

UNITED STATES BANKRUPTCY COURT Northern District of Texas		PROOF OF CLAIM
Name of Debtor: Erickson Retirement Communities, LLC		Case Number: 09-37010
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Welch Drywall Co.		☐ Check this box to indicate that this claim amends a previously filed claim.
David W. McArdle Zukowski, Rogers, Flood & McArdle 50 Virginia Street; Crystal Lake, IL 60014 815/459-2050		Court Claim Number: _____ (If known)
Telephone number: _____		Filed on: _____
1. Amount of Claim as of Date Case Filed: \$ <u>323,739.24</u> If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. ☐ Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim.
2. Basis for Claim: <u>Mechanics Lien</u> (See instruction #2 on reverse side.)		☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).
3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		☐ Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4).
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: ☒ Real Estate ☐ Motor Vehicle ☐ Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ <u>323,739.24</u> Amount Unsecured: \$ _____		☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). ☐ Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). ☐ Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain: _____		☐ Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(____). Amount entitled to priority: \$ _____ <i>*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</i>
Date: 12/31/2009 Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. Raymond J. Ostler		FOR COURT USE ONLY Erickson Ret. Comm. LLC  00265

COPY

MECHANIC'S LIEN:
CLAIM

STATE OF ILLINOIS

COUNTY OF Lake

WELCH DRYWALL CO.

CLAIMANT

-VS-

Lincolnshire Campus, LLC
Sedgebrook, Inc.
Manufacturers and Traders Trust Company, as Bond Trustee
ERICKSON CONSTRUCTION, LLC

DEFENDANT(S)

The claimant, WELCH DRYWALL CO. of Elgin, IL 60120, County of Cook, hereby files a claim for lien against ERICKSON CONSTRUCTION, LLC, contractor of 703 Maiden Choice Lane, Baltimore, State of MD and Lincolnshire Campus, LLC Chicago, IL 60604-1101. {hereinafter referred to as "owner(s)"} and Sedgebrook, Inc. Chicago, IL 60604-1101 Manufacturers and Traders Trust Company, as Bond Trustee Buffalo, NY 14203 {hereinafter referred to as "lender(s)"} and states:

That on or about 04/20/2008, the owner owned the following described land in the County of Lake, State of Illinois to wit:

Street Address: Renaissance Gardens @ Sedgebrook 20 Riverside Road Lincolnshire, IL:

A/K/A: Lot 1 in Sedgebrook Subdivision, being a subdivision of part of the Southeast 1/4 of Section 22 and of the Southwest 1/4 of Section 23 and of the Northwest 1/4 of Section 26 and of the Northeast 1/4 of Section 27, all in township 43 North, Range 11 East of the Third Principal Meridian in the County of Lake in the State of Illinois

A/K/A: TAX # 15-23-302-001; 15-22-406-001

and ERICKSON CONSTRUCTION, LLC was the owner's contractor for the improvement thereof. That on or about 04/20/2008, said contractor made a subcontract with the claimant and said contract was memorialized on May 15, 2008 to provide labor and material for installation of drywall for and in said improvement, and that on or about 03/19/2009 the claimant completed thereunder all that was required to be done by said contract.

Recorded in the Office
Of the Recorder of Deeds
For Lake County, Illinois
Document No. 6498833

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The following amounts are due on said contract:

Contract	\$,1837,433.00
Extras/Change Orders	\$24,645.21
Credits	\$0.00
Payments	\$1,538,338.97

Total Balance Due \$323,739.24

leaving due, unpaid and owing to the claimant after allowing all credits, the sum of Three Hundred Twenty-Three Thousand Seven Hundred Thirty-Nine and Twenty Four Hundredths (\$323,739.24) Dollars, for which, with interest, the Claimant claims a lien on said land, beneficial interests, if any, and improvements, and on the moneys or other considerations due or to become due from the owner under said contract.

To the extent permitted by law, all waivers of lien heretofore given by claimant, if any, in order to induce payment not received are hereby revoked. Acceptance of payment by claimant of part, but not all, of the amount claimed due hereunder shall not operate to invalidate this notice.

IN WITNESS WHEREOF, the undersigned has signed this instrument on June 17, 2009.

WELCH DRYWALL CO.

X BY: James J. Welch Jr. President

Prepared By:
WELCH DRYWALL CO.
366 Bluff City Boulevard
Elgin, IL 60120

VERIFICATION

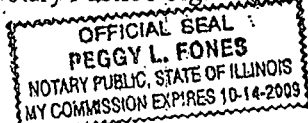
State of Illinois
County of Cook

The affiant, James J. Welch Jr., being first duly sworn, on oath deposes and says that the affiant is President of the claimant; that the affiant has read the foregoing claim for lien and knows the contents thereof; and that all the statements therein contained are true.

X James J. Welch Jr. President

Subscribed and sworn to
before me this June 17, 2009.

X Peggy L. Fones
Notary Public's Signature



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Contract Number: 16

SUBCONTRACT BETWEEN CONTRACTOR AND SUBCONTRACTOR

THIS SUBCONTRACT BETWEEN CONTRACTOR AND SUBCONTRACTOR (this "Agreement") is made as of 03/25/2008 by and between ERICKSON CONSTRUCTION, LLC (the "Contractor"), having an address of 703 Maiden Choice Road, Baltimore, Maryland 21228, Attn: Pete Szpak; and Welch Drywall (the "Subcontractor"), having an address of 31 W 300 West Bartlett Road, Bartlett, IL, 60103.

RECITALS

- A. The Contractor has made a contract for construction dated as of 11/01/2007 (the "Prime Contract") with Lincolnshire Campus, LLC (the "Owner"), having an address of 701 Maiden Choice Lane, Baltimore, Maryland 21228. A copy of the Prime Contract containing all provisions applicable to Subcontractor shall be made available to the Subcontractor, upon request, in Contractor's general offices.
- B. The Prime Contract is for the provision of labor, materials and services in connection with the construction of Sedgebrook Renaissance Gardens 1.0, 20 Riverside Rd., being part of a project known as Sedgebrook, Inc., located in Lincolnshire, Illinois (the "Project").
- C. The Architect for the Work (as such term is defined in Section 2.1 below) is Wallace Roberts & Todd, LLC (the "Architect"), having an address of 1700 Market Street, Philadelphia, PA, 19103.
- D. The Developer of the Project is Erickson Retirement Communities, LLC (the "Developer"), having an address of 701 Maiden Choice Lane, Baltimore, Maryland 21228.
- E. The Operator of the Project is Sedgebrook, Inc. (the "Operator"), having an address of 701 Maiden Choice Lane, Baltimore, Maryland 21228.

NOW THEREFORE, for good and adequate consideration, the receipt and sufficiency of which is hereby acknowledged, the Contractor hereby agrees to hire the Subcontractor to perform the Work, and the Subcontractor hereby agrees to perform the Work, on the terms and conditions hereinafter set forth in this Subcontract.

1. THE SUBCONTRACT DOCUMENTS.

1.1. The Subcontract Documents consist of (1) this Subcontract; (2) provisions of the Prime Contract applicable to the Work, (including all General Conditions to the Prime Contract, and all Drawings and Specifications, as such terms are defined in the Prime Contract); (3) other documents listed in Section 1.2 below; and (4) modifications to this Subcontract issued after execution of this Subcontract. To the extent any terms of this Subcontract are in conflict with the terms of the Prime Contract, the terms of this Subcontract shall control. The Subcontract Documents form the Subcontract, and are as fully a part of this Subcontract as if attached to this Subcontract or repeated herein. The Subcontract represents the entire and integrated Subcontract between the parties hereto and supersedes all prior negotiations, representations or Subcontracts, either written or oral. All initially capitalized terms used herein, unless otherwise defined in this Subcontract, shall have the meanings given such terms in the Prime Contract.

1.2. To the extent not listed directly above, the Subcontract Documents, except for Modifications issued after execution of this Subcontract, are enumerated as follows: (on Exhibit A attached hereto)

2. THE WORK OF THIS SUBCONTRACT.

2.1. The term "Work" shall mean and refer to all labor, supervision, materials and services scaffolding, tools, equipment, supplies, hoisting, vertical transportation and all other things necessary for the construction and completion of the work described in Exhibit B and work incidental thereto, in strict accordance and full compliance with the terms of the Subcontract Documents (which are hereby incorporated by reference) and this Subcontract and to the satisfaction of Contractor and the Owner.

2.2. The Subcontractor shall execute the Work described below (or if noted below, on Exhibit B attached hereto), including but not limited to, all labor, materials, equipment, services and other items required to complete such portion of the Work, except to the extent specifically indicated in the Subcontract to be the responsibility, of others:

- Exhibit B, Description of work, attached.
- The Work consists of Drywall Contract (Sub).

2.3. Subcontractor shall carefully examine the Subcontract Documents and shall promptly notify Contractor in writing of any deficiencies, discrepancies, ambiguities or errors before proceeding with the Work.

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2.4 Subcontractor represents that it is fully qualified to perform this Subcontract, and acknowledges that, prior to the execution of this Subcontract, it has (a) by its own independent investigation ascertained (i) the Work required by this Subcontract, (ii) the conditions involved in performing the Work, and (iii) the obligations of this Subcontract and the Contract Documents; and (b) verified all information furnished by Contractor or others satisfying itself as to the correctness and accuracy of that information. Any failure by Subcontractor to investigate independently and become fully informed will not relieve Subcontractor from its responsibilities hereunder.

3. CONSTRUCTION SCHEDULE.

3.1. DATE OF COMMENCEMENT. The date of commencement shall be the date of this Subcontract, as first written above, unless a different date is stated below or provision is made for the date to be fixed in a notice to proceed issued by the Contractor:

Date of Commencement: 03/31/2008

3.1.1. From time to time throughout the term of this Subcontract, the Contractor shall provide the Subcontractor with copies of the Contractor's construction schedule and schedule of submittals, together with such additional scheduling details as will enable the Subcontractor to plan and perform the Work properly. The Subcontractor shall be notified promptly of subsequent changes in the construction and submittal schedules and additional scheduling details.

3.1.2. If requested by Contractor, Subcontractor shall submit detailed schedules for performance of the Subcontract, in a form acceptable to Contractor, which shall comply with all scheduling requirements of the Subcontract Documents. Contractor may from time to time, at its sole discretion, direct Subcontractor to make reasonable modifications and revisions in such schedules.

3.1.3. Subcontractor will proceed with the Work in a prompt and diligent manner, in accordance with Contractor's schedules as reasonably amended from time to time. Subcontractor shall be liable to Contractor for failure to adhere to Contractor's construction schedules including amendments even if such schedules differ from schedules set forth in the Subcontract Documents or the time of completion called for by the Subcontract Documents.

3.1.4. Subcontractor shall be entitled to additional compensation for compliance with schedule amendments or damages for delay only to the extent the Subcontract Documents entitle Contractor to damages or to a contract adjustment increasing the price of the Prime Contract.

3.2. SUBMITTALS. Subcontractor shall make all submittals required by this Subcontract, including shop drawings, test reports, and certificates, within seven (7) days following the Date of Commencement. Subcontractor must revise and resubmit any submittals within seven (7) days after such items are returned to Subcontractor for correction.

3.3. SUBSTANTIAL COMPLETION.

3.3.1. The Project shall be substantially completed not later than 03/31/2009, ("Substantial Completion") subject to adjustments as provided in the Subcontract Documents (see Exhibit B attached hereto for details). Subcontractor must complete its Work on the Project in the necessary time sequence to assure that the Project, including the Work and the work of Contractor and all other subcontractor's on the Project, is substantially completed by the date listed above in this Section 3.3.1.

3.4. TIME IS OF THE ESSENCE. Time is of the essence of this Subcontract, subject to any applicable notice and cure periods provided in the Subcontract.

4. SUBCONTRACT SUM.

4.1. SUBCONTRACT SUM. The Contractor shall pay the Subcontractor in current funds for performance of the Subcontract the Subcontract Sum of one million eight hundred ten thousand Dollars and zero Cents (\$1,810,000.00) subject to additions and deductions as provided in the Subcontract.

4.2. ALTERNATES.

4.2.1. The Subcontract Sum includes the following alternates, (or if noted below, as set forth on Exhibit C attached hereto), if any, which are described in the Subcontract and have been accepted by the Owner and the Contractor:

 X See Exhibit C attached.

 Alternates are included in Exhibit C attached:

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4.2.2. Contractor reserves the right to have Subcontractor provide the following alternates (or, if noted, as set forth on Exhibit C attached hereto, which alternates are not included in the Subcontract Sum.

 X See Exhibit C attached.

 Reserved Alternates defined in Exhibit C attached:

4.3. UNIT PRICES. Unit prices, if any (inclusive of overhead and prices), are as follows (or, if noted, as set forth on Exhibit C attached hereto):

 X See Exhibit C attached.

 Unit Prices are detailed in Exhibit C attached:

4.4. ESTIMATED COST OF THE WORK. The schedule of values breakdown of the amount of the Subcontract Sum is attached hereto as Exhibit C, unless noted otherwise below in this Section 4.4. The schedule of values shall be used by Subcontractor to apply for all payments due to Subcontractor under this Subcontract. If the Schedule of Values is not attached hereto, Subcontractor shall submit to Contractor the Schedule of Values in form similar to AIA G703 format within ten (10.) days of request of Contractor for Contractor's approval. When approved, the Schedule of Values shall be used by Subcontractor to apply for all payments due to Subcontractor under this Subcontract.

 X Estimated Cost of Work is not attached hereto.

5. CONTRACTOR.

5.1. SERVICES PROVIDED BY THE CONTRACTOR.

5.1.1. The Contractor shall provide suitable areas for storage of the Subcontractor's materials and equipment during the course of the Work, to the extent such areas are readily available, from time to time.

5.1.2. If Contractor has available and Subcontractor elects to use Contractor's equipment or facilities, an agreed price in writing must be made before such use. Subcontractor shall make its own determination before commencing to use such equipment or facilities that such equipment or facilities are adequate and safe for the Work to be performed. Such equipment and facilities shall be accepted by Subcontractor in "AS-IS" condition without warranty or representation by Contractor as to their condition or adequacy to perform the respective function. Subcontractor agrees that all personnel operating or using such equipment or facilities shall be qualified and properly trained in the operation and use of such equipment or facilities. Subcontractor agrees to return the equipment and facilities to Contractor at the conclusion of the use in as good a condition as received. In the event that any such equipment is damaged while in the possession of Subcontractor, Contractor shall be entitled to exercise Contractor's remedies under Section 8.3 of this Agreement.

6. SUBCONTRACTOR.

6.1. LICENSE. The Subcontractor represents to Contractor that Subcontractor is duly licensed to perform the Work in the jurisdiction where the Project is located. Subcontractor represents that Subcontractor's License Number is 104.006273, Registration Number , and Sales or Tax Registration Number is 36-2173517, and that all such licenses and registrations shall be maintained in full force and effect throughout the term of Subcontractor's obligations under the Subcontract, including any warranty obligations.

6.2. EXECUTION AND PROGRESS OF THE WORK.

6.2.1. The Subcontractor shall cooperate with the Contractor in scheduling and performing the Subcontractor's Work to avoid conflict, delay in or interference with the work of the Contractor, other subcontractors or Owner's own forces. Subcontractor is obligated to assure that all workmen of Subcontractor work in harmony with all other workmen on the Project.

6.2.2. The Subcontractor shall promptly submit Shop Drawings, Product Data, Samples and similar submittals required by the Subcontract with reasonable promptness and in such sequence as to cause no delay in the Work or in the activities of the Contractor or other subcontractors.

6.2.3. The Subcontractor shall furnish to the Contractor periodic progress reports on the Work of this Subcontract upon request of Contractor, including information on the status of materials and equipment which may be in the course of preparation or manufacture.

6.2.4. The Subcontractor shall complete all of its work in a good and workmanlike manner. The Subcontractor agrees that the Owner will have the authority to reject Work which does not conform to the Prime Contract or to the Subcontract. The Subcontractor shall, at Subcontractor's cost, replace or, if approved by the Owner, repair any defective work and repeat tests as necessary, at Subcontractor's cost, until all Work is proven satisfactory.

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6.2.5. The Subcontractor shall, at Subcontractor's sole cost and expense, supply adequate tools and equipment, and shall also at all times supply and promptly pay for a sufficient number of properly skilled workmen and for a sufficient amount of materials and supplies of proper quality to prosecute efficiently and promptly the Work in accordance with the requirements of the Subcontract and in accordance with a mutually agreed upon schedule. Subcontractor hereby acknowledges that the Project will be built on an accelerated basis and Subcontractor acknowledges that it has taken such accelerated schedule into account for meeting the requirements of this Subcontract. If, in Contractor's reasonable opinion, Subcontractor fails to maintain the progress of its Work in accordance with the agreed upon schedule, Contractor may require Subcontractor to accelerate Subcontractor's performance by use of overtime work, work on Saturdays, Sundays, and Holidays, all without additional compensation, if, in the reasonable opinion of Contractor, such additional work is necessary to maintain proper progress of Subcontractor's Work. Upon request of Contractor, Subcontractor shall submit evidence satisfactory to Contractor evidencing the Subcontractor's ability to comply with the agreed upon schedule. No overtime or charges for an accelerated Construction Schedule shall be paid by Contractor unless specifically agreed to in writing by an executive officer of Contractor before the overtime is performed.

6.2.6. The Subcontractor shall take necessary precautions to protect the work of other subcontractors from damage caused by operations by the Subcontractor. Subcontractor shall be responsible for and protect the Work in place from the elements and all other causes of damage until completion and final acceptance by Contractor and shall adequately store and protect its own materials and materials furnished it by Owner, Contractor and other suppliers. Subcontractor will use without unreasonable waste any materials or equipment furnished by the Owner, Contractor or other suppliers and will pay for any damage to such material or equipment sustained during Subcontractor's use or possession.

6.2.7. Subcontractor shall install all necessary equipment and materials in the necessary time sequence, (except at scheduled temporary omissions and leapfrog areas), and prior to close-in of any area so as to maintain the progress of the Work and the Project and eliminate any rework to install materials or equipment out of sequence. The Subcontractor shall bear any cost related to installation of materials or equipment that is installed out of sequence, unless such out of sequence work is directed or authorized in writing by Contractor. The Subcontractor shall participate in the preparation of coordinated drawings in areas of congestion, specifically noting and advising the Contractor of potential conflicts between the Work of the Subcontractor, the Contractor, and other subcontractors or the Owner's own forces. Subcontractor shall be represented on the Project while the Work is in progress by a competent full-time supervisor satisfactory to Contractor.

6.2.8. Should Subcontractor's performance of the Work be delayed by any acts of Contractor, Contractor's other contractors or Contractor's suppliers, Subcontractor shall receive an equitable extension of time for the performance of the Work, but shall not be entitled to any increase in the Subcontract Sum or to damages or additional compensation as a consequence of such delays, and Subcontractor hereby waives any claim for any such increase, damages or additional compensation.

6.2.9. Subcontractor shall complete all Work in accordance with the mutually agreed upon schedule. No extensions of time or provision for additional costs will be allowed for weather related delays unless Subcontractor submits in writing within seven (7) days from the date incurred, a claim for delay resulting from inclement weather. Contractor may, in its sole discretion, approve or disapprove a claim for delay.

6.3. LAWS, PERMITS, FEES AND NOTICES.

6.3.1. The Subcontractor shall provide all notices and comply with all Federal, state or local laws, ordinances, building codes, rules, regulations and orders of public authorities bearing on performance of the Work of this Subcontract. The Subcontractor shall secure and pay for all permits and governmental fees, licenses and inspections necessary for proper execution and completion of the Subcontractor's Work, the furnishing of which is required of the Contractor by the Prime Contract.

6.3.2. Subcontractor shall be liable to Contractor, Developer, Operator and the Owner for all loss, cost and expense attributable to any acts of commission or omission by Subcontractor, its employees and agents, and lower-tier subcontractors resulting from failure to comply with any Federal, state or local laws, building codes, ordinances or regulations including, but not limited to, any fines, penalties or corrective measures.

6.3.3. Except as otherwise provided by the Subcontract Documents, Subcontractor agrees to pay, comply with, and hold Contractor, Developer and Operator harmless from all social security, state unemployment, welfare fees, and all other Federal, State and local taxes (including sales and use taxes) and fees of every nature applicable to the Work including penalties or any interest.

6.4. SAFETY PRECAUTIONS AND PROCEDURES.

6.4.1. The Subcontractor shall take all appropriate precautions with respect to performance of this Subcontract, shall comply with safety measures initiated by the Owner or the Contractor, and shall comply with all applicable laws, ordinances, rules, regulations and orders of public authorities for the safety of persons or property. The Subcontractor shall report to the Contractor within twenty-four (24) hours an injury to any employee or agent of the Subcontractor which occurred at the site. Subcontractor shall be solely responsible for providing a safe place to work for its agents, employees and sub-subcontractors. Subcontractor shall implement and enforce a health and safety program for its employees and sub-subcontractors on the site, which program shall be at least as effective as the Health and Safety Program of Contractor. Subcontractor's employees and sub-subcontractors on the site shall obey the directives of Contractor's

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Project Manager, Superintendent and Safety Director. All of Subcontractor's employees, agents and contractors must attend the safety meetings held by Contractor's Safety Director, or, in lieu of such attendance, Subcontractor must provide to Contractor the minutes and attendance of all safety meetings conducted by Subcontractor, within two (2) days following the completion of such safety meetings.

6.4.2. If hazardous substances of a type of which an employer is required by law to notify its employees are being used on the site by the Subcontractor, the Subcontractor's sub-subcontractors, or anyone directly or indirectly employed by them, the Subcontractor shall, at least three (3) days before bringing such substances onto the Site, provide Contractor with a materials data sheet for such substances, and give written notice of the chemical composition of such substances to Contractor. Subcontractor will comply with all laws regarding Subcontractor's use and handling of such hazardous substances by Subcontractor or Subcontractor's sub-subcontractors, agents and employees.

6.4.3. Contractor reserves the right to require Subcontractor to perform from time to time, at Subcontractor's cost, drug testing of all or any of Subcontractor's agents, employees and sub-subcontractors. Such testing must be done with testing companies selected or approved by Contractor. Subcontractor must prohibit from the Work Site any persons that test positively for drug use. Contractor shall be entitled to prohibit from the site any persons that Contractor deems to be disruptive to the smooth construction of the Project.

6.5. **CLEANING UP.** The Subcontractor shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations performed under this Subcontract. Subcontractor shall at all times keep the Subcontractor's work area; keep the premises free from rubbish, debris and waste and surplus materials resulting from its operations; and shall turn over the work area in such condition as to permit the next succeeding work to be commenced without further cleaning. If Subcontractor fails to comply with the provisions of this Section, Contractor shall have the right itself or through others to perform such cleaning and to charge the cost thereof to Subcontractor, plus overhead charges of twenty-five percent (25%), provided the Subcontractor is given a twenty-four (24) hour written notice of such delinquency and fails to remedy same. Subcontractor shall not damage the work of others by its performance of its obligations under the Subcontract and shall indemnify Contractor for damage caused by Subcontractor or its agents to the work of Contractor, and other contractors, including court costs and attorney's fees.

6.6. **WARRANTY.** In addition to any product warranties required by the Subcontract, the Subcontractor warrants to Contractor that all material and equipment incorporated in the Work will be new unless otherwise specified, and that all Work will be of good quality, free from faults and defect and in conformance with the Prime Contract and the Subcontract. All Work not conforming to these requirements may be considered defective. Subcontractor shall, promptly upon request of Contractor, furnish all labor, materials and supervision necessary to correct or replace any defective or nonconforming Work and any damage caused by such defect or fault, at no cost to Contractor or Owner, for a period of one (1) year from the date of Final Payment, except for latent defects, which shall be for a period of six (6) months following the discovery of such latent defect. This warranty shall run to and be enforceable by Owner, Contractor, and their successors and assigns. This warranty shall be in addition to and not in limitation of any other warranty or remedy provided by law or by the Subcontract.

6.7. **INDEMNIFICATION.** To the fullest extent permitted by law, the Subcontractor shall indemnify, defend and hold harmless the Owner, Contractor, Operator, Developer, their respective parent and subsidiaries, and their respective agents, officers, employees, members and directors of any of them from and against claims, damages, losses and expenses, including but not limited to attorney's fees and court costs, arising out of or resulting from performance of the Subcontractor's Work under this Subcontract, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, including loss of use resulting therefrom, but only to the extent caused in whole or in part by negligent or intentional acts or omissions of the Subcontractor, the Subcontractor's sub-subcontractors, materialmen or suppliers, anyone directly or indirectly employed by them or anyone for whose acts they may be liable. Such obligation shall not be construed to negate, abridge, or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in this Section 6.7.

7. CHANGES IN THE WORK.

7.1. **CONTRACTOR CHANGES.** Contractor may at any time make changes in the Work either:

- (a) By written change order signed by Contractor and Subcontractor prior to commencement specifying the changes to be made and the increase or decrease in the Subcontract Sum and extension of time, if any; or
- (b) By written direction to Subcontractor to proceed with changes in the Work, specifying the changes to be made and specifically stating that an equitable adjustment in the Subcontract Sum will be made, based on the time and materials to perform such changes; or
- (c) By written direction to Subcontractor to proceed with changes in the Work, specifying the changes to be made and specifically stating that the Subcontract Sum shall be adjusted based on actual costs of performing such changes based on time and materials, plus a fixed fee, to be set in such change order.

7.2. **OBLIGATION TO PROCEED.** Subcontractor shall proceed with the changes ordered so as not to delay the Work. In the event Contractor changes the Work pursuant to 7.1(b) above, Subcontractor shall file with Contractor within seven (7) days from the

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date of such order Subcontractor's written itemized estimate for the cost of performing the changes to be made. If mutual agreement on the cost is reached, Subcontractor and Contractor will execute a written change order executed by the authorized officers or designees of Contractor and Subcontractor. If mutual agreement cannot be reached and the changes are required by Contractor, the Work shall proceed and Subcontractor shall be entitled to a reasonable adjustment in the Subcontract sum and in the time for performance of the work to the extent such adjustments are focused by the Contractor's written change order. If the extra Work or changes are required by Contractor, Subcontractor does not waive its right by proceeding under protest provided it so notifies Contractor in writing within five (5) days from submittal of the itemized estimate referred to above.

7.3. **COST AND TIME.** Subcontractor shall respond to a proposed change within seven (7) days of request by Contractor. In the event that a Subcontractor change order response is not delivered to the Contractor by the date required, it shall be conclusively presumed that such proposed change does not result in a change in Subcontractor's cost or construction time, and all work and materials called for by the proposed change order shall be provided by Subcontractor at no additional cost or delay to Contractor. For changes in the work for which contractual unit prices, if any, do not apply, the Subcontractor shall submit an itemized breakdown of his estimated cost for such changes with the following percentages for overhead and profit combined: Fifteen percent (15%) on work performed by Subcontractor's own forces or by sub-subcontractors and five percent (5%) on work performed on behalf of Subcontractor by a sub-subcontractor.

8. TERMINATION, REMEDIES FOR DEFAULT AND ASSIGNMENT OF THE SUBCONTRACT.

8.1. **TERMINATION BY THE SUBCONTRACTOR.** The Subcontractor may terminate the Subcontract if Contractor fails to pay to Subcontractors any sums due to Subcontractor within forty-five (45) days following the date such sums were due and payable to Subcontractor. Such termination shall only be effective if Subcontractor makes written demand for such payment to Contractor following the expiration of such forty-five (45) day period and Contractor fails to pay all sums then due and payable within ten (10) days following receipt of Subcontractor's demand. In the event of such termination by the Subcontractor, the Subcontractor shall be entitled to recover from the Contractor payment for Work executed to date of termination and for proven loss with respect to materials, equipment, tools, and construction equipment and machinery (but not for anticipated profits).

8.2. TERMINATION BY THE CONTRACTOR.

8.2.1. If the Subcontractor (i) fails or neglects to carry out the Work in accordance with the Subcontract or otherwise to perform in accordance with this Subcontract; and (ii) fails within thirty-six (36) hours after receipt of notice to correct such default or neglect, the Contractor, in addition to Contractor's remedies under Section 8.3 and 8.4 of this Subcontract, may immediately and without further notice to Subcontractor terminate the Subcontract.

8.2.2. For its convenience, the Contractor shall have the right to terminate this Subcontract for any reason by giving the Subcontractor written notice of termination. Such termination for the Contractor's convenience shall be effective upon Subcontractor's receipt of written notice of such termination. Termination for default, if wrongfully made, shall be treated as a termination for convenience. In the event that the Subcontractor is terminated for the convenience of the Contractor, the Subcontractor shall be paid a pro rata percentage of the Subcontract Sum equal to the percentage of Work in place, less payments theretofore received by the Subcontractor. In no event shall the Subcontractor be entitled to receive payment for anticipated profits for unperformed Work.

8.3. **CONTRACTOR'S REMEDIES.** Should Subcontractor (a) fail to correct, replace and/or re-execute faulty or defective Work and/or materials furnished under the Subcontract; (b) fail to complete or diligently proceed with the Work in accordance with the agreed upon schedule; (c) fail to correct or repair any damage to the Project caused by the acts or omissions of Subcontractor; or (d) otherwise be in default of any provision of the Subcontract, if such failure or default is not corrected, then Contractor shall have the right to correct, replace or otherwise remedy and such defect, deficiencies or delayed performance by any reasonable and expedient means, including taking over or supplementing Subcontractor's Work and materials and employing such additional labor, equipment and materials as may be necessary to cure the default and achieve compliance with the Subcontract. In such event, Contractor may deduct from any sums due to Subcontractor the cost of performing such work and correcting such deficiencies, plus overhead of fifteen percent (15%) of such cost. If payments then or thereafter due Subcontractor are not sufficient to cover such amount, Subcontractor shall promptly pay the difference to Contractor. The remedies of Contractor under this subparagraph are in addition to any other remedies available to Contractor under the Subcontract or available at law or in equity.

8.4. **CONTRACTOR'S ADDITIONAL REMEDIES.** Subcontractor shall reimburse Contractor for any loss, damage or extra expense paid or incurred by Contractor which is due to Subcontractor's failure to supply materials, labor, or to properly perform the Work in accordance with the Subcontractor Documents. Subcontractor's failure to perform shall include the failure of its lower-tier subcontractors to perform. Subcontractor's liability shall include but not be limited to (1) damages and other delay costs payable by Contractor to the Owner; (2) Contractor's increased costs of performance, such as extended overhead and increased performance costs resulting from Subcontractor-caused delays or improper Subcontractor Work; (3) warranty and rework costs; (4) liability to third parties; (5) excess reprourement costs; (6) consultants' fees; and (7) attorneys' fees and court costs. Contractor may take over any of Subcontractor's outstanding sub-subcontracts and purchase orders and take possession of all tools, equipment, scaffolds, material and supplies of Subcontractor which are on the Project site, in transit to, or especially manufactured for, the Work for use in completion of the Project. Contractor is hereby granted a lien on all such property to secure Subcontractor's performance under this Subcontract. Subcontractor shall, upon request of Contractor, execute and deliver to Contractor all documents and take all such steps to effect the legal assignment of Subcontractor's contractual rights under such sub-subcontracts and purchase orders, but Contractor shall not be required to

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assume any of Subcontractor's outstanding obligations thereunder.

8.5. ASSIGNMENT OF THE SUBCONTRACT.

8.5.1. In the event of termination of the Prime Contract by the Owner, the Contractor may assign this Subcontract to the Owner, with the Owner's agreement, subject to the provisions of the Prime Contract and to the prior rights of the surety, if any, obligated under bonds relating to the Prime Contract.

8.5.2. The Subcontractor shall not assign this Subcontract without the written consent of the Contractor, nor subcontract the whole or any portion of this Subcontract without the written consent of the Contractor.

9. MUTUAL RIGHTS AND RESPONSIBILITIES.

The Contractor and Subcontractor shall be mutually bound by the terms of this Subcontract and, to the extent that provisions of the Prime Contract apply to the Work of the Subcontractor, the Contractor shall assume toward the Subcontractor all obligations and responsibilities that the Owner, under the Prime Contract, assumes toward the Contractor, and the Subcontractor shall assume toward the Contractor all obligations and responsibilities which the Contractor, under the Prime Contract, assumes toward the Owner and the Architect. The Contractor shall have the benefit of all rights, remedies and redress against the Subcontractor which the Owner, under the Prime Contract, has against the Contractor, and the Subcontractor shall have the benefit of all rights, remedies and redress against the Contractor which the Contractor, under the Prime Contract, has against the Owner, insofar as applicable to this Subcontract. Where a provision of the Prime Contract is inconsistent with a provision of this Subcontract, this Subcontract shall govern.

10. PROGRESS PAYMENTS.

10.1. APPLICATIONS FOR PAYMENT.

SUBCONTRACTOR SHALL SUBMIT ALL REQUISITIONS AND APPLICATIONS FOR PAYMENT FOR PAYMENT PROCESSING TO: ERICKSON CONSTRUCTION, LLC; Pete Szpak 20 Riverside Rd., Lincolnshire, IL, 60069 OR TO SUCH OTHER ADDRESS AS CONTRACTOR MAY DIRECT.

10.1.1. Based upon applications for payment submitted to the Contractor by the Subcontractor, corresponding to Applications for Payment submitted by the Contractor to the Owner, and Certificates for Payment issued by the Owner, the Contractor shall make progress payments on account of the Subcontract Sum to the Subcontractor as provided below and elsewhere in the Subcontract. Each application for payment shall be in the form attached hereto as Exhibit D, or such other form as may otherwise be requested by Owner, and must include a Partial Release of Liens in either the form attached hereto as Exhibit E, or such other form as may otherwise be requested by Owner, and with such detail substantiating Subcontractors right to payment. With each application for payment, Owner will require a Sworn Statement in compliance with Illinois Mechanics Lien Statute, 770 ILCS 60/5 and lien waivers and releases valid under Illinois law in the form attached hereto as Exhibit E or Exhibit F, as applicable, or such other form as may otherwise be requested by Owner.

10.1.2. The period covered by each application for payment submitted by Subcontractor shall be one (1) calendar month ending on the last day of the calendar month. Each application for payment must be based on actual work performed by or under Subcontractor through the 19th day of the month, and the reasonably estimated work to be performed by or under Subcontractor during the balance of the month.

10.1.3. Provided an application for payment is received by the Contractor not later than the 20th day of a month, the Contractor shall include the Subcontractor's Work covered by that application in the next Application for Payment which the Contractor is entitled to submit to the Owner. Subcontractor's progress payments shall be due and payable within ten (10) working days after the Contractor receives payment for the Subcontractor's Work from the Owner. If the Owner or Architect fails to issue a Certificate for Payment or the Owner fails to pay Contractor for Subcontractor's Work within forty-five (45) days following the applicable Application for Payment, and such failure is not the fault of the Subcontractor or Subcontractor's sub-subcontractors, the Contractor shall pay the Subcontractor, within ten (10) days following demand, a progress payment computed as provided in Section 10.2 of this Subcontract. Notwithstanding the foregoing, payments to Subcontractor may be withheld on account of (i) defective Work not remedied, (ii) claims filed, (iii) damage to Contractor or another subcontractor or (iv) failure to carry out the Work in accordance with the Subcontract.

10.1.4. If an application for payment is received by the Contractor on or after the 21st day of any calendar month, the Subcontractor's Work covered by such application shall be included by the Contractor in the next Application for Payment submitted to the Owner.

10.1.5. Each application for payment shall be based upon the most recent schedule of values approved by the Contractor in accordance with Section 4.4 of this Subcontract. Applications for payment submitted by the Subcontractor shall indicate the percentage of completion of each portion of the Work as of the end of the period covered by the Subcontractor's application for payment.

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10.1.6. Subcontractor shall pay all claimants for all costs and expenses resulting from the performance of the Work and for all labor and materials used. Subcontractor is liable for and shall hold Contractor and Owner harmless from and indemnify Contractor and Owner for all court costs, attorney's fees and damages resulting from claims by sub-subcontractors and Subcontractor's suppliers and all liens and all claims of persons furnishing material or labor on behalf of Subcontractor in connection with the Work. Subcontractor shall deliver to Contractor with each application for payment recordable affidavits and lien releases or waivers acceptable to Contractor from Subcontractor and Subcontractor's sub-subcontractors and suppliers. In the event any person or entity claiming by, through or under Subcontractor notifies Contractor of any non-payment or seeks to encumber funds held by Contractor and payable to Subcontractor or files a lien or other claim against the Project, or Contractor's interest therein, Subcontractor shall within three (3) days notify Contractor if Subcontractor disputes such claim. If at any time a lien has been filed against Contractor, the Owner, the Project or any sums held by Contractor by any person or entity claiming through Subcontractor, Subcontractor shall, within seven (7) days of receipt of notice of such lien pay the claim and cause the lien to be released or shall file a bond in lieu of the payment of such lien and shall cause the lien to be released from the project.

10.1.7. Notwithstanding the foregoing, if such lien or claim is due solely to sums wrongfully held by Contractor, Subcontractor shall not have any obligation to hold harmless or indemnify Contractor against such lien or claim.

10.2. PROGRESS PAYMENTS. Subject to the provisions of the Subcontract, the amount of each progress payment shall be computed as follows:

10.2.1. Take that portion of the Subcontract Sum properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Subcontractor's Work by the share of the total Subcontract Sum allocated to that portion of the Subcontractor's Work in the schedule of values, less that percentage actually retained, if any, from payments to the Contractor on account of the Work of the Subcontractor;

10.2.2. Add that portion of the Subcontract Sum properly allocable to materials and equipment delivered and suitably stored at the site by the Subcontractor for subsequent incorporation in the Subcontractor's Work or, if approved in advance in writing by the Owner, suitably stored off the site at a location agreed upon in writing, less the same percentage retainage required by the Prime Contract to be applied to such materials and equipment in the Contractor's Application for Payment;

10.2.3. Subtract the aggregate of previous payments made by the Contractor; and

10.2.4. Subtract amounts, if any, calculated under Subparagraph 10.2.1 or 10.2.2 which are related to Work of the Subcontractor for which the Architect has withheld or nullified, in whole or in part, a Certificate of Payment for a cause which is the fault of the Subcontractor or Subcontractor's sub-subcontractors.

10.2.5. All periodic payments by Contractor shall be subject to a retainage, to be held by Contractor, of ten percent (10%) of the amount billed by Subcontractor. To the extent approved or permitted by Owner and any lender providing financing for all or any part of the Work, and if Subcontractor is in compliance with the terms of the Subcontract, the aggregate amount of the retainage, subject to offset for defects and deficiencies, shall be reduced to five percent (5%) upon the Work achieving fifty percent (50%) completion and acceptance thereof by Contractor and Owner. No periodic payment by Contractor shall be deemed to constitute acceptance of any faulty or defective Work.

10.3. STORED MATERIALS. Notwithstanding the provisions of Subsection 10.2., payment for stored materials may be conditioned on delivery to the Owner of bills of sale (which shall include a complete description, including photographs, bills of lading, serial numbers, warehouse receipts and/or inventories, as appropriate for Owner to identify the stored materials) and such other procedures satisfactory to Owner to establish the Owner's title and to insure and otherwise protect the Owner's interest in and to such stored materials, unless requested otherwise by Contractor. Subcontractor shall schedule the materials to prevent the arrival of major items well in advance of their incorporation into the improvements.

10.4. SUBSTANTIAL COMPLETION. When the Work or a designated portion thereof is substantially complete in accordance with the requirements of the Prime Contract, the Contractor shall, upon application by the Subcontractor, make prompt application for payment for such Work. Within thirty (30) days following issuance by the Owner of the Certificate for Payment covering such substantially completed Work, the Contractor shall, to the full extent allowed in the Prime Contract, make payment to the Subcontractor, deducting any portion of the funds for the Work withheld in accordance with the Certificate of Payment to cover costs of items to be completed or corrected by the Subcontractor. Such payment to the Subcontractor shall be the entire unpaid balance of the Subcontract Sum if a full release of retainage is allowed under the Prime Contract for the Work prior to the completion of the entire Project. If the Prime Contract does not allow for a full release of retainage, then such payment shall be an amount which, when added to previous payments to the Subcontractor, will reduce the retainage on the Subcontractor's substantially completed Work to the same percentage of retainage as that on the Contractor's work covered by the Certificate of Payment.

11. FINAL PAYMENT.

11.1. TIME. Subject to the provisions of Section 10.4, final payment, constituting the entire unpaid balance of the Subcontract Sum, shall be made by the Contractor to the Subcontractor when the Work is fully performed in accordance with the

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requirements of the Subcontract, Subcontractor has filed a final application for payment, the Owner has issued a Certificate for Payment covering the Subcontractor's completed Work and the Contractor has received payment from the Owner. If a Certificate for Payment is not issued within forty-five (45) days of Contractor's application for payment, or the Contractor does not receive from the Owner payment within forty-five (45) days of Contractor's application for payment, and such payment is otherwise due to Subcontractor and such failure is not due to any fault of Subcontractor, final payment to the Subcontractor shall be made upon demand.

11.2. LIEN WAIVERS. Final payment shall not be due until Subcontractor has delivered to Contractor a complete, recordable affidavit and release of all liens arising out of this Subcontract, in the form attached hereto as Exhibit F, or such other form as may otherwise be requested by Owner, covering all labor, materials and equipment for which a lien could be filed, or a bond satisfactory to the Contractor indemnifying Contractor and the Project against any and all lien(s). If any lien remains unsatisfied after all payments are made, Subcontractor shall refund to Contractor all monies the latter may be compelled to pay in discharging such lien, including all court costs and expenses and reasonable attorney's fees. The acceptance of final payment shall constitute a release of all claims by Subcontractor except those previously made in writing and identified by Subcontractor as unsettled at the time of the final application for payment.

11.3. EVIDENCE OF PAYMENT. Before issuance of the final payment, the Subcontractor, if required, shall submit evidence satisfactory to the Contractor that all payrolls, bills for materials and equipment, and all known indebtedness connected with the Subcontractor's Work have been satisfied.

11.4. SUB-SUBCONTRACTORS AND PROVIDERS. Subcontractor shall keep Contractor informed of all sub-subcontractors, and all materials and/or service providers of any tier who provide materials or service for any part of the Work in excess of One Thousand Dollars (\$1,000.00) by completing, submitting and updating as appropriate Exhibit G attached hereto.

12. INSURANCE AND BONDS.

12.1. COVERAGES.

12.1.1. Before the Subcontractor commences any Work pursuant to this Subcontract, the Subcontractor shall obtain and maintain throughout the term of the Subcontract, insurance of the types and in the minimum amounts set forth on Exhibit H. Self-insured retentions and/or deductibles may not be more than Ten Thousand Dollars (\$10,000.00). Acceptance of any insurance by Contractor shall not relieve or decrease the liability of the Subcontractor.

12.1.2. Coverages must be maintained with financially secure insurance companies licensed to do business in the State where the Project is located, have a Best's Guide Rating of not less than A-VI and must otherwise be acceptable to Owner and Contractor. Coverage must be maintained without interruption from date of commencement of the Work until date of final payment, and Contractor, Developer, Owner, and the Operator, their parent and subsidiary companies, together with their employees, officers agents, members and directors shall be named as additional insureds and Lender where required, under Subcontractor's Commercial General Liability policy, Automobile liability policy, Products/Completed Operations Coverage and the Umbrella/Excess Insurance. The additional insured coverage is to be provided by ISO form CG20100704, CG20370704, or equivalent forms, a copy of which will be provided with the certificate of insurance. All such policies shall apply as primary and non-contributory insurance with respect to any other insurance or self-insurance programs afforded to the indemnities and/or additional insured's identified within this agreement.

12.1.3. Certificates of insurance acceptable to the Contractor, together with all appropriate endorsements, shall be filed with the Contractor prior to commencement of the Subcontractor's Work, and at least ten (10) days prior to the expiration of any policy. These certificates and the insurance policies required by this Article 12 shall contain an endorsement that coverages afforded under the policies will not be canceled or allowed to expire until at least thirty (30) days prior written notice has been given to the Contractor. If any of the foregoing insurance coverages are required to remain in force after final payment and are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the final application for payment as required in Article 11. If requested by Contractor, Subcontractor shall provide certified copies of all such policies to Contractor within ten (10) days of such request. Subcontractor must immediately notify Contractor of any reduction or restriction in the required insurance that takes place during the term of the Subcontract, and/or in the event the insurer notifies the Subcontractor of its intent not to renew coverage.

12.1.4. The Contractor shall furnish to the Subcontractor upon demand, satisfactory evidence of insurance required of the Contractor under the Prime Contract.

12.1.5. If Subcontractor fails to secure and maintain the required insurance, Contractor shall have the right (without any obligation to do so, however) to secure same in the name and for the account of the Subcontractor in which event the Subcontractor shall pay the costs thereof to Contractor upon demand and furnish upon demand all information that may be required in connection therewith..

12.1.6. The insurance provisions of this Subcontract shall not be construed as a limitation on the Subcontract's responsibilities and liabilities pursuant to the terms and conditions of the Subcontract, including, but not limited to, liability for claims in excess of the insurance limits and coverages set forth herein.

12.1.7. The Subcontractor shall not make changes in or allow the required insurance coverages to lapse without the Contractor's prior written approval thereto.

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12.2. **WAIVERS OF SUBROGATION.** The Contractor and Subcontractor waive all rights against (1) each other and any of their Subcontractors, sub-subcontractors, agents, employees, officers, members and directors, each of the other, and (2) the Owner, Developer, Operator, and any of their Subcontractors, sub-subcontractors, agents, employees, officers, members and directors, for damages caused by fire or other perils to the extent covered by property insurance provided under the Prime Contract or other property insurance applicable to the Work, except such rights as they may have to proceeds of such insurance held by the Owner as fiduciary. The Subcontractor shall require of the Subcontractor's sub-subcontractors, agents and employees, by appropriate agreements, written where legally required for validity, similar waivers in favor of other parties enumerated herein. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

12.3. The Contractor shall promptly, upon request of the Subcontractor, furnish a copy or permit a copy to be made of any bond covering payment of obligations arising under the Subcontract.

12.4. **Performance Bond and Payment Bond:**

Bond Required for the payment and performance bonds. All bonds must be in the AIA312 format or equal. Cost of bond is on bonding company's invoice at standard rates. Subcontractor must include the names of the Owner and Lender on all bonds as a dual obligee. Subcontractor can provide this information through a dual obligee rider. Two original copies of all bonds are required and should be forwarded to the Corporate Office located at 991 Corporate Boulevard, Linthicum, MD 21090.

Unless waived by Contractor in this Subsection 12.4, prior to the commencement of the Work, Subcontractor shall pay for and deliver to Owner acceptable, statutory payment and performance bonds in the full amount of the Subcontract sum issued by a surety acceptable to Owner.

13. **SETTLEMENT OF DISPUTES.**

13.1. In the event of any dispute involving the Work performed or to be performed, Contractor shall issue a decision which shall be followed by Subcontractor, without interruption, deficiency, or delay. If Subcontractor does not agree with such decision, Subcontractor may make a claim under Section 7.3. and the matter shall be resolved as set forth in Article 13.2. or 13.3. as applicable. If the Subcontractor prevails, Subcontractor's sole remedy shall be an equitable adjustment determined as provided in Section 13.2. or 13.3. as applicable. In addition to notice required by Article 9 or the Subcontract Documents, notification of any claim for the equitable adjustment must be asserted in writing not later than ten (10) days after Subcontractor's knowledge of the claim, and if Section 13.2. is applicable, within sufficient time to allow Contractor to give notice to the Owner under the Subcontract Documents.

13.2. In case of any dispute between Contractor and Subcontractor, in any way relating to or arising from any act or omission of the Owner or involving the Subcontract Documents, Subcontractor agrees to be bound to Contractor to the same extent that Contractor is bound to the Owner, by the terms of the Subcontract Documents, and by any and all preliminary and final decisions or determinations made thereunder by the party, board or court so authorized in the Subcontract Documents or by law, whether or not Subcontractor is a party to such proceedings. In case of such dispute, Subcontractor will comply with all provisions of the Subcontract Documents allowing a reasonable time for Contractor to analyze and forward to the Owner any required communications or documentation. Contractor will, at its option, (1) present to the Owner, in Contractor's name, or (2) authorize Subcontractor to present to the Owner, in Contractor's name, all of Subcontractor's claims and answer the Owner's claims involving Subcontractor's Work, whenever Contractor is permitted to do so by the terms of the Subcontract Documents. Contractor will further invoke on behalf of Subcontractor, or allow Subcontractor to invoke, those provisions in the Subcontract Documents for determining disputes. If such dispute is prosecuted or defended by Contractor, Subcontractor, at its own expense, agrees to furnish all documents, statements, witnesses, and other information required by Contractor and to pay or reimburse Contractor for all costs incurred by Contractor in connection with the dispute including attorneys' fees and court costs.

13.3. To the extent not resolved under Section 13.2 above, any dispute between Contractor and Subcontractor shall, at Contractor's sole option, be decided by litigation. In the event of any lawsuit under this clause, the Courts of Illinois shall have sole and exclusive jurisdiction. DUE TO THE SPECIALIZED NATURE OF CONSTRUCTION LITIGATION, EACH PARTY HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY.

14. **MISCELLANEOUS PROVISIONS.**

14.1. **GENERAL CONDITIONS.** Where reference is made in this Agreement to a provision of the General Conditions or another Subcontract Document, the reference refers to that provision as expressly amended or supplemented by other provisions of the Subcontract Documents.

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14.2. **PRIVITY.** Until Subcontractor's obligations under this Subcontract are completely fulfilled, Subcontractor agrees not to perform any Work directly for the Owner or deal directly with the Owner's representatives in connection with the Project, unless otherwise directed in writing by Contractor. All Work for this Project performed by Subcontractor shall be processed and handled exclusively by Contractor.

14.3. **VEHICLES.** All vehicles are to be operated in accordance with the traffic and parking rules and regulations of the Operator and the Contractor. Violation of these rules may result in the vehicle being towed at the owner's expense, and the vehicle and operator being banned from the site. All workers authorized to park within the site must obtain parking passes from the Contractor's office and must display the parking passes whenever the vehicle is on the site. Subcontractor's employees, agents and sub-subcontractors may park vehicles only in areas on or off-site as designated for parking by Owner or Contractor.

14.4. **RESIDENTS OF RETIREMENT COMMUNITY.** The safety and protection of the residents of the Project is of paramount importance to the Contractor. Subcontractor, its workers, suppliers, and sub-subcontractors must adhere to all traffic regulations, noise restrictions, and other safety standards established by the Contractor and the Operator. Residents of the Project must be treated with courtesy and respect at all times. In the event that the buildings are occupied while the Subcontractor is performing work on the Project, all courtesy is to be extended to the residents and precautions taken to avoid any disruption or inconvenience during this usage.

14.5. **SIGNS.** No signs may be placed on any portion of the site and/or building without written permission of Owner.

14.6. **COMMUNICATIONS.** It is agreed and understood that all communications by or through Subcontractor to the Architect, Engineer, Owner, Developer or any representative thereof shall be made through Contractor.

14.7. **EXAMINATION OF PRIOR WORK.** Subcontractor shall carefully examine the work of others which may affect the Work and shall notify Contractor in writing, completely detailing and supporting any apparent deficiencies therein before performing the Work; otherwise, such other Work shall be deemed acceptable to Subcontractor and Subcontractor shall be deemed to have waived all claims with respect thereto.

14.8. **INVALIDITY.** If any provision of the Subcontract is found to be invalid, unenforceable or unlawful, such provision shall be enforced in such manner as shall most nearly affect the intent of the parties and yet conform to the law applicable thereto and the remainder of the Subcontract Documents shall remain in full force and effect.

14.9. **NOTICES.** Except as stated in Section 10.1 of this Agreement, all notices, requests, approvals and other communications required or permitted to be delivered under the Subcontract must be in writing and shall be effective upon: (a) the date of delivery if hand-delivered to the other party or forwarded by facsimile to a number provided and authorized for delivery of notices by the receiving party; (b) the date of transmission if sent by telegram; (c) the date after mailing if sent by overnight commercial carrier; or (d) three (3) business days after mailing if sent by U.S. mail. Except for the use of facsimiles, if permitted, all notices must be sent to the addresses listed in the introductory paragraph of this Agreement, or to such other address as may be expressly designated in writing by either party as the correct address for notices, requests, approvals and other communications.

14.10. **INDEPENDENT CONTRACTOR.** Subcontractor is an independent contractor and hereby assumes all of the rights, duties, obligations and liabilities thereby arising.

14.11. **WAIVER.** Any failure by Contractor at any time or from time to time to enforce or require the strict performance of any of the terms or conditions hereof shall not affect or impair Contractor's right to at any time thereafter avail itself of the remedies available for the subsequent breach of such terms or conditions.

14.12. **GOVERNING LAW.** The Subcontract shall be governed by the law of the State in which the Project is located. No presumption shall be deemed to exist in favor of or against either party as a result of the preparation and/or negotiation of the Subcontract. The Subcontract and Subcontract Documents are subject to the Contract between the Owner and Contractor, the General Conditions, and the Additional Supplementary General Conditions.

14.13. **EQUAL OPPORTUNITY.** Subcontractor agrees not to discriminate against any employee or applicant for employment because of race, religion, sex, handicap or national origin.

14.14. **EXHIBITS.** The following exhibits are attached hereto:

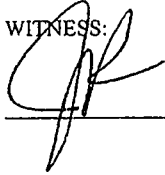
- Exhibit A - Drawing Log
- Exhibit B - Scope
- Exhibit C - SOV
- Exhibit D - Pay Application
- Exhibit E - Partial Release
- Exhibit F - Final Release
- Exhibit G - Vendor List

Sub: Welch Drywall
Cost Code: 517EC10-48400-092501

Contract Number: 16
Exhibit H, Sched B - Insurance Requirements Sched. B
Exhibit I - Payment Bond
Exhibit J - Performance Bond

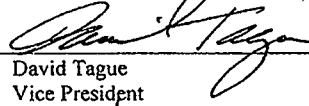
This Agreement entered into as of the day and year first written above.

WITNESS:



CONTRACTOR
ERICKSON CONSTRUCTION, LLC

By:

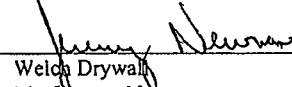

David Tague
Vice President

Dated:

5/15/08

SUBCONTRACTOR

By:


Welch Drywall
Mr. Jeremy Newman
Manager

Dated:

5/2/08

Elizabeth M. ACS