CONTRACTS

Builders Association of Minnesota



Master Subcontractor Agreement

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MASTER SUBCONTRACTOR AGREEMENT

	"AGREEMENT") is made effective as of, Minnesota License Number
("Contractor") and	having a business address of
("Subcontractor").	
RECITA	LS
A. Contractor desires to hire Subcontractor to (Each project shall be referred to as the " Project ").	perform work on a project-by-project basis.
B. The parties have agreed that Subcontractor Project as an independent contractor pursuant to the	will perform that part of the work on each terms of this Agreement.
PROVISION	ONS
In consideration of the mutual promises of the pa valuable consideration, the sufficiency of which is follows:	<u> </u>
1. Recitals and Exhibits . Both the Recitals incorporated herein and shall be considered to be a	set forth above, and the exhibits attached are substantive part of this Agreement.
2. Work to be Performed by Subcontractor Subcontractor a Purchase Order in the form att Subcontractor shall furnish all of the labor, "Subcontractor's Work") described in this Subcontractor's Work," "Plans and Specific referenced in the Purchase Order (collectively, the is responsible for thoroughly examining all of the of those documents with the other Subcontract Documents are complimentary, and the Documents is as binding as though called for by all of a conflict, Subcontractor shall notify Contractor be made.	materials and/or equipment (collectively, Agreement and in the "Description of ations," and/or similar material listed or "Subcontract Documents"). Subcontractor Subcontract Documents and comparing each aments. Subcontractor agrees that the various at what is called for in any of the Subcontract I of the Subcontract Documents. In the case
The terms of this Agreement shall control over any from Contractor or others, any proposal or other whether or not any of the same is referenced in Work.	documentation supplied by Subcontractor,
	Initials Contractor Subcontractor

3. Compensation.

- a. Subcontractor shall receive as full compensation for performance of Subcontractor's Work the amount described in the Purchase Order ("Compensation"). Contractor shall pay the Compensation to Subcontractor within ten (10) days of Contractor's receipt of payment for Subcontractor's Work that is undisputed, less any retainage or other withholding from any owner of the Project and/or the Property on which the Project is located (the "Owner") or as otherwise provided in this Agreement or the Purchase Order. The obligation of Contractor to pay Subcontractor the Compensation is subject to the timely performance by Subcontractor of all terms and conditions of this Agreement.
- b. In exchange for each payment, Subcontractor shall provide the following:
- i. A mechanics' lien waiver (a "Lien Waiver"), duly executed and in form and substance reasonably satisfactory to Contractor from each and every person or entity who would have a right to file a mechanics' lien against the Property if that person or entity is not paid.
- ii. Such other information as may reasonably be required by the Owner, its lender, attorney, or title insurance company.

If requested by Contractor, Subcontractor shall provide a "Conditional Lien Waiver", the effectiveness of which is conditioned upon Subcontractor's receipt of payment, prior to Subcontractor's receipt of payment. Estimates and calculations made by Contractor as to the percentage of Subcontractor's Work properly completed by Subcontractor shall be conclusive.

- c. Final payment will not become due until Subcontractor has given Contractor: (i) a final list showing that all persons or entities providing labor, material or equipment (collectively "Contributors") for whom Subcontractor is responsible have been fully paid; and (ii) complete and final Lien Waiver waivers from Subcontractor and all Contributors, which shall be in form and substance reasonably satisfactory to Contractor, Owner, its lender (if any) and its title insurance company. If any mechanics' liens are filed in connection with the Subcontractor's Work, Subcontractor shall immediately reimburse Contractor for any costs or liabilities that Contractor may incur as a result, including attorneys' fees and related costs.
- 4. Changes and Extra Work. No alterations shall be made in Subcontractor's Work as described in the Subcontract Documents, except by written order of Contractor which shall be signed by an authorized officer of Contractor. When so made, the value of labor and materials added or omitted shall be computed and determined by mutual agreement, and the amount so determined shall be added to or deducted from the Compensation to be paid Subcontractor under Section 3 of this Agreement. Subcontractor agrees that it will not make changes in Subcontractor's Work, agree to any additional work, or incur any additional expenses at the direction of the Owner or any party other than Contractor, and that Contractor shall not be liable for any labor, materials, expenses, services or other items which Subcontractor provides or agrees to provide without Contractor's prior written consent.

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Contractor	
Subcontractor	

If the parties do not mutually agree on the cost or credit to Contractor resulting from a change, or if the Change Order provides for adjustments in Compensation to be determined later, the cost or credit shall be the sum of the following plus percent (%) for overhead and profit: The actual cost to Subcontractor of labor performed in connection with the change, less all labor charges saved, determined in accordance with industry standards. The actual cost to Subcontractor of all materials relating to the change, less all savings, discounts, rebates and similar concessions. All applicable unemployment insurance charges, Social Security contributions, pension contributions and workers compensation insurance relating to the change. Obligations to be Performed Prior to Commencement of the Work. Prior to commencing Subcontractor's Work, Subcontractor shall provide Contractor with all of the following: **Liability Insurance**. Commercial General Liability coverage with an insurance carrier rated A- or better by A.M. Best with limits not less than: \$_____ Combined Single Line
\$____ General Aggregate Combined Single Limit each occurrence Products/Completed Operations Aggregate Prior to commencing Subcontractor's Work, Subcontractor shall provide to Contractor certificates of liability insurance evidencing the above coverage and provide replacement certificates as needed. Contractor, and if so requested by Contractor, Owner, shall be named as an additional insured on Subcontractor's policy. The additional insured endorsement shall include contractual liability, ongoing operations, and completed operations on ISO CG2010 and CG2037 or equivalent endorsements. The certificate of insurance shall also provide that Contractor shall receive at least thirty (30) days' written notice prior to cancellation, non-renewal or material reduction in the terms of the policy, and that Subcontractor's coverage shall be primary with respect to any liability insurance maintained by Contractor. Worker's Compensation Insurance. Subcontractor shall provide Contractor with evidence reasonably satisfactory to Contractor that Subcontractor is maintaining such workers' compensation insurance as may be required by law. Automobile Liability coverage – not less than \$ each accident. c. Professional Liability coverage for Architects, Engineers and other Professional d. Vendors – \$ each claim, covering each independent contractor providing professional services to you. If Subcontractor fails to comply with any of the provisions of this Section, Contractor shall be entitled to terminate this Agreement upon written notice to Subcontractor.

Initials

Contractor _____ Subcontractor 6. **Performance of Subcontractor's Work**. Subcontractor shall undertake and complete the Subcontractor's Work in conformance with the Subcontract Documents, to the satisfaction of Contractor. This shall mean that Subcontractor shall furnish all supervision, materials, supplies, and equipment, and perform all labor, required for the completion of Subcontractor's Work in the time and manner provided for in this Agreement. Subcontractor shall at all times enforce strict discipline and good order among its employees and sub-subcontractors (of any tier) and shall not employ in connection with Subcontractor's Work any unfit person or anyone not skilled in the tasks assigned.

Subcontractor shall obtain and pay for all permits, licenses, fees, and other approvals required in the performance of Subcontractor's Work. It is Subcontractor's responsibility to make sure that the Project, as constructed, complies with all applicable governmental requirements and codes, including local codes and ordinances, FHA standards and requirements, and any private covenants of which Subcontractor has been provided.

Subcontractor shall provide sufficient crews and work sufficient hours or shifts so as not to hinder or delay the progress of the Project or interfere with work to be performed by Contractor or other subcontractors. Subcontractor shall conform to any schedule requirements applicable to Subcontractor's Work under the Subcontract Documents, including applicable portions of the Contract Documents, so as to enable Contractor to fully comply with applicable benchmark dates for completing the Project. Subcontractor shall reimburse Contractor for any actual damages and out-of-pocket costs incurred by reason of Subcontractor's failure to diligently complete Subcontractor's Work in the time and manner required by this Agreement.

Subcontractor shall cooperate fully with other subcontractors and shall plan and conduct Subcontractor's Work so as not to damage or interfere with their work. Subcontractor shall be fully responsible if Subcontractor or anyone for whom Subcontractor is responsible interferers with damages work or materials supplied by others. Contractor is not responsible for any delays or interference resulting from the acts or operations of other subcontractors, suppliers, or organizations. If and when reasonably requested by Contractor, Subcontractor shall attend progress meetings which shall concern all or portions of the Project.

7. **Default by Subcontractor; Termination for Cause**. If Subcontractor fails or neglects to proceed diligently, timely, competently, and in a workmanlike manner, or should Subcontractor delay the Project, interfere with Contractor, other subcontractors, or damage the work being performed by others, or jeopardize the timely or satisfactory completion of the Project, Contractor, in its sole discretion, reserves the right, after giving twenty four (24) hours written or oral notice, to take over and complete Subcontractor's Work, without prejudice to Contractor's other rights or remedies for any losses or damages that arise as a result of Subcontractor's actions or failures to act. If Contractor takes over Subcontractor's Work, Subcontractor agrees that no materials located on the site of the Project shall be removed until Subcontractor's Work is completed. Previous defaults of Subcontractor that do not result in Contractor's taking over Subcontractor's Work shall not be deemed a waiver of Contractor's right to do so in the future.

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Contractor	
Subcontractor	

If Contractor takes over Subcontractor's Work, Subcontractor shall not be entitled to receive any further payment until Subcontractor's Work is completed. If the unpaid balance of the Compensation exceeds the cost of finishing Subcontractor's Work (including the cost of correcting defective or non-conforming Subcontractor's Work), the excess shall be paid to Contractor. If such costs exceed the unpaid balance of the Compensation, Subcontractor shall immediately pay the difference to Contractor upon demand. If a default or any other act by Subcontractor causes any delay to Contractor or any other subcontractor, Subcontractor shall be responsible for any damages suffered as a result.

- 8. **Indemnification**. To the fullest extent allowed by law, Subcontractor shall forever indemnify, save, defend and hold Contractor and its officers, directors, employees, customers, assigns and agents free, clear and harmless, from and against any obligations, loss, liability, lien, claim, demand, cause and causes of action (each an "Indemnity Liability") of any type whatsoever arising directly or indirectly out of, relating to, or in connection with the performance by the Subcontractor of the Subcontractor's Work. Said indemnification shall include the attorney fees and costs necessarily incurred in defending against claims by third parties. Subcontractor agrees to waive any and all tort or other subrogation rights for property damage or bodily injury arising directly or indirectly out of, relating to, or in connection with the performance of Subcontractor's Work, including claims against all other subcontractors, independent contractors, their subcontractors, agents, insurers or assigns. Subcontractor also agrees to indemnify, defend and hold Contractor harmless from any and all losses or damage which Contractor may sustain on account of any claim, demand or suit made or brought against Contractor, including reasonable attorneys' fees, resulting from the performance of Subcontractor's Work or Subcontractor's default hereunder or the violation of any applicable law, code, ordinance or regulation by Subcontractor or anyone for whom Subcontractor is liable. Notwithstanding the foregoing, Subcontractor shall not be required or otherwise obligated to indemnify a party indemnified hereunder for an Indemnity Liability to the extent caused by the negligence or intentional acts or omissions of a party indemnified hereunder. The insurance maintained by Subcontractor shall give effect to the indemnification provisions contained in this Section.
- 9. **Notices**. All notices shall be in writing and addressed to the other party at the address shown on the first page hereof. Notices shall be in writing and shall be deemed received on: (i) the actual receipt; (ii) on the day after delivering the notice (correctly addressed) to Federal Express or other recognized overnight courier for next day delivery; or (iii) two days after mailing the notice by United States certified mail, return receipt requested.
- 10. **Compliance**. Subcontractor shall comply with all applicable federal, state and local laws, codes and ordinances, and all regulations and requirements of the Williams-Steiger Occupational Safety and Health Act of 1970 (OSHA).
- 11. **Public Protection And Safety**. Subcontractor shall provide and maintain proper warning signals, signs, lights and barricades, and shall take all other necessary precautions for the protection and the safety of the public in performing Subcontractor's Work. Subcontractor shall cooperate with Contractor in efforts to prevent injuries to any workers employed in

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Contractor	r
Subcontractor	r

connection with the Project. Subcontractor will adopt and place in effect such suggestions as may be offered by Contractor to promote safety and safe working conditions at the site of the Project. Should Subcontractor fail to maintain its equipment in safe operating condition and/or should Subcontractor's operations be subject to injuries to workers which Contractor considers of undue frequency, then at the option of Contractor, this Agreement may be terminated on forty eight (48) hours written or oral notice to Subcontractor. Upon such termination, Subcontractor shall remove its equipment and employees from the site of the Project.

- 12. Warranties. Subcontractor warrants to Contractor that all materials and equipment furnished under this Agreement will be new unless otherwise specified. Subcontractor hereby provides to Contractor a warranty equal to the greater of the warranty that Contractor is obligated to provide on Subcontractor's Work (i) under the Subcontract Documents or (ii) under applicable law. Subcontractor also warrants that all workmanship performed and materials supplied by Subcontractor shall comply with all applicable laws, regulations and ordinances, including, but not limited to, Minnesota Statutes Ch. 327A and applicable building and energy codes, to the extent applicable to Subcontractor's Work. All warranties shall survive the termination of this Agreement. Subcontractor agrees to provide warranty work free of charge to Contractor and on a timely basis, all as necessary to cause Subcontractor's Work to conform to the requirements of this Agreement.
- 13. **Cleanup**. Upon completion of any unit of Subcontractor's Work and upon final completion of Subcontractor's Work, Subcontractor shall clean up all refuse and rubbish caused by Subcontractor or the performance of Subcontractor's Work, and shall promptly remove all excess materials, tools, and equipment which may have been brought on the site of the Project or erected by Subcontractor. If Subcontractor fails to do so, Contractor may, after giving Subcontractor twenty four (24) hours written or oral notice, perform the clean-up at Subcontractor's sole cost and expense.
- 14. **Independent Contractor**. Subcontractor represents and warrants that Subcontractor is an independent contractor and not an employee of Contractor. Subcontractor acknowledges that Contractor uses other subcontractors that perform the same work as Subcontractor and that this Agreement shall not prevent or prohibit Contractor from using other subcontractors who perform the same type of work as Subcontractor.
- 15. Compliance with EPA's Lead-Based Paint Renovation, Repair and Painting Program. If the Project is subject to the United States Environmental Protection Agency's (the "EPA") Lead-Based Paint and Renovation, Repair, and Painting Program (the "Lead Paint Program"), as determined under 40 Code of Federal Regulations Part 745.82(a), Subcontractor shall fully comply with all requirements of the EPA's Lead Paint Program, codified at 40 Code of Federal Regulations Part 745, Subpart E, and any amendments, substitutions, or revisions then in effect that regulate Subcontractor's Work (the "EPA Regulations"), including without limitation, the following:

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Contractor	
Subcontractor	

- a. Subcontractor represents and warrants that it is and will continue to be a "Certified Firm" under the EPA Regulations at all times that Subcontractor is performing Subcontractor's Work;
- b. All individuals performing Subcontractor's Work are either "Certified Renovators" or have received training by a Certified Renovator in accordance with the EPA Regulations;
- c. Subcontractor's Work shall be performed in accordance with the work practice standards provided in the EPA Regulations; and
- d. Subcontractor shall comply with all recordkeeping requirements provided in the EPA Regulations.

Compliance with the EPA Regulations shall be considered to be part of Subcontractor's Work and failure to comply with the EPA Regulations shall (i) constitute a default under this Agreement, and (ii) entitle Contractor to the indemnification rights provided in Paragraph 8 herein.

16. **General**. For the convenience of the parties, any number of counterparts of this Agreement may be signed and each such executed counterpart shall be deemed an original, but all such counterparts together shall constitute one in the same Agreement. This Agreement shall be governed by Minnesota law and shall bind the parties, their heirs, executors, administrators, successors and assigns. This Agreement constitutes the entire agreement between the parties. This Agreement may not be amended or modified in any manner, other than a written amendment signed by both parties. Subcontractor may not install any signage identifying Subcontractor, unless Subcontractor obtains Contractor's prior written consent. If Contractor retains the services of an attorney to enforce any provision of this Agreement, Subcontractor shall be responsible for Contractor's attorneys' fees and costs, whether or not suit is brought. The indemnifications and warranties in this Agreement shall survive the termination of this Agreement.

17. Termination . This Agreement shall govern all Purchase Orders issued from Contractor to
Subcontractor. Either party may terminate this Agreement effective upon 60 days written notice
provided to the other party. This Agreement shall govern all work performed under Purchase
Orders issued prior to the effective date of termination. Contractor may terminate Individual
Purchase Orders by providing days' notice to Subcontractor. Contractor shall pay
Subcontractor for Subcontactor's Work properly completed prior to such notice. The warranty
obligations, indemnifications, and insurance obligations shall survive termination of this
Agreement, or any individual Purchase Order.

IN WITNESS HEREOF, the parties hereto have signed this Agreement effective as of the date and year first set forth above.

SUBCONTRACTOR:

[Name of Subcontractor]

I	nitials
Contractor	
Subcontractor	

By:	
Its:	
CONTRACTOR:	
Ву:	
Its:	
Minnesota Builder's License No	

Exhibit A

PURCHASE ORDER

		PURCHASE ORDER #
Contractor:	Minn. Builders License #	Subcontractor:
Plans and Sp	pecifications:	(incorporated herein)
Payment Te	rms:	
Date:		Completion Date:
THIS PUR		T TO THE TERMS AND CONDITIONS OF THE
"MASTER	SUBCONTRACTOR AGREI	EMENT" BETWEEN THE PARTIES
CONTRAC	CTOR:	SUBCONTRACTOR: [NAME OF SUBCONTRACTOR]
By		By
Its		Its
Date:		Date:

ARBITRATION AGREEMENT	
This Arbitration Agreement is entered into effective, 200_ between, Minnesota Builders License No, (Contractor") and, having a business address of ("Subcontractor").	
RECITALS	
A. The parties wish to enter into a "Master Subcontractor Agreement" pursuant to which Subcontractor would agree to perform the "Subcontractor's Work" described in certain "Purchase Orders," all as described in the Subcontractor Agreement.	
B. As a condition of entering into the Subcontractor Agreement, the parties have agreed that any disputes between them, if they arise, will be resolved through negotiation and, if desirable, arbitration.	
PROVISIONS	
In consideration of the mutual covenants contained herein, the parties' agreement to enter into the Subcontractor Agreement, and other valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:	
1. Negotiation of Disputes . Any controversy or claim arising out of or relating to the Subcontractor Agreement or the Subcontractor's Work, shall be settled by negotiation between the parties; provided, however, that if either party concludes after attempting to resolve a dispute through negotiation that further negotiation is not likely to lead to a successful resolution of the dispute, that party may require that the dispute be resolved through binding arbitration in accordance with the procedures set forth in Section 2 .	
2. Demand for Arbitration and Joinder . If a party elects to commence arbitration after concluding that further negotiations will be unlikely to lead to a resolution of the dispute, that party (the " Claimant ") shall submit a written notice to the other party (the " Respondent ") by certified mail, return receipt requested (the " Demand "), demanding binding arbitration. The Demand shall specifically describe each element comprising the claim. The parties agree that they may be joined as an additional party to an arbitration involving the same property or project. If more than one arbitration is begun and any party contends that two or more arbitrations are substantially related and that the issues should be heard in one proceeding, the arbitrator(s) selected in the first commenced of such proceedings shall determine whether, in the interests of justice and efficiency, the proceedings should be consolidated before that (those) arbitrator(s).	
3. Arbitrator . The dispute shall be decided by a single arbitrator unless the Claimant in the Demand, or by the Respondent by written response to the Claimant made within five (5) business days after receipt of the Demand, requests that a three-arbitrator panel be used in lieu of a single arbitrator. The arbitrator(s) shall be a retired state or federal judge or an attorney who has	
Initials Contractor Subcontractor	

practiced in the areas of real estate and/or construction for at least ten (10) years. Within ten (10) days of receipt of the Demand, the Respondent shall forward to the Claimant the names of at least five (5) potential arbitrators. The Claimant shall select, within ten (10) days after receipt of the list of potential arbitrators, the arbitrator or three arbitrator panel from the list provided by the Respondent. If an arbitrator is not able to serve, the Claimant shall select, from the list provided by the Respondent, another arbitrator within ten (10) days after any resignation, disability, inability, or other failure of an arbitrator to serve as arbitrator.

- 4. **Allocation of Fee of the Arbitrator or Panel of Arbitrators**. The cost of the arbitration, including without limitation the arbitrator or arbitrators' compensation and expenses, shall be borne by the party whom the arbitrator determines has not prevailed in such proceeding, or shall be borne equally by the parties if the arbitrator determines that neither party has prevailed. The arbitrator may require the parties to advance the potential cost of the arbitration.
- 5. **Arbitration Procedure**. The arbitrator(s) shall conduct a pre-arbitration telephone conference with the parties. No party may have direct communication with the arbitrator(s) without the presence of the other party. The parties shall have the right to conduct and enforce pre-hearing discovery in accordance with the current Minnesota Rules of Civil Procedure. Any disputes regarding discovery shall be decided by the arbitrator(s). Each party may present evidence, including documents or testimony by witnesses and experts. The arbitration shall be held within sixty (60) days of the arbitrators' acceptance of the appointment. The arbitrator(s) shall select the date for the arbitration in consultation with the parties and shall provide at least fourteen (14) days' notice of the hearing. The arbitration hearing shall take place at the Property, or in such other location within the county where Builder's office is located as the parties may mutually agree or the arbitrator(s) shall order. Either party may be represented by an attorney at the hearing provided that the party gives at least ten (10) days' notice prior to the first scheduled date of the arbitration to the arbitrator(s) and to the other party.
- 6. **Award**. The arbitrator(s) shall have the authority to award any remedy or relief that a Minnesota court could order including, without limitation, specific performance of any obligation created under this Agreement. Judgment on the award may be entered in District Court for the county in which the Property is located, or in any other court having jurisdiction. The arbitrator(s) shall apply the laws of the State of Minnesota in resolving the matter submitted to arbitration.
- 7. **Survival**. In case of any conflict or inconsistency between the terms of this Agreement and the Master Subcontractor Agreement, the terms of this Agreement shall control. The provisions of this Agreement shall survive the completion of Subcontractor's Work or any termination of the Master Subcontractor Agreement and/or any Purchase Order.

The balance of this page has been intentionally left blank. The signatures of the parties are set forth on the following page.

I	nitials
Contractor	
Subcontractor	

This Is A Legally Binding Document. If You Desire Legal Advice, Please Consult A Lawyer.

In witness to their agreement, the parties have signed this Agreement effective as of the date written above.

SUBCONTRACTOR: [Name of Subcontractor]	
Ву:	
Its:	
CONTRACTOR:	
By:	
Its:	
Minnesota Builder's License No.	

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Initials
Contractor ____
Subcontractor ____