tuscany Country Rubble	
7	0045	3BR	3525 Cay Drive	B-3	Espana Tangelo	1952	Mtn. Blend Stacked	
8	0046	2AR	3529 Cay Drive	A-1	Espana Casa Grande	1120	N/A	
9	0047	1CR	3533 Cay Drive	C-2	Shake Brown Bushed	712	Morocco	
10	0048	3AR	3537 Cay Drive	A-3	Espana Tangelo	1952	N/A	
11	0049	2B	3542 Cay Drive	B-1	Espana Casa Grande	1120	Tuscany Country Rubble	

PRODUCTION MIX RECAP:

PLAN 1A	1	PLAN 2A	0	PLAN 3A	0
PLAN 1AR	0	PLAN 2AR	2	PLAN 3AR	2
PLAN 1B	1	PLAN 2B	2	PLAN 3B	0
PLAN 1BR	0	PLAN 2BR	0	PLAN 3BR	1
PLAN 1C	0	PLAN 2C	1	PLAN 3C	0
PLAN 1CR	1	PLAN 2CR	0	PLAN 3CR	0
TOTAL 1:	3	TOTAL 2:	5	TOTAL 3:	3

MANUFACTURERS

Dunn Edwards Paints
 Monitor Liftable
 El Dorado Stone (Stone Veneer)
 Summit Brick (Brick Veneer)

FENCE & WALL COLORS

Wood Fence - Walnut Wash #8733M
 Fence Pilasters - Historic Tan #8741
 Common Walls & Pilasters - #8741 *
 * (Non House or Court yards)

Note: Upgraded court yard fence to match stucco, gate & trellis to match w/ fencing # 8733M

SQUARE FOOTAGE:

	HOUSE	GARAGE	DECK	TOTAL
Plan 1	1,957	508	128	2,593
Plan 2	2,160	430	160	2,750
Plan 3	2,287	458	128	2,873
Total	6,404	1,396	416	8,216

OPTIONAL

PLAN RECAP:

	HOUSE	# UN.	TOTAL
Plan 1	1,957	3	5,871
Plan 2	2,160	5	10,800
Plan 3	2,287	3	6,861
Total	6,404	11	23,532

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 28000 thru 28003
 SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
 1600-5129/62-62-104-0000-000-51235 & 51240
 DATE: November 12, 1999

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET

Rev. 9/16/97

C.F.
 M.P.
 L.H.
 O.S.

Approvals:
 For Planning
 Dir. of Construction
 V.P. of Sales & Mktg.
 Operations Dept.

OF 10/30/99
 10/26/99
 10/26/99
 10/26/99

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 4

Lot No.: 33 thru 38 & 50 thru 53
 Community: 62-62-104
 Tract: 12950

Original: 09/13/99
 Revised: 10/26/99

Plan & Elev. change on lots 51 & 52
 Lot 51 changed from 2A to a 2C
 Lot 52 changed from 3C to a 2B

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	DECKS
1	0038	3B	3700 Ridge Court	B-1	Espana Casa Grande	1120	Tuscan Country Rubble	
2	0037	2A	3704 Ridge Court	A-2	Espana Casa Grande	1120	N/A	
3	0036	1B	3708 Ridge Court	D-3	Espana Tangelo	1952	Min. Blend Stucco	
4	0035	3BR	3712 Ridge Court	B-2	Espana Casa Grande	1120	Tuscan Country Rubble	Deck
5	0034	3A	3716 Ridge Court	A-3	Espana Tangelo	1952	N/A	Deck
6	0033	2C	3720 Ridge Court	C-1	Shake Brown Brushed	712	Morocco	
7	0050	3BR	3486 Harwich Drive	B-2	Espana Casa Grande	1120	Tuscan Country Rubble	
8	0051	2C	3490 Harwich Drive	C-3	Shake Desert Breeze	1486	Anaconda	
9	0052	2B	3494 Harwich Drive	B-1	Espana Casa Grande	1120	Tuscan Country Rubble	
10	0053	1A	3498 Harwich Drive	A-2	Espana Casa Grande	1120	N/A	

PRODUCTION MIX RECAP:

PLAN 1A	1	PLAN 2A	1	PLAN 3A	1
PLAN 1AR	0	PLAN 2AR	0	PLAN 3AR	0
PLAN 1B	1	PLAN 2B	1	PLAN 3B	1
PLAN 1BR	0	PLAN 2BR	0	PLAN 3BR	2
PLAN 1C	0	PLAN 2C	2	PLAN 3C	0
PLAN 1CR	0	PLAN 2CR	0	PLAN 3CR	0
TOTAL 1:	2	TOTAL 2:	4	TOTAL 3:	4

MANUFACTURERS

Dunn Edwards Paints
 Menier LifeBle
 El Dorado Stone (Stone Veneer)
 Summit Brick (Brick Veneer)

FENCE & WALL COLORS

Wood Fence - Walnut Wash #8733M
 Fence Pilasters - (Hickory) #8741
 Common Walls & Pilasters - #8741 *
 * (Non House or Court yards)

Note: Upgraded court yard fence to match
 stucco, gates & trellis to match wood
 fencing # 8733M

SQUARE FOOTAGE:

	HOUSE	GARAGE	OPTIONAL DECK	TOTAL
Plan 1	1,957	508	128	2,593
Plan 2	2,160	430	160	2,750
Plan 3	2,287	458	128	2,873
Total	6,404	1,396	416	8,216

PLAN RECAP:

	HOUSE	# UN.	TOTAL
Plan 1	1,957	2	3,914
Plan 2	2,160	4	8,640
Plan 3	2,287	4	9,148
Total	6,404	10	21,702

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc.

Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
28000 thru 28003
1600-5129/62-62-103-0000-000-51235 & 51240
1600-5129/62-62-104-0000-000-51235 & 51240
November 12, 1999

BARRINGTON

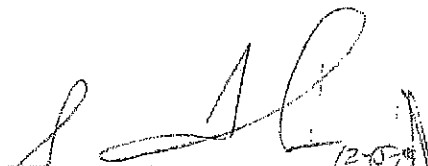
ATTACHMENT "F"

PLAN LIST

Rev. 9/16/97

1. Architectural Plans, entitled "Barrington at Calavera Hills, Carlsbad, California" dated May 1, 1999, by the Dahlin Group Architects Planners

199


HNR Framing Systems Inc. Date 12/03/99

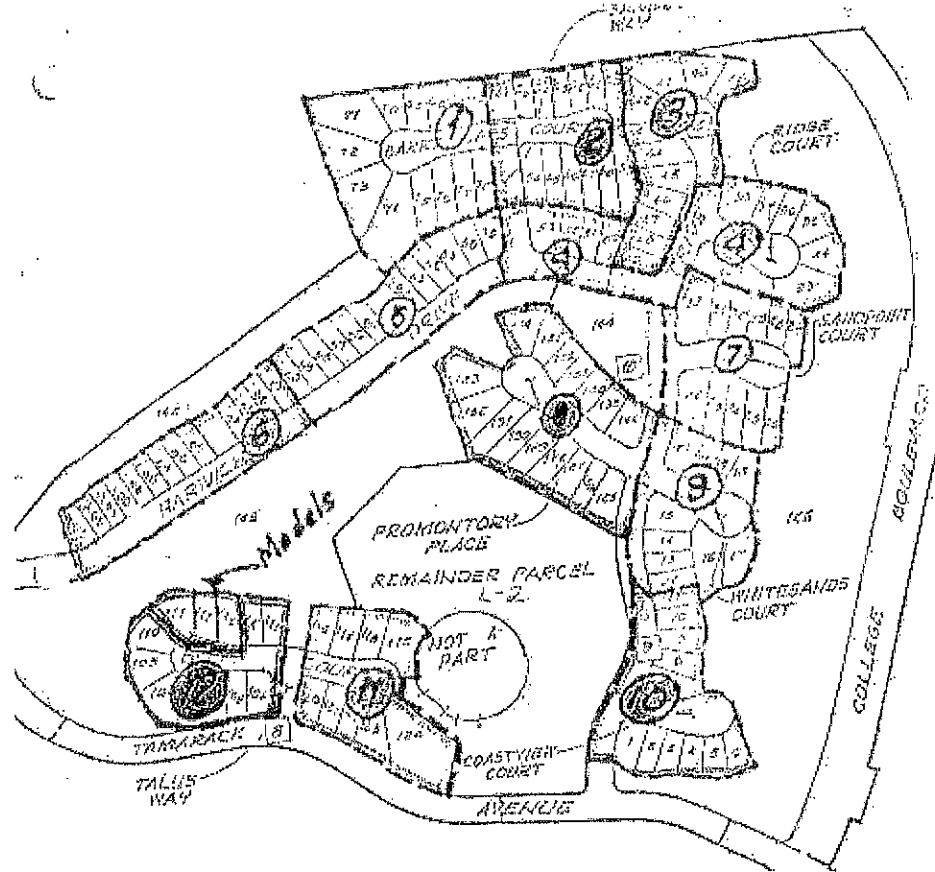

Brookfield Homes, San Diego Inc. Date 12/23/99

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
28000 thru 28003
1600-5129/62-62-103-0000-000-51235 & 51240
1600-5129/62-62-104-0000-000-51235 & 51240
November 12, 1999

BARRINGTON

ATTACHMENT "G"
SITE MAP
Rev. 9/16/97



1/99

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc.

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 28000 thru 28003
SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
1600-5129/62-62-104-0000-000-51235 & 51240
DATE: November 12, 1999

BARRINGTON

ATTACHMENT "H"
SAMPLE COMMITTING DOCUMENTS
Rev. 9/16/97

N/A

12/15/99
HNR Framing Systems Inc. Date

12/15/99
Brookfield Homes San Diego Inc. Date

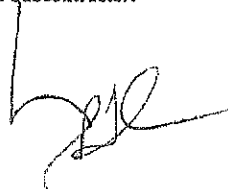
SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 28000 thru 28003
SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
1600-5129/62-62-104-0000-000-51235 & 51240
DATE: November 12, 1999

BARRINGTON

ATTACHMENT "I"
PRODUCTION SCHEDULE

Rev. 9/16/97

It is specifically understood that the Subcontractor hereby guarantees to complete a minimum of two (2) living units and garages each working day to the complete satisfaction and requirements of the Builder and all jurisdictional agencies, and shall maintain this production rate during the entire tenure of the contract. Failure on the part of the Subcontractor to maintain said minimum daily production rate for any reason whatsoever shall result in the Builder dismissing the Subcontractor from the jobsite and employing another Subcontractor to complete the required work. Any differences in cost as a result of said change shall be borne by the original Subcontractor.



3/9


HNR Framing Systems Inc. 12/15/99
Date


Brookfield Homes San Diego, Inc. 12/2
Date

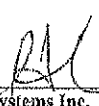
SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 28000 thru 28003
SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
1600-5129/62-62-104-0000-000-51235 & 51240
DATE: November 12, 1999

BARRINGTON

ATTACHMENT "J"
CONTRACT PAYMENT SCHEDULE
Rev. 9/22/97

SEE ATTACHED ADDENDUM "5"

1/99


HNR Framing Systems Inc.


Date


Brookfield Homes San Diego, Inc.


Date

SUBCONTRACT AGREEMENT FOR CONSTRUCTION

This Agreement, made this 17th day of February 2000, by and between BROOKFIELD HOMES SAN DIEGO INC., a California corporation, acting as General Contractor and hereinafter referred to as "Builder", and HNR FRAMING SYSTEMS, INC., as Subcontractor, is for the performance of part of the work in the following project:

PROJECT NAME & ADDRESS: Barrington
Carlsbad, California

PROJECT DESCRIPTION: Tract # 12950

PROJECT OWNER: Brookfield Barrington Inc.

CONSTRUCTION LENDER: Wells Fargo
ADDRESS & LOAN NUMBER: 401 "B" Street, Suite 304
San Diego, CA 92101
310/335-9437 - Angela Meick

PROJECT BUILDER: BROOKFIELD HOMES SAN DIEGO INC.
12865 Pointe Del Mar, Suite 200
Del Mar, California 92014
(619) 481-8500
(619) 794-6186

PROJECT ARCHITECT: Dahlin Group

GEOTECHNICAL ENGINEER: Geosolls Inc.

PROJECT CIVIL ENGINEER: Hunsaker & Associates

ENERGY CONSULTANT: Haynal & Company

PROJECT STRUCTURAL ENGINEER: Hnrowitz Taylor Engineering

PROJECT LANDSCAPE ARCHITECT: Land Concern Ltd.

SUBCONTRACTOR NAME, ADDRESS: HNR Framing Systems Inc.
12345 Crosthwaite Circle
Poway, CA 92064
858/486-2471 - 858/486-7351 Fax

SUBCONTRACTOR PHONE/FAX: 858/486-2471 - 858/486-7351 Fax

SUBCONTRACTOR CONTACT: Robert Thomas
GENERAL SUPERINTENDENT: Dave Marsh
CUSTOMER SERVICE: Ruben Don
EMERGENCY AFTER HOURS PHONE: 858-486-2471

TRADE: Rough Carpentry

SUBCONTRACT AMOUNT:

Cost Code	Amount
51235/51240	\$363,868.00 - Phase 5
	\$397,709.00 - Phase 6

CONTRACT DOCUMENTS:

Attachment "A"	General Terms and Conditions
Attachment "B"	General Scope of Work
Attachment "C"	Specific Scope of Work
Attachment "D"	Option Pricing
Attachment "E"	Sequence Sheet
Attachment "F"	Plan List
Attachment "G"	Site Map
Attachment "H"	Production Schedule
Attachment "J"	Contract Payment Schedule

RECEIVED
MAR 9 2000
BROOKFIELD HOMES

HNR FRAMING SYSTEMS INC.

By: [Signature]
Title: PRESIDENT
Date: 3-5-00

BROOKFIELD HOMES SAN DIEGO INC.

A California corporation

By: [Signature]
Title: DIRECTOR OF PROJECTS
Date: 3/13/00

SUBCONTRACTOR: HNI FRAMING SYSTEMS INC.
TRADE: ROUGH CARPENTRY
CONTRACT NO: 28000 thru 28003
SOLOMON CODE: 1600-5129/62-62-103-0000-000-51235 & 51240
1600-5129/62-62-104-0000-000-51235 & 51240
DATE: November 12, 1999

BARRINGTON

ATTACHMENT "A"
GENERAL TERMS AND CONDITIONS
Rev. 9/30/97

1. The Subcontractor is made aware that presence on the jobsite without all insurance requirements fulfilled and approved by Brookfield Homes San Diego Inc. is strictly prohibited.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. The acceptance by Subcontractor of final payment shall be and shall operate as a release to the Builder of all claims and all liability to Subcontractor for all things done or furnished in connection with this work. No payment, however, final or otherwise, shall operate to release Subcontractor or his sureties from any obligations under this Agreement or any performance and payment bond in connection with the work.
4. Subcontractor work orders signed at the project site by the Builder's Project Superintendent will serve only as acknowledgement that the work has been performed, not as a guarantee for payment.
5. Builder may back charge Subcontractor at any time for cost of corrective work plus \$100 for administration charges. In the event back charges are encountered, the Subcontractors involved shall negotiate the cost and payment with each other. Should the Subcontractors involved be unable to agree as to fault and cost of repair (back charges), Builder's representative shall arbitrate to reach an agreeable solution between the Subcontractors involved. Should Builder have to hold monies from one Subcontractor to pay another for back charges, a \$100 charge shall be assessed by Builder.
6. Subcontractor will protect the work of other trades and shall repair and correct any damages incurred to the work of other trades.
7. Alcohol, drugs, loud music, children and dogs are prohibited on the jobsite. Any written violations from Builder may result in termination of Subcontractor's contract.
8. Architectural intent shall take precedence should conflicts arise within architectural and structural documents, at the direction of the Builder's Project Superintendent, architect, and structural engineer.
9. Any and all layout required within the respective portions of the work shall be included.
10. Project shall be manned at all times with competent, English speaking supervision.
11. Prior to start of work, Subcontractor shall meet with Builder's Project Superintendent and related trades to coordinate all details, including contracts, plans, specifications, dimensions, schedules, models, prior production units and the like. Subcontractor agrees that he has inspected and accepted all conditions, and is aware of all details for which he is responsible.
12. Subcontractor's designated representative shall be present at weekly jobsite safety meetings to be scheduled by Builder's Project Superintendent.
13. Subcontractor is responsible for controlling dust, if appropriate, during the course of Subcontractor's work.
14. Subcontractor shall furnish and maintain any necessary barricades and warning signs/caution tape and shall control traffic as necessary.
15. Subcontractor or Subcontractor's employees, agents, or representatives shall not contract directly for any work or additions with a prospective or current homebuyer prior to close of escrow of Builder's homes. Contracting directly with the homebuyer will be considered a violation of Builder's contract and may result in termination of the contract.
16. Subcontractor shall keep site clean and provide for a safe work place. Debris shall be stacked inside each garage to be removed by others. Units shall be kicked out and swept by others after framing is complete.

HNH Framing Systems Inc.

Date

Brookfield Homes San Diego Inc.

Date

SECTION 1: DESCRIPTION OF WORK, COST PER UNIT AND CONTRACT PRICE

Subcontractor agrees to furnish all labor, materials, installation, supplies, equipment, services, machinery, tools and other facilities of every kind and description required for the prompt and efficient execution of the work necessary to complete the described duties at the price specified. The job shall be completed in strict accordance with the terms and conditions of this Subcontract Agreement, any Performance Schedule provided by Builder, and the general conditions, specifications, plans and drawings prepared for Builder, all of which constitute and are referred to hereinafter as the "Contract Documents," and all applicable codes, ordinances, regulations and policies and to the full satisfaction and acceptance of Builder and applicable inspecting jurisdiction, including all cartage and applicable taxes of any nature whatsoever. The contract price shall be paid by Builder to the Subcontractor in accordance with payment provisions of this Subcontract Agreement. If the Contract Documents and/or codes are silent, the work shall be done in accordance with accepted industry standards.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials AL Date 3-5-00 Builder Initials JD Date 3/13

SECTION 2: PAYMENT

2.1 Subcontractor will not be paid unless it has fully performed to the extent billed and until it has complied with all of the provisions of this section. Subcontractor shall submit all invoices for work and materials furnished, in duplicate, to Builder for approval. All invoices shall be accompanied by appropriate waiver and release documents in forms satisfactory to Builder, executed by Subcontractor, its laborers, subcontractors and all suppliers who furnished materials to said job to the date of the invoice(s). No payment made hereunder shall be construed as evidence of acceptance of any part of Subcontractor's work, nor a waiver of any claim by Builder or Project Owner arising out of faulty workmanship or materials or from failure of Subcontractor to comply strictly with the Contract Documents.

2.2 Pay-When Paid: Subcontractor shall be paid in accordance with the schedule and rate of retention set forth in the contract documents made by Owner to Builder, after each payment has been received by Builder from Owner, and only to the extent that the payment received by Builder from Owner includes payment for work performed by Subcontractor. Subcontractor understands that Subcontractor will be paid only from a special fund, and that such special fund is monies paid to the Builder by the Owner. If for any reason that fund does not come into existence, Subcontractor shall not be entitled to payment. The receipt of funds by Builder from Owner allocable to work performed by Subcontractor is a condition precedent to the Builder's obligation to make any progress payment to Subcontractor.

2.3 Terms of Payment: See Contract Payment Schedule in Attachment "I."

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials AL Date 3-5-00 Builder Initials JD Date 3/13

SECTION 3: INDEPENDENT INVESTIGATION

3.1 Subcontractor hereby warrants that it has made its own careful and independent investigation and review of the jobsite conditions, plans, specifications, reports, Performance Schedule, and relevant statutes, codes, ordinances, regulations and policies and is fully familiar with the requirements and difficulties presented. Subcontractor hereby warrants and agrees it is not relying upon any opinion or representation of Builder not contained in this Subcontract Agreement or other documents incorporated herein. Subcontractor warrants that it has found no ambiguity or conflict in the plans and specifications other than those which have been disclosed in writing prior to the execution of this Subcontract Agreement.

3.2 Subcontractor also warrants that it has verified that all materials and equipment necessary to perform its work are available when and as needed pursuant to the Agreement and the Performance Schedule.

3.3 Subcontractor has visited the site and is familiar with the work completed, if any, including but not limited to, all work in the models and the most recent phase of production. Subcontractor is aware of all changes that have been made including those which may not be incorporated into the current set of plans and specifications, and it agrees that the contract price for the Scope of Work includes all previous changes. The Subcontractor understands that no additional compensation will be considered unless consistent with Section 9 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials AL Date 3-5-00 Builder Initials JD Date 3/13

Subcontractor Initials AL Date 3-5-00 Builder Initials JD Date 3/13

SECTION 4: CLEAN UP/HAZARDOUS MATERIALS

4.1 Subcontractor agrees to clean up and remove from premises all waste materials, debris and spoil of every description which may accumulate in the building (if applicable) or about the premises as a result of its work. The premises must be left in a clean and acceptable manner as determined at Builder's sole discretion. Should the Subcontractor refuse or neglect to clean up or remove waste materials, debris and spoil upon being directed to do so by Builder, Builder may remove same or cause it to be removed by others and the Subcontractor shall suffer a deduction from its contract price for the expense incurred.

4.2 Subcontractor represents and warrants to Builder that it, its employees and agents will not release, discard, discharge or dispose of at the Project, on the ground or in the surface water thereof, any hazardous substance hereinafter defined. In the event Subcontractor breaches this representation or warranty, said breach shall, (i) constitute a material breach of this Subcontract Agreement, (ii) entitle Builder to the remedies provided in Section 6.1 of this Subcontract Agreement, and (iii) constitute damage to or destruction of property requiring the indemnification of Builder and Project Owner pursuant to Section 13 of this Subcontract Agreement. For purposes of this Subcontract Agreement, the term hazardous substance shall mean any chemical substance, oil, waste, petroleum or petroleum product, or other material which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant," under any Federal, State or local law, regulation or ordinance.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials RL Date 3/5/00

Builder
Initials GH Date 3/13

SECTION 5: WORK COMMENCEMENT AND PROGRESS

5.1 Time is of the essence in this Subcontract Agreement. Subcontractor agrees to commence work to be performed hereunder within twenty-four (24) hours of receipt of notice to commence from Builder and to complete its work in accordance with Builder's Performance Schedule and all modifications thereto, which schedule is incorporated herein by reference and made a part hereof. Subcontractor warrants that it has reviewed the Performance Schedule and is satisfied with it and hereby agrees to review as necessary all modifications to that schedule which will be maintained in the jobsite office of Builder. Builder and Subcontractor recognize that from time-to-time final plans, schedules and specifications for a project may not be complete at the time of execution of the Subcontract Agreement. In such event, Subcontractor agrees to advise Builder of any objections within seventy-two (72) hours of notice from Builder that the plans, schedules or specifications have been finalized. If, in the opinion of Builder, at its sole discretion, Subcontractor is not furnishing sufficient men, materials or equipment to meet the Performance Schedule, Builder may exercise the options available to it in Section 6 of this Subcontract Agreement.

5.2 Builder shall maintain observation of the premises on which the work hereunder is to be performed and shall have the right to determine the Project working hours, the time and the priority of the work of other Subcontractors and all matters concerning the timely and orderly conduct of the work of the Subcontractor. Unless specifically noted herein, there are no assumptions relative to or limitations upon the number of move-ins required by the Subcontractor.

5.3 No Damage for Delay: It being expressly contemplated by the parties that in the event Subcontractor is delayed at any time in its performance of the work by act or neglect of the Owner, Architect, Builder, or any employee of Owner, Architect, Builder, or of a separate Contractor employed by Owner, or by changes ordered in the work, or by labor disputes, severe weather, fire, unusual delay in deliveries, work suspensions, acceleration, design defects, changes, unavoidable casualties, or other causes beyond Builder's control, or by delay authorized by Owner pending arbitration, or by other causes which Builder determines may justify delay, then Subcontractor's sole and exclusive remedy for delay shall be an extension of time for performance of the Subcontractor's work, except and unless such delay is the result of active intentional interference by the Builder and Owner. No claims for additional compensation or damages for delays, whether in the furnishing of material by Builder or delays by other subcontractors or Owner will be allowed by the Builder and said extension of time for completion shall be the sole remedy of Subcontractor. No allowance or extent of time referenced above shall be made unless a claim therefore is presented in writing to the Builder 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 Builder from completion of the entire project within the time that Owner allows Builder for such completion.

5.4 Subcontractor shall schedule its work and the presence of its employees at the jobsite and any deliveries of supplies or material by its materialmen and suppliers to the jobsite on such days, and at such times and during such hours, as may be directed by Builder. Subcontractor shall assume responsibility for such schedule compliance not only for its employees, but also for its materialmen and suppliers.

5.5 Subcontractor shall be responsible for the delivery, unloading, storing and protecting of all equipment, supplies and materials. All materials stored on the site must be stored in a container supplied by the Subcontractor. Garages or any other storage will not be supplied by Builder. Builder shall approve or disapprove Subcontractor's storage location at its sole discretion.

5.6 The Subcontractor shall abide by and conform to any procedures and schedules established by Builder which may be necessitated by Acts of God, Subcontractor's failure to comply with this Subcontract Agreement, or other

Subcontractor
Initials RL Date 3/5/00

Builder
Initials GH Date 3/13

factors which affect completion. Subcontractor covenants and agrees to coordinate its work with other subcontractors and to cooperate with other subcontractors working on the Project.

5.7 Subcontractor shall examine the surface or area to which its work is to be attached or performed and shall report in writing any related work which is not suitable to accommodate its work. Subcontractor shall not proceed with the installation until same has been corrected. Commencement of work shall constitute an acceptance by Subcontractor of surfaces and conditions to which its work relates and it shall be fully responsible for obtaining proper and satisfactory results.

5.8 Responsibility for Other Trades: Subcontractor shall assume full responsibility for the defective work of others, if said Subcontractor accepts the work, or materials, and proceeds with its scope of work without written notification to Builder.

5.9 Liquidated Damages: The parties acknowledge and agree that Builder will suffer substantial damages if Subcontractor fails to complete the scope of work contemplated by the Subcontract Agreement within the duration of time and working days as specified by the Performance Schedule attached hereto. The parties realize that it will be extremely difficult and impractical, if not impossible, to ascertain with any degree of certainty the actual amount of Builder's damages in the event of such failure to perform by Subcontractor. Therefore, the parties hereby agree that \$ 3500 per day represents a reasonable estimate of such damages considering all of the circumstances existing on the date of execution of the Subcontract Agreement and that Builder shall have the right to retain the full amount of said sum against Subcontractor funds owed on this Subcontract Agreement, as a remedy to Builder's potential damages should Subcontractor default.

5.10 In the event a dispute arises between Builder and Subcontractor during Subcontractor's performance of the work, Subcontractor shall continue to perform its obligations under this Subcontract Agreement unless otherwise notified in writing by Builder.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials HL Date 3-5-00 Builder Initials [Signature] Date 3/13/00

SECTION 6: TERMINATION

6.1 Subcontractor shall perform the work in a prompt and diligent manner so as to promote the general progress at the entire project and shall not interfere with nor hinder the work of Builder or any other subcontractor. Subcontractor agrees to reimburse Builder for any and all damages which may be assessed against and collected from Builder, which are attributable to or caused by Subcontractor's failure to furnish the materials and perform the work required by the Subcontract Agreement in the manner provided for herein. If Builder shall deem it necessary, Subcontractor, on demand of Builder, shall provide additional workforces, overtime, additional shifts, and shall expedite the furnishing of materials so as to meet the Performance Schedule.

6.2 In the event the Subcontractor, at any time, refuses or neglects to supply a sufficient number of properly skilled workers or a sufficient quantity of materials of proper quality, or is adjudicated a bankrupt, or files a reorganization proceeding, or commits any act of insolvency, or makes an assignment for benefit of creditors without Builder's consent, or fails to make prompt payment to his materialmen and/or laborers, or fails in any respect to promptly and diligently prosecute the work covered by this Subcontract Agreement, 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 fails to fulfill any of the provisions by him to be performed, or otherwise fails to fully perform any and all of the Subcontract Agreement herein contained, Builder may, at his option:

(a) After giving 24 hours written notice to Subcontractor to cure, provide any such labor and materials as may be necessary and deduct the cost thereof from any money then due or thereafter to become due to the Subcontractor under this Subcontract Agreement; or

(b) Should Subcontractor fail to cure the default referenced above within 24 hours, the builder may, at its option, terminate Subcontractor's right to proceed with the work and in that event, builder shall have the right to enter upon the premises of the project and take possession, for the purpose of completing the work under this Subcontract Agreement, of all materials, tools, equipment, and appliances of Subcontractor, and may employ any other person(s) to finish the work and provide the materials therefore.

6.3 In the event of such termination of Subcontractor's right to proceed with the work, said Subcontractor shall not be entitled to receive any further payment under this Subcontract Agreement until the work undertaken by Builder in its prime contract is completely finished. At that time, if the unpaid balance of the amount to be paid under this Subcontract Agreement exceeds the expenses incurred by Builder in finishing Subcontractor's work, such excess shall be paid by Builder to Subcontractor; but, if such expense shall exceed such unpaid balance, then Subcontractor shall promptly pay to Builder the amount by which such expense exceeds such unpaid balance. The term "expense" referred to in the last sentence shall include expenses incurred by Builder for furnishing materials, labor, equipment, and other expenses for finishing the work, for any attorney's fees incurred by Builder effectuating the instant termination or interpreting the instant Subcontract Agreement, and any damages sustained by Builder by reason of Subcontractor's

Subcontractor Initials HL Date 3-5-00 Builder Initials [Signature] Date 3/13/00

default, plus a markup of 15 percent for general and administrative expense, and a 10 percent profit on any and all of such expenses. Builder shall have a lien upon all materials, tools and appliances taken possession of, as aforesaid, to secure the payment thereof. The notice referred to in this section will be sufficient and complete if written notification is given at the project site or when faxed or mailed to Subcontractor at his fax number or address as shown in this Subcontract Agreement.

6.4 Builder may withhold, or on account of subsequently discovered evidence, nullify the whole or part of any payment due to Subcontractor to such extent as may be necessary to protect Builder from loss, including costs and attorney's fees, on account of:

- (a) Defective work not remedied;
- (b) Claims filed or reasonable evidence indicating the probable filing thereof;
- (c) Failure of Subcontractor to make payments promptly to a subcontractor or for materials, labor, or fringe benefits;
- (d) A reasonable doubt that this Subcontract Agreement will be completed for the balance then unpaid; or
- (e) Damage to Builder or other subcontractors.

6.5 Subcontractor reserves the absolute right to terminate this Subcontract Agreement for any reason, including its own convenience. In the event of termination without cause, Subcontractor shall be entitled to payment only as follows:

- (a) Cost of the work actually performed in conformity with this Subcontract Agreement; plus
- (b) Ten percent (10%) of costs referred to in subparagraph (a) above, for overhead and profit.

However, in no event shall the Subcontractor be entitled to any amount that exceeds sections (a) and (b) above.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials AL

Date 3/5/00

Builder
Initials JD

Date 3/13/00

SECTION 7: LABOR

7.1 The parties agree and declare that the Subcontractor and Builder are separate, independent entities and that the Subcontractor has full responsibility for the performance of the work and the direction of its work force, subject only to the duty of the Subcontractor to cooperate with Builder and other subcontractors.

7.2 Subcontractor recognizes that in the performance of its work, it will be required to work side-by-side with other subcontractors and representatives of Builder on the Project. Builder and/or other subcontractors may not be signatory to collective bargaining agreements with the various labor organizations.

7.3 Subcontractor agrees that should there be picketing or a threat of picketing by any labor organization at or near the Project, Builder shall establish a reserved gate for use by the Subcontractor's employees and suppliers. In that event, it shall be the affirmative obligation of the Subcontractor, as a material consideration of this Subcontract Agreement and each and every other agreement between the parties hereto, to insure that its employees and other suppliers use only the gate or entryway designated by Builder. Notwithstanding the establishment or non-establishment of a reserved gate, it shall be the continuing obligation of the Subcontractor to properly staff the job with qualified employees without interruption or delay.

7.4 In the event the Subcontractor's employees refuse to work because of a labor dispute or grievance with the Subcontractor, Builder or some other subcontractor, it shall not relieve Subcontractor of its obligations to supply enough properly skilled workers to perform the work undertaken by it without interruption.

7.5 Subcontractor hereby warrants that it is not now nor will it be delinquent in the payment or reporting to any labor-management fringe benefit trust fund, and further that Subcontractor is not now nor will it appear on any delinquency list published by any labor-management fringe benefit trust fund.

7.6 When, in the judgment of Builder, Subcontractor shall have refused, neglected or failed to supply enough properly skilled workers, or otherwise shall have refused, neglected or failed to comply with the provisions of this Section 7, Builder shall be able to exercise its rights in accordance with Section 6 of this Subcontract Agreement.

7.7 Subcontractor also agrees to comply with all of the terms and provisions of any Equal Opportunities requirements imposed upon Builder, to the same extent as though said requirements were imposed upon Subcontractor,

Subcontractor
Initials AL

Date 3/5/00

Builder
Initials JD

Date 3/13/00

provided Builder informs Subcontractor of said requirements; and Subcontractors refusal to do so within forty-eight (48) hours of notice by Builder shall permit Builder to exercise its rights and remedies set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 3/5/00 Builder Initials MD Date 3/13

SECTION 8: TAXES

Subcontractor agrees to pay any and all taxes, including specifically, but not by way of limitation, sales taxes, use taxes, gross receipt taxes, excise taxes, old age benefits, withholding taxes, and unemployment compensation taxes under all State, local and Federal laws with respect to all materials furnished and employees engaged in the performance of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 3/5/00 Builder Initials MD Date 3/13

SECTION 9: EXTRAS

9.1 It is understood and agreed that all labor and/or materials furnished by Subcontractor, even though said labor and/or materials are not specifically required or demanded by this Subcontract Agreement or the Contract Documents, shall nevertheless be deemed to be included within the scope of labor and/or materials properly and necessarily required for the performance hereof and not warranting additional compensation, subject only to the following exception and none other, to wit: that any labor and/or materials furnished hereunder that are authorized by Builder in writing, together with a definite statement in said authorization that said labor and/or materials shall be deemed an "Extra" and shall be paid for in addition to the subcontract price at a sum specified in said authorization. Builder may, at any time during the progress of said Project, order in writing, deviations, additions or omissions and the same shall not void this Subcontract Agreement, but the value thereof, as agreed upon in such written authorization, shall be added to, or deducted from, the contract price hereof. Any modifications in the work to be done by the Subcontractor that are changes requiring the substitution of certain work and/or materials for other work and/or materials originally required by this Subcontract Agreement, or by the plans and specifications incorporated into this Subcontract Agreement, will not entitle the Subcontractor to additional compensation unless the change order is in writing and specifically provides that it authorizes an "Extra" in a stated amount.

9.2 It is expressly agreed and understood by and between Builder and the Subcontractor that no "Extra" charge(s) will be paid without written authorization; that the subcontract price includes performing all work specified according to specification (when applicable) and that said work must comply with all City, County, State and Federal building codes and requirements.

9.3 An authorization for any extra work shall be obtained in writing by the use of the "Committing Document" form, a sample of which is attached hereto as Attachment "H". Attachment "H" is hereby incorporated by reference as part of this Subcontract Agreement, and wherever said forms are utilized and executed by the parties to this Subcontract Agreement, the terms thereof shall be fully enforceable as part of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 3/5/00 Builder Initials MD Date 3/13

SECTION 10: DEVIATIONS

10.1 Subcontractor shall make no changes and shall be responsible for any deviation from the plans, specifications and/or drawings that it may make, and it may be required to re-do any non-conforming work to conform strictly to the plans, specifications and/or drawings unless a written authorization by Builder, addressed to the Subcontractor, shall be given setting forth specifically in detail what changes shall be made. The cost of changes, unless otherwise specifically agreed upon in writing, shall not exceed a credit for any work not required to be done as a result of such changes.

Subcontractor Initials RL Date 3/5/00

Builder Initials MD Date 3/13

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials AK Date 3-5-00

Builder
Initials JD Date 3/13

SECTION 11: SAFETY (CAL/OSHA) AND DISCIPLINE

11.1 Subcontractor, Subcontractor's employees and agents, and any other party contracting with Subcontractor shall comply with all applicable Federal, State, local and any other legally required safety, environmental and health standards, orders, rules, regulations or other laws. Subcontractor shall bear full financial responsibility for the compliance of those persons referenced therein.

11.2 Should Subcontractor, Subcontractor's employees, Subcontractor's subcontractors, or their employees fail to comply within twenty-four (24) hours from the time Builder or any governmental agency issues Subcontractor a written notice of noncompliance, or within the time of an abatement period specified by any government agency, whichever period is shorter, Builder may exercise any of the remedies available to it under Section 6 of this Subcontract Agreement.

11.3 All equipment used on or near the Project shall be regularly inspected and certified as reliable and dependable and shall be maintained to ensure the safety of the operator and all others on or near the project. All electrical devices (such as cords, connectors, plugs, etc.), shall be in good condition and properly grounded. All injuries, regardless of severity, will be reported in writing to Builder within twenty-four (24) hours of occurrence.

11.4 All vehicles and/or persons driving vehicles on the Project must be licensed, properly insured and registered.

11.5 Drinking of alcoholic beverages or the use of any controlled substance at the Project is strictly prohibited. While Subcontractor's employees are prohibited from using the interior of any unit for coffee or lunch breaks, and no food or beverages are allowed inside the units, garages and other areas designated by Builder may be used. No dogs are permitted at the Project and radio volume will be controlled at the discretion of Builder. Subcontractor shall comply with all applicable noise abatement ordinances.

11.6 Subcontractor warrants it is aware of the OSHA Hazard Communication Standard and its requirements. Subcontractor is to supply Builder with a Material Safety Data Sheet (MSDS) for every hazardous substance Subcontractor has delivered or uses on the Project. The MSDS is required for any material(s) container label using the word(s) "DANGER," "CAUTION," "FLAMMABLE," or "WARNING." Subcontractor is to insure that all hazardous products are in a container with a label clearly identifying the chemical(s) with appropriate hazard warnings. All labels are to be in English, easily understandable and not defaced. When any substance is transferred from one container to another and is not immediately used solely by the person making the transfer, that container must be labeled with the hazard information from its source. Subcontractor is responsible for the control and disposal of all substance containers and their contents. No empty or partially empty container will be permitted to remain on the site after Subcontractor has finished using it. All empty containers shall be removed from the Project by the Subcontractor immediately.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials AK Date 3-5-00

Builder
Initials JD Date 3/13

SECTION 12: PROTECTION OF WORK AGAINST DAMAGE OR INJURY

Subcontractor shall be responsible for protecting its own work, material and equipment and shall be responsible for the correction, replacement or repair of any of its work which is damaged prior to final completion of the Project. Subcontractor shall be responsible to Builder or third party subcontractors, as appropriate, for any damage to Builder's work or that of third party subcontractor to Builder whose work is damaged by Subcontractor. Subcontractor shall also protect adjacent property from injury or damage arising out of its work and shall repair or accept responsibility for any such injury or damage.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials AK Date 3-5-00

Builder
Initials JD Date 3/13

Subcontractor
Initials AK Date 3-5-00

Builder
Initials JD Date 3/13

SECTION 13: INDEMNITY.

13.1 **INDEMNIFICATION AND DEFENSE OF BUILDER AND PROJECT OWNER.** In connection with the performance of this Subcontract Agreement, to the extent permitted by law, and subject to the provision of Section 13.1 below, Subcontractor shall indemnify, defend and hold harmless Builder and Project Owner and their officers, agents and employees from and against any and all claims, losses, damages, demands, suits, injuries and liabilities (regardless of legal theory alleged), including all costs of litigation, mediation, arbitration and attorney's fees, arising from or relating to (1) any failure by Subcontractor to perform its obligations under this Subcontract Agreement, (2) any damage suffered by Builder and/or Project Owner and their officers, agents and employees relating to the work performed by Subcontractor, (3) the death of or injury to any person, or the damage to, or, loss of use of, loss of income from, or destruction of any property however caused, regardless of any negligence by Builder or the Project Owner and their officers, agents and employees be it active or passive, or by the use of Builder's equipment, labor or facilities regardless of whether (a) Builder shall have consented to such use, or (b) the death, injury or damage shall have been caused by unsafe conditions. The duty to defend herein shall arise immediately upon such claim, loss, damage, demand, suit, injury or liability being asserted against Builder and/or the Project Owner, and their officers, agents and employees.

13.2 **RELEASE AND WAIVER OF CLAIMS.** To the extent permitted by law, and subject to the provisions of Section 13.3 below, neither Builder nor the Project Owner or their officers, agents or employees shall be liable to Subcontractor (and Subcontractor hereby releases Builder and Project Owner and their officers, agents and employees therefrom, and Subcontractor hereby waives all such claims against Builder and/or the Project Owner and/or their officers, agents and employees) for death of or injury to any person, or damage to or loss of use of, loss of income from, or destruction of any property, from any cause during the performance of this Subcontract Agreement (including without limitation fire, earth settlement, earthquake, theft, embezzlement, riot, or civil commotion).

13.3 **SOLE NEGLIGENCE OR WILLFUL MISCONDUCT.** The provisions of Sections 13.1 and 13.2 above shall not apply to any claim or liability arising by reason of the sole negligence or willful misconduct of Builder, the Project Owner or their officers, agents or employees.

13.4 Should any monetary claim or legal action be instituted against Builder within ten years, or thereafter if permitted by law, after completion of the project by a homeowner or renter or the homeowners' or renters' assignee or successor, or other person or entity, wherein the claim or action alleges a breach of warranty or defect or poor workmanship in the construction, express or implied, or concerns any claim or complaint as to the work performed by Subcontractor, or not performed by Subcontractor where the work should have been performed by Subcontractor, then Subcontractor shall indemnify and reimburse Builder and be held strictly liable to Builder for any money paid by Builder or Owner, or Builder's or Owner's insurance company, by way of an adverse award or judgment or settlement, to any claimant or plaintiff should claimant or plaintiff prevail against Builder, and Subcontractor shall pay to Builder its attorney fees actually incurred in the defense of such claim or action. No release issued by Builder may or shall be considered a defense of the claim or complaint alleging construction defects, or faulty workmanship and/or faulty or defective materials, or problems in construction not discovered during the course of construction.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials DL Date 3-5-00 Builder Initials MD Date 3/3

SECTION 14: INSURANCE

Prior to commencement of any Work under this Agreement, Subcontractor shall, at its sole expense, fully comply with the terms of this Section 14.

14.1 **GENERAL INSURANCE REQUIREMENTS** Subcontractor shall not commence any work until it obtains all insurance required to be obtained by Subcontractor under this Subcontract Agreement. Builder will not permit Subcontractor to commence any portion of the work on the Project until Subcontractor has complied with all of the insurance requirements described in this Section 14.

All Insurance described under this Section 14 to be carried by Subcontractor will be maintained by Subcontractor at its sole expense with insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than an 'A' and financial rating of not less than 'B' in the most current Best's Key Rating Guide. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of the Subcontract Agreement or such longer period as may be specified herein. Should Subcontractor fail in whole or in part to comply with any of the requirements set forth in this Section 14, such a failure shall be deemed a material breach to this Subcontract Agreement thereby entitling Builder to all available legal remedies including, but not limited to, those set forth in Section 6. Subcontractor may provide the insurance described in this Section 14 in whole or in part through a policy or policies covering other liabilities and projects of Subcontractor; provided, however, that any such policy or policies shall: (a) allocate to the Project the full amount of insurance required hereunder, and (b) contain, permit or otherwise unconditionally authorize the waiver contained in Paragraph 14 of this Section 14.

14.2 **EVIDENCE OF INSURANCE.** As evidence of specified insurance coverage, Subcontractor shall deliver and Builder will accept certificates issued by Subcontractor's insurance carrier applicable to Builder showing such policies in force for the specified period, but Builder has the right to require Subcontractor to submit for Builder's

Subcontractor Initials DL Date 3-5-00 Builder Initials MD Date 3/3

review certified policies. Such evidence shall be delivered to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014, promptly upon execution of this Subcontract Agreement or prior to commencement of work, whichever occurs earliest. Each policy and certificate shall be subject to reasonable approval by Builder and shall provide that such policy shall not be subject to material alteration to the detriment of Builder or Subcontractor or cancellation without thirty (30) days notice in writing to be delivered by registered mail to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014. In the cancellation section of the Certificate of Insurance the Subcontractor shall delete the words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the Company, its agents or representatives." Should any policy expire or be canceled before the expiration of this Subcontract Agreement and Subcontractor fails immediately to procure other insurance as specified, Builder reserves the right, but shall have no obligation, to procure such insurance and to deduct the cost thereof from any sum due Subcontractor under this Subcontract Agreement. Builder reserves the right to withhold payment should Subcontractor fail to comply with all the insurance provisions described in this Section 14.

14.3 DAMAGES. Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Subcontractor should maintain or the extent of Subcontractor's responsibility or liability for payment of damages resulting from its operations under this Subcontract Agreement. The carrying of the insurance as specified herein shall not be construed to be a limitation of liability on the part of the Subcontractor, nor shall it relieve Subcontractor from any liability under this Subcontract Agreement as a matter of law.

14.4 WORKERS' COMPENSATION INSURANCE. Subcontractor shall maintain Workers' Compensation Insurance, including (a) Employer's Liability at a minimum limit of One Million Dollars (\$1,000,000) for all persons whom it employs in carrying out the work under this Subcontract Agreement. Such insurance shall be in strict accordance with the requirements of the most current and applicable Workers' Compensation Insurance Laws in effect from time to time at the Project site.

14.5 COMPREHENSIVE OR COMMERCIAL GENERAL LIABILITY INSURANCE. Subcontractor shall maintain Comprehensive or Commercial General Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, not to exceed \$10,000, with a combined single limit for bodily injury and property damage of Two Million Dollars (\$2,000,000), or limit carried whichever is greater, covering Operations, Independent Subcontractors, Products and Completed Operations (for 10 years after Final Acceptance), Contractual Liability specifically covering the indemnification contained in Section 13 of the Agreement, Broad Form Property Damage including Completed Operations, Severability of Interest and Cross Liability clauses, Prior Acts Exclusion stating the General Liability policy shall not include any limitation of coverage and/or exclusion including but not limited to Prior Acts Exclusion and/or condominium/detached housing exclusion, Personal Injury and Explosion, Collapse and Underground Hazards (X,C,U). The limits of liability specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

14.6 AUTOMOBILE LIABILITY INSURANCE. Subcontractor shall maintain any and all owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Subcontractor in connection with this Subcontract Agreement with a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or limit carried, whichever is greater.

14.7 WAIVER OF SUBROGATION. Subcontractor hereby waives all rights against Builder for damages caused by fire and other perils and risks to the extent covered by Subcontractor's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to Builder and Owner such other parties specifically listed as additional insureds in Paragraph 14.8 below.

14.8 ADDITIONAL INSUREDS. We will only accept Additional Insured Endorsements that cover completed operations. Builder shall be included as an additional insured under the coverage specified in Paragraph 14.5, of this Section 14 with the following language included on the endorsement: It is understood and agreed that coverage afforded by this policy shall also apply to Brookfield Homes San Diego Inc., its officers, directors, agents, employees, divisions, subsidiaries, shareholders, partners, affiliated companies and owners, any leader with an interest in said Project, and all other parties listed as Indemnified Parties under the Subcontract Agreement with Brookfield Homes San Diego Inc., all as additional insureds, but only with respect to alleged legal liabilities or alleged claims caused by, arising out of or resulting from the acts or omissions of the named insured or of others performed on behalf of the named insured.

14.9 PRIMARY ENDORSEMENT. The following language must be included on endorsement: This insurance is primary and any other insurance maintained by such additional insureds is noncontributing with this insurance as respects claims or liability arising out of or resulting from the acts or omissions of the named insured, or of others performed on behalf of the named insured.

14.10 AIRCRAFT LIABILITY INSURANCE. If the work involves aircraft, Subcontractor shall maintain a combined single limit for bodily injury and property damage liability of not less than Ten Million Dollars (\$10,000,000) per occurrence, or limit carried, whichever is greater, covering owned and non-owned aircraft. The whole of the aircraft shall be insured as required by Subcontractor or Builder.

14.11 RELATIONSHIP OF INSURANCE COVERAGE. The insurance required pursuant to this Section 14, shall, as far as applicable, specifically insure Subcontractor's obligations pursuant to Section 13, Indemnity, and, in particular and without limitation, the liability insurance required pursuant to Section 14 shall insure Subcontractor's obligations pursuant to Section 13. However, Subcontractor's obligations pursuant to Section 13 shall not be limited to the amount of insurance required of or carried by Subcontractor pursuant to Section 14.

Subcontractor
Initials *AK*

Date *3/5/00*

Builder

Initials *AK*

Date *3/13*

14.12 If builder fails to enforce any of these insurance requirements, such failure shall not constitute a waiver of such requirements nor shall any waiver of any provision hereof be effective unless made in writing and signed by the President or Chief Financial Officer of Brookfield Homes San Diego Inc.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 3/5/09 Builder Initials MD Date 3/13

SECTION 15: SUBCONTRACTOR'S PERMITS AND LICENSES

Except as otherwise expressed and provided in this Agreement, Subcontractor will obtain all consents, approvals, licenses or permits required by any governmental authority having jurisdiction over the Project or any part thereof, including plans and specifications. The costs of all consents, approvals, licenses or permits and the payment of all fees relating thereto shall be paid by Subcontractor except those as to which Builder has expressly agreed in writing either to obtain and pay for, or to reimburse Subcontractor therefor. In jurisdictions where Builder has been required to obtain a master permit covering, in part, work to be performed by Subcontractor, Builder may deduct the pro rata cost of Subcontractor's portion of said permit from the contract price.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 3/5/09 Builder Initials MD Date 3/13

SECTION 16: INSPECTION AND RE-INSPECTION

An authorized representative of the Subcontractor will accompany Builder on any inspection tours which may be required by Builder or any governmental agency having jurisdiction thereof. Subcontractor shall be charged for all re-inspections resulting from unacceptable materials and workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 3/5/09 Builder Initials MD Date 3/13

SECTION 17: PREVENTION OF LIENS

17.1 Subcontractor agrees to pay when due all claims for labor and/or materials supplied or furnished hereunder, and to prevent the filing of any lien by mechanics or materialmen, or the institution of any attachments, garnishments or suits involving the title of the property upon which the improvements are erected. Subcontractor agrees within five (5) days after receipt of written notice, by certified mail or comparable means of delivery, to cause the effect of any such suit or lien to be removed from the premises, and in the event the Subcontractor shall fail to do so, Builder is authorized to use whatever means it may deem best to cause said lien, attachment or suit, together with its effect upon the title, to be removed, discharged, compromised or distressed, and the costs thereof, together with reasonable attorney's fees, shall become immediately due Builder. Builder shall be entitled to withhold 150 percent of all outstanding liens filed by Subcontractor's subcontractors and/or suppliers until appropriate Mechanic's Lien Release Bonds or recordable releases of the same have been provided to Builder. Subcontractor may litigate any such lien or suit, provided it causes the effect thereof to be removed from the premises and executes and delivers to Builder such affidavits, contracts, bills, records, accounts, etc., as Builder may deem necessary for its protection in such event.

17.2 In the event Builder is served with any Writ of Attachment, Writ of Execution, Notice of Levy (Federal or State), or other legal process for any debt or alleged debt of Subcontractor at any time during the period of this Subcontract Agreement prior to completion, Builder shall automatically be entitled to keep and retain any funds or monies then due Subcontractor for work and materials furnished and/or previously billed and approved but unpaid to Subcontractor. It is understood and agreed that the purpose of the preceding sentence is to guarantee that Builder shall have sufficient funds with which to complete Subcontractor's duties under this Subcontract Agreement if the suit or levy out of which the above legal process arose should, in Builder's opinion, make it difficult or impossible for Subcontractor to finish the work herein required. Service upon Builder of such process shall be deemed a breach of this Subcontract Agreement and Builder shall give Subcontractor five (5) days written notice to remove said levy, and Subcontractor's failure to do so shall entitle Builder to the same rights as set forth in Section 6 of this Subcontract Agreement.

Subcontractor Initials RL Date 3/5/09

Builder Initials MD Date 3/13

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials AK Date 3-5-00 Builder Initials GP Date 3/13

SECTION 18: ASSIGNMENT OR SUBCONTRACTING

Subcontractor shall not assign or subcontract any portion of this Subcontract Agreement, or the proceeds thereof, without first obtaining permission in writing from Builder and then only subject to the provisions of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials AK Date 3-5-00 Builder Initials GP Date 3/13

SECTION 19: ATTORNEY'S FEES

If either party to this Subcontract Agreement institutes litigation or arbitration with the other party, or against the surety of such party, arising out of the terms and conditions of this Subcontract Agreement, or performance under this Subcontract Agreement, the prevailing party shall be entitled to recovery from the other party, all associated costs, including but not limited to, costs of investigation, court costs and all reasonable attorneys' fees incurred in good faith. Unless judgment goes by default, the attorneys' fees incurred by the prevailing party shall be presumed reasonable and shall be awarded. It is the intention of the parties to fully compensate the prevailing party for all attorneys' fees paid or incurred in good faith.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials AK Date 3-5-00 Builder Initials GP Date 3/13

SECTION 20: SURETY BOND

If requested by Builder for any reason whatsoever, Subcontractor further agrees that it will, within ten (10) days from written notification by Builder, provide Builder with a bond, conditioned upon faithful performance of this Subcontract Agreement in all its particulars and/or a labor and material bond, duly executed with a surety company acceptable to Builder, as surety, and in form and content acceptable to Builder. Builder will reimburse Subcontractor for the expense of such bond up to one percent (1%) of the total contract price. If a bond is required and Subcontractor fails or refuses to provide such a bond within ten (10) days after request, such refusal shall be sufficient grounds for termination as set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials AK Date 3-5-00 Builder Initials GP Date 3/13

SECTION 21: SUPERVISION

21.1 The Subcontractor, or its representatives, shall exercise full time general supervision in and over all phases of its operation to ensure correct performance of the Scope of Work. Builder, or its representatives, shall have access to any and all parts of the Subcontractor's storage facilities, including but not limited to the construction grounds, and may at any time inspect, sample, test or require tests to be taken on any materials furnished or ordered to be used in the construction of the units described in the Contract Documents.

21.2 The Subcontractor shall be responsible to and answer directly to Builder, or its representatives, for the acts or omissions of its employees and of all persons directly or indirectly employed or retained by it in connection with its work under the Contract Documents.

21.3 The Subcontractor shall at all times respect the judgment and authority of Builder representatives acting in the capacity of job superintendent. The Subcontractor shall report to Builder representatives in writing any and all criticism, materials shortages, labor trouble or other conditions or circumstances which in any way affect the performance of its duties or completion of the job.

Subcontractor Initials AK Date 3-5-00

Builder Initials GP Date 3/13/00

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials HL Date 3-5-00 Builder Initials JD Date 3/13

SECTION 22: PLANS AND SPECIFICATIONS

22.1 Subcontractor will comply with all City, County and Federal ordinances, statutes including the applicable building codes and manufactured specifications and requirements. No work is to be deemed complete until final inspection and approval by appropriate public agencies, as well as acceptance by Builder. Such acceptance and/or payment by Builder shall not bar any claim against Subcontractor for defects in workmanship or materials or deviations from said plans, drawings or specifications or from said rules, regulations and requirements. If a conflict or ambiguity occurs between the Subcontract Agreement, Scope of Work, Addenda, plans & specifications, or applicable codes or regulations, the more stringent, as determined by Builder, shall apply. Builder assumes no liability for failure of the plans and/or specifications to comply with such requirements, and it is conclusively presumed that Subcontractor is familiar with all of said requirements and that the work to be performed or the materials to be furnished hereunder by the Subcontractor are to be in strict accordance with said requirements, irrespective of the provisions of the plans and/or specifications.

22.2 Subcontractor shall bear the entire expense of complying with this section of the Subcontract Agreement and shall receive no extra or additional compensation therefor.

22.3 It shall be the responsibility of the Subcontractor to check all figures, measurements and any work of a prior Subcontractor (contracted to perform the same Scope of Work) prior to commencing work, and any discrepancies apparent to him must be reported in writing to Builder immediately for adjustment. Failure to comply in this respect, and any additional costs resulting from noncompliance, shall be the responsibility of the Subcontractor.

22.4 It shall be the responsibility of the Subcontractor to submit for approval by Builder and/or its Architect any necessary shop drawings, diagrams, samples, material lists, brochures, etc., at Subcontractor's sole expense. Said submittal shall conform to the Contract Documents. If the submittal deviates from the Contract Documents, it shall be the obligation of the Subcontractor to give notice in writing to Builder of the deviation. In the absence of such notice, any approval by Builder or its Architect of a submittal which deviates from the Contract Documents shall be void at the sole discretion of Builder and the Subcontractor shall be responsible to Builder to bring its work into compliance with the Contract Documents and for any cost or damage which results from the deviation.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials HL Date 3-5-00 Builder Initials JD Date 3/13

SECTION 23: QUALITY, MATERIALS AND WORKMANSHIP

23.1 Whenever any manufactured article, implement or series of articles or implements is mentioned in the specifications by name, trade or manufacturer's name, it is intended to establish a standard of merit and quality. The intent of this definition is to require quality materials and workmanship; however, substitutes of equal merit may be used by the Subcontractor, but only upon the written consent of Builder or its authorized representative. Under no circumstances shall a substitute material be used which will not conform to requirements set forth in the Contract Documents.

23.2 It is the responsibility of the Subcontractor to inspect all materials for manufacturer's defects or transport damage prior to installation. All defective or damaged materials will be rejected. Upon the completion of each unit, Subcontractor shall inspect all work performed and repair immediately any and all unacceptable workmanship. Subcontractor shall notify Builder or its representative of the completion of each unit, and Subcontractor will repair or replace any workmanship or materials Builder deems in its sole discretion unacceptable.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials HL Date 3-5-00 Builder Initials JD Date 3/13

SECTION 24: CHANGES TO PLANS AND SPECIFICATIONS

24.1 Should any changes to the plans and the specifications be required after the signing of the Contract Documents, it shall be the responsibility of the Subcontractor to advise Builder in writing of the effects upon its portion of the work under this Subcontract Agreement. The Subcontractor shall perform no additional work nor shall it decrease its obligation under the Subcontract Agreement without the written consent of and compensation adjustment from

Subcontractor Initials HL Date 3-5-00 Builder Initials JD Date 3/13

Builder. In the event of any dispute arising between Builder and Subcontractor over the value of extra work, or whether certain work is "Extra" or within the scope of this Subcontract Agreement, it shall be the obligation of Subcontractor to complete the disputed work under protest. Any refusal to perform disputed work shall constitute a material breach of this Subcontract Agreement authorizing Builder to resort to its remedies set forth in Section 6 of this Subcontract Agreement.

24.2 In the event the Subcontractor proposes a change or deviation from the plans and specifications and Builder agrees with the proposed change or deviation, it shall be the obligation of the Subcontractor to indemnify Builder for any increased costs incurred by a Builder as a result of any such change or deviation proposed by Subcontractor including, but not limited to, architectural or engineering fees.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials RL

Date 3-5-01

Builder

Initials MM

Date 3/13

SECTION 25: GUARANTEES

25.1 Subcontractor does hereby expressly guarantee the Project Owner, Builder, and their successors in interest in the work, against any loss or damage arising from any defect in materials furnished or workmanship performed under or pursuant to this Subcontract Agreement for a period coterminous with Builder's responsibility to its successors in interest, whether express or implied by law. Subcontractor acknowledges that it is familiar with and has reviewed the Builder's homeowner limited warranty and is aware that it is available in Builder's corporate office for review. A longer period may be required by (i) specifications; (ii) the Veterans Administration (VA) or the Federal Housing Administration (FHA); or (iii) applicable law; in which case the guarantee period shall correspond with the guarantee required by VA, FHA and/or applicable law. In no event, however, shall the guarantee period be less than one (1) year from the date of filing the Notice of Completion or occupancy, whichever occurs later.

25.2 It shall be the responsibility of the Subcontractor, during construction of all phases of the Project, to contact Builder or its representative daily to receive any and all notices of discrepancies. The Subcontractor shall immediately arrange for the correction of any and all such discrepancies and shall notify Builder upon completion of the work necessary to correct the discrepancy within two (2) business days after notification. Payments may be withheld pursuant to Section 2 until such time as the discrepancies are eliminated. If the Subcontractor does not act promptly to correct such deficiencies, Builder may independently arrange for the correction of any and/or all such discrepancies and for payment of the cost thereof. Builder shall have the right to back charge such costs or setoff the amount thereof against any sums owing Subcontractor hereunder or otherwise.

25.3 It shall be the responsibility of the Subcontractor, after the completion of the last phase of the Project on which the Subcontractor performed work and during the guarantee period, to correct any and all discrepancies and defects in workmanship and/or materials performed or supplied by Subcontractor on the work of construction, within five (5) business days after notification of such discrepancies and defects by Builder. Subcontractor shall notify Builder immediately upon completion of work performed or materials supplied necessary to eliminate the discrepancies and defects. Should the Subcontractor fail to comply with the Builder discrepancy notice within five (5) business days after notification, Builder may independently arrange for the correction of any and/or all such discrepancies and the Subcontractor shall reimburse Builder for the cost thereof. Builder shall have the right to back charge such costs or offset the amount thereof against any sums owing Subcontractor hereunder or arising out of other projects or phases of this Project.

25.4 Nothing contained in Sections 25.1 through 25.3 shall limit Subcontractor's liability to Builder as provided for in Sections 13.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials RL

Date 3-5-01

Builder

Initials MM

Date 3/13

SECTION 26: WARRANTY

Subcontractor agrees to perform all work in a first class, workmanlike manner. At a minimum, work shall be equal to the HUD/FHA Minimum Property Standards; in accordance with all Municipal, County, and State building codes, and in accordance with the terms and dates as outlined in the Builder's limited warranty.

Unless otherwise specified herein, Subcontractor guarantees his work against all defects of materials and workmanship for a period of one year from the date of the certificate of occupancy as issued by the governmental agency having jurisdiction over the construction. This warranty shall be in addition to all other rights and privileges which the Builder may have under any other law. Neither the final payment nor any provision in the contract documents shall relieve the Subcontractor of responsibility for faulty materials or workmanship.

Subcontractor
Initials RL

Date 3-5-01

Builder

Initials MM

Date 3/13

Subcontractor shall remedy, as its sole cost and expense, any defects due to its faulty materials or workmanship and pay for any damage to other work or materials resulting therefrom, within ten (10) working days after being notified by the Builder.

In an emergency, as defined in the Builder limited warranty documents, notification of the Subcontractor will be by phone with a written service order to follow.

Subcontractor shall provide a 24-hour emergency number and service.

☒ 24-hour number and service not required

Subcontractor will be notified of non-emergency items by written service order. Service order forms indicating the completion of remedial work must be signed and dated by the Subcontractor or Subcontractor's representative who performs the work and returned to the Builder. Until the signed service order is received in the Builder office, the work will be considered to be incomplete.

The Builder retains the right to assign remedial work that is not completed within the established time frame to another Subcontractor and charge the cost of such work to Subcontractor. Adequate funds may be retained at the Builder's option, from any payments then due to Subcontractor until all remedial work over ten (10) days old is completed.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials SL Date 3-5-00

Builder
Initials GA Date 3/13

SECTION 27: NOTICES

Any and all notices or other communications required or permitted by this Subcontract Agreement or by law to be served on, given to or delivered to either party hereto (Builder and Subcontractor), by the other party shall be in writing and shall be deemed duly served, given or delivered when (i) personally delivered to the party to whom it is addressed; (ii) deposited in the U.S. Mail, first class postage prepaid, addressed to Builder or Subcontractor at the addresses herein before set forth; or (iii) sent by telegram to Builder or Subcontractor at the addresses hereinbefore set forth.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials SL Date 3-5-00

Builder
Initials GA Date 3/13

SECTION 28: MISCELLANEOUS

28.1 Subcontractor further agrees to hold Builder and the Project Owner and their officers, directors, agents and employees harmless from any expense of any nature arising out of any and all claims (including, but not limited to, claims that may be presented by virtue of any contract or employment under the Subcontractor) for union welfare, pension, vacation, apprenticeship, owner-operator, health and welfare, and related types of payment obligations connected with the job herein referred to, whether or not well-founded.

28.2 In addition to the provisions and remedies contained in Section 6, or any other provisions hereinbefore stated, Builder may terminate this Subcontract Agreement with the Subcontractor or its subcontractors (and the Subcontractor shall so provide in contracts with its subcontractors), in the event that the Subcontractor or its subcontractors are listed by the administrative office of the appropriate health and welfare, pension, vacation or apprentice funds as being delinquent in payment, or payments, to said fund or funds regardless of the job in connection with which the alleged delinquency occurred (which termination shall be considered "for cause"). If this Subcontract Agreement is terminated pursuant to this provision, Subcontractor shall be obliged to pay the entire cost of completion of work called for by this Subcontract Agreement and/or subcontractor contract(s) whether Builder has said work completed on a time and material basis or lets a new contract for completion of the work. If Builder elects not to terminate, pursuant to this provision, Subcontractor appoints Builder (and Subcontractor shall similarly bind his subcontractors to do so) as Subcontractor's agent to use Builder's judgment and discretion to pay such amounts as Builder believes is due and owing, pursuant to then existing collective bargaining agreements to the appropriate administrative office, out of funds Builder would otherwise be required to pay to Subcontractor. Builder's determination as to amount(s) to be paid, if any, shall be final.

28.3 The Contract Documents should be considered complimentary to each other, and what is called for in one shall be binding and enforceable as if called for in all.

Subcontractor
Initials SL Date 3-5-00

Builder
Initials GA Date 3/13

28.4 The term "Subcontractor" refers to the firm or individual, or series of individuals, or corporation, who is obligated to perform the obligations set forth in any phase of the Subcontract Agreement so endorsed by it or under its power of attorney.

28.5 If any provision of this Subcontract Agreement, or portion thereof, is determined by a court to be invalid, that determination shall not serve to invalidate the remainder of this Agreement or the remainder of provisions.

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

28.7 There are no understandings or agreements except as herein expressly stated. Time is of the essence for this Subcontract Agreement. This Subcontract Agreement shall not be interpreted for or against either party, but in accordance with its fair meaning. No court has the power or discretion to do anything other than to enforce the plain meaning of each contract provision. No legal theory shall or may ever be applied to avoid, circumvent or "get around" the plain meaning of this Subcontract Agreement.

28.8 Subcontractor's Agreement not to Contract: The parties acknowledge that Subcontractor may come into contact with Owners of specific lots. Subcontract agrees that Subcontractor or Subcontractor's employees, agents or representatives shall not contract directly with any prospective or current homeowner prior to close of escrow of Builder's homes. Subcontractor further acknowledges that violation of this provision is grounds for termination as is defined in Section 6 herein.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials RT Date 3-5-00

Builder
Initials JD Date 3/13

SUBCONTRACTOR NAME:

HNR Framing Systems, Inc.

BY:

Signature

BY:

Robert R. Thomas
Print Name

TITLE: President

DATE: 3-5-00

BUILDER NAME:

BROOKFIELD HOMES SAN DIEGO INC.

BY:

Signature

BY:

Norm Drury
Print Name

TITLE: DIRECTOR OF PURCHASING

DATE: 3/13/00

Subcontractor
Initials RT Date 3-5-00

Builder
Initials JD Date 3/13

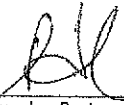

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 29503 thru 29506
SOLOMON CODE: 1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
DATE: February 17, 2000

Contract # 29503 thru 29506
BARRINGTON

ATTACHMENT "B"
GENERAL SCOPE OF WORK

Rev. 9/17/97

1. Subcontractor shall furnish all required labor, supervision, material, equipment, supplies, transportation, insurance, licenses and special permits to install all FRAMING, LABOR, HARDWARE, LUMBER AND TRUSSES, complete, in accordance with all specifications and requirements of the Builder, City, County and other governing agencies having jurisdiction, and in accordance with all specifications outlined in this contract, and all plans and related documents referenced in Attachment "F", Plan List, attached herein.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. Subcontractor is aware that slabs are post-tensioned and understands that any saw-cutting, coring, jack hammering, or any other penetration of the concrete slab is specifically prohibited without prior written permission of the Builder.
4. Subcontractor shall furnish all labor, rough hardware, shots, discs, pins, nails, bolts, washers for anchor bolts, clip hangers, and any other necessary fasteners, post anchors and caps, hold down anchors, caulking, sealants and adhesives, "Moistop" flashing, bituthene, building paper, tools, services, equipment, (through framing inspection of last house from Builder supplied power source), and necessary supervision to provide complete framed structures including securing framing inspection and all carpentry work required for other trades.
5. All framing shall be straight, plumb, level and true and well nailed, bolted or otherwise fastened as required. All horizontal members shall be placed crown up (if wood) and shall not be spliced between bearings. All members shall have solid bearing without being shimmed. If excess deviation is found, at the option of the Builder, any and all structures may be checked and necessary corrections shall be made at the Subcontractor's expense. String line top plate and shim mudsill as needed to ensure straight plates.
6. BACKING AND/OR BLOCKING:
 - a. All work shall be coordinated with others including, but not limited to, finish carpenter (hardware), plumber, electrician, drywall, heating, stucco, tubs and showers and cabinet Subcontractors to determine proper backing or cutting.
 - b. Joints of all paneling, siding, sheathing, etc. shall occur at studs or shall be solidly blocked.
 - c. Subcontractor shall install all backing required for other trades including, but not limited to, drywall, cabinets, stucco, z-bar, plumbing valves and boxes, tub and shower enclosures, handrails, hardware, wardrobe door tracks, garage door optical sensors, wall and ceiling mounted light fixtures, window popouts and penetrations for sheetmetal, plumbing, electrical, cable and phone service panels.
 - d. Special backing shall be installed at dining room fixture outlet area with location to be determined by Builder.
8. Subcontractor shall install putty sill seal between slab and bottom plate at all perimeter walls.
9. Subcontractor's foreman shall attend any pre-job meetings and inspections pertaining to this Subcontractor's work which may be required by the Builder, the City, County or other governing agencies having jurisdiction.
10. Subcontractor shall store all lumber and bins at location approved by Builder's Project Superintendent and shall relocate lumber and bins as requested by Project Superintendent when necessary to prevent construction delays for other trades. All distribution from such storage areas, and relocation of storage areas shall be done by Subcontractor at no additional cost to Builder.
11. In the event that an area is required by Subcontractor for prefabrication and/or storage of materials, the Builder shall provide a location only if one is available. Security fencing or any other items necessary for such area shall be furnished by Subcontractor. Subcontractor shall be responsible for cleaning the area and stockpile any debris at the site, as designated by Project Superintendent.
12. All materials, installations and hardware shall be done in a good and workmanlike manner in accordance with manufacturer's and structural engineer's recommendations and meet or exceed minimum requirements of the City, County, other governing agencies having jurisdiction, and the Builder.
13. It is the Subcontractor's responsibility to ensure that only current approved drawings are being used. Any errors created by using wrong plans are Subcontractor's responsibility.


HNR Framing Systems Inc. 3500
Date 


Brookfield Homes - San Diego Inc. 3/13
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 29503 thru 29506
SOLOMON CODE: 1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
DATE: February 17, 2000

14. Subcontractor agrees that contract amount includes the total scope of all rough carpentry operations through framing inspections, ready for drywall and stucco. Siding, arches, shutters, handrails, shadow boards and all wood trim on the exterior is included as part of this contract.
15. Subcontractor shall obtain from Builder's Project Superintendent and adhere to written rough opening dimensions from window, tub, fireplace, finish carpentry subcontractors and air conditioning and plumbing layouts for proper opening sizes.
16. All plumb and align material shall span from plate to plate. DO NOT "shoot" temporary blocks or braces into slabs.
17. All trim over garage door header shall be full length only. Fascia shall be one piece unless longer than 20'. Fascia splices shall never occur over entries, windows or garage doors. Leave 2" space between end of fascia and framed wall for lath and plaster.
18. Subcontractor shall chamfer all exposed beam ends per details, and bevel the lower pop-out window trim to allow positive water flow.
19. Subcontractor shall install joist hangers flush to bottom of support beam and, if applicable, plane joists and beams flush prior to installation of subfloor. Fill all rim joist voids for shear panels.
20. Subcontractor shall correct any and all crooked, twisted, bent or bowed studs and any other imperfect framing as required for a proper drywall installation. Any such repair work causing damage to the work of others shall be at this Subcontractor's expense.
21. All subflooring shall be completely screwed immediately after applying adhesives to joists, beams and hangers to prevent hardening prior to subfloor set. All such floors shall be guaranteed against squeaks for one year after occupancy. Subcontractor shall be responsible for cost of flooring contractor one time per lot to remove, replace, or repair flooring for access to floor squeaks during the guarantee period.
22. Subcontractor shall place and nail all roof sheathing and clip and countersink any and all roof sheathing nails exposed at roof overhangs. "Shiners" are not acceptable.
23. Subcontractor shall fill all hammer marks in trim materials, caulk and smooth any splits, and spackle rafter tails where roof sheathing nails have been clipped or counter sunk. All trim and siding shall be left in a "ready to paint" condition.
24. Install 1x2 resawn cedar at face of threshold extending one inch beyond rough opening at all aluminum sliders. (2x volunized in slab below slider by others.)
25. Skilled mechanics shall do all cutting and framing of wood members required to accommodate structural members, routing of plumbing, conduits, ducts and installation of mechanical, and electrical apparatus.
26. Build and install all F.A.U. platforms. Build and install water heater platforms. Cut plywood covers to be installed over drywall by others. Drywall installed by others. Plywood material shall be same as floor sheathing material. Install catwalks for attic F.A.U. units where required.
27. Any drops added or changed during Model construction shall be included in future phases whether or not shown on the plans, at a price agreed to after completion of the models.

0
HNR Framing Systems Inc.

3-5-00
Date



Brookfield Homes San Diego Inc.

3/3/00
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 29503 thru 29506
 SOLOMON CODE: 1600-5129/62-62-105-0000-000-51235 & 51240
 1600-5129/62-62-106-0000-000-51235 & 51240
 DATE: February 17, 2000

BARRINGTON

28. If applicable, balconies and decks shall be installed with positive drainage in strict accordance with the plans. Balcony and deck underlayments shall be in strict accordance with "Materials Schedule" as referenced in Attachment "C" so as to maintain established decking warranty. (OSB is not an acceptable material for decks.) No material changes shall be permitted without prior written consent from Builder's Purchasing Department.
29. All lumber and plywood shall bear the grade stamp of a recognized lumber grading association.
30. All lumber and plywood shall be to the satisfaction of the Builder, governing agencies, structural calcs and contract specifications prior to authorization of payments.
31. All lumber and plywood deliveries shall be coordinated with the Builder's Project Superintendent.
32. Payments on framing lumber, plywood and trusses shall be made in the form of a joint check made payable to the Subcontractor and the supplier.
33. Exposed exterior wood siding, trim and fascia shall be selected by Subcontractor to eliminate imperfections or damages prior to installation so that all siding, trim and fascia will be in a "ready to paint" condition.
34. Subcontractor shall pre-cut and tack in place all ridge, hip and 1x4 shadow boards required for tile roofing. Permanent installation shall be done by roofer during roofing operations.
35. Subcontractor shall furnish and install all floor and roof truss systems complete, and all related transitional framing such as valley fills, jack rafters, headouts, etc.
36. Subcontractor shall furnish and install all wood architectural details per plan elevations such as siding, plant-ons, window surrounds, pot shelves, corbels, outlookers, scab-on rafter tails, interior popouts and niches. Subcontractor shall install 12" Moistop flashing, minimum 1" reveal at all wood surrounds. All horizontal surfaces shall be sloped to prevent holding water. All surrounds shall have square cuts, no miters. Bottom horizontal boards at surrounds shall be cut to fit between side boards which run through the joints.
37. Prices include all elevations per plans. There will be no extras paid for work related to "vague" plans, or "blind elevations" such as recessed entries, or for "general difficulty" factors which Subcontractor failed to observe during the bid process. There will be NO EXTRAS unless the plans change.
38. Subcontractor shall carefully frame all interior arches to true round, or install "Arch-Rite" in lieu of ripped plywood and blocks.

 3-5-00 
 HNR Framing Systems Inc. Date

 3/13/00
 Brookfield Homes San Diego LLC Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 29503 thru 29506
SOLOMON CODE: 1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
DATE: February 17, 2000

Contract # 29503 thru 29506
BARRINGTON

ATTACHMENT "C"
SPECIFIC SCOPE OF WORK
Rev. 9/17/97

1. This contract shall include, but shall not be limited to, the following:

- a. Labor, lumber, floor trusses, and roof trusses.
- b. All catalog hardware, sealants, caulk, flashing, building paper and fasteners.
- c. All required tools and equipment.
- d. All backing, cutting, notching, chases, platforms and attic catwalks.
- e. All dropped ceilings for plumbing, electric, HVAC, and cabinets.
- f. If applicable, installation of windows and exterior wood jambs.
- g. Screwed deck subflooring.
- h. 1" x 2" cedar or redwood face below sliding glass door thresholds.
- i. Ridge and hip boards pre-cut and tacked in place for roofer.
- j. All plant-ons, pot shelves, corbels and outlookers, per plans.
- k. All scab-on rafter tails 2x6, resawn and shaped ends per details.
- l. All interior popouts, niches.
- m. Shutters and false clay pipe projections by others.
- n. Furnish all plywood protecting tub covers at \$35 each.
- o. 1 x 6 ship lap starter boards over exposed rafter tails.

2. MATERIALS SCHEDULE:

Subcontractor shall furnish and install all lumber in the following grades and species, unless a higher grade is shown on plans, and shall bear all direct and indirect costs to "fix" or replace incorrect lumber:

<u>Sills:</u>	Per Structural Drawings.
<u>Plate:</u>	Per Structural Drawings.
<u>Blocking/Backing:</u>	Per Structural Drawings.
<u>Studs:</u>	Per Structural Drawings.
<u>Joists & Rafters:</u>	Per Structural Drawings.
<u>Headers & Beams:</u>	Per Structural Drawings.
<u>Plywood Subfloor:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" o.e. Group 1 (Pine or Douglas Fir) Exposure 1 plywood. OSB shall be acceptable.
<u>Waterproof Decks:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" span index Group 1 (Pine or Douglas Fir) Exterior plywood shall be acceptable.
<u>Open Decks:</u>	2x6 DF, #1, Select, S4S or TREX.
<u>Stairs:</u>	Interior: 1/2" plywood. Exterior: Same as Exterior Decks.
<u>Plywood Roof:</u>	APA rated sheathing, OSB or plywood, Exposure 1, span index and thickness per Architectural plans and notes.
<u>Fascia:</u>	Select Spruce- 1 X 8 (VJT) starter board. DF selcom for fascia, 1x6 spruce SLVJ starter board
<u>Garage Jambs:</u>	#1 DF #2 Resawn 1 sided 2 edges
<u>Overhang:</u>	Same as roof sheathing, stucco over, except at exposed rafter tails, then 1x 6 SL starter boards.

NOTE: No substitutions for grades or species shall be permitted without prior written authorization from Builder's Purchasing Department.

3-5-00
HNR Framing Systems Inc. Date

3/13/02
Brookfield Homes San Diego Inc Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 29503 thru 29506
SOLOMON CODE: 1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
DATE: February 17, 2000

Contract # 29503 thru 29506
BARRINGTON

3. It is further agreed that any increase in the cost of labor and/or material by Subcontractor subsequent to the expiration of prices as set forth in the Price Guarantee shall constitute termination and cancellation of the subcontract at the option of Builder.

4. PAYMENT SCHEDULE shall be as follows:

Lumber	--	100%	Upon complete delivery.
Trusses	--	100%	Upon complete delivery.
Labor	--	30%	Walls framed.
		20%	Floor joist.
		20%	Roof sheathed.
		20%	Framing pickup and inspection.
		10%	Retention - payable 30 days after approved completion.

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc.

Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
29503 thru 29506
1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
February 17, 2000

BARRINGTON

ATTACHMENT "D"
OPTION PRICE LIST

Rev. 9/17/97

N/A

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 29503 thru 29506
 SOLOMON CODE: 1600-5129/62-62-105-0000-000-51235 & 51240
 1600-5129/62-62-106-0000-000-51235 & 51240
 DATE: February 17, 2000

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET
 Rev. 9/16/97

C.F.
 M.P.
 L.H.
 D.S.

Approval:
 Fwd Planning
 Dir. of Construction
 V.P. of Sales & Mktg
 Operations Dept.

CF 10/26/99
 10/26/99
 10/26/99
 10/26/99

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 5

Lot No.: 79 thru 90
 Community: 62-62-105
 Tract: 12950

Original: 09/09/99
 Revised: 10/26/99
 Plan & Elev. change on lot 87
 Lot 87 changed from 3BR to a 2CR

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VEENER	FENCES & DECKS
1	0079	1CR	3502 Harwich Drive	C-1	Shake Brown Brushed	712	Morocco	
2	0080	1B	3506 Harwich Drive	B-2	España Casa Grande	1120	Tuscan Country Rubble	
3	0081	JAR	3510 Harwich Drive	A-3	España Tangelo	1952	N/A	
4	0082	2BR	3514 Harwich Drive	B-1	España Casa Grande	1120	Tuscan Country Rubble	
5	0083	3CR	3518 Harwich Drive	C-2	Shake Brown Brushed	712	Morocco	
6	0084	2A	3522 Harwich Drive	A-3	España Tangelo	1952	N/A	
7	0085	3B	3526 Harwich Drive	B-1	España Casa Grande	1120	Tuscan Country Rubble	
8	0086	1AR	3530 Harwich Drive	A-2	España Casa Grande	1120	N/A	
9	0087	2CR	3534 Harwich Drive	C-3	Shake Desert Breeze	1486	Anasconda	
10	0088	1B	3538 Harwich Drive	B-2	España Casa Grande	1120	Tuscan Country Rubble	
11	0088	3AR	3542 Harwich Drive	A-1	España Casa Grande	1120	N/A	
12	0090	2C	3546 Harwich Drive	C-3	Shake Desert Breeze	1486	Anasconda	

PRODUCTION MIX RECAP:

PLAN 1A	0	PLAN 2A	1	PLAN 3A	0
PLAN 1AR	1	PLAN 2AR	0	PLAN 3AR	2
PLAN 1B	2	PLAN 2B	0	PLAN 3B	1
PLAN 1BR	0	PLAN 2BR	1	PLAN 3BR	0
PLAN 1C	0	PLAN 2C	1	PLAN 3C	0
PLAN 1CR	1	PLAN 2CR	1	PLAN 3CR	1
TOTAL 1:	4	TOTAL 2:	4	TOTAL 3:	4

MANUFACTURERS

Dunn Edwards Paints
 Monitor Linoleum
 El Dorado Stone (Stone Veneer)
 Summit Brick (Brick Veneer)

FENCE & WALL COLORS

Wood Fence - Walnut W/4 #8733M
 Fence Pillars - Historic Tan #8741
 Concrete Walk & Pillars - #8741 *
 * (Non House or Court yards)

Note: Upgraded court yard fence to match
 stucco, gate & trellis to match wood
 fencing # 8733M

SQUARE FOOTAGE:

	HOUSE	GARAGE	OPTIONAL DECK	TOTAL
Plan 1	1,937	308	128	2,393
Plan 2	2,160	430	160	2,750
Plan 3	2,287	458	128	2,873
Total	6,404	1,396	416	8,216

PLAN RECAP:

	HOUSE	# UN.	TOTAL
Plan 1	1,937	4	7,828
Plan 2	2,160	4	8,640
Plan 3	2,287	4	9,148
Total	6,404	12	25,616

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 29503 thru 29506
 SOLOMON CODE: 1600-5129/62-62-105-0000-000-51235 & 51240
 1600-5129/62-62-106-0000-000-51235 & 51240
 DATE: February 17, 2000

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET
 Rev. 9/16/97

C.F.
 M.P.
 L.H.
 O.S.

Approvals:
 Fwd Planning
 Dir. of Construction
 V.P. of Sales & Mktg
 Operations Dept.

CE 11/2/99
 11/15/99
 11/16/99
 11/16/99

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 6

Lot No.: 91 thru 103
 Community: 62-62-106
 Tract: 12950

Original: 09/05/99
 Revised: 10/27/99

Revised Production Mix recap
 Lot 95 changed from a 3AR to a 2CR
 Lot 99 changed from a 3A to a 2B

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	FENCES & DECKS
1	0091	3BR	3550 Harwich Drive	B-1	España Casa Grande	1120	Tuscan Country Brick	
2	0092	2A	3554 Harwich Drive	A-2	España Casa Grande	1120	N/A	
3	0093	1AR	3558 Harwich Drive	A-3	España Tangelo	1952	N/A	
4	0094	3C	3562 Harwich Drive	C-2	Shake Brown Brushed	713	Moroccan	
5	0095	2CR	3566 Harwich Drive	C-2	Shake Desert Breeze	1486	Anasconda	
6	0096	2DR	3570 Harwich Drive	B-2	España Casa Grande	1120	Tuscan Country Brick	
7	0097	JA	3574 Harwich Drive	A-3	España Tangelo	1952	N/A	
8	0098	2CR	3578 Harwich Drive	C-1	Shake Brown Brushed	712	Moroccan	
9	0099	2D	3582 Harwich Drive	D-2	España Casa Grande	1120	Tuscan Country Rubble	
10	0100	1BR	3586 Harwich Drive	B-3	España Tangelo	1952	Min. Blend Stacked	
11	0101	2A	3590 Harwich Drive	A-1	España Casa Grande	1120	N/A	
12	0102	3BR	3594 Harwich Drive	B-2	España Casa Grande	1110	Tuscan Country Brick	
13	0103	2C	3598 Harwich Drive	C-3	Shake Desert Breeze	1486	Anasconda	

PRODUCTION MIX RECAP:

PLAN 1A	0	PLAN 2A	2	PLAN 3A	1
PLAN 1AR	1	PLAN 2AR	0	PLAN 3AR	0
PLAN 1B	0	PLAN 2B	1	PLAN 3B	0
PLAN 1BR	1	PLAN 2BR	1	PLAN 3BR	2
PLAN 1C	0	PLAN 2C	1	PLAN 3C	1
PLAN 1CR	0	PLAN 2CR	2	PLAN 3CR	0
TOTAL 1:	2	TOTAL 2:	7	TOTAL 3:	4

MANUFACTURERS

Dunn Edwards Paints
 Monier LifeTile
 El Dorado Stone (Stone Veneer)
 Summit Brick (Brick Veneer)

FENCE & WALL COLORS

Wood Fence - Walnut Wash #873144
 Fence Pilasters - Historic Tan #8741
 Concrete Walls & Pilasters - #8741
 * (Non House or Court yards)

Note: Upgraded court yard fence to match
 stucco, gate & trellis to match wood
 fencing # 8733M

SQUARE FOOTAGE:

	HOUSE	GARAGE	OPTIONAL DECK	TOTAL
Plan 1	1,957	508	128	2,593
Plan 2	2,160	430	160	2,750
Plan 3	2,287	458	128	2,873
Total	6,404	1,396	416	8,216

PLAN RECAP:

	HOUSE	# UN.	TOTAL
Plan 1	1,957	2	3,914
Plan 2	2,160	7	15,120
Plan 3	2,287	4	9,148
Total	6,404	13	28,182

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 29503 thru 29506
SOLOMON CODE: 1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
DATE: February 17, 2000

BARRINGTON

ATTACHMENT "F"

PLAN LIST

Rev. 9/16/97

1. Architectural Plans, entitled "Barrington at Calavera Hills, Carlsbad, California" dated May 1, 1999, by the Dahlin Group Architects Planners

70
HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc.

Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:

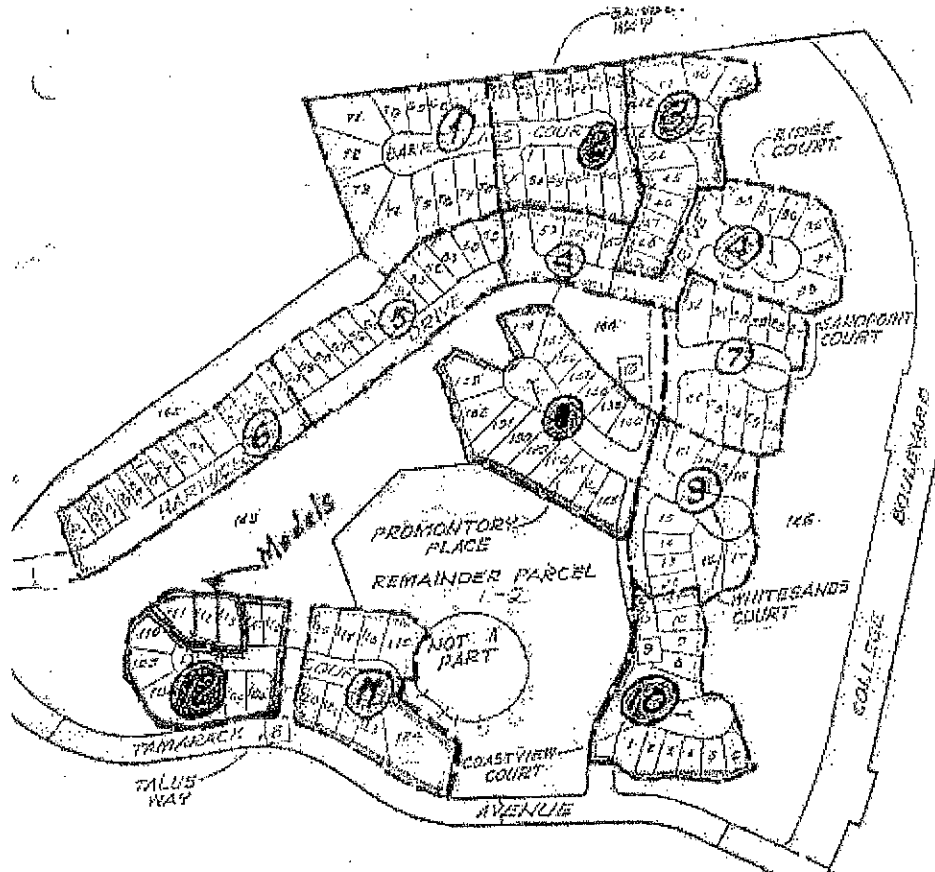
HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
29503 thru 29506
1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
February 17, 2000

BARRINGTON

ATTACHMENT "G"

SITE MAP

Rev. 9/16/97



[Signature]
HNR Framing Systems Inc.

3-5-00
Date

[Signature]
Brookfield Homes San Diego Inc

3/13/00
Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
29503 thru 29506
1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
February 17, 2000

BARRINGTON

DATE:

ATTACHMENT "H"
SAMPLE COMMITTING DOCUMENTS
Rev. 9/16/97

N/A

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

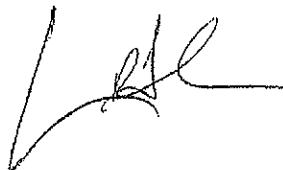
SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 29503 thru 29506
SOLOMON CODE: 1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
DATE: February 17, 2000

BARRINGTON

ATTACHMENT "I"
PRODUCTION SCHEDULE

Rev. 9/16/97

It is specifically understood that the Subcontractor hereby guarantees to complete a minimum of two (2) living units and garages each working day to the complete satisfaction and requirements of the Builder and all jurisdictional agencies, and shall maintain this production rate during the entire tenure of the contract. Failure on the part of the Subcontractor to maintain said minimum daily production rate for any reason whatsoever shall result in the Builder dismissing the Subcontractor from the jobsite and employing another Subcontractor to complete the required work. Any differences in cost as a result of said change shall be borne by the original Subcontractor.



HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
29503 thru 29506
1600-5129/62-62-105-0000-000-51235 & 51240
1600-5129/62-62-106-0000-000-51235 & 51240
February 17, 2000

BARRINGTON

ATTACHMENT "J"
CONTRACT PAYMENT SCHEDULE
Rev. 9/22/97

SEE ATTACHED ADDENDUM "5"

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc.

Date

SUBCONTRACT AGREEMENT FOR CONSTRUCTION

This Agreement, made this 27th day of April 2000, by and between BROOKFIELD HOMES SAN DIEGO INC., a California corporation, acting as General Contractor and hereinafter referred to as "Builder", and HNR FRAMING SYSTEMS, INC., as Subcontractor, is for the performance of part of the work in the following project:

PROJECT NAME & ADDRESS: Barrington
Carlsbad, California

PROJECT DESCRIPTION: Tract # 12950

PROJECT OWNER: Brookfield Barrington Inc.

CONSTRUCTION LENDER: Wells Fargo
ADDRESS & LOAN NUMBER: 401 "B" Street, Suite 304
San Diego, CA 92101
310/335-9437 - Angela Meick

PROJECT BUILDER: BROOKFIELD HOMES SAN DIEGO INC.
12865 Pointe Del Mar, Suite 200
Del Mar, California 92014
(619) 481-8500
(619) 794-6186

PROJECT ARCHITECT: Dahlin Group

GEOTECHNICAL ENGINEER: Geosols Inc.

PROJECT CIVIL ENGINEER: Hunsaker & Associates

ENERGY CONSULTANT: Haynal & Company

PROJECT STRUCTURAL ENGINEER: Horowitz Taylor Engineering

PROJECT LANDSCAPE ARCHITECT: Land Concern Ltd.

SUBCONTRACTOR NAME, ADDRESS: HNR Framing Systems Inc.
12345 Crosthwaite Circle
Poway, CA 92064
858/486-2471 - 858/486-7351 Fax

SUBCONTRACTOR PHONE/FAX:

SUBCONTRACTOR CONTACT: Robert Thomas
GENERAL SUPERINTENDENT: Dave Marsh
CUSTOMER SERVICE: Ruben Don
EMERGENCY AFTER HOURS PHONE: 858-486-2471

TRADE: Rough Carpentry

SUBCONTRACT AMOUNT:

Cost Code	Amount
51235/51240	\$325,208.00 - Phase 7

CONTRACT DOCUMENTS:

Attachment "A"	General Terms and Conditions
Attachment "B"	General Scope of Work
Attachment "C"	Specific Scope of Work
Attachment "D"	Option Pricing
Attachment "E"	Sequence Sheet
Attachment "F"	Plan List
Attachment "G"	Site Map
Attachment "H"	Production Schedule
Attachment "I"	Contract Payment Schedule

HNR FRAMING SYSTEMS INC.

By: 

Title: President

Date: 5-18-00

BROOKFIELD HOMES SAN DIEGO INC.

A California corporation

By: 

Title: Director of Purchasing

Date: 5/23/00

SUBCONTRACTOR: HNI FRAMING SYSTEMS INC.
TRADE: ROUGH CARPENTRY
CONTRACT NO: 31710 & 31711
SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
DATE: April 27, 2000

BARRINGTON

ATTACHMENT "A"
GENERAL TERMS AND CONDITIONS

Rev. 9/30/97

1. The Subcontractor is made aware that presence on the jobsite without all insurance requirements fulfilled and approved by Brookfield Homes San Diego Inc. is strictly prohibited.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. The acceptance by Subcontractor of final payment shall be and shall operate as a release to the Builder of all claims and all liability to Subcontractor for all things done or furnished in connection with this work. No payment, however, final or otherwise, shall operate to release Subcontractor or his sureties from any obligations under this Agreement or any performance and payment bond in connection with the work.
4. Subcontractor work orders signed at the project site by the Builder's Project Superintendent will serve only as acknowledgement that the work has been performed, not as a guarantee for payment.
5. Builder may back charge Subcontractor at any time for cost of corrective work plus \$100 for administration charges. In the event back charges are encountered, the Subcontractors involved shall negotiate the cost and payment with each other. Should the Subcontractors involved be unable to agree as to fault and cost of repair (back charges), Builder's representative shall arbitrate to reach an agreeable solution between the Subcontractors involved. Should Builder have to hold monies from one Subcontractor to pay another for back charges, a \$100 charge shall be assessed by Builder.
6. Subcontractor will protect the work of other trades and shall repair and correct any damages incurred to the work of other trades.
7. Alcohol, drugs, loud music, children and dogs are prohibited on the jobsite. Any written violations from Builder may result in termination of Subcontractor's contract.
8. Architectural intent shall take precedence should conflicts arise within architectural and structural documents, at the direction of the Builder's Project Superintendent, architect, and structural engineer.
9. Any and all layout required within the respective portions of the work shall be included.
10. Project shall be manned at all times with competent, English speaking supervision.
11. Prior to start of work, Subcontractor shall meet with Builder's Project Superintendent and related trades to coordinate all details, including contracts, plans, specifications, dimensions, schedules, models, prior production units and the like. Subcontractor agrees that he has inspected and accepted all conditions, and is aware of all details for which he is responsible.
12. Subcontractor's designated representative shall be present at weekly jobsite safety meetings to be scheduled by Builder's Project Superintendent.
13. Subcontractor is responsible for controlling dust, if appropriate, during the course of Subcontractor's work.
14. Subcontractor shall furnish and maintain any necessary barricades and warning signs/caution tape and shall control traffic as necessary.
15. Subcontractor or Subcontractor's employees, agents, or representatives shall not contract directly for any work or additions with a prospective or current homebuyer prior to close of escrow of Builder's homes. Contracting directly with the homebuyer will be considered a violation of Builder's contract and may result in termination of the contract.
16. Subcontractor shall keep site clean and provide for a safe work place. Debris shall be stacked inside each garage to be removed by others. Units shall be kicked out and swept by others after framing is complete.

BH-BS-005705

HNI Framing Systems Inc.

Date

Brookfield Homes San Diego Inc.

Date

SECTION 1: DESCRIPTION OF WORK, COST PER UNIT AND CONTRACT PRICE

Subcontractor agrees to furnish all labor, materials, installation, supplies, equipment, services, machinery, tools and other facilities of every kind and description required for the prompt and efficient execution of the work necessary to complete the described duties at the price specified. The job shall be completed in strict accordance with the terms and conditions of this Subcontract Agreement, any Performance Schedule provided by Builder, and the general conditions, specifications, plans and drawings prepared for Builder, all of which constitute and are referred to hereinafter as the "Contract Documents," and all applicable codes, ordinances, regulations and policies and to the full satisfaction and acceptance of Builder and applicable inspecting jurisdiction, including all cartage and applicable taxes of any nature whatsoever. The contract price shall be paid by Builder to the Subcontractor in accordance with payment provisions of this Subcontract Agreement. If the Contract Documents and/or codes are silent, the work shall be done in accordance with accepted industry standards.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 5-18-00 Builder Initials [Signature] Date 5/13

SECTION 2: PAYMENT

2.1 Subcontractor will not be paid unless it has fully performed to the extent billed and until it has complied with all of the provisions of this section. Subcontractor shall submit all invoices for work and materials furnished, in duplicate, to Builder for approval. All invoices shall be accompanied by appropriate waiver and release documents in forms satisfactory to Builder, executed by Subcontractor, its laborers, subcontractors and all suppliers who furnished materials to said job to the date of the invoice(s). No payment made hereunder shall be construed as evidence of acceptance of any part of Subcontractor's work, nor a waiver of any claim by Builder or Project Owner arising out of faulty workmanship or materials or from failure of Subcontractor to comply strictly with the Contract Documents.

2.2 Pay-When Paid: Subcontractor shall be paid in accordance with the schedule and rate of retention set forth in the contract documents made by Owner to Builder, after each payment has been received by Builder from Owner, and only to the extent that the payment received by Builder from Owner includes payment for work performed by Subcontractor. Subcontractor understands that Subcontractor will be paid only from a special fund, and that such special fund is monies paid to the Builder by the Owner. If for any reason that fund does not come into existence, Subcontractor shall not be entitled to payment. The receipt of funds by Builder from Owner allocable to work performed by Subcontractor is a condition precedent to the Builder's obligation to make any progress payment to Subcontractor.

2.3 Terms of Payment: See Contract Payment Schedule in Attachment "I."

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 5-18-00 Builder Initials [Signature] Date 5/13

SECTION 3: INDEPENDENT INVESTIGATION

3.1 Subcontractor hereby warrants that it has made its own careful and independent investigation and review of the jobsite conditions, plans, specifications, reports, Performance Schedule, and relevant statutes, codes, ordinances, regulations and policies and is fully familiar with the requirements and difficulties presented. Subcontractor hereby warrants and agrees it is not relying upon any opinion or representation of Builder not contained in this Subcontract Agreement or other documents incorporated herein. Subcontractor warrants that it has found no ambiguity or conflict in the plans and specifications other than those which have been disclosed in writing prior to the execution of this Subcontract Agreement.

3.2 Subcontractor also warrants that it has verified that all materials and equipment necessary to perform its work are available when and as needed pursuant to the Agreement and the Performance Schedule.

3.3 Subcontractor has visited the site and is familiar with the work completed, if any, including but not limited to, all work in the models and the most recent phase of production. Subcontractor is aware of all changes that have been made including those which may not be incorporated into the current set of plans and specifications, and it agrees that the contract price for the Scope of Work includes all previous changes. The Subcontractor understands that no additional compensation will be considered unless consistent with Section 9 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 5-18-00 Builder Initials [Signature] Date 5/13

Subcontractor Initials [Signature] Date 5-18-00

Builder Initials [Signature] Date 5/13

BH-BS-005706

SECTION 4: CLEAN UP/HAZARDOUS MATERIALS

4.1 Subcontractor agrees to clean up and remove from premises all waste materials, debris and spoil of every description which may accumulate in the building (if applicable) or about the premises as a result of its work. The premises must be left in a clean and acceptable manner as determined at Builder's sole discretion. Should the Subcontractor refuse or neglect to clean up or remove waste materials, debris and spoil upon being directed to do so by Builder, Builder may remove same or cause it to be removed by others and the Subcontractor shall suffer a deduction from its contract price for the expense incurred.

4.2 Subcontractor represents and warrants to Builder that it, its employees and agents will not release, discard, discharge or dispose of at the Project, on the ground or in the surface water thereof, any hazardous substance hereinafter defined. In the event Subcontractor breaches this representation or warranty, said breach shall, (i) constitute a material breach of this Subcontract Agreement, (ii) entitle Builder to the remedies provided in Section 6.1 of this Subcontract Agreement, and (iii) constitute damage to or destruction of property requiring the indemnification of Builder and Project Owner pursuant to Section 13 of this Subcontract Agreement. For purposes of this Subcontract Agreement, the term hazardous substance shall mean any chemical substance, oil, waste, petroleum or petroleum product, or other material which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant," under any Federal, State or local law, regulation or ordinance.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 5-18-00

Builder
Initials [Signature] Date 5/18

SECTION 5: WORK COMMENCEMENT AND PROGRESS

5.1 Time is of the essence in this Subcontract Agreement. Subcontractor agrees to commence work to be performed hereunder within twenty-four (24) hours of receipt of notice to commence from Builder and to complete its work in accordance with Builder's Performance Schedule and all modifications thereto, which schedule is incorporated herein by reference and made a part hereof. Subcontractor warrants that it has reviewed the Performance Schedule and is satisfied with it and hereby agrees to review as necessary all modifications to that schedule which will be maintained in the jobsite office of Builder. Builder and Subcontractor recognize that from time-to-time final plans, schedules and specifications for a project may not be complete at the time of execution of the Subcontract Agreement. In such event, Subcontractor agrees to advise Builder of any objections within seventy-two (72) hours of notice from Builder that the plans, schedules or specifications have been finalized. If, in the opinion of Builder, at its sole discretion, Subcontractor is not furnishing sufficient men, materials or equipment to meet the Performance Schedule, Builder may exercise the options available to it in Section 6 of this Subcontract Agreement.

5.2 Builder shall maintain observation of the premises on which the work hereunder is to be performed and shall have the right to determine the Project working hours, the time and the priority of the work of other Subcontractors and all matters concerning the timely and orderly conduct of the work of the Subcontractor. Unless specifically noted herein, there are no assumptions relative to or limitations upon the number of move-ins required by the Subcontractor.

5.3 No Damage for Delay: It being expressly contemplated by the parties that in the event Subcontractor is delayed at any time in its performance of the work by act or neglect of the Owner, Architect, Builder, or any employee of Owner, Architect, Builder, or of a separate Contractor employed by Owner, or by changes ordered in the work, or by labor disputes, severe weather, fire, unusual delay in deliveries, work suspensions, acceleration, design defects, changes, unavoidable casualties, or other causes beyond Builder's control, or by delay authorized by Owner pending arbitration, or by other causes which Builder determines may justify delay, then Subcontractor's sole and exclusive remedy for delay shall be an extension of time for performance of the Subcontractor's work, except and unless such delay is the result of active intentional interference by the Builder and Owner. No claims for additional compensation or damages for delays, whether in the furnishing of material by Builder or delays by other subcontractors or Owner will be allowed by the Builder and said extension of time for completion shall be the sole remedy of Subcontractor. No allowance or extent of time referenced above shall be made unless a claim therefore is presented in writing to the Builder 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 Builder from completion of the entire project within the time that Owner allows Builder for such completion.

5.4 Subcontractor shall schedule its work and the presence of its employees at the jobsite and any deliveries of supplies or material by its materialmen and suppliers to the jobsite on such days, and at such times and during such hours, as may be directed by Builder. Subcontractor shall assume responsibility for such schedule compliance not only for its employees, but also for its materialmen and suppliers.

5.5 Subcontractor shall be responsible for the delivery, unloading, storing and protecting of all equipment, supplies and materials. All materials stored on the site must be stored in a container supplied by the Subcontractor. Garages or any other storage will not be supplied by Builder. Builder shall approve or disapprove Subcontractor's storage location at its sole discretion.

5.6 The Subcontractor shall abide by and conform to any procedures and schedules established by Builder which may be necessitated by Acts of God, Subcontractor's failure to comply with this Subcontract Agreement, or other

Subcontractor
Initials [Signature] Date 5-18-00

Builder
Initials [Signature] Date 5/18

factors which affect completion. Subcontractor covenants and agrees to coordinate its work with other subcontractors and to cooperate with other subcontractors working on the Project.

5.7 Subcontractor shall examine the surface or area to which its work is to be attached or performed and shall report in writing any related work which is not suitable to accommodate its work. Subcontractor shall not proceed with the installation until same has been corrected. Commencement of work shall constitute an acceptance by Subcontractor of surfaces and conditions to which its work relates and it shall be fully responsible for obtaining proper and satisfactory results.

5.8 Responsibility for Other Trades: Subcontractor shall assume full responsibility for the defective work of others, if said Subcontractor accepts the work, or materials, and proceeds with its scope of work without written notification to Builder.

5.9 Liquidated Damages: The parties acknowledge and agree that Builder will suffer substantial damages if Subcontractor fails to complete the scope of work contemplated by the Subcontract Agreement within the duration of time and working days as specified by the Performance Schedule attached hereto. The parties realize that it will be extremely difficult and impractical, if not impossible, to ascertain with any degree of certainty the actual amount of Builder's damages in the event of such failure to perform by Subcontractor. Therefore, the parties hereby agree that \$ 0.12 per day represents a reasonable estimate of such damages considering all of the circumstances existing on the date of execution of the Subcontract Agreement and that Builder shall have the right to retain the full amount of said sum against Subcontractor funds owed on this Subcontract Agreement, as a remedy to Builder's potential damages should Subcontractor default.

5.10 In the event a dispute arises between Builder and Subcontractor during Subcontractor's performance of the work, Subcontractor shall continue to perform its obligations under this Subcontract Agreement unless otherwise notified in writing by Builder.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 5-18-00 Builder Initials [Signature] Date 5/18

SECTION 6: TERMINATION

6.1 Subcontractor shall perform the work in a prompt and diligent manner so as to promote the general progress at the entire project and shall not interfere with nor hinder the work of Builder or any other subcontractor. Subcontractor agrees to reimburse Builder for any and all damages which may be assessed against and collected from Builder, which are attributable to or caused by Subcontractor's failure to furnish the materials and perform the work required by the Subcontract Agreement in the manner provided for herein. If Builder shall deem it necessary, Subcontractor, on demand of Builder, shall provide additional workforces, overtime, additional shifts, and shall expedite the furnishing of materials so as to meet the Performance Schedule.

6.2 In the event the Subcontractor, at any time, refuses or neglects to supply a sufficient number of properly skilled workers or a sufficient quantity of materials of proper quality, or is adjudicated a bankrupt, or files a reorganization proceeding, or commits any act of insolvency, or makes an assignment for benefit of creditors without Builder's consent, or fails to make prompt payment to his materialmen and/or laborers, or fails in any respect to promptly and diligently prosecute the work covered by this Subcontract Agreement, 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 fails to fulfill any of the provisions by him to be performed, or otherwise fails to fully perform any and all of the Subcontract Agreement herein contained, Builder may, at his option:

(a) After giving 24 hours written notice to Subcontractor to cure, provide any such labor and materials as may be necessary and deduct the cost thereof from any money then due or thereafter to become due to the Subcontractor under this Subcontract Agreement; or

(b) Should Subcontractor fail to cure the default referenced above within 24 hours, the builder may, at its option, terminate Subcontractor's right to proceed with the work and in that event, builder shall have the right to enter upon the premises of the project and take possession, for the purpose of completing the work under this Subcontract Agreement, of all materials, tools, equipment, and appliances of Subcontractor, and may employ any other person(s) to finish the work and provide the materials therefore.

6.3 In the event of such termination of Subcontractor's right to proceed with the work, said Subcontractor shall not be entitled to receive any further payment under this Subcontract Agreement until the work undertaken by Builder in its prime contract is completely finished. At that time, if the unpaid balance of the amount to be paid under this Subcontract Agreement exceeds the expenses incurred by Builder in finishing Subcontractor's work, such excess shall be paid by Builder to Subcontractor; but, if such expense shall exceed such unpaid balance, then Subcontractor shall promptly pay to Builder the amount by which such expense exceeds such unpaid balance. The term "expense" referred to in the last sentence shall include expenses incurred by Builder for furnishing materials, labor, equipment, and other expenses for finishing the work, for any attorney's fees incurred by Builder effectuating the instant termination or interpreting the instant Subcontract Agreement, and any damages sustained by Builder by reason of Subcontractor's

Subcontractor Initials [Signature] Date 5-18-00

Builder Initials [Signature] Date 5/18

default, plus a markup of 15 percent for general and administrative expense, and a 10 percent profit on any and all of such expenses. Builder shall have a lien upon all materials, tools and appliances taken possession of, as aforesaid, to secure the payment thereof. The notice referred to in this section will be sufficient and complete if written notification is given at the project site or when faxed or mailed to Subcontractor at his fax number or address as shown in this Subcontract Agreement.

6.4 Builder may withhold, or on account of subsequently discovered evidence, nullify the whole or part of any payment due to Subcontractor to such extent as may be necessary to protect Builder from loss, including costs and attorney's fees, on account of:

- (a) Defective work not remedied;
- (b) Claims filed or reasonable evidence indicating the probable filing thereof;
- (c) Failure of Subcontractor to make payments promptly to a subcontractor or for materials, labor, or fringe benefits;
- (d) A reasonable doubt that this Subcontract Agreement will be completed for the balance then unpaid; or
- (e) Damage to Builder or other subcontractors.

6.5 Subcontractor reserves the absolute right to terminate this Subcontract Agreement for any reason, including its own convenience. In the event of termination without cause, Subcontractor shall be entitled to payment only as follows:

- (a) Cost of the work actually performed in conformity with this Subcontract Agreement; plus
- (b) Ten percent (10%) of costs referred to in subparagraph (a) above, for overhead and profit.

However, in no event shall the Subcontractor be entitled to any amount that exceeds sections (a) and (b) above.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 5-18-00 Builder Initials [Signature] Date 5/23

SECTION 7: LABOR

7.1 The parties agree and declare that the Subcontractor and Builder are separate, independent entities and that the Subcontractor has full responsibility for the performance of the work and the direction of its work force, subject only to the duty of the Subcontractor to cooperate with Builder and other subcontractors.

7.2 Subcontractor recognizes that in the performance of its work, it will be required to work side-by-side with other subcontractors and representatives of Builder on the Project. Builder and/or other subcontractors may not be signatory to collective bargaining agreements with the various labor organizations.

7.3 Subcontractor agrees that should there be picketing or a threat of picketing by any labor organization at or near the Project, Builder shall establish a reserved gate for use by the Subcontractor's employees and suppliers. In that event, it shall be the affirmative obligation of the Subcontractor, as a material consideration of this Subcontract Agreement and each and every other agreement between the parties hereto, to insure that its employees and other suppliers use only the gate or entryway designated by Builder. Notwithstanding the establishment or non-establishment of a reserved gate, it shall be the continuing obligation of the Subcontractor to properly staff the job with qualified employees without interruption or delay.

7.4 In the event the Subcontractor's employees refuse to work because of a labor dispute or grievance with the Subcontractor, Builder or some other subcontractor, it shall not relieve Subcontractor of its obligations to supply enough properly skilled workers to perform the work undertaken by it without interruption.

7.5 Subcontractor hereby warrants that it is not now nor will it be delinquent in the payment or reporting to any labor-management fringe benefit trust fund, and further that Subcontractor is not now nor will it appear on any delinquency list published by any labor-management fringe benefit trust fund.

7.6 When, in the judgment of Builder, Subcontractor shall have refused, neglected or failed to supply enough properly skilled workers, or otherwise shall have refused, neglected or failed to comply with the provisions of this Section 7, Builder shall be able to exercise its rights in accordance with Section 6 of this Subcontract Agreement.

7.7 Subcontractor also agrees to comply with all of the terms and provisions of any Equal Opportunities requirements imposed upon Builder, to the same extent as though said requirements were imposed upon Subcontractor,

Subcontractor Initials [Signature] Date 5-18-00

Builder Initials [Signature] Date 5/23

provided Builder informs Subcontractor of said requirements; and Subcontractors refusal to do so within forty-eight (48) hours of notice by Builder shall permit Builder to exercise its rights and remedies set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 5-18-00 Builder Initials [Signature] Date 5/23

SECTION 8: TAXES

Subcontractor agrees to pay any and all taxes, including specifically, but not by way of limitation, sales taxes, use taxes, gross receipt taxes, excise taxes, old age benefits, withholding taxes, and unemployment compensation taxes under all State, local and Federal laws with respect to all materials furnished and employees engaged in the performance of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 5-18-00 Builder Initials [Signature] Date 5/23

SECTION 9: EXTRAS

9.1 It is understood and agreed that all labor and/or materials furnished by Subcontractor, even though said labor and/or materials are not specifically required or demanded by this Subcontract Agreement or the Contract Documents, shall nevertheless be deemed to be included within the scope of labor and/or materials properly and necessarily required for the performance hereof and not warranting additional compensation, subject only to the following exception and none other, to wit: that any labor and/or materials furnished hereunder that are authorized by Builder in writing, together with a definite statement in said authorization that said labor and/or materials shall be deemed an "Extra" and shall be paid for in addition to the subcontract price at a sum specified in said authorization. Builder may, at any time during the progress of said Project, order in writing, deviations, additions or omissions and the same shall not void this Subcontract Agreement, but the value thereof, as agreed upon in such written authorization, shall be added to, or deducted from, the contract price hereof. Any modifications in the work to be done by the Subcontractor that are changes requiring the substitution of certain work and/or materials for other work and/or materials originally required by this Subcontract Agreement, or by the plans and specifications incorporated into this Subcontract Agreement, will not entitle the Subcontractor to additional compensation unless the change order is in writing and specifically provides that it authorizes an "Extra" in a stated amount.

9.2 It is expressly agreed and understood by and between Builder and the Subcontractor that no "Extra" charge(s) will be paid without written authorization; that the subcontract price includes performing all work specified according to specification (when applicable) and that said work must comply with all City, County, State and Federal building codes and requirements.

9.3 An authorization for any extra work shall be obtained in writing by the use of the "Committing Document" form, a sample of which is attached hereto as Attachment "H". Attachment "H" is hereby incorporated by reference as part of this Subcontract Agreement, and wherever said forms are utilized and executed by the parties to this Subcontract Agreement, the terms thereof shall be fully enforceable as part of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 5-18-00 Builder Initials [Signature] Date 5/23

SECTION 10: DEVIATIONS

10.1 Subcontractor shall make no changes and shall be responsible for any deviation from the plans, specifications and/or drawings that it may make, and it may be required to re-do any non-conforming work to conform strictly to the plans, specifications and/or drawings unless a written authorization by Builder, addressed to the Subcontractor, shall be given setting forth specifically in detail what changes shall be made. The cost of changes, unless otherwise specifically agreed upon in writing, shall not exceed a credit for any work not required to be done as a result of such changes.

Subcontractor Initials [Signature] Date 5-18-00

Builder Initials [Signature] Date 5/23

BH-BS-005710

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 5-18-00

Builder
Initials [Signature] Date 5/18

SECTION 11: SAFETY (CAL/OSHA) AND DISCIPLINE

11.1 Subcontractor, Subcontractor's employees and agents, and any other party contracting with Subcontractor shall comply with all applicable Federal, State, local and any other legally required safety, environmental and health standards, orders, rules, regulations or other laws. Subcontractor shall bear full financial responsibility for the compliance of those persons referenced therein.

11.2 Should Subcontractor, Subcontractor's employees, Subcontractor's subcontractors, or their employees fail to comply within twenty-four (24) hours from the time Builder or any governmental agency issues Subcontractor a written notice of noncompliance, or within the time of an abatement period specified by any government agency, whichever period is shorter, Builder may exercise any of the remedies available to it under Section 6 of this Subcontract Agreement.

11.3 All equipment used on or near the Project shall be regularly inspected and certified as reliable and dependable and shall be maintained to ensure the safety of the operator and all others on or near the project. All electrical devices (such as cords, connectors, plugs, etc.), shall be in good condition and properly grounded. All injuries, regardless of severity, will be reported in writing to Builder within twenty-four (24) hours of occurrence.

11.4 All vehicles and/or persons driving vehicles on the Project must be licensed, properly insured and registered.

11.5 Drinking of alcoholic beverages or the use of any controlled substance at the Project is strictly prohibited. While Subcontractor's employees are prohibited from using the interior of any unit for coffee or lunch breaks, and no food or beverages are allowed inside the units, garages and other areas designated by Builder may be used. No dogs are permitted at the Project and radio volume will be controlled at the discretion of Builder. Subcontractor shall comply with all applicable noise abatement ordinances.

11.6 Subcontractor warrants it is aware of the OSHA Hazard Communication Standard and its requirements. Subcontractor is to supply Builder with a Material Safety Data Sheet (MSDS) for every hazardous substance Subcontractor has delivered or uses on the Project. The MSDS is required for any material(s) container label using the word(s) "DANGER," "CAUTION," "FLAMMABLE," or "WARNING." Subcontractor is to insure that all hazardous products are in a container with a label clearly identifying the chemical(s) with appropriate hazard warnings. All labels are to be in English, easily understandable and not defaced. When any substance is transferred from one container to another and is not immediately used solely by the person making the transfer, that container must be labeled with the hazard information from its source. Subcontractor is responsible for the control and disposal of all substance containers and their contents. No empty or partially empty container will be permitted to remain on the site after Subcontractor has finished using it. All empty containers shall be removed from the Project by the Subcontractor immediately.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 5-18-00

Builder
Initials [Signature] Date 5/18

SECTION 12: PROTECTION OF WORK AGAINST DAMAGE OR INJURY

Subcontractor shall be responsible for protecting its own work, material and equipment and shall be responsible for the correction, replacement or repair of any of its work which is damaged prior to final completion of the Project. Subcontractor shall be responsible to Builder or third party subcontractors, as appropriate, for any damage to Builder's work or that of third party subcontractor to Builder whose work is damaged by Subcontractor. Subcontractor shall also protect adjacent property from injury or damage arising out of its work and shall repair or accept responsibility for any such injury or damage.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 5-18-00

Builder
Initials [Signature] Date 5/18

Subcontractor
Initials [Signature] Date 5-18-00

Builder
Initials [Signature] Date 5/18

BH-BS-005711

SECTION 13: INDEMNITY.

13.1 INDEMNIFICATION AND DEFENSE OF BUILDER AND PROJECT OWNER. In connection with the performance of this Subcontract Agreement, to the extent permitted by law, and subject to the provision of Section 13.3 below, Subcontractor shall indemnify, defend and hold harmless Builder and Project Owner and their officers, agents and employees from and against any and all claims, losses, damages, demands, suits, injuries and liabilities (regardless of legal theory alleged), including all costs of litigation, mediation, arbitration and attorney's fees, arising from or relating to (1) any failure by Subcontractor to perform its obligations under this Subcontract Agreement, (2) any damage suffered by Builder and/or Project Owner and their officers, agents and employees relating to the work performed by Subcontractor, (3) the death of or injury to any person, or the damage to, or, loss of use of, loss of income from, or destruction of any property however caused, regardless of any negligence by Builder or the Project Owner and their officers, agents and employees be it active or passive, or by the use of Builder's equipment, labor or facilities regardless of whether (a) Builder shall have consented to such use, or (b) the death, injury or damage shall have been caused by unsafe conditions. The duty to defend herein shall arise immediately upon such claim, loss, damage, demand, suit, injury or liability being asserted against Builder and/or the Project Owner, and their officers, agents and employees.

13.2 RELEASE AND WAIVER OF CLAIMS. To the extent permitted by law, and subject to the provisions of Section 13.3 below, neither Builder nor the Project Owner or their officers, agents or employees shall be liable to Subcontractor (and Subcontractor hereby releases Builder and Project Owner and their officers, agents and employees therefrom, and Subcontractor hereby waives all such claims against Builder and/or the Project Owner and/or their officers, agents and employees) for death of or injury to any person, or damage to or loss of use of, loss of income from, or destruction of any property, from any cause during the performance of this Subcontract Agreement (including without limitation fire, earth settlement, earthquake, theft, embezzlement, riot, or civil commotion).

13.3 SOLE NEGLIGENCE OR WILLFUL MISCONDUCT. The provisions of Sections 13.1 and 13.2 above shall not apply to any claim or liability arising by reason of the sole negligence or willful misconduct of Builder, the Project Owner or their officers, agents or employees.

13.4 Should any monetary claim or legal action be instituted against Builder within ten years, or thereafter if permitted by law, after completion of the project by a homeowner or renter or the homeowners' or renters' assignee or successor, or other person or entity, wherein the claim or action alleges a breach of warranty or defect or poor workmanship in the construction, express or implied, or concerns any claim or complaint as to the work performed by Subcontractor, or not performed by Subcontractor where the work should have been performed by Subcontractor, then Subcontractor shall indemnify and reimburse Builder and be held strictly liable to Builder for any money paid by Builder or Owner, or Builder's or Owner's insurance company, by way of an adverse award or judgment or settlement, to any claimant or plaintiff should claimant or plaintiff prevail against Builder, and Subcontractor shall pay to Builder its attorney fees actually incurred in the defense of such claim or action. No release issued by Builder may or shall be considered a defense of the claim or complaint alleging construction defects, or faulty workmanship and/or faulty or defective materials, or problems in construction not discovered during the course of construction.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RLA Date 5-8-00 Builder Initials JA Date 5/8

SECTION 14: INSURANCE

Prior to commencement of any Work under this Agreement, Subcontractor shall, at its sole expense, fully comply with the terms of this Section 14.

14.1 GENERAL INSURANCE REQUIREMENTS Subcontractor shall not commence any work until it obtains all insurance required to be obtained by Subcontractor under this Subcontract Agreement. Builder will not permit Subcontractor to commence any portion of the work on the Project until Subcontractor has complied with all of the insurance requirements described in this Section 14.

All Insurance described under this Section 14 to be carried by Subcontractor will be maintained by Subcontractor at its sole expense with insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than an 'A' and financial rating of not less than '8' in the most current Best's Key Rating Guide. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of the Subcontract Agreement or such longer period as may be specified herein. Should Subcontractor fail in whole or in part to comply with any of the requirements set forth in this Section 14, such a failure shall be deemed a material breach to this Subcontract Agreement thereby entitling Builder to all available legal remedies including, but not limited to, those set forth in Section 6. Subcontractor may provide the insurance described in this Section 14 in whole or in part through a policy or policies covering other liabilities and projects of Subcontractor; provided, however, that any such policy or policies shall: (a) allocate to the Project the full amount of insurance required hereunder, and (b) contain, permit or otherwise unconditionally authorize the waiver contained in Paragraph 14 of this Section 14.

14.2 EVIDENCE OF INSURANCE. As evidence of specified insurance coverage, Subcontractor shall deliver and Builder will accept certificates issued by Subcontractor's insurance carrier applicable to Builder showing such policies in force for the specified period, but Builder has the right to require Subcontractor to submit for Builder's

Subcontractor Initials RLA Date 5-8-00 Builder Initials JA Date 5/8

review certified policies. Such evidence shall be delivered to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014, promptly upon execution of this Subcontract Agreement or prior to commencement of work, whichever occurs earliest. Each policy and certificate shall be subject to reasonable approval by Builder and shall provide that such policy shall not be subject to material alteration to the detriment of Builder or Subcontractor or cancellation without thirty (30) days notice in writing to be delivered by registered mail to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014. In the cancellation section of the Certificate of Insurance the Subcontractor shall delete the words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the Company, its agents or representatives." Should any policy expire or be canceled before the expiration of this Subcontract Agreement and Subcontractor fails immediately to procure other insurance as specified, Builder reserves the right, but shall have no obligation, to procure such insurance and to deduct the cost thereof from any sum due Subcontractor under this Subcontract Agreement. Builder reserves the right to withhold payment should Subcontractor fail to comply with all the insurance provisions described in this Section 14.

14.3 DAMAGES. Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Subcontractor should maintain or the extent of Subcontractor's responsibility or liability for payment of damages resulting from its operations under this Subcontract Agreement. The carrying of the insurance as specified herein shall not be construed to be a limitation of liability on the part of the Subcontractor, nor shall it relieve Subcontractor from any liability under this Subcontract Agreement as a matter of law.

14.4 WORKERS' COMPENSATION INSURANCE. Subcontractor shall maintain Workers' Compensation Insurance, including (a) Employer's Liability at a minimum limit of One Million Dollars (\$1,000,000) for all persons whom it employs in carrying out the work under this Subcontract Agreement. Such insurance shall be in strict accordance with the requirements of the most current and applicable Workers' Compensation Insurance Laws in effect from time to time at the Project site.

14.5 COMPREHENSIVE OR COMMERCIAL GENERAL LIABILITY INSURANCE. Subcontractor shall maintain Comprehensive or Commercial General Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, not to exceed \$10,000, with a combined single limit for bodily injury and property damage of Two Million Dollars (\$2,000,000), or limit carried whichever is greater, covering Operations, Independent Subcontractors, Products and Completed Operations (for 10 years after Final Acceptance), Contractual Liability specifically covering the indemnification contained in Section 13 of the Agreement, Broad Form Property Damage including Completed Operations, Severability of Interest and Cross Liability clauses, Prior Acts Exclusion stating the General Liability policy shall not include any limitation of coverage and/or exclusion including but not limited to Prior Acts Exclusion and/or condominium/detached housing exclusion, Personal Injury and Explosion, Collapse and Underground Hazards (X,C,U). The limits of liability specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

14.6 AUTOMOBILE LIABILITY INSURANCE. Subcontractor shall maintain any and all owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Subcontractor in connection with this Subcontract Agreement with a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or limit carried, whichever is greater.

14.7 WAIVER OF SUBROGATION. Subcontractor hereby waives all rights against Builder for damages caused by fire and other perils and risks to the extent covered by Subcontractor's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to Builder and Owner such other parties specifically listed as additional insureds in Paragraph 14.8 below.

14.8 ADDITIONAL INSUREDS. We will only accept Additional Insured Endorsements that cover completed operations. Builder shall be included as an additional insured under the coverage specified in Paragraph 14.5, of this Section 14 with the following language included on the endorsement: It is understood and agreed that coverage afforded by this policy shall also apply to Brookfield Homes San Diego Inc., its officers, directors, agents, employees, divisions, subsidiaries, shareholders, partners, affiliated companies and owners, any lender with an interest in said Project, and all other parties listed as Indemnified Parties under the Subcontract Agreement with Brookfield Homes San Diego Inc., all as additional insureds, but only with respect to alleged legal liabilities or alleged claims caused by, arising out of or resulting from the acts or omissions of the named insured or of others performed on behalf of the named insured.

14.9 PRIMARY ENDORSEMENT. The following language must be included on endorsement: This Insurance is primary and any other insurance maintained by such additional insureds is noncontributing with this insurance as respects claims or liability arising out of or resulting from the acts or omissions of the named insured, or of others performed on behalf of the named insured.

14.10 AIRCRAFT LIABILITY INSURANCE. If the work involves aircraft, Subcontractor shall maintain a combined single limit for bodily injury and property damage liability of not less than Ten Million Dollars (\$10,000,000) per occurrence, or limit carried, whichever is greater, covering owned and non-owned aircraft. The whole of the aircraft shall be insured as required by Subcontractor or Builder.

14.11 RELATIONSHIP OF INSURANCE COVERAGE. The insurance required pursuant to this Section 14, shall, as far as applicable, specifically insure Subcontractor's obligations pursuant to Section 13, Indemnity, and, in particular and without limitation, the liability insurance required pursuant to Section 14 shall insure Subcontractor's obligations pursuant to Section 13. However, Subcontractor's obligations pursuant to Section 13 shall not be limited to the amount of insurance required of or carried by Subcontractor pursuant to Section 14.

Subcontractor
Initials BA Date 5-18-00

Builder
Initials JD Date 5/23

14.12 If builder fails to enforce any of these insurance requirements, such failure shall not constitute a waiver of such requirements nor shall any waiver of any provision hereof be effective unless made in writing and signed by the President or Chief Financial Officer of Brookfield Homes San Diego Inc.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 5-18-00 Builder Initials JA Date 5/23

SECTION 15: SUBCONTRACTOR'S PERMITS AND LICENSES

Except as otherwise expressed and provided in this Agreement, Subcontractor will obtain all consents, approvals, licenses or permits required by any governmental authority having jurisdiction over the Project or any part thereof, including plans and specifications. The costs of all consents, approvals, licenses or permits and the payment of all fees relating thereto shall be paid by Subcontractor except those as to which Builder has expressly agreed in writing either to obtain and pay for, or to reimburse Subcontractor therefor. In jurisdictions where Builder has been required to obtain a master permit covering, in part, work to be performed by Subcontractor, Builder may deduct the pro rata cost of Subcontractor's portion of said permit from the contract price.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 5-18-00 Builder Initials JA Date 5/23

SECTION 16: INSPECTION AND RE-INSPECTION

An authorized representative of the Subcontractor will accompany Builder on any inspection tours which may be required by Builder or any governmental agency having jurisdiction thereof. Subcontractor shall be charged for all re-inspections resulting from unacceptable materials and workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 5-18-00 Builder Initials JA Date 5/23

SECTION 17: PREVENTION OF LIENS

17.1 Subcontractor agrees to pay when due all claims for labor and/or materials supplied or furnished hereunder, and to prevent the filing of any lien by mechanics or materialmen, or the institution of any attachments, garnishments or suits involving the title of the property upon which the improvements are erected. Subcontractor agrees within five (5) days after receipt of written notice, by certified mail or comparable means of delivery, to cause the effect of any such suit or lien to be removed from the premises, and in the event the Subcontractor shall fail to do so, Builder is authorized to use whatever means it may deem best to cause said lien, attachment or suit, together with its effect upon the title, to be removed, discharged, compromised or dismissed, and the costs thereof, together with reasonable attorney's fees, shall become immediately due Builder. Builder shall be entitled to withhold 150 percent of all outstanding liens filed by Subcontractor's subcontractors and/or suppliers until appropriate Mechanic's Lien Release Bonds or recordable releases of the same have been provided to Builder. Subcontractor may litigate any such lien or suit, provided it causes the effect thereof to be removed from the premises and executes and delivers to Builder such affidavits, contracts, bills, records, accounts, etc., as Builder may deem necessary for its protection in such event.

17.2 In the event Builder is served with any Writ of Attachment, Writ of Execution, Notice of Levy (Federal or State), or other legal process for any debt or alleged debt of Subcontractor at any time during the period of this Subcontract Agreement prior to completion, Builder shall automatically be entitled to keep and retain any funds or monies then due Subcontractor for work and materials furnished and/or previously billed and approved but unpaid to Subcontractor. It is understood and agreed that the purpose of the preceding sentence is to guarantee that Builder shall have sufficient funds with which to complete Subcontractor's duties under this Subcontract Agreement if the suit or levy out of which the above legal process arose should, in Builder's opinion, make it difficult or impossible for Subcontractor to finish the work herein required. Service upon Builder of such process shall be deemed a breach of this Subcontract Agreement and Builder shall give Subcontractor five (5) days written notice to remove said levy, and Subcontractor's failure to do so shall entitle Builder to the same rights as set forth in Section 6 of this Subcontract Agreement.

Subcontractor Initials RL Date 5-18-00

Builder Initials JA Date 5/23

BH-B5-005714

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 5-18-00 Builder Initials MM Date 5/23

SECTION 18: ASSIGNMENT OR SUBCONTRACTING

Subcontractor shall not assign or subcontract any portion of this Subcontract Agreement, or the proceeds thereof, without first obtaining permission in writing from Builder and then only subject to the provisions of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 5-18-00 Builder Initials MM Date 5/23

SECTION 19: ATTORNEY'S FEES

If either party to this Subcontract Agreement institutes litigation or arbitration with the other party, or against the surety of such party, arising out of the terms and conditions of this Subcontract Agreement, or performance under this Subcontract Agreement, the prevailing party shall be entitled to recovery from the other party, all associated costs, including but not limited to, costs of investigation, court costs and all reasonable attorneys' fees incurred in good faith. Unless judgment goes by default, the attorneys' fees incurred by the prevailing party shall be presumed reasonable and shall be awarded. It is the intention of the parties to fully compensate the prevailing party for all attorneys' fees paid or incurred in good faith.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 5-18-00 Builder Initials MM Date 5/23

SECTION 20: SURETY BOND

If requested by Builder for any reason whatsoever, Subcontractor further agrees that it will, within ten (10) days from written notification by Builder, provide Builder with a bond, conditioned upon faithful performance of this Subcontract Agreement in all its particulars and/or a labor and material bond, duly executed with a surety company acceptable to Builder, as surety, and in form and content acceptable to Builder. Builder will reimburse Subcontractor for the expense of such bond up to one percent (1%) of the total contract price. If a bond is required and Subcontractor fails or refuses to provide such a bond within ten (10) days after request, such refusal shall be sufficient grounds for termination as set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RL Date 5-18-00 Builder Initials MM Date 5/23

SECTION 21: SUPERVISION

21.1 The Subcontractor, or its representatives, shall exercise full time general supervision in and over all phases of its operation to ensure correct performance of the Scope of Work. Builder, or its representatives, shall have access to any and all parts of the Subcontractor's storage facilities, including but not limited to the construction grounds, and may at any time inspect, sample, test or require tests to be taken on any materials furnished or ordered to be used in the construction of the units described in the Contract Documents.

21.2 The Subcontractor shall be responsible to and answer directly to Builder, or its representatives, for the acts or omissions of its employees and of all persons directly or indirectly employed or retained by it in connection with its work under the Contract Documents.

21.3 The Subcontractor shall at all times respect the judgment and authority of Builder representatives acting in the capacity of job superintendent. The Subcontractor shall report to Builder representatives in writing any and all criticism, materials shortages, labor trouble or other conditions or circumstances which in any way affect the performance of its duties or completion of the job.

Subcontractor Initials RL Date 5-18-00

Builder Initials MM Date 5/23

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RLH Date 5-18-00 Builder Initials FA Date 5/23

SECTION 22: PLANS AND SPECIFICATIONS

22.1 Subcontractor will comply with all City, County and Federal ordinances, statutes including the applicable building codes and manufactured specifications and requirements. No work is to be deemed complete until final inspection and approval by appropriate public agencies, as well as acceptance by Builder. Such acceptance and/or payment by Builder shall not bar any claim against Subcontractor for defects in workmanship or materials or deviations from said plans, drawings or specifications or from said rules, regulations and requirements. If a conflict or ambiguity occurs between the Subcontract Agreement, Scope of Work, Addenda, plans & specifications, or applicable codes or regulations, the more stringent, as determined by Builder, shall apply. Builder assumes no liability for failure of the plans and/or specifications to comply with such requirements, and it is conclusively presumed that Subcontractor is familiar with all of said requirements and that the work to be performed or the materials to be furnished hereunder by the Subcontractor are to be in strict accordance with said requirements, irrespective of the provisions of the plans and/or specifications.

22.2 Subcontractor shall bear the entire expense of complying with this section of the Subcontract Agreement and shall receive no extra or additional compensation therefor.

22.3 It shall be the responsibility of the Subcontractor to check all figures, measurements and any work of a prior Subcontractor (contracted to perform the same Scope of Work) prior to commencing work, and any discrepancies apparent to him must be reported in writing to Builder immediately for adjustment. Failure to comply in this respect, and any additional costs resulting from noncompliance, shall be the responsibility of the Subcontractor.

22.4 It shall be the responsibility of the Subcontractor to submit for approval by Builder and/or its Architect any necessary shop drawings, diagrams, samples, material lists, brochures, etc., at Subcontractor's sole expense. Said submittal shall conform to the Contract Documents. If the submittal deviates from the Contract Documents, it shall be the obligation of the Subcontractor to give notice in writing to Builder of the deviation. In the absence of such notice, any approval by Builder or its Architect of a submittal which deviates from the Contract Documents shall be void at the sole discretion of Builder and the Subcontractor shall be responsible to Builder to bring its work into compliance with the Contract Documents and for any cost or damage which results from the deviation.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RLH Date 5-18-00 Builder Initials FA Date 5/23

SECTION 23: QUALITY, MATERIALS AND WORKMANSHIP

23.1 Whenever any manufactured article, implement or series of articles or implements is mentioned in the specifications by name, trade or manufacturer's name, it is intended to establish a standard of merit and quality. The intent of this definition is to require quality materials and workmanship; however, substitutes of equal merit may be used by the Subcontractor, but only upon the written consent of Builder or its authorized representative. Under no circumstances shall a substitute material be used which will not conform to requirements set forth in the Contract Documents.

23.2 It is the responsibility of the Subcontractor to inspect all materials for manufacturer's defects or transport damage prior to installation. All defective or damaged materials will be rejected. Upon the completion of each unit, Subcontractor shall inspect all work performed and repair immediately any and all unacceptable workmanship. Subcontractor shall notify Builder or its representative of the completion of each unit, and Subcontractor will repair or replace any workmanship or materials Builder deems in its sole discretion unacceptable.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RLH Date 5-18-00 Builder Initials FA Date 5/23

SECTION 24: CHANGES TO PLANS AND SPECIFICATIONS

24.1 Should any changes to the plans and the specifications be required after the signing of the Contract Documents, it shall be the responsibility of the Subcontractor to advise Builder in writing of the effects upon its portion of the work under this Subcontract Agreement. The Subcontractor shall perform no additional work nor shall it decrease its obligation under the Subcontract Agreement without the written consent of and compensation adjustment from

Subcontractor Initials RLH Date 5-18-00 Builder Initials FA Date 5/23

Builder. In the event of any dispute arising between Builder and Subcontractor over the value of extra work, or whether certain work is "Extra" or within the scope of this Subcontract Agreement, it shall be the obligation of Subcontractor to complete the disputed work under protest. Any refusal to perform disputed work shall constitute a material breach of this Subcontract Agreement authorizing Builder to resort to its remedies set forth in Section 6 of this Subcontract Agreement.

24.2 In the event the Subcontractor proposes a change or deviation from the plans and specifications and Builder agrees with the proposed change or deviation, it shall be the obligation of the Subcontractor to indemnify Builder for any increased costs incurred by a Builder as a result of any such change or deviation proposed by Subcontractor including, but not limited to, architectural or engineering fees.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials AK Date 5-8-00

Builder
Initials JA Date 5/8/00

SECTION 25: GUARANTEES

25.1 Subcontractor does hereby expressly guarantee the Project Owner, Builder, and their successors in interest in the work, against any loss or damage arising from any defect in materials furnished or workmanship performed under or pursuant to this Subcontract Agreement for a period coterminous with Builder's responsibility to its successors in interest, whether express or implied by law. Subcontractor acknowledges that it is familiar with and has reviewed the Builder's homeowner limited warranty and is aware that it is available in Builder's corporate office for review. A longer period may be required by (i) specifications; (ii) the Veterans Administration (VA) or the Federal Housing Administration (FHA); or (iii) applicable law; in which case the guarantee period shall correspond with the guarantee required by VA, FHA and/or applicable law. In no event, however, shall the guarantee period be less than one (1) year from the date of filing the Notice of Completion or occupancy, whichever occurs later.

25.2 It shall be the responsibility of the Subcontractor, during construction of all phases of the Project, to contact Builder or its representative daily to receive any and all notices of discrepancies. The Subcontractor shall immediately arrange for the correction of any and all such discrepancies and shall notify Builder upon completion of the work necessary to correct the discrepancy within two (2) business days after notification. Payments may be withheld pursuant to Section 2 until such time as the discrepancies are eliminated. If the Subcontractor does not act promptly to correct such deficiencies, Builder may independently arrange for the correction of any and/or all such discrepancies and for payment of the cost thereof. Builder shall have the right to back charge such costs or setoff the amount thereof against any sums owing Subcontractor hereunder or otherwise.

25.3 It shall be the responsibility of the Subcontractor, after the completion of the last phase of the Project on which the Subcontractor performed work and during the guarantee period, to correct any and all discrepancies and defects in workmanship and/or materials performed or supplied by Subcontractor on the work of construction, within five (5) business days after notification of such discrepancies and defects by Builder. Subcontractor shall notify Builder immediately upon completion of work performed or materials supplied necessary to eliminate the discrepancies and defects. Should the Subcontractor fail to comply with the Builder discrepancy notice within five (5) business days after notification, Builder may independently arrange for the correction of any and/or all such discrepancies and the Subcontractor shall reimburse Builder for the cost thereof. Builder shall have the right to back charge such costs or offset the amount thereof against any sums owing Subcontractor hereunder or arising out of other projects or phases of this Project.

25.4 Nothing contained in Sections 25.1 through 25.3 shall limit Subcontractor's liability to Builder as provided for in Sections 13.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials AK Date 5-12-00

Builder
Initials JA Date 5/12/00

SECTION 26: WARRANTY

Subcontractor agrees to perform all work in a first class, workmanlike manner. At a minimum, work shall be equal to the HUD/FHA Minimum Property Standards; in accordance with all Municipal, County, and State building codes, and in accordance with the terms and dates as outlined in the Builder's limited warranty.

Unless otherwise specified herein, Subcontractor guarantees his work against all defects of materials and workmanship for a period of one year from the date of the certificate of occupancy as issued by the governmental agency having jurisdiction over the construction. This warranty shall be in addition to all other rights and privileges which the Builder may have under any other law. Neither the final payment nor any provision in the contract documents shall relieve the Subcontractor of responsibility for faulty materials or workmanship.

Subcontractor
Initials AK Date 5-18-00

12

Builder
Initials JA Date 5/18/00

Subcontractor shall remedy, as its sole cost and expense, any defects due to its faulty materials or workmanship and pay for any damage to other work or materials resulting therefrom, within ten (10) working days after being notified by the Builder.

In an emergency, as defined in the Builder limited warranty documents, notification of the Subcontractor will be by phone with a written service order to follow.

Subcontractor shall provide a 24-hour emergency number and service.

☒ 24-hour number and service not required

Subcontractor will be notified of non-emergency items by written service order. Service order forms indicating the completion of remedial work must be signed and dated by the Subcontractor or Subcontractor's representative who performs the work and returned to the Builder. Until the signed service order is received in the Builder office, the work will be considered to be incomplete.

The Builder retains the right to assign remedial work that is not completed within the established time frame to another Subcontractor and charge the cost of such work to Subcontractor. Adequate funds may be retained at the Builder's option, from any payments then due to Subcontractor until all remedial work over ten (10) days old is completed.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 5-18-00

Builder
Initials [Signature] Date 5/23

SECTION 27: NOTICES

Any and all notices or other communications required or permitted by this Subcontract Agreement or by law to be served on, given to or delivered to either party hereto (Builder and Subcontractor), by the other party shall be in writing and shall be deemed duly served, given or delivered when (i) personally delivered to the party to whom it is addressed; (ii) deposited in the U.S. Mail, first class postage prepaid, addressed to Builder or Subcontractor at the addresses herein before set forth; or (iii) sent by telegram to Builder or Subcontractor at the addresses hereinbefore set forth.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 5-18-00

Builder
Initials [Signature] Date 5/23

SECTION 28: MISCELLANEOUS

28.1 Subcontractor further agrees to hold Builder and the Project Owner and their officers, directors, agents and employees harmless from any expense of any nature arising out of any and all claims (including, but not limited to, claims that may be presented by virtue of any contract or employment under the Subcontractor) for union welfare, pension, vacation, apprenticeship, owner-operator, health and welfare, and related types of payment obligations connected with the job herein referred to, whether or not well-founded.

28.2 In addition to the provisions and remedies contained in Section 6, or any other provisions hereinbefore stated, Builder may terminate this Subcontract Agreement with the Subcontractor or its subcontractors (and the Subcontractor shall so provide in contracts with its subcontractors), in the event that the Subcontractor or its subcontractors are listed by the administrative office of the appropriate health and welfare, pension, vacation or apprentice funds as being delinquent in payment, or payments, to said fund or funds regardless of the job in connection with which the alleged delinquency occurred (which termination shall be considered "for cause"). If this Subcontract Agreement is terminated pursuant to this provision, Subcontractor shall be obliged to pay the entire cost of completion of work called for by this Subcontract Agreement and/or subcontractor contract(s) whether Builder has said work completed on a time and material basis or lets a new contract for completion of the work. If Builder elects not to terminate, pursuant to this provision, Subcontractor appoints Builder (and Subcontractor shall similarly bind his subcontractors to do so) as Subcontractor's agent to use Builder's judgment and discretion to pay such amounts as Builder believes is due and owing, pursuant to then existing collective bargaining agreements to the appropriate administrative office, out of funds Builder would otherwise be required to pay to Subcontractor. Builder's determination as to amount(s) to be paid, if any, shall be final.

28.3 The Contract Documents should be considered complimentary to each other, and what is called for in one shall be binding and enforceable as if called for in all.

Subcontractor
Initials [Signature] Date 5-18-00

Builder
Initials [Signature] Date 5/23

28.4 The term "Subcontractor" refers to the firm or individual, or series of individuals, or corporation, who is obligated to perform the obligations set forth in any phase of the Subcontract Agreement so endorsed by it or under its power of attorney.

28.5 If any provision of this Subcontract Agreement, or portion thereof, is determined by a court to be invalid, that determination shall not serve to invalidate the remainder of this Agreement or the remainder of provisions.

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

28.7 There are no understandings or agreements except as herein expressly stated. Time is of the essence for this Subcontract Agreement. This Subcontract Agreement shall not be interpreted for or against either party, but in accordance with its fair meaning. No court has the power or discretion to do anything other than to enforce the plain meaning of each contract provision. No legal theory shall or may ever be applied to avoid, circumvent or "get around" the plain meaning of this Subcontract Agreement.

28.8 Subcontractor's Agreement not to Contract: The parties acknowledge that Subcontractor may come into contact with Owners of specific lots. Subcontract agrees that Subcontractor or Subcontractor's employees, agents or representatives shall not contract directly with any prospective or current homeowner prior to close of escrow of Builder's homes. Subcontractor further acknowledges that violation of this provision is grounds for termination as is defined in Section 6 herein.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials RT Date 5-18-00

Builder
Initials JD Date 5/23

SUBCONTRACTOR NAME:

HNR Framing Sys. Inc

BY: [Signature]
Signature

BY: Robert R. Thomas
Print Name

TITLE: President

DATE: 5-18-00

BUILDER NAME:

BROOKFIELD HOMES SAN DIEGO INC.

BY: [Signature]
Signature

BY: Norm Drury
Print Name

TITLE: Director of Purchasing

DATE: 5/23/00

Subcontractor
Initials RT Date 5-18-00

Builder
Initials JD Date 5/23

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 31710 & 31711
SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
DATE: April 27, 2000

ATTACHMENT "B"
GENERAL SCOPE OF WORK
Rev. 9/17/97

1. Subcontractor shall furnish all required labor, supervision, material, equipment, supplies, transportation, insurance, licenses and special permits to install all FRAMING, LABOR, HARDWARE, LUMBER AND TRUSSES, complete, in accordance with all specifications and requirements of the Builder, City, County and other governing agencies having jurisdiction, and in accordance with all specifications outlined in this contract, and all plans and related documents referenced in Attachment "F", Plan List, attached herein.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. Subcontractor is aware that slabs are post-tensioned and understands that any saw-cutting, coring, jack hammering, or any other penetration of the concrete slab is specifically prohibited without prior written permission of the Builder.
4. Subcontractor shall furnish all labor, rough hardware, shots, discs, pins, nails, bolts, washers for anchor bolts, clip hangers, and any other necessary fasteners, post anchors and caps, hold down anchors, caulking, sealants and adhesives, "Moistop" flashing, bituthene, building paper, tools, services, equipment, (through framing inspection of last house from Builder supplied power source), and necessary supervision to provide complete framed structures including securing framing inspection and all carpentry work required for other trades.
5. All framing shall be straight, plumb, level and true and well nailed, bolted or otherwise fastened as required. All horizontal members shall be placed crown up (if wood) and shall not be spliced between bearings. All members shall have solid bearing without being shimmed. If excess deviation is found, at the option of the Builder, any and all structures may be checked and necessary corrections shall be made at the Subcontractor's expense. String line top plate and shim mudsill as needed to ensure straight plates.
6. BACKING AND/OR BLOCKING:
 - a. All work shall be coordinated with others including, but not limited to, finish carpenter (hardware), plumber, electrician, drywall, heating, stucco, tubs and showers and cabinet Subcontractors to determine proper backing or cutting.
 - b. Joints of all paneling, siding, sheathing, etc. shall occur at studs or shall be solidly blocked.
 - c. Subcontractor shall install all backing required for other trades including, but not limited to, drywall, cabinets, stucco, z-bar, plumbing valves and boxes, tub and shower enclosures, handrails, hardware, wardrobe door tracks, garage door optical sensors, wall and ceiling mounted light fixtures, window popouts and penetrations for sheetmetal, plumbing, electrical, cable and phone service panels.
 - d. Special backing shall be installed at dining room fixture outlet area with location to be determined by Builder.
8. Subcontractor shall install putty sill seal between slab and bottom plate at all perimeter walls.
9. Subcontractor's foreman shall attend any pre-job meetings and inspections pertaining to this Subcontractor's work which may be required by the Builder, the City, County or other governing agencies having jurisdiction.
10. Subcontractor shall store all lumber and bins at location approved by Builder's Project Superintendent and shall relocate lumber and bins as requested by Project Superintendent when necessary to prevent construction delays for other trades. All distribution from such storage areas, and relocation of storage areas shall be done by Subcontractor at no additional cost to Builder.
11. In the event that an area is required by Subcontractor for prefabrication and/or storage of materials, the Builder shall provide a location only if one is available. Security fencing or any other items necessary for such area shall be furnished by Subcontractor. Subcontractor shall be responsible for cleaning the area and stockpile any debris at the site, as designated by Project Superintendent.
12. All materials, installations and hardware shall be done in a good and workmanlike manner in accordance with manufacturer's and structural engineer's recommendations and meet or exceed minimum requirements of the City, County, other governing agencies having jurisdiction, and the Builder.
13. It is the Subcontractor's responsibility to ensure that only current approved drawings are being used. Any errors created by using wrong plans are Subcontractor's responsibility. *PLANS DATED 2/17/00 RKG*

BH-BS-005721


HNR Framing Systems Inc.


5-18-00
Date


Brookfield Homes San Diego Inc. *5/23/00*
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 31710 & 31711
SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
DATE: April 27, 2000

Contract # 31710 & 31711
BARRINGTON


14. Subcontractor agrees that contract amount includes the total scope of all rough carpentry operations through framing inspections, ready for drywall and stucco. Siding, arches, shutters, handrails, shadow boards and all wood trim on the exterior is included as part of this contract.
15. Subcontractor shall obtain from Builder's Project Superintendent and adhere to written rough opening dimensions from window, tub, fireplace, finish carpentry subcontractors and air conditioning and plumbing layouts for proper opening sizes.
16. All plumb and align material shall span from plate to plate. DO NOT "shoot" temporary blocks or braces into slabs.
17. All trim over garage door header shall be full length only. Fascia shall be one piece unless longer than 20'. Fascia splices shall never occur over entries, windows or garage doors. Leave 2" space between end of fascia and framed wall for lath and plaster.
18. Subcontractor shall chamfer all exposed beam ends per details, and bevel the lower pop-out window trim to allow positive water flow.
19. Subcontractor shall install joist hangers flush to bottom of support beam and, if applicable, plane joists and beams flush prior to installation of subfloor. Fill all rim joist voids for shear panels.
20. Subcontractor shall correct any and all crooked, twisted, bent or bowed studs and any other imperfect framing as required for a proper drywall installation. Any such repair work causing damage to the work of others shall be at this Subcontractor's expense.
21. All subflooring shall be completely screwed immediately after applying adhesives to joists, beams and hangers to prevent hardening prior to subfloor set. All such floors shall be guaranteed against squeaks for one year after occupancy. Subcontractor shall be responsible for cost of flooring contractor one time per lot to remove, replace, or repair flooring for access to floor squeaks during the guarantee period.
22. Subcontractor shall place and nail all roof sheathing and clip and countersink any and all roof sheathing nails exposed at roof overhangs. "Shiners" are not acceptable.
23. Subcontractor shall fill all hammer marks in trim materials, caulk and smooth any splits, and spackle rafter tails where roof sheathing nails have been clipped or counter sunk. All trim and siding shall be left in a "ready to paint" condition.
24. Install 1x2 resawn cedar at face of threshold extending one inch beyond rough opening at all aluminum sliders. (2x wolmanized in slab below slider by others.)
25. Skilled mechanics shall do all cutting and framing of wood members required to accommodate structural members, routing of plumbing, conduits, ducts and installation of mechanical, and electrical apparatus.
26. Build and install all F.A.U. platforms. Build and install water heater platforms. Cut plywood covers to be installed over drywall by others. Drywall installed by others. Plywood material shall be same as floor sheathing material. Install catwalks for attic F.A.U. units where required.
27. Any drops added or changed during Model construction shall be included in future phases whether or not shown on the plans, at a price agreed to after completion of the models.


HNR Framing Systems Inc. Date 5-18-00



Brookfield Homes San Diego Inc. Date 5/23/00

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 31710 & 31711
SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
DATE: April 27, 2000

28. If applicable, balconies and decks shall be installed with positive drainage in strict accordance with the plans. Balcony and deck underlayments shall be in strict accordance with "Materials Schedule" as referenced in Attachment "C" so as to maintain established decking warranty. (OSB is not an acceptable material for decks.) No material changes shall be permitted without prior written consent from Builder's Purchasing Department.
29. All lumber and plywood shall bear the grade stamp of a recognized lumber grading association.
30. All lumber and plywood shall be to the satisfaction of the Builder, governing agencies, structural calcs and contract specifications prior to authorization of payments.
31. All lumber and plywood deliveries shall be coordinated with the Builder's Project Superintendent.
32. Payments on framing lumber, plywood and trusses shall be made in the form of a joint check made payable to the Subcontractor and the supplier.
33. Exposed exterior wood siding, trim and fascia shall be selected by Subcontractor to eliminate imperfections or damages prior to installation so that all siding, trim and fascia will be in a "ready to paint" condition.
34. Subcontractor shall pre-cut and tack in place all ridge, hip and 1x4 shadow boards required for tile roofing. Permanent installation shall be done by roofer during roofing operations.
35. Subcontractor shall furnish and install all floor and roof truss systems complete, and all related transitional framing such as valley fills, jack rafters, headouts, etc.
36. Subcontractor shall furnish and install all wood architectural details per plan elevations such as siding, plant-ons, window surrounds, pot shelves, corbels, outlookers, seab-on rafter tails, interior popouts and niches. Subcontractor shall install 12" Moistop flashing, minimum 1" reveal at all wood surrounds. All horizontal surfaces shall be sloped to prevent holding water. All surrounds shall have square cuts, no miters. Bottom horizontal boards at surrounds shall be cut to fit between side boards which run through the joints.
37. Prices include all elevations per plans. There will be no extras paid for work related to "vague" plans, or "blind elevations" such as recessed entries, or for "general difficulty" factors which Subcontractor failed to observe during the bid process. There will be NO EXTRAS unless the plans change.
38. Subcontractor shall carefully frame all interior arches to true round, or install "Arch-Rite" in lieu of ripped plywood and blocks.


HNR Framing Systems Inc.

 5-18-00
Date


Brookfield Homes San Diego Inc.

5/23/00
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 31710 & 31711
SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
DATE: April 27, 2000

Contract # 31710 & 31711
BARRINGTON

ATTACHMENT "C"
SPECIFIC SCOPE OF WORK
Rev. 9/17/97

1. This contract shall include, but shall not be limited to, the following:

- a. Labor, lumber, floor trusses, and roof trusses.
- b. All catalog hardware, sealants, caulk, flashing, building paper and fasteners.
- c. All required tools and equipment.
- d. All backing, cutting, notching, chases, platforms and attic cutwalks.
- e. All dropped ceilings for plumbing, electric, HVAC, and cabinets.
- f. If applicable, installation of windows and exterior wood jambs.
- g. Screwed deck subflooring.
- h. 1" x 2" cedar or redwood face below sliding glass door thresholds.
- i. Ridge and hip boards pre-cut and tacked in place for roofer.
- j. All plant-ons, pot shelves, corbels and outlookers, per plans.
- k. All seab-on rafter tails 2x6 resawn and shaped ends per details.
- l. All interior popouts, niches.
- m. Shutters and false clay pipe projections by others.
- n. Furnish all plywood protecting tub covers at \$35 each.
- o. 1 x 6 ship lap starter boards over exposed rafter tails.

2. MATERIALS SCHEDULE:

Subcontractor shall furnish and install all lumber in the following grades and species, unless a higher grade is shown on plans, and shall bear all direct and indirect costs to "fix" or replace incorrect lumber:

<u>Sills:</u>	Per Structural Drawings.
<u>Plate:</u>	Per Structural Drawings.
<u>Blocking/Backing:</u>	Per Structural Drawings.
<u>Studs:</u>	Per Structural Drawings.
<u>Joists & Rafters:</u>	Per Structural Drawings.
<u>Headers & Beams:</u>	Per Structural Drawings.
<u>Plywood Subfloor:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" o.c. Group 1 (Pine or Douglas Fir) Exposure 1 plywood. OSB shall be acceptable.
<u>Waterproof Decks:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" span index Group 1 (Pine or Douglas Fir) Exterior plywood shall be acceptable.
<u>Open Decks:</u>	2x6 DF, #1, Select, S4S or TREX.
<u>Stairs:</u>	Interior: 1/2" plywood. Exterior: Same as Exterior Decks.
<u>Plywood Roof:</u>	APA rated sheathing, OSB or plywood, Exposure 1, span index and thickness per Architectural plans and notes.
<u>Fascia:</u>	Select Spruce- 1 X 8 (VJT) starter board. DF soleom for fascia, 1x6 spruce SLVJ starter board
<u>Garage Jambs:</u>	#1 DF #2 Resawn 1 sided 2 edges.
<u>Overhang:</u>	Same as roof sheathing, stucco over, except at exposed rafter tails, then 1x6 SL starter boards.

NOTE: No substitutions for grades or species shall be permitted without prior written authorization from Builder's Purchasing Department.

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 31710 & 31711
SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
DATE: April 27, 2000

3. It is further agreed that any increase in the cost of labor and/or material by Subcontractor subsequent to the expiration of prices as set forth in the Price Guarantee shall constitute termination and cancellation of the subcontract at the option of Builder.

4. PAYMENT SCHEDULE shall be as follows:

Lumber	--	100%	Upon complete delivery.
Trusses	--	100%	Upon complete delivery.
Labor	--	30%	Walls framed.
		20%	Floor joist.
		20%	Roof sheathed.
		20%	Framing pickup and inspection.
		10%	Retention - payable 30 days after approved completion.


HNR Framing Systems Inc.

Date


Brookfield Homes San Diego Inc.

Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:


HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
31710 & 31711
1600-5129/62-62-107-0000-000-51235 & 51240
April 27, 2000

BARRINGTON

ATTACHMENT "D"
OPTION PRICE LIST
Rev. 9/17/97

N/A

5/00

 5-18-00
HNR Framing Systems Inc. Date

 5/23
Brookfield Homes San Diego Inc Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 31710 & 31711
 SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
 DATE: April 27, 2000

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET

Rev. 9/16/97

C.F.
 M.P.
 L.H.
 O.S.

Approvals:
 Fwd Planning
 Dir. of Construction
 V.P. of Sales & Mktg
 Operations Dept.

CF 4/6/00
 4/11/00
 4/11/00

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 7

Lot No.: 22 thru 32
 Community: 62-62-107
 Tract: 12950

Original: 09/09/99
 Revised: 04/06/00 Color scheme added

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENUEER	FENCES & DECKS
1	0022	1AR	3701 Sandpoint Court	1	Espresso Casa Grande	1120	N/A	
2	0023	3B	3707 Sandpoint Court	2	Espresso Casa Grande	1120	Tuscany Country Rubble	
3	0024	2CR	3711 Sandpoint Court	3	Shake Brown Brushed	712	Morocco	
4	0025	3A	3715 Sandpoint Court	3	Espresso Tangelo	1952	N/A	
5	0026	3CR	3719 Sandpoint Court	1	Shake Brown Brushed	712	Morocco	
6	0027	3B	3722 Sandpoint Court	2	Espresso Casa Grande	1120	Tuscany Country Rubble	
7	0028	1A	3718 Sandpoint Court	3	Espresso Tangelo	1952	N/A	
8	0029	1CR	3714 Sandpoint Court	1	Shake Brown Brushed	712	Morocco	
9	0030	2DR	3710 Sandpoint Court	2	Espresso Casa Grande	1120	Tuscany Country Rubble	
10	0031	3AR	3706 Sandpoint Court	3	Espresso Tangelo	1952	N/A	
11	0032	1B	3702 Sandpoint Court	2	Espresso Casa Grande	1120	Tuscany Country Rubble	

PRODUCTION MIX RECAP:

PLAN 1A	1	PLAN 2A	0	PLAN 3A	1
PLAN 1AR	1	PLAN 2AR	0	PLAN 3AR	1
PLAN 1B	1	PLAN 2B	0	PLAN 3B	2
PLAN 1BR	0	PLAN 2BR	1	PLAN 3BR	0
PLAN 1C	0	PLAN 2C	0	PLAN 3C	0
PLAN 1CR	1	PLAN 2CR	1	PLAN 3CR	1
TOTAL 1:	4	TOTAL 2:	2	TOTAL 3:	5

MANUFACTURERS

Dunn Edwards Paints
 Marler Lignum
 El Corral Stone (Stone Veneer)
 Summit Brick (Brick Veneer)

FENCE & WALL COLORS

Wood Fence - Walnut Wash #8733M
 Fence Pilasters - Historic Tan #8741
 Common Walls & Pilasters - #8741 *
 * (Not House or Court yards)

Note: Upgraded court yard fence to match
 stucco, gate & trellis to match wood
 fencing # 8733M

SQUARE FOOTAGE:

	HOUSE	GARAGE	OPTIONAL DECK	TOTAL
Plan 1	1,957	508	128	2,593
Plan 2	2,160	430	160	2,750
Plan 3	2,287	458	128	2,873
Total	6,404	1,396	416	8,216

PLAN RECAP:

	HOUSE	# UN.	TOTAL
Plan 1	1,957	4	7,828
Plan 2	2,160	2	4,320
Plan 3	2,287	5	11,435
Total	6,404	11	23,583

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

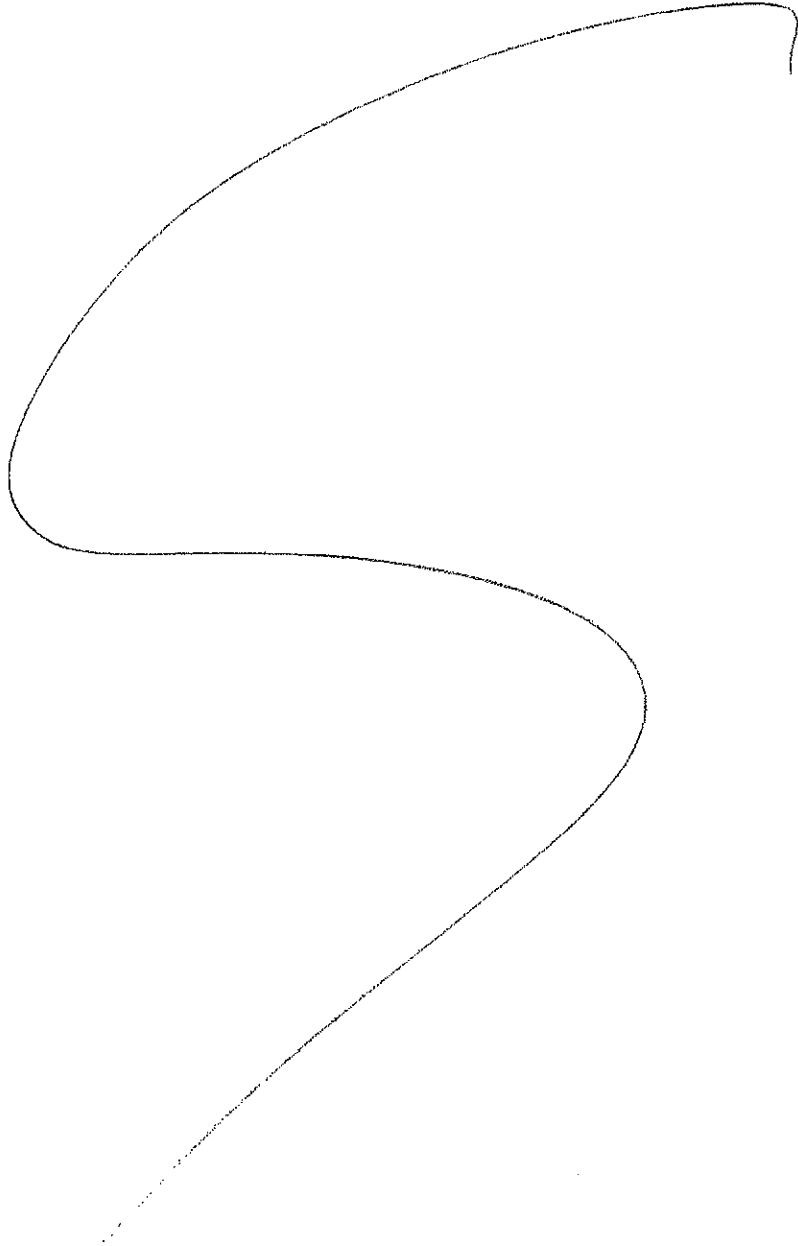
Date

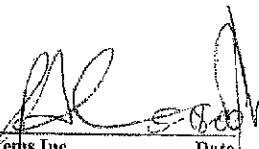
SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 31710 & 31711
SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
DATE: April 27, 2000


BARRINGTON

ATTACHMENT "F"
PLAN LIST
Rev. 9/16/97

1. Architectural Plans, entitled "Barrington at Calavera Hills, Carlsbad, California" dated May 1, 1999, by the Dahlin Group Architects Planners




HNR Framing Systems Inc. Date

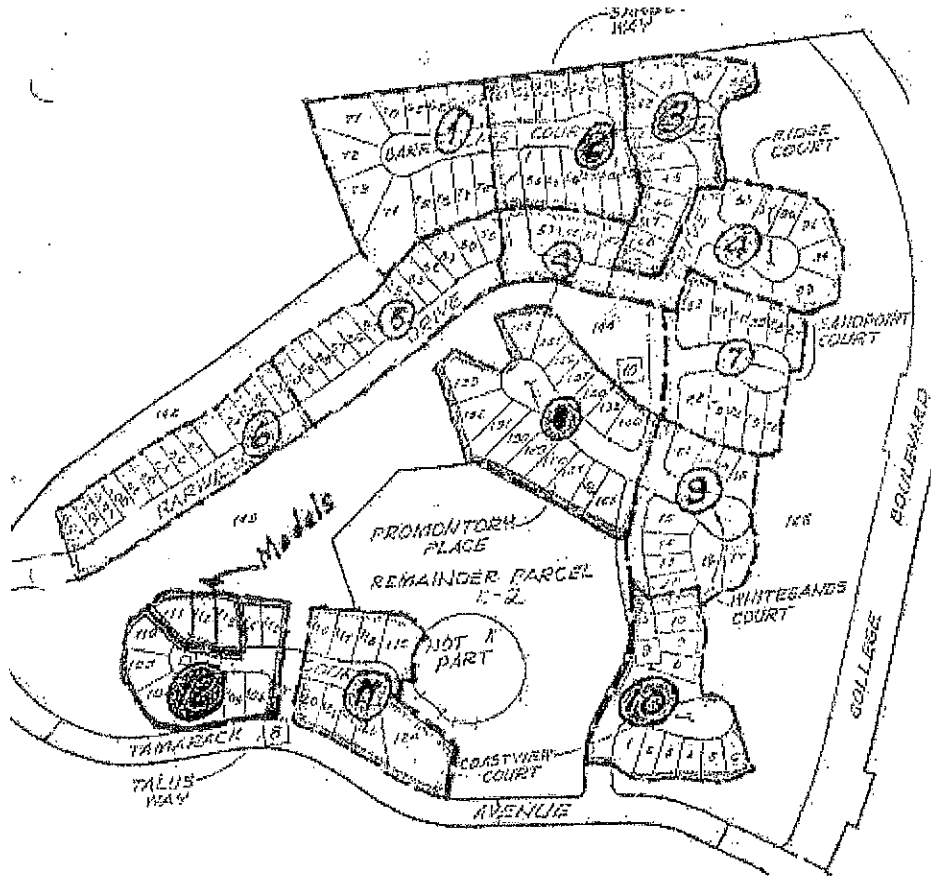
 5/23/00
Brookfield Homes San Diego Inc. Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
31710 & 31711
1600-5129/62-62-107-0000-000-51235 & 51240
April 27, 2000

BARRINGTON

ATTACHMENT "G"
SITE MAP
Rev. 9/16/97



HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

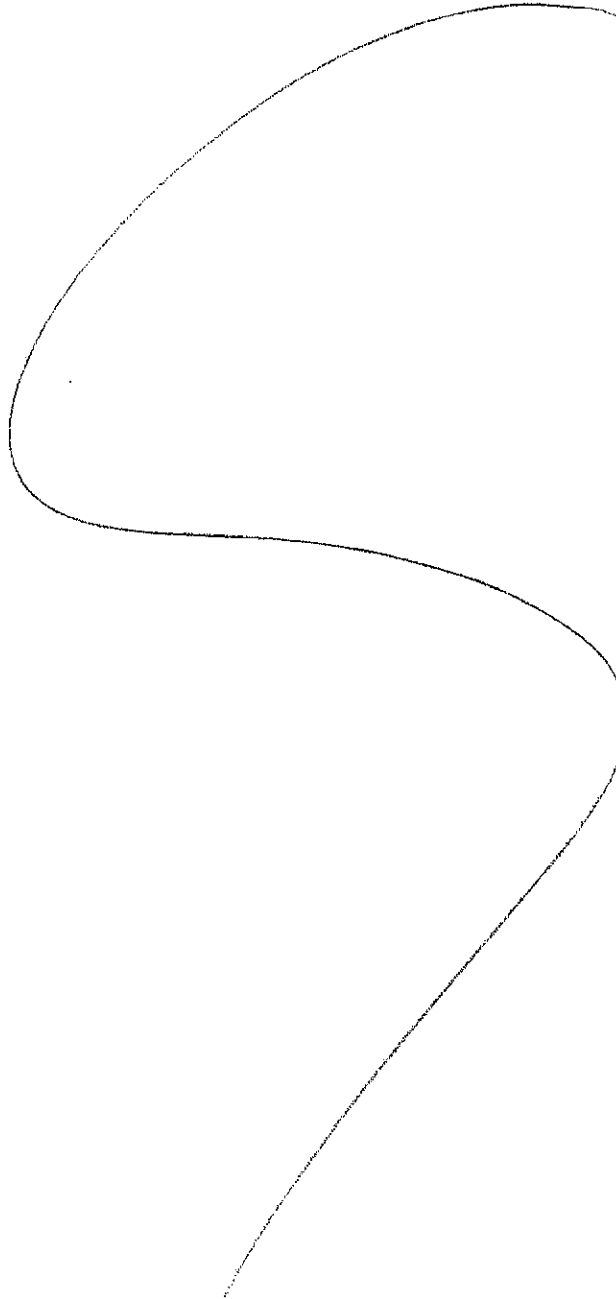
SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
31710 & 31711
1600-5129/62-62-107-0000-000-51235 & 51240
April 27, 2000

BARRINGTON

ATTACHMENT "H"
SAMPLE COMMITTING DOCUMENTS
Rev. 9/16/97

N/A



HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 31710 & 31711
SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
DATE: April 27, 2000

BARRINGTON

ATTACHMENT "I"
PRODUCTION SCHEDULE

Rev. 9/16/97

It is specifically understood that the Subcontractor hereby guarantees to complete a minimum of two (2) living units and garages each working day to the complete satisfaction and requirements of the Builder and all jurisdictional agencies, and shall maintain this production rate during the entire tenure of the contract. Failure on the part of the Subcontractor to maintain said minimum daily production rate for any reason whatsoever shall result in the Builder dismissing the Subcontractor from the jobsite and employing another Subcontractor to complete the required work. Any differences in cost as a result of said change shall be borne by the original Subcontractor.

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego, Inc.

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 31710 & 31711
SOLOMON CODE: 1600-5129/62-62-107-0000-000-51235 & 51240
DATE: April 27, 2000

BARRINGTON

ATTACHMENT "J"
CONTRACT PAYMENT SCHEDULE
Rev. 9/22/97

SEE ATTACHED ADDENDUM "5"

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACT AGREEMENT FOR CONSTRUCTION

This Agreement, made this 25th day of May 2000, by and between BROOKFIELD HOMES SAN DIEGO INC., a California corporation, acting as General Contractor and hereinafter referred to as "Builder", and HNR FRAMING SYSTEMS, INC., as a Subcontractor, is for the performance of part of the work in the following project:

PROJECT NAME & ADDRESS: Barrington
Carlsbad, California

PROJECT DESCRIPTION: Tract # 12950

PROJECT OWNER: Brookfield Barrington Inc.

CONSTRUCTION LENDER: Wells Fargo
ADDRESS & LOAN NUMBER: 401 "B" Street, Suite 304
San Diego, CA 92101
310/335-9437 - Angela Meick

PROJECT BUILDER: BROOKFIELD HOMES SAN DIEGO INC.
12865 Pointe Del Mar, Suite 200
Del Mar, California 92014
(619) 481-8500
(619) 794-6186

PROJECT ARCHITECT: Dahlin Group

GEOTECHNICAL ENGINEER: Geosols Inc.

PROJECT CIVIL ENGINEER: Hunsaker & Associates

ENERGY CONSULTANT: Haynal & Company

PROJECT STRUCTURAL ENGINEER: Horowitz Taylor Engineering

PROJECT LANDSCAPE ARCHITECT: Land Concern Ltd.

SUBCONTRACTOR NAME, ADDRESS: HNR Framing Systems Inc.
12345 Crosthwaite Circle
Poway, CA 92064
858/486-7471 - 858/486-7351 Fax

SUBCONTRACTOR PHONE/FAX:

SUBCONTRACTOR CONTACT: Robert Thomas
GENERAL SUPERINTENDENT: Dave Marsh
CUSTOMER SERVICE: Ruben Don
EMERGENCY AFTER HOURS PHONE: 858-486-2471

TRADE: Rough Carpentry

SUBCONTRACT AMOUNT:

Cost Code	Amount
51235/51240	\$482,985.00 - Phase 8
	\$307,979.00 - Phase 9

CONTRACT DOCUMENTS:

Attachment "A"	General Terms and Conditions
Attachment "B"	General Scope of Work
Attachment "C"	Specific Scope of Work
Attachment "D"	Option Pricing
Attachment "E"	Sequence Sheet
Attachment "F"	Plan List
Attachment "G"	Site Map
Attachment "H"	Production Schedule
Attachment "I"	Contract Payment Schedule
Attachment "J"	

HNR FRAMING SYSTEMS INC.

By: 

Title: President

Date: 6/21/00

BROOKFIELD HOMES SAN DIEGO INC.

A California corporation

By: 

Title: SVP

Date: 7/12/2000

SUBCONTRACTOR: HNI FRAMING SYSTEMS INC.
TRADE: ROUGH CARPENTRY
CONTRACT NO: 32471 thru 32474
SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
DATE: May 25, 2000

BARRINGTON

ATTACHMENT "A"
GENERAL TERMS AND CONDITIONS

Rev. 9/30/97

1. The Subcontractor is made aware that presence on the jobsite without all insurance requirements fulfilled and approved by Brookfield Homes San Diego Inc. is strictly prohibited.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. The acceptance by Subcontractor of final payment shall be and shall operate as a release to the Builder of all claims and all liability to Subcontractor for all things done or furnished in connection with this work. No payment, however, final or otherwise, shall operate to release Subcontractor or his sureties from any obligations under this Agreement or any performance and payment bond in connection with the work.
4. Subcontractor work orders signed at the project site by the Builder's Project Superintendent will serve only as acknowledgement that the work has been performed, not as a guarantee for payment.
5. Builder may back charge Subcontractor at any time for cost of corrective work plus \$100 for administration charges. In the event back charges are encountered, the Subcontractors involved shall negotiate the cost and payment with each other. Should the Subcontractors involved be unable to agree as to fault and cost of repair (back charges), Builder's representative shall arbitrate to reach an agreeable solution between the Subcontractors involved. Should Builder have to hold monies from one Subcontractor to pay another for back charges, a \$100 charge shall be assessed by Builder.
6. Subcontractor will protect the work of other trades and shall repair and correct any damages incurred to the work of other trades.
7. Alcohol, drugs, loud music, children and dogs are prohibited on the jobsite. Any written violations from Builder may result in termination of Subcontractor's contract.
8. Architectural intent shall take precedence should conflicts arise within architectural and structural documents, at the direction of the Builder's Project Superintendent, architect, and structural engineer.
9. Any and all layout required within the respective portions of the work shall be included.
10. Project shall be manned at all times with competent, English speaking supervision.
11. Prior to start of work, Subcontractor shall meet with Builder's Project Superintendent and related trades to coordinate all details, including contracts, plans, specifications, dimensions, schedules, models, prior production units and the like. Subcontractor agrees that he has inspected and accepted all conditions, and is aware of all details for which he is responsible.
12. Subcontractor's designated representative shall be present at weekly jobsite safety meetings to be scheduled by Builder's Project Superintendent.
13. Subcontractor is responsible for controlling dust, if appropriate, during the course of Subcontractor's work.
14. Subcontractor shall furnish and maintain any necessary barricades and warning signs/caution tape and shall control traffic as necessary.
15. Subcontractor or Subcontractor's employees, agents, or representatives shall not contract directly for any work or additions with a prospective or current homebuyer prior to close of escrow of Builder's homes. Contracting directly with the homebuyer will be considered a violation of Builder's contract and may result in termination of the contract.
16. Subcontractor shall keep site clean and provide for a safe work place. Debris shall be stacked inside each garage to be removed by others. Units shall be kicked out and swept by others after framing is complete.

BH-BS-005657

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SECTION 1: DESCRIPTION OF WORK, COST PER UNIT AND CONTRACT PRICE

Subcontractor agrees to furnish all labor, materials, installation, supplies, equipment, services, machinery, tools and other facilities of every kind and description required for the prompt and efficient execution of the work necessary to complete the described duties at the price specified. The job shall be completed in strict accordance with the terms and conditions of this Subcontract Agreement, any Performance Schedule provided by Builder, and the general conditions, specifications, plans and drawings prepared for Builder, all of which constitute and are referred to hereinafter as the "Contract Documents," and all applicable codes, ordinances, regulations and policies and to the full satisfaction and acceptance of Builder and applicable inspecting jurisdiction, including all cartage and applicable taxes of any nature whatsoever. The contract price shall be paid by Builder to the Subcontractor in accordance with payment provisions of this Subcontract Agreement. If the Contract Documents and/or codes are silent, the work shall be done in accordance with accepted industry standards.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 2: PAYMENT

2.1 Subcontractor will not be paid unless it has fully performed to the extent billed and until it has complied with all of the provisions of this section. Subcontractor shall submit all invoices for work and materials furnished, in duplicate, to Builder for approval. All invoices shall be accompanied by appropriate waiver and release documents in forms satisfactory to Builder, executed by Subcontractor, its laborers, subcontractors and all suppliers who furnished materials to said job to the date of the invoice(s). No payment made hereunder shall be construed as evidence of acceptance of any part of Subcontractor's work, nor a waiver of any claim by Builder or Project Owner arising out of faulty workmanship or materials or from failure of Subcontractor to comply strictly with the Contract Documents.

2.2 Pay-When Paid: Subcontractor shall be paid in accordance with the schedule and rate of retention set forth in the contract documents made by Owner to Builder, after each payment has been received by Builder from Owner, and only to the extent that the payment received by Builder from Owner includes payment for work performed by Subcontractor. Subcontractor understands that Subcontractor will be paid only from a special fund, and that such special fund is monies paid to the Builder by the Owner. If for any reason that fund does not come into existence, Subcontractor shall not be entitled to payment. The receipt of funds by Builder from Owner allocable to work performed by Subcontractor is a condition precedent to the Builder's obligation to make any progress payment to Subcontractor.

2.3 Terms of Payment: See Contract Payment Schedule in Attachment "I."

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 3: INDEPENDENT INVESTIGATION

3.1 Subcontractor hereby warrants that it has made its own careful and independent investigation and review of the jobsite conditions, plans, specifications, reports, Performance Schedule, and relevant statutes, codes, ordinances, regulations and policies and is fully familiar with the requirements and difficulties presented. Subcontractor hereby warrants and agrees it is not relying upon any opinion or representation of Builder not contained in this Subcontract Agreement or other documents incorporated herein. Subcontractor warrants that it has found no ambiguity or conflict in the plans and specifications other than those which have been disclosed in writing prior to the execution of this Subcontract Agreement.

3.2 Subcontractor also warrants that it has verified that all materials and equipment necessary to perform its work are available when and as needed pursuant to the Agreement and the Performance Schedule.

3.3 Subcontractor has visited the site and is familiar with the work completed, if any, including but not limited to, all work in the models and the most recent phase of production. Subcontractor is aware of all changes that have been made including those which may not be incorporated into the current set of plans and specifications, and it agrees that the contract price for the Scope of Work includes all previous changes. The Subcontractor understands that no additional compensation will be considered unless consistent with Section 9 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

Subcontractor Initials [Signature] Date 6/21/00

Builder Initials [Signature] Date _____

BH-BS-005658

SECTION 4: CLEAN UP/HAZARDOUS MATERIALS

4.1 Subcontractor agrees to clean up and remove from premises all waste materials, debris and spoil of every description which may accumulate in the building (if applicable) or about the premises as a result of its work. The premises must be left in a clean and acceptable manner as determined at Builder's sole discretion. Should the Subcontractor refuse or neglect to clean up or remove waste materials, debris and spoil upon being directed to do so by Builder, Builder may remove same or cause it to be removed by others and the Subcontractor shall suffer a deduction from its contract price for the expense incurred.

4.2 Subcontractor represents and warrants to Builder that it, its employees and agents will not release, discard, discharge or dispose of at the Project, on the ground or in the surface water thereof, any hazardous substance hereinafter defined. In the event Subcontractor breaches this representation or warranty, said breach shall, (i) constitute a material breach of this Subcontract Agreement, (ii) entitle Builder to the remedies provided in Section 6.1 of this Subcontract Agreement, and (iii) constitute damage to or destruction of property requiring the indemnification of Builder and Project Owner pursuant to Section 13 of this Subcontract Agreement. For purposes of this Subcontract Agreement, the term hazardous substance shall mean any chemical substance, oil, waste, petroleum or petroleum product, or other material which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant," under any Federal, State or local law, regulation or ordinance.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

SECTION 5: WORK COMMENCEMENT AND PROGRESS

5.1 Time is of the essence in this Subcontract Agreement. Subcontractor agrees to commence work to be performed hereunder within twenty-four (24) hours of receipt of notice to commence from Builder and to complete its work in accordance with Builder's Performance Schedule and all modifications thereto, which schedule is incorporated herein by reference and made a part hereof. Subcontractor warrants that it has reviewed the Performance Schedule and is satisfied with it and hereby agrees to review as necessary all modifications to that schedule which will be maintained in the jobsite office of Builder. Builder and Subcontractor recognize that from time-to-time final plans, schedules and specifications for a project may not be complete at the time of execution of the Subcontract Agreement. In such event, Subcontractor agrees to advise Builder of any objections within seventy-two (72) hours of notice from Builder that the plans, schedules or specifications have been finalized. If, in the opinion of Builder, at its sole discretion, Subcontractor is not furnishing sufficient men, materials or equipment to meet the Performance Schedule, Builder may exercise the options available to it in Section 6 of this Subcontract Agreement.

5.2 Builder shall maintain observation of the premises on which the work hereunder is to be performed and shall have the right to determine the Project working hours, the time and the priority of the work of other Subcontractors and all matters concerning the timely and orderly conduct of the work of the Subcontractor. Unless specifically noted herein, there are no assumptions relative to or limitations upon the number of move-ins required by the Subcontractor.

5.3 No Damage for Delay: It being expressly contemplated by the parties that in the event Subcontractor is delayed at any time in its performance of the work by act or neglect of the Owner, Architect, Builder, or any employee of Owner, Architect, Builder, or of a separate Contractor employed by Owner, or by changes ordered in the work, or by labor disputes, severe weather, fire, unusual delay in deliveries, work suspensions, acceleration, design defects, changes, unavoidable casualties, or other causes beyond Builder's control, or by delay authorized by Owner pending arbitration, or by other causes which Builder determines may justify delay, then Subcontractor's sole and exclusive remedy for delay shall be an extension of time for performance of the Subcontractor's work, except and unless such delay is the result of active intentional interference by the Builder and Owner. No claims for additional compensation or damages for delays, whether in the furnishing of material by Builder or delays by other subcontractors or Owner will be allowed by the Builder and said extension of time for completion shall be the sole remedy of Subcontractor. No allowance or extent of time referenced above shall be made unless a claim therefore is presented in writing to the Builder 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 Builder from completion of the entire project within the time that Owner allows Builder for such completion.

5.4 Subcontractor shall schedule its work and the presence of its employees at the jobsite and any deliveries of supplies or material by its materialmen and suppliers to the jobsite on such days, and at such times and during such hours, as may be directed by Builder. Subcontractor shall assume responsibility for such schedule compliance not only for its employees, but also for its materialmen and suppliers.

5.5 Subcontractor shall be responsible for the delivery, unloading, storing and protecting of all equipment, supplies and materials. All materials stored on the site must be stored in a container supplied by the Subcontractor. Garages or any other storage will not be supplied by Builder. Builder shall approve or disapprove Subcontractor's storage location at its sole discretion.

5.6 The Subcontractor shall abide by and conform to any procedures and schedules established by Builder which may be necessitated by Acts of God, Subcontractor's failure to comply with this Subcontract Agreement, or other

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

factors which affect completion. Subcontractor covenants and agrees to coordinate its work with other subcontractors and to cooperate with other subcontractors working on the Project.

5.7 Subcontractor shall examine the surface or area to which its work is to be attached or performed and shall report in writing any related work which is not suitable to accommodate its work. Subcontractor shall not proceed with the installation until same has been corrected. Commencement of work shall constitute an acceptance by Subcontractor of surfaces and conditions to which its work relates and it shall be fully responsible for obtaining proper and satisfactory results.

5.8 Responsibility for Other Trades: Subcontractor shall assume full responsibility for the defective work of others, if said Subcontractor accepts the work, or materials, and proceeds with its scope of work without written notification to Builder.

5.9 Liquidated Damages: The parties acknowledge and agree that Builder will suffer substantial damages if Subcontractor fails to complete the scope of work contemplated by the Subcontract Agreement within the duration of time and working days as specified by the Performance Schedule attached hereto. The parties realize that it will be extremely difficult and impractical, if not impossible, to ascertain with any degree of certainty the actual amount of Builder's damages in the event of such failure to perform by Subcontractor. Therefore, the parties hereby agree that \$ 2000 per day represents a reasonable estimate of such damages considering all of the circumstances existing on the date of execution of the Subcontract Agreement and that Builder shall have the right to retain the full amount of said sum against Subcontractor funds owed on this Subcontract Agreement, as a remedy to Builder's potential damages should Subcontractor default.

5.10 In the event a dispute arises between Builder and Subcontractor during Subcontractor's performance of the work, Subcontractor shall continue to perform its obligations under this Subcontract Agreement unless otherwise notified in writing by Builder.

By executing this Subcontract Agreement and affixing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 6: TERMINATION

6.1 Subcontractor shall perform the work in a prompt and diligent manner so as to promote the general progress at the entire project and shall not interfere with nor hinder the work of Builder or any other subcontractor. Subcontractor agrees to reimburse Builder for any and all damages which may be assessed against and collected from Builder, which are attributable to or caused by Subcontractor's failure to furnish the materials and perform the work required by the Subcontract Agreement in the manner provided for herein. If Builder shall deem it necessary, Subcontractor, on demand of Builder, shall provide additional workforces, overtime, additional shifts, and shall expedite the furnishing of materials so as to meet the Performance Schedule.

6.2 In the event the Subcontractor, at any time, refuses or neglects to supply a sufficient number of properly skilled workers or a sufficient quantity of materials of proper quality, or is adjudicated in bankruptcy, or files a reorganization proceeding, or commits any act of insolvency, or makes an assignment for benefit of creditors without Builder's consent, or fails to make prompt payment to his materialmen and/or laborers, or fails in any respect to promptly and diligently prosecute the work covered by this Subcontract Agreement, 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 fails to fulfill any of the provisions by him to be performed, or otherwise fails to fully perform any and all of the Subcontract Agreement herein contained, Builder may, at his option:

(a) After giving 24 hours written notice to Subcontractor to cure, provide any such labor and materials as may be necessary and deduct the cost thereof from any money then due or thereafter to become due to the Subcontractor under this Subcontract Agreement; or

(b) Should Subcontractor fail to cure the default referenced above within 24 hours, the builder may, at its option, terminate Subcontractor's right to proceed with the work and in that event, builder shall have the right to enter upon the premises of the project and take possession, for the purpose of completing the work under this Subcontract Agreement, of all materials, tools, equipment, and appliances of Subcontractor, and may employ any other person(s) to finish the work and provide the materials therefore.

6.3 In the event of such termination of Subcontractor's right to proceed with the work, said Subcontractor shall not be entitled to receive any further payment under this Subcontract Agreement until the work undertaken by Builder in its prime contract is completely finished. At that time, if the unpaid balance of the amount to be paid under this Subcontract Agreement exceeds the expenses incurred by Builder in finishing Subcontractor's work, such excess shall be paid by Builder to Subcontractor; but, if such expense shall exceed such unpaid balance, then Subcontractor shall promptly pay to Builder the amount by which such expense exceeds such unpaid balance. The term "expense" referred to in the last sentence shall include expenses incurred by Builder for furnishing materials, labor, equipment, and other expenses for finishing the work, for any attorney's fees incurred by Builder effectuating the instant termination or interpreting the instant Subcontract Agreement, and any damages sustained by Builder by reason of Subcontractor's

Subcontractor Initials [Signature] Date 6/21/00

Builder Initials [Signature] Date _____

default, plus a markup of 15 percent for general and administrative expense, and a 10 percent profit on any and all of such expenses. Builder shall have a lien upon all materials, tools and appliances taken possession of, as aforesaid, to secure the payment thereof. The notice referred to in this section will be sufficient and complete if written notification is given at the project site or when faxed or mailed to Subcontractor at his fax number or address as shown in this Subcontract Agreement.

6.4 Builder may withhold, or on account of subsequently discovered evidence, nullify the whole or part of any payment due to Subcontractor to such extent as may be necessary to protect Builder from loss, including costs and attorney's fees, on account of:

- (a) Defective work not remedied;
- (b) Claims filed or reasonable evidence indicating the probable filing thereof;
- (c) Failure of Subcontractor to make payments promptly to a subcontractor or for materials, labor, or fringe benefits;
- (d) A reasonable doubt that this Subcontract Agreement will be completed for the balance then unpaid; or
- (e) Damage to Builder or other subcontractors.

6.5 Subcontractor reserves the absolute right to terminate this Subcontract Agreement for any reason, including its own convenience. In the event of termination without cause, Subcontractor shall be entitled to payment only as follows:

- (a) Cost of the work actually performed in conformity with this Subcontract Agreement; plus
- (b) Ten percent (10%) of costs referred to in subparagraph (a) above, for overhead and profit.

However, in no event shall the Subcontractor be entitled to any amount that exceeds sections (a) and (b) above.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 7: LABOR

7.1 The parties agree and declare that the Subcontractor and Builder are separate, independent entities and that the Subcontractor has full responsibility for the performance of the work and the direction of its work force, subject only to the duty of the Subcontractor to cooperate with Builder and other subcontractors.

7.2 Subcontractor recognizes that in the performance of its work, it will be required to work side-by-side with other subcontractors and representatives of Builder on the Project. Builder and/or other subcontractors may not be signatory to collective bargaining agreements with the various labor organizations.

7.3 Subcontractor agrees that should there be picketing or a threat of picketing by any labor organization at or near the Project, Builder shall establish a reserved gate for use by the Subcontractor's employees and suppliers. In that event, it shall be the affirmative obligation of the Subcontractor, as a material consideration of this Subcontract Agreement and each and every other agreement between the parties hereto, to insure that its employees and other suppliers use only the gate or entryway designated by Builder. Notwithstanding the establishment or non-establishment of a reserved gate, it shall be the continuing obligation of the Subcontractor to properly staff the job with qualified employees without interruption or delay.

7.4 In the event the Subcontractor's employees refuse to work because of a labor dispute or grievance with the Subcontractor, Builder or some other subcontractor, it shall not relieve Subcontractor of its obligations to supply enough properly skilled workers to perform the work undertaken by it without interruption.

7.5 Subcontractor hereby warrants that it is not now nor will it be delinquent in the payment or reporting to any labor-management fringe benefit trust fund, and further that Subcontractor is not now nor will it appear on any delinquency list published by any labor-management fringe benefit trust fund.

7.6 When, in the judgment of Builder, Subcontractor shall have refused, neglected or failed to supply enough properly skilled workers, or otherwise shall have refused, neglected or failed to comply with the provisions of this Section 7, Builder shall be able to exercise its rights in accordance with Section 6 of this Subcontract Agreement.

7.7 Subcontractor also agrees to comply with all of the terms and provisions of any Equal Opportunities requirements imposed upon Builder, to the same extent as though said requirements were imposed upon Subcontractor.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

provided Builder informs Subcontractor of said requirements; and Subcontractors refusal to do so within forty-eight (48) hours of notice by Builder shall permit Builder to exercise its rights and remedies set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 8: TAXES

Subcontractor agrees to pay any and all taxes, including specifically, but not by way of limitation, sales taxes, use taxes, gross receipt taxes, excise taxes, old age benefits, withholding taxes, and unemployment compensation taxes under all State, local and Federal laws with respect to all materials furnished and employees engaged in the performance of this Subcontract Agreement.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 9: EXTRAS

9.1 It is understood and agreed that all labor and/or materials furnished by Subcontractor, even though said labor and/or materials are not specifically required or demanded by this Subcontract Agreement or the Contract Documents, shall nevertheless be deemed to be included within the scope of labor and/or materials properly and necessarily required for the performance hereof and not warranting additional compensation, subject only to the following exception and none other, to wit: that any labor and/or materials furnished hereunder that are authorized by Builder in writing, together with a definite statement in said authorization that said labor and/or materials shall be deemed an "Extra" and shall be paid for in addition to the subcontract price at a sum specified in said authorization. Builder may, at any time during the progress of said Project, order in writing, deviations, additions or omissions and the same shall not void this Subcontract Agreement, but the value thereof, as agreed upon in such written authorization, shall be added to, or deducted from, the contract price hereof. Any modifications in the work to be done by the Subcontractor that are changes requiring the substitution of certain work and/or materials for other work and/or materials originally required by this Subcontract Agreement, or by the plans and specifications incorporated into this Subcontract Agreement, will not entitle the Subcontractor to additional compensation unless the change order is in writing and specifically provides that it authorizes an "Extra" in a stated amount.

9.2 It is expressly agreed and understood by and between Builder and the Subcontractor that no "Extra" charge(s) will be paid without written authorization; that the subcontract price includes performing all work specified according to specification (when applicable), and that said work must comply with all City, County, State and Federal building codes and requirements.

9.3 An authorization for any extra work shall be obtained in writing by the use of the "Committing Document" form, a sample of which is attached hereto as Attachment "II". Attachment "II" is hereby incorporated by reference as part of this Subcontract Agreement, and wherever said forms are utilized and executed by the parties to this Subcontract Agreement, the terms thereof shall be fully enforceable as part of this Subcontract Agreement.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 10: DEVIATIONS

10.1 Subcontractor shall make no changes and shall be responsible for any deviation from the plans, specifications and/or drawings that it may make, and it may be required to re-do any non-conforming work to conform strictly to the plans, specifications and/or drawings unless a written authorization by Builder, addressed to the Subcontractor, shall be given setting forth specifically in detail what changes shall be made. The cost of changes, unless otherwise specifically agreed upon in writing, shall not exceed a credit for any work not required to be done as a result of such changes.

Subcontractor Initials [Signature] Date 6/21/00

Builder Initials [Signature] Date _____

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

SECTION 11: SAFETY (CAL/OSHA) AND DISCIPLINE

11.1 Subcontractor, Subcontractor's employees and agents, and any other party contracting with Subcontractor shall comply with all applicable Federal, State, local and any other legally required safety, environmental and health standards, orders, rules, regulations or other laws. Subcontractor shall bear full financial responsibility for the compliance of those persons referenced therein.

11.2 Should Subcontractor, Subcontractor's employees, Subcontractor's subcontractors, or their employees fail to comply within twenty-four (24) hours from the time Builder or any governmental agency issues Subcontractor a written notice of noncompliance, or within the time of an abatement period specified by any government agency, whichever period is shorter, Builder may exercise any of the remedies available to it under Section 6 of this Subcontract Agreement.

11.3 All equipment used on or near the Project shall be regularly inspected and certified as reliable and dependable and shall be maintained to ensure the safety of the operator and all others on or near the project. All electrical devices (such as cords, connectors, plugs, etc.), shall be in good condition and properly grounded. All injuries, regardless of severity, will be reported in writing to Builder within twenty-four (24) hours of occurrence.

11.4 All vehicles and/or persons driving vehicles on the Project must be licensed, properly insured and registered.

11.5 Drinking of alcoholic beverages or the use of any controlled substance at the Project is strictly prohibited. While Subcontractor's employees are prohibited from using the interior of any unit for coffee or lunch breaks, and no food or beverages are allowed inside the units, garages and other areas designated by Builder may be used. No dogs are permitted at the Project and radio volume will be controlled at the discretion of Builder. Subcontractor shall comply with all applicable noise abatement ordinances.

11.6 Subcontractor warrants it is aware of the OSHA Hazard Communication Standard and its requirements. Subcontractor is to supply Builder with a Material Safety Data Sheet (MSDS) for every hazardous substance Subcontractor has delivered or uses on the Project. The MSDS is required for any material(s) container label using the word(s) "DANGER," "CAUTION," "FLAMMABLE," or "WARNING." Subcontractor is to insure that all hazardous products are in a container with a label clearly identifying the chemical(s) with appropriate hazard warnings. All labels are to be in English, easily understandable and not defaced. When any substance is transferred from one container to another and is not immediately used solely by the person making the transfer, that container must be labeled with the hazard information from its source. Subcontractor is responsible for the control and disposal of all substance containers and their contents. No empty or partially empty container will be permitted to remain on the site after Subcontractor has finished using it. All empty containers shall be removed from the Project by the Subcontractor immediately.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

SECTION 12: PROTECTION OF WORK AGAINST DAMAGE OR INJURY

Subcontractor shall be responsible for protecting its own work, material and equipment and shall be responsible for the correction, replacement or repair of any of its work which is damaged prior to final completion of the Project. Subcontractor shall be responsible to Builder or third party subcontractors, as appropriate, for any damage to Builder's work or that of third party subcontractor to Builder whose work is damaged by Subcontractor. Subcontractor shall also protect adjacent property from injury or damage arising out of its work and shall repair or accept responsibility for any such injury or damage.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

SECTION 13: INDEMNITY.

13.1 INDEMNIFICATION AND DEFENSE OF BUILDER AND PROJECT OWNER. In connection with the performance of this Subcontract Agreement, to the extent permitted by law, and subject to the provision of Section 13.3 below, Subcontractor shall indemnify, defend and hold harmless Builder and Project Owner and their officers, agents and employees from and against any and all claims, losses, damages, demands, suits, injuries and liabilities (regardless of legal theory alleged), including all costs of litigation, mediation, arbitration and attorney's fees, arising from or relating to (1) any failure by Subcontractor to perform its obligations under this Subcontract Agreement, (2) any damage suffered by Builder and/or Project Owner and their officers, agents and employees relating to the work performed by Subcontractor, (3) the death of or injury to any person, or the damage to, or, loss of use of, loss of income from, or destruction of any property however caused, regardless of any negligence by Builder or the Project Owner and their officers, agents and employees be it active or passive, or by the use of Builder's equipment, labor or facilities regardless of whether (a) Builder shall have consented to such use, or (b) the death, injury or damage shall have been caused by unsafe conditions. The duty to defend herein shall arise immediately upon such claim, loss, damage, demand, suit, injury or liability being asserted against Builder and/or the Project Owner, and their officers, agents and employees.

13.2 RELEASE AND WAIVER OF CLAIMS. To the extent permitted by law, and subject to the provisions of Section 13.3 below, neither Builder nor the Project Owner or their officers, agents or employees shall be liable to Subcontractor (and Subcontractor hereby releases Builder and Project Owner and their officers, agents and employees therefrom, and Subcontractor hereby waives all such claims against Builder and/or the Project Owner and/or their officers, agents and employees) for death of or injury to any person, or damage to or loss of use of, loss of income from, or destruction of any property, from any cause during the performance of this Subcontract Agreement (including without limitation fire, earth settlement, earthquake, theft, embezzlement, riot, or civil commotion).

13.3 SOLE NEGLIGENCE OR WILLFUL MISCONDUCT. The provisions of Sections 13.1 and 13.2 above shall not apply to any claim or liability arising by reason of the sole negligence or willful misconduct of Builder, the Project Owner or their officers, agents or employees.

13.4 Should any monetary claim or legal action be instituted against Builder within ten years, or thereafter if permitted by law, after completion of the project by a homeowner or renter or the homeowners' or renters' assignee or successor, or other person or entity, wherein the claim or action alleges a breach of warranty or defect or poor workmanship in the construction, express or implied, or concerns any claim or complaint as to the work performed by Subcontractor, or not performed by Subcontractor where the work should have been performed by Subcontractor, then Subcontractor shall indemnify and reimburse Builder and be held strictly liable to Builder for any money paid by Builder or Owner, or Builder's or Owner's insurance company, by way of an adverse award or judgment or settlement, to any claimant or plaintiff should claimant or plaintiff prevail against Builder, and Subcontractor shall pay to Builder its attorney fees actually incurred in the defense of such claim or action. No release issued by Builder may or shall be considered a defense of the claim or complaint alleging construction defects, or faulty workmanship and/or faulty or defective materials, or problems in construction not discovered during the course of construction.

By executing this Subcontract Agreement and attesting herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 14: INSURANCE

Prior to commencement of any Work under this Agreement, Subcontractor shall, at its sole expense, fully comply with the terms of this Section 14.

14.1 GENERAL INSURANCE REQUIREMENTS Subcontractor shall not commence any work until it obtains all insurance required to be obtained by Subcontractor under this Subcontract Agreement. Builder will not permit Subcontractor to commence any portion of the work on the Project until Subcontractor has complied with all of the insurance requirements described in this Section 14.

All Insurance described under this Section 14 to be carried by Subcontractor will be maintained by Subcontractor at its sole expense with insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than an 'A' and financial rating of not less than '8' in the most current Best's Key Rating Guide. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of the Subcontract Agreement or such longer period as may be specified herein. Should Subcontractor fail in whole or in part to comply with any of the requirements set forth in this Section 14, such a failure shall be deemed a material breach to this Subcontract Agreement thereby entitling Builder to all available legal remedies including, but not limited to, those set forth in Section 6. Subcontractor may provide the insurance described in this Section 14 in whole or in part through a policy or policies covering other liabilities and projects of Subcontractor; provided, however, that any such policy or policies shall: (a) allocate to the Project the full amount of insurance required hereunder, and (b) contain, permit or otherwise unconditionally authorize the waiver contained in Paragraph 14 of this Section 14.

14.2 EVIDENCE OF INSURANCE. As evidence of specified insurance coverage, Subcontractor shall deliver and Builder will accept certificates issued by Subcontractor's insurance carrier applicable to Builder showing such policies in force for the specified period, but Builder has the right to require Subcontractor to submit for Builder's

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

review certified policies. Such evidence shall be delivered to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014, promptly upon execution of this Subcontract Agreement or prior to commencement of work, whichever occurs earliest. Such policy and certificate shall be subject to reasonable approval by Builder and shall provide that such policy shall not be subject to material alteration to the detriment of Builder or Subcontractor or cancellation without thirty (30) days notice in writing to be delivered by registered mail to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014. In the cancellation section of the Certificate of Insurance the Subcontractor shall delete the words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the Company, its agents or representatives." Should any policy expire or be canceled before the expiration of this Subcontract Agreement and Subcontractor fails immediately to procure other insurance as specified, Builder reserves the right, but shall have no obligation, to procure such insurance and to deduct the cost thereof from any sum due Subcontractor under this Subcontract Agreement. Builder reserves the right to withhold payment should Subcontractor fail to comply with all the insurance provisions described in this Section 14.

14.3 DAMAGES. Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Subcontractor should maintain or the extent of Subcontractor's responsibility or liability for payment of damages resulting from its operations under this Subcontract Agreement. The carrying of the insurance as specified herein shall not be construed to be a limitation of liability on the part of the Subcontractor, nor shall it relieve Subcontractor from any liability under this Subcontract Agreement as a matter of law.

14.4 WORKERS' COMPENSATION INSURANCE. Subcontractor shall maintain Workers' Compensation Insurance, including (a) Employer's Liability at a minimum limit of One Million Dollars (\$1,000,000) for all persons whom it employs in carrying out the work under this Subcontract Agreement. Such insurance shall be in strict accordance with the requirements of the most current and applicable Workers' Compensation Insurance Laws in effect from time to time at the Project site.

14.5 COMPREHENSIVE OR COMMERCIAL GENERAL LIABILITY INSURANCE. Subcontractor shall maintain Comprehensive or Commercial General Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, not to exceed \$10,000, with a combined single limit for bodily injury and property damage of Two Million Dollars (\$2,000,000), or limit carried whichever is greater, covering Operations, Independent Subcontractors, Products and Completed Operations (for 10 years after Final Acceptance), Contractual Liability specifically covering the indemnification contained in Section 13 of the Agreement, Broad Form Property Damage including Completed Operations, Severability of Interest and Cross Liability clauses, Prior Acts Exclusion stating the General Liability policy shall not include any limitation of coverage and/or exclusion including but not limited to Prior Acts Exclusion and/or condominium/detached housing exclusion, Personal Injury and Explosion, Collapse and Underground Hazards (X,C,U). The limits of liability specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

14.6 AUTOMOBILE LIABILITY INSURANCE. Subcontractor shall maintain any and all owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Subcontractor in connection with this Subcontract Agreement with a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or limit carried, whichever is greater.

14.7 WAIVER OF SUBROGATION. Subcontractor hereby waives all rights against Builder for damages caused by fire and other perils and risks to the extent covered by Subcontractor's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to Builder and Owner such other parties specifically listed as additional insureds in Paragraph 14.8 below.


14.8 ADDITIONAL INSURED. We will only accept Additional Insured Endorsements that cover completed operations. Builder shall be included as an additional insured under the coverage specified in Paragraph 14.5, of this Section 14 with the following language included on the endorsement: It is understood and agreed that coverage afforded by this policy shall also apply to Brookfield Homes San Diego Inc., its officers, directors, agents, employees, divisions, subsidiaries, shareholders, partners, affiliated companies and owners, any lender with an interest in said Project, and all other parties listed as Indemnified Parties under the Subcontract Agreement with Brookfield Homes San Diego Inc., all as additional insureds, but only with respect to alleged legal liabilities or alleged claims caused by, arising out of or resulting from the acts or omissions of the named insured or of others performed on behalf of the named insured.

14.9 PRIMARY ENDORSEMENT. The following language must be included on endorsement: This Insurance is primary and any other insurance maintained by such additional insureds is noncontributing with this insurance as respects claims or liability arising out of or resulting from the acts or omissions of the named insured, or of others performed on behalf of the named insured.

14.10 AIRCRAFT LIABILITY INSURANCE. If the work involves aircraft, Subcontractor shall maintain a combined single limit for bodily injury and property damage liability of not less than Ten Million Dollars (\$10,000,000) per occurrence, or limit carried, whichever is greater, covering owned and non-owned aircraft. The whole of the aircraft shall be insured as required by Subcontractor or Builder.

14.11 RELATIONSHIP OF INSURANCE COVERAGE. The insurance required pursuant to this Section 14, shall, as far as applicable, specifically insure Subcontractor's obligations pursuant to Section 13, Indemnity, and, in particular and without limitation, the liability insurance required pursuant to Section 14 shall insure Subcontractor's obligations pursuant to Section 13. However, Subcontractor's obligations pursuant to Section 13 shall not be limited to the amount of insurance required of or carried by Subcontractor pursuant to Section 14.

Subcontractor
Initials  Date 6/21/00

Builder
Initials  Date _____

14.12 If builder fails to enforce any of these insurance requirements, such failure shall not constitute a waiver of such requirements nor shall any waiver of any provision hereof be effective unless made in writing and signed by the President or Chief Financial Officer of Brookfield Homes San Diego Inc.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 15: SUBCONTRACTOR'S PERMITS AND LICENSES

Except as otherwise expressed and provided in this Agreement, Subcontractor will obtain all consents, approvals, licenses or permits required by any governmental authority having jurisdiction over the Project or any part thereof, including plans and specifications. The costs of all consents, approvals, licenses or permits and the payment of all fees relating thereto shall be paid by Subcontractor except those as to which Builder has expressly agreed in writing either to obtain and pay for, or to reimburse Subcontractor therefor. In jurisdictions where Builder has been required to obtain a master permit covering, in part, work to be performed by Subcontractor, Builder may deduct the pro rata cost of Subcontractor's portion of said permit from the contract price.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 16: INSPECTION AND RE-INSPECTION

An authorized representative of the Subcontractor will accompany Builder on any inspection tours which may be required by Builder or any governmental agency having jurisdiction thereof. Subcontractor shall be charged for all re-inspections resulting from unacceptable materials and workmanship.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 17: PREVENTION OF LIENS

17.1 Subcontractor agrees to pay when due all claims for labor and/or materials supplied or furnished hereunder, and to prevent the filing of any lien by mechanics or materialmen, or the institution of any attachments, garnishments or suits involving the title of the property upon which the improvements are erected. Subcontractor agrees within five (5) days after receipt of written notice, by certified mail or comparable means of delivery, to cause the effect of any such suit or lien to be removed from the premises, and in the event the Subcontractor shall fail to do so, Builder is authorized to use whatever means it may deem best to cause said lien, attachment or suit, together with its effect upon the title, to be removed, discharged, compromised or dismissed, and the costs thereof, together with reasonable attorney's fees, shall become immediately due Builder. Builder shall be entitled to withhold 150 percent of all outstanding liens filed by Subcontractor's subcontractors and/or suppliers until appropriate Mechanic's Lien Release Bonds or recordable releases of the same have been provided to Builder. Subcontractor may litigate any such lien or suit, provided it causes the effect thereof to be removed from the premises and executes and delivers to Builder such affidavits, contracts, bills, records, accounts, etc., as Builder may deem necessary for its protection in such event.

17.2 In the event Builder is served with any Writ of Attachment, Writ of Execution, Notice of Levy (Federal or State), or other legal process for any debt or alleged debt of Subcontractor at any time during the period of this Subcontract Agreement prior to completion, Builder shall automatically be entitled to keep and retain any funds or monies then due Subcontractor for work and materials furnished and/or previously billed and approved but unpaid to Subcontractor. It is understood and agreed that the purpose of the preceding sentence is to guarantee that Builder shall have sufficient funds with which to complete Subcontractor's duties under this Subcontract Agreement if the suit or levy out of which the above legal process arose should, in Builder's opinion, make it difficult or impossible for Subcontractor to finish the work herein required. Service upon Builder of such process shall be deemed a breach of this Subcontract Agreement and Builder shall give Subcontractor five (5) days written notice to remove said levy, and Subcontractor's failure to do so shall entitle Builder to the same rights as set forth in Section 6 of this Subcontract Agreement.

Subcontractor Initials [Signature] Date 6/21/00

Builder Initials [Signature] Date _____

BH-BS-005666

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 18: ASSIGNMENT OR SUBCONTRACTING

Subcontractor shall not assign or subcontract any portion of this Subcontract Agreement, or the proceeds thereof, without first obtaining permission in writing from Builder and then only subject to the provisions of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 19: ATTORNEY'S FEES

If either party to this Subcontract Agreement institutes litigation or arbitration with the other party, or against the surety of such party, arising out of the terms and conditions of this Subcontract Agreement, or performance under this Subcontract Agreement, the prevailing party shall be entitled to recovery from the other party, all associated costs, including but not limited to, costs of investigation, court costs and all reasonable attorneys' fees incurred in good faith. Unless judgment goes by default, the attorneys' fees incurred by the prevailing party shall be presumed reasonable and shall be awarded. It is the intention of the parties to fully compensate the prevailing party for all attorneys' fees paid or incurred in good faith.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 20: SURETY BOND

If requested by Builder for any reason whatsoever, Subcontractor further agrees that it will, within ten (10) days from written notification by Builder, provide Builder with a bond, conditioned upon faithful performance of this Subcontract Agreement in all its particulars and/or a labor and material bond, duly executed with a surety company acceptable to Builder, as surety, and in form and content acceptable to Builder. Builder will reimburse Subcontractor for the expense of such bond up to one percent (1%) of the total contract price. If a bond is required and Subcontractor fails or refuses to provide such a bond within ten (10) days after request, such refusal shall be sufficient grounds for termination as set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 21: SUPERVISION

21.1 The Subcontractor, or its representatives, shall exercise full time general supervision in and over all phases of its operation to ensure correct performance of the Scope of Work. Builder, or its representatives, shall have access to any and all parts of the Subcontractor's storage facilities, including but not limited to the construction grounds, and may at any time inspect, sample, test or require tests to be taken on any materials furnished or ordered to be used in the construction of the units described in the Contract Documents.

21.2 The Subcontractor shall be responsible to and answer directly to Builder, or its representatives, for the acts or omissions of its employees and of all persons directly or indirectly employed or retained by it in connection with its work under the Contract Documents.

21.3 The Subcontractor shall at all times respect the judgment and authority of Builder representatives acting in the capacity of job superintendent. The Subcontractor shall report to Builder representatives in writing any and all criticism, materials shortages, labor trouble or other conditions or circumstances which in any way affect the performance of its duties or completion of the job.

Subcontractor Initials [Signature] Date 6/21/00 Builder Initials [Signature] Date _____

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RLG Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 22: PLANS AND SPECIFICATIONS

22.1 Subcontractor will comply with all City, County and Federal ordinances, statutes including the applicable building codes and manufactured specifications and requirements. No work is to be deemed complete until final inspection and approval by appropriate public agencies, as well as acceptance by Builder. Such acceptance and/or payment by Builder shall not bar any claim against Subcontractor for defects in workmanship or materials or deviations from said plans, drawings or specifications or from said rules, regulations and requirements. If a conflict or ambiguity occurs between the Subcontract Agreement, Scope of Work, Addenda, plans & specifications, or applicable codes or regulations, the more stringent, as determined by Builder, shall apply. Builder assumes no liability for failure of the plans and/or specifications to comply with such requirements, and it is conclusively presumed that Subcontractor is familiar with all of said requirements and that the work to be performed or the materials to be furnished hereunder by the Subcontractor are to be in strict accordance with said requirements, irrespective of the provisions of the plans and/or specifications.

22.2 Subcontractor shall bear the entire expense of complying with this section of the Subcontract Agreement and shall receive no extra or additional compensation therefor.

22.3 It shall be the responsibility of the Subcontractor to check all figures, measurements and any work of a prior Subcontractor (contracted to perform the same Scope of Work) prior to commencing work, and any discrepancies apparent to him must be reported in writing to Builder immediately for adjustment. Failure to comply in this respect, and any additional costs resulting from noncompliance, shall be the responsibility of the Subcontractor.

22.4 It shall be the responsibility of the Subcontractor to submit for approval by Builder and/or its Architect any necessary shop drawings, diagrams, samples, material lists, brochures, etc., at Subcontractor's sole expense. Said submittal shall conform to the Contract Documents. If the submittal deviates from the Contract Documents, it shall be the obligation of the Subcontractor to give notice in writing to Builder of the deviation. In the absence of such notice, any approval by Builder or its Architect of a submittal which deviates from the Contract Documents shall be void at the sole discretion of Builder and the Subcontractor shall be responsible to Builder to bring its work into compliance with the Contract Documents and for any cost or damage which results from the deviation.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RLG Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 23: QUALITY, MATERIALS AND WORKMANSHIP

23.1 Whenever any manufactured article, implement or series of articles or implements is mentioned in the specifications by name, trade or manufacturer's name, it is intended to establish a standard of merit and quality. The intent of this definition is to require quality materials and workmanship; however, substitutes of equal merit may be used by the Subcontractor, but only upon the written consent of Builder or its authorized representative. Under no circumstances shall a substitute material be used which will not conform to requirements set forth in the Contract Documents.

23.2 It is the responsibility of the Subcontractor to inspect all materials for manufacturer's defects or transport damage prior to installation. All defective or damaged materials will be rejected. Upon the completion of each unit, Subcontractor shall inspect all work performed and repair immediately any and all unacceptable workmanship. Subcontractor shall notify Builder or its representative of the completion of each unit, and Subcontractor will repair or replace any workmanship or materials Builder deems in its sole discretion unacceptable.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials RLG Date 6/21/00 Builder Initials [Signature] Date _____

SECTION 24: CHANGES TO PLANS AND SPECIFICATIONS

24.1 Should any changes to the plans and the specifications be required after the signing of the Contract Documents, it shall be the responsibility of the Subcontractor to advise Builder in writing of the effects upon its portion of the work under this Subcontract Agreement. The Subcontractor shall perform no additional work nor shall it decrease its obligation under the Subcontract Agreement without the written consent of and compensation adjustment from

Subcontractor Initials RLG Date 6/21/00 Builder Initials [Signature] Date _____

Builder. In the event of any dispute arising between Builder and Subcontractor over the value of extra work, or whether certain work is "Extra" or within the scope of this Subcontract Agreement, it shall be the obligation of Subcontractor to complete the disputed work under protest. Any refusal to perform disputed work shall constitute a material breach of this Subcontract Agreement authorizing Builder to resort to its remedies set forth in Section 6 of this Subcontract Agreement.

24.2 In the event the Subcontractor proposes a change or deviation from the plans and specifications and Builder agrees with the proposed change or deviation, it shall be the obligation of the Subcontractor to indemnify Builder for any increased costs incurred by a Builder as a result of any such change or deviation proposed by Subcontractor including, but not limited to, architectural or engineering fees.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

SECTION 25: GUARANTEES

25.1 Subcontractor does hereby expressly guarantee the Project Owner, Builder, and their successors in interest in the work, against any loss or damage arising from any defect in materials furnished or workmanship performed under or pursuant to this Subcontract Agreement for a period coterminous with Builder's responsibility to its successors in interest, whether express or implied by law. Subcontractor acknowledges that it is familiar with and has reviewed the Builder's homeowner limited warranty and is aware that it is available in Builder's corporate office for review. A longer period may be required by (i) specifications; (ii) the Veterans Administration (VA) or the Federal Housing Administration (FHA); or (iii) applicable law, in which case the guarantee period shall correspond with the guarantee required by VA, FHA and/or applicable law. In no event, however, shall the guarantee period be less than one (1) year from the date of filing the Notice of Completion or occupancy, whichever occurs later.

25.2 It shall be the responsibility of the Subcontractor, during construction of all phases of the Project, to contact Builder or its representative daily to receive any and all notices of discrepancies. The Subcontractor shall immediately arrange for the correction of any and all such discrepancies and shall notify Builder upon completion of the work necessary to correct the discrepancy within two (2) business days after notification. Payments may be withheld pursuant to Section 2 until such time as the discrepancies are eliminated. If the Subcontractor does not act promptly to correct such deficiencies, Builder may independently arrange for the correction of any and/or all such discrepancies and for payment of the cost thereof. Builder shall have the right to back charge such costs or setoff the amount thereof against any sums owing Subcontractor hereunder or otherwise.

25.3 It shall be the responsibility of the Subcontractor, after the completion of the last phase of the Project on which the Subcontractor performed work and during the guarantee period, to correct any and all discrepancies and defects in workmanship and/or materials performed or supplied by Subcontractor on the work of construction, within five (5) business days after notification of such discrepancies and defects by Builder. Subcontractor shall notify Builder immediately upon completion of work performed or materials supplied necessary to eliminate the discrepancies and defects. Should the Subcontractor fail to comply with the Builder discrepancy notice within five (5) business days after notification, Builder may independently arrange for the correction of any and/or all such discrepancies and the Subcontractor shall reimburse Builder for the cost thereof. Builder shall have the right to back charge such costs or offset the amount thereof against any sums owing Subcontractor hereunder or arising out of other projects or phases of this Project.

25.4 Nothing contained in Sections 25.1 through 25.3 shall limit Subcontractor's liability to Builder as provided for in Sections 13.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

SECTION 26: WARRANTY

Subcontractor agrees to perform all work in a first class, workmanlike manner. At a minimum, work shall be equal to the HUD/FHA Minimum Property Standards; in accordance with all Municipal, County, and State building codes, and in accordance with the terms and dates as outlined in the Builder's limited warranty.

Unless otherwise specified herein, Subcontractor guarantees his work against all defects of materials and workmanship for a period of one year from the date of the certificate of occupancy as issued by the governmental agency having jurisdiction over the construction. This warranty shall be in addition to all other rights and privileges which the Builder may have under any other law. Neither the final payment nor any provision in the contract documents shall relieve the Subcontractor of responsibility for faulty materials or workmanship.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

Subcontractor shall remedy, as its sole cost and expense, any defects due to its faulty materials or workmanship and pay for any damage to other work or materials resulting therefrom, within ten (10) working days after being notified by the Builder.

In an emergency, as defined in the Builder limited warranty documents, notification of the Subcontractor will be by phone with a written service order to follow.

Subcontractor shall provide a 24-hour emergency number and service.

☒ 24-hour number and service not required

Subcontractor will be notified of non-emergency items by written service order. Service order forms indicating the completion of remedial work must be signed and dated by the Subcontractor or Subcontractor's representative who performs the work and returned to the Builder. Until the signed service order is received in the Builder office, the work will be considered to be incomplete.

The Builder retains the right to assign remedial work that is not completed within the established time frame to another Subcontractor and charge the cost of such work to Subcontractor. Adequate funds may be retained at the Builder's option, from any payments then due to Subcontractor until all remedial work over ten (10) days old is completed.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

SECTION 27: NOTICES

Any and all notices or other communications required or permitted by this Subcontract Agreement or by law to be served on, given to or delivered to either party hereto (Builder and Subcontractor), by the other party shall be in writing and shall be deemed duly served, given or delivered when (i) personally delivered to the party to whom it is addressed; (ii) deposited in the U.S. Mail, first class postage prepaid, addressed to Builder or Subcontractor at the addresses herein before set forth; or (iii) sent by telegram to Builder or Subcontractor at the addresses hereinbefore set forth.

By executing this Subcontract Agreement and Initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

SECTION 28: MISCELLANEOUS

28.1 Subcontractor further agrees to hold Builder and the Project Owner and their officers, directors, agents and employees harmless from any expense of any nature arising out of any and all claims (including, but not limited to, claims that may be presented by virtue of any contract or employment under the Subcontractor) for union welfare, pension, vacation, apprenticeship, owner-operator, health and welfare, and related types of payment obligations connected with the job herein referred to, whether or not well-founded.

28.2 In addition to the provisions and remedies contained in Section 6, or any other provisions hereinbefore stated, Builder may terminate this Subcontract Agreement with the Subcontractor or its subcontractors (and the Subcontractor shall so provide in contracts with its subcontractors), in the event that the Subcontractor or its subcontractors are listed by the administrative office of the appropriate health and welfare, pension, vacation or apprentice funds as being delinquent in payment, or payments, to said fund or funds regardless of the job in connection with which the alleged delinquency occurred (which termination shall be considered "for cause"). If this Subcontract Agreement is terminated pursuant to this provision, Subcontractor shall be obliged to pay the entire cost of completion of work called for by this Subcontract Agreement and/or subcontractor contract(s) whether Builder has said work completed on a time and material basis or lets a new contract for completion of the work. If Builder elects not to terminate, pursuant to this provision, Subcontractor appoints Builder (and Subcontractor shall similarly bind his subcontractors to do so) as Subcontractor's agent to use Builder's judgment and discretion to pay such amounts as Builder believes is due and owing, pursuant to then existing collective bargaining agreements to the appropriate administrative office, out of funds Builder would otherwise be required to pay to Subcontractor. Builder's determination as to amount(s) to be paid, if any, shall be final.

28.3 The Contract Documents should be considered complimentary to each other, and what is called for in one shall be binding and enforceable as if called for in all.

Subcontractor
Initials [Signature] Date 6/21/00

Builder
Initials [Signature] Date _____

BH-BS-005670

28.4 The term "Subcontractor" refers to the firm or individual, or series of individuals, or corporation, who is obligated to perform the obligations set forth in any phase of the Subcontract Agreement so endorsed by it or under its power of attorney.

28.5 If any provision of this Subcontract Agreement, or portion thereof, is determined by a court to be invalid, that determination shall not serve to invalidate the remainder of this Agreement or the remainder of provisions.

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

28.7 There are no understandings or agreements except as herein expressly stated. Time is of the essence for this Subcontract Agreement. This Subcontract Agreement shall not be interpreted for or against either party, but in accordance with its fair meaning. No court has the power or discretion to do anything other than to enforce the plain meaning of each contract provision. No legal theory shall or may ever be applied to avoid, circumvent or "get around" the plain meaning of this Subcontract Agreement.

28.8 Subcontractor's Agreement not to Contract: The parties acknowledge that Subcontractor may come into contact with Owners of specific lots. Subcontract agrees that Subcontractor or Subcontractor's employees, agents or representatives shall not contract directly with any prospective or current homeowner prior to close of escrow of Builder's homes. Subcontractor further acknowledges that violation of this provision is grounds for termination as is defined in Section 6 herein.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials RLT Date 6/21/00

Builder
Initials MM Date

SUBCONTRACTOR NAME:

BUILDER NAME:
BROOKFIELD HOMES SAN DIEGO INC.

BY: [Signature]
Signature

BY: [Signature]
Signature

BY: Robert A. Thomas
Print Name

BY: _____
Print Name

TITLE: President

TITLE: _____

DATE: 6/21/00

DATE: 7/17/2000

Subcontractor
Initials RLT Date 6/21/00

Builder
Initials MM Date

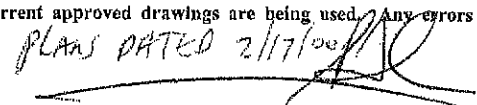
BH-B5-005671

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 32471 thru 32474
SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
DATE: May 25, 2000

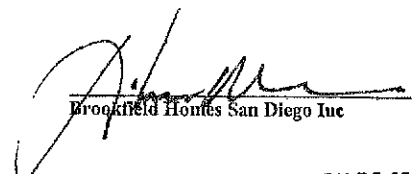
Cont. # 32471, 32472, 32473 & 32474
BARRINGTON

ATTACHMENT "B"
GENERAL SCOPE OF WORK
Rev. 9/17/97

1. Subcontractor shall furnish all required labor, supervision, material, equipment, supplies, transportation, insurance, licenses and special permits to install all FRAMING, LABOR, HARDWARE, LUMBER AND TRUSSES, complete, in accordance with all specifications and requirements of the Builder, City, County and other governing agencies having jurisdiction, and in accordance with all specifications outlined in this contract, and all plans and related documents referenced in Attachment "F", Plan List, attached herein.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. Subcontractor is aware that slabs are post-tensioned and understands that any saw-cutting, coring, jack hammering, or any other penetration of the concrete slab is specifically prohibited without prior written permission of the Builder.
4. Subcontractor shall furnish all labor, rough hardware, shots, discs, pins, nails, bolts, washers for anchor bolts, clip hangers, and any other necessary fasteners, post anchors and caps, hold down anchors, caulking, sealants and adhesives, "Moistop" flashing, bituthene, building paper, tools, services, equipment, (through framing inspection of last house from Builder supplied power source), and necessary supervision to provide complete framed structures including securing framing inspection and all carpentry work required for other trades.
5. All framing shall be straight, plumb, level and true and well nailed, bolted or otherwise fastened as required. All horizontal members shall be placed crown up (if wood) and shall not be spliced between bearings. All members shall have solid bearing without being shimmed. If excess deviation is found, at the option of the Builder, any and all structures may be checked and necessary corrections shall be made at the Subcontractor's expense. String line top plate and shim mudsill as needed to ensure straight plates.
6. BACKING AND/OR BLOCKING:
 - a. All work shall be coordinated with others including, but not limited to, finish carpenter (hardware), plumber, electrician, drywall, heating, stucco, tubs and showers and cabinet Subcontractors to determine proper backing or cutting.
 - b. Joints of all paneling, siding, sheathing, etc. shall occur at studs or shall be solidly blocked.
 - c. Subcontractor shall install all backing required for other trades including, but not limited to, drywall, cabinets, stucco, z-bar, plumbing valves and boxes, tub and shower enclosures, handrails, hardware, wardrobe door tracks, garage door optical sensors, wall and ceiling mounted light fixtures, window popouts and penetrations for sheetmetal, plumbing, electrical, cable and phone service panels.
 - d. Special backing shall be installed at dining room fixture outlet area with location to be determined by Builder.
8. Subcontractor shall install putty sill seal between slab and bottom plate at all perimeter walls.
9. Subcontractor's foreman shall attend any pre-job meetings and inspections pertaining to this Subcontractor's work which may be required by the Builder, the City, County or other governing agencies having jurisdiction.
10. Subcontractor shall store all lumber and bins at location approved by Builder's Project Superintendent and shall relocate lumber and bins as requested by Project Superintendent when necessary to prevent construction delays for other trades. All distribution from such storage areas, and relocation of storage areas shall be done by Subcontractor at no additional cost to Builder.
11. In the event that an area is required by Subcontractor for prefabrication and/or storage of materials, the Builder shall provide a location only if one is available. Security fencing or any other items necessary for such area shall be furnished by Subcontractor. Subcontractor shall be responsible for cleaning the area and stockpile any debris at the site, as designated by Project Superintendent.
12. All materials, installations and hardware shall be done in a good and workmanlike manner in accordance with manufacturer's and structural engineer's recommendations and meet or exceed minimum requirements of the City, County, other governing agencies having jurisdiction, and the Builder.
13. It is the Subcontractor's responsibility to ensure that only current approved drawings are being used. Any errors created by using wrong plans are Subcontractor's responsibility.

PLANS DATED 2/17/00



HNR Framing Systems Inc. Date 5/26/00


Brookfield Homes San Diego Inc. Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC BARRINGTON
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 32471 thru 32474
 SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
 1600-5129/62-62-109-0000-000-51235 & 51240
 DATE: May 25, 2000

14. Subcontractor agrees that contract amount includes the total scope of all rough carpentry operations through framing inspections, ready for drywall and stucco. Siding, arches, shutters, handrails, shadow boards and all wood trim on the exterior is included as part of this contract.
15. Subcontractor shall obtain from Builder's Project Superintendent and adhere to written rough opening dimensions from window, tub, fireplace, finish carpentry subcontractors and air conditioning and plumbing layouts for proper opening sizes.
16. All plumb and align material shall span from plate to plate. DO NOT "shoot" temporary blocks or braces into slabs.
17. All trim over garage door header shall be full length only. Fascia shall be one piece unless longer than 20'. Fascia splices shall never occur over entries, windows or garage doors. Leave 2" space between end of fascia and framed wall for lath and plaster.
18. Subcontractor shall chamfer all exposed beam-ends per details, and bevel the lower pop-out window trim to allow positive water flow.
19. Subcontractor shall install joist hangers flush to bottom of support beam and, if applicable, plane joists and beams flush prior to installation of subfloor. Fill all rim joist voids for shear panels.
20. Subcontractor shall correct any and all crooked, twisted, bent or bowed studs and any other imperfect framing as required for a proper drywall installation. Any such repair work causing damage to the work of others shall be at this Subcontractor's expense.
21. All subflooring shall be completely screwed immediately after applying adhesives to joists, beams and hangers to prevent hardening prior to subfloor set. All such floors shall be guaranteed against squeaks for one year after occupancy. Subcontractor shall be responsible for cost of flooring contractor one time per lot to remove, replace, or repair flooring for access to floor squeaks during the guarantee period.
22. Subcontractor shall place and nail all roof sheathing and clip and countersink any and all roof sheathing nails exposed at roof overhangs. "Shiners" are not acceptable.
23. Subcontractor shall fill all hammer marks in trim materials, caulk and smooth any splits, and spackle rafter tails where roof sheathing nails have been clipped or counter sunk. All trim and siding shall be left in a "ready to paint" condition.
24. Install 1x2 resawn cedar at face of threshold extending one inch beyond rough opening at all aluminum sliders. (2x wolmanized in slab below slider by others.)
25. Skilled mechanics shall do all cutting and framing of wood members required to accommodate structural members, routing of plumbing, conduits, ducts and installation of mechanical, and electrical apparatus.
26. Build and install all F.A.U. platforms. Build and install water heater platforms. Cut plywood covers to be installed over drywall by others. Drywall installed by others. Plywood material shall be same as floor sheathing material. Install catwalks for attic F.A.U. units where required.
27. Any drops added or changed during Model construction shall be included in future phases whether or not shown on the plans, at a price agreed to after completion of the models.

HNR Framing Systems Inc.

Date 6/21/00

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC BARRINGTON
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 32471 thru 32474
 SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
 1600-5129/62-62-109-0000-000-51235 & 51240
 DATE: May 25, 2000

28. If applicable, balconies and decks shall be installed with positive drainage in strict accordance with the plans. Balcony and deck underlayments shall be in strict accordance with "Materials Schedule" as referenced in Attachment "C" so as to maintain established decking warranty. (OSB is not an acceptable material for decks.) No material changes shall be permitted without prior written consent from Builder's Purchasing Department.
29. All lumber and plywood shall bear the grade stamp of a recognized lumber grading association.
30. All lumber and plywood shall be to the satisfaction of the Builder, governing agencies, structural codes and contract specifications prior to authorization of payments.
31. All lumber and plywood deliveries shall be coordinated with the Builder's Project Superintendent.
32. Payments on framing lumber, plywood and trusses shall be made in the form of a joint check made payable to the Subcontractor and the supplier.
33. Exposed exterior wood siding, trim and fascia shall be selected by Subcontractor to eliminate imperfections or damages prior to installation so that all siding, trim and fascia will be in a "ready to paint" condition.
34. Subcontractor shall pre-cut and tack in place all ridge, hip and 1x4 shadow boards required for tile roofing. Permanent installation shall be done by roofer during roofing operations.
35. Subcontractor shall furnish and install all floor and roof truss systems complete, and all related transitional framing such as valley fills, jack rafters, headouts, etc.
36. Subcontractor shall furnish and install all wood architectural details per plan elevations such as siding, plant-ons, window surrounds, pot shelves, corbels, outlookers, scab-on rafter tails, interior popouts and niches. Subcontractor shall install 12" Moistop flashing, minimum 1" reveal at all wood surrounds. All horizontal surfaces shall be sloped to prevent holding water. All surrounds shall have square cuts, no miters. Bottom horizontal boards at surrounds shall be cut to fit between side boards which run through the joints.
37. Prices include all elevations per plans. There will be no extras paid for work related to "vague" plans, or "blind elevations" such as recessed entries, or for "general difficulty" factors which Subcontractor failed to observe during the bid process. There will be NO EXTRAS unless the plans change.
38. Subcontractor shall carefully frame all interior arches to true round, or install "Arch-Rite" in lieu of ripped plywood and blocks.

HNR Framing Systems Inc.

Date

6/21/00

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 32471 thru 32474
SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
DATE: May 25, 2000

Cont. # 32471, 32472, 32473 & 32474
BARRINGTON

ATTACHMENT "C"
SPECIFIC SCOPE OF WORK

Rev. 9/17/97

1. This contract shall include, but shall not be limited to, the following:

- a. Labor, lumber, floor trusses, and roof trusses.
- b. All catalog hardware, sealants, caulk, flashing, building paper and fasteners.
- c. All required tools and equipment.
- d. All backing, cutting, notching, chases, platforms and attic catwalks.
- e. All dropped ceilings for plumbing, electric, HVAC, and cabinets.
- f. If applicable, installation of windows and exterior wood jambs.
- g. Screwed deck subflooring.
- b. 1" x 2" cedar or redwood face below sliding glass door thresholds.
- i. Ridge and hip boards pre-cut and tacked in place for roofer.
- j. All plant-ons, pot shelves, corbels and outlookers, per plans.
- k. All scab-on rafter tails 2x6 resawn and shaped ends per details.
- l. All interior popouts, niches.
- m. Shutters and false clay pipe projections by others.
- n. Furnish all plywood protecting tub covers at \$35 each.
- o. 1 x 6 ship lap starter boards over exposed rafter tails.

2. MATERIALS SCHEDULE:

Subcontractor shall furnish and install all lumber in the following grades and species, unless a higher grade is shown on plans, and shall bear all direct and indirect costs to "fix" or replace incorrect lumber:

<u>Sills:</u>	Per Structural Drawings.
<u>Plate:</u>	Per Structural Drawings.
<u>Blocking/Backing:</u>	Per Structural Drawings.
<u>Studs:</u>	Per Structural Drawings.
<u>Joists & Rafters:</u>	Per Structural Drawings.
<u>Headers & Beams:</u>	Per Structural Drawings.
<u>Plywood Subfloor:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" o.c. Group 1 (Pine or Douglas Fir) Exposure 1 plywood. OSB shall be acceptable.
<u>Waterproof Decks:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" span index Group 1 (Pine or Douglas Fir) Exterior plywood shall be acceptable.
<u>Open Decks:</u>	2x6 DF, #1, Select, S4S or TREX.
<u>Stairs:</u>	Interior: 1/2" plywood. Exterior: Same as Exterior Decks.
<u>Plywood Roof:</u>	APA rated sheathing, OSB or plywood, Exposure 1, span index and thickness per Architectural plans and notes.
<u>Fascia:</u>	Select Spruce- 1 X 8 (VJT) starter board. DF solecom for fascia, 1x6 spruce SLVJ starter board
<u>Garage Jambs:</u>	#1 DF #2 Resawn 1 sided 2 edges.
<u>Overhang:</u>	Same as roof sheathing, stucco over, except at exposed rafter tails, then 1x 6 SL starter boards.

NOTE: No substitutions for grades or species shall be permitted without prior written authorization from Builder's Purchasing Department.

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 32471 thru 32474
 SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
 1600-5129/62-62-109-0000-000-51235 & 51240
 DATE: May 25, 2000

3. It is further agreed that any increase in the cost of labor and/or material by Subcontractor subsequent to the expiration of prices as set forth in the Price Guarantee shall constitute termination and cancellation of the subcontract at the option of Builder.

4. PAYMENT SCHEDULE shall be as follows:

Lumber	--	100%	Upon complete delivery.
Trusses	--	100%	Upon complete delivery.
Labor	--	30%	Walls framed.
		20%	Floor joist.
		20%	Roof sheathed.
		20%	Framing pickup and inspection.
		10%	Retention - payable 30 days after approved completion.

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
32471 thru 32474
1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
May 25, 2000

BARRINGTON

ATTACHMENT "D"
OPTION PRICE LIST
Rev. 9/17/97

N/A



HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 32471 thru 32474
 SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
 1600-5129/62-62-109-0000-000-51235 & 51240
 DATE: May 25, 2000

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET
 Rev. 9/16/97

C.F. Final Planning
 M.P. Dir. of Construction
 L.H. V.P. of Sales & Mktg
 G.S. Operations Dept.

CF 4-27-00
 1600-5129/62-62-108-0000-000-51235 & 51240
 1600-5129/62-62-109-0000-000-51235 & 51240

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 3

Lot No.: 125 thru 140
 Community: 62-62-108
 Tract: 12930

Original: 04/10/00
 Revised: 04/27/00

Revised color schemes &
 Plan/Elevation change on:
 Lot 127 from a 2CR to a 1AR
 Lot 135 from a 1C to a 3CR
 Lot 135 from a 2A to a 2AR

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	FENCES & DECKS
1	0125	2A	3635 Promontory Place	3	España Tangelo	1952		
2	0126	3BR	3631 Promontory Place	2	España Casa Grande	1120	Tuscany Country Rubble	
3	0127	1AR	3627 Promontory Place	1	Shake Brown Brushed	711	Morocco	
4	0128	3BR	3623 Promontory Place	3	España Tangelo	1952	Mountain Blend Stacked	
5	0129	1CR	3619 Promontory Place	2	Shake Brown Brushed	711	Morocco	
6	0130	2BR	3615 Promontory Place	1	España Casa Grande	1120	Tuscany Country Rubble	
7	0131	3AR	3611 Promontory Place	3	España Tangelo	1952		
8	0132	2BR	3607 Promontory Place	2	España Casa Grande	1120	Tuscany Country Rubble	
9	0133	3CR	3603 Promontory Place	1	Shake Brown Brushed	712	Morocco	
10	0134	3B	3606 Promontory Place	2	España Casa Grande	1120	Tuscany Country Rubble	
11	0135	2AR	3610 Promontory Place	1	España Casa Grande	1120		
12	0136	1B	3614 Promontory Place	3	España Tangelo	1952	Mountain Blend Stacked	
13	0137	3C	3618 Promontory Place	1	Shake Brown Brushed	712	Morocco	
14	0138	2A	3622 Promontory Place	3	España Tangelo	1952		
15	0139	3B	3626 Promontory Place	2	España Casa Grande	1120	Tuscany Country Rubble	
16	0140	1AR	3630 Promontory Place	1	España Casa Grande	1120		

PRODUCTION MIX RECAP:

PLAN 1A	0	PLAN 2A	2	PLAN 3A	0
PLAN 1AR	2	PLAN 3AR	1	PLAN 1AR	1
PLAN 1B	1	PLAN 2B	0	PLAN 3B	2
PLAN 1BR	0	PLAN 2BR	2	PLAN 3BR	2
PLAN 1C	0	PLAN 2C	0	PLAN 3C	1
PLAN 1CR	1	PLAN 2CR	0	PLAN 3CR	1
TOTAL 1:	4	TOTAL 2:	5	TOTAL 3:	7

MANUFACTURERS

Dunn Edwards Paints
 Monier Lillie
 El Dorado Stone (Stone Veneer)
 Summit Brick (Brick Veneer)

FENCE & WALL COLORS

Wood Fence - Walnut Wash #2733M
 Fence Pilasters - Historic Tan #8741
 Common Walls & Pilasters - #8741
 * (Hou House or Court yards)

Note: Upgraded court yard fence to match
 stucco, gate & trellis to match wood
 fencing # 8733M

SQUARE FOOTAGE:

	HOUSE	GARAGE	DECK	TOTAL
Plan 1	1,957	508	128	2,593
Plan 2	2,160	430	160	2,750
Plan 3	2,287	458	128	2,873
Total	6,404	1,396	416	8,216

PLAN RECAP:

	HOUSE	# UN.	TOTAL
Plan 1	1,957	4	7,828
Plan 2	2,160	5	10,800
Plan 3	2,287	7	16,009
Total	6,404	16	34,637

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 32471 thru 32474
 SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
 1600-5129/62-62-109-0000-000-51235 & 51240
 DATE: May 25, 2000

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET
 Rev. 9/16/97

C.F. Fwd Planning
 M.P. Dir. of Construction
 L.M. V.P. of Sales & Mktg
 O.S. Operations Dept.

C.C. 5/25/00
 1600-5129/62-62-108-0000-000-51235 & 51240
 1600-5129/62-62-109-0000-000-51235 & 51240
 5/25/00

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 9

Lot No.: 12 thru 21
 Community: 62-62-109
 Tract: 12930

Original: 05/08/00
 Revised: 05/17/00 Revised color schemes

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	FENCES & DECKS
1	0021	3C	3724 Whitesands Court	3	Shake Desert Bronze	1486	Anaconda	
2	0020	3BR	3728 Whitesands Court	2	España Casa Grande	1120	Tuscan Country Rubble	
3	0019	2A	3732 Whitesands Court	1	España Casa Grande	1120		
4	0018	3CR	3736 Whitesands Court	2	Shake Brown Brushed	712	Morocco	
5	0017	3B	3735 Whitesands Court	1	España Casa Grande	1120	Tuscan Country Rubble	
6	0016	1AR	3731 Whitesands Court	3	España Tangelo	1993		
7	0015	1B	3547 Cay Drive	1	España Casa Grande	1120	Tuscan Country Rubble	
8	0014	3C	3551 Cay Drive	2	Shake Brown Brushed	712	Morocco	
9	0013	2B	3555 Cay Drive	3	España Tangelo	1993	Mountain Blend Stacked	
10	0012	1AR	3559 Cay Drive	1	España Casa Grande	1120		

PRODUCTION MIX RECAP:

PLAN 1A	0	PLAN 2A	1	PLAN 3A	0
PLAN 1AR	1	PLAN 2AR	0	PLAN 3AR	1
PLAN 1B	1	PLAN 2B	1	PLAN 3B	1
PLAN 1BR	0	PLAN 2BR	0	PLAN 3BR	1
PLAN 1C	0	PLAN 2C	1	PLAN 3C	1
PLAN 1CR	0	PLAN 2CR	0	PLAN 3CR	1
TOTAL 1:	2	TOTAL 2:	3	TOTAL 3:	5

MANUFACTURERS

Dunn Edwards Paints
 Monier Ulfeld
 El Dorado Stone (Stone Veneer)
 Summit Brick (Brick Veneer)

FENCE & WALL COLORS

Wood Fence - Walnut Wash #473396
 Fence Pillars - Historic Tan #8741
 Common Walls & Pillars - #8741
 * (Non House or Court yards)

Note: Upgraded court yard fence to match
 stucco, gate & pillars to match wood
 fencing # 8733M

SQUARE FOOTAGE:

	HOUSE	GARAGE	OPTIONAL DECK	TOTAL
Plan 1	1,937	508	128	2,573
Plan 2	2,160	430	160	2,750
Plan 3	2,237	458	128	2,823
Total	6,404	1,396	416	8,216

PLAN RECAP:

	HOUSE	# UN.	TOTAL
Plan 1	1,937	2	3,914
Plan 2	2,160	3	6,480
Plan 3	2,237	5	11,435
Total	6,404	10	21,829

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
32471 thru 32474
1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
May 25, 2000

BARRINGTON

ATTACHMENT "F"
PLAN LIST
Rev. 9/16/97

1. Architectural Plans, entitled "Barrington at Calavera Hills, Carlsbad, California" dated May 1, 1999, by the Dahlin Group Architects Planners

HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

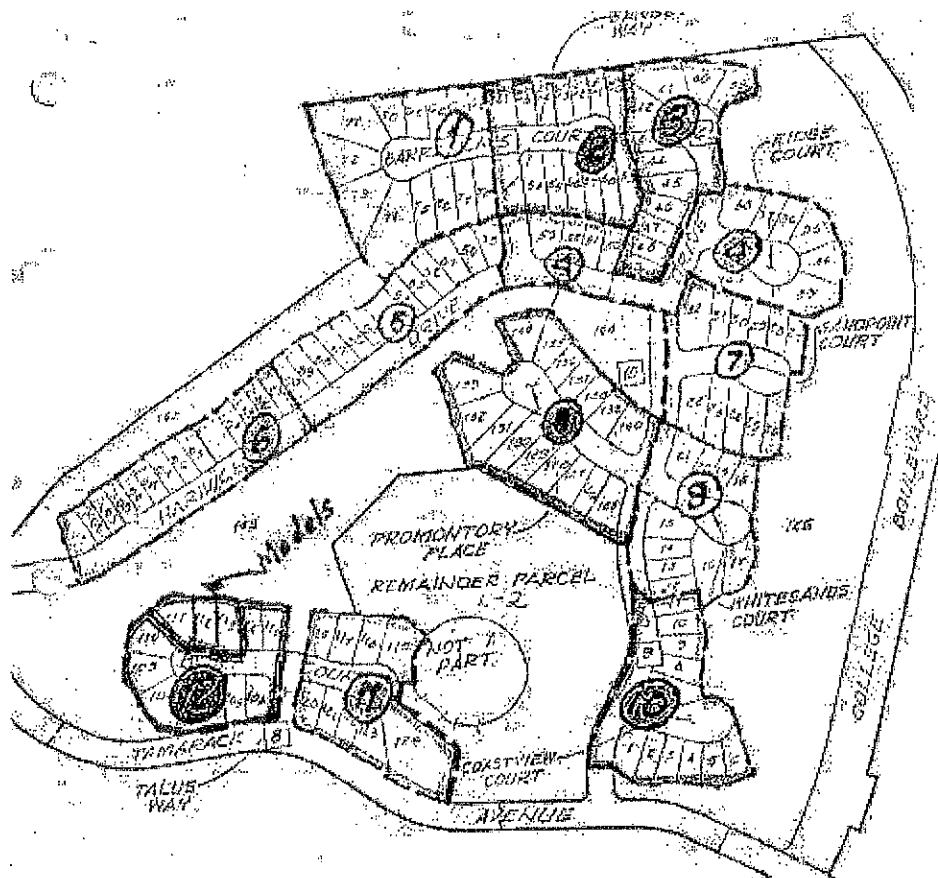
Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
32471 thru 32474
1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
May 25, 2000

BARRINGTON

ATTACHMENT "G"
SITE MAP
Rev. 9/16/97



HNR Framing Systems Inc.

Date

Brookfield Homes San Diego Inc

Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
32471 thru 32474
1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
May 25, 2000

BARRINGTON

ATTACHMENT "H"
SAMPLE COMMITTING DOCUMENTS
Rev. 9/16/97

N/A

A large, stylized handwritten letter 'S' is drawn in the center of the page. Below it, there is a handwritten signature that appears to be 'R. L.'.


HNR Framing Systems Inc. Date


Brookfield Homes San Diego Inc Date

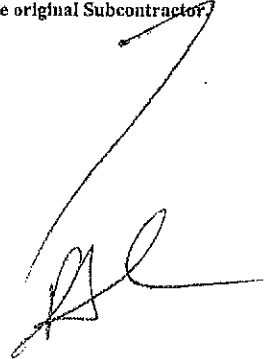
SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:


HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
32471 thru 32474
1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
May 25, 2000

BARRINGTON

ATTACHMENT "I"
PRODUCTION SCHEDULE
Rev. 9/16/97

It is specifically understood that the Subcontractor hereby guarantees to complete a minimum of two (2) living units and garages each working day to the complete satisfaction and requirements of the Builder and all jurisdictional agencies, and shall maintain this production rate during the entire tenure of the contract. Failure on the part of the Subcontractor to maintain said minimum daily production rate for any reason whatsoever shall result in the Builder dismissing the Subcontractor from the jobsite and employing another Subcontractor to complete the required work. Any differences in cost as a result of said change shall be borne by the original Subcontractor.




HNR Framing Systems Inc. Date


Brookfield Homes San Diego Inc. Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
32471 thru 32474
1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
May 25, 2000

BARRINGTON

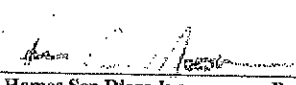
ATTACHMENT "J"
CONTRACT PAYMENT SCHEDULE
Rev. 9/22/97

SEE ATTACHED ADDENDUM "5"


HNR Framing Systems Inc

Date

6/21/00


Brookfield Homes San Diego Inc

Date

SUBCONTRACT AGREEMENT FOR CONSTRUCTION

This Agreement, made this 13th day of October 2000, by and between BROOKFIELD HOMES SAN DIEGO INC., a California corporation, acting as General Contractor and hereinafter referred to as "Builder", and HNR FRAMING SYSTEMS, INC., as a Subcontractor, is for the performance of part of the work in the following project:

PROJECT NAME & ADDRESS: Barrington
Carlsbad, California

PROJECT DESCRIPTION: Tract # 12950

PROJECT OWNER: Brookfield Barrington Inc.

CONSTRUCTION LENDER: Wells Fargo
ADDRESS & LOAN NUMBER: 401 "B" Street, Suite 304
San Diego, CA 92101
310/335-9437 - Angela Meick

PROJECT BUILDER: BROOKFIELD HOMES SAN DIEGO INC.
12865 Pointe Del Mar, Suite 200
Del Mar, California 92014
(619) 481-8500
(619) 794-6186

PROJECT ARCHITECT: Dahlin Group

GEOTECHNICAL ENGINEER: Geosolls Inc.

PROJECT CIVIL ENGINEER: Hunsaker & Associates

ENERGY CONSULTANT: Haynal & Company

PROJECT STRUCTURAL ENGINEER: Horowitz Taylor Engineering

PROJECT LANDSCAPE ARCHITECT: Land Concern Ltd.

SUBCONTRACTOR NAME, ADDRESS: HNR Framing Systems Inc.
12345 Crosthwaite Circle
Poway, CA 92064
SUBCONTRACTOR PHONE/FAX: 858/486-2471 - 858/486-7351 Fax

SUBCONTRACTOR CONTACT: Robert Thomas
GENERAL SUPERINTENDENT: Dave Marsh
CUSTOMER SERVICE: Ruben Don
EMERGENCY AFTER HOURS PHONE: 858-486-2471

TRADE: Rough Carpentry

SUBCONTRACT AMOUNT:

Cost Code	Amount
51235/51240	\$332,979.00 - Phase 10
	\$268,008.00 - Phase 11

CONTRACT DOCUMENTS:

Attachment "A"	General Terms and Conditions
Attachment "B"	General Scope of Work
Attachment "C"	Specific Scope of Work
Attachment "D"	Option Pricing
Attachment "E"	Sequence Sheet
Attachment "F"	Plan List
Attachment "G"	Site Map
Attachment "H"	Production Schedule
Attachment "J"	Contract Payment Schedule

HNR FRAMING SYSTEMS INC.

By: [Signature]Title: Contracts AdministratorDate: 11/16/00

BROOKFIELD HOMES SAN DIEGO INC.

A California corporation

By: [Signature]Title: Director of PurchasingDate: 11/22/00

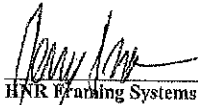
SUBCONTRACTOR: HNR FRAMING SYSTEMS INC.
TRADE: ROUGH CARPENTRY
CONTRACT NO: 32471 thru 32474
SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
DATE: May 25, 2000

BARRINGTON

ATTACHMENT "A"
GENERAL TERMS AND CONDITIONS

Rev. 9/30/97

1. The Subcontractor is made aware that presence on the jobsite without all insurance requirements fulfilled and approved by Brookfield Homes San Diego Inc. is strictly prohibited.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. The acceptance by Subcontractor of final payment shall be and shall operate as a release to the Builder of all claims and all liability to Subcontractor for all things done or furnished in connection with this work. No payment, however, final or otherwise, shall operate to release Subcontractor or his sureties from any obligations under this Agreement or any performance and payment bond in connection with the work.
4. Subcontractor work orders signed at the project site by the Builder's Project Superintendent will serve only as acknowledgement that the work has been performed, not as a guarantee for payment.
5. Builder may back charge Subcontractor at any time for cost of corrective work plus \$100 for administration charges. In the event back charges are encountered, the Subcontractors involved shall negotiate the cost and payment with each other. Should the Subcontractors involved be unable to agree as to fault and cost of repair (back charges), Builder's representative shall arbitrate to reach an agreeable solution between the Subcontractors involved. Should Builder have to hold monies from one Subcontractor to pay another for back charges, a \$100 charge shall be assessed by Builder.
6. Subcontractor will protect the work of other trades and shall repair and correct any damages incurred to the work of other trades.
7. Alcohol, drugs, loud music, children and dogs are prohibited on the jobsite. Any written violations from Builder may result in termination of Subcontractor's contract.
8. Architectural intent shall take precedence should conflicts arise within architectural and structural documents, at the direction of the Builder's Project Superintendent, architect, and structural engineer.
9. Any and all layout required within the respective portions of the work shall be included.
10. Project shall be manned at all times with competent, English speaking supervision.
11. Prior to start of work, Subcontractor shall meet with Builder's Project Superintendent and related trades to coordinate all details, including contracts, plans, specifications, dimensions, schedules, models, prior production units and the like. Subcontractor agrees that he has inspected and accepted all conditions, and is aware of all details for which he is responsible.
12. Subcontractor's designated representative shall be present at weekly jobsite safety meetings to be scheduled by Builder's Project Superintendent.
13. Subcontractor is responsible for controlling dust, if appropriate, during the course of Subcontractor's work.
14. Subcontractor shall furnish and maintain any necessary barricades and warning signs/caution tape and shall control traffic as necessary.
15. Subcontractor or Subcontractor's employees, agents, or representatives shall not contract directly for any work or additions with a prospective or current homebuyer prior to close of escrow of Builder's homes. Contracting directly with the homebuyer will be considered a violation of Builder's contract and may result in termination of the contract.
16. Subcontractor shall keep site clean and provide for a safe work place. Debris shall be stacked inside each garage to be removed by others. Units shall be kicked out and swept by others after framing is complete.


HNR Framing Systems Inc. 11/16/00 Date


Brookfield Homes San Diego Inc. 11/27/00 Date

SECTION 1: DESCRIPTION OF WORK, COST PER UNIT AND CONTRACT PRICE

Subcontractor agrees to furnish all labor, materials, installation, supplies, equipment, services, machinery, tools and other facilities of every kind and description required for the prompt and efficient execution of the work necessary to complete the described duties at the price specified. The job shall be completed in strict accordance with the terms and conditions of this Subcontract Agreement, any Performance Schedule provided by Builder, and the general conditions, specifications, plans and drawings prepared for Builder, all of which constitute and are referred to hereinafter as the "Contract Documents," and all applicable codes, ordinances, regulations and policies and to the full satisfaction and acceptance of Builder and applicable inspecting jurisdiction, including all cartage and applicable taxes of any nature whatsoever. The contract price shall be paid by Builder to the Subcontractor in accordance with payment provisions of this Subcontract Agreement. If the Contract Documents and/or codes are silent, the work shall be done in accordance with accepted industry standards.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials Date 11/16/00 Builder Initials Date 11/21/00

SECTION 2: PAYMENT

2.1 Subcontractor will not be paid unless it has fully performed to the extent billed and until it has complied with all of the provisions of this section. Subcontractor shall submit all invoices for work and materials furnished, in duplicate, to Builder for approval. All invoices shall be accompanied by appropriate waiver and release documents in forms satisfactory to Builder, executed by Subcontractor, its laborers, subcontractors and all suppliers who furnished materials to said job to the date of the invoice(s). No payment made hereunder shall be construed as evidence of acceptance of any part of Subcontractor's work, nor a waiver of any claim by Builder or Project Owner arising out of faulty workmanship or materials or from failure of Subcontractor to comply strictly with the Contract Documents.

2.2 Pay-When Paid: Subcontractor shall be paid in accordance with the schedule and rate of retention set forth in the contract documents made by Owner to Builder, after each payment has been received by Builder from Owner, and only to the extent that the payment received by Builder from Owner includes payment for work performed by Subcontractor. Subcontractor understands that Subcontractor will be paid only from a special fund, and that such special fund is monies paid to the Builder by the Owner. If for any reason that fund does not come into existence, Subcontractor shall not be entitled to payment. The receipt of funds by Builder from Owner allocable to work performed by Subcontractor is a condition precedent to the Builder's obligation to make any progress payment to Subcontractor.

2.3 Terms of Payment: See Contract Payment Schedule in Attachment "I."

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials Date 11/16/00 Builder Initials Date 11/21

SECTION 3: INDEPENDENT INVESTIGATION

3.1 Subcontractor hereby warrants that it has made its own careful and independent investigation and review of the jobsite conditions, plans, specifications, reports, Performance Schedule, and relevant statutes, codes, ordinances, regulations and policies and is fully familiar with the requirements and difficulties presented. Subcontractor hereby warrants and agrees it is not relying upon any opinion or representation of Builder not contained in this Subcontract Agreement or other documents incorporated herein. Subcontractor warrants that it has found no ambiguity or conflict in the plans and specifications other than those which have been disclosed in writing prior to the execution of this Subcontract Agreement.

3.2 Subcontractor also warrants that it has verified that all materials and equipment necessary to perform its work are available when and as needed pursuant to the Agreement and the Performance Schedule.

3.3 Subcontractor has visited the site and is familiar with the work completed, if any, including but not limited to, all work in the models and the most recent phase of production. Subcontractor is aware of all changes that have been made including those which may not be incorporated into the current set of plans and specifications, and it agrees that the contract price for the Scope of Work includes all previous changes. The Subcontractor understands that no additional compensation will be considered unless consistent with Section 9 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials Date 11/16/00 Builder Initials Date 11/21
Subcontractor Initials Date 11/16/00 Builder Initials Date 11/27

SECTION 4: CLEAN UP/HAZARDOUS MATERIALS

4.1 Subcontractor agrees to clean up and remove from premises all waste materials, debris and spoil of every description which may accumulate in the building (if applicable) or about the premises as a result of its work. The premises must be left in a clean and acceptable manner as determined at Builder's sole discretion. Should the Subcontractor refuse or neglect to clean up or remove waste materials, debris and spoil upon being directed to do so by Builder, Builder may remove same or cause it to be removed by others and the Subcontractor shall suffer a deduction from its contract price for the expense incurred.

4.2 Subcontractor represents and warrants to Builder that it, its employees and agents will not release, discard, discharge or dispose of at the Project, on the ground or in the surface water thereof, any hazardous substance hereinafter defined. In the event Subcontractor breaches this representation or warranty, said breach shall, (i) constitute a material breach of this Subcontract Agreement, (ii) entitle Builder to the remedies provided in Section 6.1 of this Subcontract Agreement, and (iii) constitute damage to or destruction of property requiring the indemnification of Builder and Project Owner pursuant to Section 13 of this Subcontract Agreement. For purposes of this Subcontract Agreement, the term hazardous substance shall mean any chemical substance, oil, waste, petroleum or petroleum product, or other material which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant," under any Federal, State or local law, regulation or ordinance.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials

Date 11/16/00

Builder
Initials

Date 11/27

SECTION 5: WORK COMMENCEMENT AND PROGRESS

5.1 Time is of the essence in this Subcontract Agreement. Subcontractor agrees to commence work to be performed hereunder within twenty-four (24) hours of receipt of notice to commence from Builder and to complete its work in accordance with Builder's Performance Schedule and all modifications thereto, which schedule is incorporated herein by reference and made a part hereof. Subcontractor warrants that it has reviewed the Performance Schedule and is satisfied with it and hereby agrees to review as necessary all modifications to that schedule which will be maintained in the jobsite office of Builder. Builder and Subcontractor recognize that from time-to-time final plans, schedules and specifications for a project may not be complete at the time of execution of the Subcontract Agreement. In such event, Subcontractor agrees to advise Builder of any objections within seventy-two (72) hours of notice from Builder that the plans, schedules or specifications have been finalized. If, in the opinion of Builder, at its sole discretion, Subcontractor is not furnishing sufficient men, materials or equipment to meet the Performance Schedule, Builder may exercise the options available to it in Section 6 of this Subcontract Agreement.

5.2 Builder shall maintain observation of the premises on which the work hereunder is to be performed and shall have the right to determine the Project working hours, the time and the priority of the work of other Subcontractors and all matters concerning the timely and orderly conduct of the work of the Subcontractor. Unless specifically noted herein, there are no assumptions relative to or limitations upon the number of move-ins required by the Subcontractor.

5.3 No Damage for Delay: It being expressly contemplated by the parties that in the event Subcontractor is delayed at any time in its performance of the work by act or neglect of the Owner, Architect, Builder, or any employee of Owner, Architect, Builder, or of a separate Contractor employed by Owner, or by changes ordered in the work, or by labor disputes, severe weather, fire, unusual delay in deliveries, work suspensions, acceleration, design defects, changes, unavoidable casualties, or other causes beyond Builder's control, or by delay authorized by Owner pending arbitration, or by other causes which Builder determines may justify delay, then Subcontractor's sole and exclusive remedy for delay shall be an extension of time for performance of the Subcontractor's work, except and unless such delay is the result of active intentional interference by the Builder and Owner. No claims for additional compensation or damages for delays, whether in the furnishing of material by Builder or delays by other subcontractors or Owner will be allowed by the Builder and said extension of time for completion shall be the sole remedy of Subcontractor. No allowance or extent of time referenced above shall be made unless a claim therefore is presented in writing to the Builder 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 Builder from completion of the entire project within the time that Owner allows Builder for such completion.

5.4 Subcontractor shall schedule its work and the presence of its employees at the jobsite and any deliveries of supplies or material by its materialmen and suppliers to the jobsite on such days, and at such times and during such hours, as may be directed by Builder. Subcontractor shall assume responsibility for such schedule compliance not only for its employees, but also for its materialmen and suppliers.

5.5 Subcontractor shall be responsible for the delivery, unloading, storing and protecting of all equipment, supplies and materials. All materials stored on the site must be stored in a container supplied by the Subcontractor. Garages or any other storage will not be supplied by Builder. Builder shall approve or disapprove Subcontractor's storage location at its sole discretion.

5.6 The Subcontractor shall abide by and conform to any procedures and schedules established by Builder which may be necessitated by Acts of God, Subcontractor's failure to comply with this Subcontract Agreement, or other

Subcontractor
Initials

Date 11/16/00

Builder
Initials

Date 11/27

factors which affect completion. Subcontractor covenants and agrees to coordinate its work with other subcontractors and to cooperate with other subcontractors working on the Project.

5.7 Subcontractor shall examine the surface or area to which its work is to be attached or performed and shall report in writing any related work which is not suitable to accommodate its work. Subcontractor shall not proceed with the installation until same has been corrected. Commencement of work shall constitute an acceptance by Subcontractor of surfaces and conditions to which its work relates and it shall be fully responsible for obtaining proper and satisfactory results.

5.8 Responsibility for Other Trades: Subcontractor shall assume full responsibility for the defective work of others, if said Subcontractor accepts the work, or materials, and proceeds with its scope of work without written notification to Builder.

5.9 Liquidated Damages: The parties acknowledge and agree that Builder will suffer substantial damages if Subcontractor fails to complete the scope of work contemplated by the Subcontract Agreement within the duration of time and working days as specified by the Performance Schedule attached hereto. The parties realize that it will be extremely difficult and impractical, if not impossible, to ascertain with any degree of certainty the actual amount of Builder's damages in the event of such failure to perform by Subcontractor. Therefore, the parties hereby agree that \$ 1000 per day represents a reasonable estimate of such damages considering all of the circumstances existing on the date of execution of the Subcontract Agreement and that Builder shall have the right to retain the full amount of said sum against Subcontractor funds owed on this Subcontract Agreement, as a remedy to Builder's potential damages should Subcontractor default.

5.10 In the event a dispute arises between Builder and Subcontractor during Subcontractor's performance of the work, Subcontractor shall continue to perform its obligations under this Subcontract Agreement unless otherwise notified in writing by Builder.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____

Date 11/18/00

Builder
Initials _____

Date 11/27

SECTION 6: TERMINATION

6.1 Subcontractor shall perform the work in a prompt and diligent manner so as to promote the general progress at the entire project and shall not interfere with nor hinder the work of Builder or any other subcontractor. Subcontractor agrees to reimburse Builder for any and all damages which may be assessed against and collected from Builder, which are attributable to or caused by Subcontractor's failure to furnish the materials and perform the work required by the Subcontract Agreement in the manner provided for herein. If Builder shall deem it necessary, Subcontractor, on demand of Builder, shall provide additional workforces, overtime, additional shifts, and shall expedite the furnishing of materials so as to meet the Performance Schedule.

6.2 In the event the Subcontractor, at any time, refuses or neglects to supply a sufficient number of properly skilled workers or a sufficient quantity of materials of proper quality, or is adjudicated a bankrupt, or files a reorganization proceeding, or commits any act of insolvency, or makes an assignment for benefit of creditors without Builder's consent, or fails to make prompt payment to his materialmen and/or laborers, or fails in any respect to promptly and diligently prosecute the work covered by this Subcontract Agreement, 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 fails to fulfill any of the provisions by him to be performed, or otherwise fails to fully perform any and all of the Subcontract Agreement herein contained, Builder may, at his option:

(a) After giving 24 hours written notice to Subcontractor to cure, provide any such labor and materials as may be necessary and deduct the cost thereof from any money then due or thereafter to become due to the Subcontractor under this Subcontract Agreement; or

(b) Should Subcontractor fail to cure the default referenced above within 24 hours, the builder may, at its option, terminate Subcontractor's right to proceed with the work and in that event, builder shall have the right to enter upon the premises of the project and take possession, for the purpose of completing the work under this Subcontract Agreement, of all materials, tools, equipment, and appliances of Subcontractor, and may employ any other person(s) to finish the work and provide the materials therefore.

6.3 In the event of such termination of Subcontractor's right to proceed with the work, said Subcontractor shall not be entitled to receive any further payment under this Subcontract Agreement until the work undertaken by Builder in its prime contract is completely finished. At that time, if the unpaid balance of the amount to be paid under this Subcontract Agreement exceeds the expenses incurred by Builder in finishing Subcontractor's work, such excess shall be paid by Builder to Subcontractor; but, if such expense shall exceed such unpaid balance, then Subcontractor shall promptly pay to Builder the amount by which such expense exceeds such unpaid balance. The term "expense" referred to in the last sentence shall include expenses incurred by Builder for furnishing materials, labor, equipment, and other expenses for finishing the work, for any attorney's fees incurred by Builder effectuating the instant termination or interpreting the instant Subcontract Agreement, and any damages sustained by Builder by reason of Subcontractor's

Subcontractor
Initials _____

Date 12/16/00

Builder
Initials _____

Date 11/27

default, plus a markup of 15 percent for general and administrative expense, and a 10 percent profit on any and all of such expenses. Builder shall have a lien upon all materials, tools and appliances taken possession of, as aforesaid, to secure the payment thereof. The notice referred to in this section will be sufficient and complete if written notification is given at the project site or when faxed or mailed to Subcontractor at his fax number or address as shown in this Subcontract Agreement.

6.4 Builder may withhold, or on account of subsequently discovered evidence, nullify the whole or part of any payment due to Subcontractor to such extent as may be necessary to protect Builder from loss, including costs and attorney's fees, on account of:

- (a) Defective work not remedied;
- (b) Claims filed or reasonable evidence indicating the probable filing thereof;
- (c) Failure of Subcontractor to make payments promptly to a subcontractor or for materials, labor, or fringe benefits;
- (d) A reasonable doubt that this Subcontract Agreement will be completed for the balance then unpaid; or
- (e) Damage to Builder or other subcontractors.

6.5 Builder reserves the absolute right to terminate this Subcontract Agreement for any reason, including its own convenience. In the event of termination without cause, Subcontractor shall be entitled to payment only as follows:

- (a) Cost of the work actually performed in conformity with this Subcontract Agreement; plus
- (b) Ten percent (10%) of costs referred to in subparagraph (a) above, for overhead and profit.

However, in no event shall the Subcontractor be entitled to any amount that exceeds sections (a) and (b) above.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

SECTION 7: LABOR

7.1 The parties agree and declare that the Subcontractor and Builder are separate, independent entities and that the Subcontractor has full responsibility for the performance of the work and the direction of its work force, subject only to the duty of the Subcontractor to cooperate with Builder and other subcontractors.

7.2 Subcontractor recognizes that in the performance of its work, it will be required to work side-by-side with other subcontractors and representatives of Builder on the Project. Builder and/or other subcontractors may not be signatory to collective bargaining agreements with the various labor organizations.

7.3 Subcontractor agrees that should there be picketing or a threat of picketing by any labor organization at or near the Project, Builder shall establish a reserved gate for use by the Subcontractor's employees and suppliers. In that event, it shall be the affirmative obligation of the Subcontractor, as a material consideration of this Subcontract Agreement and each and every other agreement between the parties hereto, to insure that its employees and other suppliers use only the gate or entryway designated by Builder. Notwithstanding the establishment or non-establishment of a reserved gate, it shall be the continuing obligation of the Subcontractor to properly staff the job with qualified employees without interruption or delay.

7.4 In the event the Subcontractor's employees refuse to work because of a labor dispute or grievance with the Subcontractor, Builder or some other subcontractor, it shall not relieve Subcontractor of its obligations to supply enough properly skilled workers to perform the work undertaken by it without interruption.

7.5 Subcontractor hereby warrants that it is not now nor will it be delinquent in the payment or reporting to any labor-management fringe benefit trust fund, and further that Subcontractor is not now nor will it appear on any delinquency list published by any labor-management fringe benefit trust fund.

7.6 When, in the judgment of Builder, Subcontractor shall have refused, neglected or failed to supply enough properly skilled workers, or otherwise shall have refused, neglected or failed to comply with the provisions of this Section 7, Builder shall be able to exercise its rights in accordance with Section 6 of this Subcontract Agreement.

7.7 Subcontractor also agrees to comply with all of the terms and provisions of any Equal Opportunities requirements imposed upon Builder, to the same extent as though said requirements were imposed upon Subcontractor,

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

provided Builder informs Subcontractor of said requirements; and Subcontractors refusal to do so within forty-eight (48) hours of notice by Builder shall permit Builder to exercise its rights and remedies set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials [Signature] Date 11/27

SECTION 8: TAXES

Subcontractor agrees to pay any and all taxes, including specifically, but not by way of limitation, sales taxes, use taxes, gross receipt taxes, excise taxes, old age benefits, withholding taxes, and unemployment compensation taxes under all State, local and Federal laws with respect to all materials furnished and employees engaged in the performance of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials [Signature] Date 11/27

SECTION 9: EXTRAS

9.1 It is understood and agreed that all labor and/or materials furnished by Subcontractor, even though said labor and/or materials are not specifically required or demanded by this Subcontract Agreement or the Contract Documents, shall nevertheless be deemed to be included within the scope of labor and/or materials properly and necessarily required for the performance hereof and not warranting additional compensation, subject only to the following exception and none other, to wit: that any labor and/or materials furnished hereunder that are authorized by Builder in writing, together with a definite statement in said authorization that said labor and/or materials shall be deemed an "Extra" and shall be paid for in addition to the subcontract price at a sum specified in said authorization. Builder may, at any time during the progress of said Project, order in writing, deviations, additions or omissions and the same shall not void this Subcontract Agreement, but the value thereof, as agreed upon in such written authorization, shall be added to, or deducted from, the contract price hereof. Any modifications in the work to be done by the Subcontractor that are changes requiring the substitution of certain work and/or materials for other work and/or materials originally required by this Subcontract Agreement, or by the plans and specifications incorporated into this Subcontract Agreement, will not entitle the Subcontractor to additional compensation unless the change order is in writing and specifically provides that it authorizes an "Extra" in a stated amount.

9.2 It is expressly agreed and understood by and between Builder and the Subcontractor that no "Extra" charge(s) will be paid without written authorization; that the subcontract price includes performing all work specified according to specification (when applicable) and that said work must comply with all City, County, State and Federal building codes and requirements.

9.3 An authorization for any extra work shall be obtained in writing by the use of the "Committing Document" form, a sample of which is attached hereto as Attachment "H". Attachment "H" is hereby incorporated by reference as part of this Subcontract Agreement, and wherever said forms are utilized and executed by the parties to this Subcontract Agreement, the terms thereof shall be fully enforceable as part of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials [Signature] Date 11/27

SECTION 10: DEVIATIONS

10.1 Subcontractor shall make no changes and shall be responsible for any deviation from the plans, specifications and/or drawings that it may make, and it may be required to re-do any non-conforming work to conform strictly to the plans, specifications and/or drawings unless a written authorization by Builder, addressed to the Subcontractor, shall be given setting forth specifically in detail what changes shall be made. The cost of changes, unless otherwise specifically agreed upon in writing, shall not exceed a credit for any work not required to be done as a result of such changes.

Subcontractor Initials _____ Date 11/16/00

Builder Initials [Signature] Date 11/27

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

SECTION 11: SAFETY (CAL/OSHA) AND DISCIPLINE

11.1 Subcontractor, Subcontractor's employees and agents, and any other party contracting with Subcontractor shall comply with all applicable Federal, State, local and any other legally required safety, environmental and health standards, orders, rules, regulations or other laws. Subcontractor shall bear full financial responsibility for the compliance of those persons referenced therein.

11.2 Should Subcontractor, Subcontractor's employees, Subcontractor's subcontractors, or their employees fail to comply within twenty-four (24) hours from the time Builder or any governmental agency issues Subcontractor a written notice of noncompliance, or within the time of an abatement period specified by any government agency, whichever period is shorter, Builder may exercise any of the remedies available to it under Section 6 of this Subcontract Agreement.

11.3 All equipment used on or near the Project shall be regularly inspected and certified as reliable and dependable and shall be maintained to ensure the safety of the operator and all others on or near the project. All electrical devices (such as cords, connectors, plugs, etc.), shall be in good condition and properly grounded. All injuries, regardless of severity, will be reported in writing to Builder within twenty-four (24) hours of occurrence.

11.4 All vehicles and/or persons driving vehicles on the Project must be licensed, properly insured and registered.

11.5 Drinking of alcoholic beverages or the use of any controlled substance at the Project is strictly prohibited. While Subcontractor's employees are prohibited from using the interior of any unit for coffee or lunch breaks, and no food or beverages are allowed inside the units, garages and other areas designated by Builder may be used. No dogs are permitted at the Project and radio volume will be controlled at the discretion of Builder. Subcontractor shall comply with all applicable noise abatement ordinances.

11.6 Subcontractor warrants it is aware of the OSHA Hazard Communication Standard and its requirements. Subcontractor is to supply Builder with a Material Safety Data Sheet (MSDS) for every hazardous substance Subcontractor has delivered or uses on the Project. The MSDS is required for any material(s) container label using the word(s) "DANGER," "CAUTION," "FLAMMABLE," or "WARNING." Subcontractor is to insure that all hazardous products are in a container with a label clearly identifying the chemical(s) with appropriate hazard warnings. All labels are to be in English, easily understandable and not defaced. When any substance is transferred from one container to another and is not immediately used solely by the person making the transfer, that container must be labeled with the hazard information from its source. Subcontractor is responsible for the control and disposal of all substance containers and their contents. No empty or partially empty container will be permitted to remain on the site after Subcontractor has finished using it. All empty containers shall be removed from the Project by the Subcontractor immediately.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

SECTION 12: PROTECTION OF WORK AGAINST DAMAGE OR INJURY

Subcontractor shall be responsible for protecting its own work, material and equipment and shall be responsible for the correction, replacement or repair of any of its work which is damaged prior to final completion of the Project. Subcontractor shall be responsible to Builder or third party subcontractors, as appropriate, for any damage to Builder's work or that of third party subcontractor to Builder whose work is damaged by Subcontractor. Subcontractor shall also protect adjacent property from injury or damage arising out of its work and shall repair or accept responsibility for any such injury or damage.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

SECTION 13: INDEMNITY.

13.1 INDEMNIFICATION AND DEFENSE OF BUILDER AND PROJECT OWNER. In connection with the performance of this Subcontract Agreement, to the extent permitted by law, and subject to the provision of Section 13.3 below, Subcontractor shall indemnify, defend and hold harmless Builder and Project Owner and their officers, agents and employees from and against any and all claims, losses, damages, demands, suits, injuries and liabilities (regardless of legal theory alleged), including all costs of litigation, mediation, arbitration and attorney's fees, arising from or relating to (1) any failure by Subcontractor to perform its obligations under this Subcontract Agreement, (2) any damage suffered by Builder and/or Project Owner and their officers, agents and employees relating to the work performed by Subcontractor, (3) the death of or injury to any person, or the damage to, or, loss of use of, loss of income from, or destruction of any property however caused, regardless of any negligence by Builder or the Project Owner and their officers, agents and employees be it active or passive, or by the use of Builder's equipment, labor or facilities regardless of whether (a) Builder shall have consented to such use, or (b) the death, injury or damage shall have been caused by unsafe conditions. The duty to defend herein shall arise immediately upon such claim, loss, damage, demand, suit, injury or liability being asserted against Builder and/or the Project Owner, and their officers, agents and employees.

13.2 RELEASE AND WAIVER OF CLAIMS. To the extent permitted by law, and subject to the provisions of Section 13.3 below, neither Builder nor the Project Owner or their officers, agents or employees shall be liable to Subcontractor (and Subcontractor hereby releases Builder and Project Owner and their officers, agents and employees therefrom, and Subcontractor hereby waives all such claims against Builder and/or the Project Owner and/or their officers, agents and employees) for death of or injury to any person, or damage to or loss of use of, loss of income from, or destruction of any property, from any cause during the performance of this Subcontract Agreement (including without limitation fire, earth settlement, earthquake, theft, embezzlement, riot, or civil commotion).

13.3 SOLE NEGLIGENCE OR WILLFUL MISCONDUCT. The provisions of Sections 13.1 and 13.2 above shall not apply to any claim or liability arising by reason of the sole negligence or willful misconduct of Builder, the Project Owner or their officers, agents or employees.

13.4 Should any monetary claim or legal action be instituted against Builder within ten years, or thereafter if permitted by law, after completion of the project by a homeowner or renter or the homeowners' or renters' assignee or successor, or other person or entity, wherein the claim or action alleges a breach of warranty or defect or poor workmanship in the construction, express or implied, or concerns any claim or complaint as to the work performed by Subcontractor, or not performed by Subcontractor where the work should have been performed by Subcontractor, then Subcontractor shall indemnify and reimburse Builder and be held strictly liable to Builder for any money paid by Builder or Owner, or Builder's or Owner's insurance company, by way of an adverse award or judgment or settlement, to any claimant or plaintiff should claimant or plaintiff prevail against Builder, and Subcontractor shall pay to Builder its attorney fees actually incurred in the defense of such claim or action. No release issued by Builder may or shall be considered a defense of the claim or complaint alleging construction defects, or faulty workmanship and/or faulty or defective materials, or problems in construction not discovered during the course of construction.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials _____ Date 11/27

SECTION 14: INSURANCE

Prior to commencement of any Work under this Agreement, Subcontractor shall, at its sole expense, fully comply with the terms of this Section 14.

14.1 GENERAL INSURANCE REQUIREMENTS Subcontractor shall not commence any work until it obtains all insurance required to be obtained by Subcontractor under this Subcontract Agreement. Builder will not permit Subcontractor to commence any portion of the work on the Project until Subcontractor has complied with all of the insurance requirements described in this Section 14.

All Insurance described under this Section 14 to be carried by Subcontractor will be maintained by Subcontractor at its sole expense with insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than an 'A' and financial rating of not less than '8' in the most current Best's Key Rating Guide. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of the Subcontract Agreement or such longer period as may be specified herein. Should Subcontractor fail in whole or in part to comply with any of the requirements set forth in this Section 14, such a failure shall be deemed a material breach to this Subcontract Agreement thereby entitling Builder to all available legal remedies including, but not limited to, those set forth in Section 6. Subcontractor may provide the insurance described in this Section 14 in whole or in part through a policy or policies covering other liabilities and projects of Subcontractor: provided, however, that any such policy or policies shall: (a) allocate to the Project the full amount of insurance required hereunder, and (b) contain, permit or otherwise unconditionally authorize the waiver contained in Paragraph 14 of this Section 14.

14.2 EVIDENCE OF INSURANCE. As evidence of specified insurance coverage, Subcontractor shall deliver and Builder will accept certificates issued by Subcontractor's insurance carrier applicable to Builder showing such policies in force for the specified period, but Builder has the right to require Subcontractor to submit for Builder's

Subcontractor Initials _____ Date 11/16/00 Builder Initials _____ Date 11/27

review certified policies. Such evidence shall be delivered to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014, promptly upon execution of this Subcontract Agreement or prior to commencement of work, whichever occurs earliest. Each policy and certificate shall be subject to reasonable approval by Builder and shall provide that such policy shall not be subject to material alteration to the detriment of Builder or Subcontractor or cancellation without thirty (30) days notice in writing to be delivered by registered mail to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014. In the cancellation section of the Certificate of Insurance the Subcontractor shall delete the words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the Company, its agents or representatives." Should any policy expire or be canceled before the expiration of this Subcontract Agreement and Subcontractor fails immediately to procure other insurance as specified, Builder reserves the right, but shall have no obligation, to procure such insurance and to deduct the cost thereof from any sum due Subcontractor under this Subcontract Agreement. Builder reserves the right to withhold payment should Subcontractor fail to comply with all the insurance provisions described in this Section 14.

14.3 DAMAGES. Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Subcontractor should maintain or the extent of Subcontractor's responsibility or liability for payment of damages resulting from its operations under this Subcontract Agreement. The carrying of the insurance as specified herein shall not be construed to be a limitation of liability on the part of the Subcontractor, nor shall it relieve Subcontractor from any liability under this Subcontract Agreement as a matter of law.

14.4 WORKERS' COMPENSATION INSURANCE. Subcontractor shall maintain Workers' Compensation Insurance, including (a) Employer's Liability at a minimum limit of One Million Dollars (\$1,000,000) for all persons whom it employs in carrying out the work under this Subcontract Agreement. Such insurance shall be in strict accordance with the requirements of the most current and applicable Workers' Compensation Insurance Laws in effect from time to time at the Project site.

14.5 COMPREHENSIVE OR COMMERCIAL GENERAL LIABILITY INSURANCE. Subcontractor shall maintain Comprehensive or Commercial General Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, not to exceed \$10,000, with a combined single limit for bodily injury and property damage of Two Million Dollars (\$2,000,000), or limit carried whichever is greater, covering Operations, Independent Subcontractors, Products and Completed Operations (for 10 years after Final Acceptance), Contractual Liability specifically covering the indemnification contained in Section 13 of the Agreement, Broad Form Property Damage including Completed Operations, Severability of Interest and Cross Liability clauses, Prior Acts Exclusion stating the General Liability policy shall not include any limitation of coverage and/or exclusion including but not limited to Prior Acts Exclusion and/or condominium/detached housing exclusion, Personal Injury and Explosion, Collapse and Underground Hazards (X,C,U). The limits of liability specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

14.6 AUTOMOBILE LIABILITY INSURANCE. Subcontractor shall maintain any and all owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Subcontractor in connection with this Subcontract Agreement with a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or limit carried, whichever is greater.

14.7 WAIVER OF SUBROGATION. Subcontractor hereby waives all rights against Builder for damages caused by fire and other perils and risks to the extent covered by Subcontractor's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to Builder and Owner such other parties specifically listed as additional insureds in Paragraph 14.8 below.

14.8 ADDITIONAL INSURED. We will only accept Additional Insured Endorsements that cover completed operations. Builder shall be included as an additional insured under the coverage specified in Paragraph 14.5, of this Section 14 with the following language included on the endorsement: It is understood and agreed that coverage afforded by this policy shall also apply to Brookfield Homes San Diego Inc., its officers, directors, agents, employees, divisions, subsidiaries, shareholders, partners, affiliated companies and owners, any lender with an interest in said Project, and all other parties listed as Indemnified Parties under the Subcontract Agreement with Brookfield Homes San Diego Inc., all as additional insureds, but only with respect to alleged legal liabilities or alleged claims caused by, arising out of or resulting from the acts or omissions of the named insured or of others performed on behalf of the named insured.

14.9 PRIMARY ENDORSEMENT. The following language must be included on endorsement: This Insurance is primary and any other insurance maintained by such additional insureds is noncontributing with this insurance as respects claims or liability arising out of or resulting from the acts or omissions of the named insured, or of others performed on behalf of the named insured.

14.10 AIRCRAFT LIABILITY INSURANCE. If the work involves aircraft, Subcontractor shall maintain a combined single limit for bodily injury and property damage liability of not less than Ten Million Dollars (\$10,000,000) per occurrence, or limit carried, whichever is greater, covering owned and non-owned aircraft. The whole of the aircraft shall be insured as required by Subcontractor or Builder.

14.11 RELATIONSHIP OF INSURANCE COVERAGE. The insurance required pursuant to this Section 14, shall, as far as applicable, specifically insure Subcontractor's obligations pursuant to Section 13, Indemnity, and, in particular and without limitation, the liability insurance required pursuant to Section 14 shall insure Subcontractor's obligations pursuant to Section 13. However, Subcontractor's obligations pursuant to Section 13 shall not be limited to the amount of insurance required of or carried by Subcontractor pursuant to Section 14.

Subcontractor
Initials _____ Date 11/16/14

8

Builder
Initials [Signature] Date 11/27

14.12 If builder fails to enforce any of these insurance requirements, such failure shall not constitute a waiver of such requirements nor shall any waiver of any provision hereof be effective unless made in writing and signed by the President or Chief Financial Officer of Brookfield Homes San Diego Inc.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials _____ Date 11/27

SECTION 15: SUBCONTRACTOR'S PERMITS AND LICENSES

Except as otherwise expressed and provided in this Agreement, Subcontractor will obtain all consents, approvals, licenses or permits required by any governmental authority having jurisdiction over the Project or any part thereof, including plans and specifications. The costs of all consents, approvals, licenses or permits and the payment of all fees relating thereto shall be paid by Subcontractor except those as to which Builder has expressly agreed in writing either to obtain and pay for, or to reimburse Subcontractor therefor. In jurisdictions where Builder has been required to obtain a master permit covering, in part, work to be performed by Subcontractor, Builder may deduct the pro rata cost of Subcontractor's portion of said permit from the contract price.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials _____ Date 11/27

SECTION 16: INSPECTION AND RE-INSPECTION

An authorized representative of the Subcontractor will accompany Builder on any inspection tours which may be required by Builder or any governmental agency having jurisdiction thereof. Subcontractor shall be charged for all re-inspections resulting from unacceptable materials and workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials _____ Date 11/27

SECTION 17: PREVENTION OF LIENS

17.1 Subcontractor agrees to pay when due all claims for labor and/or materials supplied or furnished hereunder, and to prevent the filing of any lien by mechanics or materialmen, or the institution of any attachments, garnishments or suits involving the title of the property upon which the improvements are erected. Subcontractor agrees within five (5) days after receipt of written notice, by certified mail or comparable means of delivery, to cause the effect of any such suit or lien to be removed from the premises, and in the event the Subcontractor shall fail to do so, Builder is authorized to use whatever means it may deem best to cause said lien, attachment or suit, together with its effect upon the title, to be removed, discharged, compromised or dismissed, and the costs thereof, together with reasonable attorney's fees, shall become immediately due Builder. Builder shall be entitled to withhold 150 percent of all outstanding liens filed by Subcontractor's subcontractors and/or suppliers until appropriate Mechanic's Lien Release Bonds or recordable releases of the same have been provided to Builder. Subcontractor may litigate any such lien or suit, provided it causes the effect thereof to be removed from the premises and executes and delivers to Builder such affidavits, contracts, bills, records, accounts, etc., as Builder may deem necessary for its protection in such event.

17.2 In the event Builder is served with any Writ of Attachment, Writ of Execution, Notice of Levy (Federal or State), or other legal process for any debt or alleged debt of Subcontractor at any time during the period of this Subcontract Agreement prior to completion, Builder shall automatically be entitled to keep and retain any funds or monies then due Subcontractor for work and materials furnished and/or previously billed and approved but unpaid to Subcontractor. It is understood and agreed that the purpose of the preceding sentence is to guarantee that Builder shall have sufficient funds with which to complete Subcontractor's duties under this Subcontract Agreement if the suit or levy out of which the above legal process arose should, in Builder's opinion, make it difficult or impossible for Subcontractor to finish the work herein required. Service upon Builder of such process shall be deemed a breach of this Subcontract Agreement and Builder shall give Subcontractor five (5) days written notice to remove said levy, and Subcontractor's failure to do so shall entitle Builder to the same rights as set forth in Section 6 of this Subcontract Agreement.

BH-BS-005791

Subcontractor Initials _____ Date 11/16/00

Builder Initials _____ Date 11/27

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials [Signature] Date 11/27

SECTION 18: ASSIGNMENT OR SUBCONTRACTING

Subcontractor shall not assign or subcontract any portion of this Subcontract Agreement, or the proceeds thereof, without first obtaining permission in writing from Builder and then only subject to the provisions of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials [Signature] Date 11/27

SECTION 19: ATTORNEY'S FEES

If either party to this Subcontract Agreement institutes litigation or arbitration with the other party, or against the surety of such party, arising out of the terms and conditions of this Subcontract Agreement, or performance under this Subcontract Agreement, the prevailing party shall be entitled to recovery from the other party, all associated costs, including but not limited to, costs of investigation, court costs and all reasonable attorneys' fees incurred in good faith. Unless judgment goes by default, the attorneys' fees incurred by the prevailing party shall be presumed reasonable and shall be awarded. It is the intention of the parties to fully compensate the prevailing party for all attorneys' fees paid or incurred in good faith.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials [Signature] Date 11/27

SECTION 20: SURETY BOND

If requested by Builder for any reason whatsoever, Subcontractor further agrees that it will, within ten (10) days from written notification by Builder, provide Builder with a bond, conditioned upon faithful performance of this Subcontract Agreement in all its particulars and/or a labor and material bond, duly executed with a surety company acceptable to Builder, as surety, and in form and content acceptable to Builder. Builder will reimburse Subcontractor for the expense of such bond up to one percent (1%) of the total contract price. If a bond is required and Subcontractor fails or refuses to provide such a bond within ten (10) days after request, such refusal shall be sufficient grounds for termination as set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials [Signature] Date 11/27

SECTION 21: SUPERVISION

21.1 The Subcontractor, or its representatives, shall exercise full time general supervision in and over all phases of its operation to ensure correct performance of the Scope of Work. Builder, or its representatives, shall have access to any and all parts of the Subcontractor's storage facilities, including but not limited to the construction grounds, and may at any time inspect, sample, test or require tests to be taken on any materials furnished or ordered to be used in the construction of the units described in the Contract Documents.

21.2 The Subcontractor shall be responsible to and answer directly to Builder, or its representatives, for the acts or omissions of its employees and of all persons directly or indirectly employed or retained by it in connection with its work under the Contract Documents.

21.3 The Subcontractor shall at all times respect the judgment and authority of Builder representatives acting in the capacity of job superintendent. The Subcontractor shall report to Builder representatives in writing any and all criticism, materials shortages, labor trouble or other conditions or circumstances which in any way affect the performance of its duties or completion of the job.

Subcontractor Initials _____ Date 11/16/00 Builder Initials [Signature] Date 11/27

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

SECTION 22: PLANS AND SPECIFICATIONS

22.1 Subcontractor will comply with all City, County and Federal ordinances, statutes including the applicable building codes and manufactured specifications and requirements. No work is to be deemed complete until final inspection and approval by appropriate public agencies, as well as acceptance by Builder. Such acceptance and/or payment by Builder shall not bar any claim against Subcontractor for defects in workmanship or materials or deviations from said plans, drawings or specifications or from said rules, regulations and requirements. If a conflict or ambiguity occurs between the Subcontract Agreement, Scope of Work, Addenda, plans & specifications, or applicable codes or regulations, the more stringent, as determined by Builder, shall apply. Builder assumes no liability for failure of the plans and/or specifications to comply with such requirements, and it is conclusively presumed that Subcontractor is familiar with all of said requirements and that the work to be performed or the materials to be furnished hereunder by the Subcontractor are to be in strict accordance with said requirements, irrespective of the provisions of the plans and/or specifications.

22.2 Subcontractor shall bear the entire expense of complying with this section of the Subcontract Agreement and shall receive no extra or additional compensation therefor.

22.3 It shall be the responsibility of the Subcontractor to check all figures, measurements and any work of a prior Subcontractor (contracted to perform the same Scope of Work) prior to commencing work, and any discrepancies apparent to him must be reported in writing to Builder immediately for adjustment. Failure to comply in this respect, and any additional costs resulting from noncompliance, shall be the responsibility of the Subcontractor.

22.4 It shall be the responsibility of the Subcontractor to submit for approval by Builder and/or its Architect any necessary shop drawings, diagrams, samples, material lists, brochures, etc., at Subcontractor's sole expense. Said submittal shall conform to the Contract Documents. If the submittal deviates from the Contract Documents, it shall be the obligation of the Subcontractor to give notice in writing to Builder of the deviation. In the absence of such notice, any approval by Builder or its Architect of a submittal which deviates from the Contract Documents shall be void at the sole discretion of Builder and the Subcontractor shall be responsible to Builder to bring its work into compliance with the Contract Documents and for any cost or damage which results from the deviation.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

SECTION 23: QUALITY, MATERIALS AND WORKMANSHIP

23.1 Whenever any manufactured article, implement or series of articles or implements is mentioned in the specifications by name, trade or manufacturer's name, it is intended to establish a standard of merit and quality. The intent of this definition is to require quality materials and workmanship; however, substitutes of equal merit may be used by the Subcontractor, but only upon the written consent of Builder or its authorized representative. Under no circumstances shall a substitute material be used which will not conform to requirements set forth in the Contract Documents.

23.2 It is the responsibility of the Subcontractor to inspect all materials for manufacturer's defects or transport damage prior to installation. All defective or damaged materials will be rejected. Upon the completion of each unit, Subcontractor shall inspect all work performed and repair immediately any and all unacceptable workmanship. Subcontractor shall notify Builder or its representative of the completion of each unit, and Subcontractor will repair or replace any workmanship or materials Builder deems in its sole discretion unacceptable.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

SECTION 24: CHANGES TO PLANS AND SPECIFICATIONS

24.1 Should any changes to the plans and the specifications be required after the signing of the Contract Documents, it shall be the responsibility of the Subcontractor to advise Builder in writing of the effects upon its portion of the work under this Subcontract Agreement. The Subcontractor shall perform no additional work nor shall it decrease its obligation under the Subcontract Agreement without the written consent of and compensation adjustment from

Subcontractor
Initials _____

Date 11/16/00

11

Builder
Initials _____

Date 11/27

Builder. In the event of any dispute arising between Builder and Subcontractor over the value of extra work, or whether certain work is "Extra" or within the scope of this Subcontract Agreement, it shall be the obligation of Subcontractor to complete the disputed work under protest. Any refusal to perform disputed work shall constitute a material breach of this Subcontract Agreement authorizing Builder to resort to its remedies set forth in Section 6 of this Subcontract Agreement.

24.2 In the event the Subcontractor proposes a change or deviation from the plans and specifications and Builder agrees with the proposed change or deviation, it shall be the obligation of the Subcontractor to indemnify Builder for any increased costs incurred by a Builder as a result of any such change or deviation proposed by Subcontractor including, but not limited to, architectural or engineering fees.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____ Date 11/16/02

Builder
Initials _____ Date 11/27/02

SECTION 25: GUARANTEES

25.1 Subcontractor does hereby expressly guarantee the Project Owner, Builder, and their successors in interest in the work, against any loss or damage arising from any defect in materials furnished or workmanship performed under or pursuant to this Subcontract Agreement for a period coterminous with Builder's responsibility to its successors in interest, whether express or implied by law. Subcontractor acknowledges that it is familiar with and has reviewed the Builder's homeowner limited warranty and is aware that it is available in Builder's corporate office for review. A longer period may be required by (i) specifications; (ii) the Veterans Administration (VA) or the Federal Housing Administration (FHA); or (iii) applicable law; in which case the guarantee period shall correspond with the guarantee required by VA, FHA and/or applicable law. In no event, however, shall the guarantee period be less than one (1) year from the date of filing the Notice of Completion or occupancy, whichever occurs later.

25.2 It shall be the responsibility of the Subcontractor, during construction of all phases of the Project, to contact Builder or its representative daily to receive any and all notices of discrepancies. The Subcontractor shall immediately arrange for the correction of any and all such discrepancies and shall notify Builder upon completion of the work necessary to correct the discrepancy within two (2) business days after notification. Payments may be withheld pursuant to Section 2 until such time as the discrepancies are eliminated. If the Subcontractor does not act promptly to correct such deficiencies, Builder may independently arrange for the correction of any and/or all such discrepancies and for payment of the cost thereof. Builder shall have the right to back charge such costs or setoff the amount thereof against any sums owing Subcontractor hereunder or otherwise.

25.3 It shall be the responsibility of the Subcontractor, after the completion of the last phase of the Project on which the Subcontractor performed work and during the guarantee period, to correct any and all discrepancies and defects in workmanship and/or materials performed or supplied by Subcontractor on the work of construction, within five (5) business days after notification of such discrepancies and defects by Builder. Subcontractor shall notify Builder immediately upon completion of work performed or materials supplied necessary to eliminate the discrepancies and defects. Should the Subcontractor fail to comply with the Builder discrepancy notice within five (5) business days after notification, Builder may independently arrange for the correction of any and/or all such discrepancies and the Subcontractor shall reimburse Builder for the cost thereof. Builder shall have the right to back charge such costs or offset the amount thereof against any sums owing Subcontractor hereunder or arising out of other projects or phases of this Project.

25.4 Nothing contained in Sections 25.1 through 25.3 shall limit Subcontractor's liability to Builder as provided for in Sections 13.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____ Date 11/16/02

Builder
Initials _____ Date 11/27

SECTION 26: WARRANTY

Subcontractor agrees to perform all work in a first class, workmanlike manner. At a minimum, work shall be equal to the HUD/FHA Minimum Property Standards; in accordance with all Municipal, County, and State building codes, and in accordance with the terms and dates as outlined in the Builder's limited warranty.

Unless otherwise specified herein, Subcontractor guarantees his work against all defects of materials and workmanship for a period of one year from the date of the certificate of occupancy as issued by the governmental agency having jurisdiction over the construction. This warranty shall be in addition to all other rights and privileges which the Builder may have under any other law. Neither the final payment nor any provision in the contract documents shall relieve the Subcontractor of responsibility for faulty materials or workmanship.

Subcontractor
Initials _____ Date 11/16/02

Builder
Initials _____ Date 11/27

Subcontractor shall remedy, as its sole cost and expense, any defects due to its faulty materials or workmanship and pay for any damage to other work or materials resulting therefrom, within ten (10) working days after being notified by the Builder.

In an emergency, as defined in the Builder limited warranty documents, notification of the Subcontractor will be by phone with a written service order to follow.

Subcontractor shall provide a 24-hour emergency number and service.

☒ 24-hour number and service not required

Subcontractor will be notified of non-emergency items by written service order. Service order forms indicating the completion of remedial work must be signed and dated by the Subcontractor or Subcontractor's representative who performs the work and returned to the Builder. Until the signed service order is received in the Builder office, the work will be considered to be incomplete.

The Builder retains the right to assign remedial work that is not completed within the established time frame to another Subcontractor and charge the cost of such work to Subcontractor. Adequate funds may be retained at the Builder's option, from any payments then due to Subcontractor until all remedial work over ten (10) days old is completed.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/6/00 Builder Initials [Signature] Date 11/27

SECTION 27: NOTICES

Any and all notices or other communications required or permitted by this Subcontract Agreement or by law to be served on, given to or delivered to either party hereto (Builder and Subcontractor), by the other party shall be in writing and shall be deemed duly served, given or delivered when (i) personally delivered to the party to whom it is addressed; (ii) deposited in the U.S. Mail, first class postage prepaid, addressed to Builder or Subcontractor at the addresses herein before set forth; or (iii) sent by telegram to Builder or Subcontractor at the addresses hereinbefore set forth.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials _____ Date 11/16/00 Builder Initials [Signature] Date 11/27

SECTION 28: MISCELLANEOUS

28.1 Subcontractor further agrees to hold Builder and the Project Owner and their officers, directors, agents and employees harmless from any expense of any nature arising out of any and all claims (including, but not limited to, claims that may be presented by virtue of any contract or employment under the Subcontractor) for union welfare, pension, vacation, apprenticeship, owner-operator, health and welfare, and related types of payment obligations connected with the job herein referred to, whether or not well-founded.

28.2 In addition to the provisions and remedies contained in Section 6, or any other provisions hereinbefore stated, Builder may terminate this Subcontract Agreement with the Subcontractor or its subcontractors (and the Subcontractor shall so provide in contracts with its subcontractors), in the event that the Subcontractor or its subcontractors are listed by the administrative office of the appropriate health and welfare, pension, vacation or apprentice funds as being delinquent in payment, or payments, to said fund or funds regardless of the job in connection with which the alleged delinquency occurred (which termination shall be considered "for cause"). If this Subcontract Agreement is terminated pursuant to this provision, Subcontractor shall be obliged to pay the entire cost of completion of work called for by this Subcontract Agreement and/or subcontractor contract(s) whether Builder has said work completed on a time and material basis or lets a new contract for completion of the work. If Builder elects not to terminate, pursuant to this provision, Subcontractor appoints Builder (and Subcontractor shall similarly bind his subcontractors to do so) as Subcontractor's agent to use Builder's judgment and discretion to pay such amounts as Builder believes is due and owing, pursuant to then existing collective bargaining agreements to the appropriate administrative office, out of funds Builder would otherwise be required to pay to Subcontractor. Builder's determination as to amount(s) to be paid, if any, shall be final.

28.3 The Contract Documents should be considered complimentary to each other, and what is called for in one shall be binding and enforceable as if called for in all.

Subcontractor Initials _____ Date 11/16/00

Builder Initials [Signature] Date 11/27

28.4 The term "Subcontractor" refers to the firm or individual, or series of individuals, or corporation, who is obligated to perform the obligations set forth in any phase of the Subcontract Agreement so endorsed by it or under its power of attorney.

28.5 If any provision of this Subcontract Agreement, or portion thereof, is determined by a court to be invalid, that determination shall not serve to invalidate the remainder of this Agreement or the remainder of provisions.

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

28.7 There are no understandings or agreements except as herein expressly stated. Time is of the essence for this Subcontract Agreement. This Subcontract Agreement shall not be interpreted for or against either party, but in accordance with its fair meaning. No court has the power or discretion to do anything other than to enforce the plain meaning of each contract provision. No legal theory shall or may ever be applied to avoid, circumvent or "get around" the plain meaning of this Subcontract Agreement.

28.8 Subcontractor's Agreement not to Contract: The parties acknowledge that Subcontractor may come into contact with Owners of specific lots. Subcontract agrees that Subcontractor or Subcontractor's employees, agents or representatives shall not contract directly with any prospective or current homeowner prior to close of escrow of Builder's homes. Subcontractor further acknowledges that violation of this provision is grounds for termination as is defined in Section 6 herein.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27/

SUBCONTRACTOR NAME:

HNR FRANCHISE-SYSTEMS

BUILDER NAME:

BROOKFIELD HOMES SAN DIEGO INC.

BY: _____

Signature

BY: _____

Print Name

TITLE: _____

Contract Administrator

DATE: _____

11/16/00

BY: _____

Signature

BY: _____

Print Name

TITLE: _____

Director of Procurement

DATE: _____

11/27/00

Subcontractor
Initials _____

Date 11/16/00

Builder
Initials _____

Date 11/27

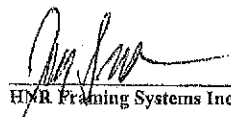
SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 35865, 35866, 35867 & 35869
SOLOMON CODE: 1600-5129/62-62-110-0000-000-51235 & 51240
1600-5129/62-62-111-0000-000-51235 & 51240
DATE: October 13, 2000

Cont. # 35865, 35866, 35867 & 35869
BARRINGTON

ATTACHMENT "B"
GENERAL SCOPE OF WORK

Rev. 9/17/97

1. Subcontractor shall furnish all required labor, supervision, material, equipment, supplies, transportation, insurance, licenses and special permits to install all FRAMING, LABOR, HARDWARE, LUMBER AND TRUSSES, complete, in accordance with all specifications and requirements of the Builder, City, County and other governing agencies having jurisdiction, and in accordance with all specifications outlined in this contract, and all plans and related documents referenced in Attachment "T", Plan List, attached herein.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. Subcontractor is aware that slabs are post-tensioned and understands that any saw-cutting, coring, jack hammering, or any other penetration of the concrete slab is specifically prohibited without prior written permission of the Builder.
4. Subcontractor shall furnish all labor, rough hardware, shots, discs, pins, nails, bolts, washers for anchor bolts, clip hangers, and any other necessary fasteners, post anchors and caps, hold down anchors, caulking, sealants and adhesives, "Molstop" flashing, bituthene, building paper, tools, services, equipment, (through framing inspection of last house from Builder supplied power source), and necessary supervision to provide complete framed structures including securing framing inspection and all carpentry work required for other trades.
5. All framing shall be straight, plumb, level and true and well nailed, bolted or otherwise fastened as required. All horizontal members shall be placed crown up (if wood) and shall not be spliced between bearings. All members shall have solid bearing without being shimmed. If excess deviation is found, at the option of the Builder, any and all structures may be checked and necessary corrections shall be made at the Subcontractor's expense. String line top plate and shim midsill as needed to ensure straight plates.
6. BACKING AND/OR BLOCKING:
 - a. All work shall be coordinated with others including, but not limited to, finish carpenter (hardware), plumber, electrician, drywall, heating, stucco, tubs and showers and cabinet Subcontractors to determine proper backing or cutting.
 - b. Joints of all paneling, siding, sheathing, etc. shall occur at studs or shall be solidly blocked.
 - c. Subcontractor shall install all backing required for other trades including, but not limited to, drywall, cabinets, stucco, z-bar, plumbing valves and boxes, tub and shower enclosures, handrails, hardware, wardrobe door tracks, garage door optical sensors, wall and ceiling mounted light fixtures, window popouts and penetrations for sheetmetal, plumbing, electrical, cable and phone service panels.
 - d. Special backing shall be installed at dining room fixture outlet area with location to be determined by Builder.
8. Subcontractor shall install putty sill seal between slab and bottom plate at all perimeter walls.
9. Subcontractor's foreman shall attend any pre-job meetings and inspections pertaining to this Subcontractor's work which may be required by the Builder, the City, County or other governing agencies having jurisdiction.
10. Subcontractor shall store all lumber and bins at location approved by Builder's Project Superintendent and shall relocate lumber and bins as requested by Project Superintendent when necessary to prevent construction delays for other trades. All distribution from such storage areas, and relocation of storage areas shall be done by Subcontractor at no additional cost to Builder.
11. In the event that an area is required by Subcontractor for prefabrication and/or storage of materials, the Builder shall provide a location only if one is available. Security fencing or any other items necessary for such area shall be furnished by Subcontractor. Subcontractor shall be responsible for cleaning the area and stockpile any debris at the site, as designated by Project Superintendent.
12. All materials, installations and hardware shall be done in a good and workmanlike manner in accordance with manufacturer's and structural engineer's recommendations and meet or exceed minimum requirements of the City, County, other governing agencies having jurisdiction, and the Builder.
13. It is the Subcontractor's responsibility to ensure that only current approved drawings are being used. Any errors created by using wrong plans are Subcontractor's responsibility. *PLANS DATED 2/17/00*



HNR Framing Systems Inc. 11/16/00 Date


Brookfield Home/San Diego Inc. 11/27/00 Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC BARRINGTON
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 32471 thru 32474
 SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
 1600-5129/62-62-109-0000-000-51235 & 51240
 DATE: May 25, 2000

14. Subcontractor agrees that contract amount includes the total scope of all rough carpentry operations through framing inspections, ready for drywall and stucco. Siding, arches, shutters, handrails, shadow boards and all wood trim on the exterior is included as part of this contract.
15. Subcontractor shall obtain from Builder's Project Superintendent and adhere to written rough opening dimensions from window, tub, fireplace, finish carpentry subcontractors and air conditioning and plumbing layouts for proper opening sizes.
16. All plumb and align material shall span from plate to plate. DO NOT "shoot" temporary blocks or braces into slabs.
17. All trim over garage door header shall be full length only. Fascia shall be one piece unless longer than 20'. Fascia splices shall never occur over entries, windows or garage doors. Leave 2" space between end of fascia and framed wall for lath and plaster.
18. Subcontractor shall chamfer all exposed beam-ends per details, and bevel the lower pop-out window trim to allow positive water flow.
19. Subcontractor shall install joist hangers flush to bottom of support beam and, if applicable, plane joists and beams flush prior to installation of subfloor. Fill all rim joist voids for shear panels.
20. Subcontractor shall correct any and all crooked, twisted, bent or bowed studs and any other imperfect framing as required for a proper drywall installation. Any such repair work causing damage to the work of others shall be at this Subcontractor's expense.
21. All subflooring shall be completely screwed immediately after applying adhesives to joists, beams and hangers to prevent hardening prior to subfloor set. All such floors shall be guaranteed against squeaks for one year after occupancy. Subcontractor shall be responsible for cost of flooring contractor one time per lot to remove, replace, or repair flooring for access to floor squeaks during the guarantee period.
22. Subcontractor shall place and nail all roof sheathing and clip and countersink any and all roof sheathing nails exposed at roof overhangs. "Shiners" are not acceptable.
23. Subcontractor shall fill all hammer marks in trim materials, caulk and smooth any splits, and splice rafter tails where roof sheathing nails have been clipped or counter sunk. All trim and siding shall be left in a "ready to paint" condition.
24. Install 1x2 resawn cedar at face of threshold extending one inch beyond rough opening at all aluminium sliders. (2x wolmanized in slab below slider by others.)
25. Skilled mechanics shall do all cutting and framing of wood members required to accommodate structural members, routing of plumbing, conduits, ducts and installation of mechanical, and electrical apparatus.
26. Build and install all F.A.U. platforms. Build and install water heater platforms. Cut plywood covers to be installed over drywall by others. Drywall installed by others. Plywood material shall be same as floor sheathing material. Install catwalks for attic F.A.U. units where required.
27. Any drops added or changed during Model construction shall be included in future phases whether or not shown on the plans, at a price agreed to after completion of the models.

 11/16/00
 HNR Framing Systems Inc. Date

 11/27/00
 Brookfield Homes San Diego Inc Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC BARRINGTON
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 32471 thru 32474
 SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
 1600-5129/62-62-109-0000-000-51235 & 51240
 DATE: May 25, 2000

28. If applicable, balconies and decks shall be installed with positive drainage in strict accordance with the plans. Balcony and deck underlayments shall be in strict accordance with "Materials Schedule" as referenced in Attachment "C" so as to maintain established decking warranty. (OSB is not an acceptable material for decks.) No material changes shall be permitted without prior written consent from Builder's Purchasing Department.
29. All lumber and plywood shall bear the grade stamp of a recognized lumber grading association.
30. All lumber and plywood shall be to the satisfaction of the Builder, governing agencies, structural codes and contract specifications prior to authorization of payments.
31. All lumber and plywood deliveries shall be coordinated with the Builder's Project Superintendent.
32. Payments on framing lumber, plywood and trusses shall be made in the form of a joint check made payable to the Subcontractor and the supplier.
33. Exposed exterior wood siding, trim and fascia shall be selected by Subcontractor to eliminate imperfections or damages prior to installation so that all siding, trim and fascia will be in a "ready to paint" condition.
34. Subcontractor shall pre-cut and tack in place all ridge, hip and 1x4 shadow boards required for tile roofing. Permanent installation shall be done by roofer during roofing operations.
35. Subcontractor shall furnish and install all floor and roof truss systems complete, and all related transitional framing such as valley fills, jack rafters, headouts, etc.
36. Subcontractor shall furnish and install all wood architectural details per plan elevations such as siding, plant-ons, window surrounds, pot shelves, corbels, outlookers, scab-on rafter tails, interior popouts and niches. Subcontractor shall install 12" Moistop flashing, minimum 1" reveal at all wood surrounds. All horizontal surfaces shall be sloped to prevent holding water. All surrounds shall have square cuts, no miters. Bottom horizontal boards at surrounds shall be cut to fit between side boards which run through the joints.
37. Prices include all elevations per plans. There will be no extras paid for work related to "vague" plans, or "blind elevations" such as recessed entries, or for "general difficulty" factors which Subcontractor failed to observe during the bid process. There will be NO EXTRAS unless the plans change.
38. Subcontractor shall carefully frame all interior arches to true round, or install "Arch-Rite" in lieu of ripped plywood and blocks.


 HNR Framing Systems Inc. 11/16/00
 Date


 Brookfield Homes San Diego Inc. 11/27/00
 Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 32471 thru 32474
SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
DATE: May 25, 2000

Cont. # 35865, 35866, 35867 & 35869
BARRINGTON

ATTACHMENT "C"
SPECIFIC SCOPE OF WORK

Rev. 9/17/97

1. This contract shall include, but shall not be limited to, the following:


- a. Labor, lumber, floor trusses, and roof trusses.
- b. All catalog hardware, sealants, caulk, flashing, building paper and fasteners.
- c. All required tools and equipment.
- d. All backing, cutting, notching, chases, platforms and attic catwalks.
- e. All dropped ceilings for plumbing, electric, HVAC, and cabinets.
- f. If applicable, installation of windows and exterior wood jams.
- g. Screwed deck subflooring.
- h. 1" x 2" cedar or redwood face below sliding glass door thresholds.
- i. Ridge and hip boards pre-cut and tacked in place for roofier.
- j. All plant-ons, pot shelves, corbels and outlookers, per plans.
- k. All scab-on rafter tails 2x6 resawn and shaped ends per details.
- l. All interior popouts, niches.
- m. Shutters and false clay pipe projections by others.
- n. Furnish all plywood protecting tub covers at \$35 each.
- o. 1 x 6 sliplap starter boards over exposed rafter tails.

2. MATERIALS SCHEDULE:

Subcontractor shall furnish and install all lumber in the following grades and species, unless a higher grade is shown on plans, and shall bear all direct and indirect costs to "fix" or replace incorrect lumber:

<u>Sills:</u>	Per Structural Drawings.
<u>Plate:</u>	Per Structural Drawings.
<u>Blocking/Backing:</u>	Per Structural Drawings.
<u>Studs:</u>	Per Structural Drawings.
<u>Joists & Rafters:</u>	Per Structural Drawings.
<u>Headers & Beams:</u>	Per Structural Drawings.
<u>Plywood Subfloor:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" o.c. Group 1 (Pine or Douglas Fir) Exposure 1 plywood. OSB shall be acceptable.
<u>Waterproof Decks:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" span index Group 1 (Pine or Douglas Fir) Exterior plywood shall be acceptable.
<u>Open Decks:</u>	2x6 DF, #1, Select, S4S or TREX.
<u>Stairs:</u>	Interior: 1C" plywood. Exterior: Same as Exterior Decks.
<u>Plywood Roof:</u>	APA rated sheathing, OSB or plywood, Exposure 1, span index and thickness per Architectural plans and notes.
<u>Fascia:</u>	Select Spruce- 1 X 8 (VJT) starter board. DF select for fascia, 1x6 spruce SLVJ starter board
<u>Garage Jams:</u>	#1 DF #2 Resawn 1 sided 2 edges.
<u>Overhang:</u>	Same as roof sheathing, stucco over, except at exposed rafter tails, then 1x 6 SL starter boards.

NOTE: No substitutions for grades or species shall be permitted without prior written authorization from Builder's Purchasing Department.


HNR Framing Systems Inc. 11/16/00
Date



Brookfield Homes San Diego Inc. 11/27/00
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC BARRINGTON
TRADE: ROUGH CARPENTRY
CONTRACT NO: 32471 thru 32474
SOLOMON CODE: 1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
DATE: May 25, 2000

3. It is further agreed that any increase in the cost of labor and/or material by Subcontractor subsequent to the expiration of prices as set forth in the Price Guarantee shall constitute termination and cancellation of the subcontract at the option of Builder.

4. PAYMENT SCHEDULE shall be as follows:

Lumber	--	100% Upon complete delivery.
Trusses	--	100% Upon complete delivery.
Labor	--	30% Walls framed.
		20% Floor joist.
		20% Roof sheathed.
		20% Framing pickup and inspection.
		10% Retention - payable 30 days after approved completion.


HNR Framing Systems Inc. 11/16/00 Date


Brookfield Homes San Diego Inc 11/22/00 Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
32471 thru 32474
1600-5129/62-62-108-0000-000-51235 & 51240
1600-5129/62-62-109-0000-000-51235 & 51240
May 25, 2000

BARRINGTON

ATTACHMENT "D"
OPTION PRICE LIST
Rev. 9/17/97

N/A

[Large handwritten 'S' mark]

[Signature] 11/16/00
HNR Framing Systems Inc. Date

[Signature] 11/27/00
Brookfield Homes San Diego Inc Date

BARRINGTON

Rev. 9/16/97

Approvals:

C.F.	Fwd Planning	95 7/26/00
M.P.	Dir. of Construction	WHD 7/27/00
L.H.	V.P. of Sales & Mktg	7/27/00
D.S.	Operations Dept.	dyl 7/25/00

Plane 10

Original: 07/25/00
Revised:

SEQUENCE	LOT	PLAN/ BLV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	FENCES & DECKS
1	0001	3AR	3525 Coastview Court	1	Espresso Casa Grande	1120		
2	0002	2D	3529 Coastview Court	2	Espresso Casa Grande	1120	Tuscan Country Rubble	
3	0003	2AR	3533 Coastview Court	3	Espresso Tangelo	1952		
4	0004	1B	3537 Coastview Court	1	Espresso Casa Grande	1120	Tuscan Country Rubble	
5	0005	2CR	3541 Coastview Court	2	Shake Brown Brushed	712	Morocco	
6	0006	1A	3545 Coastview Court	1	Espresso Casa Grande	1120		
7	0007	3DR	3579 Cay Drive	3	Espresso Tangelo	1952	Mountain Blend Stacked	
8	0008	1CR	3575 Cay Drive	1	Shake Brown Brushed	712	Morocco	
9	0009	3AR	3571 Cay Drive	3	Espresso Tangelo	1952		
10	0010	2BR	3567 Cay Drive	1	Espresso Casa Grande	1120	Tuscan Country Rubble	
11	0011	3C	3563 Cay Drive	2	Shake Brown Brushed	712	Morocco	

FENCE & WALL COLORS

Wood Fence - Walnut Walk 88733M
Fence Pilasters - Historic Van 88741
Common Walls & Pilasters - 88741 *
* (Non House or Court yards)

SQUARE FOOTAGE:

PLAN RECAP:

		OPTIONAL			
	HOUSE	GARAGE	DECK	TOTAL	
Plan 1	1,957	508	128	2,593	Plan 1 1,957 1 5,871
Plan 2	2,160	430	160	2,750	Plan 2 2,160 4 8,640
Plan 3	2,287	458	128	2,873	Plan 3 2,287 4 9,148
Total	6,404	1,396	416	8,216	Total 6,404 11 23,639

Printed on acid-free paper. ISBN 0-819-56341-6 (hbk). 120 pp.

 11/16/00
HNR Framing Systems Inc. Date

Brookfield Homes San Diego Inc 11/29/20 Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 35865 thru 35867 & 35869
 SOLOMON CODE: 1600-5129/62-62-110-0000-000-51235 & 51240
 1600-5129/62-62-111-0000-000-51235 & 51240
 DATE: October 13, 2000

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET

Rev. 9/16/97

C.F.
 M.P.
 L.H.
 D.S.

ADDRESS:
 Pwd Planning
 Dir. of Construction
 V.P. of Sales & Mktg
 Operations Dept.

CF 10-9-00
 10/10/00
 10/11/00
 10.6.00

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 11

Lot No.: 116 thru 124
 Community: 62-62-111
 Tract: 12950

Original: 10/06/00
 Revised:

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	FENCES & DECKS
1	0116	3A	3586 Bluff Court	3	Espasa Tangelo	1952		
2	0117	2B	3590 Bluff Court	1	Espasa Casa Grande	1120	Tuscan Country Rubble	
3	0118	3C	3594 Bluff Court	3	Shake Desert Breeze	1486	Anaconda	
4	0119	1A	3598 Bluff Court	2	Espasa Casa Grande	1120		
5	0120	1BR	3577 Bluff Court	2	Espasa Casa Grande	1120	Tuscan Country Rubble	
6	0121	2AR	3581 Bluff Court	1	Espasa Casa Grande	1120		
7	0122	1CR	3585 Bluff Court	2	Shake Brown Brush	712	Morocco	
8	0123	2AR	3589 Bluff Court	3	Espasa Tangelo	1952		
9	0124	3BR	3593 Bluff Court	1	Espasa Casa Grande	1120	Tuscan Country Rubble	

PRODUCTION MIX RECAP:

PLAN 1A	1	PLAN 2A	0	PLAN 3A	1
PLAN 1AR	0	PLAN 2AR	2	PLAN 3AR	0
PLAN 1B	0	PLAN 2B	1	PLAN 3B	0
PLAN 1BR	1	PLAN 2BR	0	PLAN 3BR	1
PLAN 1C	0	PLAN 2C	0	PLAN 3C	1
PLAN 1CR	1	PLAN 2CR	0	PLAN 3CR	0
TOTAL 1:	3	TOTAL 2:	3	TOTAL 3:	3

MANUFACTURERS

Dunn Edwards Paints
 Monier Lifeline
 El Corado Stone (Stone Veneer)
 Summit Brick (Brick Veneer)

FENCE & WALL COLORS

Wood Fence - Walnut Wash # 8733M
 Fence Pilasters - Historic Tan # 8741
 Common Walls & Pilasters - # 8741 *
 * (Non House or Court yards)

Note: Upgraded court yard fence to match
 stucco, gate & trellis to match wood
 fencing # 8733M

SQUARE FOOTAGE:

	HOUSE	GARAGE	OPTIONAL DECK	TOTAL
Plan 1	1,957	508	128	2,593
Plan 2	2,160	430	160	2,750
Plan 3	2,287	458	128	2,873
Total	6,404	1,396	416	8,216

PLAN RECAP:

	HOUSE	# UN.	TOTAL
Plan 1	1,957	3	5,871
Plan 2	2,160	3	6,480
Plan 3	2,287	3	6,861
Total	6,404	9	19,212

PRINTED BY: HNR FRAMING SYSTEMS INC. 11/16/00

[Signature]
 HNR Framing Systems Inc. 11/16/00 Date


[Signature]
 Brookfield Homes San Diego Inc 11/27/00 Date


SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 35865 thru 35867 & 35869
SOLOMON CODE: 1600-5129/62-62-110-0000-000-51235 & 51240
1600-5129/62-62-111-0000-000-51235 & 51240
DATE: October 13, 2000

BARRINGTON

ATTACHMENT "F"
PLAN LIST
Rev. 9/16/97

1. Architectural Plans, entitled "Barrington at Calavera Hills, Carlsbad, California" dated February 17, 2000, by the Dahlin Group Architects Planners


HNR Framing Systems Inc. 11/16/00
Date


Brookfield Homes San Diego Inc 11/27/00
Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:

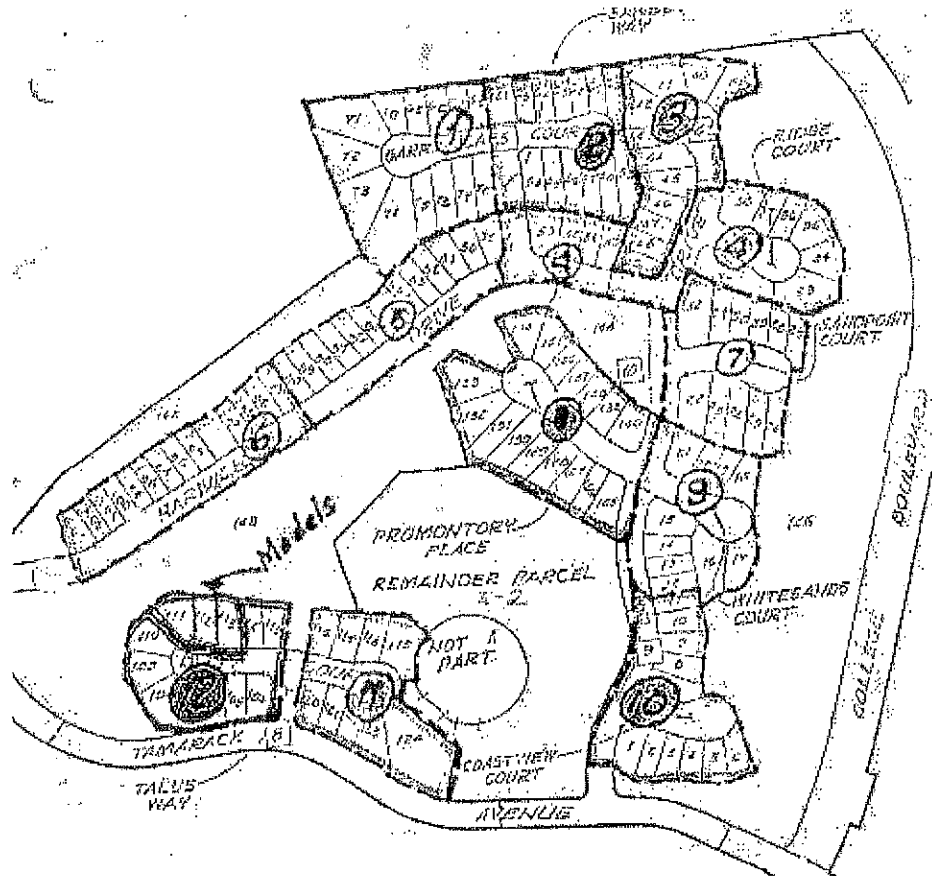
HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
35865 thru 35867 & 35869
1600-5129/62-62-110-0000-000-51235 & 51240
1600-5129/62-62-111-0000-000-51235 & 51240
October 13, 2000

BARRINGTON

ATTACHMENT "G"

SITE MAP

Rev. 9/16/97



[Signature] 11/16/00
HNR Framing Systems Inc. Date

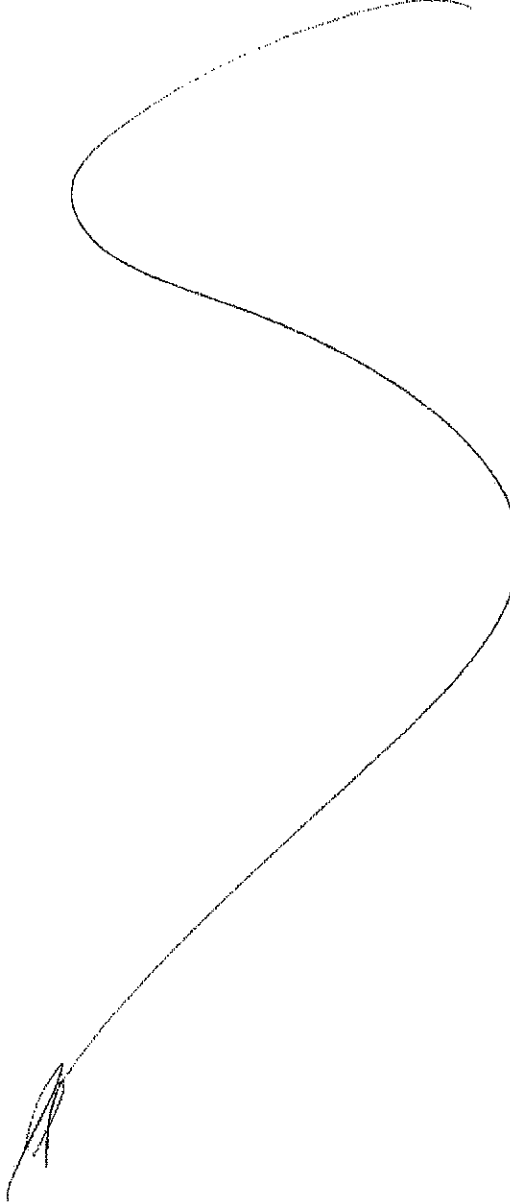
[Signature] 11/22/00
Brookfield Homes San Diego Inc Date

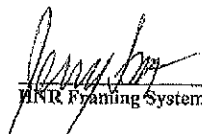
SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 35865 thru 35867 & 35869
SOLOMON CODE: 1600-5129/62-62-110-0000-000-51235 & 51240
1600-5129/62-62-111-0000-000-51235 & 51240
DATE: October 13, 2000

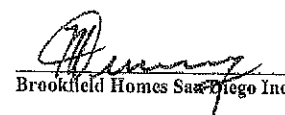
BARRINGTON

ATTACHMENT "H"
SAMPLE COMMITTING DOCUMENTS
Rev. 9/16/97

N/A




HNR Framing Systems Inc. 11/16/00
Date


Brookfield Homes San Diego Inc 11/27/00
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 35865 thru 35867 & 35869
SOLOMON CODE: 1600-5129/62-62-110-0000-000-51235 & 51240
1600-5129/62-62-111-0000-000-51235 & 51240
DATE: October 13, 2000

BARRINGTON

ATTACHMENT "I"
PRODUCTION SCHEDULE

Rev. 9/16/97

It is specifically understood that the Subcontractor hereby guarantees to complete a minimum of two (2) living units and garages each working day to the complete satisfaction and requirements of the Builder and all jurisdictional agencies, and shall maintain this production rate during the entire tenure of the contract. Failure on the part of the Subcontractor to maintain said minimum daily production rate for any reason whatsoever shall result in the Builder dismissing the Subcontractor from the jobsite and employing another Subcontractor to complete the required work. Any differences in cost as a result of said change shall be borne by the original Subcontractor.


HNR Framing Systems Inc. 11/16/00
Date



Brookfield Homes San Diego Inc 11/22/00
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC BARRINGTON
TRADE: ROUGH CARPENTRY
CONTRACT NO: 35865 thru 35867 & 35869
SOLOMON CODE: 1600-5129/62-62-110-0000-000-51235 & 51240
1600-5129/62-62-111-0000-000-51235 & 51240
DATE: October 13, 2000

ATTACHMENT "J"
CONTRACT PAYMENT SCHEDULE
Rev. 9/22/97

SEE ATTACHED ADDENDUM "5"


HNR Framing Systems Inc. 11/16/00 Date


Brookfield Homes San Diego Inc 11/29/00 Date

General Contractor: Brookfield Homes San Diego
 Owner: Brookfield Barrington Inc.
 12985 Pointe Del Mar, Suite 200
 Del Mar, CA 92014
 858.481.8500 Phone
 858.794.6186 Fax

Payment Schedule Report



As of: 10/13/00
 Addendum # 5

To: HNR Framing Systems, Inc. HN0001
 12346 Crosthwaite Circle
 Poway, CA 92084
 858.486.2471 Phone

ContractID: 35865

Contract ID	35865	Trade Code	51240
Date Effective	10/13/00	Trade Description	Lumber Rough
Date Expires	10/13/01	Community Code	6282110
Contract Amount	\$195,568.00	Community Description	Barrington Phase 10
Retention	0.00%		

Stage 1: 100 %
 UPON Delivery

Seq. No	Plan Code	Lot Code	Lot Amount	Draw	Retention
1	2AR	0001	18,108.00	18,108.00	0.00
2	2B	0002	17,781.00	17,781.00	0.00
3	2AR	0003	16,661.00	16,661.00	0.00
4	1B	0004	16,514.00	16,514.00	0.00
5	2CR	0005	18,703.00	18,703.00	0.00
6	1A	0006	16,570.00	16,570.00	0.00
7	3BR	0007	16,926.00	16,926.00	0.00
8	1CR	0008	17,424.00	17,424.00	0.00
9	3AR	0009	18,108.00	18,108.00	0.00
10	2BR	0010	17,781.00	17,781.00	0.00
11	3C	0011	19,976.00	19,976.00	0.00
Contract			195,568.00	95,568.00	0.00
35865					

Lot Sequence

Seq. No	Plan Code	Lot Code	Address	Exterior Color	Roof Color	Sq. Foot
1	3AR	0001	3825 CoastView Court			2,287
2	2B	0002	3629 CoastView Court			2,160
3	2AR	0003	3633 CoastView Court			2,160
4	1B	0004	3637 CoastView Court			1,957
5	2CR	0005	3641 CoastView Court			2,100
6	1A	0006	3645 CoastView Court			1,957
7	3BR	0007	3679 Cay Drive			2,287
8	1CR	0008	3675 Cay Drive			1,957
9	3AR	0009	3671 Cay Drive			2,287
10	2BR	0010	3667 Cay Drive			2,160
11	3C	0011	3663 Cay Drive			2,287

* Please Sign and Return *

By: Date: 11/27/00
 Brookfield Homes San Diego Inc.
 By: Date: 11/16/00
 HNR Framing Systems, Inc.

- Comments:
1. A copy of this form must accompany all invoices with the portion of the work being billed highlighted.
 2. Only one (1) invoice per month may be submitted.
 3. Progress billing number must be indicated on each monthly invoice.
 4. Lien releases for ALL suppliers must be attached with your invoice for proper payment.
 5. All invoices received by the 16th of the month will be processed for payment on or about the 30th of the following month, contingent upon Lender's disbursement.
 6. Retention shall be released 30 days from notice of completion.

Distribution: 1 = Original, 2 = Subcontractor, 3 = Superintendent, 4 = Accounting

BH-BS-005810

SUBCONTRACT AGREEMENT FOR CONSTRUCTION

This Agreement, made this 16th day of November 2000, by and between BROOKFIELD HOMES SAN DIEGO INC., a California corporation, acting as General Contractor and hereinafter referred to as "Builder", and HNR FRAMING SYSTEMS, INC., as a Subcontractor, is for the performance of part of the work in the following project:

PROJECT NAME & ADDRESS:

Barrington
Carlsbad, California

PROJECT DESCRIPTION:

Tract # 12950

RECEIVED

DEC - 4 2000

PROJECT OWNER:

Brookfield Barrington Inc.

BROOKFIELD HOMES

CONSTRUCTION LENDER:
ADDRESS & LOAN NUMBER:

Wells Fargo
401 "B" Street, Suite 304
San Diego, CA 92101
310/335-9437 - Angela Meick

PROJECT BUILDER:

BROOKFIELD HOMES SAN DIEGO INC.
12865 Pointe Del Mar, Suite 200
Del Mar, California 92014
(619) 481-8500
(619) 794-6186

PROJECT ARCHITECT:

Dahlin Group

GEOTECHNICAL ENGINEER:

Geosoils Inc.

PROJECT CIVIL ENGINEER:

Hunsaker & Associates

ENERGY CONSULTANT:

Haynal & Company

PROJECT STRUCTURAL ENGINEER:

Horowitz Taylor Engineering

PROJECT LANDSCAPE ARCHITECT:

Land Concern Ltd.

SUBCONTRACTOR NAME, ADDRESS:

HNR Framing Systems Inc.
12345 Crosthwaite Circle
Poway, CA 92064
858/486-2471 - 858/486-7351 Fax

SUBCONTRACTOR PHONE/FAX:

SUBCONTRACTOR CONTACT:
GENERAL SUPERINTENDENT:
CUSTOMER SERVICE:
EMERGENCY AFTER HOURS PHONE:

Robert Thomas
Dave Marsh
Ruben Don
858-486-2471

TRADE:

Rough Carpentry

SUBCONTRACT AMOUNT:

Cost Code	Amount
51235/51240	\$274,724.00 - Phase 12

CONTRACT DOCUMENTS:

Attachment "A"	General Terms and Conditions
Attachment "B"	General Scope of Work
Attachment "C"	Specific Scope of Work
Attachment "D"	Option Pricing
Attachment "E"	Sequence Sheet
Attachment "F"	Plan List
Attachment "G"	Site Map
Attachment "H"	Production Schedule
Attachment "J"	Contract Payment Schedule

HNR FRAMING SYSTEMS INC.

By: *[Signature]*

Title: *Contracts Administrator*

Date: *12/6/00*

BROOKFIELD HOMES SAN DIEGO INC.

A California corporation

By: *[Signature]*

Title: *Director of Purchasing*

Date: *12/7/00*

SUBCONTRACTOR: HNI FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 36854 & 36855
SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
DATE: November 16, 2000

BARRINGTON

ATTACHMENT "A"
GENERAL TERMS AND CONDITIONS

Rev. 9/30/97

1. The Subcontractor is made aware that presence on the jobsite without all insurance requirements fulfilled and approved by Brookfield Homes San Diego Inc. is strictly prohibited.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. The acceptance by Subcontractor of final payment shall be and shall operate as a release to the Builder of all claims and all liability to Subcontractor for all things done or furnished in connection with this work. No payment, however, final or otherwise, shall operate to release Subcontractor or his sureties from any obligations under this Agreement or any performance and payment bond in connection with the work.
4. Subcontractor work orders signed at the project site by the Builder's Project Superintendent will serve only as acknowledgement that the work has been performed, not as a guarantee for payment.
5. Builder may back charge Subcontractor at any time for cost of corrective work plus \$100 for administration charges. In the event back charges are encountered, the Subcontractors involved shall negotiate the cost and payment with each other. Should the Subcontractors involved be unable to agree as to fault and cost of repair (back charges), Builder's representative shall arbitrate to reach an agreeable solution between the Subcontractors involved. Should Builder have to hold monies from one Subcontractor to pay another for back charges, a \$100 charge shall be assessed by Builder.
6. Subcontractor will protect the work of other trades and shall repair and correct any damages incurred to the work of other trades.
7. Alcohol, drugs, loud music, children and dogs are prohibited on the jobsite. Any written violations from Builder may result in termination of Subcontractor's contract.
8. Architectural intent shall take precedence should conflicts arise within architectural and structural documents, at the direction of the Builder's Project Superintendent, architect, and structural engineer.
9. Any and all layout required within the respective portions of the work shall be included.
10. Project shall be manned at all times with competent, English speaking supervision.
11. Prior to start of work, Subcontractor shall meet with Builder's Project Superintendent and related trades to coordinate all details, including contracts, plans, specifications, dimensions, schedules, models, prior production units and the like. Subcontractor agrees that he has inspected and accepted all conditions, and is aware of all details for which he is responsible.
12. Subcontractor's designated representative shall be present at weekly jobsite safety meetings to be scheduled by Builder's Project Superintendent.
13. Subcontractor is responsible for controlling dust, if appropriate, during the course of Subcontractor's work.
14. Subcontractor shall furnish and maintain any necessary barricades and warning signs/caution tape and shall control traffic as necessary.
15. Subcontractor or Subcontractor's employees, agents, or representatives shall not contract directly for any work or additions with a prospective or current homebuyer prior to close of escrow of Builder's homes. Contracting directly with the homebuyer will be considered a violation of Builder's contract and may result in termination of the contract.
16. Subcontractor shall keep site clean and provide for a safe work place. Debris shall be stacked inside each garage to be removed by others. Units shall be kicked out and swept by others after framing is complete.


HNI Framing Systems Inc. 12/1/00
Date


Brookfield Homes San Diego Inc. 12/9/00
Date

SECTION 1: DESCRIPTION OF WORK, COST PER UNIT AND CONTRACT PRICE

Subcontractor agrees to furnish all labor, materials, installation, supplies, equipment, services, machinery, tools and other facilities of every kind and description required for the prompt and efficient execution of the work necessary to complete the described duties at the price specified. The job shall be completed in strict accordance with the terms and conditions of this Subcontract Agreement, any Performance Schedule provided by Builder, and the general conditions, specifications, plans and drawings prepared for Builder, all of which constitute and are referred to hereinafter as the "Contract Documents," and all applicable codes, ordinances, regulations and policies and to the full satisfaction and acceptance of Builder and applicable inspecting jurisdiction, including all cartage and applicable taxes of any nature whatsoever. The contract price shall be paid by Builder to the Subcontractor in accordance with payment provisions of this Subcontract Agreement. If the Contract Documents and/or codes are silent, the work shall be done in accordance with accepted industry standards.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JA Date 12/1/00 Builder Initials JA Date 12/7/00

SECTION 2: PAYMENT

2.1 Subcontractor will not be paid unless it has fully performed to the extent billed and until it has complied with all of the provisions of this section. Subcontractor shall submit all invoices for work and materials furnished, in duplicate, to Builder for approval. All invoices shall be accompanied by appropriate waiver and release documents in forms satisfactory to Builder, executed by Subcontractor, its laborers, subcontractors and all suppliers who furnished materials to said job to the date of the invoice(s). No payment made hereunder shall be construed as evidence of acceptance of any part of Subcontractor's work, nor a waiver of any claim by Builder or Project Owner arising out of faulty workmanship or materials or from failure of Subcontractor to comply strictly with the Contract Documents.

2.2 Pay-When Paid: Subcontractor shall be paid in accordance with the schedule and rate of retention set forth in the contract documents made by Owner to Builder, after each payment has been received by Builder from Owner, and only to the extent that the payment received by Builder from Owner includes payment for work performed by Subcontractor. Subcontractor understands that Subcontractor will be paid only from a special fund, and that such special fund is monies paid to the Builder by the Owner. If for any reason that fund does not come into existence, Subcontractor shall not be entitled to payment. The receipt of funds by Builder from Owner allocable to work performed by Subcontractor is a condition precedent to the Builder's obligation to make any progress payment to Subcontractor.

2.3 Terms of Payment: See Contract Payment Schedule in Attachment "I."

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JA Date 12/1/00 Builder Initials JA Date 12/7/00

SECTION 3: INDEPENDENT INVESTIGATION

3.1 Subcontractor hereby warrants that it has made its own careful and independent investigation and review of the jobsite conditions, plans, specifications, reports, Performance Schedule, and relevant statutes, codes, ordinances, regulations and policies and is fully familiar with the requirements and difficulties presented. Subcontractor hereby warrants and agrees it is not relying upon any opinion or representation of Builder not contained in this Subcontract Agreement or other documents incorporated herein. Subcontractor warrants that it has found no ambiguity or conflict in the plans and specifications other than those which have been disclosed in writing prior to the execution of this Subcontract Agreement.

3.2 Subcontractor also warrants that it has verified that all materials and equipment necessary to perform its work are available when and as needed pursuant to the Agreement and the Performance Schedule.

3.3 Subcontractor has visited the site and is familiar with the work completed, if any, including but not limited to, all work in the models and the most recent phase of production. Subcontractor is aware of all changes that have been made including those which may not be incorporated into the current set of plans and specifications, and it agrees that the contract price for the Scope of Work includes all previous changes. The Subcontractor understands that no additional compensation will be considered unless consistent with Section 9 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JA Date 12/1/00 Builder Initials JA Date 12/7

Subcontractor Initials JA Date 12/1/00

Builder Initials JA Date 12/7

SECTION 4: CLEAN UP/HAZARDOUS MATERIALS

4.1 Subcontractor agrees to clean up and remove from premises all waste materials, debris and spoil of every description which may accumulate in the building (if applicable) or about the premises as a result of its work. The premises must be left in a clean and acceptable manner as determined at Builder's sole discretion. Should the Subcontractor refuse or neglect to clean up or remove waste materials, debris and spoil upon being directed to do so by Builder, Builder may remove same or cause it to be removed by others and the Subcontractor shall suffer a deduction from its contract price for the expense incurred.

4.2 Subcontractor represents and warrants to Builder that it, its employees and agents will not release, discard, discharge or dispose of at the Project, on the ground or in the surface water thereof, any hazardous substance hereinafter defined. In the event Subcontractor breaches this representation or warranty, said breach shall, (i) constitute a material breach of this Subcontract Agreement, (ii) entitle Builder to the remedies provided in Section 6.1 of this Subcontract Agreement, and (iii) constitute damage to or destruction of property requiring the indemnification of Builder and Project Owner pursuant to Section 13 of this Subcontract Agreement. For purposes of this Subcontract Agreement, the term hazardous substance shall mean any chemical substance, oil, waste, petroleum or petroleum product, or other material which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant," under any Federal, State or local law, regulation or ordinance.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials JS

Date 12/1/00

Builder
Initials GA Date 12/7

SECTION 5: WORK COMMENCEMENT AND PROGRESS

5.1 Time is of the essence in this Subcontract Agreement. Subcontractor agrees to commence work to be performed hereunder within twenty-four (24) hours of receipt of notice to commence from Builder and to complete its work in accordance with Builder's Performance Schedule and all modifications thereto, which schedule is incorporated herein by reference and made a part hereof. Subcontractor warrants that it has reviewed the Performance Schedule and is satisfied with it and hereby agrees to review as necessary all modifications to that schedule which will be maintained in the jobsite office of Builder. Builder and Subcontractor recognize that from time-to-time final plans, schedules and specifications for a project may not be complete at the time of execution of the Subcontract Agreement. In such event, Subcontractor agrees to advise Builder of any objections within seventy-two (72) hours of notice from Builder that the plans, schedules or specifications have been finalized. If, in the opinion of Builder, at its sole discretion, Subcontractor is not furnishing sufficient men, materials or equipment to meet the Performance Schedule, Builder may exercise the options available to it in Section 6 of this Subcontract Agreement.

5.2 Builder shall maintain observation of the premises on which the work hereunder is to be performed and shall have the right to determine the Project working hours, the time and the priority of the work of other Subcontractors and all matters concerning the timely and orderly conduct of the work of the Subcontractor. Unless specifically noted herein, there are no assumptions relative to or limitations upon the number of move-ins required by the Subcontractor.

5.3 No Damage for Delay: It being expressly contemplated by the parties that in the event Subcontractor is delayed at any time in its performance of the work by act or neglect of the Owner, Architect, Builder, or any employee of Owner, Architect, Builder, or of a separate Contractor employed by Owner, or by changes ordered in the work, or by labor disputes, severe weather, fire, unusual delay in deliveries, work suspensions, acceleration, design defects, changes, unavoidable casualties, or other causes beyond Builder's control, or by delay authorized by Owner pending arbitration, or by other causes which Builder determines may justify delay, then Subcontractor's sole and exclusive remedy for delay shall be an extension of time for performance of the Subcontractor's work, except and unless such delay is the result of active intentional interference by the Builder and Owner. No claims for additional compensation or damages for delays, whether in the furnishing of material by Builder or delays by other subcontractors or Owner will be allowed by the Builder and said extension of time for completion shall be the sole remedy of Subcontractor. No allowance or extent of time referenced above shall be made unless a claim therefore is presented in writing to the Builder 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 Builder from completion of the entire project within the time that Owner allows Builder for such completion.

5.4 Subcontractor shall schedule its work and the presence of its employees at the jobsite and any deliveries of supplies or material by its materialmen and suppliers to the jobsite on such days, and at such times and during such hours, as may be directed by Builder. Subcontractor shall assume responsibility for such schedule compliance not only for its employees, but also for its materialmen and suppliers.

5.5 Subcontractor shall be responsible for the delivery, unloading, storing and protecting of all equipment, supplies and materials. All materials stored on the site must be stored in a container supplied by the Subcontractor. Garages or any other storage will not be supplied by Builder. Builder shall approve or disapprove Subcontractor's storage location at its sole discretion.

5.6 The Subcontractor shall abide by and conform to any procedures and schedules established by Builder which may be necessitated by Acts of God, Subcontractor's failure to comply with this Subcontract Agreement, or other

Subcontractor
Initials JS

Date 12/1/00

Builder
Initials GA

Date 12/7

factors which affect completion. Subcontractor covenants and agrees to coordinate its work with other subcontractors and to cooperate with other subcontractors working on the Project.

5.7 Subcontractor shall examine the surface or area to which its work is to be attached or performed and shall report in writing any related work which is not suitable to accommodate its work. Subcontractor shall not proceed with the installation until same has been corrected. Commencement of work shall constitute an acceptance by Subcontractor of surfaces and conditions to which its work relates and it shall be fully responsible for obtaining proper and satisfactory results.

5.8 Responsibility for Other Trades: Subcontractor shall assume full responsibility for the defective work of others, if said Subcontractor accepts the work, or materials, and proceeds with its scope of work without written notification to Builder.

5.9 Liquidated Damages: The parties acknowledge and agree that Builder will suffer substantial damages if Subcontractor fails to complete the scope of work contemplated by the Subcontract Agreement within the duration of time and working days as specified by the Performance Schedule attached hereto. The parties realize that it will be extremely difficult and impractical, if not impossible, to ascertain with any degree of certainty the actual amount of Builder's damages in the event of such failure to perform by Subcontractor. Therefore, the parties hereby agree that \$ 600 per day represents a reasonable estimate of such damages considering all of the circumstances existing on the date of execution of the Subcontract Agreement and that Builder shall have the right to retain the full amount of said sum against Subcontractor funds owed on this Subcontract Agreement, as a remedy to Builder's potential damages should Subcontractor default.

5.10 In the event a dispute arises between Builder and Subcontractor during Subcontractor's performance of the work, Subcontractor shall continue to perform its obligations under this Subcontract Agreement unless otherwise notified in writing by Builder.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials JD Date 12/7

SECTION 6: TERMINATION

6.1 Subcontractor shall perform the work in a prompt and diligent manner so as to promote the general progress at the entire project and shall not interfere with nor hinder the work of Builder or any other subcontractor. Subcontractor agrees to reimburse Builder for any and all damages which may be assessed against and collected from Builder, which are attributable to or caused by Subcontractor's failure to furnish the materials and perform the work required by the Subcontract Agreement in the manner provided for herein. If Builder shall deem it necessary, Subcontractor, on demand of Builder, shall provide additional workforces, overtime, additional shifts, and shall expedite the furnishing of materials so as to meet the Performance Schedule.

6.2 In the event the Subcontractor, at any time, refuses or neglects to supply a sufficient number of properly skilled workers or a sufficient quantity of materials of proper quality, or is adjudicated a bankrupt, or files a reorganization proceeding, or commits any act of insolvency, or makes an assignment for benefit of creditors without Builder's consent, or fails to make prompt payment to his materialmen and/or laborers, or fails in any respect to promptly and diligently prosecute the work covered by this Subcontract Agreement, 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 fails to fulfill any of the provisions by him to be performed, or otherwise fails to fully perform any and all of the Subcontract Agreement herein contained, Builder may, at his option:

(a) After giving 24 hours written notice to Subcontractor to cure, provide any such labor and materials as may be necessary and deduct the cost thereof from any money then due or thereafter to become due to the Subcontractor under this Subcontract Agreement; or

(b) Should Subcontractor fail to cure the default referenced above within 24 hours, the builder may, at its option, terminate Subcontractor's right to proceed with the work and in that event, builder shall have the right to enter upon the premises of the project and take possession, for the purpose of completing the work under this Subcontract Agreement, of all materials, tools, equipment, and appliances of Subcontractor, and may employ any other person(s) to finish the work and provide the materials therefore.

6.3 In the event of such termination of Subcontractor's right to proceed with the work, said Subcontractor shall not be entitled to receive any further payment under this Subcontract Agreement until the work undertaken by Builder in its prime contract is completely finished. At that time, if the unpaid balance of the amount to be paid under this Subcontract Agreement exceeds the expenses incurred by Builder in finishing Subcontractor's work, such excess shall be paid by Builder to Subcontractor; but, if such expense shall exceed such unpaid balance, then Subcontractor shall promptly pay to Builder the amount by which such expense exceeds such unpaid balance. The term "expense" referred to in the last sentence shall include expenses incurred by Builder for furnishing materials, labor, equipment, and other expenses for finishing the work, for any attorney's fees incurred by Builder effectuating the instant termination or interpreting the instant Subcontract Agreement, and any damages sustained by Builder by reason of Subcontractor's

Subcontractor Initials JS Date 12/1/00

Builder Initials JD Date 12/7

default, plus a markup of 15 percent for general and administrative expense, and a 10 percent profit on any and all of such expenses. Builder shall have a lien upon all materials, tools and appliances taken possession of, as aforesaid, to secure the payment thereof. The notice referred to in this section will be sufficient and complete if written notification is given at the project site or when faxed or mailed to Subcontractor at his fax number or address as shown in this Subcontract Agreement.

6.4 Builder may withhold, or on account of subsequently discovered evidence, nullify the whole or part of any payment due to Subcontractor to such extent as may be necessary to protect Builder from loss, including costs and attorney's fees, on account of:

- (a) Defective work not remedied;
- (b) Claims filed or reasonable evidence indicating the probable filing thereof;
- (c) Failure of Subcontractor to make payments promptly to a subcontractor or for materials, labor, or fringe benefits;
- (d) A reasonable doubt that this Subcontract Agreement will be completed for the balance then unpaid; or
- (e) Damage to Builder or other subcontractors.

6.5 Builder reserves the absolute right to terminate this Subcontract Agreement for any reason, including its own convenience. In the event of termination without cause, Subcontractor shall be entitled to payment only as follows:

- (a) Cost of the work actually performed in conformity with this Subcontract Agreement; plus
- (b) Ten percent (10%) of costs referred to in subparagraph (a) above, for overhead and profit.

However, in no event shall the Subcontractor be entitled to any amount that exceeds sections (a) and (b) above.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials JS Date 12/7

SECTION 7: LABOR

7.1 The parties agree and declare that the Subcontractor and Builder are separate, independent entities and that the Subcontractor has full responsibility for the performance of the work and the direction of its work force, subject only to the duty of the Subcontractor to cooperate with Builder and other subcontractors.

7.2 Subcontractor recognizes that in the performance of its work, it will be required to work side-by-side with other subcontractors and representatives of Builder on the Project. Builder and/or other subcontractors may not be signatory to collective bargaining agreements with the various labor organizations.

7.3 Subcontractor agrees that should there be picketing or a threat of picketing by any labor organization at or near the Project, Builder shall establish a reserved gate for use by the Subcontractor's employees and suppliers. In that event, it shall be the affirmative obligation of the Subcontractor, as a material consideration of this Subcontract Agreement and each and every other agreement between the parties hereto, to insure that its employees and other suppliers use only the gate or entryway designated by Builder. Notwithstanding the establishment or non-establishment of a reserved gate, it shall be the continuing obligation of the Subcontractor to properly staff the job with qualified employees without interruption or delay.

7.4 In the event the Subcontractor's employees refuse to work because of a labor dispute or grievance with the Subcontractor, Builder or some other subcontractor, it shall not relieve Subcontractor of its obligations to supply enough properly skilled workers to perform the work undertaken by it without interruption.

7.5 Subcontractor hereby warrants that it is not now nor will it be delinquent in the payment or reporting to any labor-management fringe benefit trust fund, and further that Subcontractor is not now nor will it appear on any delinquency list published by any labor-management fringe benefit trust fund.

7.6 When, in the judgment of Builder, Subcontractor shall have refused, neglected or failed to supply enough properly skilled workers, or otherwise shall have refused, neglected or failed to comply with the provisions of this Section 7, Builder shall be able to exercise its rights in accordance with Section 6 of this Subcontract Agreement.

7.7 Subcontractor also agrees to comply with all of the terms and provisions of any Equal Opportunities requirements imposed upon Builder, to the same extent as though said requirements were imposed upon Subcontractor.

Subcontractor Initials JS Date 12/1/00

Builder Initials JS Date 12/7

provided Builder informs Subcontractor of said requirements; and Subcontractors refusal to do so within forty-eight (48) hours of notice by Builder shall permit Builder to exercise its rights and remedies set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials JB Date 12/7

SECTION 8: TAXES

Subcontractor agrees to pay any and all taxes, including specifically, but not by way of limitation, sales taxes, use taxes, gross receipt taxes, excise taxes, old age benefits, withholding taxes, and unemployment compensation taxes under all State, local and Federal laws with respect to all materials furnished and employees engaged in the performance of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials JB Date 12/7

SECTION 9: EXTRAS

9.1 It is understood and agreed that all labor and/or materials furnished by Subcontractor, even though said labor and/or materials are not specifically required or demanded by this Subcontract Agreement or the Contract Documents, shall nevertheless be deemed to be included within the scope of labor and/or materials properly and necessarily required for the performance hereof and not warranting additional compensation, subject only to the following exception and none other, to wit: that any labor and/or materials furnished hereunder that are authorized by Builder in writing, together with a definite statement in said authorization that said labor and/or materials shall be deemed an "Extra" and shall be paid for in addition to the subcontract price at a sum specified in said authorization. Builder may, at any time during the progress of said Project, order in writing, deviations, additions or omissions and the same shall not void this Subcontract Agreement, but the value thereof, as agreed upon in such written authorization, shall be added to, or deducted from, the contract price hereof. Any modifications in the work to be done by the Subcontractor that are changes requiring the substitution of certain work and/or materials for other work and/or materials originally required by this Subcontract Agreement, or by the plans and specifications incorporated into this Subcontract Agreement, will not entitle the Subcontractor to additional compensation unless the change order is in writing and specifically provides that it authorizes an "Extra" in a stated amount.

9.2 It is expressly agreed and understood by and between Builder and the Subcontractor that no "Extra" charge(s) will be paid without written authorization; that the subcontract price includes performing all work specified according to specification (when applicable) and that said work must comply with all City, County, State and Federal building codes and requirements.

9.3 An authorization for any extra work shall be obtained in writing by the use of the "Committing Document" form, a sample of which is attached hereto as Attachment "H". Attachment "H" is hereby incorporated by reference as part of this Subcontract Agreement, and wherever said forms are utilized and executed by the parties to this Subcontract Agreement, the terms thereof shall be fully enforceable as part of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials JB Date 12/7

SECTION 10: DEVIATIONS

10.1 Subcontractor shall make no changes and shall be responsible for any deviation from the plans, specifications and/or drawings that it may make, and it may be required to re-do any non-conforming work to conform strictly to the plans, specifications and/or drawings unless a written authorization by Builder, addressed to the Subcontractor, shall be given setting forth specifically in detail what changes shall be made. The cost of changes, unless otherwise specifically agreed upon in writing, shall not exceed a credit for any work not required to be done as a result of such changes.

Subcontractor Initials JS Date 12/1/00

Builder Initials JB Date 12/7

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials JS Date 12/1/00

Builder
Initials GP Date 12/7

SECTION 11: SAFETY (CAL/OSHA) AND DISCIPLINE

11.1 Subcontractor, Subcontractor's employees and agents, and any other party contracting with Subcontractor shall comply with all applicable Federal, State, local and any other legally required safety, environmental and health standards, orders, rules, regulations or other laws. Subcontractor shall bear full financial responsibility for the compliance of those persons referenced therein.

11.2 Should Subcontractor, Subcontractor's employees, Subcontractor's subcontractors, or their employees fail to comply within twenty-four (24) hours from the time Builder or any governmental agency issues Subcontractor a written notice of noncompliance, or within the time of an abatement period specified by any government agency, whichever period is shorter, Builder may exercise any of the remedies available to it under Section 6 of this Subcontract Agreement.

11.3 All equipment used on or near the Project shall be regularly inspected and certified as reliable and dependable and shall be maintained to ensure the safety of the operator and all others on or near the project. All electrical devices (such as cords, connectors, plugs, etc.), shall be in good condition and properly grounded. All injuries, regardless of severity, will be reported in writing to Builder within twenty-four (24) hours of occurrence.

11.4 All vehicles and/or persons driving vehicles on the Project must be licensed, properly insured and registered.

11.5 Drinking of alcoholic beverages or the use of any controlled substance at the Project is strictly prohibited. While Subcontractor's employees are prohibited from using the interior of any unit for coffee or lunch breaks, and no food or beverages are allowed inside the units, garages and other areas designated by Builder may be used. No dogs are permitted at the Project and radio volume will be controlled at the discretion of Builder. Subcontractor shall comply with all applicable noise abatement ordinances.

11.6 Subcontractor warrants it is aware of the OSHA Hazard Communication Standard and its requirements. Subcontractor is to supply Builder with a Material Safety Data Sheet (MSDS) for every hazardous substance Subcontractor has delivered or uses on the Project. The MSDS is required for any material(s) container label using the word(s) "DANGER," "CAUTION," "FLAMMABLE," or "WARNING." Subcontractor is to insure that all hazardous products are in a container with a label clearly identifying the chemical(s) with appropriate hazard warnings. All labels are to be in English, easily understandable and not defaced. When any substance is transferred from one container to another and is not immediately used solely by the person making the transfer, that container must be labeled with the hazard information from its source. Subcontractor is responsible for the control and disposal of all substance containers and their contents. No empty or partially empty container will be permitted to remain on the site after Subcontractor has finished using it. All empty containers shall be removed from the Project by the Subcontractor immediately.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials JS Date 12/1/00

Builder
Initials GP Date 12/7

SECTION 12: PROTECTION OF WORK AGAINST DAMAGE OR INJURY

Subcontractor shall be responsible for protecting its own work, material and equipment and shall be responsible for the correction, replacement or repair of any of its work which is damaged prior to final completion of the Project. Subcontractor shall be responsible to Builder or third party subcontractors, as appropriate, for any damage to Builder's work or that of third party subcontractor to Builder whose work is damaged by Subcontractor. Subcontractor shall also protect adjacent property from injury or damage arising out of its work and shall repair or accept responsibility for any such injury or damage.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials JS Date 12/1/00

Builder
Initials GP Date 12/7

Subcontractor
Initials JS Date 12/1/00

Builder
Initials GP Date 12/7

SECTION 13: INDEMNITY.

13.1 INDEMNIFICATION AND DEFENSE OF BUILDER AND PROJECT OWNER. In connection with the performance of this Subcontract Agreement, to the extent permitted by law, and subject to the provision of Section 13.3 below, Subcontractor shall indemnify, defend and hold harmless Builder and Project Owner and their officers, agents and employees from and against any and all claims, losses, damages, demands, suits, injuries and liabilities (regardless of legal theory alleged), including all costs of litigation, mediation, arbitration and attorney's fees, arising from or relating to (1) any failure by Subcontractor to perform its obligations under this Subcontract Agreement, (2) any damage suffered by Builder and/or Project Owner and their officers, agents and employees relating to the work performed by Subcontractor, (3) the death of or injury to any person, or the damage to, or, loss of use of, loss of income from, or destruction of any property however caused, regardless of any negligence by Builder or the Project Owner and their officers, agents and employees be it active or passive, or by the use of Builder's equipment, labor or facilities regardless of whether (a) Builder shall have consented to such use, or (b) the death, injury or damage shall have been caused by unsafe conditions. The duty to defend herein shall arise immediately upon such claim, loss, damage, demand, suit, injury or liability being asserted against Builder and/or the Project Owner, and their officers, agents and employees.

13.2 RELEASE AND WAIVER OF CLAIMS. To the extent permitted by law, and subject to the provisions of Section 13.3 below, neither Builder nor the Project Owner or their officers, agents or employees shall be liable to Subcontractor (and Subcontractor hereby releases Builder and Project Owner and their officers, agents and employees therefrom, and Subcontractor hereby waives all such claims against Builder and/or the Project Owner and/or their officers, agents and employees) for death of or injury to any person, or damage to or loss of use of, loss of income from, or destruction of any property, from any cause during the performance of this Subcontract Agreement (including without limitation fire, earth settlement, earthquake, theft, embezzlement, riot, or civil commotion).

13.3 SOLE NEGLIGENCE OR WILLFUL MISCONDUCT. The provisions of Sections 13.1 and 13.2 above shall not apply to any claim or liability arising by reason of the sole negligence or willful misconduct of Builder, the Project Owner or their officers, agents or employees.

13.4 Should any monetary claim or legal action be instituted against Builder within ten years, or thereafter if permitted by law, after completion of the project by a homeowner or renter or the homeowners' or renters' assignee or successor, or other person or entity, wherein the claim or action alleges a breach of warranty or defect or poor workmanship in the construction, express or implied, or concerns any claim or complaint as to the work performed by Subcontractor, or not performed by Subcontractor where the work should have been performed by Subcontractor, then Subcontractor shall indemnify and reimburse Builder and be held strictly liable to Builder for any money paid by Builder or Owner, or Builder's or Owner's insurance company, by way of an adverse award or judgment or settlement, to any claimant or plaintiff should claimant or plaintiff prevail against Builder, and Subcontractor shall pay to Builder its attorney fees actually incurred in the defense of such claim or action. No release issued by Builder may or shall be considered a defense of the claim or complaint alleging construction defects, or faulty workmanship and/or faulty or defective materials, or problems in construction not discovered during the course of construction.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials MM Date 12/7

SECTION 14: INSURANCE

Prior to commencement of any Work under this Agreement, Subcontractor shall, at its sole expense, fully comply with the terms of this Section 14.

14.1 GENERAL INSURANCE REQUIREMENTS Subcontractor shall not commence any work until it obtains all insurance required to be obtained by Subcontractor under this Subcontract Agreement. Builder will not permit Subcontractor to commence any portion of the work on the Project until Subcontractor has complied with all of the insurance requirements described in this Section 14.

All Insurance described under this Section 14 to be carried by Subcontractor will be maintained by Subcontractor at its sole expense with insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than an 'A' and financial rating of not less than '8' in the most current Best's Key Rating Guide. In no event will such insurance be terminated or otherwise allowed to lapse prior to termination of the Subcontract Agreement or such longer period as may be specified herein. Should Subcontractor fail in whole or in part to comply with any of the requirements set forth in this Section 14, such a failure shall be deemed a material breach to this Subcontract Agreement thereby entitling Builder to all available legal remedies including, but not limited to, those set forth in Section 6. Subcontractor may provide the insurance described in this Section 14 in whole or in part through a policy or policies covering other liabilities and projects of Subcontractor: provided, however, that any such policy or policies shall: (a) allocate to the Project the full amount of insurance required hereunder, and (b) contain, permit or otherwise unconditionally authorize the waiver contained in Paragraph 14 of this Section 14.

14.2 EVIDENCE OF INSURANCE. As evidence of specified insurance coverage, Subcontractor shall deliver and Builder will accept certificates issued by Subcontractor's insurance carrier applicable to Builder showing such policies in force for the specified period, but Builder has the right to require Subcontractor to submit for Builder's

Subcontractor Initials JS Date 12/1/00 7 Builder Initials MM Date 12/7

review certified policies. Such evidence shall be delivered to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014, promptly upon execution of this Subcontract Agreement or prior to commencement of work, whichever occurs earliest. Each policy and certificate shall be subject to reasonable approval by Builder and shall provide that such policy shall not be subject to material alteration to the detriment of Builder or Subcontractor or cancellation without thirty (30) days notice in writing to be delivered by registered mail to Builder's corporate office located at 12865 Pointe Del Mar, Suite 200, Del Mar, CA 92014. In the cancellation section of the Certificate of Insurance the Subcontractor shall delete the words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the Company, its agents or representatives." Should any policy expire or be canceled before the expiration of this Subcontract Agreement and Subcontractor fails immediately to procure other insurance as specified, Builder reserves the right, but shall have no obligation, to procure such insurance and to deduct the cost thereof from any sum due Subcontractor under this Subcontract Agreement. Builder reserves the right to withhold payment should Subcontractor fail to comply with all the insurance provisions described in this Section 14.

14.3 DAMAGES. Nothing contained in these insurance requirements is to be construed as limiting the type, quality or quantity of insurance Subcontractor should maintain or the extent of Subcontractor's responsibility or liability for payment of damages resulting from its operations under this Subcontract Agreement. The carrying of the insurance as specified herein shall not be construed to be a limitation of liability on the part of the Subcontractor, nor shall it relieve Subcontractor from any liability under this Subcontract Agreement as a matter of law.

14.4 WORKERS' COMPENSATION INSURANCE. Subcontractor shall maintain Workers' Compensation Insurance, including (a) Employer's Liability at a minimum limit of One Million Dollars (\$1,000,000) for all persons whom it employs in carrying out the work under this Subcontract Agreement. Such insurance shall be in strict accordance with the requirements of the most current and applicable Workers' Compensation Insurance Laws in effect from time to time at the Project site.

14.5 COMPREHENSIVE OR COMMERCIAL GENERAL LIABILITY INSURANCE. Subcontractor shall maintain Comprehensive or Commercial General Liability Insurance on an "occurrence" basis, with reasonably acceptable deductibles, not to exceed \$10,000, with a combined single limit for bodily injury and property damage of Two Million Dollars (\$2,000,000), or limit carried whichever is greater, covering Operations, Independent Subcontractors, Products and Completed Operations (for 10 years after Final Acceptance), Contractual Liability specifically covering the indemnification contained in Section 13 of the Agreement, Broad Form Property Damage including Completed Operations, Severability of Interest and Cross Liability clauses, Prior Acts Exclusion stating the General Liability policy shall not include any limitation of coverage and/or exclusion including but not limited to Prior Acts Exclusion and/or condominium/detached housing exclusion, Personal Injury and Explosion, Collapse and Underground Hazards (X,C,U). The limits of liability specified in this paragraph may be provided by any combination of primary and excess liability insurance policies.

14.6 AUTOMOBILE LIABILITY INSURANCE. Subcontractor shall maintain any and all owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Subcontractor in connection with this Subcontract Agreement with a combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000), or limit carried, whichever is greater.

14.7 WAIVER OF SUBROGATION. Subcontractor hereby waives all rights against Builder for damages caused by fire and other perils and risks to the extent covered by Subcontractor's required policies of insurance. All policies of insurance required herein shall contain a provision under which the insurance carrier waives its right of subrogation with respect to Builder and Owner such other parties specifically listed as additional insureds in Paragraph 14.8 below.

14.8 ADDITIONAL INSUREDS. We will only accept Additional Insured Endorsements that cover completed operations. Builder shall be included as an additional insured under the coverage specified in Paragraph 14.5, of this Section 14 with the following language included on the endorsement: It is understood and agreed that coverage afforded by this policy shall also apply to Brookfield Homes San Diego Inc., its officers, directors, agents, employees, divisions, subsidiaries, shareholders, partners, affiliated companies and owners, any lender with an interest in said Project, and all other parties listed as Indemnified Parties under the Subcontract Agreement with Brookfield Homes San Diego Inc., all as additional insureds, but only with respect to alleged legal liabilities or alleged claims caused by, arising out of or resulting from the acts or omissions of the named insured or of others performed on behalf of the named insured.

14.9 PRIMARY ENDORSEMENT. The following language must be included on endorsement: This Insurance is primary and any other insurance maintained by such additional insureds is noncontributing with this insurance as respects claims or liability arising out of or resulting from the acts or omissions of the named insured, or of others performed on behalf of the named insured.

14.10 AIRCRAFT LIABILITY INSURANCE. If the work involves aircraft, Subcontractor shall maintain a combined single limit for bodily injury and property damage liability of not less than Ten Million Dollars (\$10,000,000) per occurrence, or limit carried, whichever is greater, covering owned and non-owned aircraft. The whole of the aircraft shall be insured as required by Subcontractor or Builder.

14.11 RELATIONSHIP OF INSURANCE COVERAGE. The insurance required pursuant to this Section 14, shall, as far as applicable, specifically insure Subcontractor's obligations pursuant to Section 13, Indemnity, and, in particular and without limitation, the liability insurance required pursuant to Section 14 shall insure Subcontractor's obligations pursuant to Section 13. However, Subcontractor's obligations pursuant to Section 13 shall not be limited to the amount of insurance required of or carried by Subcontractor pursuant to Section 14.

Subcontractor
Initials JA Date 12/1/00

8

Builder
Initials JP Date 12/7/00

14.12 If builder fails to enforce any of these insurance requirements, such failure shall not constitute a waiver of such requirements nor shall any waiver of any provision hereof be effective unless made in writing and signed by the President or Chief Financial Officer of Brookfield Homes San Diego Inc.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials SM Date 12/7/00

SECTION 15: SUBCONTRACTOR'S PERMITS AND LICENSES

Except as otherwise expressed and provided in this Agreement, Subcontractor will obtain all consents, approvals, licenses or permits required by any governmental authority having jurisdiction over the Project or any part thereof, including plans and specifications. The costs of all consents, approvals, licenses or permits and the payment of all fees relating thereto shall be paid by Subcontractor except those as to which Builder has expressly agreed in writing either to obtain and pay for, or to reimburse Subcontractor therefor. In jurisdictions where Builder has been required to obtain a master permit covering, in part, work to be performed by Subcontractor, Builder may deduct the pro rata cost of Subcontractor's portion of said permit from the contract price.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials SM Date 12/7/00

SECTION 16: INSPECTION AND RE-INSPECTION

An authorized representative of the Subcontractor will accompany Builder on any inspection tours which may be required by Builder or any governmental agency having jurisdiction thereof. Subcontractor shall be charged for all re-inspections resulting from unacceptable materials and workmanship.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials SM Date 12/7/00

SECTION 17: PREVENTION OF LIENS

17.1 Subcontractor agrees to pay when due all claims for labor and/or materials supplied or furnished hereunder, and to prevent the filing of any lien by mechanics or materialmen, or the institution of any attachments, garnishments or suits involving the title of the property upon which the improvements are erected. Subcontractor agrees within five (5) days after receipt of written notice, by certified mail or comparable means of delivery, to cause the effect of any such suit or lien to be removed from the premises, and in the event the Subcontractor shall fail to do so, Builder is authorized to use whatever means it may deem best to cause said lien, attachment or suit, together with its effect upon the title, to be removed, discharged, compromised or dismissed, and the costs thereof, together with reasonable attorney's fees, shall become immediately due Builder. Builder shall be entitled to withhold 150 percent of all outstanding liens filed by Subcontractor's subcontractors and/or suppliers until appropriate Mechanic's Lien Release Bonds or recordable releases of the same have been provided to Builder. Subcontractor may litigate any such lien or suit, provided it causes the effect thereof to be removed from the premises and executes and delivers to Builder such affidavits, contracts, bills, records, accounts, etc., as Builder may deem necessary for its protection in such event.

17.2 In the event Builder is served with any Writ of Attachment, Writ of Execution, Notice of Levy (Federal or State), or other legal process for any debt or alleged debt of Subcontractor at any time during the period of this Subcontract Agreement prior to completion, Builder shall automatically be entitled to keep and retain any funds or monies then due Subcontractor for work and materials furnished and/or previously billed and approved but unpaid to Subcontractor. It is understood and agreed that the purpose of the preceding sentence is to guarantee that Builder shall have sufficient funds with which to complete Subcontractor's duties under this Subcontract Agreement if the suit or levy out of which the above legal process arose should, in Builder's opinion, make it difficult or impossible for Subcontractor to finish the work herein required. Service upon Builder of such process shall be deemed a breach of this Subcontract Agreement and Builder shall give Subcontractor five (5) days written notice to remove said levy, and Subcontractor's failure to do so shall entitle Builder to the same rights as set forth in Section 6 of this Subcontract Agreement.

Subcontractor Initials JS Date 12/1/00

Builder Initials SM Date 12/7/00

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/1/00 Builder Initials [Signature] Date 12/7

SECTION 18: ASSIGNMENT OR SUBCONTRACTING

Subcontractor shall not assign or subcontract any portion of this Subcontract Agreement, or the proceeds thereof, without first obtaining permission in writing from Builder and then only subject to the provisions of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/1/00 Builder Initials [Signature] Date 12/7

SECTION 19: ATTORNEY'S FEES

If either party to this Subcontract Agreement institutes litigation or arbitration with the other party, or against the surety of such party, arising out of the terms and conditions of this Subcontract Agreement, or performance under this Subcontract Agreement, the prevailing party shall be entitled to recovery from the other party, all associated costs, including but not limited to, costs of investigation, court costs and all reasonable attorneys' fees incurred in good faith. Unless judgment goes by default, the attorneys' fees incurred by the prevailing party shall be presumed reasonable and shall be awarded. It is the intention of the parties to fully compensate the prevailing party for all attorneys' fees paid or incurred in good faith.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/1/00 Builder Initials [Signature] Date 12/7

SECTION 20: SURETY BOND

If requested by Builder for any reason whatsoever, Subcontractor further agrees that it will, within ten (10) days from written notification by Builder, provide Builder with a bond, conditioned upon faithful performance of this Subcontract Agreement in all its particulars and/or a labor and material bond, duly executed with a surety company acceptable to Builder, as surety, and in form and content acceptable to Builder. Builder will reimburse Subcontractor for the expense of such bond up to one percent (1%) of the total contract price. If a bond is required and Subcontractor fails or refuses to provide such a bond within ten (10) days after request, such refusal shall be sufficient grounds for termination as set forth in Section 6 of this Subcontract Agreement.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/1/00 Builder Initials [Signature] Date 12/7

SECTION 21: SUPERVISION

21.1 The Subcontractor, or its representatives, shall exercise full time general supervision in and over all phases of its operation to ensure correct performance of the Scope of Work. Builder, or its representatives, shall have access to any and all parts of the Subcontractor's storage facilities, including but not limited to the construction grounds, and may at any time inspect, sample, test or require tests to be taken on any materials furnished or ordered to be used in the construction of the units described in the Contract Documents.

21.2 The Subcontractor shall be responsible to and answer directly to Builder, or its representatives, for the acts or omissions of its employees and of all persons directly or indirectly employed or retained by it in connection with its work under the Contract Documents.

21.3 The Subcontractor shall at all times respect the judgment and authority of Builder representatives acting in the capacity of job superintendent. The Subcontractor shall report to Builder representatives in writing any and all criticism, materials shortages, labor trouble or other conditions or circumstances which in any way affect the performance of its duties or completion of the job.

Subcontractor Initials [Signature] Date 12/1/00 Builder Initials [Signature] Date 12/7

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/1/00 Builder Initials [Signature] Date 12/7

SECTION 22: PLANS AND SPECIFICATIONS

22.1 Subcontractor will comply with all City, County and Federal ordinances, statutes including the applicable building codes and manufactured specifications and requirements. No work is to be deemed complete until final inspection and approval by appropriate public agencies, as well as acceptance by Builder. Such acceptance and/or payment by Builder shall not bar any claim against Subcontractor for defects in workmanship or materials or deviations from said plans, drawings or specifications or from said rules, regulations and requirements. If a conflict or ambiguity occurs between the Subcontract Agreement, Scope of Work, Addenda, plans & specifications, or applicable codes or regulations, the more stringent, as determined by Builder, shall apply. Builder assumes no liability for failure of the plans and/or specifications to comply with such requirements, and it is conclusively presumed that Subcontractor is familiar with all of said requirements and that the work to be performed or the materials to be furnished hereunder by the Subcontractor are to be in strict accordance with said requirements, irrespective of the provisions of the plans and/or specifications.

22.2 Subcontractor shall bear the entire expense of complying with this section of the Subcontract Agreement and shall receive no extra or additional compensation therefor.

22.3 It shall be the responsibility of the Subcontractor to check all figures, measurements and any work of a prior Subcontractor (contracted to perform the same Scope of Work) prior to commencing work, and any discrepancies apparent to him must be reported in writing to Builder immediately for adjustment. Failure to comply in this respect, and any additional costs resulting from noncompliance, shall be the responsibility of the Subcontractor.

22.4 It shall be the responsibility of the Subcontractor to submit for approval by Builder and/or its Architect any necessary shop drawings, diagrams, samples, material lists, brochures, etc., at Subcontractor's sole expense. Said submittal shall conform to the Contract Documents. If the submittal deviates from the Contract Documents, it shall be the obligation of the Subcontractor to give notice in writing to Builder of the deviation. In the absence of such notice, any approval by Builder or its Architect of a submittal which deviates from the Contract Documents shall be void at the sole discretion of Builder and the Subcontractor shall be responsible to Builder to bring its work into compliance with the Contract Documents and for any cost or damage which results from the deviation.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/1/00 Builder Initials [Signature] Date 12/7

SECTION 23: QUALITY, MATERIALS AND WORKMANSHIP

23.1 Whenever any manufactured article, implement or series of articles or implements is mentioned in the specifications by name, trade or manufacturer's name, it is intended to establish a standard of merit and quality. The intent of this definition is to require quality materials and workmanship; however, substitutes of equal merit may be used by the Subcontractor, but only upon the written consent of Builder or its authorized representative. Under no circumstances shall a substitute material be used which will not conform to requirements set forth in the Contract Documents.

23.2 It is the responsibility of the Subcontractor to inspect all materials for manufacturer's defects or transport damage prior to installation. All defective or damaged materials will be rejected. Upon the completion of each unit, Subcontractor shall inspect all work performed and repair immediately any and all unacceptable workmanship. Subcontractor shall notify Builder or its representative of the completion of each unit, and Subcontractor will repair or replace any workmanship or materials Builder deems in its sole discretion unacceptable.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials [Signature] Date 12/1/00 Builder Initials [Signature] Date 12/7

SECTION 24: CHANGES TO PLANS AND SPECIFICATIONS

24.1 Should any changes to the plans and the specifications be required after the signing of the Contract Documents, it shall be the responsibility of the Subcontractor to advise Builder in writing of the effects upon its portion of the work under this Subcontract Agreement. The Subcontractor shall perform no additional work nor shall it decrease its obligation under the Subcontract Agreement without the written consent of and compensation adjustment from

Subcontractor Initials [Signature] Date 12/1/00 Builder Initials [Signature] Date 12/7

Builder. In the event of any dispute arising between Builder and Subcontractor over the value of extra work, or whether certain work is "Extra" or within the scope of this Subcontract Agreement, it shall be the obligation of Subcontractor to complete the disputed work under protest. Any refusal to perform disputed work shall constitute a material breach of this Subcontract Agreement authorizing Builder to resort to its remedies set forth in Section 6 of this Subcontract Agreement.

24.2 In the event the Subcontractor proposes a change or deviation from the plans and specifications and Builder agrees with the proposed change or deviation, it shall be the obligation of the Subcontractor to indemnify Builder for any increased costs incurred by a Builder as a result of any such change or deviation proposed by Subcontractor including, but not limited to, architectural or engineering fees.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 12/1/00

Builder
Initials [Signature] Date 12/7

SECTION 25: GUARANTEES

25.1 Subcontractor does hereby expressly guarantee the Project Owner, Builder, and their successors in interest in the work, against any loss or damage arising from any defect in materials furnished or workmanship performed under or pursuant to this Subcontract Agreement for a period coterminous with Builder's responsibility to its successors in interest, whether express or implied by law. Subcontractor acknowledges that it is familiar with and has reviewed the Builder's homeowner limited warranty and is aware that it is available in Builder's corporate office for review. A longer period may be required by (i) specifications; (ii) the Veterans Administration (VA) or the Federal Housing Administration (FHA); or (iii) applicable law; in which case the guarantee period shall correspond with the guarantee required by VA, FHA and/or applicable law. In no event, however, shall the guarantee period be less than one (1) year from the date of filing the Notice of Completion or occupancy, whichever occurs later.

25.2 It shall be the responsibility of the Subcontractor, during construction of all phases of the Project, to contact Builder or its representative daily to receive any and all notices of discrepancies. The Subcontractor shall immediately arrange for the correction of any and all such discrepancies and shall notify Builder upon completion of the work necessary to correct the discrepancy within two (2) business days after notification. Payments may be withheld pursuant to Section 2 until such time as the discrepancies are eliminated. If the Subcontractor does not act promptly to correct such deficiencies, Builder may independently arrange for the correction of any and/or all such discrepancies and for payment of the cost thereof. Builder shall have the right to back charge such costs or setoff the amount thereof against any sums owing Subcontractor hereunder or otherwise.

25.3 It shall be the responsibility of the Subcontractor, after the completion of the last phase of the Project on which the Subcontractor performed work and during the guarantee period, to correct any and all discrepancies and defects in workmanship and/or materials performed or supplied by Subcontractor on the work of construction, within five (5) business days after notification of such discrepancies and defects by Builder. Subcontractor shall notify Builder immediately upon completion of work performed or materials supplied necessary to eliminate the discrepancies and defects. Should the Subcontractor fail to comply with the Builder discrepancy notice within five (5) business days after notification, Builder may independently arrange for the correction of any and/or all such discrepancies and the Subcontractor shall reimburse Builder for the cost thereof. Builder shall have the right to back charge such costs or offset the amount thereof against any sums owing Subcontractor hereunder or arising out of other projects or phases of this Project.

25.4 Nothing contained in Sections 25.1 through 25.3 shall limit Subcontractor's liability to Builder as provided for in Sections 13.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor
Initials [Signature] Date 12/1/00

Builder
Initials [Signature] Date 12/7

SECTION 26: WARRANTY

Subcontractor agrees to perform all work in a first class, workmanlike manner. At a minimum, work shall be equal to the HUD/FHA Minimum Property Standards; in accordance with all Municipal, County, and State building codes, and in accordance with the terms and dates as outlined in the Builder's limited warranty.

Unless otherwise specified herein, Subcontractor guarantees his work against all defects of materials and workmanship for a period of one year from the date of the certificate of occupancy as issued by the governmental agency having jurisdiction over the construction. This warranty shall be in addition to all other rights and privileges which the Builder may have under any other law. Neither the final payment nor any provision in the contract documents shall relieve the Subcontractor of responsibility for faulty materials or workmanship.

Subcontractor
Initials [Signature] Date 12/1/00

Builder
Initials [Signature] Date 12/7

Subcontractor shall remedy, as its sole cost and expense, any defects due to its faulty materials or workmanship and pay for any damage to other work or materials resulting therefrom, within ten (10) working days after being notified by the Builder.

In an emergency, as defined in the Builder limited warranty documents, notification of the Subcontractor will be by phone with a written service order to follow.

Subcontractor shall provide a 24-hour emergency number and service.

☒ 24-hour number and service not required

Subcontractor will be notified of non-emergency items by written service order. Service order forms indicating the completion of remedial work must be signed and dated by the Subcontractor or Subcontractor's representative who performs the work and returned to the Builder. Until the signed service order is received in the Builder office, the work will be considered to be incomplete.

The Builder retains the right to assign remedial work that is not completed within the established time frame to another Subcontractor and charge the cost of such work to Subcontractor. Adequate funds may be retained at the Builder's option, from any payments then due to Subcontractor until all remedial work over ten (10) days old is completed.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials GP Date 12/7

SECTION 27: NOTICES

Any and all notices or other communications required or permitted by this Subcontract Agreement or by law to be served on, given to or delivered to either party hereto (Builder and Subcontractor), by the other party shall be in writing and shall be deemed duly served, given or delivered when (i) personally delivered to the party to whom it is addressed; (ii) deposited in the U.S. Mail, first class postage prepaid, addressed to Builder or Subcontractor at the addresses herein before set forth; or (iii) sent by telegram to Builder or Subcontractor at the addresses hereinbefore set forth.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials GP Date 12/7

SECTION 28: MISCELLANEOUS

28.1 Subcontractor further agrees to hold Builder and the Project Owner and their officers, directors, agents and employees harmless from any expense of any nature arising out of any and all claims (including, but not limited to, claims that may be presented by virtue of any contract or employment under the Subcontractor) for union welfare, pension, vacation, apprenticeship, owner-operator, health and welfare, and related types of payment obligations connected with the job herein referred to, whether or not well-founded.

28.2 In addition to the provisions and remedies contained in Section 6, or any other provisions hereinbefore stated, Builder may terminate this Subcontract Agreement with the Subcontractor or its subcontractors (and the Subcontractor shall so provide in contracts with its subcontractors), in the event that the Subcontractor or its subcontractors are listed by the administrative office of the appropriate health and welfare, pension, vacation or apprentice funds as being delinquent in payment, or payments, to said fund or funds regardless of the job in connection with which the alleged delinquency occurred (which termination shall be considered "for cause"). If this Subcontract Agreement is terminated pursuant to this provision, Subcontractor shall be obliged to pay the entire cost of completion of work called for by this Subcontract Agreement and/or subcontractor contract(s) whether Builder has said work completed on a time and material basis or lets a new contract for completion of the work. If Builder elects not to terminate, pursuant to this provision, Subcontractor appoints Builder (and Subcontractor shall similarly bind his subcontractors to do so) as Subcontractor's agent to use Builder's judgment and discretion to pay such amounts as Builder believes is due and owing, pursuant to then existing collective bargaining agreements to the appropriate administrative office, out of funds Builder would otherwise be required to pay to Subcontractor. Builder's determination as to amount(s) to be paid, if any, shall be final.

28.3 The Contract Documents should be considered complimentary to each other, and what is called for in one shall be binding and enforceable as if called for in all.

Subcontractor Initials JS Date 12/1/00

Builder Initials GP Date 12/7

28.4 The term "Subcontractor" refers to the firm or individual, or series of individuals, or corporation, who is obligated to perform the obligations set forth in any phase of the Subcontract Agreement so endorsed by it or under its power of attorney.

28.5 If any provision of this Subcontract Agreement, or portion thereof, is determined by a court to be invalid, that determination shall not serve to invalidate the remainder of this Agreement or the remainder of provisions.

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

28.7 There are no understandings or agreements except as herein expressly stated. Time is of the essence for this Subcontract Agreement. This Subcontract Agreement shall not be interpreted for or against either party, but in accordance with its fair meaning. No court has the power or discretion to do anything other than to enforce the plain meaning of each contract provision. No legal theory shall or may ever be applied to avoid, circumvent or "get around" the plain meaning of this Subcontract Agreement.

28.8 Subcontractor's Agreement not to Contract: The parties acknowledge that Subcontractor may come into contact with Owners of specific lots. Subcontract agrees that Subcontractor or Subcontractor's employees, agents or representatives shall not contract directly with any prospective or current homeowner prior to close of escrow of Builder's homes. Subcontractor further acknowledges that violation of this provision is grounds for termination as is defined in Section 6 herein.

By executing this Subcontract Agreement and initialing herein, each party confirms its consent to and agreement with the provisions of this section.

Subcontractor Initials JS Date 12/1/00 Builder Initials JD Date 12/7

SUBCONTRACTOR NAME:

HNR FRAMING SYSTEMS INC.

BUILDER NAME:

BROOKFIELD HOMES SAN DIEGO INC.

BY: [Signature]
Signature

BY: JERRY SMITH
Print Name

TITLE: CONTRACTS ADMINISTRATOR

DATE: 12/1/00

BY: [Signature]
Signature

BY: Norm Denny
Print Name

TITLE: Director of Purchasing

DATE: 12/7/00

Subcontractor Initials JS Date 12/1/00

Builder Initials JD Date 12/7

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 36854 & 36855
SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
DATE: November 16, 2000

Contract # 36854 & 36855
BARRINGTON

ATTACHMENT "B"
GENERAL SCOPE OF WORK
Rev. 9/17/97

1. Subcontractor shall furnish all required labor, supervision, material, equipment, supplies, transportation, insurance, licenses and special permits to install all FRAMING, LABOR, HARDWARE, LUMBER AND TRUSSES, complete, in accordance with all specifications and requirements of the Builder, City, County and other governing agencies having jurisdiction, and in accordance with all specifications outlined in this contract, and all plans and related documents referenced in Attachment "F", Plan List, attached herein.
2. Subcontractor agrees that this contract takes precedence over any and all proposals submitted to the Builder referencing this project.
3. Subcontractor is aware that slabs are post-tensioned and understands that any saw-cutting, coring, jack hammering, or any other penetration of the concrete slab is specifically prohibited without prior written permission of the Builder.
4. Subcontractor shall furnish all labor, rough hardware, shots, discs, pins, nails, bolts, washers for anchor bolts, clip hangers, and any other necessary fasteners, post anchors and caps, hold down anchors, caulking, sealants and adhesives, "Moistop" flashing, bituthene, building paper, tools, services, equipment, (through framing inspection of last house from Builder supplied power source), and necessary supervision to provide complete framed structures including securing framing inspection and all carpentry work required for other trades.
5. All framing shall be straight, plumb, level and true and well nailed, bolted or otherwise fastened as required. All horizontal members shall be placed crown up (if wood) and shall not be spliced between hearings. All members shall have solid bearing without being shimmed. If excess deviation is found, at the option of the Builder, any and all structures may be checked and necessary corrections shall be made at the Subcontractor's expense. String line top plate and shim mudsill as needed to ensure straight plates.
6. BACKING AND/OR BLOCKING:
 - a. All work shall be coordinated with others including, but not limited to, finish carpenter (hardware), plumber, electrician, drywall, heating, stucco, tubs and showers and cabinet Subcontractors to determine proper backing or cutting.
 - b. Joints of all paneling, siding, sheathing, etc. shall occur at studs or shall be solidly blocked.
 - c. Subcontractor shall install all backing required for other trades including, but not limited to, drywall, cabinets, stucco, z-bar, plumbing valves and boxes, tub and shower enclosures, handrails, hardware, wardrobe door tracks, garage door optical sensors, wall and ceiling mounted light fixtures, window popouts and penetrations for sheetmetal, plumbing, electrical, cable and phone service panels.
 - d. Special backing shall be installed at dining room fixture outlet area with location to be determined by Builder.
8. Subcontractor shall install putty sill seal between slab and bottom plate at all perimeter walls.
9. Subcontractor's foreman shall attend any pre-job meetings and inspections pertaining to this Subcontractor's work which may be required by the Builder, the City, County or other governing agencies having jurisdiction.
10. Subcontractor shall store all lumber and bins at location approved by Builder's Project Superintendent and shall relocate lumber and bins as requested by Project Superintendent when necessary to prevent construction delays for other trades. All distribution from such storage areas, and relocation of storage areas shall be done by Subcontractor at no additional cost to Builder.
11. In the event that an area is required by Subcontractor for prefabrication and/or storage of materials, the Builder shall provide a location only if one is available. Security fencing or any other items necessary for such area shall be furnished by Subcontractor. Subcontractor shall be responsible for cleaning the area and stockpile any debris at the site, as designated by Project Superintendent.
12. All materials, installations and hardware shall be done in a good and workmanlike manner in accordance with manufacturer's and structural engineer's recommendations and meet or exceed minimum requirements of the City, County, other governing agencies having jurisdiction, and the Builder.
13. It is the Subcontractor's responsibility to ensure that only current, approved drawings are being used. Any errors created by using wrong plans are Subcontractor's responsibility.


DATE 2/17/00/1


HNR Framing Systems Inc. 12/1/00 Date


Brookfield Homes San Diego Inc 12/2/00 Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 36854 & 36855
SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
DATE: November 16, 2000

14. Subcontractor agrees that contract amount includes the total scope of all rough carpentry operations through framing inspections, ready for drywall and stucco. Siding, arches, shutters, handrails, shadow boards and all wood trim on the exterior is included as part of this contract.
15. Subcontractor shall obtain from Builder's Project Superintendent and adhere to written rough opening dimensions from window, tub, fireplace, finish carpentry subcontractors and air conditioning and plumbing layouts for proper opening sizes.
16. All plumb and align material shall span from plate to plate. DO NOT "shoot" temporary blocks or braces into slabs.
17. All trim over garage door header shall be full length only. Fascia shall be one piece unless longer than 20'. Fascia splices shall never occur over entries, windows or garage doors. Leave 2" space between end of fascia and framed wall for lath and plaster.
18. Subcontractor shall chamfer all exposed beam-ends per details, and bevel the lower pop-out window trim to allow positive water flow.
19. Subcontractor shall install joist hangers flush to bottom of support beam and, if applicable, plane joists and beams flush prior to installation of subfloor. Fill all rim joist voids for shear panels.
20. Subcontractor shall correct any and all crooked, twisted, bent or bowed studs and any other imperfect framing as required for a proper drywall installation. Any such repair work causing damage to the work of others shall be at this Subcontractor's expense.
21. All subflooring shall be completely screwed immediately after applying adhesives to joists, beams and hangers to prevent hardening prior to subfloor set. All such floors shall be guaranteed against squeaks for one year after occupancy. Subcontractor shall be responsible for cost of flooring contractor one time per lot to remove, replace, or repair flooring for access to floor squeaks during the guarantee period.
22. Subcontractor shall place and nail all roof sheathing and clip and countersink any and all roof sheathing nails exposed at roof overhangs. "Shiners" are not acceptable.
23. Subcontractor shall fill all hammer marks in trim materials, caulk and smooth any splits, and spackle rafter tails where roof sheathing nails have been clipped or counter sunk. All trim and siding shall be left in a "ready to paint" condition.
24. Install 1x2 resawn cedar at face of threshold extending one inch beyond rough opening at all aluminum sliders. (2x wolmanized in slab below slider by others.)
25. Skilled mechanics shall do all cutting and framing of wood members required to accommodate structural members, routing of plumbing, conduits, ducts and installation of mechanical, and electrical apparatus.
26. Build and install all F.A.U. platforms. Build and install water heater platforms. Cut plywood covers to be installed over drywall by others. Drywall installed by others. Plywood material shall be same as floor sheathing material. Install catwalks for attic F.A.U. units where required.
27. Any drops added or changed during Model construction shall be included in future phases whether or not shown on the plans, at a price agreed to after completion of the models.

 12/1/00
HNR Framing Systems Inc. Date

 12/1/00
Brookfield Homes San Diego Inc. Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 36854 & 36855
SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
DATE: November 16, 2000

28. If applicable, balconies and decks shall be installed with positive drainage in strict accordance with the plans. Balcony and deck underlayments shall be in strict accordance with "Materials Schedule" as referenced in Attachment "C" so as to maintain established decking warranty. (OSB is not an acceptable material for decks.) No material changes shall be permitted without prior written consent from Builder's Purchasing Department.
29. All lumber and plywood shall bear the grade stamp of a recognized lumber grading association.
30. All lumber and plywood shall be to the satisfaction of the Builder, governing agencies, structural codes and contract specifications prior to authorization of payments.
31. All lumber and plywood deliveries shall be coordinated with the Builder's Project Superintendent.
32. Payments on framing lumber, plywood and trusses shall be made in the form of a joint check made payable to the Subcontractor and the supplier.
33. Exposed exterior wood siding, trim and fascia shall be selected by Subcontractor to eliminate imperfections or damages prior to installation so that all siding, trim and fascia will be in a "ready to paint" condition.
34. Subcontractor shall pre-cut and tack in place all ridge, hip and 1x4 shadow boards required for tile roofing. Permanent installation shall be done by roofer during roofing operations.
35. Subcontractor shall furnish and install all floor and roof truss systems complete, and all related transitional framing such as valley fills, jack rafters, headouts, etc.
36. Subcontractor shall furnish and install all wood architectural details per plan elevations such as siding, plant-ons, window surrounds, pot shelves, corbels, outlookers, scab-on rafter tails, interior popouts and niches. Subcontractor shall install 12" Moistop flashing, minimum 1" reveal at all wood surrounds. All horizontal surfaces shall be sloped to prevent holding water. All surrounds shall have square cuts, no miters. Bottom horizontal boards at surrounds shall be cut to fit between side boards which run through the joints.
37. Prices include all elevations per plans. There will be no extras paid for work related to "vague" plans, or "blind elevations" such as recessed entries, or for "general difficulty" factors which Subcontractor failed to observe during the bid process. There will be NO EXTRAS unless the plans change.
38. Subcontractor shall carefully frame all interior arches to true round, or install "Arch-Rite" in lieu of ripped plywood and blocks.


HNR Framing Systems Inc. 12/1/00 Date


Brookfield Homes San Diego Inc 12/1/00 Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 36854 & 36855
SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
DATE: November 16, 2000

Contract # 36854 & 36855
BARRINGTON

ATTACHMENT "C"
SPECIFIC SCOPE OF WORK

Rev. 9/17/97

1. This contract shall include, but shall not be limited to, the following:

- a. Labor, lumber, floor trusses, and roof trusses.
- b. All catalog hardware, sealants, caulk, flashing, building paper and fasteners.
- c. All required tools and equipment.
- d. All backlag, cutting, notching, chases, platforms and attic catwalks.
- e. All dropped ceilings for plumbing, electric, HVAC, and cabinets.
- f. If applicable, installation of windows and exterior wood jambs.
- g. Screwed deck subflooring.
- h. 1" x 2" cedar or redwood face below sliding glass door thresholds.
- i. Ridge and hip boards pre-cut and tacked in place for roofer.
- j. All plant-ons, pot shelves, corbels and outlookers, per plans.
- k. All scab-on rafter tails 2x6 resawn and shaped ends per details.
- l. All interior popouts, niches.
- m. Shutters and false clay pipe projections by others.
- n. Furnish all plywood protecting tub covers at \$35 each.
- o. 1 x 6 shiplap starter boards over exposed rafter tails.


2. MATERIALS SCHEDULE:

Subcontractor shall furnish and install all lumber in the following grades and species, unless a higher grade is shown on plans, and shall bear all direct and indirect costs to "fix" or replace incorrect lumber:

<u>Sills:</u>	Per Structural Drawings.
<u>Plate:</u>	Per Structural Drawings.
<u>Blocking/Backing:</u>	Per Structural Drawings.
<u>Studs:</u>	Per Structural Drawings.
<u>Joists & Rafters:</u>	Per Structural Drawings.
<u>Headers & Beams:</u>	Per Structural Drawings.
<u>Plywood Subfloor:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" o.c. Group 1 (Pine or Douglas Fir) Exposure 1 plywood. OSB shall be acceptable.
<u>Waterproof Decks:</u>	APA rated Sturd-I-Floor 23/32" T&G 24" span index Group 1 (Pine or Douglas Fir) Exterior plywood shall be acceptable.
<u>Open Decks:</u>	2x6 DF, #1, Select, S4S or TREX.
<u>Stairs:</u>	Interior: 1/2" plywood. Exterior: Same as Exterior Decks.
<u>Plywood Roof:</u>	APA rated sheathing, OSB or plywood, Exposure 1, span index and thickness per Architectural plans and notes.
<u>Fascia:</u>	Select Spruce- 1 X 8 (VJT) starter board. DF select for fascia, 1x6 spruce SLVJ starter board
<u>Garage Jambs:</u>	#1 DF #2 Resawn 1 sided 2 edges.
<u>Overhang:</u>	Same as roof sheathing, stucco over, except at exposed rafter tails, then 1x 6 SL starter boards.

NOTE: No substitutions for grades or species shall be permitted without prior written authorization from Builder's Purchasing Department.


HNR Framing Systems Inc. 12/1/00
Date


Brookfield Homes San Diego Inc 12/2/00
Date


SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 36854 & 36855
SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
DATE: November 16, 2000

Contract # 36854 & 36855
BARRINGTON

3. It is further agreed that any increase in the cost of labor and/or material by Subcontractor subsequent to the expiration of prices as set forth in the Price Guarantee shall constitute termination and cancellation of the subcontract at the option of Builder.
4. PAYMENT SCHEDULE shall be as follows:

Lumber	--	100%	Upon complete delivery.
Trusses	--	100%	Upon complete delivery.
Labor	--	30%	Walls framed.
		20%	Floor joist.
		20%	Roof sheathed.
		20%	Framing pickup and inspection.
		10%	Retention - payable 30 days after approved completion.


HNR Framing Systems Inc. 12/1/00
Date


Brookfield Homes San Diego Inc 12/7/00
Date

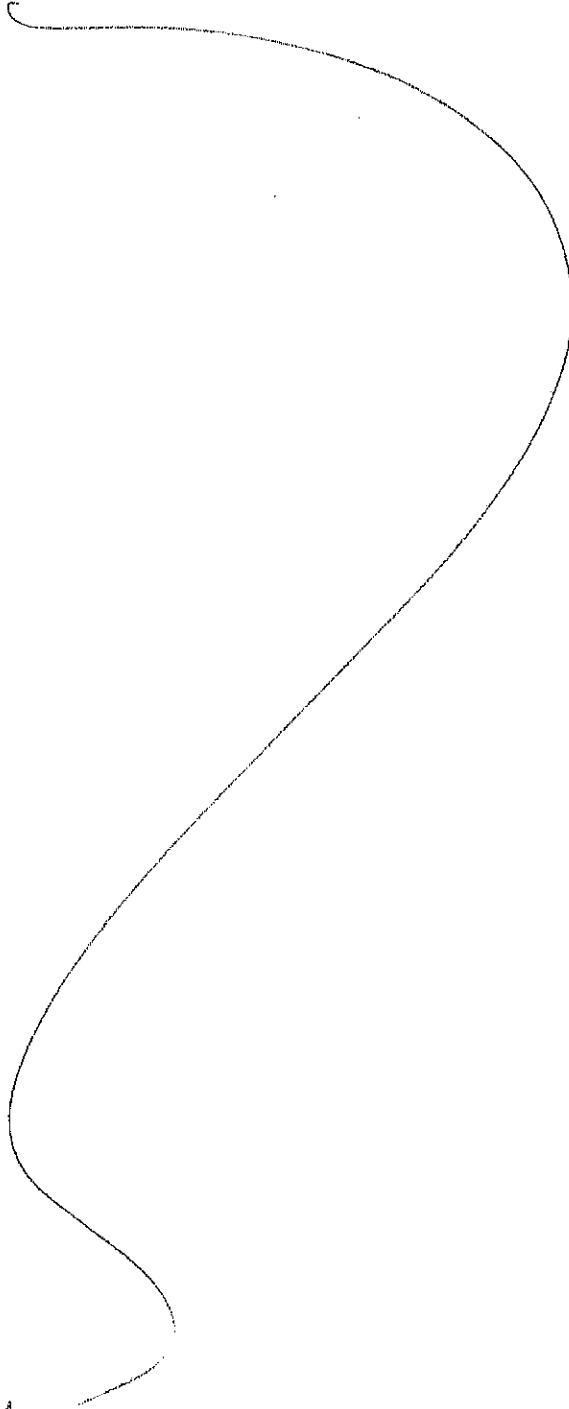
SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 36854 & 36855
SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
DATE: November 16, 2000

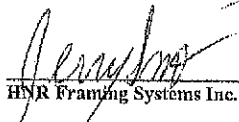
BARRINGTON


ATTACHMENT "D"
OPTION PRICE LIST

Rev. 9/17/97

N/A




HNR Framing Systems Inc. 12/1/00
Date


Brookfield Homes San Diego Inc 12/2/00
Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
 TRADE: ROUGH CARPENTRY
 CONTRACT NO: 36854 & 36855
 SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
 DATE: November 16, 2000

BARRINGTON

ATTACHMENT "E"
 SEQUENCE SHEET
 Rev. 9/16/97

C.F.
 M.P.
 L.H.
 D.S.

Approval:
 Fwd Planning
 Dir. of Construction
 V.P. of Sales & Mktg
 Operations Dept.

11/16/00
 11/16/00
 11/16/00

BARRINGTON - VILLAGE "Q"
 Sequence of Construction

Phase 12

Lot No.: 104 thru 110, 114 & 115
 Community: 62-62-112
 Tract: 12950

Original: 10/12/00
 Revised: 11/08/00 Color Scheme added

ES &
 KS

SEQUENCE	LOT	PLAN/ ELEV.	ADDRESS	SCHEME NO.	ROOF COLOR	ROOF NO.	STONE/BRICK VENEER	FENCE DEC
1	0104	1C	3569 Bluff Court	3	Shake Desert Breeze	1486	Anacosta	
2	0105	2DR	3563 Bluff Court	1	Espeña Casa Grande	1120	Tuscan Country Rubble	
3	0106	3AR	3561 Bluff Court	2	Espeña Casa Grande	1120		
4	0107	1BR	3557 Bluff Court	3	Espeña Tangelo	1951	Mountain Blend Stacked	
5	0108	3A	3553 Bluff Court	1	Espeña Casa Grande	1120		
6	0109	2CR	3549 Bluff Court	2	Shake Brown Bashed	1112	Morocco	
7	0110	3B	3552 Bluff Court	1	Espeña Casa Grande	1120	Tuscan Country Rubble	
8	0114	2A	3568 Bluff Court	3	Espeña Tangelo	1952		
9	0115	3B	3572 Bluff Court	2	Espeña Casa Grande	1120	Tuscan Country Rubble	

PRODUCTION MIX RECAP:

PLAN 1A	0	PLAN 2A	1	PLAN 3A	1
PLAN 1AR	0	PLAN 2AR	0	PLAN 3AR	1
PLAN 1B	0	PLAN 2B	0	PLAN 3B	2
PLAN 1BR	1	PLAN 2BR	1	PLAN 3BR	0
PLAN 1C	1	PLAN 2C	0	PLAN 3C	0
PLAN 1CR	0	PLAN 2CR	1	PLAN 3CR	0
TOTAL 1:	2	TOTAL 2:	3	TOTAL 3:	4

MANUFACTURERS

Dunn Edwards Paints
 Monitor UGella
 El Dorado Stone (Stone Veneer)
 Summit Brick (Brick Veneer)

FENCE & WALL COLORS

Wood Fence - Walnut Wash # 8733M
 Fence Pillars - Hinkley Tan # 8741
 Common Walls & Pillars - # 8741 *
 * (Non House or Court yards)

Note: Upgraded court yard fence to m
 stucco, gate & trellis to match w
 fencing # 8733M

SQUARE FOOTAGE:

HOUSE	GARAGE	DECK	TOTAL
Plan 1	1,957	508	2,465
Plan 2	2,160	430	2,590
Plan 3	2,287	458	2,745
Total	6,404	1,396	7,800

PLAN RECAP:

HOUSE	# UN.	TOTAL
Plan 1	1,957	2
Plan 2	2,160	3
Plan 3	2,287	4
Total	6,404	9

atch
 mod

[Signature] 12/1/00
 HNR Framing Systems Inc. Date


[Signature] 12/1/00
 Brookfield Homes San Diego Inc Date

SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 36854 & 36855
SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
DATE: November 16, 2000

BARRINGTON

ATTACHMENT "F"
PLAN LIST
Rev. 9/16/97

1. Architectural Plans, entitled "Barrington at Calavera Hills, Carlsbad, California" dated February 17, 2000, by the Dahlin Group Architects Planners


HNR Framing Systems Inc. 12/1/00
Date

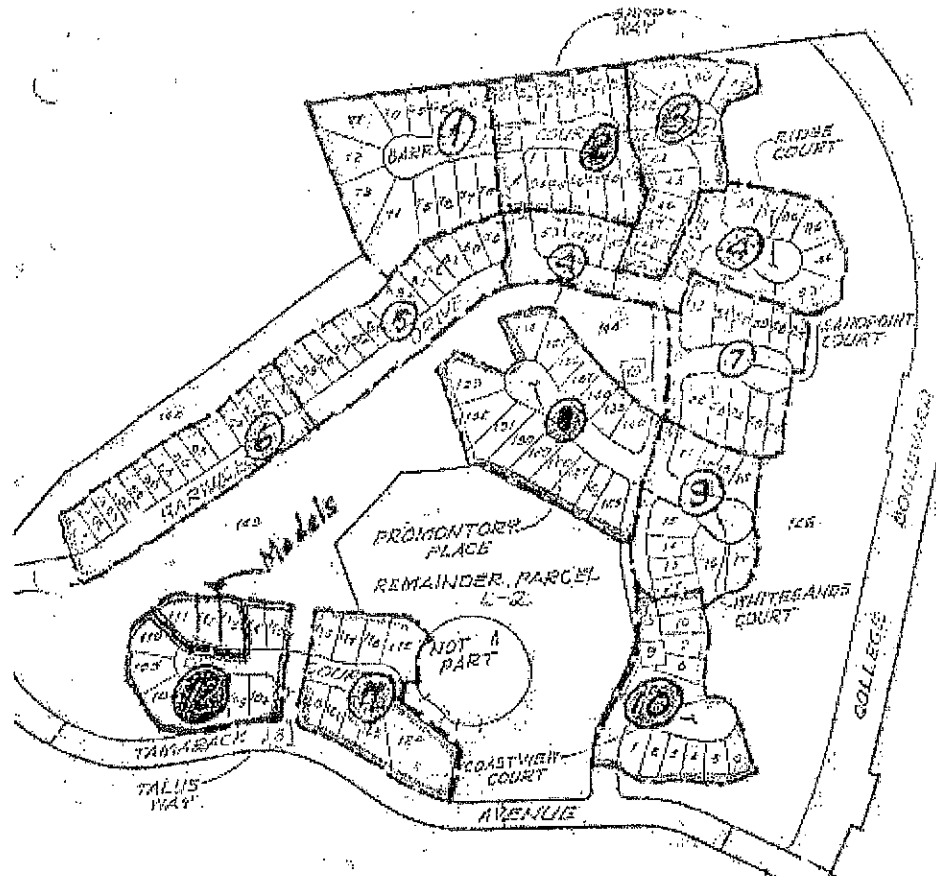

Brookfield Homes San Diego Inc 12/2/00
Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
36854 & 36855
1600-5129/62-62-112-0000-000-51235 & 51240
November 16, 2000

BARRINGTON

ATTACHMENT "G"
SITE MAP
Rev. 9/16/97



James Smith 12/1/00
HNR Framing Systems Inc. Date

Pharmacy 12/2/00
Brookfield Homes San Diego Inc Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

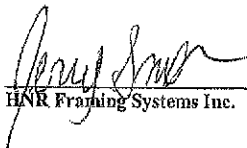
HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
36854 & 36855
1600-5129/62-62-112-0000-000-51235 & 51240
November 16, 2000

BARRINGTON

ATTACHMENT "H"
SAMPLE COMMITTING DOCUMENTS
Rev. 9/16/97

N/A




HNR Framing Systems Inc. 12/1/00
Date


Brookfield Homes San Diego Inc 12/7/00
Date


SUBCONTRACTOR: HNR FRAMING SYSTEMS INC
TRADE: ROUGH CARPENTRY
CONTRACT NO: 36854 & 36855
SOLOMON CODE: 1600-5129/62-62-112-0000-000-51235 & 51240
DATE: November 16, 2000


BARRINGTON

ATTACHMENT "I"
PRODUCTION SCHEDULE

Rev. 9/16/97

It is specifically understood that the Subcontractor hereby guarantees to complete a minimum of two (2) living units and garages each working day to the complete satisfaction and requirements of the Builder and all jurisdictional agencies, and shall maintain this production rate during the entire tenure of the contract. Failure on the part of the Subcontractor to maintain said minimum daily production rate for any reason whatsoever shall result in the Builder dismissing the Subcontractor from the jobsite and employing another Subcontractor to complete the required work. Any differences in cost as a result of said change shall be borne by the original Subcontractor.


HNR Framing Systems Inc. 12/1/00
Date


Brookfield Homes San Diego Inc 12/17/00
Date

SUBCONTRACTOR:
TRADE:
CONTRACT NO:
SOLOMON CODE:
DATE:

HNR FRAMING SYSTEMS INC
ROUGH CARPENTRY
36854 & 36855
1600-5129/62-62-112-0000-000-51235 & 51240
November 16, 2000

BARRINGTON

ATTACHMENT "J"
CONTRACT PAYMENT SCHEDULE
Rev. 9/22/97

SEE ATTACHED ADDENDUM "5"


HNR Framing Systems Inc. 12/1/00
Date


Brookfield Homes San Diego Inc. 12/7/00
Date