

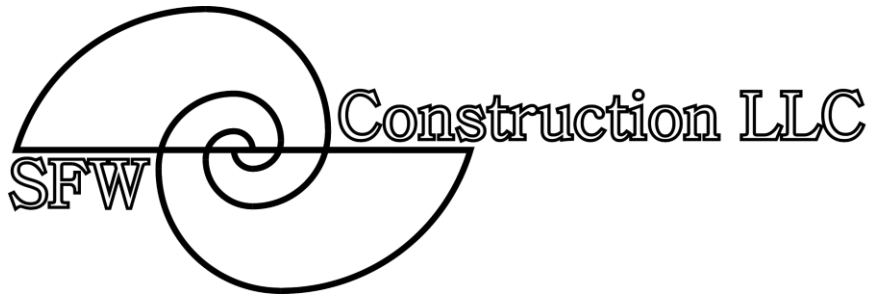
Contract Specifications

SCOPE - Contractor shall obtain all materials and labor necessary to perform the scope of work set forth below (the "Work"). If specific materials are not designated in the scope of work set forth below, or if specific materials designated in the scope of work set forth below are unavailable at the time they are required in the progress of the Work and Owner requires construction to continue without delay, Contractor agrees to use good and sufficient construction materials of the quality and quantity commonly required by applicable building codes or industry standard for the particular kind of construction in the community where the improvement is located. Should Owner require the use of specific materials or work methods unavailable at the time they are required in the progress of the Work, Owner shall grant such extensions of time, and execute such change orders as are necessary to compensate for delays, rescheduling subcontractors, additional labor, additional materials, reworking, and any other consequence arising from Owner's orders, foreseeable or unforeseeable, proximate or remote. Excludes all inspection, consulting, and engineering fees.

Contractor will perform the Work in a reasonable and workmanlike manner. Any plans and specifications are considered to be a guide; therefore, Owner acknowledges and accepts that minor deviations may be found in the final product of the Work.

Contractor has no knowledge of any possible adverse environmental or biological conditions affecting the structure or real property herein, nor are any suspected. Contractor makes no warranties as to the condition of any existing structure or the real property herein. Owner may, at Owner's own expense, obtain independent structural inspections, geological, environmental and biological assessments of the property. In the event that Owner obtains a structural, environmental or biological assessment indicating structural impairment or dangerous contamination, either party may cancel this agreement pursuant to such terms of this agreement. If such conditions are found to exist during the Work, the Work shall stop for whatever evaluation, determination, or correction process required by Owner's design or engineering professional(s), or by building, environmental, or other regulatory authorities, without penalty to Contractor for any delays or costs occasioned thereby. Further, Owner agrees to pay Contractor for the additional costs incurred.

Contractor is solely responsible for securing all labor and materials included in this contract, and for all scheduling, construction techniques and procedures, coordination of trades and design professionals, and sequences hereunder, and Owner (or its agents) are prohibited from otherwise directing the progress of the Work, or securing labor or materials that substitute or supplant those included herein, except upon such written changes or modifications agreed upon by Contractor and Owner in the manner set out in the change provisions of this contract.



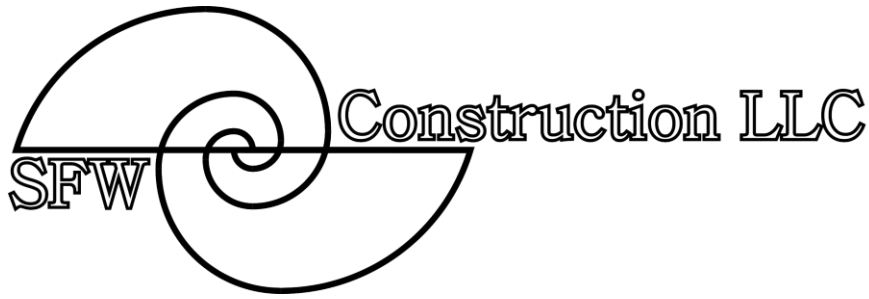
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Contractor agrees that materials and equipment used will be new and of good quality unless otherwise required; the Work will be free from material defects in workmanship; and the Work will conform to the requirements of the Contract Documents.

PAYMENT - Any payment not received within the terms of the agreement will be subject to a finance charge of 1-1/2% per month. If payments due to Contractor are not paid within 1 day of Contractor's written demand for payment, Contractor may suspend work until payment is made. The contractor must be paid in full before the next phase or trade may be started. Late charges shall be computed from the time payment is first due or the date on Contractor's statement, whichever is first, and shall be charged in one-month increments. A rebilling charge of \$35 will be added to past due accounts. For nonpayment, Contractor may employ a third-party collection agency, file according to the arbitration/mediation clause in the contract, file in small claims court and/or, file a construction lien and enforce the lien. If the contractor files a lien on the property, the owner has the right to file a complaint with the CCB (Construction Contractors Board). For all other disputes, see the arbitration clause. Notwithstanding the foregoing, Contractor does not waive any statutory rights to post-completion interest under ORS 701.420(2).

Owner understands and agrees that any check or other medium of payment presented to Contractor by Owner, or Owner's agent, that is returned to Contractor for insufficient funds, or any other reason that delays the deposit by Contractor of the monies due as outlined above and in the payment schedule, will incur an additional charge of \$125.00 plus any and all fees assessed by the bank or other institution handling these monies, and all other resultant charges, fees or late fees, regardless of the reason or the extent of those charges or fees.

CHANGES- Owner hereby agrees and represents to Contractor that any changes requested by Owner shall have lender's approval, if required by a lender. Obtaining such approval is Owner's sole responsibility. While the parties agree that all changes or modifications in the scope of the Work originally contemplated by the parties at the time of entering this contract should be reduced to writing before the additional work is begun, stating with particularity the changes and any additional charges or credits resulting therefrom, or stating an estimate where final figures are not readily available, and stating an extension of time for completion of work if such changes require it, the parties also acknowledge that the realities of construction often preclude drafting written change orders in advance of doing the work ordered. Therefore, Owner acknowledges and agrees that for each change in the scope of the original Work whenever the request or the need for such change arises, other than due to negligence or failure of Contractor to perform the Work, Contractor may in Contractor's sole discretion, choose either (1) not to undertake additional work beyond the original scope of the Work described herein without a written change order signed by Owner; or (2) not require Owner's strict adherence to prior written change order procedures where time considerations mandate otherwise, or where circumstances permit oral change orders which



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may later be ratified by Owner's oral or written acceptance thereof; or (3) complete the work on a time and materials basis, with rates outlined on page 8 or 9 of the contract. Owner agrees that approved changes in the work are prima facie evidence of Owner's request for, acceptance of, and/or acquiescence in the changes and the price therefor. Owner agrees that Contractor, in Contractor's sole discretion, shall be entitled to suspend all construction activities should Owner refuse for longer than 10 days to authorize changes which increase the contract price or extend the completion time of the project, but which are necessary to comply with the plans and specifications herein, or with the requirements of public authority.

Notwithstanding any other terms of this contract, Owner shall grant any and all extensions of time caused by, and pay any and all additional charges occasioned by changes requested by Owner, required as a result of previously undiscovered conditions, or resulting from design professionals' omissions.

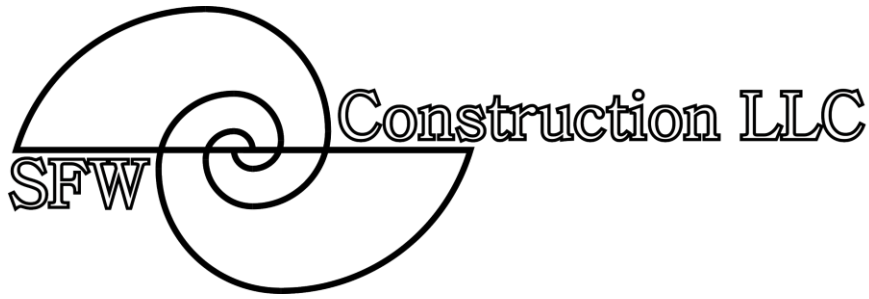
OCCUPANCY AND POSSESSION- Owners shall have access to the job site at all times, but agree not to interfere with, or delay progress in any way. If children are brought to site they must be supervised by the Owner at all times to ensure safety of the children. If Contractor determines that visits to the site are causing undue disruptions or delays, Contractor has the option to restrict site visits. Further, Owner acknowledges that the job site may contain inherently dangerous conditions and if the Owner chooses to enter the job site at any time, they do so at their own risk.

PERMITS- This contract, change order, or service agreement specifically excludes permits and approvals. SFW Construction can be engaged to obtain permitting/approvals at the owner's request. SFW Construction charges an hourly rate of \$125.00 per hour/employee (rounded to the nearest quarter hour) for any time spent at the permit office; travel time to the permit office or governing agency; office hours preparing shop drawings, details, site maps, etc. SFW construction will markup any fees (including costs of permits/approvals/variances/special inspections, copying plans and documents, etc.) in obtaining permits and approvals 20% before submitting invoices.

INSPECTION PROCESS- Time spent by SFW Supervisors, meeting with building inspectors are billable hours. Inspecting agencies do not give specific times of inspection, other than dates. If there is a work stoppage waiting for an inspection, it may be necessary for someone to grant access to the inspecting agent. Inspectors will not enter an occupied dwelling unless the owner or contractor is there to let them in. The time and material rates established in your contract, change order, or service agreement will be used in billing this process.

INSURANCE- Contractor shall maintain the State required general liability insurance for the duration of the Work.

WARRANTY- Contractor assigns to Owner all of Contractor's rights in manufacturers' warranties for manufactured items installed in the Work. Contractor assumes no responsibility for manufactured items



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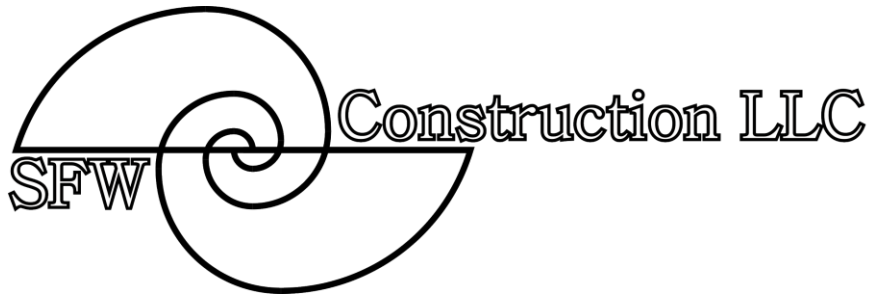
covered by manufacturers' warranties except for defects in Contractor's handling and installation of manufactured items.

Contractor warrants its work for one year period starting from the date of substantial completion of the Work. This One-Year Warranty is Owner's sole and exclusive remedy against Contractor for (without limitation) any and all claims, demands, costs, expenses, liabilities, damages and construction defects or deficiencies, whether patent or latent, arising from breach of contract, negligence, negligence per se, misrepresentation, unlawful trade practice, and any and all other remedies and legal theories, for personal injuries, property damages, incidental damages, compensatory damages or consequential damages or any other injury that would otherwise be available against Contractor arising out of the Work.

For this warranty to be effective, (1) Owner must have paid the full contract amount, and any additional charges set forth in the Contract and (2) Owner must make a warranty claim as set forth below. To submit a warranty claim, Owner shall send to Contractor as Contractor's address above, by certified mail, a detailed description of each claimed defect or deficiency and a statement of what shall be required in order to remediate the same and, to the extent available, provide Contractor with any reports and other documents evidencing any and all claimed construction defects. Upon receiving Owner's warranty claim, Contractor (at its option) will contact Owner to schedule an inspection to review Owner's claimed construction defect or deficiency. Contractor's inspection and/or investigation of the Owner's warranty claim shall not be deemed an inspection or investigation of the entire Home or all of the Work. Contractor is under no duty to discover and/or remediate any defect or deficiency in the Work (whether latent or patent) that is not expressly set forth in the Owner's warranty claim.

After Contractor receives a warranty claim, Contractor will then inspect the items listed in the Owner's warranty claim. After that inspection, Contractor shall determine, in its sole discretion, what appropriate actions Contractor will take to fix or otherwise repair the claimed defective condition, including whether the condition is defective and whether repairs or other remedial action is necessary.

If repairs or other remedial action is necessary, Contractor shall provide Owner with a written scope of work addressing repairs (if any) necessary to correct each of the claimed defects or deficiencies set forth in the warranty claim as determined by Contractor at its sole discretion ("Scope of Work"). Contractor and Owner acknowledge and agree that Contractor is relying on the warranty claim provided by Owner in order to prepare a complete Scope of Work. Prior to Contractor performing the Scope of Work, Owner shall authorize and approve in writing the Scope of Work. Owner must execute a Scope of Work authorization; Contractor will not proceed based on verbal communication. By authorizing the Scope of Work, Owner acknowledges and agrees that Contractor is under no obligation to investigate or repair any construction defects or deficiencies in the Work that are not expressly set forth in the Scope of Repair.



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Owner and Contractor agree that Contractor's completion of the Scope of Work satisfies any and all claims relating to the construction defects and/or deficiencies set forth in the Owner's warranty claim. Accordingly, and upon satisfactory completion of the Scope of Work, Owner shall release Contractor, and be barred from asserting, any and all claims under any legal theory (including but not limited to breach of contract, breach of express warranty, breach of implied warranty of habitability and workmanship, negligence, negligence per se, products liability, strict liability, misrepresentations, and unlawful trade practices) relating to the identified defects and/or deficiencies in the Owner's warranty claim.

With regard to repair work completed by Contractor, Contractor warrants that such repair work will be free of defects in materials and/or workmanship for an additional one-year period after the repair work is substantially complete.

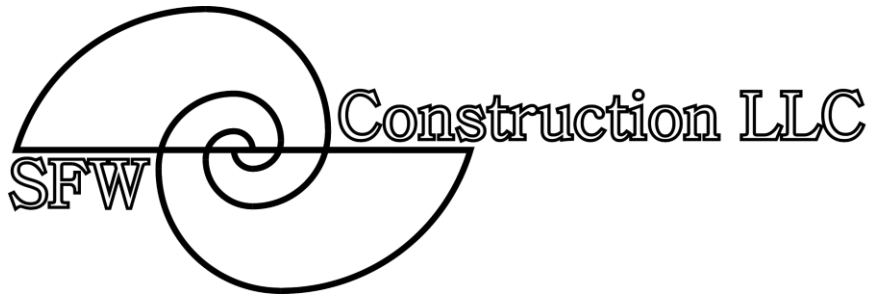
SUBCONTRACTORS- All subcontractors used on the project will be billed at the actual cost plus a markup 20%. Examples of subcontractors would be plumbing, electrical, and HVAC.

OWNER IN TITLE- Owner warrants good title to the real property upon which the Work is to be constructed, and shall provide Contractor with all necessary reports and surveys for the work, including but not limited to a preliminary title report, plat and ALTA (foundation) survey if required by public authority or a lender, at Owner's expense. Owner shall be responsible for any additional costs occasioned by problems in locating corners or boundaries, or in locating or hooking up to utilities, or in removing fill from the property.

OWNER'S RESPONSIBILITIES- Owner shall be responsible for all approvals relating to title, zoning, architectural and design considerations, including but not limited to meeting the requirements of design committees, complying with conditions, covenants and restrictions of record, and obtaining any other such approvals not relating to construction methods or building code compliance. Owner's financing application and costs are Owner's responsibility.

Owner shall provide Contractor complete and continuous access to the premises, and shall not interfere with Contractor's activities on the premises. Owner will defend, indemnify, and hold Contractor harmless for losses, costs, claims, or damages resulting from injury not caused by Contractor to Owner, to Owner's design professional (if any), or to Owner's friends, family, guests, invitees, or other persons visiting the job site, or to other persons who have no connection with the Work.

PUNCH LIST- When the terms of the original contract along with all change orders and the final punch list have been completed, this job will be complete and the final payment will be due and payable that day. Any additional items that the Owner may find after the punch list has been completed will be dealt with only after the final payment and retainage has been received by SFW Construction LLC. If owner fails to make themselves available to compile the punch list within 7 days after substantial completion of the project, owner accepts the punch list that SFW Construction LLC will assemble prior to the completion of this job, and will comply with the balance of the contract from this punch list. If owner fails/refuses to accept



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the completed items with-out due cause and agreement by SFW Construction LLC, then owner will be in default of this agreement. SFW Construction LLC and owner will agree to and specify any deficiencies or delays regarding the punch list and payment for those items on a change order on or before the completion date for this job. A 5% maximum retainage can be withheld by the owner until the punch list is completed.

ENTIRE AGREEMENT- This construction contract, including the attached documents referred to herein, contains all the terms and conditions agreed upon by the parties hereto, and no other prior agreement shall be deemed to exist, nor shall any prior agreement, estimate, quote, or cost breakdown provided during the design stage or made pursuant to a lender's loan processing requirements, bind any of the parties hereto. Time is of the essence in the performance of the conditions of this construction contract.

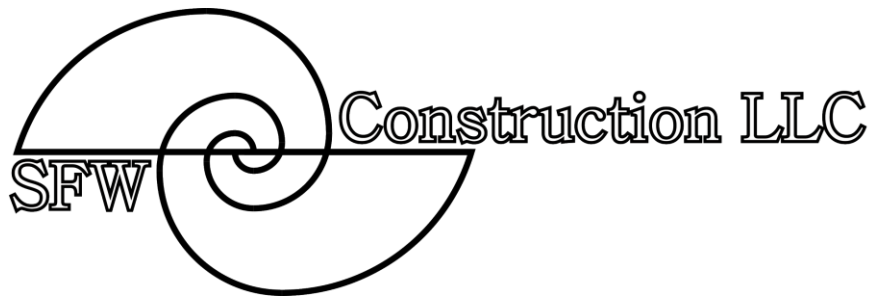
WAIVER- No waiver of any provision of this agreement shall be deemed, or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

ACCURAL OF CLAIMS- For claims relating to Contractor's conduct, workmanship, acts, or failures to act occurring prior to the date of substantial completion, any applicable statute of limitations shall commence to run and any alleged cause of action shall be deemed to have accrued in any and all events, regardless of discovery, not later than the date of substantial completion.

ARBITRATION/MEDIATION CLAUSE- Oregon Residents Only - An "arbitration or mediation clause" is a written portion of a contract designed to settle how the parties will solve disputes that may arise during, or after the construction project. Arbitration clauses are very important. They may limit a consumer's ability to have their dispute resolved by the Oregon court system or the CCB (Construction Contractors Board).

This contract contains an arbitration and mediation clause. The CCB (Construction Contractors Board) urges consumers to read and understand the entire contract, including any arbitration clause, before signing the contract. Consumers are not obligated to accept contract terms proposed by the contractor, including arbitration provisions. These may be negotiated to the satisfaction of both parties..

Any dispute arising herein between Owner and Contractor shall first be privately discussed. If the parties are unable to resolve their dispute, the parties agree that final and binding arbitration shall be the exclusive method of adjudicating disputes. Arbitration may be administered by a mutually agreeable arbitrator. If the parties do not agree on an arbitrator, each may select the arbitrator of their choice, who will in turn meet and select a third arbitrator. The parties, by agreeing to the foregoing dispute resolution method, waive their right to a trial, including a jury trial, in the courts of Oregon or the United States, and filing a complaint with the CCB. The parties agree that the date upon which a written demand for arbitration has been mailed marks the commencement of an action for statute of limitations purposes.



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ARBITRATION/MEDIATION CLAUSE- Washington Residents Only - Any dispute arising herein between Owner and Contractor shall first be privately mediated before the parties may enter any other dispute resolution process. If the parties are unable to resolve their dispute through mediation, the parties agree that final and binding arbitration shall be the exclusive method of adjudicating disputes. Arbitration may be administered by a mutually agreeable arbitrator. If the parties do not agree on an arbitrator, each may select the arbitrator of their choice, who will in turn meet and select a third arbitrator. The parties, by agreeing to the foregoing dispute resolution method, waive their right to a trial, including a jury trial, in the courts of Washington or the United States. The parties agree that the date upon which a written demand for arbitration has been mailed marks the commencement of an action for statute of limitations purposes.

