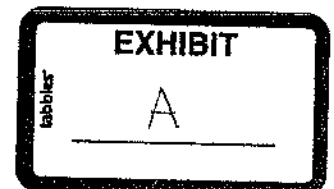


SUBCONTRACTOR AGREEMENT

This Document is a binding contract, which will serve as a blanket agreement for and between Bell Engineering Company, Inc. (herein referred to as "Builder"), and the undersigned referred to hereafter as the Subcontractor. By signing, Subcontractor and Builder agree to the terms set forth herein. This agreement shall remain in force from the date hereof and from year to year, unless a change is agreed to in writing by both the Builder and the Subcontractor. The parties agree to the following:

Subcontractor: _____

- 1. STATEMENT OF WORK.** From time to time, Subcontractor may provide services to Builder in accordance with Exhibit A. In addition to the terms and conditions negotiated by the parties for particular projects, Builder and Subcontractor hereby agree that the terms and conditions of this Subcontractor Agreement (the "Agreement") shall apply whenever Subcontractor provides services to Builder.
- 2. GENERAL PERFORMANCE.** All Work of the Subcontractor will be performed in a good and workmanlike manner in accordance with the plans and specifications for each job and must comply with all Federal and State laws, codes and regulations and all county and/or municipal ordinances and regulations effective where the work is to be performed under this contract. All permits, fees, taxes, and expenses connected with such compliance are to be paid by the Subcontractor.
- 3. INDEPENDENT CONTRACTOR.** The Builder and Subcontractor agree that the Subcontractor is being hired solely as an independent contractor and that neither the Subcontractor, nor his employees shall be deemed to be employees of the Builder.
- 4. TIME.** Time is of the essence in this Subcontractor Agreement. The Subcontractor agrees to promptly begin work as soon as notified by the Builder and to complete the work in a professional and workmanlike manner within a reasonable period of time once work is commenced and in any event by the deadlines established by the Builder in writing. Subcontractor shall cooperate with other trades who are also on the jobsite so that each reasonably may complete their respective work within the required time frames and Subcontractor shall in any event complete the Subcontractor's work within a time that will allow any other trade whose work depends on the completion of Subcontractor's work to also timely complete its work. At all times, Subcontractor shall provide competent supervision, a sufficient number of skilled workers and adequate and proper materials to maintain Builder work schedule. Subcontractor warrants to the builder that he/she has all the proper licenses and permits to perform the services contracted. If the Builder determines that the subcontractor's work does not conform to the provisions of the Drawings and Specifications and is not of appropriate quality, Builder shall advise the Subcontractor and if the Subcontractor does not repair or replace defects



or errors on Builder's time table, Builder shall have the right to correct defects and to back charge the Subcontractor the cost of such corrections.

5. **EXTRAS.** No deviations from the work specified in the contract will be permitted or paid for unless a written extra work or change order is first agreed upon and signed as required.

6. **ASSIGNMENT.** No assignment of this subcontract agreement by Subcontractor is permitted without prior written permission from the Builder.

7. **HOLD HARMLESS.** The Subcontractor agrees to protect, defend and indemnify the Builder against and hold the Builder, its officers, directors, employees, agents and affiliates (herein collectively "Indemnified Party") harmless for any and all claims, demands, liabilities, losses, expenses, suits and actions (including attorney's fees) for or on account of any injury to any person, or any death at any time resulting from such injury, or any damage to any property, which may arise (or which may be alleged to have arisen) out of or in connection with the work covered by this subcontract even though such injury, death, or damage may be (or may be alleged to be) attributable in part to negligence or other fault on the part of the Indemnified Party. If Indemnified Party reasonably believes that Subcontractor will or has caused a claim to be made or a lien to be filed against Indemnified Party's Property, Indemnified Party may retain any and all monies due Subcontractor and make such payment to Subcontractor and claimant jointly. The obligation of the Subcontractor to indemnify and hold the Indemnified Party harmless shall not be enforceable if and only if it be determined by arbitration or judicial proceeding that the injury, death or damages complained of or was attributable solely to the fault or negligence of the Indemnified Party and not in any manner or in any part attributable to the Subcontractor. The Subcontractor agrees to reimburse the Indemnified Party for all sums which the Indemnified Party may pay or be compelled to pay in settlement of any claim hereunder, including any claim under the provisions of any workmen's compensation law or any plan for employees' benefits which the Indemnified Party may adopt. The Builder shall be entitled to withhold from payment otherwise due pursuant to this subcontract such amount or amounts as may be reasonably necessary to protect it against liability for any personal injury, death or property damage resulting from the performance of the work hereunder.

8. **MECHANICS LIEN.** In accordance with Tennessee Mechanics Lien Law, Subcontractor acknowledges that subcontractor may not claim any lien on the Work.

If any lien or other encumbrance or any claim of the nonpayment of labor, materials or supplies furnished to Subcontractor is asserted, claimed or filed against Builder's property arising out of the contract or said work hereunder, the Subcontractor shall protect, indemnify, hold harmless and defend the Builder, and its successors and assigns, from and against all such liens and encumbrances and all costs, fees, loss, damage and expenses (including, but not limited to attorneys fees and litigation expenses) in connection therewith. Any such assertion or claim may be treated by Builder as default of the contract and Builder on behalf of itself may take action as

it deems necessary to mitigate its damages and charge the cost and expense thereof to Subcontractor.

9. **CLEAN-UP.** Subcontractor agrees to clean up all debris, trash, and refuse generated by his own trade at the end of each day and deposit into trash bin provided by Builder, and shall clean all walls, floors and other finished surfaces soiled as a result of his trade. Subcontractor further agrees to deposit into trash bin or haul away all boxes, crates, or containers that may have been used to bring materials or fixtures to the job site. Subcontractor agrees to leave the job broom clean for the next trade. In the event the Subcontractor fails to comply with the above after receiving notice of the problem and reasonable opportunity to correct it, Builder may back charge the Subcontractor for the cost of the debris removal and clean up. Subcontractor should report the Builder if the job has not been cleaned by the prior Subcontractor.

10. **DEFAULT.** If Subcontractor shall default in the performance of any of his duties or obligations hereunder, and such default shall continue after verbal or written notice, Builder may immediately terminate this Agreement. Subcontractor shall be due only such sums for approved work up until termination and shall furnish lien waivers to Builder upon termination and payment.

11. **CARE OF MATERIALS.** Subcontractor agrees to be diligent in the proper care of materials supplied by Builder, if any. All usable materials are to be stored in an orderly way that protects them from wind, moisture, and provides general site safety. All non-usable materials are to be culled and properly disposed of in trash bins. Builder may at its discretion hold Subcontractor accountable for value of materials damaged by negligent Subcontractor care. Builder may back charge the Subcontractor for the cost of materials, deemed by Builder to be damaged by negligent Subcontractor care. Subcontractor promptly shall notify Builder of any defects in any materials supplied by Builder, if any.

12. **PAYMENT.** Builder shall provide stated time frames for Subcontractor to submit invoices for the work performed. Invoices not received by the stated time will be processed and paid in the next pay period. Invoices in question will be held in their entirety until the disputed charge is resolved. Payment for a disputed charge may be held from the Subcontractor's total payment regardless of the specific project in dispute.

13. **INSURANCE.** The Subcontractor, at its own expense, shall obtain and maintain in full force and effect, without interruption during the term of the Agreement, the following minimum levels of insurance:

- A. Workers' Compensation insurance covering the legal liability of the Builder and its Subcontractors under the applicable workers' compensation or occupational disease laws for claims for personal injuries and death resulting there from to the Builder and its

Subcontractor's employees. The Subcontractor shall also obtain a minimum of \$500,000 of Employers' Liability insurance. Certificates of insurance must include a waiver of subrogation in favor of Builder.

- B. Commercial General Liability insurance covering the legal liability (including liability assumed contractually, whether incidental or not) of the Subcontractor who may be engaged in the services, for claims for personal injuries (including death) and property damage resulting there from arising out of the services to be performed by the Subcontractor, in an amount not less than \$1,000,000 for any one occurrence, \$2,000,000 general aggregate (subject to a per project general aggregate provision), \$2,000,000 Products/Completed Operations aggregate limit. Commercial General Liability insurance shall be obtained and shall include broad form contractual liability coverage, products/completed operations, cross liability, severability of interest and broad form property damage (if required), and Builder as well as its directors, officers and employees shall be named as an additional insured on such Commercial General Liability policy regarding liability arising out of operations performed under this Agreement. Form CG 20 10 07 04 and CG 20 37 07 04 must be shown on the certificate of insurance or its equivalent.
- C. Automobile Liability insurance covering the legal liability (including liability assumed contractually, whether incidental or not) of the Subcontractor who may be engaged in the services, for claims for personal injuries and death resulting there from and for property belonging to other than the Subcontractor caused by highway licensed vehicles of or used by the Subcontractor in an amount not less than: (i) \$500,000 for any one person; (ii) \$500,000 for bodily injury for any one occurrence; and (iii) \$500,000 for property damage for any one occurrence. Automobile Liability insurance shall provide coverage for owned, hired or non-owned automobile or other automotive equipment and Builder shall be named as an additional insured on such policy.

The Subcontractor's insurance coverage shall be primary insurance as respects work on this project for Builder, its directors, officers, and employees. Any insurance or self-insurance maintained by Builder shall be excess of the Subcontractor's insurance. The Subcontractor, in its agreements with subcontractors, shall require subcontractors to obtain insurance meeting the minimum limits and incorporating the contractual requirements that are prescribed by this Section. The Subcontractor hereby waives and relinquishes any right of subrogation against Builder and its agents, representatives, employees, and affiliates they might possess for any policy of insurance provided under this Section or under any State or Federal Workers' Compensation or Employer's Liability Act. Subcontractor shall require its insurer to notify Builder thirty (30) days prior to the effective date of any cancellation or material change in any of the required policies. To the extent that the Subcontractor utilizes deductibles in conjunction with the insurance required by this Agreement, all deductible expenses will be assumed by the Subcontractor. Insurance shall be placed with insurers with a Best rating of not less than A-.

13. HEALTH AND SAFETY. Subcontractor agrees to exercise all precautions necessary to prevent accidents to himself, his workers, and all others. Subcontractor shall supply at his own expense all protective eyewear, ear protection, head protection, etc. to his workers.

Subcontractor will at his own expense comply with all specific health and safety requirements of the Federal Occupational Safety and Health Act, Tennessee Occupational Safety and Health Act, and any other applicable authority. The Subcontractor also agrees to defend at his own expense and be responsible for penalties of any nature assessed by such agencies for non-compliance by himself or his employees or agents. Subcontractor agrees that he and all his employees have undergone proper safety training and have been properly trained and educated with regard to any hazardous material used in conjunction with the trade as required by the State or Federal law or as mutually agreed to by both parties. Any hazardous materials, containers, or waste shall not be left on the job by the Subcontractor and shall be removed from the job site and disposed of properly at the Subcontractor's own expense. All work shall be performed in accordance with the job site safety requirements attached hereto as Exhibit B.

14. CONDUCT. Subcontractor agrees that its, employees and agents of the subcontractor shall conduct themselves in a professional manner at all times. Subcontractor further agrees, that its employees and agents shall not use or be under the influence of alcoholic beverages or any drugs on the job site. Subcontractor agrees that in the event of any kind of accident on the job site where Subcontractor or employees and/or agents of the subcontractor are present, any or all present will submit to drug testing under the Company drug policy, which is on file at its office. Additionally, Subcontractor further agrees to not enter into any agreement with the Builder's customer, while the house is under construction and until the Builder's customer has purchased the property.

15. MAINTENANCE OF EROSION CONTROL. Subcontractor agrees that its employees and agents shall not disturb any erosion control systems constructed on site. If any portion of such systems are moved to gain access to site, then such systems shall immediately be restored. Subcontractor shall indemnify, and hold harmless the Builder and all of its agents and employees from and against all claims, fines, damages, losses and expenses including attorney's fees arising out of or resulting from damage to erosion control structures on the job site caused by Subcontractor, his employees or agents.

16. WARRANTY. Subcontractor shall warrant against any defects in workmanship and/or materials which were supplied by subcontractor for a period of one year from the date the home is first occupied by the homeowner. The Subcontractor's warranty shall be of the same standards and duration as the Builder's warranty provided to the Owner. A copy of such warranty is available on request from Builder.

17. IMMIGRATION AND WORKER LEGAL STATUS. Subcontractor warrants and covenants to Builder that it has complied with all laws, rules and regulations of all pertinent governing bodies relating to the citizenship and/or immigration status of all of his employees and/or sub-subcontractors (if any) and that it does not employ any persons that are not authorized to be present in, and work in, the United States of America and/or the State of Tennessee.

Subcontractor hereby agrees to indemnify and hold harmless Builder from any and all liability relating to the immigration status of any of the Subcontractor's employees or agents

ARTEC FARMING CONTRACTORS INC. Bell Engineering Company, Inc.
(Name of Subcontractor)

By: Chuan Perez

Title: President

Date: 12-18-06

By: Janet

Title: Vice President

Date: Dec 18, 2006

EXHIBIT A

1. Insert description of Subcontractor Work.
2. Insert time frame for delivery of Subcontractor's Work.
3. Insert price for Subcontractor's Work.

EXHIBIT B

Job Site Safety Requirements

Construction Site Housekeeping

A good housekeeping program incorporates the housekeeping function into every process, operation, and task performed on a job site. This handout provides information on job-site housekeeping that can help management prevent injuries and minimize losses.

Working Areas

- Provide safe access to the job site.
- Keep walking/working surfaces clear and clean.
- Keep stairways, passageways and gangways free of material, supplies, and obstructions.
- Pick-up and place all debris or trash in its proper container.
- Hammer in, bend, or remove any nails protruding from scrap lumber. Cap or bend all exposed steel rebar ends.
- Clean up spills and dry wet floors.

Materials and Storage

- Remove from the work area any items not being used (e.g. tools, hoses, cords, chains, and hooks) and store them.
- Keep material storage areas clean and free of unwanted materials and debris.
- Secure loose scrap or light materials that may be blown off by high winds.
- Remove empty bags or other containers of lime, grout, cement, or other dust-producing material from work areas.

Waste

- Place trash and recyclable containers throughout the job site and mark them for proper use. Remove debris at regular intervals.
- Provide chutes or other approved devices for waste removal from above-grade floors.
- Use drip pans to collect oils and fluids.
- Keep waste in metal cans or bins with self-closing covers; empty cans frequently.

- Require all disposal of scrap, waste, recyclable and surplus materials be in accordance with Federal regulations and local codes.
- Place oil-soaked and paint-saturated rags, clothing, waste, or combustible refuse into non-combustible receptacles with self-closing covers.
- Schedule frequent collection and removal of combustible waste.
- Lock used oil containers and dumpsters to secure them from unwanted waste.

Construction Site Security

The losses due to theft and vandalism on construction sites have been increasing dramatically over the past decade. Although exact figures are not available, all reliable estimates are that losses due to theft and vandalism are in the billions of dollars.

Crime prevention on construction sites has become a major concern of all responsible contractors. In some cases, the difference between making a profit or sustaining a loss on a job will relate to the contractor's ability to control crime problems on the site.

This handout provides guidance on efforts to control job site security. While each site will present some unique situations, the information provided can assist in identifying major sources of crime losses and implementing the measures for controlling these losses.

General

- Establish a written Security Policy.
- Develop a job-site security plan.
- Assign supervisory security responsibilities.
- Encourage security awareness among all workers.
- Contact the police and fire departments before starting a job.
- Establish contact with adjoining properties - encourage them to report suspicious activities on the site.
- Require prompt reporting by workers of incidents of theft and vandalism.
- Report all losses to the police immediately.
- Maintain complete records of all security incidents.
- Become involved with local groups or associations working to prevent construction-site theft and vandalism.

Site

- When possible, enclose the job site with a security fence.
- Provide for nighttime lighting of the site.
- Provide for limited access to the site at all times, preferably with lockable gates.
- Maintain a clear zone adjacent to fencing.

- Post warning signs to keep unauthorized persons off the site.
- Use only high quality locks - never leave keys in locks, or leave locks in an open position.
- Check-out the site at the end of each day before securing it.
- Provide parking areas outside of the site for employees and visitors.
- Consider the use of security guards and have them patrol the site on designated rounds. Provide guards with a means of communication.

Equipment, Tools, and Materials

- Consider utilizing a secured area within the site for equipment storage.
- Maintain an inventory control system for all equipment, tools, and materials. Include photographs of equipment and expensive tools. Establish a program for verifying all deliveries.
- Mark all tools and equipment in a conspicuous, distinctive manner to allow for easy identification.
- Implement a check-out system for all tools and equipment. Post a sign stating, "ATTENTION! ALL TOOLS MUST BE SIGNED OUT."
- Keep tools securely locked in storage trailers or sheds.
- Stamp all heavy equipment and attachments with an ID number. Provide warning signs on equipment indicating that ID Numbers are recorded.
- Establish a supervisory key-control program for motorized equipment.
- Lock all equipment cabs during non-working hours.
- Immobilize equipment by disabling it or using anti-theft/anti-vandalism devices.
- Lock oil and gas tank caps where possible as a means of deterring vandalism.
- Park equipment centrally in a well-lighted, secure area.
- Provide a secure storage area for target building materials.
- Keep the on-site inventory of materials to a minimum.
- Store equipment, materials, and tools away from perimeter fencing.
- Remove equipment and materials from the site when no longer needed - do not use the site for storage.

- Carefully supervise all trash removal from the site.

Fire Prevention Considerations for New Construction

Buildings under construction present unique fire exposures that require special attention. Fires can result in major losses and long delays in the completion of the project. Factors that should be considered in a fire prevention and protection program for buildings under construction include:

Site Access

- Are access roads of sufficient width and clearance for fire department use?
- Are buildings, especially those located in isolated areas that are prone to lightning strikes, provided with lightning protection?

Incendiarism and Arson

- Are all exterior areas of the property illuminated?
- Is the perimeter of the property protected by a fence?
- Are trees and vegetation cut back to provide a clear space of at least 100-ft (30.4-m) clearance around the perimeter of the property?
- Are combustible materials and trash in yard areas removed on a regular basis?

Hot Work Operations

- Is a hot-work permit system used for all cutting, welding, and soldering operations?
- Is hot-work equipment, including torches and fuel/gas cylinders, regularly inspected and serviced?
- Are portable gas cylinders used in welding and cutting operations stored and used in accordance with NFPA 55, Standard for the Storage, Use, and Handling of Compressed and Liquefied Gases in Portable Cylinders, published by the National Fire protection Association (NFPA)?
- Are gas cylinders secured to prevent them from falling or being knocked over?
- Are multi-purpose, portable fire extinguishers kept nearby whenever hot-work operations are undertaken?
- Is a fire watch provided during hot-work operations and for at least one hour after operations have been completed?

Housekeeping

- Are good housekeeping practices followed, including routine cleaning of dust over 1/8 in (3.18 mm) in depth from all surfaces?
- If smoking is allowed on the premises, is it restricted to certain areas?
- Are storage rooms, trash rooms, inside dumpsters, and similar areas separated from other areas by one-hour fire barriers or protected by automatic sprinklers?

Utilities

- Are electrical appliances that are used in areas where flammable atmospheres are present listed/approved for such use by a nationally recognized testing laboratory, such as Underwriters Laboratories Inc. (UL)?
- Are electrical systems that are installed where flammable liquids are stored or dispensed listed/approved for Class I, Division 2 locations?
- Is electrical equipment that is used in wet areas, such as restrooms and outside locations, provided with ground fault protection, including the use of isolated power supplies?
- Is gas- and oil-fired equipment maintained according to the manufacturers' recommendations?
- Are wood-fired boilers present?
- Are temporary heating devices operated in accordance with recommended safe practices?

Dispensing of Fuels

- Are flammable liquids stored in containers that are listed/approved for such use?
- Is equipment using gasoline or diesel fuel stored in a separate, detached building or in a room segregated from storage areas by firewalls or fire barriers and automatic closing fire doors?
- Are refueling operations performed by trained and designated personnel, and only in specified, well-ventilated areas?
- Is proper bonding/grounding provided before transferring flammable liquids into portable containers or equipment fuel tanks?

Storage

- Are compressed gases stored on site?
- If blasting operations are performed, are explosives stored according to recommend practices?
- Is lumber that is used for framing and forms stored in separate facilities, preferably in an outside location?
- Is lumber stored in the horizontal plane and wrapped in tight bundles?

Emergency Response Planning

- Is there an emergency action plan for the job site?
- Is an emergency response coordinator designated to develop and implement a plan for the containment and cleanup of accidental releases of hazardous materials, such as fuel oil?
- Do employees check the exit doors and exit paths on a daily basis to ensure egress during an emergency?

Fire Protection

- Is there a sufficient number of listed/approved portable fire extinguishers, and are they properly located as required in NFPA 10, Standard for Portable Fire Extinguishers?
- Are fire extinguishers properly maintained?
- Are employees trained in the use of portable fire extinguishers?
- Are fire alarms, detectors, and fixed fire protection, such as automatic sprinklers, installed in temporary structures?

Mold Control on the Job Site

Molds are naturally occurring substances that are found everywhere. Excessive mold growth can be detrimental to a building or its inhabitants. Some molds can deteriorate woods or other organic materials, while other molds may cause or contribute to adverse health effects.

Mold grows in conditions of moisture, darkness, and stagnant air. Molds need moisture to grow and reproduce. Mold growth results in the release of millions of spores that may be inhaled by inhabitants. Moisture control is the critical step for controlling mold growth. Moisture control in buildings requires cooperation between building owners, designers, contractors, and occupants.

Contractors can affect the presence of building moisture during construction. A contractor may allow sources of moisture to affect the materials and structure during the operation and management of the job site. Contractors that use poor workmanship may also negate design features that are intended to control moisture. This handout highlights steps that can be taken by a construction contractor to minimize conditions that promote mold growth.

Site Management

- Inspect all shipments of construction materials for visible mold growth or excessive moisture.
- Do not unload lumber or other moisture-sensitive materials in the rain, unless protected from exposure.
- Schedule deliveries to minimize the amount of time moisture-sensitive materials are stored on site.
- Store materials off the ground and away from sources of moisture.
- Loosely cover materials with plastic sheets or tarps to protect the materials from rain or snow.
- Anchor material covering from the top and keep the cover materials away from the sides and bottoms to promote air circulation and decrease moisture retention.

Construction Practices

- Protect building interiors from prolonged rain and snow exposures.
- In the event framing lumber has been exposed to heavy rain or snow, allow it to dry out before closing the structure.
- Provide ventilation to remove moisture from buildings during construction.
- Clean and treat visible mold growth before wood products are sealed.
- Check building water services for leaks and improper installation.
- Provide proper ventilation in attic and crawl spaces.

- Ensure that all stove vents, dryer vents, and other spot ventilation exhaust to the outside.
- Ensure that all building penetrations, intersections, and openings are properly flashed to prevent leaks.
- Ensure that building sealants are compatible with adjacent building materials.
- Seal any tears, openings, or punctures that are found in vapor diffusion retarders and air barriers before covering with other materials.
- Drain downspouts away from the foundation.
- Ensure that the building siding is not in contact with ground surfaces.